



**ASX APPENDIX 4D AND INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION**

**eCargo Holdings Limited**

**ARBN 601 083 069**

**30 June 2023**

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 2023 to 30 June 2023

Prior corresponding period: 1 January 2022 to 30 June 2022

## Results for announcement to the market

*Key information*  
(HK\$)

	<b>Reporting Period</b>	<b>Prior Corresponding Period</b>	<b>% change</b>
Revenue from ordinary activities	67,524,826	46,775,130	44%
Profit from ordinary activities after income tax attributable to members of the Company	2,249,298	1,368,623	64%
Total comprehensive income for the period attributable to members of the Company	3,955,845	27,880,937	-86%

### *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, 2023	(HK\$7.4 cents)
June 30, 2022	(HK\$14.6 cents)

At June 30, 2023, there were 615,250,000 ordinary shares in issue, which would convert to a net asset backing of -HK\$5.6 cents per share (June 30, 2022: there were 615,250,000 ordinary shares in issue, which would convert to a net asset backing of -HK\$11.4 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**

ECG's joint ventures are set out in note 16 to the financial statements.

### **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**

Group revenue increased 44.4% to HK\$67.5 million (1H FY22: HK\$46.8 million).

Brand Distribution revenue grew by 45.6% as we saw Flow adding value to buyers in China sourcing from overseas, especially in Baby and Mum, Personal Care and Beauty categories. The entry into the Semiconductor space last year also contributed to the higher growth in sales, on the back of government support to boost China's domestic capabilities in manufacturing these goods to the global standard.

Gross Profit increased to HK\$20.9 million (1H FY22: HK\$18.1 million), but Gross Profit Margin fell to 31% (1H FY22: 39%) primarily due to two main factors: first, the shift to a greater weighting of sales through the B2B platform, Flow, where margins are generally lower, and second, discounts on products were utilised to maintain target sell-through rates, while countering weakening consumer demand.

### **Statement as to the review status**

The report is based on the interim condensed consolidated financial information for the six months ended June 30, 2023 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 2023**



**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 2023 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 selected 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, 29 August 2023

**eCARGO HOLDINGS LIMITED****INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

		Six months ended 30 June	
	Note	2023 HK\$ (Unaudited)	2022 HK\$ (Unaudited)
<b>Continuing operations</b>			
Revenue	7	67,524,826	46,775,130
Cost of sales	8	(46,634,377)	(28,710,185)
<b>Gross profit</b>		<u>20,890,449</u>	<u>18,064,945</u>
Selling and distribution expenses	8	(5,209,738)	(5,987,276)
Administrative expenses	8	(15,582,066)	(13,086,297)
(Provision for)/reversal of provision for impairment of trade receivables	8	(31,559)	234,512
Other income	9	1,352,860	2,495,754
Other losses, net	9	(111,009)	(205,767)
<b>Operating Profit</b>		<u>1,308,937</u>	<u>1,515,871</u>
Finance income		69,961	5,038
Finance expense		(1,074,490)	(600,275)
Finance expense, net		<u>(1,004,529)</u>	<u>(595,237)</u>
Share of results from joint ventures	16	1,594,761	71,833
<b>Profit before income tax</b>		<u>1,899,169</u>	<u>992,467</u>
Income tax credit	10	350,129	376,156
<b>Profit for the period from continuing operations</b>		<u>2,249,298</u>	<u>1,368,623</u>
<b>Discontinued operation</b>			
Profit for the period from discontinued operation	11	-	23,338,697
Profit for the period is attributable to:			
Owners of the Company		<u>2,249,298</u>	<u>24,707,320</u>

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 COMPREHENSIVE INCOME  
(CONTINUED)**

