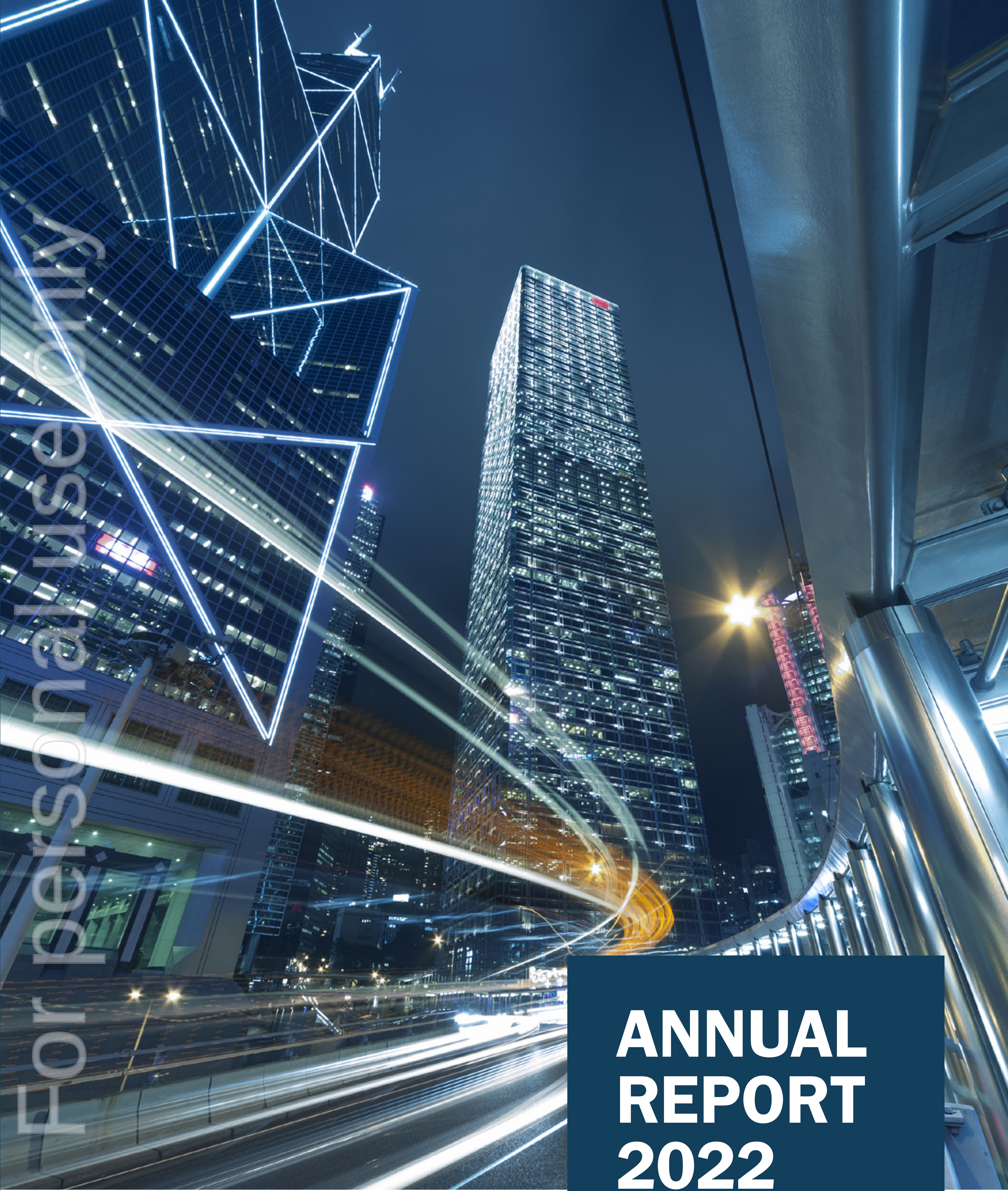


ANNUAL REPORT 2022

Digitalisation & Growth

www.eCargo.com

eCargo

your eCommerce Partner

About eCargo

eCargo Holdings Limited (eCargo) is an ASX-listed company that connects global brands with the Asia market, with a specific focus on China. Since its inception in 2014, eCargo has remained steadfast in its mission of helping brands sell more in the Asian market.

As a trusted commerce partner, eCargo leverages its expertise across supply chain, distribution and trading, eCommerce, and marketing, to offer an integrated end-to-end solution that enables brands to achieve omnichannel growth.

At eCargo, we are dedicated to continuously enhancing our suite of proprietary technologies to enable seamless direct-to-consumer sales for brands. Our current suite of technologies includes eCoreOS®, Flow (formerly JuJiaXuan (JJX)), and PinJiuFang Wines.

eCoreOS® is a state-of-the-art supply chain management platform that streamlines operations such as logistics, warehousing, inventory management, courier tracking, and sales reporting for brands. With eCoreOS®, brands can digitalise their supply chain while managing multichannel sales.

Flow is a B2B distribution platform that connects international suppliers with Chinese distributors and retailers. With immediate access to over 4,000 points of sale across the country, suppliers can manage onshore/offshore payments, order management, customs clearance, and logistics all from one platform.

PinJiuFang Wines (PJF Wines) is a cross-border eCommerce platform that specialises in fine wines, with a mission to enable Chinese consumers to discover, explore, and experience imported, premium fine wines.

eCargo is comprised of specialist operating companies in China and Australia, including eCargo, Metcash Asia, and Jessica's Suitcase. Together, these entities offer expertise in various areas, such as supply chain, distribution and trading, eCommerce, and technology development. With the acquisition of Metcash Asia in 2019, eCargo wholesales and distributes to large supermarkets and retail groups in China, while also operating cross-border eCommerce stores through platforms such as Alibaba's Tmall Global and JD Worldwide. Additionally, Jessica's Suitcase, headquartered in Sydney, operates an online store on Tmall Global, offering quality Australian and New Zealand food products to Chinese consumers through the cross-border online channel.

eCargo has successfully served over 80 international brands, with a focus on categories such as Health and Wellness, Beauty and Cosmetics, Maternal and Baby, and Food and Beverage.

eCargo
your eCommerce Partner

Contents

"eCargo is well-positioned as an enterprise with diversified business in FMCG and non-FMCG."

Mr. John Lau,
Executive Chairman

2022 Highlights

- Group revenue from continuing operations[1] increased by 43.2% to HK$125.4 million, attributable to the significant uplift in demand for high quality imported products in China and sales through the Group's proprietary B2B technology platform

- Statutory Net Profit After Tax (NPAT) of HK$28.1 million (FY21: HK$0.9 million)

- Excluding the sale of Amblique, NPAT[2] was up 422% to HK$4.7 million, representing a strong growth in scale and profitability

- The sale of Amblique recapitalised the Group, bringing focus to growing brands in Asia and investments in proprietary technology

1 All percentage changes are based on HK$ change from prior corresponding period (pcp).
2 Excludes Amblique business which was sold during the period.

Online and Offline Brand Distribution Revenue

⇧41.4%

Digital Commerce Services’ Revenue

⇧50.6%

Operating Expenses

⇩17%

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "Board"), I am pleased to present the Annual Report of eCargo Holdings Limited (the "Company") for the year ended December 31, 2022.

Over the course of 2022, the continued success of eCargo's proprietary technology platforms, as well as new exclusive brand partnerships drove record growth across all key business metrics. With a strong balance sheet in place to fund operations and scale profitability, the business is well-positioned to continue connecting in-demand brands with the continued growing Chinese consumer market, driving long-term growth in 2023 and beyond.

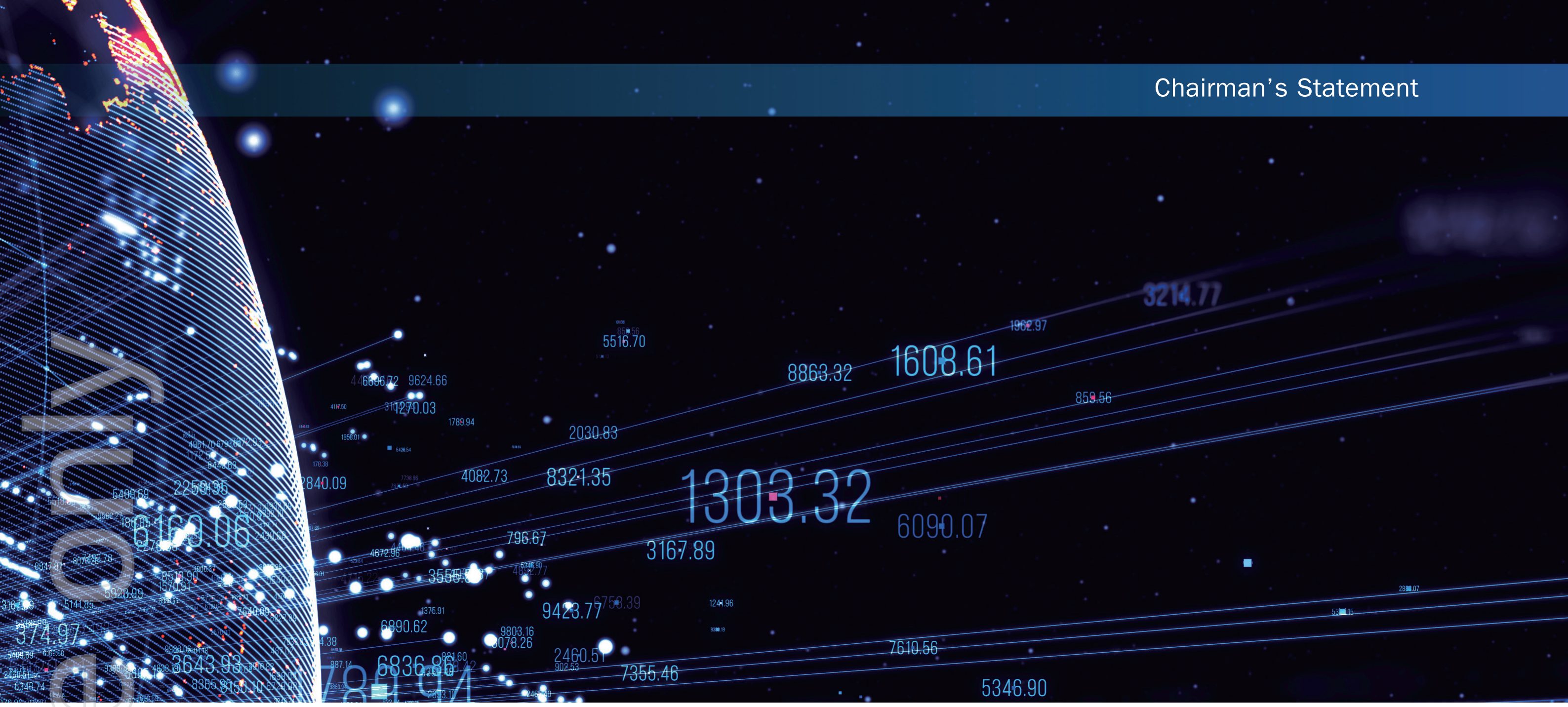
Technology-centric strategy yielding results

eCargo sold its Australian digital consultancy business, Amblique, in 2022 as part of its Asia-focused growth strategy. The sale recapitalised the Company and brought a sharper focus on investing in proprietary technology platforms that enable direct selling from brands to distributors and consumers.

The Group's proprietary B2B distribution platform, Flow (formerly JuJiaXuan (JJX)), continued to grow significantly at a monthly compounded growth rate of +30% in Gross Merchandise Value in 2022. Over the year, the Company signed on a number of high-performing suppliers in new categories such as Semiconductor and Electronic Components, and Fashion and Apparel to the platform which significantly contributed to the revenue growth.

PinJiuFang Wines (PJF Wines), eCargo's cross-border online marketplace selling imported fine wines to Chinese consumers is also performing strongly. Over the course of the past 12 months, we allocated resources into advancing our eCommerce technology, earning the prestigious accolades such as the Hong Kong Business Technology Excellence Awards 2022 in the Food and Beverage category, and being recognised as the "Best F&B Start Up" at Asia's Best eTailing Awards 2022.

Our strategy remains intact and eCargo will continue to invest in Flow and PJF Wines to effectively connect brands with consumers, and will be launching a new social commerce platform in 2023 to fulfil a suite of technology platforms that covers order and warehouse management, B2B and B2C trading, and marketing.



"As eCargo continues to demonstrate its effectiveness in helping partnered brands grow sales in Asia, the business has established a reputation as a comprehensive and reliable commerce partner for brands."

Exclusive brand partnerships capturing Chinese market opportunity

Our brand portfolio has significantly expanded as new exclusive partnerships were established with in-demand brands, particularly in the Health & Wellness, Personal Care, and Maternal & Baby categories, where there has been a strong growth in demand since the COVID-19 pandemic. Despite COVID-19 lockdowns in China, Chinese consumers' demand for high-quality, imported products remain resilient. We are strategically-placed to take advantage of this growing market trend.

As eCargo continues to demonstrate its effectiveness in helping partnered brands grow sales in Asia, the business has established a reputation as a comprehensive and reliable commerce partner for brands.

A brighter outlook

We are encouraged by the performance achieved in 2022 which gives us a great deal of confidence as we head into 2023. Our strategy of enabling brands to reach consumers directly in the large Asian market is resonating with our principals, and delivering our partners real results.

The China growth theme remains intact, with lockdown restrictions now removed in China, we expect demand from Chinese consumers for high quality imported products to continue to grow strongly in 2023. With the technology and brand partnerships we have in place, we are well-positioned to drive growth over the next 12 months and propel eCargo to the forefront of the retail and eCommerce market in Asia.

Our focus for 2023 is to enhance our technology suite to create a 360 digital ecosystem that enables brands to go direct-to-consumers. Leveraging our digital marketing and customer acquisition capabilities, we will be launching a new social commerce platform targeting the Asia market in 2023, while continue investing in our distribution platforms to ensure we have the infrastructure, data and talent to support brands selling in Asia.

On behalf of ECG, I would like to thank my fellow Board members, our management team for their unwavering commitment, our partners, and employees for their tireless efforts and hard work throughout 2022. I would also like to thank our shareholders for their continued confidence and support over the year. I look forward to delivering on our strategy, and delivering value for all stakeholders in 2023.

John Lau
Executive Chairman

Board of Directors and Executive Team

The Board of Directors (the "Board") currently consists of four Directors, comprising one Executive Director and three Independent Non-Executive Directors.

The Board has broad experience in retail supply chain, eCommerce, logistics, finance and retail management. The Board is well-positioned to develop and implement ECG's strategic objectives.

In accordance with ASX Listing Rules 14.4, a Director of an entity must not hold office (without re-election) past the third Annual General Meeting following the Director's appointment or 3 years, whichever is longer and a Director of an entity is appointed to fill a casual vacancy or as an addition to the Board, must not hold office (without re-election) past the next Annual General Meeting.

Mr. John Lau, Mr. John Lines and Mr. Von Lam shall retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Name	Position	Independence	Re-appointment date
Mr. John Lau	Executive Chairman, Executive Director	Non-independent	May 17, 2021
Mr. John Lines	Non-Executive Director	Independent	N/A
Mr. Von Lam	Non-Executive Director	Independent	N/A
Mr. Yuming Zou	Non-Executive Director	Independent	May 17, 2022

Board of Directors

Mr. John Lau

Executive Chairman and Executive Director

Mr. John Lau is the Executive Chairman and founder of eCargo, and was appointed Executive Director on May 28, 2014. He is also the Chairman and founder of JL Enterprises Holdings Limited ("JL Enterprises"), eCargo's largest shareholder. Furthermore, he is the Group Managing Director and founder of eCargo's strategic investor, CS Logistics Holdings Limited ("CS Logistics"). He is also the Managing Director and founder of Cargo Services Far East Limited ("Cargo Services"), a principal operating subsidiary of the CS Logistics group of companies and Xin Hai Hua Enterprises.

John has over 40 years of experience in the trading, shipping and logistics industries in Hong Kong and China. His pursuit of excellence in providing professional services is well known and acknowledged by many major retailers and brands worldwide.

John founded Cargo Services in 1990 as an ocean freight non-vessel operating cargo carrier. He led the growth of Cargo Services in becoming a leader in international logistics. Today, Cargo Services is the largest privately owned integrated logistics service provider and freight forwarder in China and Hong Kong.

John founded Midstream Holdings Limited ("MHL") in 1995 and was the Managing Director from 1995 to 1997. MHL was then acquired by Hutchison Port Holdings in 1997.

John founded Wide Shine Terminals Limited ("WST") in 1990. He was the Managing Director and founder of WST from 1990 to 1995. WST was subsequently acquired by MHL in 1995.

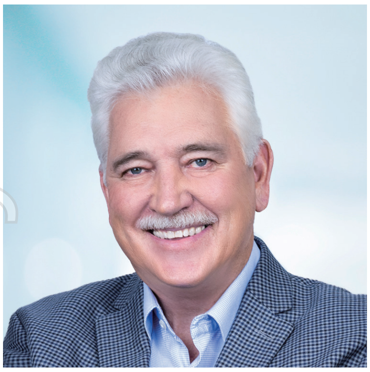
John founded Hoi Kong Terminals Limited ("Hoi Kong") in 1986. He was the Managing Director from 1986 to 1990. Hoi Kong was acquired by Jardine Shipping Services Limited in 1990.

John holds a Bachelor of Social Sciences from the University of Hong Kong and joined Dodwell & Co. in their Hong Kong buying office working with many international retailers and trading companies sourcing from China. He quickly rose to become a director at Dodwell & Co. He left Dodwell & Co. in 1983 to start his own businesses in shipping and international logistics.

John was appointed as a committee member of the Chinese People's Political Consultative Conference Nanjing Committees in the tenth and eleventh elections.

John served as an Independent Non-executive Director of Golden Eagle Retail Group Limited (SEHK: 3308) from 1999 to 2011 and Nanjing Sample Technology Company Limited (SEHK: 1708) from 2003 to 2011.

