



ASX APPENDIX 4D AND INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

eCargo Holdings Limited

ARBN 601 083 069

30 June 2022

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 2022 to 30 June 2022

Prior corresponding period: 1 January 2021 to 30 June 2021

Results for announcement to the market

Key information
(HK\$)

	Reporting Period	Prior Corresponding Period (Restated)	% change
Revenue from ordinary activities	46,775,130	50,469,765	(7%)
Profit/(loss) from ordinary activities after income tax attributable to members of the Company			
- Continuing operations	1,368,623	(8,358,009)	(116%)
- Discontinued operation	23,338,697	2,336,624	899%
Total comprehensive income/(loss) for the period attributable to members of the Company			
- Continuing operations	1,485,003	8,680,647	(83%)
- Discontinued operation	26,395,934	2,336,624	1030%

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 2-3.

Interim Condensed Consolidated Statement of Financial Position

Please refer to Appendix 1 - page 4-5.

Interim Condensed Consolidated Statement of Changes in Equity

Please refer to Appendix 1 - page 6.

Interim Condensed Consolidated Statement of Cash Flows

Please refer to Appendix 1 - page 7.

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, 2022	(HK\$9.2 cents)
June 30, 2021	(HK\$15.7 cents)

At June 30, 2022, there were 615,250,000 ordinary shares in issue, which would convert to a net asset backing of -HK\$6.8 cents per share (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).

Controlled entities acquired or disposed of

During the period, ECG disposed of the entire interest in Amblique Pty Limited. Please refer to Note 11 – Discontinued operation.

Associates and joint venture entities

During the period, ECG had equity accounted for the interests in joint ventures.

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 7% to HK\$46.8 million (1H2021: HK\$50.5 million).

ECG had net profit of HK\$24.7 million (1H2021: net loss of HK\$6.0 million) and profit before interest, tax, depreciation, amortisation, share of results of a joint venture, impairment provision of goodwill and intangible assets and impact of foreign exchange ("adjusted EBITDA gain") of HK\$26.9 million (1H2021: adjusted EBITDA loss of HK\$1.5 million).

Group revenue declined to HK\$46.8 million (1H2021: HK\$50.5 million) due to the impact of three months of lockdowns in China, which impeded the ability to sell products through offline channels.

The 1H2022 adjusted EBITDA of HK\$26.9 million included profit of HK\$23.3 million from the discontinued operation of Amblique Pty Limited, while adjusted EBITDA from continuing operations was HK\$3.6 million, a substantial improvement on the HK\$3.9 million loss in the prior corresponding period. The operating results demonstrate the resilience of eCargo's business model during a period where China was in lockdown for three months. The product mix has continued to evolve to have a greater focus on exclusive brand partnerships, in-demand and high margin products categories, and technology platform sales commissions.

Statement as to the review status

The report in Appendix 1 is based on the interim condensed consolidated financial information for the six months ended June 30, 2022 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 2022

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 30, 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 2022 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 notes, comprising significant accounting policies and other explanatory information. 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".

A handwritten signature in blue ink that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 August 2022

eCARGO HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June 2022 HK\$ (Unaudited)	2021 HK\$ (Unaudited and restated)
Continuing operations			
Revenue	7	46,775,130	50,469,765
Cost of sales	8	(28,710,185)	(34,931,384)
Gross profit		18,064,945	15,538,381
Selling and distribution expenses	8	(5,987,276)	(5,213,114)
Administrative expenses	8	(13,086,297)	(21,353,024)
Reversal of provision for impairment of trade receivables		234,512	-
Other income	9	2,495,754	3,280,659
Other losses, net	9	(205,767)	(311,371)
Operating profit/(loss)		1,515,871	(8,058,469)
Finance income		5,038	4,581
Finance expense		(600,275)	(2,131,587)
Finance expense, net		(595,237)	(2,127,006)
Share of results from joint ventures	16	71,833	1,400,888
Profit/(loss) before income tax		992,467	(8,784,587)
Income tax credit	10	376,156	426,578
Profit/(loss) for the period from continuing operations		1,368,623	(8,358,009)
Discontinued operation			
Profit for the period from discontinued operation	11	23,338,697	2,336,624
Profit for the period is attributable to: Owners of the Company		24,707,320	(6,021,385)

eCARGO HOLDINGS LIMITED

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(CONTINUED)**

		Six months ended 30 June	
		2022	2021
		HK\$	HK\$
		(Unaudited)	(Unaudited and restated)
	Note		
Other comprehensive income/(loss)			
<i>Item that may be reclassified to profit or loss</i>			
Currency translation differences		116,380	(322,638)
Release of exchange differences upon disposal of a subsidiary presented as discontinued operation	11	3,057,237	-
Other comprehensive income/(loss) for the period		3,173,617	(322,638)
Total comprehensive income/(loss) for the period		27,880,937	(6,344,023)
Total comprehensive income/(loss) for the period attributable to owners of the Company arises from:			
Continuing operations		1,485,003	(8,680,647)
Discontinued operation		26,395,934	2,336,624
Earnings/(loss) per share for profit/(loss) from continuing operations attributable to owners of the Company			
Basic and diluted (HK cents per share)	12	0.22	(1.36)
Earnings per share for profit/(loss) attributable to owners of the Company			
Basic and diluted (HK cents per share)	12	4.01	(0.98)

