



ASX APPENDIX 4D AND INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

eCargo Holdings Limited

ARBN 601 803 069

30 June 2017

Lodged with ASX under Listing Rule 4.3A

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

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

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Details of the reporting period and the previous corresponding period

Reporting period: 1 January 2017 to 30 June 2017
 Prior corresponding period: 1 January 2016 to 30 June 2016

Results for announcement to the market

Key information

| (HK\$) | Reporting Period | Prior Corresponding Period | % change |
|---|------------------|----------------------------|----------|
| Revenue from ordinary operations | 61,497,559 | 58,725,106 | 4.7% |
| Loss after income tax (credit)/expense | (47,983,371) | (41,113,257) | 16.7% |
| Total comprehensive loss attributable to members of the Company | (46,624,473) | (41,134,045) | 13.3% |

Dividends

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

Interim Condensed Consolidated Statement of Comprehensive Income

Please refer to Appendix 1 - page 3.

Interim Condensed Consolidated Statement of Financial Position

Please refer to Appendix 1 - page 4.

Interim Condensed Consolidated Statement of Changes in Equity

Please refer to Appendix 1 - page 5.

Interim Condensed Consolidated Statement of Cash Flows

Please refer to Appendix 1 - page 6.

Additional dividend information

The Company has not declared any dividends.

Dividend reinvestment plan

The Company has no dividend reinvestment plan.

Net tangible asset backing

Net tangible asset backing per ordinary share as of 30 June 2017: HK\$5.5 cents, based on 535,000,000 ordinary shares on issue and outstanding.

On this basis, the Company has a net asset backing or book value of HK\$19.3 cents per ordinary share.

Controlled entities acquired or disposed of

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

Associates and joint venture entities

During the period, ECG had equity accounted for the interest in associate.

Other significant information

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

Foreign entities

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

Commentary on the operations and results

ECG reported a gross profit of HK\$33.5 million (2016: HK\$28.5 million), a net loss of HK\$48.0 million (2016: HK\$41.1 million loss) and a loss before interest, tax, depreciation and amortisation ("EBITDA loss") of HK\$22.6 million (2016: HK\$29.9 million loss), excluding results from associate for the six months ended June 30, 2017.

ECG incurred a loss per share of HK\$0.09 for the period. The Company did not propose any dividend distribution or share buy-back during the period.

During the period, ECG's EBITDA loss decreased by 24% on a year-on-year basis mainly due to the initiatives executed in the second quarter such as focusing on higher margin clients and reducing costs through streamlining processes and resources. The overall net loss expectedly increased to HK\$48.0 million for the current interim period over HK\$41.1 million for the same period last year, mainly due to amortisation expenses. These non-cash expenses increased as a result of a reduction in the remaining useful life of the key software intangible assets as previously disclosed in the 2016 full year results announcement.

Consolidated revenue for the period increased moderately to HK\$61.5 million of which HK\$23.1 million was attributable to eCommerce-enabling business and HK\$38.4 million was contributed by Amblique.

Statement as to the review status

The report is based on the interim condensed consolidated financial information for the six months ended June 30, 2017 of ECG, which has been reviewed by PricewaterhouseCoopers, the auditor of the Company.

eCARGO HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED

30 JUNE 2017

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION
TO THE BOARD OF DIRECTORS OF eCARGO HOLDINGS LIMITED**
(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim condensed consolidated financial information set out on pages 3 to 23, which comprises the interim condensed consolidated statement of financial position of eCargo Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2017 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes. The directors of the Company are responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (CONTINUED)
TO THE BOARD OF DIRECTORS OF eCARGO HOLDINGS LIMITED**
(incorporated in Hong Kong with limited liability)