John is also the Executive Chairman and Executive Director of CN Logistics International Holdings Ltd. which is listed in the Hong Kong Stock Exchange (HKEX: 2130) since October, 2020.



Mr. John Lines

Independent Non-Executive Director

Mr. John Lines was appointed as Non-Executive Director of the Company on May 31, 2022. He is the founder of shipping consultancy Australia Shipping Group, and was formerly the Chief Executive Officer of ANL Container Line.

Over the years, John has been recognised for his contribution to the shipping industry. He was awarded the Order of Australia for revitalising the former government-owned shipping line ANL, and was awarded the decoration of Chevalier de l'Ordre du Mérite Maritime by the French Government for his service to the maritime sector.

John's extensive practical experience spans across the shipping industry, notably customer service, staff relations and sustainable profitability. He also served on various boards and working groups, namely as Chairman of Shipping Australia, and Chairman for Australia on the Asian Shipowners Forum.

Mr. Von Lam

Independent Non-Executive Director

Mr. Lam was appointed as a Non-Executive Director of the Company on July 15, 2021. He is the Founder and Managing Partner at Increment Capital, a technology-driven investment firm based in Hong Kong and Shanghai. Increment Capital partners with exceptional management teams building enduring, category-defining technology businesses by providing patient, flexible capital. Increment Capital makes early to late-stage private equity investments into sectors such as consumer/eCommerce, healthcare technology, financial technology and blockchain infrastructure.

Previously, Mr. Lam managed technology private equity and public market investments at Clearlake Capital, a global private equity and credit investment firm. Prior to Clearlake Capital, Mr. Lam was a private equity investor with Warburg Pincus, where he executed leveraged buyout, PIPE, growth equity and venture capital investments in the U.S., Europe and Asia. Prior to Warburg Pincus, Mr. Lam was a member of the corporate development group at Microsoft which worked directly with the Chairman, CEO and senior management to execute acquisitions and investments for the company in the U.S. and China. Mr. Lam also held roles in Asset Management at UBS and started his career at JP Morgan in Investment Banking.

Mr. Yuming Zou

Independent Non-Executive Director

Mr. Yuming Zou was appointed as a Non-Executive Director of the Company on January 22, 2020. He serves as the Chief Financial Officer of Fangzhou Jianke, China's leading online chronic disease management platform.

Prior to joining Jianke, Yuming spent 15 years in J.P. Morgan's Investment Banking Division. Most recently, he served as an Executive Director in JPMorgan's Hong Kong Corporate Derivatives Trading team, where he specialised in origination, execution, and risk management for equity derivatives and structured equity financing transactions. During his time at JPMorgan, he also held various key roles across Corporate Finance Advisory and Sales and Trading, while based in the firm's New York, Beijing, Shanghai, and Hong Kong offices.

Yuming holds a Bachelor of Arts degree in Economics *magna cum laude* and a Master of Arts degree in Statistics from Harvard University, and is also a CFA charterholder.

Executive Team

Mr. Lawrence Lun

Chief Executive Officer

Lawrence has spent the last 12 years bringing international brands into Asia, specifically Greater China, through eCommerce and digital channels. His experience spans across business strategy, finance, brand marketing, eCommerce, IT development, cross-border logistics and content creation.

Lawrence was part of the founding team at eCargo having joined in 2014 as Business Development Director. He helped set up the store operations, marketing and IT functions within the group, and since supported over 35 international brands with their entry into China via online platforms. Prior to taking up the role to lead eCargo, he spent a few years in Investment Banking, Digital Banking and Asset Management in Hong Kong and China. He also has an entrepreneurial spirit having started multiple ventures including his last one called Zingly, a SaaS platform focused on helping brands capture and utilise user generated content. He strongly believes in driving a customer-centric business that ensures the company's principals are capturing all available opportunities to generate value.

Lawrence graduated with Honours with a dual specialisation in Finance and Strategic Management from the Schulich School of Business at York University.

Mr. Oscar Tsang

Chief Financial Officer

Oscar is responsible for eCargo's finance and accounting, corporate finance, treasury, administration, talent management, legal and compliance and investor engagement functions.

Prior to joining eCargo, Oscar was the Financial Controller of VTeam Financial Service Group and China Financial Services Holdings Limited, the latter a company listed on the Stock Exchange of Hong Kong. In his early career, Oscar also had professional experience in auditing at Ernst & Young and PricewaterhouseCoopers in Hong Kong. He has extensive experience in financial management, corporate finance and global investor relations, across industry sectors in financial technology, real estate, property development, infrastructure, FMCG (fast-moving consumer goods), telecommunications and eCommerce.

Oscar holds a Bachelor of Business Administration from The Hong Kong Polytechnic University. He is a member of the Institute of Chartered Accountants in England and Wales (ICAEW) and a member of the Hong Kong Institute of Certified Public Accountants (HKICPA).

Corporate Governance Report

The Board is pleased to present this corporate governance report for the year ended December 31, 2022.

Corporate Governance Practices

The Company is committed to conduct its business consistent with the highest standards of corporate governance practices and procedure. The Company recognises that sound corporate governance practices are fundamental to the effective and transparent operation of the Company and it is vital to its ability to protect the rights of its Shareholders and enhance Shareholders' value.

The Company adopted the following policies and charters. Each of these policies and charters are set out in the Corporate Governance Plan adopted by the Board on September 18, 2014. The Corporate Governance Plan is incorporated by reference into this annual report and is prepared to fully address the principles and provision set out in the ASX Corporate Governance Council, Corporate Governance Principles and Recommendations, 4th Edition ("ASX Corporate Governance Principles and Recommendations"). The 2022 corporate governance report was approved by the Board on March 29, 2023.

A copy of each of the below policies and charters are available on the Company's website at www.eCargo.com.

The Board Charter

This charter sets out the principles for the operation of the Board and the functions and responsibilities of the Board and management of the Company. The Board Charter contains the Board skills matrix.

Code of Conduct

This policy sets out the standards of ethical behaviour that the Company expects from its Directors, officers and employees.

Securities Trading Policy

This policy is designed to maintain investor confidence in the integrity of the Company's internal controls and procedures and to provide guidance on avoiding any breach of the insider trading laws in Australia.

Audit and Risk Management Committee Charter

This charter sets out the principles for the operation of the Audit and Risk Management Committee.

Nomination and Remuneration Committee Charter

This charter sets out the principles for the operation of the Nomination and Remuneration Committee.

Continuous Disclosure Policy and Communications Strategy

The Company strictly complies with the continuous disclosure requirements of the Listing Rules and the Companies Ordinance to ensure the Company discloses to ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the CDIs. This policy sets out certain procedures and measures which are designed to ensure that the Company complies with its continuous disclosure obligations. This policy also sets out practices which the Company will implement to ensure effective communication with its Shareholders.

Diversity Policy

This policy sets out practices which the Company is committed to workplace diversity. Due to the relative small size of the Company, the Board had not set any objectives on gender diversity during the year ended December 31, 2022. The Board recognised the benefits arise from achieving various forms of diversity and will continues to evaluate the setting of objectives on workplace diversity.

The table below shows the proportion of male and female representation across ECG, the senior management and at the Board level during the year ended December 31, 2022.

Job level	Male	Female
Board of Directors	100%	0%
Management	80%	20%
All employees	44%	56%

* Management represent General Manager grade or above

Board of Directors

The Board is responsible for the overall corporate governance of the Company. Issues of substance affecting the Company are considered by the Board, with advice from external advisors as required.

The Board's role in risk oversight includes reviewing reports from management and the Audit and Risk Management Committee on a regular basis regarding material risks faced by the Company and applicable mitigation strategies and activities.

The reports detail the effectiveness of the risk management program and identify and address material business risks such as technological, strategic, business, operational, financial, human resources and legal/regulatory risks.

The Board and its committees consider these reports, discuss matters with the management and identify and evaluate any potential strategic or operational risks, and appropriate activity to address those risks. The responsibilities of the Board are set down in the Company's Board Charter, which has been prepared having regard to ASX Corporate Governance Principles and Recommendations.

Composition of the Board, number of the Board meetings and Directors Attendance

The Company's Memorandum and Articles of Association and the Hong Kong Companies Ordinance provides that the minimum number of Directors is two and that this minimum may only be changed by a majority vote of the Shareholders. The Company currently has four Directors serving on the Board, including one Executive Director ("ED") and three Independent Non-Executive Directors ("INED"). The biographies detail of each Director are included in the "Board of Directors and Executive Team" section of this Annual Report.

The following is the attendance record of the Directors at the Board and Committee meetings, and at the Shareholder meeting held during the year.

Name	Position	Board of Directors	Audit and Risk Management Committee	Nomination and Remuneration Committee	Annual General Meeting
Mr. John Lau	ED	3/3	N/A	N/A	1/1
Mr. John Lines	INED[1]	1/3	1/3	1/2	0/1
Mr. Rupert Myer AO	INED[2]	2/3	2/3	1/2	1/1
Mr. Von Lam	INED	3/3	3/3	2/2	1/1
Mr. Yuming Zou	INED	3/3	3/3	2/2	1/1

1 Appointed on May 31, 2022
2 Resigned on May 31, 2022

Practices and Conduct of Meetings

Notice of the Board and Committee meetings is given to all the Directors at least 7 days in advance. Annual meeting schedules and the draft agenda of each meeting are normally made available to the Directors in advance. Arrangements are in place to allow the Directors to include items in the agenda, and final agenda together with the Board papers are sent to the Directors within reasonable time. Each Director also has separate and independent access to the senior management where necessary.

Minutes of the Board meetings are kept by the Company Secretary. Draft minutes are circulated to the Directors for comment within a reasonable time after each meeting.

Each Director must bring an independent view and judgment to the Board and must declare all conflicts of interest including confirmation of Director's interests in securities and declaration of any trading activities. Any issue concerning a Director must be brought to the attention of the Board as soon as practicable, and unless a resolution has been passed by the non-interested Directors allowing the interested Director to remain in the meeting and participate in discussions, Directors may not participate in discussions or resolutions pertaining to any matter in which the Director has a material personal interest.

Appointment and Re-election of Directors

The Company uses a formal and transparent procedure for the appointment, election and removal of Directors, which is set out in the Company's Articles of Associations and is conducted by the Nomination and Remuneration Committee, which will make recommendations on new Director appointment to the Board for approval.

Each of the Director is engaged on services contract and subject to re-election. Further details of the appointment, election and removal of Director are set out in the "Board of Directors and Executive Team" section of this Annual Report.

Induction and Ongoing Development

Each of the newly appointed Director receives a formal, comprehensive and tailored induction to ensure his or her understanding of the business and operations of the Company and awareness of the Director's responsibilities and obligations.

The Company encourages all Directors participate in continuous professional development in order to develop and refresh their knowledge and skills. During the year, the Directors had updated on the development of statutory and regulatory regime and the business environment provided by the Company and external parties.

Board Committees

The Board has established two standing committees to facilitate and assist the Board in fulfilling its responsibilities as set out below. The Board may also establish other committees from time to time.

Each of these committees has the responsibilities described in the committee charters (which have been prepared having regard to the ASX Corporate Governance Principles and Recommendations) adopted by the Company.

Committee	Overview	Member
Audit and Risk Management Committee	Oversees the Company's corporate accounting and financial reporting, including auditing of the Company's financial statements, reviewing the performance of the Company's internal audit function and the qualifications, independence, performance and terms of engagement of the Company's external auditor. Manages the process of identification and management of risk.	Mr. John Lines (Chairman and appointed on May 31, 2022) Mr. Rupert Myer AO (resigned on May 31, 2022) Mr. Von Lam Mr. Yuming Zou
Nomination and Remuneration Committee	**Remuneration:** Establishes, amends, reviews and approves the compensation and benefit plans with respect to senior management and employees of the Company including determining individual elements of total compensation of the Chief Executive Officer and other members of senior management. The Nomination and Remuneration Committee is responsible for forming a view and making a recommendation to the Board on the most appropriate compensation for key employees. For instance, the Nomination and Remuneration Committee may determine that non-monetary compensation, such as employee options or employee shares, is an appropriate compensation as a way of: • recognising ongoing contributions by key employees to the achievement by the Company of long term strategic goals; • aligning the interests of participants with other holders of shares in the Company through the sharing of a personal interest in the future growth and development of the Company; and • providing a means of attracting and retaining skilled and experienced employees. The Nomination and Remuneration Committee is also responsible for reviewing the performance of the Company's executive officers with respect to these elements of compensation. **Nomination:** The Nomination and Remuneration and Committee recommends the candidates nominated as a Director at each Annual General Meeting and ensures that the Audit and Risk Management, and Nomination and Remuneration Committees of the Board have the benefit of qualified and experienced independent Directors.	Mr. Yuming Zou (Chairman) Mr. Rupert Myer AO (resigned on May 31, 2022) Mr. John Lines (appointed on May 31, 2022) Mr. Von Lam

Principles/recommendations	Does eCargo comply?	Particulars of compliance & if not why not
Principle 1 — Lay solid foundations for management and oversight		
Recommendation 1.1: A listed entity should have and disclose a Board charter setting out • the respective roles and responsibilities of its Board and management; and • those matters expressly reserved to the Board and those delegated to management.	Complied	The Board's responsibilities are contained in the Company's Board Charter. eCargo's Board Charter is contained in the Corporate Governance Plan. The functions of the Board and Chairman are specifically set out in the Board Charter. The functions delegated to senior executives are contained in the Delegation of Authority Agreement, contained in the Corporate Governance Plan.
Recommendation 1.2: A listed entity should: • undertake appropriate checks before appointing a director or senior executive or putting someone forward for election, as a director; and • provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Complied	The Board's responsibilities in relation to director appointments are contained in the Company's Board Charter. eCargo's Board Charter is contained in the Corporate Governance Plan. Appropriate checks, including bankruptcy checks and police checks are part of the listing process. The requirement for the appropriate checks prior to appointment a director or putting forward a candidate for election as a director as well as the provision of all material information in the Board's possession to shareholders relevant to a decision on whether or not to elect or re-elect a director is clearly mentioned in the Board Charter. All material information in relation whether to elect or re-elect a director is contained in the Company's notice of meeting and explanatory statement.
Recommendation 1.3: A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Complied	eCargo has entered into such agreements with each Director and senior executive.
Recommendation 1.4: The Company Secretary of a listed entity should be accountable directly to the Board, through the chair on all matters to do with the proper functioning of the Board.	Complied	The Company Secretary is accountable directly to the Board, through the Chairperson, on all matters to do with the proper functioning of the Board. The accountability and details of the role of the Company Secretary are contained in the Company's Board Charter.

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<tr><th>Principles/recommendations</th><th>Does eCargo comply?</th><th>Particulars of compliance & if not why not</th></tr>
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Recommendation 1.5:

A listed entity should:

(a) have and disclose a diversity policy;

(b) through its Board or a committee of the Board set measurable objectives for achieving gender diversity in the composition of its Board, senior executives and workforce generally; and

(c) disclose in relation to each reporting period:

(1) the measurable objectives set for that period to achieve gender diversity;

(2) the entity's progress towards achieving those objectives; and

(3) either:

(A) the respective proportions of men and women on the Board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or

(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

If the entity was in the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its Board should be to have not less than 30% of its directors of each gender within a specified period.
</td>
<td>Partially Complied</td>
<td>
The Board has established a Diversity Policy. The Diversity Policy is contained in the Corporate Governance Plan.

The Board considered the importance of talent and concluded when recruiting workforce, everyone should be provided with equal opportunity; and there should be no difference in gender, age, ethnicity, race, disability and cultural background. With the Company's scale of operation is small, the Board had not set any objectives of gender diversity during the year ended December 31, 2022. However, the Board recognised the benefits arise from achieving various forms of diversity and will continue to evaluate the setting of objectives on workplace diversity.

As at December 31, 2022, the table below shows the proportion of male and female representation across ECG:

<table>
<tr><th></th><th>Men (%)</th><th>Women (%)</th></tr>
<tr><td>Board</td><td>100</td><td>0</td></tr>
<tr><td>Senior Management</td><td>80</td><td>20</td></tr>
<tr><td>All Employees</td><td>44</td><td>56</td></tr>
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* Senior Management represent General Manager grade or above
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Principles/recommendations	Does eCargo comply?	Particulars of compliance & if not why not
Recommendation 1.6: A listed entity should: • have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and • disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	Complied	The Board has established these processes. A summary of the processes are set out below. The Board and each Board Committee is responsible for the evaluating the performance of the Board and Board Committee on an annual basis by referring to the requirements of the Board Charter. The Chairman is responsible for the review of individual directors. Each director is met privately with the Chairman to discuss the assessment. In addition to the annual review, the Chairman regularly provides informal feedback to individual directors.
Recommendation 1.7: A listed entity should: • have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and • disclose, for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period	Complied	The Board has established these processes. A summary of the processes are set out below. The Chairman is responsible for the review of the senior management assessment processes from time to time to ensure that they remain consistent with the Company's overall objectives for the business. All senior executives undergo a performance and development review on an annual basis, each senior executive are met privately with the Chairman to discuss the assessment and provided with feedback on their performance, when appropriate, a development plan also agreed to support the ongoing contribution of the executive to the needs of business.

Principles/recommendations	Does eCargo comply?	Particulars of compliance & if not why not
Principle 2 — Structure the Board to be effective and add value		
Recommendation 2.1: The Board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Complied	The Board has established a Nomination and Remuneration Committee. The function of the Nomination and Remuneration Committee is contained in the Nomination and Remuneration Committee Charter. eCargo's Nomination and Remuneration Committee Charter is contained in the Corporate Governance Plan. The Nomination and Remuneration Committee is chaired by Mr. Yuming Zou, an independent director. The Nomination and Remuneration Committee consists of three non-executive directors. Of these members, all are independent Non-Executive Directors, namely, Mr. Yuming Zou, Mr. John Lines and Mr. Von Lam. Details of the relevant qualifications and experience of the members of the committee and the number of times the committee has met during the reporting period and the individual attendances of the members at those meetings are disclosed in the "Composition of the Board, number of the Board meetings and Directors Attendance" section of Corporate Governance Report and "Board of Directors and Executive Team" section of Annual report.
Recommendation 2.2: A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	Complied	The Board maintains a Board Skills Matrix of the current directors of the Board, eCargo's Board Skills Matrix is contained in the Board Charter which is contained in the Corporate Governance Plan.

