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2016
ANNUAL REPORT





ABOUT ECG



ECG is a China-based eCommerce technology and specialist execution group of companies, with operating companies in China and Australia trading under the eCargo and Amblique brands, providing on-demand digital commerce technology development and related execution capabilities for retailers and fashion brands.

eCargo acts as a "one-stop" enabling partner for designer fashion, branded apparel and retail companies seeking to sell their products online in China, Australia and South-east Asia by providing integrated online and offline technology and supply chain solutions. Amblique is a leading digital commerce consultancy, providing retail strategy, eCommerce platform implementation and optimisation services in Australia and New Zealand.

ECG connects consumers with brands online and offline through the development and marketing of eCommerce platforms, brand site transactional platforms and major marketplace platforms in China and in the region.

"The continuation of development of processes and technologies will make ECG scalable in providing best-in-class services to the international brands and merchants."

***Mr. John Lau,
Executive Chairman***

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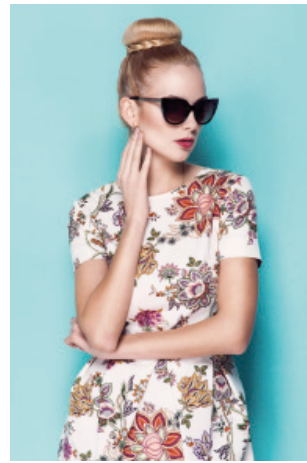
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Selected financial data translated into Australian dollars

The financial statements and numbers for eCargo Holdings Limited (the "Company") and its subsidiaries (collectively "ECG") presented in this document are expressed in Hong Kong dollars ("HK\$"). The financial data of investment in WWE has been translated into Australian dollars ("A\$") for reference purposes only, and may not present the Company and ECG's financial position or performance in a fair manner.

Highlights 2016



Highlights 2016

- Established a new strategic business to invest in the development of social mobile shopping applications and platforms focused on the China market, through a joint venture with Walton Brown Group, a company of The Lane Crawford Joyce Group and The Wharf (Holdings) Limited (SEHK:0004), market leaders in luxury retail and premier shopping malls in China and Hong Kong
- Continuous development of best-in-class technologies and people to support and enhance online store operations of merchants
- Solid momentum in expanding the client portfolio of international brands and merchants
- Well positioned to tap into the growing China's eCommerce market

Revenue

HK\$124.5
million

Gross Profit

HK\$62.2
million

Chairman and CEO Statement



CREATING

THE IMPOSSIBLE 創造 無限可能

China eCommerce Market:

Untapped potential
opportunity for international
retailers and merchants
for further growth.

Dear Shareholders,

On behalf of the Board of Directors (the "Board"), we are pleased to report that eCargo Holdings Limited (the "Company") and its subsidiaries, collectively "ECG", reported a revenue of Hong Kong Dollar ("HK\$") 124.5 million for the year ended December 31, 2016.

As a relative young company with only 3 years of history, we are proud to have established the "one-stop" comprehensive menu of eCommerce enabling services that our ECG companies are able to offer. We will continue to invest in infrastructure, human capital resources and IT technologies to offer the best solutions for our international portfolio of clients for their planned entry to the eCommerce market of China.

With the continuous strong growth of eCommerce retailing market in China, it is undeniable that international brands want to tap into the China market. Since its establishment, ECG has been focusing on bringing merchants to the more common marketplaces. Whilst these established marketplaces are

important for brand exposure, it is now considered that the strategy will have to extend to omni-channels of eCommerce in China, together with the development of their own brand sites with full autonomy on pricing strategy, and ride on the wave of social media. Omni-channel offerings, state-of-the-art brand-site implementation and digital marketing, with an international mindset on brand-building, are the main pillars of ECG's direction for international brands coming to China.

Financial performance

ECG reported a net loss of HK\$87.7 million (2015: HK\$52.9 million loss) and a loss before interest, tax, depreciation and amortisation ("EBITDA loss") of HK\$52.7 million (2015: HK\$37.3 million loss), excluding impairment on and results from associates for the year ended December 31, 2016.

Consolidated revenue for the year increased moderately to HK\$124.5 million (2015: HK\$118.1 million) of which HK\$52.6 million (2015: HK\$58.3 million) was attributable to eCommerce-enabling business and HK\$71.9 million (2015: HK\$59.8 million) contributed by Amblique business, our operations in Australia.

The fall in eCommerce-enabling business revenue was mainly due to the decrease in eFulfillment revenue as several clients of lower profit margin were terminated. This decrease was partially offset by the more-than-double increase in both eOperations and eStudio revenues. Whilst many

of the online stores operated by eOperations are still in their early years, we had already seen the growth momentum and the receptiveness of Chinese consumers to these international merchants. The growth of eOperations and the ancillary eStudio services is evidence of the success of our strategy of bringing international brands into China's eCommerce consumer market.

Amblique's revenue increased by 20% over the year yet gross profit margin decreased from 75% to 59%. This was caused by a drop in new business revenues from website development and implementation which would normally command a higher margin. On the other hand, its business on the maintenance of websites had continued to grow.

During the year, ECG had been successful in establishing a significant portfolio of Australian and international Brands and Merchants on its platforms and services. These include a number of leading Brands such as Ted Baker (U.K.), Juicy Couture (U.S.A.), Fortnum and Mason (U.K.), Lottusse (Spain), Noberasco (Italy), Caprilac (ANZ), Surfstitch (ANZ) and Spanish Post.

Increased net losses by comparing with previous year was mainly attributable to (i) Amblique business turning from net profit of HK\$4.2 million to net loss of HK\$9.2 million this year due to less-than-expected new website development and implementation contracts concluded; (ii) more resources having been invested in

personnel for the eCommerce-enabling business of approximately HK\$10 million; and (iii) increase in amortisation expense due to the reduction of the remaining useful life of key software intangible assets to benchmark similar software solutions available in the market.

The Company did not propose any dividend distribution or buy back during the year.

Evolving our strategy

ECG aims to increase Shareholders' value through sustainable business growth, with our vision to be a "one-stop" eCommerce enabler and business partner for designer Brands, retailers, and branded manufacturers which wish to develop or further enhance their eCommerce businesses and help consumers and businesses buy and sell globally. We believe that the aforementioned long-term strategy is our cornerstone to maintain sustainable results in the future.

Along with investing in infrastructure, human capital resources and IT technologies for our eCommerce-enabling business, ECG has continued its strategy of exploring potential opportunities that could create synergies with its existing businesses and bringing long-term value to ECG and its shareholders.

Following its acquisition in 2015 of Amblique, in August 2016, ECG partnered with Walton Brown (Hong Kong) Limited, a company of The Lane Crawford Joyce Group, and a subsidiary of The Wharf (Holdings) Limited

(SEHK:0004), to form WWE & Company (BVI) Limited ("WWE"), an investment entity, to pursue investment opportunities in the development of social mobile shopping technologies in China. WWE has invested in MyMM Holdings Limited ("MyMM"), which aims to develop a leading social shopping, fashion eCommerce platform in China, targeting the burgeoning Chinese fashion-conscious consumers. WWE is initially funded with RMB300 million A\$58.5 million, of which RMB60 million A\$11.7 million was invested by ECG, for an effective interest of 20%. Official launch of MyMM is expected in the third-quarter of 2017.

With Chinese consumers continue to show a growing appetite for shopping and consumption on mobile devices through the use of Apps in a social environment, we have the ambition for MyMM to satisfy this growing demand, especially in fashion, by bringing a new online shopping experience to consumers in China, with the vision to "Empower People in China in Fashion Online".

Looking forward

Online retailing ("eTailing") continues to grow rapidly in China. According to iResearch¹, China's 2016 eCommerce GMV increased 23% comparing with 2015, and is expected to continue at double-digit growth in the immediate years to come. Nielsen's survey in 2016



says Chinese online consumers are changing their spending preference towards qualitative and experiential items and being less price-sensitive, which has been the driving force for cross-border transactions over China's eCommerce market. This trend compliments rightly ECG's direction of bridging China and overseas to connect quality international brands with the Chinese consumers.

ECG will continue to develop its best-in-class technologies and people to support and enhance online store operations of Merchants, in order to position ECG as a world-class "one-stop" business enabler and solutions provider in the eCommerce market.

We are confident of longer-term success, helping our clients to develop their brands in the China market as well as within the region, and bringing the convenient online shopping experience to consumers with diversified choices of high quality products.

On behalf of ECG, we would like thank the Board of Directors, the management and every member of our committed staff for their dedication and hard work, and our Shareholders and Stakeholders for their continued confidence and support. We look forward to seeing you at our upcoming Annual General Meeting.

A stylized, handwritten signature in black ink, consisting of several fluid, connected strokes.

Mr. John Lau
Executive Chairman
eCargo Holdings Limited

A stylized, handwritten signature in black ink, featuring a large, prominent loop at the beginning followed by several fluid strokes.

Mr. Christopher Lau
Chief Executive Officer
eCargo Holdings Limited

¹ China's eCommerce GMV Surpassed 20 Trillion Yuan in 2016 - iResearch, February, 2017

Board of Directors and Executive Team



The Board of Directors (the “Board”) currently consists of five Directors, comprising two Executive Directors and three Independent Non-Executive Directors.

The Board of the Company has broad experience in the 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 and 14.5, 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; and there must be an election of Director every year, even though none of the Director’s appointment reached 3 years.

In accordance with the Company’s Articles of Association Clause 24, one third of the Directors must retire from every subsequent Annual General Meeting and the number of Director rotation should be nearest to one third.

Mr. John Lau and Mr. Heath Zarin shall be retired 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	June 3, 2015
Mr. Christopher Lau	Chief Executive Officer, Executive Director	Non-independent	May 23, 2016
Mr. Rupert Myer AO	Non-Executive Director	Independent	June 3, 2015
Mr. Christopher Ryan	Non-Executive Director	Independent	May 23, 2016
Mr. Heath Zarin	Non-Executive Director	Independent	June 3, 2015



Mr. John Lau

– Executive Chairman

Mr. John Lau is the Executive Chairman, founder and Executive Director of the Company. He is Chairman and founder of the Company's major shareholder, JL Enterprises Holdings Limited ("JL Enterprises"). He is Group Managing Director and founder of ECG's strategic investor, CS Logistics Holdings Limited ("CS Logistics"). He is 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 Managing Director and founder of Xin Hai Hua Enterprises.

Mr. John Lau brings more than 40 years of experience in trading, shipping and logistics in China. Over the years, he cooperated successfully with major financial sponsors in Asia such as Prudential Asia and HSBC Principal Investments. His pursuit for excellence in providing professional services is well known and acknowledged by many major retailers and brands worldwide.

Mr. John Lau founded Cargo Services in 1990 as an ocean freight non-vessel operating cargo carrier. He has 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.

Mr. John Lau founded Midstream Holdings Limited ("MHL") in 1995. He was Managing Director of MHL from 1995 to 1997. MHL was acquired by Hutchison Port Holdings in 1997.

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

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

Mr. John Lau holds a Bachelor of Arts in Economics 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.

Mr. John Lau is a member of the People's Consultative Conference in Nanjing. He was a non-executive director of Golden Eagle Retail Group (SEHK: 3308) from 1999 when it was first listed on the Hong Kong Exchange until 2011.



Mr. Christopher Lau
– Chief Executive Officer

Mr. Christopher Lau is Chief Executive Officer, founder and Executive Director of the Company. He is a co-founder of eComLock.com, an alternative last mile delivery solution in China operating in Shenzhen.

Mr. Christopher Lau brings more than 7 years of experience in international retail supply chain and logistics management having worked closely with many major retailers in Australia and the United Kingdom in the development of their global

supply chains including the setup of eCommerce operations in China, sourcing offices and QC facilities.

Mr. Christopher Lau was the Group Assistant Managing Director and an Executive Director at Cargo Services from 2006 to 2012. At Cargo Services, he founded the GAM business in 2007.

Mr. Christopher Lau was instrumental in the transformation of Cargo Services to become the leading integrated retail supply chain solutions service provider in Hong Kong, contributed significantly in the development and implementation of the LIMA® platforms for many retail brands and was involved in the acquisition of Allport Limited together with HSBC's strategic investment in CS Logistics in 2010. He was an Executive Director of CS Logistics from 2010 to 2012.

Mr. Christopher Lau holds a Bachelor of Science in Accounting and Finance from the Leonard Stern School of Business at New York University. He spent several years with Ernst and Young LLP and Deutsche Bank in New York working in audit, structured products and fixed income. He is an Honorary Member since 2012 of the Court at the Hong Kong Baptist University. He is a member of the fundraising committee of the Dragon Foundation, a non-profit organisation in Hong Kong.



Mr. Rupert Myer AO
– Independent Non-Executive Director

Mr. Rupert Myer AO is Director of Healthscope Limited and Amcil Limited. He serves as Chairman of Nuco Pty Ltd and as a director of The Myer Family Investments Pty Ltd. He is Chair of the Commonwealth Government's Australia Council for the Arts.

Since 1986, Mr. Rupert Myer AO has served as a Non-Executive Board member on a diverse range of organizations including listed and unlisted public companies, private companies, community sector organisations, State and Commonwealth Government Boards and philanthropic foundations. Industries and sectors have included retailing, funds management, financial services, visual and performing arts, indigenous affairs, philanthropy and youth employment.

Mr. Rupert Myer AO's experience as a Director has included IPO listings, rights issues, special purchase plans, dividend re-investment plans and major re-financings. He has served both as Chair and as a member of Audit and Finance Committees,

Remuneration and Nominations Committees and Strategy Committees.

Mr. Rupert Myer AO is currently a member of the University of Melbourne Faculty of Business and Economics Advisory Board and Foundation, a board member of Jawun – Indigenous Corporate Partnerships, the Yulgilbar Foundation and a member of the Felton Bequests' Committee.