Conclusion

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



PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 August 2017

eCARGO HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | | Six months ended 30 June | |
|--|------|-----------------------------|-----------------------------|
| | Note | 2017 HK\$ (Unaudited) | 2016 HK\$ (Unaudited) |
| Revenue | 7 | 61,497,559 | 58,725,106 |
| Cost of sales | 8 | (28,033,110) | (30,249,163) |
| Gross profit | | 33,464,449 | 28,475,943 |
| Selling and distribution expenses | 8 | (7,599,857) | (5,521,863) |
| Administrative expenses | 8 | (68,691,604) | (51,492,841) |
| Research and development expenses | 8 | (5,340,958) | (8,733,902) |
| Operating loss | | (48,167,970) | (37,272,663) |
| Finance income | | 27,077 | 181,696 |
| Finance expense | | (803,914) | - |
| Finance (expense)/income, net | | (776,837) | 181,696 |
| Other gain/(loss) | 9 | 868,501 | (680,584) |
| Share of loss of an associate | 14 | (2,134,611) | (57,962) |
| Provision for impairment of interest in an associate | 14 | - | (5,028,427) |
| Loss before income tax | | (50,210,917) | (42,857,940) |
| Income tax credit | 10 | 2,227,546 | 1,744,683 |
| Loss for the period | | (47,983,371) | (41,113,257) |
| Other comprehensive income | | | |
| <i>Item that may be reclassified to profit or loss</i> | | | |
| Currency translation differences | | 1,358,898 | (20,788) |
| Total comprehensive loss for the period | | (46,624,473) | (41,134,045) |
| Loss per share for loss attributable to owners of the Company | | | |
| - Basic and diluted (HK cents per share) | 11 | (8.97) | (7.68) |

The notes on pages 7 to 23 are an integral part of this interim condensed consolidated financial information.

eCARGO HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | As at 30 June 2017 HK\$ (Unaudited) | As at 31 December 2016 HK\$ (Audited) |
|---|-------|---|---|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 13 | 3,907,964 | 4,526,109 |
| Intangible assets | 13 | 74,193,619 | 95,381,946 |
| Interest in associates | 14 | 68,325,204 | 70,459,815 |
| Deferred income tax assets | | 2,653,968 | 2,778,187 |
| Deposits | | 795,614 | 869,850 |
| Total non-current assets | | 149,876,369 | 174,015,907 |
| Current assets | | | |
| Trade receivables | 15 | 24,363,951 | 23,602,377 |
| Prepayments, deposits and other receivables | | 1,787,313 | 1,683,986 |
| Amounts due from related parties | 21(g) | 8,684,448 | 8,301,962 |
| Income tax recoverable | | 755,617 | 1,815,019 |
| Cash and cash equivalents | | 6,939,825 | 6,386,966 |
| Total current assets | | 42,531,154 | 41,790,310 |
| Total assets | | 192,407,523 | 215,806,217 |
| Equity | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 16 | 329,401,285 | 329,401,285 |
| Currency translation reserve | | (627,036) | (1,985,934) |
| Accumulated losses | | (225,367,136) | (177,383,765) |
| Total equity | | 103,407,113 | 150,031,586 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Deferred income tax liabilities | | 3,297,068 | 4,620,837 |
| Borrowing | 18 | 43,345,520 | 19,969,189 |
| | | 46,642,588 | 24,590,026 |
| Current liabilities | | | |
| Trade payables | 17 | 12,197,179 | 10,116,781 |
| Other payables and accruals | | 17,575,118 | 19,930,654 |
| Amounts due to related parties | 21(g) | 12,585,525 | 11,137,170 |
| Total current liabilities | | 42,357,822 | 41,184,605 |
| Total liabilities | | 89,000,410 | 65,774,631 |
| Total equity and liabilities | | 192,407,523 | 215,806,217 |

The notes on pages 7 to 23 are an integral part of this interim condensed consolidated financial information.

eCARGO HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share capital HK\$ | Currency Translation reserve HK\$ | Accumulated losses HK\$ | Total HK\$ |
|---|--------------------------|--|-------------------------------|---------------|
| Balance at 1 January 2016 | 329,401,285 | (1,586,268) | (89,666,223) | 238,148,794 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total comprehensive loss for the period ended 30 June 2016 | - | (20,788) | (41,113,257) | (41,134,045) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 30 June 2016 (unaudited) | 329,401,285 | (1,607,056) | (130,779,480) | 197,014,749 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 1 January 2017 | 329,401,285 | (1,985,934) | (177,383,765) | 150,031,586 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total comprehensive loss for the period ended 30 June 2017 | - | 1,358,898 | (47,983,371) | (46,624,473) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 30 June 2017 (unaudited) | 329,401,285 | (627,036) | (225,367,136) | 103,407,113 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