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 2022 HK\$ (Unaudited)	As at 31 December 2021 HK\$ (Audited)
Assets			
Non-current assets			
Property, plant and equipment	14	100,923	660,912
Right-of-use assets	14	764,780	1,859,848
Intangible assets	15	14,498,559	19,803,231
Interests in joint ventures	16	2,589,929	2,856,736
Deferred income tax assets		351,208	1,900,079
Deposits		-	412,619
Total non-current assets		18,305,399	27,493,425
Current assets			
Inventories		6,063,117	2,820,453
Trade receivables	17	20,206,283	22,205,126
Contract assets		1,326,376	1,630,638
Prepayments, deposits and other receivables		45,934,544	5,246,438
Amounts due from related parties	22	7,543,194	4,648,375
Income tax receivables		-	144,809
Cash and cash equivalents		19,628,046	32,644,769
Total current assets		100,701,560	69,340,608
Total assets		119,006,959	96,834,033
Equity and reserves attributable to owners of the Company			
Share capital	18	427,820,968	427,820,968
Currency translation reserve		(868,644)	(4,042,261)
Accumulated losses		(469,095,096)	(493,802,416)
Total deficit		(42,142,772)	(70,023,709)

eCARGO HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2022 HK\$ (Unaudited)	As at 31 December 2021 HK\$ (Audited)
Liabilities			
Non-current liabilities			
Deferred income tax liabilities		7,155,795	7,916,894
Lease liabilities		-	517,543
Other payables	19	-	1,045,861
Amount due to a related party	22	4,413,207	4,413,207
Shareholder's loan	20	88,416,103	92,782,809
Total non-current liabilities		<u>99,985,105</u>	<u>106,676,314</u>
Current liabilities			
Trade payables	19	3,413,051	3,547,645
Contract liabilities		3,900,000	1,365,266
Other payables and accruals	19	8,991,787	11,640,322
Amounts due to related parties	22	31,684,353	28,788,482
Put option liabilities		8,096,700	8,479,950
Lease liabilities		853,781	1,770,763
Bank borrowings	21	4,224,954	4,589,000
Total current liabilities		<u>61,164,626</u>	<u>60,181,428</u>
Total liabilities		<u>161,149,731</u>	<u>166,857,742</u>
Total deficit and liabilities		<u>119,006,959</u>	<u>96,834,033</u>

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 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				
Currency translation differences	-	(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)
	=====	=====	=====	=====
Balance at 1 January 2022	427,820,968	(4,042,261)	(493,802,416)	(70,023,709)
	-----	-----	-----	-----
Profit for the period	-	-	24,707,320	24,707,320
Other comprehensive income				
Currency translation differences	-	116,380	-	116,380
Release of currency translation differences upon disposal of a subsidiary	-	3,057,237	-	3,057,237
	-----	-----	-----	-----
Total comprehensive income for the period	-	3,173,617	24,707,320	27,880,937
	-----	-----	-----	-----
Balance at 30 June 2022 (unaudited)	427,820,968	(868,644)	(469,095,096)	(42,142,772)
	=====	=====	=====	=====

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

	Note	Six months ended 30 June	
		2022	2021
		HK\$	HK\$
		(Unaudited)	(Unaudited and restated)
Cash flows from operating activities			
Cash used in from operations		(101,269)	(2,288,524)
Income tax paid		-	(771,098)
Interest paid		(40,227)	(41,144)
		<hr/>	<hr/>
Net cash used in operating activities from continuing operations		(141,496)	(3,100,766)
Net cash used in operating activities from discontinued operation	11	(614,554)	(7,602,991)
		<hr/>	<hr/>
		(756,050)	(10,703,757)
Cash flows from investing activities			
Investment in a joint venture		-	(1,499,971)
Purchase of property, plant and equipment		(20,114)	(37,200)
Dividend received from a joint venture		338,640	478,224
Interest received		5,038	4,873
Net cash outflow of disposal of a subsidiary		(6,593,021)	-
		<hr/>	<hr/>
Net cash used in investing activities from continuing operations		(6,269,457)	(1,054,074)
Net cash used in investing activities from discontinued operation	11	(59,260)	(125,604)
		<hr/>	<hr/>
		(6,328,717)	(1,179,678)
Cash flow from financing activities			
Principal elements of lease payments		(358,159)	(552,621)
Interest elements of lease payments		(32,639)	(140,684)
Proceeds from bank borrowing		-	4,589,000
Repayment of bank borrowings		(364,046)	-
Repayment of shareholder's loan		(4,750,000)	-
		<hr/>	<hr/>
Net cash (used in)/generated from financing activities from continuing operations		(5,504,844)	3,895,695
Net cash used in financing activities from discontinued operation	11	(277,968)	(613,231)
		<hr/>	<hr/>
		(5,782,812)	3,282,464
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(12,867,579)	(8,600,971)
Cash and cash equivalents at beginning of the period		32,644,769	48,677,017
Exchange difference on cash and cash equivalents		(149,144)	(562,052)
		<hr/>	<hr/>
Cash and cash equivalents at end of the period		19,628,046	39,513,994
		<hr/>	<hr/>

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 and trading of fast moving consumer goods.