Mr. Rupert Myer AO holds a Master of Arts from Cambridge University and a Bachelor of Commerce with Honours from the Melbourne University. He is a fellow of the Australian Institute of Company Directors.



Mr. Christopher Ryan
– Independent Non-Executive Director

Mr. Christopher Ryan is an Executive Director of Investorlink Group Limited, a Sydney-based corporate finance and advisory firm.

Mr. Christopher Ryan is Chairman of ASX listed company TTG Fintech Limited. He is also a non-executive director of ASX listed companies Propertylink (Holdings) Limited, and 99 Wuxian Limited.

Mr. Christopher Ryan either chairs or is a member of these companies' Remuneration and Nomination, Audit, and Risk Management Committees.

Mr. Christopher Ryan has acted as lead adviser in corporate acquisitions and divestments of large Australian and foreign companies over a 25 year period.

Mr. Christopher Ryan has advised on ASX listings since 1986.

Mr. Christopher Ryan holds a Bachelor of Financial Administration from the University of New England and is a Fellow of the Institute of Chartered Accountants in Australia.



Mr. Heath Zarin
– Independent Non-Executive Director

Mr. Heath Zarin is Managing Director and founder of EmergeVest, a Hong Kong based private equity firm.

Mr. Heath Zarin was previously Managing Director and Head of Principal Investments, Asia-Pacific, for HSBC, with responsibility for Asian proprietary private investment

activities. Previously, he founded and ran Emergent Investment Group ("EIG"), a Hong Kong-based private investment firm. Prior to founding EIG, Mr. Heath Zarin held a series of senior executive roles at Credit Suisse, including forming and managing its Asian private equity business.

Mr. Heath Zarin practiced corporate law with Schulte Roth & Zabel LLP in New York, where he formed and advised hedge funds and private equity funds. Mr. Heath Zarin's current and previous board service includes companies across Asia, Europe and North America, in diverse manufacturing and service industries. He currently serves as Chairman of Allport Cargo Services, Palletforce, NFT Distribution and Adjuno, as well as non-executive director of CS Logistics and JD United.

Mr. Heath Zarin holds a Juris Doctor from the Fordham University School of Law and graduated from the State University of New York at Binghamton. He is CFA, CMT and CAIA charterholder and has completed Certificate programs at Harvard Business School.



EXECUTIVE TEAM

Mr. Garnok Cheung – Chief Financial Officer

Mr. Garnok Cheung was an experience financial professional, he brings a depth of knowledge and leadership experience across all aspects of financial in multinational corporations. Over the last 18 years, he has held various senior executive roles in finance and accounting, auditing, corporate governance, mergers and acquisitions across various industries including properties, hotel, ports, constructions, research and development.

Prior to his appointment to ECG, Mr. Garnok Cheung was the Chief Financial Officer at ITC Corporation Limited (SEHK: 0372). He started his career with the Hong Kong office of

Deloitte Touche Tohmatsu and continued at the Hong Kong and New York offices of PricewaterhouseCoopers, accumulating over 7 years of experience with international Big 4 accounting firms.

Mr. Garnok Cheung received his Bachelor degree in Finance from the University of Hong Kong in 1998. He is a Certified Public Accountant and also a Chartered Global Management Accountant.

Mr. Justus Wilde – Chief Strategy Officer

Mr. Justus Wilde is a successful entrepreneur and digital commerce pioneer in Australia, who brings more than 17 years of experience in online and digital commerce. He joins ECG from

Amblique, where he was the Founder, Principal Shareholder and Strategy Director.

Mr. Justus Wilde founded Amblique in 1999 and led it to become Australia's largest full service eCommerce consultancy company and largest Demandware specialist in the region. In 2012, he successfully negotiated a 40% investment in Amblique by STW Communications Group Limited (ASX:SGN). Amblique became a fully-owned subsidiary of ECG in February 2015.

Mr. Justus Wilde is an experienced digital commerce and omni-channel retail strategist. He has worked with numbers of leading Australian retailers to design, build



and implement successful omni-channel operations. During the past 17 years, he has led or been involved in delivering over 400 projects for brand principals such as Cotton On, Michael Hill, Apparel Group, Retail Apparel Group and Matt Blatt to name a few.

Mr. Justus Wilde possesses a strong background in digital strategy, eCommerce data analytics, internet related software engineering and business analysis.

Mr. Lawrence Lun
– Chief Commercial Officer

Mr. Lawrence Lun joined ECG in February 2015. He is an active entrepreneur who has

operated multiple businesses prior to joining ECG. He was co-Founder of Zingly, a Social Visual Engagement Platform that enables brands to make better use of their User Generated Photos from Social Media Platforms to help increase conversion rates. He is responsible for leading the Business Development, Account Management and Digital Marketing Function of ECG. Prior to starting his company, he was an Institutional Sales Manager covering Europe and Asia based investors at Value Partners Limited, a Hong Kong Asset Management firm. He has also been in roles at J.P. Morgan and Loblaw's Companies Limited.

Mr. Lawrence Lun received his Bachelor degree in Business Administration with specialisations in Strategic Management and Finance from the Schulich School of Business at York University in Canada.



Corporate Governance Report



The Board had approved and is pleased to present this corporate governance report for the year ended December 31, 2016.

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 Principles and Recommendations.

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 is strictly comply with the continuous disclosure requirements of the Listing Rules and the Company 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 financial year ended December 31, 2016.

The Board recognized the benefit arise from achieving various forms of diversity and will continue 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.

Job level	Male	Female
Board of Directors	100%	0%
Management	69%	31%
All employees	47%	53%

* 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 the ASX Corporate Governance Council, Corporate Governance Principles and Recommendations, 3rd Edition (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 five Directors serving on the Board, including two Executive Director ("ED") and three Independent Non-Executive Director ("INED"). The biographies detail of each Director are included in the "Board of Directors and Executive Team" section of this Annual Report.

There were more than four meetings of the Board and the Committee held during the year ended December 31, 2016.

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	4/4	N/A	N/A	1/1
Mr. Christopher Lau	ED	4/4	N/A	N/A	1/1
Mr. Rupert Myer AO	INED	4/4	5/5	4/4	1/1
Mr. Christopher Ryan	INED	4/4	5/5	4/4	1/1
Mr. Heath Zarin	INED	3/4	5/5	4/4	0/1

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) 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. Rupert Myer AO (Chairman) Mr. Heath Zarin Mr. Chris Ryan
Nomination and Remuneration Committee	<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • 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. <p>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.</p> <p>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.</p>	Mr. Heath Zarin (Chairman) Mr. Rupert Myer AO Mr. Chris Ryan



ASX CORPORATE GOVERNANCE PRINCIPLES

The Board has evaluated the current corporate governance policies and practices in light of the ASX Corporate Governance Principles.

The Board considers that the Company generally complies with the ASX Corporate Governance Principles and, where the Company does not comply, this is primarily due to the current relative size of the Company and scale of its current operations. Comments on compliance and departures are set out below.

Principles/ recommendations	Does the Company comply?	Particulars of compliance & if not why not
Principle 1 – Lay solid foundations for management and oversight		
Recommendation 1.1: Companies should disclose: <ul style="list-style-type: none"> the respective roles and responsibilities of its Board and management; and those matters expressly reserved to the Board and those delegated to management. 	Complies	<p>The Board's responsibilities are contained in the Company's Board Charter. The Company's Board Charter is contained in the Corporate Governance Plan.</p> <p>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.</p>
Recommendation 1.2: Companies should: <ul style="list-style-type: none"> undertake appropriate checks before appointing a person, or putting forward to security holders a candidate 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. 	Complies	<p>The Board's responsibilities in relation to Director appointments are contained in the Company's Board Charter. The Company's Board Charter is contained in the Corporate Governance Plan. Appropriate checks, including bankruptcy checks and police checks are part of the listing process.</p> <p>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.</p> <p>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.</p>

Recommendation 1.3: Companies should have a written agreement with each Director and senior executive setting out the terms of their appointment.	Complies	The Company has entered into such agreements with each Director and senior executive.
Recommendation 1.4: The Company Secretary must be directly accountable to the Board, through the chair on all matters to do with the proper functioning of the Board.	Complies	The Company Secretary is accountable directly to the Board, through the Chairman, 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.
Recommendation 1.5: Companies should: <ul style="list-style-type: none"> • have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; • disclose that policy or a summary of it; and • disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them. 	Complies	<p>The Board has established a Diversity Policy. The Diversity Policy is contained in the Corporate Governance Plan.</p> <p>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 financial year ended December 31, 2016. However, the Board recognized the benefit arise from achieving various forms of diversity and will continues to evaluate the setting of objectives on workplace diversity.</p>
Recommendation 1.6: Companies should: <ul style="list-style-type: none"> • have and disclose a process for periodically evaluating the performance of the board, its committees and individual Directors; and • disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	Complies	<p>The Board has established these processes. A summary of the processes are set out below.</p> <p>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.</p> <p>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.</p>

Recommendation 1.7:

Companies should:

- have and disclose a process for periodically evaluating the performance of its senior executives; and
- disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Complies

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 meets 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.

Principle 2 – Structure the Board to add value

Recommendation 2.1:

The Board should establish a nomination committee which

- consists of a majority of independent Directors;
- is chaired by an independent chair; and
- has at least three members.

The board must disclose the charter of the committee, the members of the committee, the number of times the committee has met throughout a reporting period and the individual attendances of the members at those meetings.

Complies

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. The Company's Nomination and Remuneration Committee Charter is contained in the Corporate Governance Plan.

The Nomination and Remuneration Committee is chaired by Mr. Heath Zarin, an independent Director, and consists three non-executive Directors. Of these members, all are independent Non-Executive Directors, namely, Mr. Heath Zarin, Mr. Rupert Myer AO and Mr. Christopher Ryan.

For the individual attendances, please refer to "Composition of the Board, number of the Board meetings and Directors Attendance" section of this report.

Recommendation 2.2: Companies 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.	Complies	<p>The Board maintains a Board Skills Matrix of the current Directors of the Board, The Company's Board Skills Matrix is contained in the Board Charter which is contained in the Corporate Governance Plan.</p>
Recommendation 2.3: Companies should disclose: <ul style="list-style-type: none">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 (Factors relevant to assessing the independence of a Director) but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; andthe length of service of each Director.	Complies	<p>Currently the Board consists of five members, of which three are independent Non-Executive Directors, namely, Mr. Rupert Myer AO, Mr. Christopher Ryan and Mr. Heath Zarin.</p> <p>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.</p>
Recommendation 2.4: A majority of the Board should be independent Directors.	Complies	<p>The Board determines the size and composition of the Board, subject to limits imposed by the Company's Constitution.</p> <p>Of the five Directors, three are Non-Executive Directors namely, Mr. Rupert Myer AO, Mr. Christopher Ryan and Mr. Heath Zarin and all three Non-Executive Directors are considered by the Board to be independent. As such more than half of the Board is independent Directors.</p> <p>This Board structure will continue to be reviewed at the appropriate stages of the Company's development.</p>

Recommendation 2.5: The chair of the Board should be an independent Director and should not be the same person as the Chief Executive Officer.	Partially Complies	<p>The current Chairman, Mr. John Lau, is an Executive Director and is not considered independent under the ASX Corporate Governance Principles.</p> <p>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.</p> <p>The Chairman is not the Chief Executive Officer of the Company.</p>
Recommendation 2.6: Companies should have a program for inducting new Directors and providing appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.	Complies	<p>The Directors are expected to undertake an appropriate continuing professional development program or education for the purpose of developing and maintaining the skills and knowledge for normal discharge of their formal Director duties effectively.</p> <p>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.</p>
Principle 3 – Act ethically and responsibly		
Recommendation 3.1: Companies should: <ul style="list-style-type: none"> (a) establish a code of conduct for its Directors, senior executives and employees; and (b) disclose the code or a summary of the code. 	Complies	<p>The Board has established a Code of Conduct, which is contained in the Corporate Governance Plan.</p> <p>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.</p>



Principle 4 – Safeguard integrity in corporate reporting**Recommendation 4.1:**

The Board should establish an audit committee which:

- consists of at least three members all of whom are non-executive Directors, the majority of independent Directors;
- is chaired by an independent chair who is not the chairman of the Board.

The Board must disclose the charter of the audit committee, the relevant qualifications and experience of the members of the committee and the number of times the committee has met during a reporting period and the individual attendances of the members at those meetings.

Complies

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. Rupert Myer AO, an independent Director who is not Chairman of the Board.

The Audit and Risk Management Committee consists of three members namely, Mr. Rupert Myer AO, Mr. Christopher Ryan and Mr. Heath Zarin. Of these members, all are independent Non-Executive Directors.

For the individual attendances, please refer to "Composition of the Board, number of the Board meetings and Directors Attendance" section of this report.