The notes on pages 7 to 23 are an integral part of this interim condensed consolidated financial information.

eCARGO HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Six months ended 30 June | |
|---|--------------------------|--------------|
| | 2017 | 2016 |
| | HK\$ | HK\$ |
| | (Unaudited) | (Unaudited) |
| Cash flows from operating activities | | |
| Cash used in operations | (23,787,642) | (28,390,041) |
| Interest paid | (1,238) | - |
| Income tax refund/(paid) | 2,089,453 | (2,048,675) |
| Net cash used in operating activities | (21,699,427) | (30,438,716) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (164,896) | (466,582) |
| Purchase of intangible assets | (254,429) | (1,154,585) |
| Proceeds from disposal of property, plant and equipment | - | 236,719 |
| Interest received | 27,077 | 181,696 |
| Net cash used in investing activities | (392,248) | (1,202,752) |
| Cash flow from financing activities | | |
| Repayments of obligation under finance lease | - | (270,227) |
| Proceeds from borrowing | 22,573,655 | - |
| Net cash generated from/(used in) financing activities | 22,573,655 | (270,227) |
| Net increase/(decrease) in cash and cash equivalents | 481,980 | (31,911,695) |
| Cash and cash equivalents at beginning of period | 6,386,966 | 97,332,110 |
| Exchange gain on cash and cash equivalents | 70,879 | 337,886 |
| Cash and cash equivalents at end of period | 6,939,825 | 65,758,301 |

The notes on pages 7 to 23 are an integral part of this interim condensed consolidated financial information.

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 General information

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

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

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

The financial information relating to the year ended 31 December 2016 that is included in the interim condensed consolidated financial information for the six months ended 30 June 2017 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

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

2 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2017 has been prepared in accordance with Hong Kong Accounting Standard 34, “Interim financial reporting”. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

On 15 March 2017, the Group renewed the standby loan facility 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, to provide a loan facility of HK\$70.0 million to enable the Group to meet its financial obligations and will not demand repayment from the Group until the Group is capable to do so. As at 30 June 2017, the Group has undrawn facility amount of HK\$26.7 million that it can utilise in the next twelve months which serves additional financial resources for the Group to finance its operation and to meet its financial obligations when they fall due. Consequently, the directors have prepared the interim condensed consolidated financial information on a going concern basis.

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements.

The following new standards and amendments have been issued and effective for annual periods beginning on 1 January 2017 with no material impact on the Group's results of operations and financial positions:

| | |
|---------------------|-------------------------|
| HKAS 7 (Amendment) | Statement of cash flows |
| HKAS 12 (Amendment) | Income taxes |

The following new and amended standards and interpretations to the existing standards that have been issued but are not effective for the financial year beginning 1 January 2017 with no early adoption:

| | | Effective for annual periods beginning on or after |
|-------------------------------------|---|---|
| HKAS 40 (Amendment) | Investment property | 1 January 2018 |
| HK (IFRIC) 22 | Foreign currency transactions and advance consideration | 1 January 2018 |
| HKFRS 2 (Amendment) | Classification and measurement of share-based payment transactions | 1 January 2018 |
| HKFRS 4 (Amendment) | Insurance contracts | 1 January 2018 |
| HKFRS 9 | Financial Instruments | 1 January 2018 |
| HKFRS 15 | Revenue from Contracts with Customers | 1 January 2018 |
| HKFRS 15 (Amendment) | Clarification to HKFRS 15 Revenue from Contracts with Customers | 1 January 2018 |
| HKFRS 16 | Leases | 1 January 2019 |
| HKFRS 10 and HKAS 28 (Amendment) | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined |

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

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 expenses may need to be recognized 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 interim condensed consolidated financial information.

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 recognized in the interim condensed consolidated financial information. ECG is in the process of assessing to what extent the operating lease commitments of HK\$4,732,618 as at 30 June 2017 as disclosed in Note 20 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.

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 Estimates and judgements

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying ECG's accounting policies and the key sources of estimation uncertainty were similar to those used to prepare the consolidated financial statements for the year ended 31 December 2016.