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 2021 that is included in the interim condensed consolidated financial information for the six months ended 30 June 2022 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 consolidated financial statements for the year ended 31 December 2021 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 2022 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 2021 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 2021, except for the additional accounting policy that became relevant in the current period and set out in Note 3.3.

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 2021, as described in those annual consolidated financial statements, except for the estimation of income tax, the adoption of new and amended standard and the accounting standard in relation to discontinued operations which became relevant for the period 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.

3.3 Discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

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 2021.

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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 amounts 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, 55% (31 December 2021: 61%) 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.

As at 30 June 2022, the Company had net current assets of HK\$39,536,934 and net liabilities of HK\$42,142,772. The ultimate holding company, JL Enterprises Holdings Limited ("JL Enterprises") has in the past offered a total loan facility of HK\$100 million to the Company and up to 30 June 2022, approximately HK\$11.6 million remained available and undrawn. In addition, JL Enterprises has agreed to provide continuing financial support to ECG. Management considered that ECG has sufficient financial resources and position to meet its liquidity needs.

The contractual undiscounted cash flows of ECG's financial liabilities, which include trade payables, other payables and accruals, amounts due to related parties, put option liabilities and lease liabilities, mature within one year from the date of consolidated statement of financial position, equal to their carrying balances as the impact of discounting is not significant.

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.

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5 Financial risk management (Continued)

5.4 Foreign exchange risk (Continued)

At 30 June 2022, 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\$660,919 (30 June 2021: HK\$933,000) mainly as a result of foreign exchange gains/losses (30 June 2021: gains/losses) 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 2022, 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\$85,327 (30 June 2021: HK\$705,000), mainly as a result of foreign exchange gains/losses (30 June 2021: losses/gains) 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 shareholder's loan and bank borrowings, 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. 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 borrowings at variable rate was denominated in HK\$.

At 30 June 2022, if interest rate on shareholder's loan and bank borrowings held at variable rate had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the period (30 June 2021: post-tax loss) would have been approximately HK\$387,000 lower/higher (30 June 2021: HK\$405,000 higher/lower), mainly as a result of higher/lower interest expense on floating rate shareholder's loan and bank borrowing. The interest rate exposes on cash is considered immaterial as the interest rate of cash is low.

5.6 Fair value estimation

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

6 Segment information

Management have determined the operating segments based on the information reviewed by the executive directors for the purpose of allocating resources and assessing performance.

The CODM considers the business from both geographic and services perspectives and concluded the segments as eCommerce Business Services and Fast Moving Consumer Goods ("FMCG") primarily in Greater China ("Greater China") and eCommerce Solution Services in Australia ("Australia"). The Australia segment was sold effective from 30 April 2022 (Note 11).

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 Segment information (Continued)

The CODM assesses and measures the operating performance of ECG based on the revenue, gross profit and adjusted EBITDA (excluding impact of foreign exchange) as management believes that such information is the most relevant in evaluating the results of ECG's segments. adjusted EBITDA (excluding impact of foreign exchange) is defined as profit/loss before income tax, excluding impact of foreign exchange gain/loss, depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of intangible assets, finance income, finance expense, and ECG's share of results of joint ventures.