	Note	Six months ended 30 June	
		2023 HK\$ (Unaudited)	2022 HK\$ (Unaudited)
<b>Other comprehensive income</b>			
<i>Item that may be reclassified to profit or loss</i>			
Currency translation differences		1,706,547	116,380
Release of exchange differences upon disposed of a subsidiary presented as discontinued operation	11	-	3,057,237
Other comprehensive income for the period		1,706,547	3,173,617
<b>Total comprehensive income for the period</b>		<b>3,955,845</b>	<b>27,880,937</b>
Total comprehensive income for the period attributable to owners of the Company arising from:			
Continuing operations		3,955,845	1,485,003
Discontinued operation		-	26,395,934
<b>Earnings per share for profit from continuing operations attributable to owners of the Company</b>			
Basic and diluted (HK cents per share)	12	0.37	0.22
<b>Earnings per share for profit attributable to owners of the Company</b>			
Basic and diluted (HK cents per share)	12	0.37	4.01

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 2023 HK\$ (Unaudited)	As at 31 December 2022 HK\$ (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	249,862	82,403
Right-of-use assets	14	137,951	422,665
Intangible assets	15	11,136,422	12,856,066
Interests in joint ventures	16	3,523,732	2,708,115
Deferred income tax assets		329,538	341,821
<b>Total non-current assets</b>		<u>15,377,505</u>	<u>16,411,070</u>
<b>Current assets</b>			
Inventories		5,621,015	7,239,712
Trade receivables	17	38,728,165	21,013,992
Prepayments, deposits and other receivables		15,314,586	3,547,195
Amounts due from related parties	22	3,997,597	8,208,908
Cash and cash equivalents		16,872,881	27,074,136
<b>Total current assets</b>		<u>80,534,244</u>	<u>67,083,943</u>
<b>Total assets</b>		<u>95,911,749</u>	<u>83,495,013</u>
<b>Equity and reserves attributable to owners of the Company</b>			
Share capital	18	427,820,968	427,820,968
Currency translation reserve		1,328,630	(377,917)
Accumulated losses		(463,498,108)	(465,747,406)
<b>Total deficit</b>		<u>(34,348,510)</u>	<u>(38,304,355)</u>

**eCARGO HOLDINGS LIMITED****INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As at 30 June 2023 HK\$ (Unaudited)	As at 31 December 2022 HK\$ (Audited)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		6,176,904	6,694,149
Lease liabilities		-	55,245
Loan from related parties	22	17,902,299	18,318,950
Shareholder's loan	20	50,544,386	43,381,467
<b>Total non-current liabilities</b>		<u>74,623,589</u>	<u>68,449,811</u>
<b>Current liabilities</b>			
Trade payables	19	15,644,534	3,551,781
Other payables and accruals	19	8,931,329	11,855,542
Amounts due to related parties	22	10,751,715	20,595,838
Put option liabilities		7,779,450	7,979,700
Lease liabilities		156,090	422,057
Bank borrowings	21	12,373,552	8,944,639
<b>Total current liabilities</b>		<u>55,636,670</u>	<u>53,349,557</u>
<b>Total liabilities</b>		<u>130,260,259</u>	<u>121,799,368</u>
<b>Total deficit and liabilities</b>		<u>95,911,749</u>	<u>83,495,013</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**

	<b>Attributable to owners of the Company</b>			
	Share capital HK\$	Currency translation reserve HK\$	Accumulated losses HK\$	Total HK\$
<b>Balance at 1 January 2022</b>	427,820,968	(4,042,261)	(493,802,416)	(70,023,709)
<b>Comprehensive income</b>				
Profit for the period	-	-	24,707,320	24,707,320
<b>Other comprehensive income</b>				
Currency translation differences	-	116,380	-	116,380
Release of exchange differences upon disposal of a subsidiary	-	3,057,237	-	3,057,237
<b>Total comprehensive income for the period</b>	-	3,173,617	24,707,320	27,880,937
<b>Balance at 30 June 2022 (unaudited)</b>	427,820,968	(868,644)	(469,095,096)	(42,142,772)
<b>Balance at 1 January 2023</b>	427,820,968	(377,917)	(465,747,406)	(38,304,355)
<b>Comprehensive income</b>				
Profit for the period	-	-	2,249,298	2,249,298
<b>Other comprehensive income</b>				
Currency translation differences	-	1,706,547	-	1,706,547
<b>Total comprehensive income for the period</b>	-	1,706,547	2,249,298	3,955,845
<b>Balance at 30 June 2023 (unaudited)</b>	427,820,968	1,328,630	(463,498,108)	(34,348,510)