Principles/recommendations	Does eCargo comply?	Particulars of compliance & if not why not
Recommendation 2.3: A listed entity should disclose: • the names of the directors considered by the Board to be independent directors; • if a director has an interest, position, association or relationship of the type described in Box 2.3 but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, or relationship in question and an explanation of why the Board is of that opinion; and • the length of service of each director.	Complied	Currently the Board consists of four members, of which three are independent Non-Executive Directors, namely, Mr. John Lines, Mr. Von Lam and Mr. Yuming Zou. The Board has assessed, using the criteria set out in the ASX Corporate Governance Principles and Recommendations, the independence of Non-Executive Directors in light of their interests and relationships and considers them all to be independent. The Annual Report discloses the length of service of each director.
Recommendation 2.4: A majority of the Board of a listed entity should be independent directors.	Complied	The Board determines the size and composition of the Board, subject to limits imposed by the Company's Constitution. Of the four directors, three Non-Executive Directors namely, Mr. John Lines, Mr. Von Lam and Mr. Yuming Zou are considered by the Board to be independent. As such more than half of the Board is independent directors. This Board structure will continue to be reviewed at the appropriate stages of Company's development.
Recommendation 2.5: The chair of the Board of a listed entity should be an independent director and in particular, should not be the same person as the CEO of the entity	Partially Complied	The current Chairman, Mr. John Lau, is an Executive Director and is not considered independent under the ASX Corporate Governance Principles. The Board considers that the Chairman, as a founder, is key for the business development and decision making in Hong Kong and the Company has adequate procedures to ensure the independence of the Chairman's decisions. For example, the Chairman will deal with any conflicts that arise, address differences of opinion and ensure contrary votes are recorded at Board meetings and ensure Directors or the Chairman himself with material personal interests in a matter leave the meeting while the matter is discussed, unless a resolution has been passed by the non-interested directors allowing the interested director to remain in the meeting and participate in discussions. The Chairman is not the Chief Executive Officer of the Company.

Principles/recommendations	Does eCargo comply?	Particulars of compliance & if not why not
Recommendation 2.6: A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	Complied	The Directors are expected to undertake an appropriate continuing professional development programme or education for the purpose of developing and maintaining the skills and knowledge for normal discharge of their formal Director duties effectively. During the year, the Directors are continually updated on the development of statutory and regulatory regime and the business environment which provided by the Company and external parties.
Principle 3 — Instil a culture of acting lawfully, ethically and responsibly		
Recommendation 3.1: A listed entity should articulate and disclose its values.	Complied	The Company's values have been adopted into the Statement of Values and Code of Conduct in the Corporate Governance Plan which is available on the Company's website.
Recommendation 3.2: A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the Board or a committee of the Board is informed of any material breaches of that code.	Complied	The Board has established a Code of Conduct, which is contained in the Corporate Governance Plan and available on the Company's website. Any material breaches of the Code of Conduct are reported to the Board or a committee of the Board. The Code of Conduct applies to all directors as well as all officers, employees, contractors, consultants and other persons that act on behalf of the Company. The Code of Conduct provides that the Directors will act with honesty and integrity, will avoid conflicts of interest, protect confidential and proprietary information and treat others equitably and with professionalism courtesy and respect.
Recommendation 3.3: A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the Board or a committee of the Board is informed of any material incidents reported under that policy.	Complied	The Company's Whistleblower Protection Policy (which forms part of the Corporate Governance Plan) is available on the Company's website. Any material breaches of the Whistleblower Protection Policy are to be reported to the Board or a committee of the Board.

Principles/recommendations	Does eCargo comply?	Particulars of compliance & if not why not
Recommendation 3.4: A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the Board or committee of the Board is informed of any material breaches of that policy.	Complied	The Company's Anti-Bribery and Anti-Corruption Policy (which forms part of the Corporate Governance Plan) is available on the Company's website. Any material breaches of the Anti-Bribery and Anti-Corruption Policy are to be reported to the Board or a committee of the Board.
Principle 4 — Safeguard the integrity of corporate report		
Recommendation 4.1: The Board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the Board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Complied	The Board has established an Audit and Risk Management Committee. The function of the Audit and Risk Management Committee is contained in the Audit and Risk Management Committee Charter. The Company's Audit and Risk Management Committee Charter is contained in the Corporate Governance Plan. The Audit and Risk Management Committee is chaired by Mr. John Lines, an independent director who is not Chairman of the Board. The Audit and Risk Management Committee consists of three members, Mr. John Lines, Mr. Von Lam and Mr. Yuming Zou. Of these members, all are independent Non-Executive Directors. Details of the relevant qualifications and experience of the members of the committee and the number of times the committee has met during the reporting period and the individual attendances of the members at those meetings are disclosed in the "Composition of the Board, number of the Board meetings and Directors Attendance" section of Corporate Governance Report and "Board of Directors and Executive Team" section of Annual report.

Principles/recommendations	Does eCargo comply?	Particulars of compliance & if not why not
Recommendation 4.2: The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Complied	The Company's Audit and Risk Committee Charter requires the CEO and CFO (or, if none, the person(s) fulfilling those functions) to provide a sign off on these terms. The Company has obtained a sign off on these terms for each of its financial statements in the past financial year.
Recommendation 4.3: A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	Complied	Any periodic report which is released to the market and has not been subject to an audit or review by an external auditor, is subject to a comprehensive verification review process undertaken by the Audit and Risk Management Committee, who is independent of the preparation of such reports. This review is undertaken to ensure any statements can be supported by suitable evidence. The external auditor will attend the Company AGM and will be available to answer questions about the conduct of the audit and the preparation and content of the auditor's report.
Principle 5 — Make timely and balanced disclosure		
Recommendation 5.1: A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	Complied	The Board has adopted a Continuous Disclosure Policy and Communications Strategy which is set out in the Corporate Governance Plan. The Company respects the rights of its shareholders and facilitates the exercise of those rights, the Company is committed to communicating effectively with shareholders, providing shareholders with ready access to balanced and understandable information about the Company and corporate proposals and making it easier for shareholders to participate in general meetings of the Company.
Recommendation 5.2: A listed entity should ensure that its Board receives copies of all material market announcements promptly after they have been made.	Complied	Under the Continuous Disclosure Policy, the Board will receive copies of material announcements promptly after they have been made and properly approved.

Principles/recommendations	Does eCargo comply?	Particulars of compliance & if not why not
Recommendation 5.3: A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	Complied	Under the Continuous Disclosure Policy and Communications Strategy, the Company will release to ASX and post on the Company's website before a new or substantive presentation to investor or analyst.
Principle 6 — Respect the rights of security holders		
Recommendation 6.1: A listed entity should provide information about itself and its governance to investors via its website.	Complied	The Board aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs. The Company has established on its website, eCargo.com where shareholders can find information such as financial statements and major development of the Company as well as all relevant corporate governance material under the Media and News and corporate governance landing pages.
Recommendation 6.2: A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	Complied	Appointment of external investor relations consultant to oversee investor relationships and communicate with investors. Shareholders are encouraged to fully participate at the Annual General Meeting or other General Meeting of the shareholder to ensure effective two way communication. Shareholders are also able to direct any questions relating to the Company's securities to the share registry, Link Market Services Limited.

Principles/recommendations	Does eCargo comply?	Particulars of compliance & if not why not
Recommendation 6.3: A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	Complied	The communication strategy is contained in the Continuous Disclosure Policy and Communications Strategy and is designed to ensure that shareholders are informed of all relevant developments. Details of the information can be found on the Company's website eCargo.com under the corporate governance landing page of the Investor Information section. The Company encourages full participation of shareholders at any General Meeting or the Annual General Meeting. The notice of such meetings will be given in accordance with the Company's Constitution, the HK Companies Ordinances and the ASX Listing Rules. The security holders can attend the meetings in person, appoint a proxy or representative to vote on their behalf at any of the shareholder meetings. The Chairman encourages shareholders to ask reasonable questions at any General Meeting or the Annual General Meeting of the Company.The Board makes itself available to all shareholders both before and after the Meetings.
Recommendation 6.4: A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	Complied	Any substantial resolutions considered under the ASX Listing Rules will be decided by poll. The Company registry, Link Market will be appointed as the independent third party to manage and conduct the poll process and verify poll results before it is released to the market.
Recommendation 6.5 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complied	All shareholders have the right to access details of their holdings, provide email address contacts and make certain elections via the Company's share registry, Link Market Services Limited by accessing the website www.linkmarketservices.com.au. Shareholders have the right of option of receiving all or a selection of communication electronically.

Principles/recommendations	Does eCargo comply?	Particulars of compliance & if not why not
Principle 7 — Recognise and manage risk		
Recommendation 7.1: The Board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Complied	The Board has established an Audit and Risk Management Committee. The function of the Audit and Risk Management Committee is contained in the Audit and Risk Management Committee Charter. eCargo's Audit and Risk Management Committee Charter is contained in the Corporate Governance Plan. The Audit and Risk Management Committee is chaired by Mr. John Lines, an independent director who is not Chairman of the Board. The Audit and Risk Management Committee consists of three members, Mr. John Lines, Mr. Von Lam and Mr. Yuming Zou. Of these members, all are independent Non-Executive Directors. For the individual attendances, please refer to the "Composition of the Board, number of the Board meeting and Directors Attendance" section of this report.
Recommendation 7.2: The Board or a committee of the Board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the Board; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Complied	The Audit and Risk Management Committee has reviewed the Risk Management framework and will set the appropriate risk appetite within which the Board expect the management to operate. The Audit and Risk Management Committee will continue the process to review the risk management framework at least annually; and will disclose such review accordingly.

Principles/recommendations	Does eCargo comply?	Particulars of compliance & if not why not
Recommendation 7.3: A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.	Complied	The Company maintained an internal audit function to ensure the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluating and continually improving the effectiveness of its risk management and internal control processes. The Board is ultimately responsible for maintaining a sound and effective system of internal control and risk management of the Company and considers that the identification and management of key risk associated with the business is vital.
Recommendation 7.4: A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	Complied	The Company does not have any material exposure to economic, environmental and social sustainability risks. The material risks, if any, are disclosed at the Directors' Report of the Annual Report.
Principle 8 — Remunerate fairly and responsibly		
Recommendation 8.1: The Board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Complied	The Board has established a Nomination and Remuneration Committee. The function of the Nomination and Remuneration Committee is contained in the Nomination and Remuneration Committee Charter contained in the Corporate Governance Plan. The Nomination and Remuneration Committee is chaired by Mr. Yuming Zou, an independent director and consists of three non-executive directors. Of which these members, all are independent, Non–Executive Directors, namely, Mr. Yuming Zou, Mr. John Lines and Mr. Von Lam. For the individual attendances, please refer to "Composition of the Board, number of the Board meetings and Directors Attendance" section of this report.

Principles/recommendations	Does eCargo comply?	Particulars of compliance & if not why not
Recommendation 8.2: A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Complied	The remuneration structure for the non-executive directors is not related to performance. Non-executive directors receive fixed fees which reflect their skills, responsibilities and the time commitments required to discharge their duties. The remuneration structure for senior executives reflects the Company's performance culture: there is a direct correlation between the executive's reward and the Company's performance so as to seek to ensure that the Company's remuneration policy is aligned with its long term business objectives and the interests of shareholders and other stakeholders.
Recommendation 8.3: A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Complied	The Company's Securities Trading Policy (which forms part of the Corporate Governance Plan) is available on the Company's website.
Principle 9 — Additional recommendations that apply only in certain cases		
Recommendation 9.1: A listed entity with a director who does not speak the language in which Board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	Not Applicable	All Directors can speak and understand the language in which the Board or security holder meetings are held or key corporate documents are written and can discharge their obligations in relation to those documents.

Principles/recommendations	Does eCargo comply?	Particulars of compliance & if not why not
Recommendation 9.2: A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	Complied	The Company encouraged full participation of shareholder meetings and the shareholders meeting will normally be held in a place and time where majority shareholders can be easily accessed. A notice of General Meetings is sent to shareholders at least 21 days in advance of the meeting and specify the place, day and hour of the General Meeting. The company tries to organise the meetings in its place of establishment.
Recommendation 9.3: A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Complied.	The Company invited the external auditors on its 2022 AGM who was available at the meeting to answer shareholders' questions regarding the financial statement and conduct of the audit.

Directors' Report

The Directors of eCargo Holdings Limited (the "Company") submit their report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively "ECG") for the year ended December 31, 2022.

The functional and presentation currency of the Company as of the reporting date is Hong Kong Dollars ("HK$").

Principal Activities

The principal activities of ECG are 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 ("FMCG").

Results and Appropriations

The results of ECG for the year are set out in the consolidated statement of comprehensive income on pages 41 and 42.

The Directors do not recommend the payment of a dividend.

Share Capital and Debentures Issued

No shares and debentures were issued by the Company in the year ended December 31, 2022.

Equity-linked Agreements

No equity-linked agreements were entered into by the Company at any time during the year or subsisted at the end of the year.

Directors

(a) Directors of the Company ("Directors", or individually a "Director")

The Directors during the year and up to the date of this report are:

Executive Directors

Mr. John Lau

Independent Non-Executive Directors

Mr. Rupert Myer AO (resigned on May 31, 2022)
Mr. John Lines (appointed on May 31, 2022)
Mr. Von Lam
Mr. Yuming Zou
(collectively, the "Board of Directors")

Remuneration

The remuneration of Directors and key management personnel are set out in Note 9 to the consolidated financial statements.

In accordance with Articles 23 and 24 of the Company's Articles of Association, Mr. John Lau, Mr. John Lines and Mr. Von Lam retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

(b) Directors of the Company's subsidiaries

During the year and up to the date of this report, Mr. John Lau is also Directors in certain subsidiaries of the Company. Other Directors of the Company's subsidiaries during the year and up to the date of this report are: Mr. Jason Byrne, Ms. Yip Sau Ling, Mr. Gilbert Wong, Ms. Zhang Li Juan and Mr. Lawrence Lun.

Financial and Operations Review

	Year ended/ As at December 31, 2022 HK$	Prior year (Restated) HK$	Percentage change %
Revenue from continued operations	125,398,864	87,588,762	43%
Profit for the year	28,055,010	896,702	3,029%
Total comprehensive income/(loss) attributable to owners of the Company	31,719,354	(1,859,100)	-1,806%
EBITDA profit excluding impact of foreign exchange and share of results from joint ventures	31,339,486	5,512,667	468%
Total assets	83,495,013	96,834,033	-14%
Net liabilities	(38,304,355)	(70,023,709)	-45%

The Chief Operating Decision Makers ("CODM") assesses and measures the operating performance of ECG based on the revenue and EBITDA (excluding impact of foreign exchange and share of results from a joint venture as CODM believes that such information is the most relevant in evaluating the results of ECG.

Consolidated revenue of the year was HK$125.4 million (2021: HK$87.6 million) of which HK$99.8 million (2021: HK$70.6 million) was attributable to Brand Distribution and HK$25.6 million (2021: HK$17.0 million) was contributed by Digital Commerce services business unit.

ECG reported an adjusted EBITDA profit excluding impact of foreign exchange and share of results from joint ventures of HK$31.3 million (2021: HK$5.5 million). ECG incurred a profit per share of HK$4.56 cents (2021: profit per share of HK$0.15 cents) for the year.

The Company did not propose any dividend distribution or share buy-back during the year ended December 31, 2022.

For a more detailed review of the performance of ECG, please refer to its 2022 full year financial results announcement released on February 28, 2023 and Chairman Statement in this Report.

Major Customers

For the year ended December 31, 2022, the five largest customers of ECG accounted for approximately 59% of ECG's total revenue. There are two single customers contributing 10% or more of ECG's total revenue.

Environmental policy and regulation

ECG's environmental management policy is to promote sustainable economic development in all business units, while, at the same time, endeavouring to measure the impact of activities on the environment and improve the results in terms of their environment-friendliness; lessen the consumption of natural resources by re-use, recycling or reduced use of materials, and using products that are recyclable or come from sustainable sources; and apply environment-friendly practices in all our offices and facilities.

ECG is implementing several initiatives at its offices and facilities. Examples include using recycling paper, promoting double-page printing, promoting a paperless environment, installing energy-efficient lighting fixtures and sectioned lighting, and introducing energy-saving equipment.

ECG does not carry out any activities that have a material influence on the environment. As such, the Directors are not aware of any material issues affecting ECG or its compliance with the relevant environment protection agencies or related regulatory authorities.

Key risk factors

The key risk factors are risks that the Directors and Management focus on when managing the businesses of ECG that may have the potential, if they occurred, to result in significant adverse consequences for ECG.

Risks related to ECG's businesses and risks related to the industry in which ECG operates.		
Risk	**Description of risk**	**Risk mitigation strategies**
Risk that ECG’s strategy to recruit merchants and suppliers is not effective	ECG's strategy to recruit merchants and suppliers is not successful. This results in ECG failing to meet revenue and profit targets and might materially and adversely impacting the operating results of ECG.	ECG has a clear business plan in place. The plan is being constantly reviewed and evaluated against operating and financial targets by senior management with the Executive Chairman.
Risk that ECG may subject to liquidity issue and might not have the necessary resources to fulfill its funding obligations.	Inability to sustain enough liquidity to satisfy operating needs or pay suppliers.	ECG is closely monitoring its working capital and cash flow with regular reporting to the Executive Chairman. A standby facility from the Executive Chairman is available.
Risk that ECG’s intellectual property may be used without authorisation or stolen.	ECG relies on a combination of copyright, nondisclosure agreements and other methods to protect its intellectual property rights. To protect its trade secrets and other proprietary information, employees, consultants, advisors and collaborators are required to enter into confidentiality agreements. These agreements might not provide meaningful protection for the trade secrets, know-how or other proprietary information in the event of any unauthorised use, misappropriation or disclosure of such trade secrets, know-how or other proprietary information.	ECG has only disclosed sensitive intellectual property or related information to particular employees, consultants, advisors, collaborators and Merchants on a “need-to-know-basis”. ECG requires all such employees, consultants, advisors, collaborators and Merchants to enter into confidentiality agreements or through the confidentiality clauses in employment agreements to protect the confidentiality of such intellectual property or related information. Where necessary ECG will enforce its intellectual property rights through litigation or arbitration. In regards to all new Merchants, ECG will ensure that robust intellectual property safeguards are contained in their respective Service Agreements.