5 Financial risk management

5.1 Capital management

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

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

5.2 Credit risk

At the date of the interim condensed consolidated statement of financial position, 30% (31 December 2016: 35%) of the trade receivables was due from ECG's largest five debtors. Accordingly, ECG's consolidated results would be heavily affected by the financial capability of these debtors to fulfill their obligations with ECG. ECG's credit risk monitoring activities relating to the debtors include review of the credit profile, business prospects, background and their financial capacity.

5.3 Liquidity risk

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

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

5.4 Foreign exchange risk

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

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

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

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5 Financial risk management (Continued)

5.4 Foreign exchange risk (Continued)

At 30 June 2017, if the HK\$ had strengthened/weakened by 5% against the RMB with all other variables held constant, post-tax results for the year would change by approximately HK\$185,000 (30 June 2016: HK\$1,368,000) mainly as a result of foreign exchange gains/losses on translation of trade receivables, deposits and other receivables, balances with related parties, cash and cash equivalents, trade payables and other payables and accruals denominated in the RMB.

At 30 June 2017, if the HK\$ had strengthened/weakened by 5% against the A\$ with all other variables held constant, post-tax results for the period would change by approximately HK\$95,000 (30 June 2016: HK\$138,000), mainly as a result of foreign exchange gains/losses on translation of trade receivables, deposits and other receivables, balances with related parties, cash and cash equivalents, trade payables and other payables and accruals denominated in the A\$.

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

5.5 Cash flow and fair value interest rate risk

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

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

At 30 June 2017, if interest rate on borrowing held at variable rate had been 50 basis points higher/lower with all other variables held constant, post-tax loss for the period would have been approximately HK\$181,000 (30 June 2016: HK\$Nil) higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowing.

5.6 Fair value estimation

ECG's financial instruments include cash and cash equivalents, trade receivables, deposits and other receivables, amounts due from related parties, trade payables, other payables, accruals and 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. For the amount of borrowing, it is expected that the discounting impact is not significant.

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 Segment information

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

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

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

| For the six months ended 30 June 2017 | | | | |
|---|--------------------------------------|----------------------------------|-------------------------------------|-------------------------------------|
| | Greater China HK\$ (Unaudited) | Australia HK\$ (Unaudited) | Eliminations HK\$ (Unaudited) | Consolidated HK\$ (Unaudited) |
| Revenue | | | | |
| External revenue | 23,056,996 | 38,440,563 | - | 61,497,559 |
| Gross profit | 10,753,408 | 22,711,041 | - | 33,464,449 |
| Results | | | | |
| EBITDA loss – excluding impact of foreign exchange | (19,627,146) | (3,884,721) | - | (23,511,867) |
| For the six months ended 30 June 2016 | | | | |
| | Greater China HK\$ (Unaudited) | Australia HK\$ (Unaudited) | Eliminations HK\$ (Unaudited) | Consolidated HK\$ (Unaudited) |
| Revenue | | | | |
| External revenue | 24,879,840 | 33,845,266 | - | 58,725,106 |
| Gross profit | 7,995,403 | 20,480,540 | - | 28,475,943 |
| Results | | | | |
| EBITDA – excluding impact of foreign exchange | (23,583,416) | (5,653,067) | - | (29,236,483) |

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 Segment information (Continued)

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

| | Six months ended 30 June | |
|--|--------------------------|---------------------|
| | 2017 | 2016 |
| | HK\$ | HK\$ |
| | (Unaudited) | (Unaudited) |
| Total segment EBITDA – excluding foreign exchange loss | (23,511,867) | (29,236,483) |
| Net foreign exchange gain/(loss) | 868,501 | (680,584) |
| Gain on disposal of property, plant and equipment | - | 55,886 |
| Depreciation of property, plant and equipment | (898,944) | (1,007,694) |
| Amortisation of intangible assets | (23,757,159) | (7,084,372) |
| Interest income | 27,077 | 181,696 |
| Interest expense | (803,914) | - |
| Share of loss of an associate | (2,134,611) | (57,962) |
| Provision for impairment of interest in an associate | - | (5,028,427) |
| Loss before income tax | <u>(50,210,917)</u> | <u>(42,857,940)</u> |