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	
	2023	2022
	HK\$	HK\$
	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>		
Cash used in from operations	(20,029,527)	(101,269)
Interest paid	(360,677)	(40,227)
	<hr/>	<hr/>
<b>Net cash used in operating activities from continuing operations</b>	(20,390,204)	(141,496)
<b>Net cash used in operating activities from discontinued operation</b>	11 -	(614,554)
	<hr/>	<hr/>
	(20,390,204)	(756,050)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(243,586)	(20,114)
Dividend received from a joint venture	779,144	338,640
Interest received	69,961	5,038
Net cash outflow of disposal of a subsidiary	-	(6,593,021)
	<hr/>	<hr/>
<b>Net cash generated from/(used in) investing activities from continuing operations</b>	605,519	(6,269,457)
<b>Net cash used in investing activities from discontinued operation</b>	11 -	(59,260)
	<hr/>	<hr/>
	605,519	(6,328,717)
<b>Cash flow from financing activities</b>		
Principal elements of lease payments	(312,908)	(358,159)
Interest elements of lease payments	(9,854)	(32,639)
Proceeds from bank borrowing	3,428,914	-
Proceeds from shareholder loan	6,655,000	-
Repayment of bank borrowings	-	(364,046)
Repayment of shareholder's loan	-	(4,750,000)
	<hr/>	<hr/>
<b>Net cash generated from/(used in) financing activities from continuing operations</b>	9,761,152	(5,504,844)
<b>Net cash used in financing activities from discontinued operation</b>	11 -	(277,968)
	<hr/>	<hr/>
	9,761,152	(5,782,812)
	<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>	(10,023,533)	(12,867,579)
Cash and cash equivalents at beginning of the period	27,074,136	32,644,769
Exchange difference on cash and cash equivalents	(177,722)	(149,144)
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of the period</b>	16,872,881	19,628,046
	<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 2022 that is included in the interim condensed consolidated financial information for the six months ended 30 June 2023 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 2022 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 2023 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 2022 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 2022, 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 2022, as described in those annual consolidated financial statements, except for 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.

##### **3.3 Discontinued operation**

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 operation is 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 2022.

## **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 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, 74% (31 December 2022: 49%) 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 2023, the Company had net current assets of HK\$24,897,574 and net liabilities of HK\$34,348,510. 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 2023, approximately HK\$49.5 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 2023, 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\$85,242 (30 June 2022: HK\$660,919) mainly as a result of foreign exchange gains/losses (30 June 2022: 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 2023, 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\$317,632 (30 June 2022: HK\$85,327), mainly as a result of foreign exchange gains/losses (30 June 2022: 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 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 2023, if interest rate on shareholder's loan, loan from related parties 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 2022: post-tax profit) would have been approximately HK\$336,000 lower/higher (30 June 2022: HK\$387,000 lower/higher), 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**

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:

	<b>For the six months ended 30 June 2023</b>			
	Digital Commerce Service HK\$ (Unaudited)	Brand Distribution HK\$ (Unaudited)	Unallocated Corporate Income/ (Expense) HK\$ (Unaudited)	Total HK\$ (Unaudited)
<b>Revenue from external customers</b>	8,242,199	56,745,469	-	64,987,668
<b>Revenue from related companies</b>	2,452,972	84,186	-	2,537,158
<b>Total revenue</b>	<u>10,695,171</u>	<u>56,829,655</u>	<u>-</u>	<u>67,524,826</u>
<b>Gross profit</b>	<u>9,584,824</u>	<u>11,305,625</u>	<u>-</u>	<u>20,890,449</u>
<b>Adjusted EBITDA gain/(loss) – excluding impact of foreign exchange</b>	5,220,459	1,858,096	(3,900,756)	3,177,799
Net foreign exchange loss	-	(18,615)	(92,394)	(111,009)
Depreciation of property, plant and equipment	-	(20,570)	(42,438)	(63,008)
Depreciation of right-of-use assets	(95,866)	(181,507)	-	(277,373)
Amortisation of intangible assets	-	-	(1,417,472)	(1,417,472)
Finance income	-	-	69,961	69,961
Finance expense	-	(280,627)	(793,863)	(1,074,490)
Share of profit from a joint venture	-	1,594,761	-	1,594,761
Profit/(loss) before income tax	<u>5,124,593</u>	<u>2,951,538</u>	<u>(6,176,962)</u>	<u>1,899,169</u>
Income tax credit	-	-	350,129	350,129
Profit/(loss) for the period	<u>5,124,593</u>	<u>2,951,538</u>	<u>(5,826,833)</u>	<u>2,249,298</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)

	<b>For the six months ended 30 June 2022</b>				<b>Discontinued</b>	
	<b>Continuing Operations</b>			<b>Total</b>	<b>Operation</b>	
	Digital Commerce Service HK\$ (Unaudited)	Brand Distribution HK\$ (Unaudited)	Unallocated Corporate Income/ (Expense) HK\$ (Unaudited)		HK\$ (Unaudited)	eCommerce Solution Service HK\$ (Unaudited)
<b>Revenue from external customers</b>	3,191,630	35,101,994	-	38,293,624	13,818,784	52,112,408
<b>Revenue from related companies</b>	4,584,854	3,896,652	-	8,481,506	-	8,481,506
<b>Total revenue</b>	<u>7,776,484</u>	<u>38,998,646</u>	<u>-</u>	<u>46,775,130</u>	<u>13,818,784</u>	<u>60,593,914</u>
<b>Gross profit</b>	<u>7,062,394</u>	<u>11,002,551</u>	<u>-</u>	<u>18,064,945</u>	<u>12,666,934</u>	<u>30,731,879</u>
<b>Adjusted EBITDA gain/(loss) – excluding impact of foreign exchange</b>	4,489,976	2,756,835	(3,656,429)	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	(102,621)	(233,155)	-	(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>4,387,355</u>	<u>2,741,643</u>	<u>(6,136,531)</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>4,387,355</u>	<u>2,741,643</u>	<u>(5,760,375)</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)**

The segment assets as at 30 June 2023 and 31 December 2022 are as follows:

	<u>Continuing operation</u>			
	Digital Commerce Service HK\$	Brand Distribution HK\$	Unallocated Corporate Assets/ Liabilities HK\$	Consolidated HK\$
<b>As at 30 June 2023 (Unaudited)</b>				
Segment assets	15,265,162	61,659,299	18,657,750	95,582,211
Deferred tax assets	-	329,538	-	329,538
	<u>15,265,162</u>	<u>61,988,837</u>	<u>18,657,750</u>	<u>95,911,749</u>
Segment liabilities	<u>(45,194,465)</u>	<u>(60,911,851)</u>	<u>(24,153,943)</u>	<u>(130,260,259)</u>
<b>As at 31 December 2022 (Audited)</b>				
Segment assets	26,969,869	32,410,234	23,773,089	83,153,192
Deferred tax assets	-	341,821	-	341,821
	<u>26,969,869</u>	<u>32,752,055</u>	<u>23,773,089</u>	<u>83,495,013</u>
Segment liabilities	<u>(46,252,289)</u>	<u>(50,413,288)</u>	<u>(25,133,791)</u>	<u>(121,799,368)</u>

Information about major customers

For the six months ended 30 June 2023, there was one single external customer contributing 10% or more of ECG's total revenue.