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

	For the six months ended 30 June 2022				
	<u>Continuing Operations</u>			<u>Discontinued Operation</u>	
	Greater China HK\$ (Unaudited)	Unallocated Corporate Income/ (Expense) HK\$ (Unaudited)	Total HK\$ (Unaudited)	Australia HK\$ (Unaudited)	Consolidated HK\$ (Unaudited)
Revenue from external customers	45,575,130	-	45,575,130	13,818,784	59,393,914
Revenue from related companies	-	1,200,000	1,200,000	-	1,200,000
Total revenue	<u>45,575,130</u>	<u>1,200,000</u>	<u>46,775,130</u>	<u>13,818,784</u>	<u>60,593,914</u>
Gross profit	<u>16,864,945</u>	<u>1,200,000</u>	<u>18,064,945</u>	<u>12,666,934</u>	<u>30,731,879</u>
Adjusted EBITDA gain/(loss) – excluding impact of foreign exchange	6,124,517	(2,534,135)	3,590,382	(6,372,895)	(2,782,513)
Net foreign exchange gain/(loss)	320,319	(526,086)	(205,767)	20,828	(184,939)
Depreciation of property, plant and equipment	(5,200)	(23,155)	(28,355)	(68,777)	(97,132)
Depreciation of right-of-use assets	(335,776)	-	(335,776)	(193,719)	(529,495)
Amortisation of intangible assets	-	(1,504,613)	(1,504,613)	(329,549)	(1,834,162)
Finance income	5,038	-	5,038	6	5,044
Finance expense	(168,989)	(431,286)	(600,275)	-	(600,275)
Share of profit from a joint venture	71,833	-	71,833	-	71,833
Profit/(loss) before income tax	<u>6,011,742</u>	<u>(5,019,275)</u>	<u>992,467</u>	<u>(6,944,106)</u>	<u>(5,951,639)</u>
Income tax credit	376,156	-	376,156	1,485,371	1,861,527
Profit/(loss) for the period	<u>6,387,898</u>	<u>(5,019,275)</u>	<u>1,368,623</u>	<u>(5,458,735)</u>	<u>(4,090,112)</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 2021				
	<u>Continuing Operations</u>			<u>Discontinued Operation</u>	
	Greater China HK\$ (Unaudited)	Unallocated Corporate Income/ (Expense) HK\$ (Unaudited)	Total HK\$ (Unaudited)	Australia HK\$ (Unaudited)	Consolidated HK\$ (Unaudited)
Revenue from external customers	49,269,765	-	49,269,765	36,780,478	86,050,243
Revenue from related companies	-	1,200,000	1,200,000	-	1,200,000
Total revenue	<u>49,269,765</u>	<u>1,200,000</u>	<u>50,469,765</u>	<u>36,780,478</u>	<u>87,250,243</u>
Gross profit	<u>14,338,381</u>	<u>1,200,000</u>	<u>15,538,381</u>	<u>24,703,092</u>	<u>40,241,473</u>
Adjusted EBITDA					
gain/(loss) – excluding impact of foreign exchange	1,799,840	(5,665,370)	(3,865,530)	3,426,473	(439,057)
Net foreign exchange gain/(loss)	(311,371)	-	(311,371)	(106,213)	(417,584)
Depreciation of property, plant and equipment	(12,159)	(15,925)	(28,084)	(84,402)	(112,486)
Depreciation of right-of-use assets	(605,725)	-	(605,725)	(540,140)	(1,145,865)
Amortisation of intangible assets	-	(3,247,757)	(3,247,757)	(376,960)	(3,624,717)
Finance income	4,581	-	4,581	292	4,873
Finance expense	(215,117)	(1,916,470)	(2,131,587)	(81,789)	(2,213,376)
Share of profit from a joint venture	1,400,888	-	1,400,888	-	1,400,888
Profit/(loss) before income tax	<u>2,060,937</u>	<u>(10,845,522)</u>	<u>(8,784,585)</u>	<u>2,237,261</u>	<u>(6,547,324)</u>
Income tax credit	426,576	-	426,576	99,363	525,939
Profit/(loss) for the period	<u>2,487,513</u>	<u>(10,845,522)</u>	<u>(8,358,009)</u>	<u>2,336,624</u>	<u>(6,021,385)</u>

CARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 Segment information (Continued)

The segment assets as at 30 June 2022 and 31 December 2021 are as follows:

	Greater China HK\$	Unallocated Corporate Assets/ Liabilities HK\$	Australia HK\$	Consolidated HK\$
As at 30 June 2022 (Unaudited)				
Segment assets	55,137,199	63,518,552	-	118,655,751
Deferred tax assets	351,208	-	-	351,208
	<u>55,488,407</u>	<u>63,518,552</u>	<u>-</u>	<u>119,006,959</u>
Segment liabilities	<u>(144,801,366)</u>	<u>(16,348,365)</u>	<u>-</u>	<u>(161,149,731)</u>
As at 31 December 2021 (Audited)				
Segment assets	53,862,682	16,707,651	24,363,621	94,933,954
Deferred tax assets	367,474	-	1,532,605	1,900,079
	<u>54,230,156</u>	<u>16,707,651</u>	<u>25,896,226</u>	<u>96,834,033</u>
Segment liabilities	<u>(145,405,580)</u>	<u>(17,482,702)</u>	<u>(3,969,460)</u>	<u>(166,857,742)</u>

Information about major customers

For the six months ended 30 June 2022 and 2021, there was no single external customer contributing 10% or more of ECG's total revenue.