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

| | Six months ended 30 June | |
|---------------------------|--------------------------|-------------------|
| | 2017 | 2016 |
| | HK\$ | HK\$ |
| | (Unaudited) | (Unaudited) |
| Greater China | 23,056,996 | 24,879,840 |
| Australia and New Zealand | 38,440,563 | 33,845,266 |
| | <u>61,497,559</u> | <u>58,725,106</u> |

The segment assets as at 30 June 2017 and 31 December 2016 are as follows:

| | Total assets | Interest in | Additions to |
|----------------------------|--------------------|-------------------|----------------|
| | HK\$ | associates | non-current |
| | (Unaudited) | HK\$ | assets |
| | (Unaudited) | (Unaudited) | HK\$ |
| | (Unaudited) | (Unaudited) | (Unaudited) |
| As at 30 June 2017 | | | |
| Greater China | 133,070,020 | 68,325,204 | - |
| Australia | 56,683,535 | - | 419,325 |
| | <u>189,753,555</u> | <u>68,325,204</u> | <u>419,325</u> |
| Deferred income tax assets | 2,653,968 | | |
| | <u>192,407,523</u> | | |

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 Segment information (Continued)

| | Total assets HK\$ (Audited) | Interest in associates HK\$ (Audited) | Additions to non-current assets (excluding additions upon business acquisition) HK\$ (Audited) |
|-------------------------------|-----------------------------------|--|--|
| As at 31 December 2016 | | | |
| Greater China | 158,338,791 | 70,459,815 | 1,124,202 |
| Australia | 54,689,239 | - | 2,262,476 |
| | <u>213,028,030</u> | <u>70,459,815</u> | <u>3,386,678</u> |
| Deferred income tax assets | 2,778,187 | | |
| | <u>215,806,217</u> | | |

Information about major customers

For the six months ended 30 June 2017 and 2016, there was no single external customer contributing 10% or more of ECG's total revenue.

7 Revenue

| | Six months ended 30 June | |
|------------------|-----------------------------|-----------------------------|
| | 2017 HK\$ (Unaudited) | 2016 HK\$ (Unaudited) |
| Revenue | | |
| - Service income | <u>61,497,559</u> | <u>58,725,106</u> |

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

8 Expenses by nature

| | Six months ended 30 June | |
|---|--------------------------|-------------------|
| | 2017 | 2016 |
| | HK\$ | HK\$ |
| | (Unaudited) | (Unaudited) |
| Outsourced services fulfilment expenses, included in cost of sales | 7,050,735 | 15,103,220 |
| Outsourced web development and IT consultation costs, included in cost of sales | 6,927,046 | 5,471,203 |
| Subscription expense for software application, included in cost of sales | 14,055,329 | 9,674,740 |
| Auditor's remuneration | 500,000 | 864,000 |
| Employee benefit expenses | 47,409,317 | 48,630,803 |
| Outsourced labour costs (Note 21(b)) | 984,652 | 491,394 |
| Amortisation of intangible assets (Note 13) | 23,757,159 | 7,084,372 |
| Depreciation of property, plant and equipment (Note 13) | 898,944 | 1,007,694 |
| Legal and professional expenses | 1,217,803 | 992,580 |
| Travel expenses | 1,412,603 | 1,775,271 |
| Operating leases rental | 2,315,302 | 2,197,187 |
| IT expenses | 1,000,160 | 824,883 |
| Marketing expenses | 193,288 | 248,693 |
| Utilities and maintenance expenses | 237,157 | 193,096 |
| Telecommunications expenses | 228,868 | 198,437 |
| Insurance expenses | 123,629 | 124,773 |
| Provision for impairment of trade receivables | 87,694 | - |
| Gain on disposal of property, plant and equipment | - | (55,886) |
| Other expenses | 1,265,843 | 1,171,309 |
| | <u>109,665,529</u> | <u>95,997,769</u> |

9 Other gain/(loss)

| | Six months ended 30 June | |
|----------------------------------|--------------------------|------------------|
| | 2017 | 2016 |
| | HK\$ | HK\$ |
| | (Unaudited) | (Unaudited) |
| Net foreign exchange gain/(loss) | <u>868,501</u> | <u>(680,584)</u> |

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

Subsidiaries established in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% (2016: 16.5%). Subsidiary established in the PRC is subject to PRC corporate income tax at a rate of 25% (2016: 25%). No provision for Hong Kong profits tax and PRC corporate income tax has been made as ECG had no assessable profits for the six months ended 30 June 2017 in Hong Kong and in the PRC (For the six months ended 30 June 2016: Nil).