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

**7 Revenue**

Revenue recognised during the year was as follow:

	Six months ended 30 June	
	2023 HK\$ (Unaudited)	2022 HK\$ (Unaudited)
Revenue		
- Greater China		
Service income – recognised over time	17,958,549	10,978,940
Sales of goods – recognised at a point in time	49,566,277	35,796,190
	<u>67,524,826</u>	<u>46,775,130</u>

**eCARGO HOLDINGS LIMITED**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

**8 Expenses by nature**

	Six months ended 30 June	
	2023 HK\$ (Unaudited)	2022 HK\$ (Unaudited)
Outsourced services fulfilment expenses, included in cost of sales	1,802,032	3,569,740
Cost of inventories – included in cost of sales	44,832,345	25,140,445
Auditor’s remuneration	600,000	500,000
Employee benefit expenses	12,887,012	11,445,862
Consultancy fees	862,402	958,086
Outsourced labour costs (Note 22(b))	300,000	300,000
Amortisation of intangible assets (Note 15)	1,417,472	1,504,613
Depreciation of property, plant and equipment (Note 14)	63,008	28,355
Depreciation of right-of-use assets (Note 14)	277,373	335,776
Legal and professional expenses	723,865	596,704
Travel expenses	330,238	143,334
Operating leases rental	341,866	193,522
IT expenses	154,183	282,781
Advertising and marketing expenses	968,627	771,860
Utilities and maintenance expenses	30,205	29,866
Telecommunications expenses	65,043	56,196
Insurance expenses	86,715	90,633
Other expense	1,683,795	1,835,985
	<u>67,426,181</u>	<u>47,783,758</u>

**9 Other income and other losses, net**

**Other income**

	Six months ended 30 June	
	2023 HK\$ (Unaudited)	2022 HK\$ (Unaudited)
Government grant (note)	-	144,000
IT Consultancy income	-	1,152,897
Management income	1,005,580	1,151,681
Commission income	234,385	-
Others	112,895	47,176
	<u>1,352,860</u>	<u>2,495,754</u>

Note: Grant from employment support scheme in Hong Kong was recognised for the period ended 30 June 2022. 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	
	2023 HK\$ (Unaudited)	2022 HK\$ (Unaudited)
Net foreign exchange loss	<u>(111,009)</u>	<u>(205,767)</u>

**10 Income tax credit**

Subsidiaries established in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5 % (2022: 16.5%). Subsidiary established in the PRC is subject to PRC corporate income tax at a rate of 25% (2022: 25%). Subsidiaries established in Australia are subject to income tax at a rate at 30% during the period (2022: 30%).

No provision for income tax has been made as ECG had no assessable profits for the six months ended 30 June 2023. (For the six months ended 30 June 2022: Nil).

	Six months ended 30 June	
	2023 HK\$ (Unaudited)	2022 HK\$ (Unaudited)
Current income tax expense - PRC corporate income tax	(4,242)	-
Deferred income tax	<u>354,371</u>	<u>376,156</u>
Income tax credit	<u>350,129</u>	<u>376,156</u>

**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 operation. 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 HK\$ (Unaudited)
Revenue	13,818,784
Cost of sales	(1,151,850)
<b>Gross Profit</b>	<b>12,666,934</b>
Other income and other gains, net	136,797
Selling and distribution expense	(457,507)
Administrative expenses	(17,909,138)
Research and development expense	(1,381,198)
Finance expense, net	6
<b>Loss before income tax</b>	<b>(6,944,106)</b>
Income tax credit	1,485,371
<b>Loss after income tax of discontinued operation</b>	<b>(5,458,735)</b>
Gain on disposal of a subsidiary after income tax (see below)	28,797,432
<b>Profit for the period from discontinued operation</b>	<b>23,338,697</b>
Exchange differences on translation of discontinued operation	3,057,237
<b>Other comprehensive income from discontinued operation</b>	<b>3,057,237</b>

**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 HK\$ (Unaudited)
Operating cash flows	(614,554)
Investing cash flows	(59,260)
Financing cash flows	(277,968)
<b>Total cash flows</b>	<b>(951,782)</b>

The gain on disposal is as follows:

	Six months ended 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)
<b>Gain on disposal</b>	<b>28,797,432</b>

Note: The cash consideration was received in August 2022.