7 Revenue

Revenue recognised during the period was as follows:

	Six months ended 30 June	
	2022 HK\$ (Unaudited)	2021 HK\$ (Unaudited and restated)
Revenue		
- Greater China		
Service income – recognised over time	10,978,940	7,030,705
Sales of goods – recognised at a point in time	35,796,190	43,439,060
	<u>46,775,130</u>	<u>50,469,765</u>

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

8 Expenses by nature

	Six months ended 30 June	
	2022	2021
	HK\$	HK\$
	(Unaudited)	(Unaudited and restated)
Outsourced services fulfilment expenses, included in cost of sales	3,569,740	2,043,239
Cost of inventories – included in cost of sales	25,140,445	32,888,145
Auditor's remuneration	500,000	700,000
Employee benefit expenses	12,403,948	13,071,138
Outsourced labour costs (Note 22(b))	300,000	300,000
Amortisation of intangible assets (Note 15)	1,504,613	3,247,757
Depreciation of property, plant and equipment (Note 14)	28,355	28,084
Depreciation of right-of-use assets (Note 14)	335,776	605,725
Legal and professional expenses	596,704	830,448
Travel expenses	143,334	174,557
Operating leases rental	193,522	282,573
IT expenses	282,781	209,380
Advertising and marketing expenses	771,860	4,211,063
Utilities and maintenance expenses	29,866	21,588
Telecommunications expenses	56,196	77,857
Insurance expenses	90,633	59,395
Other expense	1,835,985	2,746,573
	<u>47,783,758</u>	<u>61,497,522</u>

9 Other income and other losses, net

Other income

	Six months ended 30 June	
	2022	2021
	HK\$	HK\$
	(Unaudited)	(Unaudited and restated)
Government grant (note)	144,000	596,663
IT Consultancy income	1,152,897	1,274,876
Management income	1,151,681	1,185,420
Others	47,176	223,700
	<u>2,495,754</u>	<u>3,280,659</u>

Note: Grant from employment support scheme in Hong Kong was recognised for the period ended 30 June 2022. Export Market Development grants of A\$100,000 (equivalent to HK\$596,663) were recognised for the period ended 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****9 Other income and other losses, net****Other losses, net**

	Six months ended 30 June	
	2022	2021
	HK\$	HK\$
	(Unaudited)	(Unaudited and restated)
Net foreign exchange loss	(205,767)	(311,371)

10 Income tax credit

Subsidiaries established in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% (2021: 16.5%). Subsidiary established in the PRC is subject to PRC corporate income tax at a rate of 25% (2021: 25%). Subsidiaries established in Australia are subject to income tax at a rate at 30% during the period (2021: 30%).

No provision for income tax has been made as ECG had no assessable profits for the six months ended 30 June 2022. (For the six months ended 30 June 2021: Nil).

	Six months ended 30 June	
	2022	2021
	HK\$	HK\$
	(Unaudited)	(Unaudited and restated)
Current income tax expense		
- Australian corporate tax	-	(186,930)
Deferred tax	376,156	613,508
Income tax credit	376,156	426,578

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

11 Discontinued operation

On 30 April 2022, eCargo Holdings Limited disposed of the entire equity interest of Amblique Pty Limited (“Amblique”), a wholly-owned subsidiary, in the form of management buy-out at a total consideration of US\$5,000,000 (approximately HK\$39,000,000). Upon completion of the disposal on 30 April 2022, the Group recorded an unaudited gain of approximately HK\$28,797,000.

The financial information relating to Amblique for the period to the date of disposal was reported as discontinued operations. The financial performance and cash flow information of the discontinued operation reflects the operations for the four months ended 30 April 2022 and are presented below:

	Six months ended 30 June	
	2022	2021
	HK\$	HK\$
	(Unaudited)	(Unaudited and restated)
Revenue	13,818,784	36,780,478
Cost of sales	(1,151,850)	(12,077,386)
Gross Profit	12,666,934	24,703,092
Other income and other gains, net	136,797	189,185
Selling and distribution expense	(457,507)	(543,950)
Administrative expenses	(17,909,138)	(20,812,609)
Research and development expense	(1,381,198)	(1,216,960)
Finance income/(expense), net	6	(81,497)
(Loss)/profit before income tax	(6,944,106)	2,237,261
Income tax credit	1,485,371	99,363
(Loss)/profit after income tax of discontinued operation	(5,458,735)	2,336,624
Gain on disposal of a subsidiary after income tax (see below)	28,797,432	-
Profit for the period from discontinued operation	23,338,697	2,336,624
Exchange differences on translation of discontinued operation	3,057,237	-
Other comprehensive income from discontinued operations	3,057,237	-

eCARGO HOLDINGS LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION****11 Discontinued operation (Continued)**

Cash flows are detailed as follows:

	Six months ended 30 June	
	2022	2021
	HK\$	HK\$
	(Unaudited)	(Unaudited and restated)
Operating cash flows	(614,554)	(7,602,991)
Investing cash flows	(59,260)	(125,604)
Financing cash flows	(277,968)	(613,231)
Total cash flows	(951,782)	(8,341,826)

The gain on disposal is as follows:

	30 June 2022
	HK\$
	(Unaudited)
Cash consideration receivable (Note)	39,000,000
Carrying amount of net assets disposed of	(4,636,037)
Transaction costs	(623,200)
Income tax expense on gain	(1,886,094)
Reclassification of currency translation differences	(3,057,237)
Gain on disposal	28,797,432

Note: The cash consideration was subsequently received in August 2022.

eCARGO HOLDINGS LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION****12 Earnings/(loss) per share**

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2022 and 2021.