Recommendation 4.2:

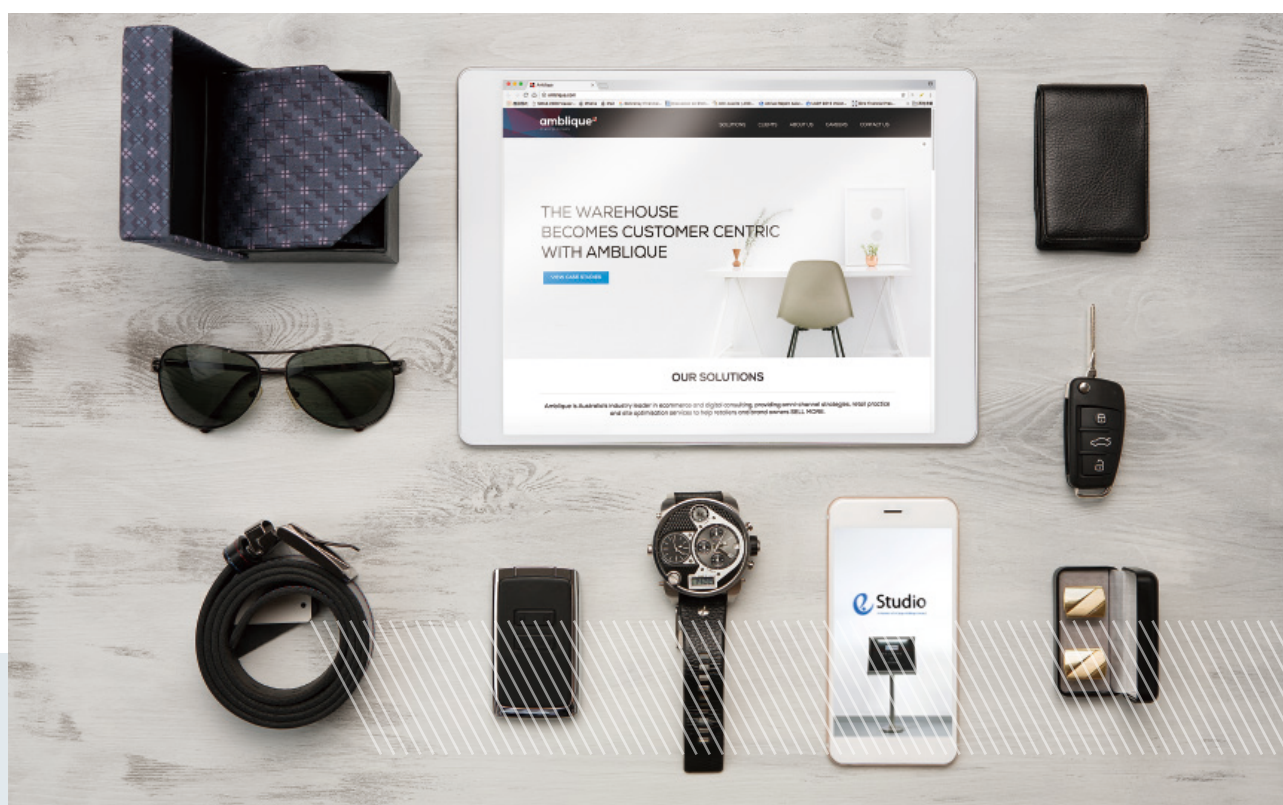
Before approving the Company's financials, the Board must receive declarations from the Company's Chief Executive Officer and Chief Financial Officer that in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate 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.

Complies

The Board has received the necessary declaration from the Chief Executive Officer, Mr. Christopher Lau, and Chief Financial officer, Mr. Garnok Cheung, prior to approving the unaudited and audited financial statements. This process will continue for any future approval of the Company's financial statements.

Recommendation 4.3: Companies must ensure that its external auditor attends its Annual General Meeting and is available to answer questions from security holders relevant to the audit.	Complies	<p>The Company's external auditor had attended the Annual General Meeting held on May 23, 2016.</p> <p>The Company will invite external auditor to attend its forthcoming Annual General Meeting and any future Annual General Meeting to answer questions from security holders relevant to the audit.</p>
Principle 5 – Make timely and balanced disclosure		
Recommendation 5.1: Companies should: (a) have a written policy for complying with its continuous disclosure obligations under the ASX Listing Rules; and (b) disclose that policy or a summary of it.	Complies	<p>The Board has adopted a Continuous Disclosure Policy and Communications Strategy which is set out in the Corporate Governance Plan.</p> <p>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.</p>
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.	Complies	<p>The Board aims to ensure that the Shareholders are informed of all major developments affecting the Company's state of affairs.</p> <p>The Company has established on its website, www.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.</p>
Recommendation 6.2: Companies should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complies	<p>Shareholders are encouraged to fully participate at the Annual General Meeting or other General Meeting to ensure effective two way communication.</p> <p>Shareholders are also able to direct any questions relating to the Company's securities to the share registry, Link Market Services Limited.</p>

<p>Recommendation 6.3: Companies should disclose the policies it has in place to facilitate and encourage participation at meetings of Shareholders.</p>	<p>Complies</p>	<p>The communication strategy is contained in the Continuous Disclosure Policy and Communications Strategy is designed to ensure that Shareholders are informed of all relevant developments. Details of the information can be found on the Company's website www.eCargo.com under the corporate governance landing page of the Investor Information section.</p> <p>The Company encourages full participation of Shareholders at the Annual General Meeting. The Chairman encourages Shareholders to ask reasonable questions at the Annual General Meeting. The Board makes itself available to all Shareholders both before and after the Annual General Meeting.</p>
<p>Recommendation 6.4: Companies should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>Complies</p>	<p>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 web site www.linkmarketservices.com.au. Shareholders have the right of option of receiving all or a selection of communication electronically.</p>



Principle 7 – Recognise and manage risk

Recommendation 7.1:

The Board should establish a risk management committee which:

- (a) has at least 3 members, the majority of whom independent Directors;
- (b) is chaired by an independent chair.

The Board must disclose the charter of the risk management committee, members of the risk management committee, the number of times the committee has met during a reporting period and the individual attendances of the members at those meetings

Complies

The Board has established the 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. Rupert Myer AO, an independent Director who is not Chairman of the Board.

The Audit and Risk Management Committee consists of three members namely, Mr. Rupert Myer AO, Mr. Christopher Ryan and Mr. Heath Zarin. Of these members, all are independent Non-Executive Directors.

For the individual attendances, please refer to "Composition of the Board, number of the Board meetings and Directors Attendance" section of this report.

Recommendation 7.2:

The Board should:

- (a) review the Company's risk management framework at least annually; and
- (b) disclose whether such review has taken place.

Complies

The Audit and Risk Management Committee has reviewed the Risk Management framework.

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.

Recommendation 7.3:

Companies should disclose;

- (a) their 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 risk management and internal control processes.

Complies

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: Companies should disclose whether they have any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Complies	The Company does not have any material exposure to economic, environmental and social sustainability risks. The material risks are disclosed at Directors' Report of the Annual Report.
Principle 8 – Remunerate fairly and responsibly		
Recommendation 8.1: The Board should establish a remuneration committee which: <ul style="list-style-type: none"> • have at least 3 members, the majority of whom independent Directors; • is chaired by an independent chair. The Board must disclose the charter of the remuneration committee, members of the remuneration committee, the number of times the committee has met during a reporting period and the individual attendances of the members at those meetings.	Complies	<p>The Board has established a Nomination and Remuneration Committee.</p> <p>The function of the Nomination and Remuneration Committee is contained in the Nomination and Remuneration Committee Charter contained in the Corporate Governance Plan.</p> <p>The Nomination and Remuneration Committee is chaired by Mr. Heath Zarin, an independent Director, and consists of three non-executive Directors. Of these members, all are independent, Non-Executive Directors, namely, Mr. Heath Zarin, Mr. Rupert Myer AO and Mr. Christopher Ryan.</p> <p>For the individual attendances, please refer to "Composition of the Board, number of the Board meetings and Directors Attendance" section of this report.</p>
Recommendation 8.2: Companies should separately disclose its policies and practices regarding the remuneration of non-executive Directors from that of executive Directors and other senior executives.	Complies	<p>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.</p> <p>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.</p>

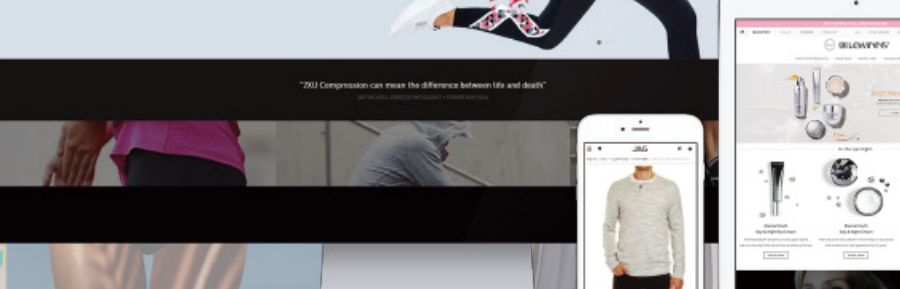
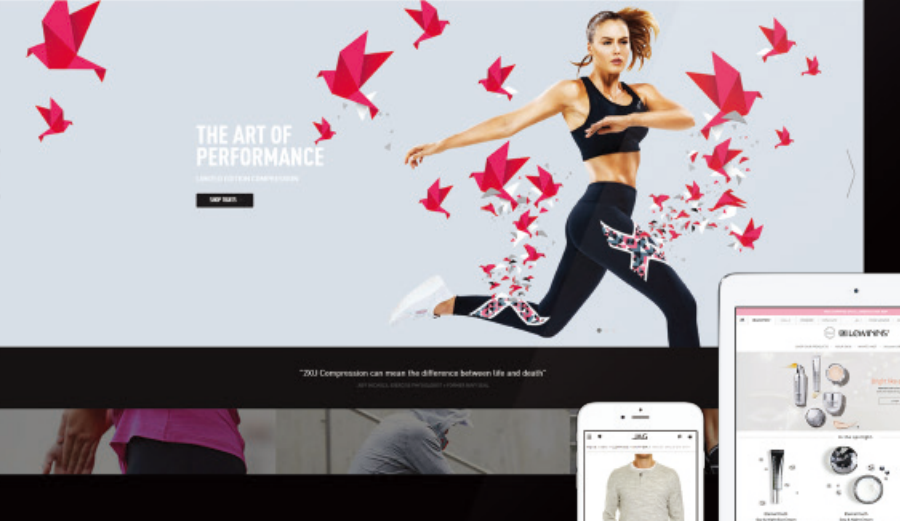
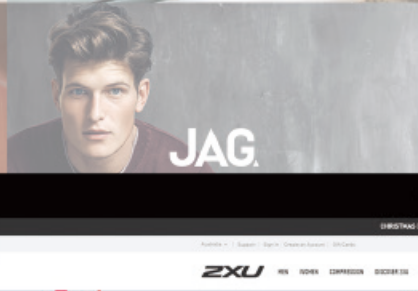
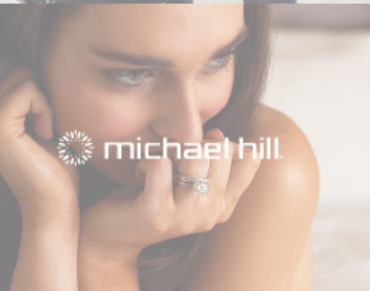
Recommendation 8.3:

Companies which have equity-based remuneration schemes should have and disclose 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.

Not applicable

The Company does not have an equity based remuneration scheme.





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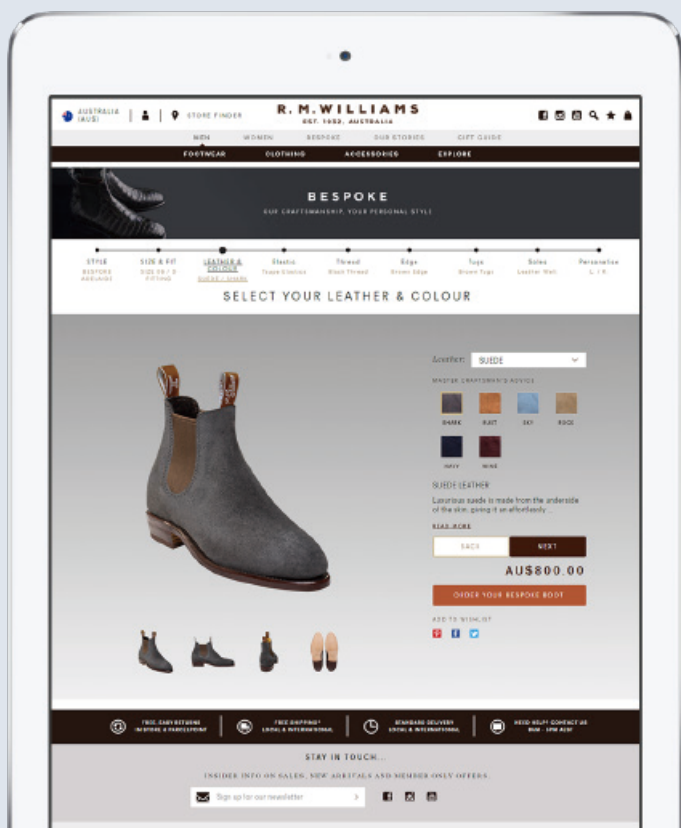
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Consistently outperforming market growth rates by 3X,
Amblique Clients **SELL MORE**.



Amblique is a digital commerce consultancy providing retail strategy, ecommerce platform implementation and optimisation services. We work with local and international retailers and brand owners to deliver a consistent and engaging brand experience across all channels, enabling your customers to shop where they want, when they want and how they want.

As part of eCargo (ASX:ECG), Amblique is enabled to provide end-to-end digital commerce solutions across APAC including operations outsourcing, product photography, warehousing, logistics and supply chain services.



RETAIL STRATEGY



COMMERCE CLOUD
IMPLEMENTATION



DESIGN & CUSTOMER
EXPERIENCE



GROWTH &
OPTIMISATION



SEARCH & ACQUISITION



24/7 SUPPORT

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, 2016.

The functional and presentation currency of the Company 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 services in the People's Republic of China (the "PRC"), Hong Kong, Australia and New Zealand. The activities of the subsidiaries are set out in Note 16 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of ECG for the year are set out in the consolidated statement of comprehensive income on page 51.

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, 2016.

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

Mr. Christopher Lau

Independent Non-Executive Directors

Mr. Rupert Myer AO

Mr. Christopher Ryan

Mr. Heath Zarin

(collectively, the "Board of Directors")

Established the "one-stop" comprehensive menu of eCommerce enabling services to international retailers and merchants.