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

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2023 and 2022.

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Earnings attributable to owners of the Company (HK\$)		
- From continuing operations	2,249,298	1,368,623
- From discontinued operation	-	23,338,697
	<u>2,249,298</u>	<u>24,707,320</u>
Weighted average number of ordinary shares in issue	<u>615,250,000</u>	<u>615,250,000</u>
Basic and diluted earnings per share (HK cent)		
- From continuing operations	0.37	0.22
- From discontinued operation	-	3.79
	<u>0.37</u>	<u>4.01</u>

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares during the six months ended 30 June 2023 and 2022.

**13 Dividend**

No dividend has been declared by the Company for the six months ended 30 June 2023 (30 June 2022: 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)
<b>Six months ended 30 June 2023</b>		
<b>Net book amount</b>		
<b>Opening net book amount as at 1 January 2023</b>	82,403	422,665
Additions	243,586	-
Disposals	(5,019)	-
Depreciation (Note)	(63,008)	(277,373)
Currency translation differences	(8,100)	(7,341)
<b>Closing net book amount as at 30 June 2023</b>	<u>249,862</u>	<u>137,951</u>
<b>Six months ended 30 June 2022</b>		
<b>Net book amount</b>		
<b>Opening net book amount as at 1 January 2022</b>	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)
<b>Closing net book amount as at 30 June 2022</b>	<u>100,923</u>	<u>764,780</u>

Note: Depreciation of property, plant and equipment included HK\$63,008 for continuing operations for the period ended 30 June 2023 (30 June 2022: HK\$28,355). Depreciation of right-of-use assets included HK\$277,373 for continuing operations for the period ended 30 June 2023 (30 June 2022: HK\$335,776).

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

	HK\$ (Unaudited)
<b>Six months ended 30 June 2023</b>	
<b>Net book amount</b>	
<b>Opening net book amount as at 1 January 2023</b>	12,856,066
Amortisation (Note)	(1,417,472)
Currency translation differences	(302,172)
	<hr/>
<b>Closing net book amount as at 30 June 2023</b>	<b>11,136,422</b> <hr/> <hr/>
<b>Six months ended 30 June 2022</b>	
<b>Net book amount</b>	
<b>Opening net book amount as at 1 January 2022</b>	19,803,231
Amortisation (Note)	(1,834,162)
Disposal of a subsidiary	(2,637,213)
Currency translation differences	(833,297)
	<hr/>
<b>Closing net book amount as at 30 June 2022</b>	<b>14,498,559</b> <hr/> <hr/>

Note: Amortisation of intangible assets included HK\$1,417,472 for continuing operations for the six months ended 30 June 2023 (30 June 2022: HK\$1,504,613). The remaining amounts are attributable to the discontinued operation.

**Goodwill impairment**

As at 30 June 2023 and 2022, 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 2023 HK\$ (Unaudited)	As at 31 December 2022 HK\$ (Audited)
<b><u>Interests in joint ventures</u></b>		
At beginning of the period/year	2,708,115	2,856,736
Share of results from joint ventures	1,594,761	1,213,101
Dividend received from a joint venture	(779,144)	(1,361,722)
	<hr/>	<hr/>
At end of the period/year	<u>3,523,732</u>	<u>2,708,115</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 2023 and 2022 which is accounted for using the equity method.