Risks related to ECG's businesses and risks related to the industry in which ECG operates.		
Risk	**Description of risk**	**Risk mitigation strategies**
Risk that ECG's merchants' online revenues are below expectations.	There is a risk that ECG's Merchants do not achieve online revenues according to expectations driven by a number of factors including but not limited to the marketing strategy deployed, merchandise mix, product availability and pricing. This would result in ECG failing to meet revenue targets and have a material and adverse effect on the operating results of ECG.	ECG mitigates this risk by redefining its target Merchant pipeline and focusing marketing efforts on Merchants who have a proven product and well-recognised brands and a willingness to invest in marketing activities, so that they are relatively more likely to succeed in generating online sales. ECG shall continue to monitor this closely and allocate appropriate resources in accordance with Merchants' online sales activity and potential.
Risk that ECG's FMCG revenues from its online stores on China platforms are impaired if the platforms cannot be functioned	ECG currently has online stores on two major platforms in China — Tmall and JD. ECG purchases FMCG products and sells to consumers on these online stores through a cross-border B2C model. ECG operates our online stores without any control on the functioning of the platforms.	ECG mitigates this risk by closely communicating with the operation teams of these platforms.
Risk that increases in operating cost such as wages will alleviate cash flow pressure and impact profitability.	In recent years, wages, particularly PRC's eCommerce have increased significantly. Wage increases will increase ECG's personnel cost and cost of operations. As a result, ECG's gross margin and net profit may decline.	ECG pays employees at market rate to attract and retain the necessary talents. ECG will mitigate this risk by evaluating outsource options against in-house team, and also considering locations of lower cost without compromising the quality of the team.
Uncertainties with respect to the PRC legal system may have a material adverse effect on ECG.	ECG conducts some of its business through its subsidiaries established in PRC. Despite the legal system in PRC continues to evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties, which may limit the legal protection available to ECG.	Uncertainties with respect to PRC's legal system are beyond the control of ECG. ECG will engage PRC lawyers to mitigate such risk if necessary.
Risk that ECG's management and key personnel may discontinue their services.	ECG relies on the expertise and experience of its Board of Directors and its management team to ensure its future success. There is a risk that if one or more of ECG's management or Directors were unable or unwilling to continue in their present position, ECG's business may be affected.	In the event any key personnel were to leave ECG, the Nomination and Remuneration Committee would aim to ensure a suitable replacement were found within the timeframes required and not at unreasonable cost to ECG.

Risks related to ECG's businesses and risks related to the industry in which ECG operates.		
Risk	**Description of risk**	**Risk mitigation strategies**
Risk that the negative indicator(s) on intangible assets exist and therefore impairment is required.	According to the Accounting Standards, intangible assets are subject to impairment assessment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to disposal and value in use. If ECG failed to achieve the budget or business plan, it will be an indicator for impairment which may adversely impact the bottom line of ECG.	ECG had assessed the value of those intangible assets. ECG had reviewed if there is any impairment indicator and concluded that there is no negative indication. No impairment needed to recognise in the year.
Risk that ECG's inventories became obsolete	ECG purchases FMCG inventories which could have expiry dates. Unsold inventories may be subject to write down.	ECG mitigates this risk by closely managing the sourcing process to minimize excess inventories.

Directors' Interest in Shares/Chess Depository Interests ("CDIs")

As at the date of report, the Directors have the following interests in fully-paid shares/CDIs in the Company.

Director	Number of Shares and equivalent CDIs held directly	Number of Shares and equivalent CDIs held indirectly
Mr. John Lau	Nil	347,652,460
Mr. John Lines	Nil	Nil
Mr. Von Lam	Nil	Nil
Mr. Yuming Zou	Nil	Nil

None of the Directors hold any partly-paid shares or options at the date of this report.

Directors' Material Interests in Transactions, Arrangements and Contracts that are Significant in Relation to ECG's Business

No transactions, arrangements and contracts of significance in relation to ECG's business to which the specified undertaking of ECG was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interest in the Underlying Shares of the Company or Any Specified Undertaking of the Company

At no time during the year was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors to hold any interests or in the shares, or debentures, or underlying shares of the Company or its specified undertakings.

Management Contracts

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

Permitted Indemnity Provisions

A permitted indemnity provision (as defined in the Hong Kong Companies Ordinance) for the benefit of the Directors of the Company was in force during the year ended December 31, 2022 and is in force as at the date of this report.

Auditor

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

On behalf of the Board of Directors,

Mr. John Lau
Executive Chairman

Hong Kong, March 29, 2023

Independent Auditor's Report

羅兵咸永道

To the Members of eCargo Holdings Limited
(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of eCargo Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 41 to 120, comprise:

- the consolidated statement of financial position as at December 31, 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independent Auditor's Report

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

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

Key audit matter identified in our audit is related to impairment assessment of intangible assets.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of intangible assets **Refer to Notes 2.9, 2.10, 4 and 16 to the consolidated financial statements** As at December 31, 2022, the Group had intangible assets with carrying value of HK$12,856,066 attributable to a prior business combination of the Fast Moving Consumer Goods business. For year end reporting purpose, management assessed whether there was any indication that the intangible assets which are subject to amortisation may be impaired or an impairment loss previously recognised no longer exists or may have decreased. In performing this assessment, management considered internal and external factors, including but not limited to, whether the internal reporting indicates that the economic performance of the assets is or would be worse or better than expected, whether there is any observable indication that the assets' values have increased or declined during the year significantly more than it would be expected, whether there are any adverse or favourable events or changes on the business or the market in which the group entities operate that have taken place or are expected to take place in the future, etc.	Our procedures in relation to management's impairment assessment of intangible assets mainly included: • Obtained an understanding of the management's internal control over the impairment assessment process of intangible assets and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risks factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud; • Assessed the appropriateness of management's allocation of intangible assets by cash generating unit ("CGU") based on our knowledge of the Group's businesses; • Evaluated the outcome of prior period impairment assessment of intangible assets to assess the effectiveness of management's estimation process;

Key Audit Matter	How our audit addressed the Key Audit Matter
Based on the results of management's assessment, the Group concluded that there was no indication of impairment or reversal of impairment in respect of their intangible assets which may require further impairment test of their recoverable amount as at year ended December 31, 2022. We focused on the impairment assessment of intangible assets as a key audit area because of their significance to the consolidated financial statements and such assessment in determining whether there is indication of impairment or reversal of impairment involved significant management judgement.	• Evaluated and challenged management's current year assessment to identify whether there was any indication of impairment or reversal of impairment by obtaining evidence to support the various internal and external factors considered relevant. The procedures performed included, for examples, checking the actual results of performance of the relevant CGU against previous estimates included in the latest impairment test; confirming no material events or changes have occurred or are expected to occur in their business or market that may indicate their assets have declined or increased in value or their key assumptions used (e.g. sales growth rate, discount rate) in previous impairment test are no longer appropriate by reviewing board minutes of the group entities, understanding the business plan from discussions with management and corroborating with our understanding of the Group based on the overall results of the audit; and • Assessed the adequacy of disclosures related to the impairment assessment of intangible assets in the context of the applicable financial reporting framework. Based on the results of the procedures performed, we found management's impairment assessment of the intangible assets were supportable by the available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Wai Ching.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, March 29, 2023

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2022

	Note	2022 HK$	2021 HK$ (Restated)
Continuing operations			
Revenue	6	125,398,864	87,588,762
Cost of sales	7	(84,989,931)	(52,024,968)
Gross profit		40,408,933	35,563,794
Selling and distribution expenses	7	(10,662,587)	(9,578,540)
Administrative expenses	7	(30,476,342)	(38,592,283)
Reversal of/(provision for) impairment of financial and contract assets	3.1	218,478	(9,137)
Other income	10	4,883,608	4,207,673
Other losses — net	10	(341,043)	(1,339,421)
Operating profit/(loss)		4,031,047	(9,747,914)
Finance income	11	47,086	10,669
Finance expense	11	(1,305,192)	(2,847,432)
Finance expense — net	11	(1,258,106)	(2,836,763)
Share of results of joint ventures	18	1,213,101	2,791,027
Profit/(loss) before income tax		3,986,042	(9,793,650)
Income tax credit	12	730,271	1,823,274
Profit/(loss) for the year from continuing operations		4,716,313	(7,970,376)
Discontinued operation			
Profit for the period/year from discontinued operation	13	23,338,697	8,867,078
Profit for the year is attributable to:			
Owners of the Company		28,055,010	896,702

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2022

	Note	2022 HK$	2021 HK$ (Restated)
Other comprehensive income/(loss)			
Item that may be reclassified to profit or loss			
Currency translation differences		607,107	(2,755,802)
Release of exchange difference upon disposal of a subsidiary presented as discontinued operation	13	3,057,237	—
Other comprehensive income/(loss) for the year		3,664,344	(2,755,802)
Total comprehensive income/(loss) for the year		31,719,354	(1,859,100)
Total comprehensive income/(loss) for the year attributable to owners of the Company arises from:			
Continuing operations		5,323,420	(10,726,178)
Discontinued operation		26,395,934	8,867,078
Earnings/(loss) per share for profit/(loss) from continuing operations attributable to owners of the Company			
— Basic and diluted (HK cents per share)	14	0.77	(1.30)
Earnings per share for profit attributable to owners of the Company			
— Basic and diluted (HK cents per share)	14	4.56	0.15

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

Consolidated Statement of Financial Position

As at December 31, 2022

	Note	2022 HK$	2021 HK$
Assets			
Non-current assets			
Property, plant and equipment	15(a)	82,403	660,912
Right-of-use assets	15(b)	422,665	1,859,848
Intangible assets	16	12,856,066	19,803,231
Interests in joint ventures	18	2,708,115	2,856,736
Deferred income tax assets	25	341,821	1,900,079
Deposits	22	—	412,619
		16,411,070	27,493,425
Current assets			
Inventories	20	7,239,712	2,820,453
Trade receivables	21	21,013,992	22,205,126
Contract assets	5	—	1,630,638
Prepayments, deposits and other receivables	22	3,547,195	5,246,438
Amounts due from related parties	30	8,208,908	4,648,375
Income tax receivables		—	144,809
Cash and cash equivalents	23	27,074,136	32,644,769
		67,083,943	69,340,608
Total assets		83,495,013	96,834,033
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	26	427,820,968	427,820,968
Currency translation reserve		(377,917)	(4,042,261)
Accumulated losses		(465,747,406)	(493,802,416)
Total deficit		(38,304,355)	(70,023,709)

Consolidated Statement of Financial Position

As at December 31, 2022

	Note	2022 HK$	2021 HK$
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	25	6,694,149	7,916,894
Lease liabilities	15(b)	55,245	517,543
Other payables	24	—	1,045,861
Amounts due to related parties	30	18,318,950	4,413,207
Shareholder's loan	28	43,381,467	92,782,809
		68,449,811	106,676,314
Current liabilities			
Trade payables	24	3,551,781	3,547,645
Contract liabilities	5	—	1,365,266
Other payables and accruals	24	11,855,542	11,640,322
Amounts due to related parties	30	20,595,838	28,788,482
Put option liabilities	31	7,979,700	8,479,950
Lease liabilities	15(b)	422,057	1,770,763
Bank borrowings	29	8,944,639	4,589,000
		53,349,557	60,181,428
Total liabilities		121,799,368	166,857,742
Total deficit and liabilities		83,495,013	96,834,033

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

The financial statements on pages 41 to 120 were approved by the Board of Directors on March 29, 2023 and were signed on its behalf by:

Mr. John Lau
Executive Chairman

Mr. Yuming Zou
Independent Non-Executive Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2022

	Share capital HK$	Currency translation reserve HK$	Accumulated losses HK$	Total deficit HK$
Balance at January 1, 2021	427,820,968	(1,286,459)	(494,699,118)	(68,164,609)
Comprehensive income				
Profit for the year	–	–	896,702	896,702
Other comprehensive loss				
Currency translation differences	–	(2,755,802)	–	(2,755,802)
Total comprehensive loss/(income) for the year	–	(2,755,802)	896,702	(1,859,100)
Balance at December 31, 2021	427,820,968	(4,042,261)	(493,802,416)	(70,023,709)
Balance at January 1, 2022	427,820,968	(4,042,261)	(493,802,416)	(70,023,709)
Comprehensive income				
Profit for the year	–	–	28,055,010	28,055,010
Other comprehensive income				
Currency translation differences	–	607,107	–	607,107
Release of currency translation differences upon disposal of a subsidiary *(Note 13)*	–	3,057,237	–	3,057,237
Total comprehensive income for the year	–	3,664,344	28,055,010	31,719,354
Balance at December 31, 2022	427,820,968	(377,917)	(465,747,406)	(38,304,355)

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

Consolidated Statement of Cash Flows

For the year ended December 31, 2022

	Note	2022 HK$	2021 HK$ (Restated)
Cash flows from operating activities			
Cash generated from/(used in) operations	27	9,887,200	(21,876,922)
Interest paid	11	(1,305,192)	(206,771)
Net cash generated from/(used in) operating activities from continuing operations		8,582,008	(22,083,693)
Net cash (used in)/generated from operating activities from discontinued operation		(614,554)	6,732,048
		7,967,454	(15,351,645)
Cash flows from investing activities			
Investment in joint ventures	18	—	(781,170)
Purchase of property, plant and equipment	15(a)	(39,319)	(35,532)
Interest received	11	47,086	10,669
Dividend received from joint ventures	18	1,361,722	1,244,947
Net cash inflow of disposal of a subsidiary	13	32,406,979	—
Net cash generated from investing activities from continuing operations		33,776,468	438,914
Net cash used in investing activities from discontinued operation		(59,260)	(200,597)
		33,717,208	238,317

Consolidated Statement of Cash Flows

For the year ended December 31, 2022

	Note	2022 HK$	2021 HK$ (Restated)
Cash flows from financing activities			
Principal elements of lease payment	27(b)	(753,404)	(1,079,464)
Proceeds from bank borrowings	27(b)	4,719,685	4,589,000
Repayment of bank borrowings	27(b)	(364,046)	—
Repayment of shareholder's loan	27(b)	(49,401,342)	—
Net cash (used in)/generated from financing activities from continuing operations		(45,799,107)	3,509,536
Net cash used in financing activities from discontinued operation		(277,968)	(1,252,167)
		(46,077,075)	2,257,369
Net decrease in cash and cash equivalents		(4,392,413)	(12,855,959)
Cash and cash equivalents at beginning of the year		32,644,769	48,677,017
Exchange loss on cash and cash equivalents		(1,178,220)	(3,176,289)
Cash and cash equivalents at end of the year	23	27,074,136	32,644,769

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

Notes to the Consolidated Financial Statements

1 General information

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

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.

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

2 Basis of preparation and summary of significant accounting policies

2.1 Statement of compliance

The consolidated financial statements of ECG have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, which is a collective term for all individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and requirements of the Hong Kong Companies Ordinance (Cap.622).

2.2 Basis of preparation of the financial statements

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying ECG's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 to the consolidated financial statements.

On April 30, 2022, ECG disposed of the entire equity interest of Amblique, a wholly-owned subsidiary. For the presentation of the consolidated financial statements for the years ended December 31, 2022 and 2021, it was regarded as discontinued operations and certain comparative figures have been restated. Refer to Note 13 for details.

2 Basis of preparation and summary of significant accounting policies (Continued)

2.2 Basis of preparation of the financial statements (Continued)

(a) The following new and amendments to standards are mandatory for the first time for the financial year beginning on January 1, 2022, but do not have significant financial impact to ECG.

Annual Improvements Project	Annual Improvements to HKFRSs 2018–2020 (amendments)
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments
AG 5 (revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations

(b) The following new standards, amendments/revisions to standards and interpretation have been issued, but are not effective for the financial year beginning on January 1, 2022 and have not been early adopted by ECG.

		Effective for accounting periods beginning on or after
Amendment to HKAS 1	Classification of Liabilities as Current or Non-current (amendments)	January 1, 2023
HKFRS 17	Insurance Contracts	January 1, 2023
HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies (amendments)	January 1, 2023
HKAS 8	Definition of Accounting Estimates (amendments)	January 1, 2023
HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (amendments)	January 1, 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (amendments)	January 1, 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants (amendments)	January 1, 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback (amendments)	January 1, 2024

2 Basis of preparation and summary of significant accounting policies (Continued)
2.2 Basis of preparation of the financial statements (Continued)

(b) The following new standards, amendments/revisions to standards and interpretation have been issued, but are not effective for the financial year beginning on January 1, 2022 and have not been early adopted by ECG. (Continued)

		Effective for accounting periods beginning on or after
HK Int 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (2020))	January 1, 2024
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

ECG will apply the above HKFRSs when they become effective. ECG is in the process of making an assessment of the impact of the above HKFRSs.

2.3 Principle of consolidation and equity accounting

2.3.1 Subsidiaries

Subsidiaries are entities (including a structured entity) over which ECG has control. ECG controls an entity when ECG is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to ECG. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by ECG (Note 2.4).

Intra-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by ECG.

2 Basis of preparation and summary of significant accounting policies (Continued)

2.3 Principle of consolidation and equity accounting (Continued)

2.3.2 Joint arrangements

Under HKFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Interest in joint ventures are accounted for using the equity method (Note 2.3.3), after initially being recognised at cost in the consolidated statement of financial position.

2.3.3 Equity method

Under the equity method, the investment is initially recognised at cost and adjusted thereafter to recognise ECG's share of the post-acquisition profits or losses of the investee in profit or loss, and ECG's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where ECG's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, ECG does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between ECG and its associates and joint ventures are eliminated to the extent of ECG's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by ECG.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.10.