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited and restated)
Earnings/(loss) attributable to owners of the Company (HK\$)		
- From continuing operations	1,368,623	(8,358,009)
- From discontinued operation	23,338,697	2,336,624
	<u>24,707,320</u>	<u>(6,021,385)</u>
Weighted average number of ordinary shares in issue	<u>615,250,000</u>	<u>615,250,000</u>
Basic and diluted earnings/(loss) per share (HK cent)		
- From continuing operations	0.22	(1.36)
- From discontinued operation	3.79	0.38
	<u>4.01</u>	<u>(0.98)</u>

Diluted earnings/(loss) per share is the same as basic earnings/(loss) per share as there were no potential dilutive ordinary shares during the six months ended 30 June 2022 and 2021.

13 Dividend

No dividend has been declared by the Company for the six months ended 30 June 2022 (30 June 2021: Nil).

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

14 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 2022		
Net book amount		
Opening net book amount as at 1 January 2022	660,912	1,859,848
Additions	79,374	-
Depreciation (Note)	(97,132)	(529,495)
Disposal of a subsidiary	(520,642)	(499,206)
Currency translation differences	(21,589)	(66,367)
Closing net book amount as at 30 June 2022	<u>100,923</u>	<u>764,780</u>
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)	(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>

Note: Depreciation of property, plant and equipment included HK\$28,355 for continuing operations for the period ended 30 June 2022 (30 June 2021: HK\$28,084). Depreciation of right-of-use assets included HK\$335,776 for continuing operations for the period ended 30 June 2022 (30 June 2021: HK\$605,725). The remaining amounts are attributable to the discontinued operation.

eCARGO HOLDINGS LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION****15 Intangible assets**

HK\$
(Unaudited)

Six months ended 30 June 2022**Net book amount****Opening net book amount as at 1 January 2022**

19,803,231

Amortisation (Note)

(1,834,162)

Disposal of a subsidiary

(2,637,213)

Currency translation differences

(833,297)

Closing net book amount as at 30 June 2022

14,498,559

Six months ended 30 June 2021**Net book amount****Opening net book amount as at 1 January 2021**

26,141,487

Amortisation (Note)

(3,624,717)

Currency translation differences

(477,555)

Closing net book amount as at 30 June 2021

22,039,215

Note: Amortisation of intangible assets included HK\$1,504,613 for continuing operations for 30 June 2022 (30 June 2021: HK\$3,247,757). The remaining amounts are attributable to the discontinued operation.

Goodwill impairment

As at 30 June 2022 and 2021, there was no carrying amount of goodwill included in the intangible assets balance as the goodwill arising from prior business combinations has been fully impaired in previous periods.

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

16 Interests in joint ventures

	As at 30 June 2022 HK\$ (Unaudited)	As at 31 December 2021 HK\$ (Audited)
<u>Interests in joint ventures</u>		
At beginning of the period/year	2,856,736	529,486
Investment in a joint venture (Note a and b)	-	781,170
Share of results from joint ventures	71,833	2,791,027
Dividend received from a joint venture	(338,640)	(1,244,947)
At end of the period/year	<u>2,589,929</u>	<u>2,856,736</u>

Note:

- (a) In January 2021, ECG established PJF Wines Limited (“PJF”) with CN Investment Limited, a related party. PJF is a limited liability company incorporated in BVI and is engaged in the trading of dining wines in Mainland China. Both ECG and the other shareholder hold 50% equity interest in PJF and they jointly control PJF as the key operating and financial decisions of PJF required unanimous consent from them.
- (b) In August 2021, ECG established Mellow Asia Limited (“Mellow”) with Mellow.store Limited, an independent third party. Mellow is a limited liability company incorporated in Hong Kong and is engaged in the trading of non-psychoactive chemical products in Asia-Pacific region. Both ECG and the other shareholder hold 50% equity interest in Mellow and they jointly control Mellow as the key operating and financial decisions of Mellow required unanimous consent from them.

eCARGO HOLDINGS LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION****16 Interests in joint ventures (Continued)****Summarised unaudited financial information for a joint venture**

Set out below is the summarised unaudited financial information of Asean Business Group Pty Limited (“ABG”), one of the joint ventures, that is considered material as at and for the six months period ended 30 June 2022 and 2021 which is accounted for using the equity method.