Subsidiaries established in Australia are subject to 30% income tax rate during the period (2016: 30%).

| | Six months ended 30 June | |
|---------------------------------|-----------------------------|-----------------------------|
| | 2017 HK\$ (Unaudited) | 2016 HK\$ (Unaudited) |
| Current income tax credit | | |
| - Australian corporate tax | 936,684 | 1,570,451 |
| - Under provision in prior year | (81,193) | (67,644) |
| Deferred income tax | 1,372,055 | 241,876 |
| Income tax credit | <u>2,227,546</u> | <u>1,744,683</u> |

11 Loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2017 and 2016.

| | Six months ended 30 June | |
|---|--------------------------|---------------------|
| | 2017 (Unaudited) | 2016 (Unaudited) |
| Loss attributable to owners of the Company (HK\$) | <u>47,983,371</u> | <u>41,113,257</u> |
| Weighted average number of ordinary shares in issue | <u>535,000,000</u> | <u>535,000,000</u> |
| Basic and diluted loss per share (HK cent) | <u>8.97</u> | <u>7.68</u> |

Diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares during the six months ended 30 June 2017 and 2016.

12 Dividend

No dividend has been declared by the Company for the six months ended 30 June 2017 (30 June 2016: Nil).

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

13 Property, plant and equipment and intangible assets

| | Property, plant and equipment HK\$ (Unaudited) | Intangible assets HK\$ (Unaudited) |
|---|--|---|
| Six months ended 30 June 2017 | | |
| Net book value | | |
| Opening net book amount as at 1 January 2017 | 4,526,109 | 95,381,946 |
| Additions | 164,896 | 254,429 |
| Depreciation and amortisation (Note 8) | (898,944) | (23,757,159) |
| Currency translation differences | 115,903 | 2,314,403 |
| Closing net book amount as at 30 June 2017 | <u>3,907,964</u> | <u>74,193,619</u> |
| Six months ended 30 June 2016 | | |
| Net book value | | |
| Opening net book amount as at 1 January 2016 | 5,601,664 | 125,182,970 |
| Additions | 466,582 | 1,154,585 |
| Depreciation and amortisation (Note 8) | (1,007,694) | (7,084,372) |
| Disposals | (180,833) | - |
| Currency translation differences | (48,292) | (32,285) |
| Closing net book amount as at 30 June 2016 | <u>4,831,427</u> | <u>119,220,898</u> |

14 Interest in associates

| | As at 30 June 2017 HK\$ (Unaudited) | As at 31 December 2016 HK\$ (Audited) |
|--------------------------|---|---|
| Investment in associates | <u>68,325,204</u> | <u>70,459,815</u> |

Notes:

- (i) On 25 July 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.

eCARGO HOLDINGS LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION****14 Interest in associates (Continued)**

Notes: (Continued)

- (ii) During the six months ended 30 June 2016, one of the associate, Purecomm (UK) Limited, continued to be loss making due to challenging conditions in its markets. 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. ECG has fully impaired the interest in PureComm in prior year and did not have any unrecognised share of losses of associate.

Set out below are the associates of ECG as at 30 June 2017. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by ECG; the country of incorporation or registration is also their principal place of business.

| Name of company | Place of business/ country of incorporation | Percentage of ownership interest | Principal activities | Measurement method |
|---------------------------------------|--|---|---------------------------------|-------------------------------|
| Purecomm (UK) Limited ("PureComm") | The United Kingdom | 20.99% | Investment holding; Hong Kong | Equity |
| MM E-Commerce Limited | Hong Kong | 40.00% | Investment holding | Equity |