2.3.4 Changes in ownership interests

ECG treats transactions with non-controlling interest that do not result in a loss of control as transactions with equity owners of ECG. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

2 Basis of preparation and summary of significant accounting policies (Continued)

2.3 Principle of consolidation and equity accounting (Continued)

2.3.4 Changes in ownership interests (Continued)

When ECG ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if ECG had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in joint ventures or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.4 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by ECG
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

2 Basis of preparation and summary of significant accounting policies (Continued)

2.4 Business combinations (Continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. ECG recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2 Basis of preparation and summary of significant accounting policies (Continued)

2.5 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the year the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers ("CODM"), who are responsible for allocating resources and assessing performance of the operating segments has been identified as the executive director of ECG that make strategic decisions.

2.7 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of ECG are measured using the currency of the primary economic environment in which the entities operate (the "functional currency"). The consolidated financial statements are presented in HK$ which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised within "other gains/(losses) — net" in the consolidated statement of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income ("OCI") are recognised in other comprehensive income.

2 Basis of preparation and summary of significant accounting policies (Continued)

2.7 Foreign currency translation (Continued)

(c) Group companies

The results and financial position of all ECG entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2 Basis of preparation and summary of significant accounting policies (Continued)

2.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to ECG and that cost of the item can be measured reliably. The carrying amount of the replaced part is recognised. All other repairs and maintenance are expensed in the consolidated statement of comprehensive income during the financial year in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold improvements	over the shorter of lease term and useful life
Furniture and fixtures	20%
Office equipment	20%
Computer equipment	33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within "other gains/(losses) — net" in the consolidated statement of comprehensive income.

2 Basis of preparation and summary of significant accounting policies (Continued)

2.9 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 2.4. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Brand name

The brand name acquired in a business combination is recognised at fair value at the acquisition date. The brand has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over its estimated useful life of 10 years.

(c) Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationships of 5 years.

(d) Supplier relationships

Supplier relationships acquired in a business combination are recognised at fair value at the acquisition date. The supplier relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the supplier relationships of 5 to 10 years.

2 Basis of preparation and summary of significant accounting policies (Continued)

2.9 Intangible assets (Continued)

(e) Software

Software acquired in a business combination are recognised at fair value at the acquisition date. The software has a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the software of 5 to 10 years.

ECG amortised intangible assets with a limited useful life using the straight-line method over the following period.

Brand name	10 years
Contractual customer relationships	5 years
Supplier relationships	5–10 years
Software	5–10 years

2.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.11 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 consolidated statement of comprehensive income.

2 Basis of preparation and summary of significant accounting policies (Continued)

2.12 Investment and other financial assets

(i) Classification

ECG classifies its financial assets in the measurement category as those to be measured at amortised cost.

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

(ii) Recognition and derecognition

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

(iii) Measurement

At initial recognition, ECG measures a financial asset carried at amortised cost at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequently, financial assets at amortised cost that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the profit or loss, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

(iv) Impairment

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

For trade receivables, ECG applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 21 for further details.

2 Basis of preparation and summary of significant accounting policies (Continued)

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of First-in-First-out. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.14 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. ECG holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 21 for further information about ECG's accounting for trade receivables and Note 3.1 for a description of ECG's impairment policies.

2.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2 Basis of preparation and summary of significant accounting policies (Continued)

2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

2.17 Trade and other payables

These amounts represent liabilities for goods and serviced provided to ECG prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless ECG has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2 Basis of preparation and summary of significant accounting policies (Continued)

2.19 Borrowing costs

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

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

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

2.20 Current and deferred income tax

The income tax expense for the year comprises current and deferred income tax. Income tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of statement of financial position in the countries where ECG, its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2 Basis of preparation and summary of significant accounting policies (Continued)

2.20 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

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

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

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.21 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(b) Other long-term employee benefit obligation

The liabilities for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments at the reporting date are discounted using market yields on high-quality corporate bonds with terms to maturity that match as closely as possible, the estimated future cash outflows.

2 Basis of preparation and summary of significant accounting policies (Continued)

2.21 Employee benefits (Continued)

(c) *Post-employment obligations*

Pension obligations

ECG companies incorporated in Hong Kong operate a defined contribution plan, which is the Mandatory Provident Fund Scheme ("MPF Scheme") established under and pursuant to the Mandatory Provident Fund Ordinance.

The MPF Scheme is generally funded by the payments from employees and by ECG. Contributions to the scheme by ECG and employees are calculated as a percentage of employees' basic salaries. ECG has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

ECG's contributions to defined contribution plan are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

The assets of the scheme are held in separate trustee-administered funds.

ECG companies incorporated in the PRC and Australia contribute based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan organised by relevant government authorities in the PRC and Australia on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and ECG has no further obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separate from those of ECG.

(d) *Bonus plan*

The expected cost of bonus payment is recognised as a liability when ECG has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plan are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2 Basis of preparation and summary of significant accounting policies (Continued)

2.22 Provisions

Provisions are recognised when ECG has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.23 Revenue recognition

Revenue is measured when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if ECG’s performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as ECG performs; or
- does not create an asset with an alternative use to ECG and ECG has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. ECG use the output methods to measure the progress towards, recognising revenue based on direct measurements of the value transferred to the customer. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods and services.

2 Basis of preparation and summary of significant accounting policies (Continued)

2.23 Revenue recognition (Continued)

Contracts with customers may include multiple performance obligations. For such arrangements, ECG allocates revenue to each performance obligation based on its relative standalone selling price. ECG generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgements on these assumptions and estimates may impact the revenue recognition.

When either party to a contract has performed, ECG presents the contract in the consolidated statement of financial position as a contract assets or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is ECG's right to consideration in exchange for goods and services that ECG has transferred to a customer. A receivable is recorded when ECG has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of the consideration is due.

If a customer pays consideration or ECG has a right to an amount of consideration that is unconditional, before ECG transfers a good or service to the customer, ECG presents the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is ECG's obligation to transfer goods or services to a customer for which ECG has received consideration (or an amount of consideration is due from the customer).

(i) Sale of goods

ECG sells fast moving consumer goods. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or ECG has objective evidence that all criteria for acceptance have been satisfied.

2 Basis of preparation and summary of significant accounting policies (Continued)

2.23 Revenue recognition (Continued)

(i) Sale of goods (Continued)

Revenue from these sales is recognised based on the price specified in the contract. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(ii) Service income

Revenue from service income is recognised over time when the services are rendered. Revenue is recognised over the respective contract terms.

2.24 Interest income

Interest income on financial assets at amortised cost is calculated by using the effective interest method and is recognised in the consolidated statement of comprehensive income. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purpose. Any other interest income is included in other income. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.25 Earnings/loss per share

(i) Basic earnings/loss per share

Basic earnings/loss per share is calculated by dividing:

- the profit/loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

2 Basis of preparation and summary of significant accounting policies (Continued)

2.25 Earnings/loss per share (Continued)

(ii) Diluted earnings/loss per share

Diluted earnings/loss per share adjusts the figures used in the determination of basic earnings/loss per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.26 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by ECG.

Contracts may contain both lease and non-lease components. ECG allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date

- amounts expected to be payable by ECG under residual value guarantees

- the exercise price of a purchase option if ECG is reasonably certain to exercise that option, and;

- payments of penalties for terminating the lease, if the lease term reflects ECG exercising that option.

2 Basis of preparation and summary of significant accounting policies (Continued)

2.26 Leases (Continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in ECG, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, ECG, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If ECG is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2 Basis of preparation and summary of significant accounting policies (Continued)

2.27 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and ECG will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

3 Financial risk management

ECG's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. ECG's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the ECG's financial performance.

Management regularly monitors the financial risks of ECG. The use of financial derivatives to hedge certain risk exposures is governed by ECG's policies approved by the management of ECG in order to manage those risks. ECG does not use derivative financial instruments for speculative purposes.

3.1 Financial risk factors

(a) Market risk

(i) Foreign exchange risk

ECG mainly operates in Hong Kong and the PRC, and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Renminbi ("RMB"), Australian Dollars ("A$"), United States Dollars ("US$") and Great Britain Pound ("GBP").

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

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

At December 31, 2022, if HK$ had strengthened/weakened by 5% against the A$ with all other variables held constant, post-tax profit/(loss) for the year would have been approximately HK$511,000 higher/lower (2021: HK$666,000 lower/higher), mainly as a result of foreign exchange gains/losses on translation of trade receivables and other receivables, trade and other payables and bank deposits denominated in the A$.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

At December 31, 2022, if HK$ had strengthened/weakened by 5% against the RMB with all other variables held constant, post-tax profit/(loss) for the year would have been approximately HK$402,000 higher/lower (2021: HK$421,000 lower/higher), mainly as a result of foreign exchange gains/losses on translation of trade receivables and other receivables, trade and other payables and bank deposits denominated in the RMB.

At December 31, 2022, if HK$ had strengthened/weakened by 5% against the GBP with all other variables held constant, post-tax loss for the year would change by approximately HK$184,000 higher/lower (2021: Nil), mainly as a result of foreign exchange gains/losses on translation of trade receivables, trade and other payables and bank deposits denominated in the GBP.

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

(ii) 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 year, ECG's borrowings at variable rate were denominated in HK$.

At December 31, 2022, if interest rate on borrowings held at variable rate had been 50 basis points higher/lower with all other variables held constant, post-tax profit/(loss) for the year would have been approximately HK$218,000 lower/higher (2021: HK$407,000 lower/higher), mainly as a result of higher/lower interest expense on floating rate borrowings. The interest rate exposes on cash is considered immaterial as the interest rate of cash is low.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

(i) Risk management

The credit risk of ECG mainly arises from cash and cash equivalents, trade receivables and other financial assets at amortised cost (2021: same). The carrying amounts of these balances represent ECG's maximum exposure to credit risk in relation to the financial assets.

In respect of cash deposited at banks, the credit risk is considered to be low as the counterparties are considered financially reputable.

At the date of the consolidated statement of financial position, 49% (2021: 61%) of the total receivables was due from ECG's largest five debtors. There was 1 customer (2021: 1 customer) which individually contributed over 10% of ECG's trade receivables. The amount of trade receivables from this customer amounted to 16.8% (2021: 34.8%) of the ECG's total trade receivables. 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.

(ii) Impairment of financial assets

ECG has the following financial assets that are subject to the expected credit loss model:

— trade receivables and contract assets

— other financial assets carried at amortised cost

While cash and cash equivalents and pledged deposits are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables and contract assets

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

To measure the expected credit losses, trade receivables and contract assets have been grouped on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. ECG has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The individually impaired trade receivables relate to customers whose creditworthiness has materially deteriorated and it is assessed that these receivables are not expected to be recovered.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before December 31, 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. ECG has identified the GDP of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables and contract assets (Continued)

On that basis, the loss allowance as at December 31, 2022 and 2021 was determined as follows for both trade receivables and contract assets:

	Lifetime expected loss rate	Gross carrying amount	Lifetime expected credit loss	Net carrying amount
As at December 31, 2022				
Individual assessment	100%	65,247	(65,247)	—
Collective assessment				
Current	0%-2.1%	15,939,567	(137,039)	15,802,528
Past due:				
1 to 30 days	0%-2.1%	2,408,735	(1,758)	2,406,977
31 to 60 days	0%-3.1%	319,991	(5,217)	314,774
61 to 90 days	0%-3.2%	2,095,372	(6,498)	2,088,874
Over 90 days	0%-65.3%	554,581	(153,742)	400,839
		21,318,246	(304,254)	21,013,992

	Lifetime expected loss rate	Gross carrying amount	Lifetime expected credit loss	Net carrying amount
As at December 31, 2021				
Individual assessment	100%	503,784	(503,784)	—
Collective assessment				
Current	0%-0.4%	14,186,658	(259,394)	13,927,264
Past due:				
1 to 30 days	0%-0.4%	4,499,493	(13,794)	4,485,699
31 to 60 days	0%-1.8%	3,318,886	(44,043)	3,274,843
61 to 90 days	0%-6.9%	2,041,916	(78,529)	1,963,387
Over 90 days	0%–28.0%	248,619	(64,048)	184,571
		24,295,572	(459,808)	23,835,764

3 Financial risk management (Continued)
3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables and contract assets (Continued)

The loss allowances for trade receivables and contract assets as at December 31 reconcile to the opening loss allowances as follows:

	Trade receivables and contract assets	
	2022	2021
	HK$	HK$
Opening loss allowance at January 1	963,592	975,096
(Decrease)/increase in loss allowance recognised in profit or loss	(218,478)	16,122
Less: disposal of a subsidiary	(427,447)	—
Currency translation differences	51,834	(27,626)
Closing loss allowance at December 31	369,501	963,592

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with ECG, and a failure to make contractual payments for a period of greater than 180 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Other financial assets at amortised cost

Other financial assets at amortised cost include deposits, other receivables and amounts due from related parties. (2021: same). Management monitors closely the credit qualities and the collectability of the other financial assets at amortised cost. As at December 31, 2022, there is no loss allowance in respect of individually assessed receivables (2021: Nil). The impairment provision is determined based on the 12-month expected credit losses which is close to zero.

(c) 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 December 31, 2022, the Company had net current assets of HK$13,734,386 and net liabilities of HK$38,304,355. The ultimate holding company, JL Enterprise Holdings Limited ("JL Enterprise") has in the past offered a total loan facility of HK$100 million to the Company and up to December 31, 2022, approximately HK$56.6 million remained available and undrawn. In addition, JL Enterprise 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.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyses ECG's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the date of consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 3 months or repayable on demand HK$	Between 3 months and 1 year HK$	Between 1 and 2 years HK$	Between 2 and 5 years HK$	Total contractual cashflow HK$	Carrying amount HK$
At December 31, 2022						
Trade payables	3,551,781	–	–	–	3,551,781	3,551,781
Other payables and accruals	11,855,542	–	–	–	11,855,542	11,855,542
Amounts due to related parties	20,595,838	–	–	18,318,950	38,914,788	38,914,788
Put option liabilities	7,979,700	–	–	–	7,979,700	7,979,700
Lease liabilities	188,348	259,431	57,371	–	505,150	477,302
Bank borrowings	8,944,639	–	–	–	8,944,639	8,944,639
Shareholder's loan	–	–	43,815,282	–	43,815,282	43,381,467
	53,115,848	259,431	43,872,653	18,318,950	115,566,882	115,105,219
At December 31, 2021						
Trade payables	3,547,645	–	–	–	3,547,645	3,547,645
Other payables and accruals	11,640,322	–	1,045,861	–	12,686,183	12,686,183
Amounts due to related parties	28,788,482	–	–	4,413,207	33,201,689	33,201,689
Put option liabilities	8,479,950	–	–	–	8,479,950	8,479,950
Lease liabilities	531,420	1,319,551	472,219	60,502	2,383,692	2,288,306
Bank borrowings	4,589,000	–	–	–	4,589,000	4,589,000
Shareholder's loan	–	–	93,710,637	–	93,710,637	92,782,809
	57,576,819	1,319,551	95,228,717	4,473,709	158,598,796	157,575,582

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below summarises the maturity analysis of the ECG's bank borrowings, subject to the lenders' rights to demand immediate repayment, based on agreed scheduled repayments set out in the relevant agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time band in the maturity analysis contained in the tables above. Taking into account ECG's financial position, the directors do not consider that it is probable that the relevant banks will exercise their discretion to demand immediate repayment. The directors believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the relevant agreements.

	Less than 1 year HK$	Between 1 and 2 years HK$	Between 2 and 5 years HK$	Over 5 years HK$	Total undiscounted cash outflow
At December 31, 2022					
Bank borrowings	1,903,108	1,990,362	3,899,788	2,041,829	9,835,087
At December 31, 2021					
Bank borrowings	1,032,118	1,212,818	2,627,269	–	4,872,205

3.2 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.

3 Financial risk management (Continued)

3.3 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", "put option liabilities" and "lease liabilities". The carrying amounts less impairment (where relevant) of these balances are a reasonable approximation of their fair values due to their short term maturities.

4 Critical accounting estimates and judgements

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

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

(a) Impairment assessment of long-lived assets

At the end of each reporting period, ECG reviews internal and external sources of information to identify indications that the following classes of asset may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- Property, plant and equipment;
- Intangible assets; and
- Interests in joint ventures

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment. An impairment loss is recognised in the consolidated statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount.

The sources utilised to identify indications of impairment are often subjective in nature and ECG is required to use judgement in applying such information to its business. ECG's interpretation of this information has a direct impact on whether an impairment assessment is performed as at the end of any given reporting period.

4 Critical accounting estimates and judgements (Continued)

(a) Impairment assessment of long-lived assets (Continued)

If an indication of impairment is identified, such information is further subject to an exercise that requires ECG to estimate the recoverable value, representing the greater of the asset's fair value less cost to sell or its value in use. Depending on ECG's assessment of the overall materiality of the asset under review and complexity of deriving reasonable estimates of the recoverable value, ECG may perform such assessments utilising internal resources or ECG may engage external advisors for counsel. Regardless of the resources utilised, ECG is required to make assumptions to make these assessments, including the utilisation of such asset, the cash flows to be generated, appropriate market discount rates and the projected market and regulatory conditions. Changes in any of these assumptions could result in a material change to future estimates of the recoverable value of any asset.

(b) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycles. Management will reassess the estimations by the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-down of inventories in the period in which such estimate is changed.

5 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 perspective. During the year, due to the Group restructures its business portfolio to focus on growing overseas brands in Asia market following the disposal of eCommerce Solution Services (formally known as "Australia") effective from April 30, 2022 (Note 13), the CODM has adopted the new reporting format effective for the year ended December 31, 2022 which includes (i) Digital Commerce Service and (ii) Brand Distribution (formerly known as Greater China altogether). The comparative segment information has been restated to reflect the current organisational structure.