In accordance with Article 24 of the Company's Articles of Association, Mr. John Lau and Mr. Heath Zarin shall be retired 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. Christopher Lau and Mr. John Lau are 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, Mr. Gavin Custance, Mr. John Muir, Ms. Yip Sau Ling and Ms. Lau Ying.

Financial and Operations Review

	Year ended/As at December 31, 2016 HK\$	Prior year HK\$	Percentage change %
Revenue from ordinary operations	124,470,119	118,083,994	5%
Loss after income tax expense	(87,717,542)	(52,904,861)	66%
Total comprehensive loss attributable to owners of the Company	(88,117,208)	(54,491,129)	62%
EBITDA loss excluding impairment on and results from associates	(52,722,380)	(37,338,845)	41%
Total assets	215,806,217	286,023,477	-25%
Net assets	150,031,586	238,148,794	-37%

The Chief Operating Decision Makers ("CODM") assesses and measures the operating performance of ECG based on the revenue and EBITDA (excluding impairment on and results from associates) as CODM believes that such information is the most relevant in evaluating the results of ECG.

Consolidated revenue for the year increased moderately to HK\$124.5 million (2015: HK\$118.1 million) of which HK\$52.6 million (2015: HK\$58.3 million) was attributable to eCommerce-enabling business and HK\$71.9 million (2015: HK\$59.8 million) contributed by Amblique business.

ECG reported an EBITDA loss excluding impairment on and results from associates of HK\$52.7 million, 41% higher than prior year. ECG incurred a loss per share of HK\$16.39 cents for the year.

The Company did not propose any dividend distribution or share buy-back during the year ended December 31, 2016.

For a more detailed review of the performance of ECG, please refer to its 2016 full year financial results announcement released on February 28, 2017 and Chairman and CEO Statement in this Annual Report.



MAJOR CUSTOMERS

For the year ended December 31, 2016, the five largest customers of ECG accounted for approximately 36% of ECG's total revenue. There is one customer 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 marketing strategy to recruit merchants is not effective.	There are risks that ECG's marketing strategy to engage merchants is not successful. This would result in ECG failing to meet revenue targets and have a material and adverse effect on the operating results of ECG.	ECG has a clear marketing strategy in place. In the event such a marketing strategy proves to be unsuccessful, ECG shall refocus and look to qualified professional advisors in the industry to assist to refine its marketing strategy.
Risk that ECG may subject to liquidity issue and might not have the necessary resources to fulfill its funding obligations.	With ECG's existing liquidity and cash position, ECG relies on standby facility from its major shareholder to fund its short term obligations as they fall due.	<p>ECG is closely monitoring its working capital and cash flow with regular reporting to the Board of Directors of ECG.</p> <p>ECG had obtained the standby facility from its major shareholder in supporting the liquidity for daily operations.</p> <p>ECG will continue to evaluate its business needs and performance of its various business units and will prioritise its resources in accordance to the prospects of the various business units.</p>



Risk	Description of risk	Risk mitigation strategies
Risk that ECG's intellectual property may be used without authorisation or stolen.	<p>ECG relies on a combination of copyright, nondisclosure agreements and other methods to protect its intellectual property rights.</p> <p>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.</p>	<p>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.</p> <p>In regards to all new Merchants, ECG will ensure that robust intellectual property safeguards are contained in their respective Service Agreements.</p>
Risk that ECG's merchants' online revenues are below expectations.	<p>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.</p>	<p>ECG mitigated 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.</p>
Risk that increases in wages will increase net cash outflow and gross margin and net profit may decline.	<p>In recent years, wages particularly in PRC's eCommerce industry have increased and may continue to increase at a faster rate. Wage increases will increase ECG's personnel cost and cost of operations. As a result, ECG's gross margin and net profit may decline.</p>	<p>ECG will need to pay employees market rate in order to attract and retain skilled employees. ECG will, however, try to offset increases in wages by improving the efficiency of work flows and productivity of employees.</p>

Risk	Description of risk	Risk mitigation strategies
Uncertainties with respect to the PRC legal system could have a material adverse effect on ECG.	ECG conducts its business primarily through its subsidiaries established in Hong Kong and PRC. These subsidiaries are generally subject to laws and regulations applicable to foreign investment 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 the PRC's legal system are beyond the control of ECG. That said, in regards to eCommerce, the Chinese Government has promulgated in its most recent 5 year plan supporting eCommerce as the future of retailing in the PRC.
The continued growth of the PRC's internet market depends on the establishment of an adequate telecommunications infrastructure.	Although private sector internet service providers currently exist in PRC, almost all access to the internet is maintained through state-owned telecommunications operators under the administrative control and regulatory supervision of the Ministry of Industry and Information Technology. eCommerce transactions rely on this infrastructure to provide data communications capacity primarily through local telecommunications lines. Although the Chinese Government has announced plans to develop aggressively the national information infrastructure, ECG cannot assure that this infrastructure will be successfully developed.	Uncertainties with respect to telecommunications infrastructure in the PRC is a risk which is beyond the control of ECG. That said, there is no indication that there will be a severe breakdown on the infrastructure.
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, financial condition and results of operations may be materially adversely affected and employment costs may increase.	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.



Risk	Description of risk	Risk mitigation strategies
Risk that the negative indicator(s) on intangible assets, mainly on eCoreOS and eCWMS exist and therefore impairment is required.	<p>According to the Accounting Standards, intangible assets subject to impairment assessment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.</p> <p>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.</p> <p>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.</p>	ECG had carried out a review over the intangible assets as at December 31, 2016.
Risk that the negative indicator(s) on interest in associates and impairment is required.	<p>According to the Accounting Standards, interest in associate subjects to impairment assessment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.</p> <p>The interest in associates will be subject to impairment assessment when the performance of the associates cannot meet the budget or business plan proposed at acquisition date.</p>	ECG had closely monitor the performance and business development of the associates. ECG had reviewed the performance and indicator as at December 31, 2016. The carrying value of interest in associates had been properly reflected.

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

As at the date of this 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. Christopher Lau	8,142,460	Nil
Mr. John Lau	Nil	396,872,460
Mr. Rupert Myer AO	Nil	9,000,000
Mr. Christopher Ryan	Nil	225,000
Mr. Heath Zarin	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

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


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



Mr. Christopher Lau
Executive Director

Hong Kong, March 29, 2017





your eCommerce Partner

2016

FINANCIALS



Independent Auditor's Report



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") set out on pages 51 to 106, which comprise:

- the consolidated statement of financial position as at December 31, 2016;
- 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 cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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, 2016, 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 ("HKSAAs") 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.

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 summarised as follows:

- Assessing the carrying values of the Group's intangible assets

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Assessing the carrying values of the Group's intangible assets</p> <p><i>Refer to note 4 critical accounting estimates and judgements and note 15 to the consolidated financial statements of the Group.</i></p> <p>The Group's intangible assets include goodwill and other intangible assets with aggregate carrying value of HK\$95,381,946 as at December 31, 2016, of which, HK\$61,440,217 and HK\$33,941,729 were attributable to the eCommerce Business Services cash-generating unit in Greater China ("Greater China CGU") and eCommerce Solutions Services cash generating unit in Australia ("Australia CGU"), respectively.</p> <p>Goodwill and intangible assets with indefinite useful life are subject to impairment review annually and where there is an indication of impairment. Software with finite useful life is subject to impairment reviews when there is an indication of impairment. Useful life of software is estimated by management, mainly based on technological advancement and the Group's operational management, and are adjusted, if appropriate, at the end of each reporting year.</p>	<p>Our procedures in relation to management's assessment of carrying values of the Group's intangible assets included:</p> <ul style="list-style-type: none"> — Assessing the reasonableness of management's estimation of the useful lives of software and other intangible assets, on a sample basis, with reference to available market information and based on our knowledge of the business and industry with respect to technological developments in the relevant industry; — Considering the reasonableness of the key assumptions, including CAGR of revenue, EBITDA margin, pre-tax discount rate and terminal growth rate, with reference to available market information and based on our knowledge of the business and industry with respect to technological developments in the relevant industry; — Comparing the current year actual revenue growth and EBITDA margin with the prior year projections to consider if the projections included assumptions that were overly optimistic; and

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>In carrying out the impairment review, management calculates the value-in-use of the Greater China CGU and Australia CGU to determine their respective recoverable amounts to consider if assets of these CGUs are impaired. Significant management judgements and estimates are used to estimate the future cash flows and to determine the key assumptions, including the compound annual growth rate ("CAGR") of revenue, EBITDA margin, pre-tax discount rate and terminal growth rate, underlying the value-in-use calculations. Management has concluded that there is no impairment in respect of the carrying values of the Group's intangible assets.</p> <p>We focused on this area due to the significant management judgement and estimates used to estimate useful life of the Group's software and to determine the key assumptions underlying management's impairment review of the Group's intangible assets.</p>	<p>— Testing source data, on a sample basis, to supporting evidence, such as approved budgets and available market data, to consider the reasonableness of management's revenue growth and EBITDA margin estimates.</p> <p>We found the judgement and estimates used to estimate the useful life of the Group's software and determine the key assumptions underlying management's impairment review of the Group's intangible assets to be supported by available evidence.</p>

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 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 HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, 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 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 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, related safeguards.

From the matters communicated with 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 Leung Chi Hang, Benson.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, March 29, 2017

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Consolidated Statement of Comprehensive Income

For The Year Ended December 31, 2016

	Note	2016 HK\$	2015 HK\$
Revenue	6	124,470,119	118,083,994
Cost of sales	7	(62,271,242)	(56,880,536)
Gross profit		62,198,877	61,203,458
Selling and distribution expenses	7	(14,743,679)	(7,164,245)
Administrative expenses	7	(115,188,750)	(80,967,921)
Research and development expenses	7	(16,300,589)	(14,552,032)
Operating loss		(84,034,141)	(41,480,740)
Other losses – net	10	(1,387,816)	(10,832,639)
Finance income	11	571,100	1,096,227
Finance expense	11	(209,189)	-
Finance income – net	11	361,911	1,096,227
Share of results of associates	17	153,853	(780,992)
Provision for impairment of interest in an associate	17	(5,028,427)	-
Loss before income tax		(89,934,620)	(51,998,144)
Income tax credit/(expense)	12	2,217,078	(906,717)
Loss for the year		(87,717,542)	(52,904,861)
Other comprehensive income			
<i>Item that may be reclassified to profit or loss</i>			
Currency translation differences		(399,666)	(1,586,268)
Total comprehensive loss for the year		(88,117,208)	(54,491,129)
Loss per share for loss attributable to owners of the Company			
— Basic and diluted (HK cents per share)	13	(16.39)	(9.89)

The notes on pages 56 to 106 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at December 31, 2016

	Note	2016 HK\$	2015 HK\$
Assets			
Non-current assets			
Property, plant and equipment	14	4,526,109	5,601,664
Intangible assets	15	95,381,946	125,182,970
Interest in associates	17	70,459,815	5,213,814
Deferred income tax assets	24	2,778,187	1,581,322
Deposits	20	869,850	620,486
		174,015,907	138,200,256
Current assets			
Trade receivables	19	23,602,377	31,338,989
Prepayments, deposits and other receivables	20	1,683,986	8,612,894
Amounts due from related parties	30	8,301,962	10,539,228
Current income tax assets		1,815,019	-
Cash and cash equivalents	21	6,386,966	97,332,110
		41,790,310	147,823,221
Total assets		215,806,217	286,023,477
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	25	329,401,285	329,401,285
Currency translation reserve		(1,985,934)	(1,586,268)
Accumulated losses		(177,383,765)	(89,666,223)
Total equity		150,031,586	238,148,794

Consolidated Statement of Financial Position

As at December 31, 2016

	Note	2016 HK\$	2015 HK\$
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	24	4,620,837	4,121,759
Borrowing	27	19,969,189	-
		24,590,026	4,121,759
Current liabilities			
Trade payables	22	10,116,781	6,105,108
Other payables and accruals	22	19,930,654	23,933,849
Amounts due to related parties	30	11,137,170	11,043,037
Obligation under finance lease	23	-	270,227
Current income tax liabilities		-	2,400,703
		41,184,605	43,752,924
Total liabilities		65,774,631	47,874,683
Total equity and liabilities		215,806,217	286,023,477

The notes on pages 56 to 106 are an integral part of these consolidated financial statements.

The financial statements on pages 51 to 106 were approved by the Board of Directors on March 29, 2017 and were signed on its behalf by:



Mr. John Lau
Executive Chairman



Mr. Christopher Lau
Executive Director

Consolidated Statement of Changes in Equity

For the Year Ended December 31, 2016

	Share capital HK\$	Currency translation reserve HK\$	Accumulated losses HK\$	Total equity HK\$
Balance at January 1, 2015	329,401,285	-	(36,761,362)	292,639,923
Comprehensive loss				
Loss for the year	-	-	(52,904,861)	(52,904,861)
Other comprehensive loss				
Currency translation differences				
- ECG	-	(1,412,199)	-	(1,412,199)
- Associate	-	(174,069)	-	(174,069)
Total comprehensive loss for the year	-	(1,586,268)	(52,904,861)	(54,491,129)
Balance at December 31, 2015	329,401,285	(1,586,268)	(89,666,223)	238,148,794
Balance at January 1, 2016	329,401,285	(1,586,268)	(89,666,223)	238,148,794
Comprehensive loss				
Loss for the year	-	-	(87,717,542)	(87,717,542)
Other comprehensive loss				
Currency translation differences				
- ECG	-	(272,241)	-	(272,241)
- Associate	-	(127,425)	-	(127,425)
Total comprehensive loss for the year	-	(399,666)	(87,717,542)	(88,117,208)
Balance at December 31, 2016	329,401,285	(1,985,934)	(177,383,765)	150,031,586

The notes on pages 56 to 106 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2016

	Note	2016 HK\$	2015 HK\$
Cash flows from operating activities			
Cash used in operations	26	(34,787,719)	(45,382,782)
Income tax paid		(2,775,533)	(827,974)
Net cash used in operating activities		(37,563,252)	(46,210,756)
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(1,277,107)	(5,044,107)
Purchase of intangible assets	15	(2,109,571)	(2,191,160)
Proceeds of disposal of property, plant and equipment	26	240,235	136,347
Investment of subsidiary, net of cash acquired	26	-	(25,485,652)
Investment in an associate	17	(70,248,000)	(6,168,875)
Interest received	11	571,100	1,096,227
Net cash used in investing activities		(72,823,343)	(37,657,220)
Cash flows from financing activities			
Repayments of obligation under finance lease		(270,227)	(259,765)
Proceeds from borrowing		19,969,189	-
Net cash generated from/(used in) financing activities		19,698,962	(259,765)
Net decrease in cash and cash equivalents		(90,687,633)	(84,127,741)
Cash and cash equivalents at beginning of year		97,332,110	191,070,888
Exchange loss on cash and cash equivalents		(257,511)	(9,611,037)
Cash and cash equivalents at end of year	21	6,386,966	97,332,110

The notes on pages 56 to 106 are an integral part of these consolidated financial statements

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

The Company and its subsidiaries, collectively, ECG are principally engaged in the development and provision of eCommerce technologies, integrated offline and online supply chain operations, and provision of digital commerce solutions and services.