	ABG 30 June 2023 HK\$ (Unaudited)	ABG 31 December 2022 HK\$ (Audited)
Current assets	23,734,662	9,897,195
Current liabilities	(16,291,840)	(7,874,994)
Profit after income tax	4,784,283	4,405,964

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 2023 HK\$ (Unaudited)	ABG 31 December 2022 HK\$ (Audited)
<b>Net assets</b>		
Beginning of period/year	7,354,173	6,662,491
Profit for the period/year	4,784,283	4,405,964
Distribution to shareholders	(2,337,432)	(4,085,166)
Currency translation difference	(709,768)	370,884
End of period/year	9,091,256	7,354,173
Percentage of ownership interest	33.33%	33.33%
Interest in joint ventures	3,030,419	2,451,146

##### 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 2023. As at period ended 30 June 2023, the carrying amount of interest in individually immaterial joint ventures that are accounted for using the equity method were approximately HK\$493,000 (31 December 2022: HK\$256,000).

**eCARGO HOLDINGS LIMITED**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

**17 Trade receivables**

	As at 30 June 2023 HK\$ (Unaudited)	As at 31 December 2022 HK\$ (Audited)
Trade receivables	39,161,531	21,383,493
Less: provision for impairment	(433,366)	(369,501)
Trade receivables – net	<u>38,728,165</u>	<u>21,013,992</u>

Management considered the carrying amounts of trade receivables approximate their fair values.

Credit terms granted to customers are normally 30-90 days. The aging analysis of the trade receivables based on invoice date is as follows:

	As at 30 June 2023 HK\$ (Unaudited)	As at 31 December 2022 HK\$ (Audited)
1 - 30 days	24,588,217	11,136,206
31 - 60 days	6,851,718	2,107,587
61 - 90 days	1,454,578	2,485,266
Over 90 days	5,833,652	5,284,933
	<u>38,728,165</u>	<u>21,013,992</u>

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

	As at 30 June 2023 HK\$ (Unaudited)	As at 31 December 2022 HK\$ (Audited)
Opening loss allowance	369,501	963,592
Increase/(decrease) in loss allowance recognised in profit and loss	31,559	(218,478)
Less: disposal of a subsidiary	-	(427,447)
Currency translation differences	32,306	51,834
Closing loss allowance	<u>433,366</u>	<u>369,501</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 2022, 30 June 2022, 1 January 2023 and 30 June 2023	615,250,000	427,820,968

**19 Trade payables, other payables and accruals**

	As at 30 June 2023 HK\$ (Unaudited)	As at 31 December 2022 HK\$ (Audited)
Trade payables	15,644,534	3,551,781
Accrued expenses	1,503,163	2,359,657
Accrued employee benefit expenses	849,759	1,139,761
Other payables	4,692,313	6,470,030
Other tax payables	1,886,094	1,886,094
Other payables and accruals	8,931,329	11,855,542
	24,575,863	15,407,323

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

	As at 30 June 2023 HK\$ (Unaudited)	As at 31 December 2022 HK\$ (Audited)
Shareholder's loan (Note 22(d))	50,544,386	43,381,467

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\$50,544,386 (31 December 2022: HK\$43,381,467), 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 2023 and 31 December 2022, 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 interest rate of 2.1% per annum as at 30 June 2023 (30 June 2022: 1.0% per annum).

**21 Bank borrowing**

	As at 30 June 2023 HK\$ (Unaudited)	As at 31 December 2022 HK\$ (Audited)
Current Bank borrowing	12,373,552	8,944,639