5 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:

	2022					
	Continuing Operations				Discontinued Operation	
	Digital Commerce Service HK$	Brand Distribution HK$	Unallocated corporate income/ (expense) HK$	Total HK$	eCommerce Solution Service HK$	Consolidated HK$
Revenue from external customers	19,463,648	95,688,170	–	115,151,818	13,818,784	128,970,602
Revenue from related companies (Note 30)	6,129,035	4,118,011	–	10,247,046	–	10,247,046
	25,592,683	99,806,181	–	125,398,864	13,818,784	139,217,648
Gross profit	22,250,512	18,158,421	–	40,408,933	12,666,934	53,075,867
Adjusted EBITDA gain/(loss) – excluding impact of foreign exchange	16,278,879	163,777	(8,441,867)	8,000,789	(6,372,895)	1,627,894
Net foreign exchange gain/(loss)	–	202,015	(543,058)	(341,043)	20,828	(320,215)
Depreciation of property, plant and equipment	–	(9,905)	(50,390)	(60,295)	(68,777)	(129,072)
Depreciation of right-of-use assets	(197,839)	(449,491)	–	(647,330)	(193,719)	(841,049)
Amortisation of intangible assets	–	–	(2,921,074)	(2,921,074)	(329,549)	(3,250,623)
Finance income	–	–	47,086	47,086	6	47,092
Finance expense	–	(606,584)	(698,608)	(1,305,192)	–	(1,305,192)
Share of result of joint ventures	–	1,213,101	–	1,213,101	–	1,213,101
Profit/(loss) before income tax	16,081,040	512,913	(12,607,911)	3,986,042	(6,944,106)	(2,958,064)
Income tax credit	–	–	730,271	730,271	1,485,371	2,215,642
Profit/(loss) for the year/period	16,081,040	512,913	(11,877,640)	4,716,313	(5,458,735)	(742,422)

5 Segment information (Continued)

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

	2021					
	Continuing Operations				Discontinued Operation	
	Digital Commerce Service HK$	Brand Distribution HK$	Unallocated corporate income/ (expense) HK$	Total HK$	eCommerce Solution Service HK$	Consolidated HK$
Revenue from external customers	14,614,242	70,574,520	–	85,188,762	69,009,477	154,198,239
Revenue from related companies (Note 30)	2,400,000	–	–	2,400,000	–	2,400,000
	17,014,242	70,574,520	–	87,588,762	69,009,477	156,598,239
Gross profit	13,435,244	22,128,550	–	35,563,794	53,047,590	88,611,384
Adjusted EBITDA gain/(loss) – excluding impact of foreign exchange	4,735,573	2,504,683	(10,594,667)	(3,354,411)	12,545,742	9,191,331
Net foreign exchange loss	–	(764,299)	(575,122)	(1,339,421)	(217,475)	(1,556,896)
Depreciation of property, plant and equipment	–	(18,322)	(38,557)	(56,879)	(180,854)	(237,733)
Depreciation of right-of-use assets	(205,353)	(738,755)	–	(944,108)	(1,010,889)	(1,954,997)
Amortisation of intangible assets	–	–	(4,053,095)	(4,053,095)	(602,427)	(4,655,522)
Finance income	–	–	10,669	10,669	295	10,964
Finance expense	–	(527,832)	(2,319,600)	(2,847,432)	(64,247)	(2,911,679)
Share of result of joint ventures	–	2,791,027	–	2,791,027	–	2,791,027
Profit/(loss) before income tax	4,530,220	3,246,502	(17,570,372)	(9,793,650)	10,470,145	676,495
Income tax credit/(expense)	–	1,823,274	–	1,823,274	(1,603,067)	220,207
Profit/(loss) for the year	4,530,220	5,069,776	(17,570,372)	(7,970,376)	8,867,078	896,702

5 Segment information (Continued)

The segment assets and liabilities as at December 31, 2022 and 2021 are as follows:

	Continuing Operations				Discontinued Operation	
	Digital Commerce Service HK$	Brand Distribution HK$	Unallocated Corporate Assets/ (Liabilities) HK$	Total HK$	eCommerce Solution Service HK$	Consolidated HK$
As at December 31, 2022						
Segment assets	26,969,869	32,410,234	23,773,089	83,153,192	–	83,153,192
Deferred income tax assets	–	341,821	–	341,821	–	341,821
	26,969,869	32,752,055	23,773,089	83,495,013	–	83,495,013
Segment liabilities	(46,252,289)	(50,413,288)	(25,133,791)	(121,799,368)	–	(121,799,368)
As at December 31, 2021						
Segment assets	23,019,055	30,843,627	16,707,651	70,570,333	24,363,621	94,933,954
Deferred income tax assets	–	367,474	–	367,474	1,532,605	1,900,079
	23,019,055	31,211,101	16,707,651	70,937,807	25,896,226	96,834,033
Segment liabilities	(103,386,364)	(42,019,216)	(17,482,702)	(162,888,282)	(3,969,460)	(166,857,742)

Information about major customer

For the year ended December 31, 2022, there were two external customers contributing 10% or more of ECG's total revenue.

For the year ended December 31, 2021, there was no external customer contributing 10% or more of ECG's total revenue.

5 Segment information (Continued)

Geographical information

	Revenue		Non-current assets	
	2022	2021	2022	2021
	HK$	HK$	HK$	HK$
Continuing operations				
Greater China	125,398,864	87,588,762	16,411,070	21,178,804
Discontinued operation				
Australia	13,818,784	69,009,477	—	6,314,621
	139,217,648	156,598,239	16,411,070	27,493,425

Revenue by geographical location is determined on the basis of the place of sales to the customers.

Non-current assets by geographical location are determined based on the location of the relevant assets.

ECG has recognised the following assets and liabilities related to contracts with customers:

	2022	2021
	HK$	HK$
Contract assets	—	1,630,638
Contract liabilities	—	1,365,266

5 Segment information (Continued)

Significant changes in contract assets and liabilities

There are no contract assets as at FY2022 due to the disposal of a subsidiary. ECG also applied the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for contract assets. No impairment was made for contract assets as at December 31, 2022 and 2021.

There are no contract liabilities as at FY2022 due to the disposal of a subsidiary.

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	2022 HK$	2021 HK$ (Restated)
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
Services income	918,941	—

6 Revenue

Revenue recognised during the year was as follows:

	2022 HK$	2021 HK$ (Restated)
Service income — recognised over time	25,544,826	22,072,580
Sales of goods — recognised at a point in time	99,854,038	65,516,182
	125,398,864	87,588,762

7 Expenses by nature

	2022 HK$	2021 HK$ (Restated)
Outsourced services fulfilment expenses, included in cost of sales	3,342,172	3,578,998
Other direct costs, included in cost of sales	11,548,895	13,256,809
Cost of inventories, included in cost of sales	70,098,864	35,189,161
Auditor's remuneration		
— Audit services	1,275,000	1,400,000
Employee benefit expenses (Note 8)	23,782,109	22,186,198
Consultancy fees	2,074,852	2,851,163
Outsourced labour costs (Note 30)	600,000	600,000
Amortisation of intangible assets (Note 16)	2,921,074	4,053,095
Depreciation of property, plant and equipment (Note 15(a))	60,295	56,879
Depreciation of right of use assets (Note 15(b))	647,330	944,108
Legal and professional expenses	576,467	1,648,163
Travel expenses	443,532	321,043
Operating leases rental (Note 15(b))	602,038	494,227
IT expenses	542,336	850,953
Advertising and marketing expenses	4,406,665	7,712,378
Entertainment and gift	1,504,923	1,188,293
Telecommunication expenses	129,634	141,936
Insurance expenses	175,777	118,544
Other expenses	1,396,897	3,603,843
	126,128,860	100,195,791

8 Employee benefit expenses (including Directors' emoluments)

	2022 HK$	2021 HK$ (Restated)
Wages and salaries	20,968,484	19,717,407
Pension costs	2,556,055	2,316,412
Other employee benefits and welfare	257,570	152,379
	23,782,109	22,186,198

9 Benefits and interests of Directors (disclosures required by section 383 of the Hong Kong Companies Ordinance (Cap. 622) and Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G)

(a) Directors' emoluments

The remuneration of each Director is set out below:

For the year ended December 31, 2022:

Emoluments paid or receivable in respect of a person's services as a Director, whether of the Company undertaking:

	Fees HK$	Salary HK$	Others* HK$	Employer's contribution to a retirement benefit scheme HK$	Remunerations paid or receivable in respect of accepting office as Director HK$	Emoluments paid or receivable in respect of Director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking HK$	Total HK$
Mr. John Lau^	–	–	–	–	–	–	–
Mr. John Lines# 1	56,160	–	–	–	–	–	56,160
Mr. Rupert Myer AO# 2	42,206	–	–	–	–	–	42,206
Mr. Von Lam#	98,098	–	–	–	–	–	98,098
Mr. Yuming Zou#	98,098	–	–	–	–	–	98,098
	294,562	–	–	–	–	–	294,562

^: Executive Director
#: Independent Non-Executive Directors
*: Included discretionary bonuses, housing allowance and estimated money value of other benefits
1: Appointed on May 31, 2022
2: Resigned on May 31, 2022

9 Benefits and interests of Directors (disclosures required by section 383 of the Hong Kong Companies Ordinance (Cap. 622) and Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) (Continued)

(a) Directors' emoluments (Continued)

For the year ended December 31, 2021:

	Fees HK$	Salary HK$	Others* HK$	Employer's contribution to a retirement benefit scheme HK$	Remunerations paid or receivable in respect of accepting office as Director HK$	Emoluments paid or receivable in respect of Director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking HK$	Total HK$
Mr. John Lau^	–	–	–	–	–	–	–
Mr. Christopher Lau[1]	–	–	–	–	–	–	–
Mr. Heath Zarin[2]	40,639	–	–	–	–	–	40,639
Mr. Rupert Myer AO#	105,285	–	–	–	–	–	105,285
Mr. Von Lam# [3]	47,350	–	–	–	–	–	47,350
Mr. Yuming Zou#	105,285	–	–	–	–	–	105,285
	298,559	–	–	–	–	–	298,559

^: Executive Director
#: Independent Non-Executive Directors
*: Included discretionary bonuses, housing allowance and estimated money value of other benefits
1: Resigned on April 7, 2021
2: Resigned on May 17, 2021
3: Appointed on July 15, 2021

9 Benefits and interests of Directors (disclosures required by section 383 of the Hong Kong Companies Ordinance (Cap. 622) and Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) (Continued)

(b) Directors' retirement benefits and termination benefits

None of the Directors received or will receive any retirement benefits or termination benefits during the year (2021: Nil).

(c) Consideration provided to third parties for making available Directors' services

The Company does not pay consideration to any third parties for making available Directors' services during the year (2021: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of Directors, controlled bodies corporate by and connected entities with such Directors

No loans, quasi-loans and other dealing were made in favour of Directors, controlled bodies corporate by and connected entities with such Directors at the end of the year or at any time during the year (2021: Nil).

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

Other than those disclosed in Note 30 to the financial statements, no significant transactions, arrangements and contracts in relation to ECG's business to which the Company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

10 Other income

	2022 HK$	2021 HK$ (Restated)
Government grant	216,000	580,976
IT consultancy income (Note 30(a))	2,087,828	2,851,970
Management fee income (Note 30(a))	2,137,268	28,078
Others	442,512	746,649
	4,883,608	4,207,673

Employment Support Scheme of HK$216,000 (2021: Nil) was recognised for the year ended December 31, 2022. No Export Market Development grants (2021: HK$580,976) was recognised for the year ended December 31, 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.

10 Other income (Continued)
Other losses — net

	2022 HK$	2021 HK$ (Restated)
Net foreign exchange losses	341,043	1,339,421

11 Finance expense — net

	2022 HK$	2021 HK$ (Restated)
Finance income:		
— Interest income on short-term bank deposits	47,086	10,669
Finance expense:		
— Interest and finance charge paid/payable for lease liabilities (Note 15(b))	(52,435)	(102,323)
— Interest expense on shareholder's loan	(698,608)	(2,640,662)
— Interest expense on bank borrowings	(554,149)	(104,447)
	(1,305,192)	(2,847,432)
Finance expense — net	(1,258,106)	(2,836,763)

12 Income tax credit

	2022 HK$	2021 HK$
Current income tax		
— Australian corporate tax	242,141	1,092,004
Over provision in prior years	—	(572,458)
Deferred income tax (Note 25)	(2,457,783)	(739,753)
Income tax credit	(2,215,642)	(220,207)
Income tax (credit)/expense is attributable to:		
— Profit/(loss) from continuing operations	(730,271)	(1,823,274)
— (Loss)/profit from discontinued operation	(1,485,371)	1,603,067
	(2,215,642)	(220,207)

Subsidiaries established in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% (2021:16.5%). For the year ended December 31, 2022, tax recession relates to tax reduction to tax payable under Two-Tiered Profits Rates Regime capped at HK$165,000 for one of the Hong Kong incorporated entities of the Group (2021: HK$165,000). No provision for Hong Kong profits tax has been made as ECG had sufficient tax losses brought forward to offset against the estimated assessable profit for the year ended December 31, 2022 and 2021.

Subsidiaries established in Australia and the PRC are subject to 30% (2021: 30%) and 25% (2021: 25%) income tax rate during the year respectively. No provision for PRC profits tax has been made as there was no assessable profit for the year ended December 31, 2022 and 2021 in PRC.

12 Income tax credit (Continued)

The tax on ECG's profit/(loss) before income tax differs from the theoretical amount that would arise using the domestic tax rates applicable to losses in the respectively of ECG companies as follows.

	2022 HK$	2021 HK$ (Restated)
Profit/(loss) before income tax from continuing operations	3,986,042	(9,793,650)
(Loss)/profit before income tax from discontinuing operations	(6,944,106)	10,470,145
Less: joint venture's results reported net of tax	(1,213,101)	(2,791,027)
	(4,171,165)	(2,114,532)
Tax calculated at domestic tax rates applicable in the respective countries	(1,474,399)	(507,774)
Tax effect of:		
— Income not subject to tax	(35,640)	(9,131)
— Expenses not deductible for tax purposes	530,620	122,152
— Over provision in prior years	—	(572,458)
— Temporary differences not recognised	(53,450)	97,804
— Tax losses for which no deferred income tax assets were recognised	2,742,569	3,101,815
— Utilisation of previously unrecognised tax loss	(3,925,342)	(2,452,615)
Income tax credit	(2,215,642)	(220,207)

13 Discontinued operation

On April 30, 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 April 30, 2022, the Group recorded a 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 April 30, 2022 and are presented below:

	2022 HK$	2021 HK$
Revenue	13,818,784	69,009,477
Cost of sales	(1,151,850)	(15,961,887)
Gross Profit	12,666,934	53,047,590
Other income and other gains, net	136,797	692,983
Selling and distribution expense	(457,507)	(1,488,880)
Administrative expenses	(17,909,138)	(39,004,906)
Research and development expense	(1,381,198)	(2,712,690)
Finance income/(expense), net	6	(63,952)
(Loss)/profit before income tax	(6,944,106)	10,470,145
Income tax credit/(expense)	1,485,371	(1,603,067)
(Loss)/profit after income tax of discontinued operation	(5,458,735)	8,867,078
Gain on disposal of a subsidiary after income tax (see below)	28,797,432	—
Profit for the period/year from discontinued operation	23,338,697	8,867,078
Exchange differences on translation of discontinued operation	3,057,237	—
Other comprehensive income from discontinued operations	3,057,237	—

13 Discontinued operation (Continued)

Cash flows are detailed as follows:

	2022 HK$	2021 HK$
Operating cash flows	(614,554)	6,732,048
Investing cash flows	(59,260)	(200,597)
Financing cash flows	(277,968)	(1,252,167)
Total cash flows	(951,782)	5,279,284

The gain on disposal is as follows:

	HK$
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
Cash received	39,000,000
Cash and cash equivalents disposed of	(6,593,021)
Inflow of cash arising from discontinued operation	32,406,979

Note: The cash consideration was received in August 2022.

14 Earnings/(loss) per share

(a) Basic

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 year.

	2022 HK$	2021 HK$ (Restated)
Earnings/(loss) attributable to owners of the Company (HK$)		
— From continuing operations	4,716,313	(7,970,376)
— From discontinued operation	23,338,697	8,867,078
	28,055,010	896,702
Weighted average number of ordinary shares in issue	615,250,000	615,250,000
Basic and diluted earnings/(loss) per share (HK cent)		
— From continuing operations	0.77	(1.30)
— From discontinued operation	3.79	1.45
	4.56	0.15

(b) Diluted

Diluted earnings/loss per share for the year is equal to the basic earnings/loss per share as there are no potential dilutive ordinary shares outstanding during the year (2021: same).

15(a) Property, plant and equipment

	Furniture and fixtures HK$	Computer equipment HK$	Office equipment HK$	Leasehold improvement HK$	Total HK$
As at January 1, 2021					
Cost	765,989	2,852,402	1,278,555	4,775,000	9,671,946
Accumulated depreciation and impairment	(448,057)	(2,535,908)	(1,277,001)	(4,772,055)	(9,033,021)
Net book amount	317,932	316,494	1,554	2,945	638,925
Year ended December 31, 2021					
Opening net book amount	317,932	316,494	1,554	2,945	638,925
Additions	–	212,726	23,698	–	236,424
Depreciation charge (Note)	(48,959)	(185,167)	(631)	(2,976)	(237,733)
Currency translation differences	(15,075)	38,001	339	31	23,296
Closing net book amount	253,898	382,054	24,960	–	660,912
As at December 31, 2021					
Cost	811,487	3,052,781	1,021,986	4,775,000	9,661,254
Accumulated depreciation and impairment	(557,589)	(2,670,727)	(997,026)	(4,775,000)	(9,000,342)
Net book amount	253,898	382,054	24,960	–	660,912
Year ended December 31, 2022					
Opening net book amount	253,898	382,054	24,960	–	660,912
Additions	–	98,579	–	–	98,579
Depreciation charge (Note)	(14,734)	(107,901)	(6,437)	–	(129,072)
Disposal of a subsidiary	(228,162)	(292,480)	–	–	(520,642)
Currency translation differences	(11,002)	(14,911)	(1,461)	–	(27,374)
Closing net book amount	–	65,341	17,062	–	82,403
As at December 31, 2022					
Cost	218,877	1,710,100	929,498	4,509,042	7,367,517
Accumulated depreciation and impairment	(218,877)	(1,644,759)	(912,436)	(4,509,042)	(7,285,114)
Net book amount	–	65,341	17,062	–	82,403

Note: Depreciation of property, plant and equipment included HK$60,295 for continuing operations for the year ended December 31, 2022 (2021: HK$56,879). Depreciation for right-of-use assets included HK$647,330 for continuing operations for the year ended December 31, 2022 (2021: HK$944,108). The remaining amounts are attributable to the discontinued operation.