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

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 the disclosure requirement 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 HKFRS 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 financial statements.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(A) CHANGE OF ESTIMATED USEFUL LIVE OF INTANGIBLE ASSET

ECG has significant intangible assets (other than goodwill) and is required to estimate the useful lives of intangible assets (other than goodwill) in order to ascertain the amount of amortisation charges for each reporting period. Estimates of useful lives are made at the time of purchase of these assets after considering technology advancement, business developments and ECG's strategies. ECG reviews the appropriateness of the estimated useful lives annually and extends or shortens the useful lives according to the results of the review.

During the year ended December 31, 2016, ECG reviewed the estimated useful lives of certain software of ECG with reference to ECG's operational management and technological advancements. The review resulted in changes to the estimated useful lives and ECG has applied changes in useful lives prospectively as these are considered as changes in accounting estimates. As a result of such changes, ECG's amortisation charges increased by HK\$16,434,783 during the year ended December 31, 2016.

(B) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

New standards amendments and interpretations to existing standard that have been issued but are not effective for the financial year beginning January 1, 2016 and have not been early adopted by ECG:

		Effective for accounting periods beginning on or after
HKAS 7 (Amendment)	Statement of cash flows	January 1, 2017
HKAS 12 (Amendment)	Income taxes	January 1, 2017
HKFRS 9 (2014)	Financial instruments	January 1, 2018
HKFRS 15	Revenue from contracts with customers	January 1, 2018
HKFRS 16	Leases	January 1, 2019

Apart from the above, a number of improvements and minor amendments to HKFRSs have also been issued by the HKICPA but they are not yet effective for the accounting period ended December 31, 2016 and have not been early adopted in these financial statements.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(B) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONTINUED)

None of the above is expected to have a significant effect on the consolidated financial statements of ECG, except the following set out below:

(I) HKFRS 15 – “REVENUE FROM CONTRACTS WITH CUSTOMERS”

The application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue. Certain costs incurred in fulfilling a contract which are currently expensed may need to be recognised as an asset under HKFRS 15. At this stage, ECG is in the process of assessing the impact of HKFRS 15 on the ECG’s financial statements.

(II) HKFRS 16 – “LEASES”

HKFRS 16 will affect primarily the accounting for ECG’s operating leases. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised in the consolidated statement of financial position. ECG is in the process of assessing to what extent the operating lease commitments as disclosed in Note 28 will result in the recognition of an asset and a liability for future payments and how this will affect ECG’s profit and classification of cash flows.

There are no other amendments and new or amended standards that are not yet effective that would be expected to have a significant impact on ECG’s results of operations and financial position.

2.3 SUBSIDIARIES

2.3.1 CONSOLIDATION

A subsidiary is an entity (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.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated.

2.3.2 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 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 ASSOCIATES

An associate is an entity over which ECG has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. ECG's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and ECG's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

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

ECG's share of post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When ECG's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, ECG does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

ECG determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, ECG calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit of investments accounted for using equity method' in the consolidated statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between ECG and its associate are recognised in ECG's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by ECG.

Gain or losses on dilution of equity interest in associates are recognised in the consolidated statement of comprehensive income.

2.5 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 and making strategic decisions. The CODM are the key Management personnel of ECG and may include Directors.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 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 and ECG's 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 administrative expenses in the consolidated statement of comprehensive income.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the consolidated statement of comprehensive income within "other losses – net".

Translation differences on non-monetary financial 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. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(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.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 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.

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 remaining lease term and useful life
Furniture and fixtures	20%
Office equipment	20%
Computer equipment	33.33%
Motor vehicle	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 administrative expenses in the consolidated statement of comprehensive income.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 INTANGIBLE ASSETS

(A) GOODWILL

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the CGU level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(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) SOFTWARE

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by ECG are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 INTANGIBLE ASSETS (CONTINUED)

(D) SOFTWARE (CONTINUED)

- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed ten years. The amortisation expense is recognised in administrative expenses of the consolidated statement of comprehensive income.

The asset's useful lives are reviewed and adjusted if appropriate, at the end of each reporting year.

2.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to amortisation are reviewed 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 to 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 flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 FINANCIAL ASSETS

ECG classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting year. These are classified as non-current assets. ECG's loans and receivables comprise trade receivables, deposits and other receivables, amounts due from related parties and cash and cash equivalents in the consolidated statement of financial position.

Loans and receivables are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 IMPAIRMENT OF FINANCIAL ASSETS — ASSETS CARRIED AT AMORTISED COST

ECG assesses at the end of each reporting year whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, ECG may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

2.12 TRADE AND OTHER RECEIVABLES

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 CASH AND CASH EQUIVALENTS

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks with original maturities of three months or less.

2.14 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.

2.15 TRADE AND OTHER PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 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 the statement of 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.

2.17 BORROWING COSTS

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 CURRENT AND DEFERRED INCOME TAX

The tax expense for the year comprises current and deferred tax. 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 and its associates 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

(I) INSIDE BASIS DIFFERENCES

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised 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 substantively enacted by the date of statement of financial position and are expected to apply when the related deferred income tax asset is recognised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(II) OUTSIDE BASIS DIFFERENCES

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by ECG and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(C) OFFSETTING

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 EMPLOYEE BENEFITS

(A) EMPLOYEE LEAVE ENTITLEMENTS

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of statement of financial position. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(B) 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.

(C) 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 legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

ECG's contributions to defined contribution plan are expensed as incurred and 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.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 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.

2.21 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable for the rendering of services, in the ordinary course of ECG's activities.

ECG recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to ECG; and when specific criteria have been met for each of ECG's activities, as described below.

(A) SALES OF SERVICES

For sales of services, revenue is recognised in the accounting period in which the services are rendered or by reference to stage of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total service to be provided.

2.22 INTEREST INCOME

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, ECG reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

2.23 LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 LEASES (CONTINUED)

ECG leases certain property, plant and equipment. Leases of property, plant and equipment where ECG has substantially all the risks and rewards of ownership are classified as finance lease. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant, and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

3 FINANCIAL RISK MANAGEMENT

3.1 CAPITAL MANAGEMENT

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

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

3.2 CREDIT RISK

At the date of the consolidated financial position, 35% (2015: 48%) of the total receivable was due from ECG's largest five debtors. Accordingly, ECG's consolidated results would be heavily affected by the financial capability of these debtors to fulfill their obligations with ECG. ECG's credit risk monitoring activities relating to the debtors include review of the credit profile, business prospects, background and their financial capacity.

Substantially all of the bank deposits and cash at banks are held in a major financial institution, which Management believes are of high credit quality.

3.3 LIQUIDITY RISK

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

The contractual undiscounted cash flows of ECG's financial liabilities, which include trade and other payables and amounts due to related parties, are due within 12 months and approximate their carrying amounts as the impact of discounting is not significant.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.4 FOREIGN EXCHANGE RISK

ECG mainly operates in Hong Kong, the PRC and Australia, 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\$"), British Pound Sterling ("GBP"), Singapore Dollars ("SG\$"), and New Zealand Dollars ("NZ\$").

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, 2016, if HK\$ had strengthened/weakened by 5% against the A\$ with all other variables held constant, post-tax loss for the year would change by approximately HK\$89,000 (2015: HK\$38,000), 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\$.

At December 31, 2016, if HK\$ had strengthened/weakened by 5% against the RMB with all other variables held constant, post-tax loss for the year would change by approximately HK\$214,000 (2015: HK\$2,143,000), 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, 2016, if HK\$ had strengthened/weakened by 5% against the SG\$ with all other variables held constant, post-tax loss for the year would change by approximately HK\$30,000 (2015: HK\$65,000), mainly as a result of foreign exchange gains/losses on translation of trade receivables denominated in the SG\$.

At December 31, 2016, if HK\$ had strengthened/weakened by 5% against the NZ\$ with all other variables held constant, post-tax loss for the year would change by approximately HK\$69,000 (2015: HK\$185,000), mainly as a result of foreign exchange gains/losses on translation of trade receivables, trade and other payables and bank deposits denominated in the NZ\$.

At December 31, 2016, 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\$20,000 (2015: HK\$60,000), 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\$.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.5 CASH FLOW AND FAIR VALUE INTEREST RATE RISK

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

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

At December 31, 2016, if interest rate on borrowing held at variable rate had been 50 basis points higher/lower with all other variables held constant, post-tax loss for the year would have been approximately HK\$825,000 (2015: HK\$Nil) higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowing.

3.6 FAIR VALUE ESTIMATION

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments 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
- Interest in associates.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)**(A) IMPAIRMENT ASSESSMENT OF LONG-LIVED ASSETS (CONTINUED)**

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment. An impairment loss is recognised in the 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 judgment 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.

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) ESTIMATED USEFUL LIVES OF INTANGIBLE ASSETS

ECG has significant intangible assets (other than goodwill) and is required to estimate the useful lives of intangible assets (other than goodwill) in order to ascertain the amount of amortisation charges for each reporting period. Estimates of useful lives are made at the time of purchase of these assets after considering technology advancement, business developments and ECG's strategies. ECG reviews the appropriateness of the estimated useful lives annually and extends or shortens the useful lives according to the results of the review.

During the year ended December 31, 2016, ECG reviewed the estimated useful lives of certain software of ECG with reference to ECG's operational management and technological advancements. The review resulted in changes to the estimated useful lives and ECG has applied changes in useful lives prospectively as these are considered as changes in accounting estimates. As a result of such changes, ECG's amortisation charges increased by HK\$16,434,783 during the year ended December 31, 2016.

5 SEGMENT INFORMATION

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

The CODM considers the business from both geographic and services perspective and concluded the segments as eCommerce Business Services in Greater China ("Greater China") and eCommerce Solution Services in Australia ("Australia"). The CODM assesses and measures the operating performance of ECG based on the revenue, gross profit and EBITDA (excluding net foreign exchange loss) as Management believes that such information is the most relevant in evaluating the results of ECG's segments. EBITDA loss excluding impact of foreign exchange represents loss before income tax, depreciation of property, plant and equipment, amortisation of intangible assets, gain or loss on disposal of property, plant and equipment, net finance income, ECG's share of results of associates and provision for impairment of interest in an associate.

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

	2016			
	Greater China HK\$	Australia HK\$	Eliminations HK\$	Consolidated HK\$
Revenue				
External revenue	52,577,840	71,892,279	-	124,470,119
Gross profit	19,638,827	42,560,050	-	62,198,877
Results				
EBITDA – excluding foreign exchange loss	(43,992,393)	(7,342,171)	-	(51,334,564)

	2015			
	Greater China HK\$	Australia HK\$	Eliminations HK\$	Consolidated HK\$
Revenue				
External revenue	58,264,131	59,819,863	-	118,083,994
Gross profit	16,257,925	44,945,533	-	61,203,458
Results				
EBITDA – excluding foreign exchange (loss)/gain	(31,650,220)	5,144,014	-	(26,506,206)

5 SEGMENT INFORMATION (CONTINUED)

A reconciliation of total segment EBITDA to loss before income tax is provided as follows:

	2016 HK\$	2015 HK\$
Total segment EBITDA – excluding foreign exchange loss	(51,334,564)	(26,506,206)
Net foreign exchange loss (Note 10)	(1,387,816)	(10,832,639)
Gain on disposal of property, plant and equipment (Note 26)	41,257	44,739
Depreciation of property, plant and equipment (Note 14)	(1,964,044)	(1,561,098)
Amortisation of intangible assets (Note 15)	(30,776,790)	(13,458,175)
Finance income, net (Note 11)	361,911	1,096,227
Share of results of associates (Note 17)	153,853	(780,992)
Provision for impairment of interest in an associate	(5,028,427)	-
	(89,934,620)	(51,998,144)

The following table sets out information about the geographical location of ECG's revenue from external customers.

	2016 HK\$	2015 HK\$
Revenue from external customers		
Greater China	52,577,840	58,264,131
Australia and New Zealand	71,892,279	59,819,863
	124,470,119	118,083,994

5 SEGMENT INFORMATION (CONTINUED)
ASSETS

2016			
	Total assets HK\$	Interest in associates HK\$	Additions to non-current assets (excluding additions upon business acquisition) HK\$
Greater China	158,338,791	70,459,815	1,124,202
Australia	54,689,239	-	2,262,476
	213,028,030	70,459,815	3,386,678
Deferred income tax assets	2,778,187		
	215,806,217		

2015			
	Total assets HK\$	Interest in associates HK\$	Additions to non-current assets (excluding additions upon business acquisition) HK\$
Greater China	221,522,133	5,213,814	5,094,328
Australia	62,920,022	-	2,409,063
	284,442,155	5,213,814	7,503,391
Deferred income tax assets	1,581,322		
	286,023,477		

5 SEGMENT INFORMATION (CONTINUED)

INFORMATION ABOUT MAJOR CUSTOMER

For the year ended December 31, 2016, the analysis of revenue from customer contributing 10% or more of ECG's total revenue is as follows:

	Year ended December 31, 2016 HK\$
Customer A	12,042,122

For the year ended December 31, 2015, there is no single external customer contributing 10% or more of ECG's total revenue.