As at 30 June 2023 and 31 December 2022, the Group's bank borrowing was interest bearing at prime rate quoted from the Hang Seng Bank Limited from time to time 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 4.8% per annum (2022: 2.8% 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 2023 HK\$ (Unaudited)	As at 31 December 2022 HK\$ (Audited)
Within 1 year	4,559,222	1,669,886
Between 1 and 2 years	2,423,554	1,804,647
Between 2 and 5 years	2,940,082	3,534,433
Over 5 years	2,450,694	1,935,673
	<u>12,373,552</u>	<u>8,944,639</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 Logistics Limited (HK)	Controlled by Mr. John Lau
CN Shipforshop Limited	Controlled by Mr. John Lau
CS China Logistics 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
Dreamtown International Ltd	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	
	2023 HK\$ (Unaudited)	2022 HK\$ (Unaudited)
(a) Revenue – note (i)		
Sales of software development services:		
- Cargo Services Far East Limited	<u>1,200,000</u>	<u>1,200,000</u>
Sales of goods:		
- Dreamtown International Ltd	76,370	3,896,652
- PJJ Wines (HK) Ltd	7,816	-
	<u>84,186</u>	<u>3,896,652</u>
Service income:		
- Dreamtown International Ltd	<u>247,392</u>	<u>1,080,276</u>
IT Consultancy income		
- Cargo Services Far East Limited	<u>-</u>	<u>1,152,897</u>
Management income		
- PJJ Wines (HK) Limited	<u>1,005,580</u>	<u>1,151,681</u>
(b) Expenses – note (i)		
Purchase of outsourced labour services:		
- Cargo Services Far East Limited	<u>300,000</u>	<u>300,000</u>
Purchase of outsourced import, storage, and courier fulfillment service:		
- Cargo Services (China) Limited	<u>609,071</u>	<u>773,225</u>
Management and administrative services:		
- Cargo Services Far East Limited	<u>226,828</u>	<u>181,758</u>
(c) Key management compensation – note (ii)		
- Fees	<u>142,681</u>	<u>152,232</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 2023 HK\$ (Unaudited)	As at 31 December 2022 HK\$ (Audited)
Amount due from related parties – note (iii)		
- Asean Business Group Pty Ltd	-	77,632
- Allport Cargo Services Limited	66,321	549,455
- PJF WINES (HK) LIMITED	840,337	1,770,504
- CN Logistics Limited (HK)	-	2,950,269
- CN Shipforshop Limited	28,483	-
- Mellow Asia Limited	218,356	199,894
- 深圳市看我商貿服務有限公司	2,844,100	2,659,427
- 深圳市一全通电子商务有限公司	-	1,727
	<u>3,997,597</u>	<u>8,208,908</u>
Amount due to related parties (current) – note (iii)		
- Asean Business Group Pty Ltd	(545)	-
- Cargo Services Far East Limited	(1,540,423)	(8,189,986)
- Cargo Services (China) Limited	(7,383,720)	(9,180,847)
- CN Logistics Limited (HK)	(52,546)	-
- CS China Logistics Limited	(668,247)	(685,297)
- Dreamtown International Ltd	(1,105,352)	(2,539,708)
- 深圳市一全通电子商务有限公司	(882)	-
	<u>(10,751,715)</u>	<u>(20,595,838)</u>
Loan from related parties – note (iv and v)		
- EC-GO eCommerce Limited	(4,462,069)	(4,413,207)
- Cargo Services (China) Limited	(13,440,230)	(13,905,743)
	<u>(17,902,299)</u>	<u>(18,318,950)</u>
		Total HK\$
Shareholder's loan		
At 1 January 2022		92,782,809
Interest charged		698,608
Repayment		<u>(50,099,950)</u>
At 31 December 2022 and 1 January 2023		43,381,467
Repayment		
Addition		6,655,000
Interest charged		507,919
At 30 June 2023		<u>50,544,386</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\$4,462,069 due to EC-GO eCommerce Limited (“EC-GO”) was classified as a non-current liability as at 30 June 2023 and 31 December, 2022 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 which bear prime rate quoted from the Hong Kong and Shanghai Banking Corporation Limited from time to time minus 2.5% per annum (31 December 2022: twenty-four months).
- (v) The amount of HK\$13,440,230 due to Cargo Services (China) Limited (“Cargo Services”) was classified as a non-current liability as at 30 June 2023 and 31 December, 2022 for which ECG and Cargo Services mutually agreed that the amount is not required to be repaid in the next eighteen months from the reporting date which bear prime rate quoted from the Hong Kong and Shanghai Banking Corporation Limited from time to time minus 2.5% per annum (31 December 2022: twenty-four months).