15(b) Leases

This note provides information for leases where ECG is a lessee.

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2022 HK$	2021 HK$
Right-of-use assets		
Buildings	422,665	1,859,848
Lease liabilities		
Current	422,057	1,770,763
Non-current	55,245	517,543
	477,302	2,288,306

There were no additions to the right-of-use assets during the 2022 financial year (2021: Nil). There was HK$1,437,183 decreased to the right-of-use assets during 2021 financial year as a result of disposal of a subsidiary.

15(b) Leases (Continued)

(ii) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	Note	2022 HK$	2021 HK$ (Restated)
Depreciation charge of right-of-use assets			
Buildings	7	647,330	944,108
Interest expense (included in finance cost)	11	52,435	102,323
Expenses relating to short-term leases (included in administrative expenses)	7	602,038	494,227
		654,473	596,550

The total cash outflow for leases in 2022 was HK$753,404 (2021: HK$1,341,754).

(iii) ECG's leasing activities and how these are accounted for

ECG leases various offices. Rental contracts are typically made for fixed periods of 12 months to 3 years, there are no extension options in the rental contracts.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

16 Intangible assets

	Goodwill HK$	Contractual customer relationships HK$	Supplier relationships HK$	Brand name HK$	Software HK$	Total HK$
As at January 1, 2021						
Cost	74,151,213	7,239,446	27,913,700	30,524,302	112,922,959	252,751,620
Accumulated amortisation and impairment	(74,151,213)	(7,239,446)	(23,565,320)	(10,166,981)	(111,487,173)	(226,610,133)
Net book value	–	–	4,348,380	20,357,321	1,435,786	26,141,487
Year ended December 31, 2021						
Opening net book amount	–	–	4,348,380	20,357,321	1,435,786	26,141,487
Amortisation charge (Note)	–	–	(1,079,258)	(2,973,837)	(602,427)	(4,655,522)
Currency translation differences	–	–	(196,984)	(1,427,336)	(58,414)	(1,682,734)
Closing net book value	–	–	3,072,138	15,956,148	774,945	19,803,231
As at December 31, 2021						
Cost	70,296,489	6,863,106	26,462,617	28,937,508	112,511,089	245,070,809
Accumulated amortisation and impairment	(70,296,489)	(6,863,106)	(23,390,479)	(12,981,360)	(111,736,144)	(225,267,578)
Net book value	–	–	3,072,138	15,956,148	774,945	19,803,231
Year ended December 31, 2022						
Opening net book amount	–	–	3,072,138	15,956,148	774,945	19,803,231
Amortisation charge (Note)	–	–	(1,007,242)	(2,135,724)	(107,657)	(3,250,623)
Disposal of a subsidiary	–	–	–	(2,001,328)	(635,885)	(2,637,213)
Currency translation differences	–	–	(162,229)	(865,697)	(31,403)	(1,059,329)
Closing net book value	–	–	1,902,667	10,953,399	–	12,856,066
As at December 31, 2022						
Cost	55,095,047	–	25,266,643	19,052,577	–	99,414,267
Accumulated amortisation and impairment	(55,095,047)	–	(23,363,976)	(8,099,178)	–	(86,558,201)
Net book value	–	–	1,902,667	10,953,399	–	12,856,066

Note: Amortisation of intangible assets included HK$2,921,074 for continuing operations for the year ended December 31, 2022 (2021: HK$4,053,095). The remaining amounts are attributable to the discontinued operation.

16 Intangible assets (Continued)

Notes: (Continued)

(a) Goodwill of cash generating unit ("CGU")

Goodwill is attributable to the Australia CGU and Fast Moving Consumer Goods CGU ("FMCG CGU"). FMCG CGU represents the trading of fast moving consumer goods with eCommerce store and export business.

The recoverable amount of Australia CGU and FMCG CGU were determined based on higher of value in use calculations and fair value less cost of disposal. The Australia CGU was disposed effective from April 30, 2022 (Note 13). As at December 31, 2022 and 2021, there was no carrying amount of goodwill included in intangible assets balance as the goodwill arising from prior business combination has been fully impaired in previous period.

Goodwill is allocated to the Group's CGUs in the following:

	Australia CGU HK$	FMCG CHU HK$	Total HK$
At January 1, 2020	12,146,476	6,429,049	18,575,525
Impairment	(13,284,136)	(6,283,075)	(19,567,211)
Currency translation differences	1,137,660	(145,974)	991,686
At December 31, 2020 and January 1, 2021	—	—	—
Exchange differences	—	—	—
At December 31, 2021 and January 1, 2022	—	—	—
Exchange differences	—	—	—
At December 31, 2022	—	—	—

(b) Impairment tests for intangible assets of CGUs

The carrying value of intangible assets other than goodwill is primarily comprised of the following CGUs:

	2022 HK$	2021 HK$
Australia CGU (Note i)		
— Contractual customer relationships	—	—
— Brand name	—	2,320,634
— Software	—	774,945
	—	3,095,579
FMCG CGU (Note ii)		
— Supplier relationships	1,902,667	3,072,138
— Brand name	10,953,399	13,635,514
	12,856,066	16,707,652

(i) Australia CGU

The Australia CGU was disposed effective from April 30, 2022 (Note 13). As at December 31, 2021, since no impairment indicator was identified for the Australia CGU for intangible assets other than goodwill, no detailed impairment assessment to determine the recoverable amount of those assets was considered necessary.

(ii) FMCG CGU

As at December 31, 2022 and 2021, since no impairment indicator was identified for the FMCG CGU for intangible assets other than goodwill, no detailed impairment assessment to determine the recoverable amount of those assets was considered necessary.

(c) Amortisation

A total of amortisation expense of HK$2,921,074 for continuing operations (2021: HK$4,053,095) has been charged to administrative expenses for the year ended December 31, 2022.

17 Subsidiaries

As at December 31, 2022, the principal subsidiaries that the Company has direct and indirect interests are set out below:

Name	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operation	Equity interest held by the Company directly	Equity interest held by the Company indirectly	Particulars of issued share capital/ registered capital
eCargo Enterprise Limited	Hong Kong, limited liability	Provision of eCommerce technologies services in Hong Kong	100%	–	HK$10,000 ordinary share capital
ECG Digital Holdings Limited	British Virgin Islands ("BVI"), limited liability	Investment holdings in Hong Kong	100%	–	50,000 ordinary shares of US$1 each
Jessica's Suitcase Pty Limited	Australia, limited liability	Operating online stores and trading in Australia	100%	–	2,116 ordinary shares of A$51,513
ECG Distribution Holding Limited	BVI, limited liability	Investment holdings in BVI	100%	–	50,000 ordinary shares of US$1 each
ECG Asia Limited	BVI, limited liability	Investment holdings in BVI	100%	–	50,000 ordinary shares of US$1 each
ECG Digital Commerce Limited	Hong Kong, limited liability	Provision of eMarketplace technology services in Hong Kong	–	100%	HK$10,000 ordinary share capital
eCargo (China) Holdings Limited	BVI, limited liability	Investment holdings in BVI	–	100%	1 ordinary share of US$1 each
ECTrade Limited	Hong Kong, limited liability	Provision of eCommerce technologies services in Hong Kong	–	100%	1,000 ordinary shares of HK$1 each
JLE (China) Limited	Hong Kong, limited liability	Investment holdings in Hong Kong	–	100%	HK$100 ordinary share capital
Jessica's Suitcase Co. Limited	Hong Kong, limited liability	Trading in Hong Kong	–	100%	HK$10,000 ordinary share capital
深圳市嘉宏天成貿易發展有限公司	The PRC, limited liability	Provision of eCommerce business services in PRC	–	100%	RMB13,000,000 registered share capital
杰叶商貿(上海)有限公司	The PRC, limited liability	Provision of eCommerce support and marketing services in PRC	–	100%	US$10,000,000 registered share capital
Metcash Export Services Pty Limited	Australia, limited liability	Operating online stores and trading in Australia	–	85% (note)	100 ordinary shares of A$1 each
Metcash Asia Limited	The PRC, limited liability	Provision of eCommerce support and marketing services and trading in PRC	–	85% (note)	RMB9,000,000 registered share capital

17 Subsidiaries (Continued)

Note

ECG acquired 85% interest in Metcash Export Services Pty Limited ("MES") and Metcash Asia Limited ("MAL") (collectively the "MES Group") in February 2019. Management concluded that ECG has effectively control the remaining 15% equity interest of MES Group. Further details are included in Note 31. As such, ECG has not recognised any non-controlling interest in respect of the remaining 15% equity interest legally held by remaining shareholders of MES and ECG has accounted for MES Group as 100% owned in the consolidated financial statements of the Group.

18 Interests in joint ventures

	2022 HK$	2021 HK$
Interests in joint ventures		
Beginning of the year	2,856,736	529,486
Investment in joint ventures (Note a and b)	—	781,170
Share of results from joint ventures	1,213,101	2,791,027
Dividend received from joint ventures	(1,361,722)	(1,244,947)
End of the year	2,708,115	2,856,736

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 holds 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 holds 50% equity interest in Mellow and they jointly control Mellow as the key operating and financial decisions of Mellow required unanimous consent from them.

Name of entity	Principal activity	Place of business	Country of incorporation	% of ownership interest As at 31 December 2022	2021	Measurement method
PJF Wines Limited	Trading of dining wine	Hong Kong	BVI	50%	50%	Equity method
Mellow Asia Limited	Trading of non-psychoactive chemical products	Hong Kong	Hong Kong	50%	50%	Equity method
Asean Business Group Pty Limited ("ABG")	Trading of fast moving consumer goods	Australia	Australia	33.33%	33.33%	Equity method

18 Interests in joint ventures (Continued)

Reconciliation of summarised financial information

Summarised financial information for joint ventures

Set out below is the summarised financial information of the material joint venture as at and for the year ended December 31, 2022 and 2021 which are accounted for using the equity method.

	ABG 2022 HK$	ABG 2021 HK$
Current assets	9,897,195	12,999,660
Current liabilities	(7,874,994)	(6,338,516)
Profit after income tax	4,405,964	8,808,162

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

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

	ABG 2022 HK$	ABG 2021 HK$
Net assets		
Beginning of the year	6,662,491	1,588,617
Profit for the year	4,405,964	8,808,162
Distribution to shareholders	(4,085,166)	(3,734,841)
Currency translation difference	370,884	553
End of the year	7,354,173	6,662,491
Percentage of ownership interest	33.33%	33.33%
Interest in joint ventures	2,451,146	2,220,608

18 Interests in joint ventures (Continued)

Individually immaterial joint ventures

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 year ended December 31, 2022. As at December 31, 2022, the carrying amount of interest in individually immaterial joint ventures that are accounted for using the equity method were approximately HK$381,000 (2021: HK$636,000).

19 Financial instruments by category

ECG holds the following instruments:

	2022 HK$	2021 HK$
Financial assets		
Financial assets at amortised cost		
Trade and other receivables (excluding prepayments)	24,298,560	26,344,651
Amounts due from related parties	8,208,908	4,648,375
Cash and cash equivalents	27,074,136	32,644,769
	59,581,604	63,637,795
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables (excluding non-financial liabilities)	14,820,671	12,381,846
Amounts due to related parties	38,914,788	33,201,689
Shareholder's loan	43,381,467	92,782,809
Bank borrowings	8,944,639	4,589,000
Put option liabilities	7,979,700	8,479,950
Lease liabilities	477,302	2,288,306
	114,518,567	153,723,600

20 Inventories

	2022 HK$	2021 HK$
Finished goods	7,239,712	2,820,453

The cost of inventories recognised as an expense and included in "cost of sales" amounted to HK$70,098,864 (2021: HK$35,189,161).

There was no write down of inventories to net realisable value during the year ended December 31, 2022 (2021: Nil).

21 Trade receivables

	2022 HK$	2021 HK$
Trade receivables	21,383,493	23,168,718
Less: provision for impairment	(369,501)	(963,592)
	21,013,992	22,205,126

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:

	2022 HK$	2021 HK$
1–30 days	11,136,206	12,296,626
31–60 days	2,107,587	4,485,699
61–90 days	2,485,266	3,274,843
Over 90 days	5,284,933	2,147,958
	21,013,992	22,205,126

21 Trade receivables (Continued)

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

The loss allowance decreased by HK$594,091 to HK$369,501 for trade receivables assessed under individual and collective assessments during the current reporting period. ECG does not hold any collateral or other credit enhancements over these balances.

Information about the impairment of trade receivables, ECG's exposure to credit risk and foreign currency risk and details about the calculation of the allowance can be found in Note 3.1.

The carrying amounts of ECG's trade receivables are denominated in the following currencies:

	2022 HK$	2021 HK$
HK$	5,939,130	472,970
RMB	3,262,827	2,405,252
A$	8,115,689	11,343,207
GBP	1,630,622	—
US$	1,953,882	7,846,646
Others	111,842	137,051
	21,013,992	22,205,126

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables mentioned above.

22 Prepayments, deposits and other receivables

	2022 HK$	2021 HK$
Prepayments	262,627	1,519,532
Rental and utilities deposits	2,861,850	2,244,959
Other receivables	422,718	1,894,566
Prepayments, deposits and other receivables	3,547,195	5,659,057
Less: non-current portion		
Deposits	—	(412,619)
Current portion	3,547,195	5,246,438

22 Prepayments, deposits and other receivables (Continued)

Other receivables were neither past due nor impaired and they were interest-free and repayable on demand as at December 31, 2022 and 2021. Management considers that the carrying amounts of deposits and other receivables approximate their fair values.

The carrying amounts of ECG's deposits and other receivables are denominated in the following currencies:

	2022 HK$	2021 HK$
HK$	779,392	809,392
RMB	94,766	594,324
A$	2,410,410	2,735,809
	3,284,568	4,139,525

23 Cash and cash equivalents

Cash and cash equivalents are denominated in the following currencies:

	2022 HK$	2021 HK$
Cash on hand		
HK$	13,455	14,396
RMB	67,900	68,451
	81,355	82,847
Cash at banks		
HK$	407,631	1,098,629
RMB	4,758,286	5,110,800
A$	3,174,995	21,694,691
US$	14,561,475	4,328,530
GBP	3,054,560	—
Others	1,035,834	329,272
	26,992,781	32,561,922
Total	27,074,136	32,644,769

As at December 31, 2022, the amount of cash at banks represented ECG's maximum exposure to credit risk.

The conversion of RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the relevant government authorities.

24 Trade payables, other payables and accruals

	2022 HK$	2021 HK$
Trade payables	3,551,781	3,547,645
Accrued expenses	2,359,657	3,965,552
Accrued employee benefit expenses	1,139,761	3,851,982
Other payables	6,470,030	4,868,649
Other tax payables	1,886,094	—
Other payables and accruals	11,855,542	12,686,183
Less: non-current portion		
Other payables	—	(1,045,861)
	11,855,542	11,640,322
	15,407,323	15,187,967

The carrying amounts of ECG's trade payables, other payables and accruals are denominated in the following currencies:

	2022 HK$	2021 HK$
HK$	7,097,194	3,351,715
RMB	4,433,559	1,687,966
A$	3,583,400	11,113,661
US$	—	80,486
Others	293,170	—
	15,407,323	16,233,828

25 Deferred income tax

	2022 HK$	2021 HK$
At January 1,	(6,016,815)	(6,637,323)
Credited to the consolidated statement of comprehensive income (Note 12)	2,457,783	739,753
Currency translation differences	299,639	(119,245)
Disposal of a subsidiary	(3,092,935)	—
At 31 December	(6,352,328)	(6,016,815)

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

(i) Deferred income tax assets

Movements	Deferred revenue HK$	Accruals & provision HK$	Right-of-use assets HK$	Other HK$	Total HK$
At January 1, 2021	931,962	2,863,785	123,982	449,806	4,369,535
Credited to the consolidated statement of comprehensive income	(487,055)	(1,008,353)	12,102	(313,413)	(1,796,719)
Currency translation differences	(35,331)	(105,518)	(6,771)	(14,941)	(162,561)
At December 31, 2021	409,576	1,749,914	129,313	121,452	2,410,255
At January 1, 2022	409,576	1,749,914	129,313	121,452	2,410,255
Credited to the consolidated statement of comprehensive income	478,279	864,743	151,005	141,818	1,635,845
Disposal of a subsidiary	(854,183)	(2,157,961)	(269,688)	(238,982)	(3,520,814)
Currency translation differences	(33,672)	(114,875)	(10,630)	(24,288)	(183,465)
At December 31, 2022	—	341,821	—	—	341,821

25 Deferred income tax (Continued)
(ii) Deferred income tax liabilities

Movements	Accelerated depreciation and amortisation HK$	Accrued income HK$	Total HK$
At January 1, 2021	(10,194,157)	(812,701)	(11,006,858)
Credited to the consolidated statement of comprehensive income	1,876,695	659,777	2,536,472
Currency translation differences	18,838	24,478	43,316
At December 31, 2021	(8,298,624)	(128,446)	(8,427,070)
At January 1, 2022	(8,298,624)	(128,446)	(8,427,070)
Credited to the consolidated statement of comprehensive income	795,699	26,239	821,938
Disposal of a subsidiary	330,592	97,287	427,879
Currency translation differences	478,184	4,920	483,104
At December 31, 2022	(6,694,149)	—	(6,694,149)

Deferred income tax assets are recognised for tax loss carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

As at December 31, 2022, ECG did not recognise deferred income tax assets of HK$24,871,880 (2021: HK$33,765,192) in respect of accumulated losses amounting to HK$120,587,375 (2021: HK$179,273,164) that can be carried forward against future taxable income. As at December 31, 2022, in respect of the accumulated losses of HK$66,524,195 and HK$7,591,863 arising in Hong Kong and Australia, respectively, does not have any expiry date while the accumulated tax losses of HK$13,324,750, HK$14,549,988, HK$7,117,812 and HK$11,478,767 arising in the PRC will be expired in 2024, 2025, 2026, and 2027.