6 REVENUE

Service income recognised during the year was as follows:

	2016 HK\$	2015 HK\$
Revenue		
- Service income	124,470,119	118,083,994

7 EXPENSES BY NATURE

	2016 HK\$	2015 HK\$
Outsourced services fulfilment expenses, included in cost of sales	27,399,255	40,390,832
Outsourced web development and IT consultation costs, included in cost of sales	5,539,758	5,316,223
Subscription expense for software application, included in cost of sales	29,332,229	11,173,481
Auditor's remuneration	1,490,000	1,380,000
Employee benefit expenses (Note 8)	88,704,579	64,297,275
Outsourced labour costs (Note 30)	2,079,889	3,700,700
Amortisation of intangible assets (Note 15)	30,776,790	13,458,175
Depreciation of property, plant and equipment (Note 14)	1,964,044	1,561,098
Legal and professional expenses	4,244,701	4,175,524
Travel expenses	3,888,714	3,850,341
Operating leases rental	4,518,449	4,058,568
IT expenses	2,774,404	1,097,412
Marketing expenses	1,112,783	1,660,075
Utilities and maintenance expenses	427,026	445,128
Telecommunication expenses	499,106	406,256
Insurance expenses	170,902	203,357
Gain on disposal of property, plant and equipment (Note 26)	(41,257)	(44,739)
Provision for impairment of trade receivables (Note 19)	708,897	3,016
Other expenses	2,913,991	2,432,012

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2016 HK\$	2015 HK\$
Wages and salaries	80,176,145	60,752,916
Pension costs	5,278,503	2,836,891
Other employee benefits and welfare	3,249,931	707,468
	88,704,579	64,297,275

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, 2016:

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

					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	
	Fees	Salary	Others*	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as Director	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Mr. John Lau	432,000	-	-	-	-	432,000
Mr. Christopher Lau	432,000	3,408,000	-	18,000	-	3,858,000
Mr. Rupert Myer AO#	404,937	-	-	-	-	404,937
Mr. Christopher Ryan#	347,089	-	-	-	-	347,089
Mr. Heath Zarin#	404,937	-	-	-	-	404,937
	2,020,963	3,408,000	-	18,000	-	5,446,963

#: Independent Non-Executive Directors

*: Included discretionary bonuses, housing allowance and estimated money value of other benefits

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, 2015:

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

				Remunerations Employer's contribution to a retirement benefit scheme	paid or receivable in respect of accepting office as Director	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	Total
	Fees HK\$	Salary HK\$	Others* HK\$	HK\$	HK\$	HK\$	HK\$
Mr. John Lau	432,000	-	-	-	-	-	432,000
Mr. Christopher Lau	432,000	1,742,000	-	18,000	-	-	2,192,000
Mr. Rupert Myer AO#	408,816	-	-	-	-	-	408,816
Mr. Christopher Ryan#	350,414	-	-	-	-	-	350,414
Mr. Heath Zarin#	408,816	-	-	-	-	-	408,816
	2,032,046	1,742,000	-	18,000	-	-	3,792,046

#: Independent Non-Executive Directors

*: Included discretionary bonuses, housing allowance and estimated money value of other benefits

(B) DIRECTORS' RETIREMENT BENEFITS AND TERMINATION BENEFITS

None of the Directors received or will receive any retirement benefits or termination benefits during the year (2015: 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 (2015: Nil).

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)

(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 (2015: 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 LOSSES — NET

	2016 HK\$	2015 HK\$
Net foreign exchange loss	(1,387,816)	(10,832,639)

11 FINANCE INCOME AND COSTS

	2016 HK\$	2015 HK\$
Interest income:		
- Interest income on short-term bank deposits	571,100	1,096,227
Interest expense:		
- Interest expense on borrowing (Note 27)	(209,189)	-
Net finance income	361,911	1,096,227

12 INCOME TAX EXPENSE

	2016 HK\$	2015 HK\$
Current income tax		
- Australian corporate tax	(1,515,557)	2,303,028
Deferred income tax (Note 24)	(701,521)	(1,396,311)
Income tax (credit)/expense	(2,217,078)	906,717

12 INCOME TAX EXPENSE (CONTINUED)

Subsidiaries established in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% (2015: 16.5%). Subsidiary established in the PRC is subject to PRC corporate income tax at a rate of 25% (2015: 25%). No provision for Hong Kong profits tax and PRC corporate income tax has been made as ECG had no assessable profits for the year ended December 31, 2016 in Hong Kong and in the PRC (2015: Nil).

Subsidiaries established in Australia are subject to 30% income tax rate during the year (2015: 30%).

The tax on ECG's losses 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.

	2016 HK\$	2015 HK\$
Loss before income tax	(89,934,620)	(51,998,144)
Tax calculated at a domestic tax rates applicable loss in the respective countries	(16,748,839)	(8,990,128)
Tax effect of:		
- Associates' results reported net of tax	(25,386)	128,864
- Income not subject to tax	(104,392)	(143,460)
- Expenses not deductible for tax purposes	3,577,989	2,024,800
- Tax losses for which no deferred income tax assets were recognised	11,083,550	7,886,641
Income tax (credit)/expense	(2,217,078)	906,717

13 LOSS PER SHARE**(A) BASIC**

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2016 HK\$	2015 HK\$
Loss attributable to owners of the Company	87,717,542	52,904,861
Weighted average number of ordinary shares in issue	535,000,000	535,000,000
Basic loss per share (HK\$ cents per share)	16.39	9.89

(B) DILUTED

Diluted loss per share for the year ended December 31, 2016 and December 31, 2015 are equal to the basic loss per share as there are no potential dilutive ordinary shares outstanding during the year.

14 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK\$	Computer equipment HK\$	Office equipment HK\$	Leasehold improvements HK\$	Motor vehicles HK\$	Total HK\$
Year ended December 31, 2016						
Opening net book amount	505,692	837,746	416,070	3,652,383	189,773	5,601,664
Additions	11,791	598,293	619,380	47,643	-	1,277,107
Disposals	-	-	-	-	(244,979)	(244,979)
Depreciation charge (Note 7)	(75,604)	(684,045)	(133,400)	(1,060,477)	(10,518)	(1,964,044)
Currency translation differences	(1,735)	(24,668)	(28,756)	(154,204)	65,724	(143,639)
Closing net book amount	440,144	727,326	873,294	2,485,345	-	4,526,109
As at December 31, 2016						
Cost	610,210	1,966,437	1,203,614	4,360,602	-	8,140,863
Accumulated depreciation and impairment	(170,066)	(1,239,111)	(330,320)	(1,875,257)	-	(3,614,754)
Net book amount	440,144	727,326	873,294	2,485,345	-	4,526,109
Year ended December 31, 2015						
Opening net book amount	175,661	616,481	266,838	62,299	-	1,121,279
Additions	23,552	485,613	327,621	4,475,445	-	5,312,231
Business combination (Note 29)	407,806	218,277	-	-	362,876	988,959
Disposals	-	-	-	-	(91,608)	(91,608)
Depreciation charge (Note 7)	(73,085)	(463,491)	(177,482)	(787,036)	(60,004)	(1,561,098)
Currency translation differences	(28,242)	(19,134)	(907)	(98,325)	(21,491)	(168,099)
Closing net book amount	505,692	837,746	416,070	3,652,383	189,773	5,601,664
As at December 31, 2015						
Cost	601,189	1,395,729	619,281	4,515,868	239,592	7,371,659
Accumulated depreciation and impairment	(95,497)	(557,983)	(203,211)	(863,485)	(49,819)	(1,769,995)
Net book amount	505,692	837,746	416,070	3,652,383	189,773	5,601,664

15 INTANGIBLE ASSETS

	Goodwill HK\$	Contractual customer relationship HK\$	Brand name HK\$	Software HK\$	Total HK\$
Year ended December 31, 2016					
Opening net book amount	13,526,539	5,594,559	8,144,633	97,917,239	125,182,970
Additions	-	-	-	2,109,571	2,109,571
Amortisation charge (Note 7)	-	(1,400,898)	(916,816)	(28,459,076)	(30,776,790)
Currency translation differences	(1,035,445)	4,148	(25,566)	(76,942)	(1,133,805)
Closing net book value	12,491,094	4,197,809	7,202,251	71,490,792	95,381,946
As at December 31, 2016					
Cost	12,491,094	5,551,340	8,088,065	117,451,019	143,581,518
Accumulated amortisation	-	(1,353,531)	(885,814)	(45,960,227)	(48,199,572)
Net book value	12,491,094	4,197,809	7,202,251	71,490,792	95,381,946

	Goodwill HK\$	Contractual customer relationship HK\$	Brand name HK\$	Software HK\$	Total HK\$
Year ended December 31, 2015					
Opening net book amount	-	-	-	98,875,000	98,875,000
Additions	-	-	-	2,191,160	2,191,160
Business combination (Note 29)	13,670,111	7,371,548	9,648,591	8,834,527	39,524,777
Amortisation charge (Note 7)	-	(1,291,328)	(845,107)	(11,321,740)	(13,458,175)
Currency translation differences	(143,572)	(485,661)	(658,851)	(661,708)	(1,949,792)
Closing net book value	13,526,539	5,594,559	8,144,633	97,917,239	125,182,970
As at December 31, 2015					
Cost	13,526,539	6,850,480	8,966,568	115,341,448	144,685,035
Accumulated amortisation	-	(1,255,921)	(821,935)	(17,424,209)	(19,502,065)
Net book value	13,526,539	5,594,559	8,144,633	97,917,239	125,182,970

15 INTANGIBLE ASSETS (CONTINUED)

Note:

- (a) Goodwill is wholly attributable to the eCommerce Solutions Services CGU in Australia ("Australia CGU"). The recoverable amount of the Australia CGU is determined based on value in use calculation. The calculation uses pre-tax cash flow projections based on financial budget approved by Management covering a five-year period. Cash flows beyond the projection period are extrapolated using the terminal growth rate stated below. The terminal growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The key assumptions used for value in use calculation in 2016 is as follows:

Compound annual growth rate ("CAGR") of revenue for the five-year period	3.5%
Terminal growth rate	3%
EBITDA margin	Between 8% to 15%
Discount rate	20%

Management determined budgeted gross margin based on past performance and its expectations for market development. The discount rate used is pre-tax and reflect specific risks relating to the Australia CGU.

For the Australia CGU, the recoverable amount calculated based on value in use exceeded carrying value by HK\$5,800,000. As such, there was no indication of impairment arising from the review on goodwill as at December 31, 2016.

A decrease in CAGR of revenue for the five-year period by 0.8% or a decrease in EBITDA margin by 1.4%, all changes taken in isolation, would remove the remaining headroom.

15 INTANGIBLE ASSETS (CONTINUED)

Note: (Continued)

(b) Impairment tests for CGUs

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

	2016 HK\$	2015 HK\$
Greater China eCommerce Business Services		
- Software	61,440,217	88,386,650
Australia CGU		
- Contractual customer relationship	4,197,809	5,594,559
- Brand name	7,202,251	8,144,633
- Software	10,050,575	9,530,589
	82,890,852	111,656,431

(i) eCommerce Business Services CGU in Greater China ("Greater China CGU")

For the year ended December 31, 2016, the Greater China CGU recorded an operating loss of approximately HK\$73,600,000. In light of such an impairment indicator, Management has performed an impairment assessment for the Greater China CGU as at December 31, 2016.

The calculation uses pre-tax cash flow projections based on financial budget approved by Management covering a five-year period. Cash flows beyond the projection period are extrapolated using the terminal growth rate stated below. The terminal growth rate does not exceed the long-term average growth rate for the business in which the Greater China CGU operates.

The key assumptions used for value in use calculation in 2016 is as follows:

CAGR of revenue for the five-year period	24.3%
Terminal growth rate	3.5%
EBITDA margin	Between -18% to 31%
Discount rate	29%

Management determined budgeted gross margin based on past performance and its expectations for market development. The discount rate used is pre-tax and reflect specific risks relating to the Greater China CGU.

For the Greater China CGU, the recoverable amount calculated based on value in use exceeded carrying value by HK\$9,200,000. Therefore, there was no indication of impairment arising from the review on goodwill as at December 31, 2016.

A decrease in CAGR of revenue for the five-year period by 2% or a decrease in EBITDA margin by 1.9%, all changes taken in isolation, would remove the remaining headroom.

(ii) Australia CGU

Since no impairment indicator is identified for the Australia CGU for intangible assets other than goodwill, no further impairment assessment was performed.

Amortisation expense of HK\$30,776,790 (2015: HK\$13,458,175) has been charged to administrative expenses.