	ABG 30 June 2022 HK\$ (Unaudited)	ABG 31 December 2021 HK\$ (Audited)
Current assets	9,240,225	12,999,660
Current liabilities	(2,957,704)	(6,338,516)
Profit after income tax	477,123	8,808,162

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 30 June 2022 HK\$ (Unaudited)	ABG 31 December 2021 HK\$ (Audited)
Net assets		
Beginning of period/year	6,662,491	1,588,617
Profit for the period/year	477,123	8,808,162
Distribution to shareholders	(1,015,920)	(3,734,841)
Currency translation difference	(38,775)	553
End of period/year	6,084,919	6,662,491
Percentage of ownership interest	33.33%	33.33%
Interest in joint ventures	2,028,306	2,220,608

Individually immaterial joint venture

In addition to the interests in joint ventures of ABG disclosed above, ECG also has interests in joint ventures of PJF and Mellow whose financial information are individually immaterial as at and for the period ended 30 June 2022. As at period ended 30 June 2022, the carrying amount of interest in individually immaterial joint ventures that are accounted for using the equity method were approximately HK\$562,000 (2021: HK\$636,000).

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

17 Trade receivables

	As at 30 June 2022 HK\$ (Unaudited)	As at 31 December 2021 HK\$ (Audited)
Trade receivables	20,488,530	23,168,718
Less: provision for impairment	(282,247)	(963,592)
Trade receivables – net	<u>20,206,283</u>	<u>22,205,126</u>

Management considered 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 2022 HK\$ (Unaudited)	As at 31 December 2021 HK\$ (Audited)
1 - 30 days	11,909,044	12,296,626
31 - 60 days	5,191,612	4,485,699
61 - 90 days	960,118	3,274,843
Over 90 days	2,145,509	2,147,958
	<u>20,206,283</u>	<u>22,205,126</u>

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

	As at 30 June 2022 HK\$ (Unaudited)	As at 31 December 2021 HK\$ (Audited)
At 1 January	963,592	975,096
(Reversal of)/provision for impairment of trade receivables	(234,512)	16,122
Less: disposal of a subsidiary	(427,447)	-
Currency translation differences	(19,386)	(27,626)
At 30 June	<u>282,247</u>	<u>963,592</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

18 Share capital

	Number of shares	Share capital HK\$
As at 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	615,250,000	427,820,968

19 Trade payables, other payables and accruals

	As at 30 June 2022 HK\$ (Unaudited)	As at 31 December 2021 HK\$ (Audited)
Trade payables	3,413,051	3,547,645
Accrued expenses	2,753,996	3,965,552
Accrued employee benefit expenses	800,548	3,851,982
Other payables	3,551,149	4,868,649
Other tax payables	1,886,094	-
Other payables and accruals	8,991,787	12,686,183
Less: non-current portion Other payables	-	(1,045,861)
	8,991,787	11,640,322
	12,404,838	15,187,967

eCARGO HOLDINGS LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION****20 Shareholder's loan**

	As at 30 June 2022 HK\$ (Unaudited)	As at 31 December 2021 HK\$ (Audited)
Shareholder's loan (Note 22(g))	88,416,103	92,782,809

On 29 August 2016, ECG entered into an agreement with JL Enterprises Holdings Limited, ECG's ultimate holding company, wholly owned by Mr. John Lau, the Executive Chairman of ECG. Pursuant to the agreement, JL Enterprises Holdings Limited agreed, to provide a loan facility in an aggregate amount of up to HK\$50 million to support 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 2022, the carrying amount of the shareholder's loan from JL Enterprises Holdings Limited amounted to HK\$88,416,103 (31 December 2021: HK\$92,782,809), representing the outstanding principal amounts and interest accrued thereon.

All loan facilities are unsecured and bear interest at prime rate quoted from the Hong Kong and Shanghai Banking Corporation Limited from time to time. All loan facilities can be utilised at ECG's demand and are repayable in accordance with a separate agreement to be made between ECG and JL Enterprises Holdings Limited. As at 30 June 2022 and 31 December 2021, ECG and JL Enterprises Holdings Limited mutually agreed that the shareholder's loan is not required to be repaid in the next twelve months from the reporting date. There is no repayment on demand clause in the shareholder's loan agreement.

The carrying amount of shareholder's loan approximates to its fair value and is denominated in HK\$.

The shareholder's loan bear average coupon rate of 1% per annum as at 30 June 2022 (30 June 2021: 5% per annum).

21 Bank borrowing

	As at 30 June 2022 HK\$ (Unaudited)	As at 31 December 2021 HK\$ (Audited)
Current Bank borrowing	4,224,954	4,589,000

As at 30 June 2022 and 31 December 2021, the Group's bank borrowing was interest bearing at the Hong Kong Best Lending Rate minus 2.25% per annum and secured by personal guarantee given by the Executive Chairman of the Company. The bank borrowing was dominated in HK\$. The bank borrowing includes a repayable on demand clause and therefore the balance is classified under current liabilities.