26 Share capital

	Number of shares	Share capital HK$
As at January 1, 2021, December 31, 2021 and December 31, 2022	615,250,000	427,820,968

27 Notes to the consolidated statement of cash flows

(a) Cash generated from operations for the year comprises:

	2022 HK$	2021 HK$ (Restated)
Profit/(loss) before income tax	3,986,042	(9,793,650)
Adjustments for:		
— Depreciation of property, plant and equipment (Note 15(a))	60,295	56,879
— Depreciation of right-of-use assets (Note 15(b))	647,330	944,108
— Amortisation of intangible assets (Note 16)	2,921,074	4,053,095
— Net foreign exchange losses (Note 10)	341,043	1,339,421
— (Reversal of)/provision for impairment of trade receivables (Note 3.1)	(218,478)	9,137
— Finance income (Note 11)	(47,086)	(10,669)
— Finance expense (Note 11)	1,305,192	2,847,432
— Share of results of joint ventures (Note 18)	(1,213,101)	(2,791,027)
	7,782,311	(3,345,274)
Changes in working capital:		
— Inventories	(4,027,553)	3,468,849
— Trade receivables	(1,590,244)	(7,160,950)
— Prepayments, deposits and other receivables	(2,218,585)	(222,629)
— Trade payables	782,499	(1,162,648)
— Other payables and accruals	5,282,640	(157,684)
— Balances with related parties	3,876,132	(13,296,586)
Cash generate from/(used in) operations	9,887,200	(21,876,922)

27 Notes to the consolidated statement of cash flows (Continued)

(b) Reconciliation of liabilities arising from financial activities

The reconciliation of liabilities arising from financial activities is as follows:

	Shareholder's loan HK$	Leases liabilities HK$	Bank borrowings HK$	Total HK$
Balance as at January 1, 2021	(90,478,810)	(5,743,428)	—	(96,222,238)
Cash flows	—	2,498,230	(4,589,000)	(2,090,770)
Interest accrued	(2,640,662)	(166,599)	—	(2,807,261)
Foreign exchange adjustments	—	(155,123)	—	(155,123)
Lease modification	—	1,278,614	—	1,278,614
Other changes (i)	336,663	—	—	336,663
Balance as at December 31, 2021	(92,782,809)	(2,288,306)	(4,589,000)	(99,660,115)
Cash flows	50,099,950	1,031,372	(3,801,490)	47,329,832
Interest accrued	(698,608)	(52,435)	(554,149)	(1,305,192)
Foreign exchange adjustments	—	115,757	—	115,757
Disposal of a subsidiary	—	716,310	—	716,310
Balance as at December 31, 2022	(43,381,467)	(477,302)	(8,944,639)	(52,803,408)

(i) Other changes include non-cash movements, including accrued interest expense which was settled by non-cash payment.

28 Shareholder's loan

	2022 HK$	2021 HK$
Shareholder's loan	43,381,467	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 March 15, 2017, an addendum agreement was signed to amend the maximum outstanding amount of the loan facility to HK$70 million. On February 14, 2019, another addendum agreement was signed to amend the maximum outstanding amount of the loan facility to HK$100 million (Note 30). As at December 31, 2022, the carrying amount of the shareholder's loan from JL Enterprises Holdings Limited amounted to HK$43,381,467 (2021: HK$92,789,809), representing the outstanding principal amounts and interest accrued thereon.

28 Shareholder's loan (Continued)

For the year ended December 31, 2022, all loan facilities are unsecured and bear interest at 1% (2021: unsecured and bear interest at prime rate quoted from the Hong Kong and Shanghai Banking Corporation Limited). The interest rate is subject to review with shareholder 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 December 31, 2022, ECG and JL Enterprises Holdings Limited mutually agreed that the shareholder's loan is not required to be repaid until March 31, 2024. 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 weighted average interest rate of the shareholder's loan was 1% per annum (2021: 2.8% per annum).

29 Bank Borrowing

	As at December 31, 2022 HK$	As at December 31, 2021 HK$
Current		
Bank borrowing	8,944,639	4,589,000

As at December 31, 2022, the Group's bank borrowing was interest bearing at the Hong Kong Best Lending Rate minus 2.25% per annum (2021: 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 borrowings include a repayable on demand clause and therefore the balance is classified under current liabilities.

29 Bank Borrowing (Continued)

The carrying amount of borrowing approximates to its fair value and is denominated in following currencies:

	2022 HK$	2021 HK$
HK$	8,635,955	4,589,000
A$	92,224	—
GBP	216,460	—
	8,944,639	4,589,000

The weighted average interest rate of the bank borrowing was 2.8% per annum (2021: 2.3% per annum).

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

	As at December 31, 2022 HK$	As at December 31, 2021 HK$
Within 1 year	1,669,886	915,357
Between 1 and 2 years	1,804,647	1,125,933
Between 2 and 5 years	3,534,433	2,547,710
Over 5 years	1,935,673	—
	8,944,639	4,589,000

The bank borrowing does not have any terms of financial covenant.

30 Related party transactions

JL Enterprise Holdings 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
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

30 Related party transactions (Continued)

The following transactions were carried out with related parties:

		2022 HK$	2021 HK$
(a)	Revenue — note (i)		
	Sales of goods:		
	— Asean Business Group Pty Limited	136,469	—
	— Dreamtown International Ltd	3,919,693	—
	— PJF Wines (HK) limited	61,849	—
	Sales of software development services:		
	— Cargo Services Far East Limited	2,400,000	2,400,000
	IT Consultancy revenue:		
	— Cargo Services Far East Limited	2,087,828	2,851,970
	Service income:		
	— Dreamtown International Ltd	1,641,207	—
	Management Income:		
	— PJF Wines (HK) Limited	2,137,268	28,078
(b)	Expenses — note (i)		
	Purchase of outsourced labour services:		
	— Cargo Services Far East Limited	600,000	600,000
	Purchases of outsourced import, storage, and courier fulfillment services:		
	— Cargo Service (China) Limited	1,577,215	3,389,465
	— CN Logistics Limited	—	148,830
	Lease payment/rental expense:		
	— Cargo Services Far East Limited	147,485	130,752

(c) Key Management compensation — note (ii)

Details of the Key Management compensation are disclosed in Note 9 to this consolidated financial statement.

30 Related party transactions (Continued)

(d) Balances with related parties

	2022 HK$	2021 HK$
Amounts due from related parties — note (iii)		
— Allport Cargo Services Limited	549,455	486,828
— PJF Wines (HK) Limited	1,770,504	1,498,830
— 深圳市看我商貿服務有限公司	2,659,427	2,655,997
— 深圳市一全通電子商務有限公司	1,727	6,720
— CN Logistics Limited (HK)	2,950,269	—
— Asean Business Group Pty Limited	77,632	—
— Mellow Asia Limited	199,894	—
	8,208,908	4,648,375
Amounts due to related parties (current) — note (iii)		
— Cargo Services Far East Limited	(8,189,986)	(184,211)
— Cargo Services (China) Limited	(9,180,847)	(23,400,637)
— CN Logistics Limited (HK)	—	(55,163)
— CS China Logistics Limited	(685,297)	(717,922)
— Dreamtown International Ltd	(2,539,708)	(4,430,549)
	(20,595,838)	(28,788,482)
Amounts due to related parties (non- current) — note (iv and v)		
— EC-GO eCommerce Limited	(4,413,207)	(4,413,207)
— Cargo Services (China) Limited	(13,905,743)	—
	(18,318,950)	(4,413,207)
	(38,914,788)	(33,201,689)

30 Related party transactions (Continued)

(e) Shareholder's loan

	Total HK$
At January 1, 2021	90,478,810
Interest charged	2,303,999
At December 31, 2021	92,782,809
At January 1, 2022	92,782,809
Interest charged	698,608
Repayment	(50,099,950)
At December 31, 2022	43,381,467

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 sale or 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 December 31, 2022 for which ECG and EC-GO mutually agreed that the amount is not required to be repaid in the next twenty-four months from the reporting date.

(v) The amount of HK$13,905,743 due to Cargo Services (China) Limited ("Cargo Services") was classified as a non-current liability as at December 31, 2022 for which ECG and Cargo Services mutually agreed that the amount is not required to be repaid in the next twenty-four months from the reporting date.

31 Put option liabilities

On February 25, 2019, ECG acquired 85% interest in MES Group. In connection with the acquisition, a put option to sell the remaining 15% equity interest in MES Group was granted to Metcash Limited ("Metcash"), the original shareholders. Metcash may exercise the put option at any time on and from the date that is 18 months after the completion date. The put option has no expiry date.

Management has recognised the put option as a financial liability in the statement of financial position as a reduction of equity attributable to non-controlling interest and accounted for MES Group as 100% owned since the date of acquisition. As such, ECG has not recognised any non-controlling interest in respect of the remaining 15% equity interest legally held by Metcash.

The exercise price of the put option is at a fixed price plus 15% of the consolidated net assets value of Metcash Export Services Pty Ltd and Metcash Asia Limited at the acquisition date. It is recognised as a financial liability in the statement of financial position and carried at amortised cost.

32 Statement of financial position and reserve movement of the Company

	Note	2022 HK$	2021 HK$
Assets			
Non-current assets			
Investments in subsidiaries		30,357,562	30,357,562
		30,357,562	30,357,562
Current assets			
Amounts due from related parties		29,437	1,170
Cash and cash equivalents		3,569	4,229
		33,006	5,399
Total assets		30,390,568	30,362,961
Equity			
Equity attributable to owners of the Company			
Share capital		427,820,968	427,820,968
Accumulated losses	a	(497,346,865)	(495,278,796)
Total deficit		(69,525,897)	(67,457,828)
Liabilities			
Non-current liability			
Shareholder's loan		43,381,467	92,782,809
Current liabilities			
Amounts due to subsidiaries		56,199,904	3,429,811
Amounts due to related parties		—	1,244,948
Other payables and accruals		335,094	363,221
		56,534,998	5,037,980
Total liabilities		99,916,465	97,820,789
Total deficit and liabilities		30,390,568	30,362,961

Approved by the Board of Directors on March 29, 2023 and were signed on its behalf by:

Mr. John Lau
Executive Chairman

Mr. Yuming Zou
Independent Non-Executive Director

32 Statement of financial position and reserve movement of the Company (Continued)

Note:

(a) Reserve movement of the Company

	Accumulated losses HK$
As at January 1, 2021	(489,382,770)
Loss for the year	(5,896,026)
As at December 31, 2021 and January 1, 2022	(495,278,796)
Loss for the year	(2,068,069)
As at December 31, 2022	(497,346,865)

ASX Additional Information

Issued Capital

As at March 20, 2023, the Company has 615,250,000 ordinary fully paid shares on issue, of which 615,250,000 are held by Chess Depositary Nominees Pty Ltd ("CDN"). CDN has issued 615,250,000 CHESS Depositary Interests ("CDIs") in relation to these shares.

There is no shares/CDIs currently under trading restriction.

CDN holds the legal title to shares on behalf of holders of CHESS Depositary Receipts. Pursuant to the ASX Settlement Operating Rules, CDI holders receive all of the economic benefits of actual ownership of the underlying shares.

CDIs are traded in a manner similar to shares of Australian companies listed on ASX. CDIs will be held in uncertificated form and settled/transferred through CHESS. No share certificates will be issued to CDI holders. Shareholders cannot trade their Shares on ASX without first converting their Shares into CDIs.

There is no on-market buyback currently in place.

Substantial Shareholders

The substantial holders of CDIs are the following CDI holders listed below who have notified the Company that they are a substantial holder under the Corporations Act 2001 in Australia. In general, under the Corporations Act (Australia), a person who holds a relevant interest in shares/CDIs of more than 5% of the Company's issued share capital is a substantial holder.

Holder	No of Shares/CDIs	% of issued capital
JL ENTERPRISES HOLDINGS LIMITED, EC-GO ECOMMERCE LIMITED AND MR JOHN LAU	347,652,460	56.51%
JLJ ENTERPRISES LIMITED	61,371,971	9.98%
MR LAWRENCE WAI-LAM LUN	49,220,000	8.00%

Top 20 shares/CDI Holders as at March 20, 2023.

Rank	Name	Total Units	% Issued Capital
1	JL ENTERPRISES HOLDINGS LTD	323,717,640	52.62%
2	JLJ ENTERPRISES LIMITED	61,371,971	9.98%
3	MR LAWRENCE WAI-LAM LUN	49,220,000	8.00%
4	EC-GO ECOMMERCE LIMITED	23,934,820	3.89%
5	MS YIWEN ZHANG	22,552,994	3.67%
6	TYCOON SMART LIMITED	17,500,000	2.84%
7	CASTLE GIANT HOLDINGS LIMITED	12,500,000	2.03%
8	TIGER WEALTH GLOBAL LIMITED	12,500,000	2.03%
9	MUTUAL TRUST PTY LTD	10,000,000	1.63%
10	GARDIOLE PTY LTD THE RH MYER SUPER FUND	9,000,000	1.46%
11	CHRISTOPHER LAU	8,142,460	1.32%
12	INVESTORLINK SECURITIES LTD	5,947,543	0.97%
13	E100 LIMITED	5,000,000	0.81%
14	VENICS PTY LTD	4,660,000	0.76%
15	EXCEL PAN VENTURES LIMITED	3,500,000	0.57%
16	INVESTORLINK DIRECT PORTFOLIO PTY LIMITED	3,375,418	0.55%
17	BNP PARIBAS NOMINEES PTY LTD	3,335,450	0.54%
18	MR LAWRENCE BRUCE SHERLOCK	2,148,150	0.35%
19	INSPIRING FUTURE LIMITED	2,022,000	0.33%
20	VENSUP PTY LTD	1,620,000	0.26%
Total Top 20 Holders		582,048,446	94.61%
Total Remaining Holders Balance		33,201,554	5.39%

Distribution of Shareholders/CDI holders

There were 616 shareholders/CDI holders at March 20, 2023. Each Shareholder/CDI holder is entitled to one vote for each security held.

Range	Total Holders	Units	% of issued capital
1–1,000	41	7,891	0.00%
1,001–5,000	170	555,437	0.09%
5,001–10,000	84	733,381	0.12%
10,001–100,000	233	8,610,467	1.40%
Over 100,000	88	605,342,824	98.39%
Totals	616	615,250,000	100.00%

There were 296 CDI holders who hold less than a marketable parcel as at March 20, 2023.

Voting Rights

The voting rights are that each CDI holder is entitled to 1 vote per CDI at a meeting of members, provided that a CDI Holder undertakes the following steps.

1. Instructing CDN as the legal owner to vote the shares underlying in a particular manner. A voting instruction form will be sent to CDI holders with the notice of meeting and this must be completed and returned to the share registry prior to the meeting.

2. Informing the Company that they wish to nominate themselves or another person to be appointed as CDN's proxy with respect to their shares underlying the CDIS for the purposes of attending and voting at the general meeting or;

3. Converting their CDIs into a holding of these shares and voting these shares at the meeting.

The Company's Place of Incorporation

As the Company is incorporated in Hong Kong and not established in Australia, its corporate activities (apart from the offering of securities in Australia) are not regulated by the Corporations Act of the Commonwealth of Australia or by the Australian Securities and Investments Commission but instead are regulated by the Hong Kong Companies Ordinance and the Hong Kong Securities and Futures Commission. The Company is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act 2001 in Australia.

The following information is provided on an annual basis to comply with the conditions on listing on ASX.

Takeovers

The Hong Kong Code on Takeovers and Mergers (the "Takeovers Code") regulates takeovers and mergers in Hong Kong and applies to public companies in Hong Kong. The Takeovers Code provides that when a person, or two or more persons acting in concert collectively:

- acquire 30% or more of the voting rights of a company; or
- hold not less than 30% but not more than 50% of the voting rights of the company and acquires more than 2% of the voting rights of a company from the lowest percentage holding of that person or persons collectively within a 12 month period,

then a general offer must be made to all other shareholders of the company.

Compulsory Acquisition

Part 13 of the Hong Kong Companies Ordinance sets out the right to buy out minority shareholders. If within four months of making an offer to buy shares, a company has acquired 90% in value of the shares, the acquiring company may give notice to the remaining shareholders that it desires to acquire their shares. Provided that notice is given within five months of the original offer, the acquiring company is entitled and bound to acquire those shares on the same terms as the offer.

Substantial Share/CDI Holder notices

Part XV of the Hong Kong Securities and Futures Ordinance requires the disclosure by substantial shareholders, directors, shadow directors and chief executives of a listed corporation (collectively "Corporate Insiders") of their interests in the securities of a listed corporation when their interests reach the notifiable percentage level. The notifiable percentage level is an interest in shares of an aggregate nominal value of 5% or more of the relevant shares in the listed corporation.

Corporate Directory

eCargo Holdings Limited

ARBN: 601 083 069

Hong Kong Company Registration Number: 2088880

Registered Office — Hong Kong

13103N ATL Logistics Centre B
3 Kwai Chung Container Terminals
New Territories, Hong Kong
Phone: +852 2481 8308

Correspondence Address in Australia

BDO Services Pty Ltd
GPO Box 457,
Brisbane, QLD 4001

Share/CDI Registry

Link Market Services Limited
Level 12, 680 George Street,
Sydney, New South Wales 2000, Australia
Phone: +61 (02) 8280 7100

Company Secretary

Irene Yip

Stock Exchange Listing

eCargo Holdings Limited,
CDIs are listed on the Australian Securities Exchange (ASX)

Website

www.eCargo.com

LinkedIn

https://www.linkedin.com/company/ecargo-group/

eCargo

your eCommerce Partner