16 SUBSIDIARIES

As at December 31, 2016, the Company has direct and indirect interests in the following subsidiaries:

Name	Place of incorporation 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
eCargo Enterprise Limited	Hong Kong, limited liability	Provision of eCommerce technologies services in Hong Kong	100%	-	1,000 ordinary shares of HK\$1 each
eCargo Australia Pty Limited	Australia, limited liability	Dormant in Australia	100%	-	100 ordinary shares of A\$1 each
eCargo Limited	United Kingdom, limited liability	Dormant in United Kingdom	100%	-	1 ordinary share of GBP1 each
ECG Digital Holdings Limited	British Virgin Islands ("BVI"), limited liability	Investment holdings in Hong Kong	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%	10,000 ordinary shares of HK\$1 each
eCargo (China) Holdings Limited	BVI, limited liability	Dormant in BVI	-	100%	1 ordinary share of US\$1 each
Enrich Technologies Limited	BVI, limited liability	Provision of eCommerce solutions services in Hong Kong	-	100%	1 ordinary share of US\$1 each
Amblique Pty Limited	Australia, limited liability	Provision of eCommerce solutions services in Australia	-	100%	134,410 ordinary shares of A\$1 each
JLE (China) Limited	Hong Kong, limited liability	Dormant in Hong Kong	-	100%	10,000 ordinary shares of HK\$0.01 each
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 the PRC	-	100%	RMB500,000 issued share capital

17 INTEREST IN ASSOCIATES

	2016 HK\$	2015 HK\$
At beginning of the year	5,213,814	-
Acquisition of an associate (Note a)	-	6,168,875
Investment in an associate (Note b)	70,248,000	-
Share of results of associates	153,853	(780,992)
Provision for impairment of interest in an associate (Note c)	(5,028,427)	—
Currency translation differences	(127,425)	(174,069)
At end of the year	70,459,815	5,213,814

Note:

- (a) On February 28, 2015, ECG acquired 20.99% of the issued shares in Purecomm (UK) Limited, eCommerce technology consultant and software developer in the United Kingdom, for a consideration of GBP520,000 (equivalent to approximately HK\$6.2 million).
- (b) On July 25, 2016, ECG entered into a deed with Walton Brown E-commerce Limited ("Walton Brown") for an investment of RMB60 million (equivalent to approximately HK\$70.2 million) into MM E-commerce Limited ("MM"). On the same date, MM entered into a deed with Novel Colour Limited ("WHL") for an investment of RMB150 million (equivalent to approximately HK\$175.5 million) into WWE & company (BVI) Limited ("WWE"), an investment holding that aims to launch a new social shopping mobile platform in China. ECG has an effective interest of 20% in WWE through its investment in MM.
- (c) During the year, Purecomm (UK) Limited continued to be loss making due to challenging conditions in its market. Since there was significant uncertainty as to whether ECG will receive dividends or other returns from its investment in the future, ECG made a provision for the carrying value of its investment in the associate.

The particulars of ECG's associates as at December 31, 2016 are as follows:

Name of company	Place of business and country of incorporation	Percentage of ownership interest	Principal activities	Measurement method
Purecomm (UK) Limited ("PureComm")	The United Kingdom	20.99%	Provision of eCommerce technology consultation and software development of an office-to-office omni-channel retail execution platform	Equity
MM E-Commerce Limited	Hong Kong	40%	Investment holding	Equity

PureComm and MM are private companies and there is no quoted market price available for the shares.

There are no contingent liabilities relating to ECG's interest in the associates.

17 INTEREST IN ASSOCIATES (CONTINUED)

SUMMARISED UNAUDITED FINANCIAL INFORMATION FOR ASSOCIATES

Set out below is the summarised unaudited financial information of the associates which are accounted for using the equity method.

	MM 2016 HK\$	PureComm 2015 HK\$
Non-current assets	174,208,290	4,430,239
Current assets	502	991,286
Current liabilities	(16,755)	(396,838)
Revenue	545,792	1,906,157
Profit/(loss) after income tax and total comprehensive income/(loss)	529,537	(3,720,780)
Dividend received from associates	-	-

The information above reflects the amounts presented in the financial statements of the associates (not ECG's share of those amounts).

RECONCILIATION OF SUMMARISED FINANCIAL INFORMATION

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

	MM 2016 HK\$	PureComm 2015 HK\$
Net assets		
Beginning of year	-	9,449,523
Investment in an associate	175,620,000	-
Profit/(loss) for the year/since acquisition	529,537	(3,720,780)
Exchange difference	-	(704,056)
End of year	176,149,537	5,024,687
Interest in associates	40%	20.99%
Interest in associates	70,459,815	1,054,682
Goodwill	-	4,159,132
	70,459,815	5,213,814

**18 FINANCIAL INSTRUMENTS BY CATEGORY
LOANS AND RECEIVABLES**

	2016 HK\$	2015 HK\$
Assets as per statement of financial position		
Trade and other receivables excluding prepayments	24,966,844	38,274,172
Amounts due from related parties	8,301,962	10,539,228
Cash and cash equivalents	6,386,966	97,332,110
	39,655,772	146,145,510

OTHER FINANCIAL LIABILITIES AT AMORTISED COST

	2016 HK\$	2015 HK\$
Liabilities as per statement of financial position		
Trade and other payables excluding non-financial liabilities	27,193,607	14,041,607
Amounts due to related parties	11,137,170	11,043,037
Borrowing	19,969,189	-
	58,299,966	25,084,644

19 TRADE RECEIVABLES

	2016 HK\$	2015 HK\$
Trade receivables	23,602,377	31,342,005
Less: Provision for impairment	-	(3,016)
	23,602,377	31,338,989

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

19 TRADE RECEIVABLES (CONTINUED)

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

	2016 HK\$	2015 HK\$
1 – 30 days	14,993,615	14,604,147
31 – 60 days	5,332,853	7,459,929
61 – 90 days	1,989,079	1,077,368
Over 90 days	1,286,830	8,200,561
	23,602,377	31,342,005

As of December 31, 2016, trade receivables of HK\$708,897 (2015: HK\$3,016) were impaired and fully provided for. 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. ECG does not hold any collateral or other credit enhancements over these balances.

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

	2016 HK\$	2015 HK\$
At January 1	3,016	-
Business combination	-	120,742
Provision for impairment of trade receivables (Note 7)	708,897	3,016
Written off of provision	(711,913)	(120,742)
At December 31	-	3,016

The creation and release of provision for impaired receivables have been included in administrative expenses in the statement of comprehensive income. Amounts charged to the allowance accounts are generally written off when there is no expectation of recovery of additional cash.

19 TRADE RECEIVABLES (CONTINUED)

As at December 31, 2016, trade receivables of HK\$11,432,887 (2015: HK\$16,734,842) were past due but not impaired. These related to certain customers with no recent history of default, and as such, Management believes that no significant impairment provision is necessary. The past due aging analysis of these receivables is as follows:

	2016 HK\$	2015 HK\$
1 – 30 days	8,128,419	7,523,336
31 – 60 days	1,818,604	1,077,205
61 – 90 days	1,009,123	2,545,138
Over 90 days	476,741	5,589,163
	11,432,887	16,734,842

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

	2016 HK\$	2015 HK\$
HK\$	3,819,009	12,228,017
RMB	2,911,175	2,075,496
A\$	13,793,141	10,391,527
US\$	261,864	507,158
GBP	273,798	1,155,256
SG\$	598,084	1,307,167
EUR	152,572	-
NZ\$	1,792,734	3,674,368
	23,602,377	31,338,989

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

20 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016 HK\$	2015 HK\$
Prepayments	1,189,369	2,298,197
Rental and utility deposits	1,175,616	695,451
Other receivables	188,851	6,239,732
Prepayments, deposits and other receivables	2,553,836	9,233,380
Less: non-current portion		
Deposits	(869,850)	(620,486)
Current portion	1,683,986	8,612,894

Other receivables were neither past due nor impaired and they were interest-free and repayable on demand as at December 31, 2016 and December 31, 2015. 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:

	2016 HK\$	2015 HK\$
HK\$	401,323	5,432,411
RMB	146,445	108,976
A\$	816,699	1,393,796
	1,364,467	6,935,183

21 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are denominated in the following currencies:

	2016 HK\$	2015 HK\$
Cash on hand		
HK\$	10,038	1,860
RMB	28,051	44,483
SG\$	-	1,095
	38,089	47,438
Cash at banks		
HK\$	852,073	44,672,893
RMB	1,791,326	40,684,700
A\$	2,715,427	11,458,776
US\$	810,183	394,742
GBP	153,859	41,340
NZ\$	14,887	32,221
EUR	11,122	-
	6,348,877	97,284,672
Total	6,386,966	97,332,110

As at December 31, 2016, the amount of cash at banks represented ECG's maximum exposure to credit risk.

22 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2016 HK\$	2015 HK\$
Trade payables	10,116,781	6,105,108
Accrued expenses	3,696,837	3,214,522
Deferred revenue	6,489,087	10,632,883
Accrued employee benefit expenses	7,612,189	8,960,847
Other payables	2,132,541	1,125,597
	19,930,654	23,933,849
	30,047,435	30,038,957

22 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS (CONTINUED)

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

	2016 HK\$	2015 HK\$
HK\$	8,404,477	5,973,419
RMB	653,166	61,688
A\$	20,216,680	24,003,850
NZ\$	428,759	-
US\$	309,401	-
EUR	1,344	-
GBP	33,608	-
	30,047,435	30,038,957

23 OBLIGATION UNDER FINANCE LEASE – ECG

A motor vehicle of ECG was held under finance lease. No arrangement has been entered into for contingent rental payments. ECG's obligation under finance lease was repayable as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2016 HK\$	2015 HK\$	2016 HK\$	2015 HK\$
Amounts payable under finance leases:				
Within one year	-	287,788	-	270,227
Less: Future finance charges	-	(17,561)	-	-
Present value of lease obligations wholly repayable within 5 years	-	270,227	-	270,227

24 DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	2016 HK\$	2015 HK\$
Deferred income tax assets:		
- to be recovered after more than 12 months	2,778,187	1,581,322
Deferred income tax liabilities:		
- to be recovered after more than 12 months	(4,620,837)	(4,121,759)
Deferred income tax liabilities – net	(1,842,650)	(2,540,437)

The movement on the deferred income tax account is as follows:

	2016 HK\$	2015 HK\$
At January 1	(2,540,437)	-
Acquisition of a subsidiary (Note 29)	-	(4,350,735)
Credited to income statement (Note 12)	701,521	1,396,311
Currency translation differences	(3,734)	413,987
At December 31	(1,842,650)	(2,540,437)

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

	2016 HK\$	2015 HK\$
Deferred income tax assets		
At January 1	1,581,322	-
Acquisition of a subsidiary (Note 29)	-	755,306
Credited to the income statement	1,241,817	755,378
Currency translation differences	(44,952)	70,638
At December 31	2,778,187	1,581,322

24 DEFERRED INCOME TAX (CONTINUED)

	2016 HK\$	2015 HK\$
Deferred income tax liabilities		
At January 1	(4,121,759)	-
Acquisition of a subsidiary (Note 29)	-	(5,106,041)
(Debited)/credited to the income statement	(540,296)	640,933
Currency translation differences	41,218	343,349
At December 31	(4,620,837)	(4,121,759)

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. ECG did not recognise deferred income tax assets in respect of estimated tax losses amounting to HK\$114,723,799 (2015: HK\$54,057,758) arising in Hong Kong and HK\$12,670,880 (2015: HK\$8,376,267) arising in the PRC. The tax losses arising in Hong Kong can be carried forward indefinitely and the tax losses arising in the PRC will expire in five years.

25 SHARE CAPITAL

	Number of shares	Share capital HK\$
Share issued	535,000,000	329,401,285
As at December 31, 2015 and December 31, 2016	535,000,000	329,401,285

26 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash used in operations for the year comprises:

	2016 HK\$	2015 HK\$
Loss before income tax	(89,934,620)	(51,998,144)
Adjustments for:		
- Depreciation of property, plant and equipment (Note 14)	1,964,044	1,561,098
- Amortisation of intangible assets (Note 15)	30,776,790	13,458,175
- Provision for impairment of interest in an associate (Note 17)	5,028,427	-
- Net foreign exchange loss on operating activities (Note 10)	1,387,816	10,832,639
- Finance income (Note 11)	(571,100)	(1,096,227)
- Share of results of associates (Note 17)	(153,853)	780,992
- Gain on disposal of property, plant and equipment (Note 7)	(41,257)	(44,738)
	(51,543,753)	(26,506,205)
Changes in working capital:		
- Trade receivables	7,736,612	(7,673,811)
- Prepayments, deposits and other receivables	6,679,544	(4,149,902)
- Trade payables	4,011,673	(105,133)
- Other payables and accruals	(4,003,195)	3,340,791
- Balances with related parties	2,331,400	(10,288,522)
Cash used in operations	(34,787,719)	(45,382,782)

In the consolidated statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2016 HK\$	2015 HK\$
Net book amount	198,978	91,608
Gain on disposal of property, plant and equipment (Note 7)	41,257	44,739
Proceeds from disposal of property, plant and equipment	240,235	136,347

27 BORROWING

	2016 HK\$	2015 HK\$
Current		
Loan from a shareholder	19,969,189	-

On August 29, 2016, ECG entered into an agreement with JL Enterprises Holdings Limited, the Company's major shareholder and a company wholly owned by Mr. John Lau, the Executive Chairman of ECG, as to provide a loan facility in an aggregate amount of up to HK\$50 million to support the ECG's working capital requirements. The loan facility is unsecured and bears interest at prime rate quoted from the Hong Kong and Shanghai Banking Corporation Limited from time to time. The loan facility can be utilised at ECG's demand and is repayable in accordance with a separate agreement to be made between ECG and JL Enterprises Holdings Limited.

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

Borrowing bears average coupon rate of 5% as at December 31, 2016.

28 OPERATING LEASE COMMITMENTS - AS LESSEE

As at December 31, 2016, ECG had future aggregate minimum lease payments in respect of office premises under non-cancellable operating leases as follows:

	2016 HK\$	2015 HK\$
No later than one year	2,293,719	3,661,379
Later than one year and no later than five years	1,900,086	4,023,015
	4,193,805	7,684,394

ECG leases a motor vehicle under non-cancellable operating lease agreement. The lease term is 4 years. The future aggregate minimum lease payments are as follows:

	2016 HK\$	2015 HK\$
No later than one year	-	270,227

29 BUSINESS COMBINATION

On February 13, 2015, ECG acquired 100% of the issued shares of Amblique for a consideration of A\$ 6.0 million (equivalent to approximately HK\$36.4 million). The acquisition was made by ECG with an aim to expand service and solution offerings to its customers. None of the goodwill recognised is expected to be deductible for income tax purposes.