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

The weighted average interest rate of the bank borrowing was 2.9% per annum (2021: 2.3% per annum).

eCARGO HOLDINGS LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION****21 Bank borrowing (Continued)**

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

	As at 30 June 2022 HK\$ (Unaudited)	As at 31 December 2021 HK\$ (Audited)
Within 1 year	1,110,533	915,357
Between 1 and 2 years	1,141,370	1,125,933
Between 2 and 5 years	1,973,051	2,547,710
	<u>4,224,954</u>	<u>4,589,000</u>

22 Related party transactions

JL Enterprises Holding Limited, a company incorporated in the Cayman Islands and wholly owned by Mr. John Lau, the Executive Chairman of ECG, is being regarded as the ultimate holding company of the Group and of the Company. Chess Depositary Nominees Pty Ltd., a company incorporated in Australia is being regarded as the immediate holding company of the Group and of the Company.

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
Mr. John Lines	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
EC-GO eCommerce Limited	Shareholder of the Company, controlled by Mr. John Lau
Allport Cargo Services Limited	Controlled by Mr. John Lau
Cargo Services Far East Limited	Controlled by Mr. John Lau
Cargo Services (China) Limited	Controlled by Mr. John Lau
CN Investment Limited	Controlled by Mr. John Lau
CN Logistics Limited	Controlled by Mr. John Lau
CN Logistics Limited (HK)	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
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 Limited	Joint venture
PJF Wines Limited	Joint venture
Mellow Asia Limited	Joint venture

eCARGO HOLDINGS LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION****22 Related party transactions (Continued)**

The following transactions were carried out with related parties:

		Six months ended 30 June	
		2022	2021
		HK\$	HK\$
		(Unaudited)	(Unaudited)
(a)	Revenue – note (i)		
	Sales of software development services:		
	- Cargo Services Far East Limited	1,200,000	1,200,000
		<u> </u>	<u> </u>
	Sales of goods:		
	- Dreamtown International Ltd	3,896,652	-
		<u> </u>	<u> </u>
	Service income:		
	- Dreamtown International Ltd	1,080,276	-
		<u> </u>	<u> </u>
	IT Consultancy income		
	- Cargo Services Far East Limited	1,152,897	1,274,876
		<u> </u>	<u> </u>
	Management income		
	- PJF Wines (HK) Limited	1,151,681	1,185,420
		<u> </u>	<u> </u>
(b)	Expenses – note (i)		
	Purchase of outsourced labour services:		
	- Cargo Services Far East Limited	300,000	300,000
		<u> </u>	<u> </u>
	Purchase of outsourced import, storage, and courier fulfillment service:		
	- CS China Logistics Limited	-	281,247
	- Cargo Services (China) Limited	773,225	984,759
		<u> </u>	<u> </u>
		773,225	1,266,006
		<u> </u>	<u> </u>
	Lease payment/rental expense:		
	- Cargo Services Far East Limited	65,376	65,376
		<u> </u>	<u> </u>
(c)	Key management compensation – note (ii)		
	- Fees	152,232	148,038
		<u> </u>	<u> </u>

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

22 Related party transactions (Continued)

(d) Balance with related parties

	As at 30 June 2022 HK\$ (Unaudited)	As at 31 December 2021 HK\$ (Audited)
Amount due from related parties – note (iii)		
- Asean Business Group Pty Ltd	39,432	-
- Allport Cargo Services Limited	180,502	486,828
- PJF WINES (HK) LIMITED	3,228,341	1,498,830
- CN Logistics Limited (HK)	267,283	2,655,997
- Dreamtown International Ltd	1,164,044	-
- 深圳市看我商貿服務有限公司	2,659,670	-
- 深圳市一全通电子商务有限公司	3,922	6,720
	<u>7,543,194</u>	<u>4,648,375</u>
Amount due to related parties (current) – note (iii)		
- Cargo Services Far East Limited	(7,808,554)	(184,211)
- Cargo Services (China) Limited	(23,157,029)	(23,400,637)
- CN Logistics Limited (HK)	-	(55,163)
- CS China Logistics Limited	(699,637)	(717,922)
- Dreamtown International Ltd	-	(4,430,549)
- Mellow Asia Limited	(19,133)	-
	<u>(31,684,353)</u>	<u>(28,788,482)</u>
Amount due to related party (non-current) – note (iv)		
- EC-GO eCommerce Limited	<u>(4,413,207)</u>	<u>(4,413,207)</u>
		Total HK\$
Shareholder's loan		
At 1 January 2021		90,478,810
Interest charged		<u>2,303,999</u>
At 31 December 2021 and 1 January 2022		92,782,809
Repayment		(4,750,000)
Interest charged		<u>383,294</u>
At 30 June 2022		<u>88,416,103</u>

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

22 Related party transactions (Continued)

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

Notes:

- (i) These transactions are carried out on terms mutually agreed with the related 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 sale and 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 amount of HK\$4,413,207 due to EC-GO eCommerce Limited (“EC-GO”) was classified as a non-current liability as at 30 June 2022 and 31 December, 2021 for which ECG and EC-GO mutually agreed that the amount is not required to be repaid in the next eighteen months from the reporting date (31 December 2021: twenty-four months).