The goodwill of HK\$13,670,111 arises from a number of factors including expected synergies through combining a highly skilled workforce with expertise in technology solutions with a much greater enterprise solutions and supply chain operations platform in the PRC, Hong Kong, Australia and New Zealand.

	As at February 13, 2015 HK\$
Outflow of cash to acquire business, net of cash acquired	
- cash consideration	36,432,692
- cash and cash equivalents in subsidiary acquired	(10,947,040)
Cash outflow on acquisition	25,485,652

(A) ACQUIRED RECEIVABLES

The fair value of trade and other receivables is HK\$9,931,476 and includes trade receivables with a fair value of HK\$8,566,511. The gross contractual amount for trade receivables due is HK\$8,687,253 of which HK\$120,742 is expected to be uncollectible.

(B) REVENUE AND PROFIT CONTRIBUTION

The acquired business contributed revenue of HK\$59,819,863 and net profit of HK\$2,648,401 to ECG for the period from February 13, 2015 to December 31, 2015. If the acquisition had occurred on January 1, 2015, consolidated revenue and consolidated net loss for the year ended December 31, 2015 would have been approximately HK\$118,083,994 and HK\$52,904,861 respectively for ECG.

The following table summarises the consideration paid for Amblique, and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	As at February 13, 2015 HK\$
Purchase consideration	
- Cash paid	36,432,692

29 BUSINESS COMBINATION (CONTINUED)
(B) REVENUE AND PROFIT CONTRIBUTION (CONTINUED)
RECOGNISED AMOUNTS OF IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED

	As at February 13, 2015 HK\$
Cash and cash equivalents	10,947,040
Property, plant and equipment	988,959
Intangible assets	
- Software	8,834,527
- Contractual customer relationship	7,371,548
- Brand name	9,648,591
Deferred income tax assets	755,306
Trade and other receivables	9,931,476
Trade and other payables	(5,274,534)
Deferred revenue	(11,780,544)
Employee benefit liabilities	(3,028,004)
Obligation under finance lease	(525,743)
Deferred income tax liabilities	(5,106,041)
Total identifiable net assets	22,762,581
Goodwill	13,670,111
	36,432,692

30 RELATED PARTY TRANSACTIONS

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

Name of related party	Relationship with ECG
Mr. John Lau	Executive Director/Executive Chairman
Mr. Christopher Lau	Executive Director/Chief Executive Officer
Mr. Rupert Myer AO	Independent Non-Executive Director
Mr. Christopher Ryan	Independent Non-Executive Director
Mr. Heath Zarin	Independent Non-Executive Director
JL Enterprises Holdings Limited	Shareholder of the Company, controlled by Mr. John Lau
Bo Lei Digital Limited	Subsidiary of an associate
CS China Logistics Limited	Shareholder of the Company, controlled by Mr. John Lau
Cargo Services Far East Limited	Controlled by Mr. John Lau
CS Logistic Solutions Pty Limited	Controlled by Mr. John Lau
Allport Cargo Services Limited	Controlled by Mr. John Lau
CN Logistics Limited	Controlled by Mr. John Lau
Cargo Services (China) Limited	Controlled by Mr. John Lau
WWE Group Limited	Joint venture of an associate

30 RELATED PARTY TRANSACTIONS (CONTINUED)

The following transactions were carried out with related parties:

	2016 HK\$	2015 HK\$
<i>(a) Sales of services – note (i)</i>		
Sales of software development services:		
- Cargo Services Far East Limited	2,405,412	5,707,629
- Bo Lei Digital Limited	14,477	
Sales of import, storage, and courier fulfillment services:		
- Cargo Services Far East Limited	2,082	-
- CN Logistics Limited	24,763	-
Sales of management services:		
- WWE Group Limited	5,550,000	-
	7,996,734	5,707,629
<i>(b) Purchases of services – note (i)</i>		
Purchase of outsourced labour services:		
- CS China Logistics Limited	2,079,889	3,700,700
Purchases of outsourced import, storage, and courier fulfillment services:		
- CS China Logistics Limited	16,365,039	34,829,806
- CS Logistic Solutions Pty Limited	2,471,279	
Purchase of management and administrative services:		
- Cargo Services Far East Limited	421,581	-
	21,337,788	38,530,506

(c) Key Management compensation – note (ii)

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

30 RELATED PARTY TRANSACTIONS (CONTINUED)

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

	2016 HK\$	2015 HK\$
<i>(d) Payment on behalf of ECG by related parties</i>		
- Cargo Services Far East Limited	2,941,222	779,021
- Cargo Service (China) Limited	7,177	-
- CN Logistic Limited	14,390	-
	6,594,644	779,021
<i>(e) Payment on behalf of related party by ECG</i>		
- WWE Group Limited	3,631,855	-
	As at December 31, 2016 HK\$	As at December 31, 2015 HK\$
<i>(f) Amount due to Key Management – note (iii)</i>		
Mr. Christopher Lau	600,000	648,000
<i>(g) Balances with related parties – note (iv)</i>		
- Allport Cargo Services Limited	51,540	(158,908)
- Cargo Services Far East Limited	6,730,981	10,539,228
- Cargo Services (China) Limited	(8,170,818)	(2,345,370)
- Cargo Tiancheng Technology Limited	(41,919)	(27,498)
- CN Logistics Limited	(2,242,610)	(7,797,250)
- CS China Logistics	(681,823)	(714,011)
- Bo Lei Digital Limited	14,477	-
- WWE Group Limited	1,504,964	-
	(2,835,208)	(503,809)

30 RELATED PARTY TRANSACTIONS (CONTINUED)

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

	2016 HK\$	2015 HK\$
<i>(h) Borrowing from a shareholder</i>		
At January 1, 2016	-	-
Loan advanced during the year (Note 27)	19,760,000	-
Interest charged (Note 11)	209,189	-
	19,969,189	-

Notes:

- (i) These transactions are carried out on terms agreed with the related parties in the ordinary course of business and on commercial terms that would be available to third parties.
- (ii) Key Management are deemed to be the Directors who have responsibility for planning, directing, and controlling the activities of the Company.
- (iii) The payable balances with Directors are unsecured, interest free and are repayable on demand. The fair values of these balances approximate their carrying values.
- (iv) Balances with related parties arise mainly from purchase transactions and are due one month after the date of purchase. The receivable balances and payable balances bear no interest and are denominated in HK\$.

31 SUBSEQUENT EVENT**LOAN FACILITY FROM A MAJOR SHAREHOLDER**

On March 15, 2017, ECG renewed the standby loan facility agreement signed on August 29, 2016 with JL Enterprises Holdings Limited, ECG's major shareholder and a company wholly owned by Mr. John Lau, the Executive Chairman of ECG, as to extend the standby loan facility from HK\$50 million to HK\$70 million to support ECG's working capital requirements. The standby loan facility is unsecured and bears interest at prime rate quoted from The Hong Kong and Shanghai Banking Corporation Limited from time to time. The standby loan facility can be utilised at ECG's discretion and is repayable in accordance with a separate agreement to be made between ECG and JL Enterprises Holdings Limited.

ECG continues to review its capital structure for its operations and investment.

32 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	Note	2016 HK\$	2015 HK\$
Assets			
Non-current assets			
Property, plant and equipment		318,150	537,844
Intangible assets		61,440,217	88,375,000
Investment in subsidiaries		389,283	389,283
Interest in an associate		-	5,213,814
		62,147,650	94,515,941
Current assets			
Amounts due from subsidiaries		207,870,079	192,546,200
Cash and cash equivalents		107	14,752,534
		207,870,186	207,298,734
Total assets		270,017,836	301,814,675
Equity			
Equity attributable to owners of the Company			
Share capital		329,401,285	329,401,285
Accumulated losses	a	(80,712,894)	(33,288,707)
Total equity		248,688,391	296,112,578
Liabilities			
Non-current liabilities			
Loan from a shareholder		19,969,189	-
Current liabilities			
Amounts due to subsidiaries		387,540	5,602,097
Other payables and accruals		972,716	100,000
		1,360,256	5,702,097
Total liabilities		21,329,445	5,702,097
Total equity and liabilities		270,017,836	301,814,675

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, 2015	(20,923,768)
Loss for the year	(12,364,939)
As at December 31, 2015 and January 1, 2016	(33,288,707)
Loss for the year	(47,424,187)
As at December 31, 2016	(80,712,894)

ASX

Additional Information

ISSUED CAPITAL

As at March 3, 2017, the Company had 535,000,000 ordinary fully paid shares in issue, of which 535,000,000 are held by Chess Depositary Nominees Pty Ltd ("CDN"). CDN has issued 535,000,000 CHESS Depositary Interests ("CDIs") in relation to these shares. 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.

On November 28, 2016, all the ASX restricted securities and voluntary restricted CDIs were released from ASX imposed escrow following the expiration of a 24 months escrow period. The Company confirms that all CDIs had been released from the holding lock and could be traded on the ASX or transferred. There are no shares/CDIs that is currently under trading restrictions.

There is currently no on-market buyback 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, CS China Logistics Limited and Mr John Lau	396,872,460	74.18%

TOP 20 SHARES/CDI HOLDERS AS AT MARCH 3, 2017.

Rank	Name	Total Units	% Issued Capital
1	JL ENTERPRISES HOLDINGS LTD	372,937,640	69.71%
2	CS CHINA LOGISTICS LIMITED	23,934,820	4.47%
3	INVESTORLINK CAPITAL PTY LTD	18,400,830	3.44%
4	TYCOON SMART LIMITED	17,500,000	3.27%
5	TIGER WEALTH GLOBAL LIMITED	13,410,000	2.51%
6	CHRISTOPHER LAU	8,132,460	1.52%
7	YULGILBAR CUSTODIANS PTY LTD	8,000,000	1.50%
8	CASTLE GIANT HOLDINGS LIMITED	7,500,000	1.40%
9	ARANDAY PTY LTD	7,000,000	1.31%
10	WASHINGTON H SOUL PATTINSON & COMPANY LTD	5,625,000	1.05%
11	SHIYIBA PTY LTD	4,948,558	0.92%
12	EXCEL PAN VENTURES LIMITED	2,300,000	0.43%
13	GARDIOLE PTY LTD	2,000,000	0.37%
14	FANDEXA NOMINEES PTY LTD	1,310,293	0.24%
14	MR JUSTUS JOHANNES AURELIUS WILDE	1,310,293	0.24%
15	GILLESPIE SUPER FUND PTY LTD	1,200,000	0.22%
15	EXCEL PAN VENTURES LIMITED	1,200,000	0.22%
15	BROOKES FAMILY INVESTMENTS PTY LTD	1,200,000	0.22%
16	INVESTORLINK SECURITIES LIMITED	1,180,000	0.22%
17	JLJ ENTERPRISES LIMITED	1,076,500	0.20%
18	BNP PARIBAS NOMS PTY LTD	1,008,747	0.19%
19	WALLABY DOWNS PTY LTD	1,000,000	0.19%
19	MUTUAL TRUST PTY LTD	1,000,000	0.19%
19	MUTUAL TRUST PTY LTD	1,000,000	0.19%
20	ONE MANAGED INVESTMENT FUNDS LIMITED	885,188	0.17%
Total Top 20 Holders		505,060,329	94.40%
Total Remaining Holders Balance		29,939,671	5.60%

DISTRIBUTION OF SHAREHOLDERS/CDI HOLDERS

There were 704 shareholders/CDI holders at March 3, 2017. Each Shareholder/CDI holder is entitled to one vote for each security held.

Range	Total Holders	Units	% of issued capital
1-1,000	27	4,778	0.00%
1,001-5,000	179	570,728	0.11%
5,001-10,000	113	974,133	0.18%
10,001-100,000	299	11,255,471	2.10%
Over 100,000	86	522,194,890	97.61%
Totals	704	535,000,000	100.00%

There are no CDI holders who hold less than a marketable parcel as at March 3, 2017.

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.

USE OF CASH CONSISTENT WITH BUSINESS OBJECTIVES

The Company confirms that, for the whole financial year ended December 31, 2016, it had used cash and other assets readily convertible to cash that it held at time of admission, in a way consistent with its business objectives.

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 subjected 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 unless a waiver is granted by the Executive of the Securities and Future Commission in Hong Kong.

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

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COMPANY SECRETARY

Irene Yip

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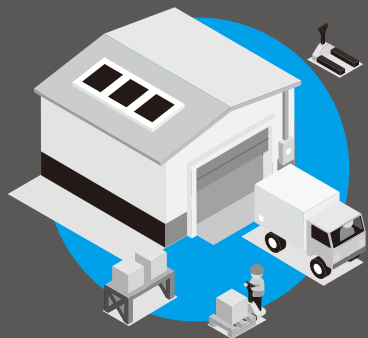
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TED BAKER
LONDON

Trade Operations



Global Fulfilment



Photography



Digital Marketing



eCommerce IT





We are an eCommerce enabler and business partner for designer fashion, branded apparel and retail companies, providing holistic eCommerce solutions and capabilities to connect them online with the consumers in China, Australia and around the world.



eOperation

Online shop development, setup, promotion, day-to-day management and customer services

eCommerceIT

Bespoke front-end and middleware technology solutions, project management and implementation

eFulfillment

Back-end logistics operations and customer order fulfillment execution

eStudio

Digital asset production and product detail photography

eMarketing

Brand strategy, digital marketing and social media promotion management and execution