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

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

15 Trade receivables

| | As at 30 June 2017 HK\$ (Unaudited) | As at 31 December 2016 HK\$ (Audited) |
|--------------------------------|---|---|
| Trade receivables | 24,451,645 | 23,602,377 |
| Less: provision for impairment | (87,694) | - |
| Trade receivables - net | <u>24,363,951</u> | <u>23,602,377</u> |

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

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

15 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:

| | As at 30 June 2017 HK\$ (Unaudited) | As at 31 December 2016 HK\$ (Audited) |
|---------------|---|---|
| 1 - 30 days | 19,643,058 | 14,993,615 |
| 31 - 60 days | 1,236,917 | 5,332,853 |
| 61 - 90 days | 1,684,017 | 1,989,079 |
| 91 - 180 days | 1,672,222 | 586,643 |
| Over 180 days | 215,431 | 700,187 |
| | <u>24,451,645</u> | <u>23,602,377</u> |

16 Share capital

| | Number of shares | Share capital HK\$ |
|---|---------------------|--------------------------|
| As at 1 January 2016, 30 June 2016, 1 January 2017 and 30 June 2017 | <u>535,000,000</u> | <u>329,401,285</u> |

17 Trade payables

The ageing analysis of trade payables by invoice date is as follows:

| | As at 30 June 2017 HK\$ (Unaudited) | As at 31 December 2016 HK\$ (Audited) |
|---------------|---|---|
| 1 - 30 days | 5,300,619 | 2,739,610 |
| 31 - 60 days | 2,495,292 | 3,197,702 |
| 61 - 90 days | 2,038,308 | 607,944 |
| 91 - 180 days | 379,825 | 2,089,276 |
| Over 180 days | 1,983,135 | 1,482,249 |
| | <u>12,197,179</u> | <u>10,116,781</u> |

eCARGO HOLDINGS LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION****18 Borrowing**

| | As at 30 June 2017 HK\$ (Unaudited) | As at 31 December 2016 HK\$ (Audited) |
|---------------------------------------|---|---|
| Loan from a shareholder (Note 21 (h)) | <u>43,345,520</u> | <u>19,969,189</u> |

On 29 August 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\$50.0 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 utilized at ECG's demand and is repayable in accordance with a separate agreement to be made between ECG and JL Enterprises Holdings Limited.

On 15 March 2017, ECG renewed the standby loan facility agreement signed on 29 August 2016 with JL Enterprises Holdings Limited as to extend the standby loan facility from HK\$50.0 million to HK\$70.0 million to support ECG's working capital requirements. The standby loan facility is unsecured and bears interest at the same interest rate as the original standby loan facility agreement. The standby loan facility can be utilized at ECG's discretion and is repayable in accordance with a separate agreement to be made between ECG and JL Enterprises Holdings Limited.

Out of HK\$70.0 million standby loan facility, the Group had drawn HK\$43.3 million as at 30 June 2017. The Group has undrawn facility amount of HK\$26.7 million that it can utilise in the next twelve months, which serves additional financial resources for the Group to finance its operation and to meet its financial obligations when they fall due.

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

Borrowing bears average coupon rate of 5% as at 30 June 2017 (31 December 2016: same).

19 Contingent liabilities

As at 30 June 2017, ECG did not have any significant contingent liabilities (31 December 2016: same).

eCARGO HOLDINGS LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION****20 Operating lease commitments**

As a lessee

As at 30 June 2017, ECG had future aggregate minimum lease payments under non-cancellable operating leases in respect of office premises under non-cancellable operating leases as follows:

| | 30 June 2017 HK\$ (Unaudited) | 31 December 2016 HK\$ (Audited) |
|--|--|--|
| No later than one year | 2,753,772 | 2,293,719 |
| Later than one year and no later than five years | 1,978,846 | 1,900,086 |
| | <u>4,732,618</u> | <u>4,193,805</u> |

21 Related party transactions

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

| Name of related party | Relationship with ECG |
|------------------------------------|---|
| Mr. John Lau | Executive Director/Executive Chairman |
| 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 Logistics 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 |
| CN Logistics (Shanghai) Limited | Controlled by Mr. John Lau |
| Cargo Services (China) Limited | Controlled by Mr. John Lau |
| WWE Group Limited | Joint venture of an associate |
| MyMM (Shanghai) Commerce Limited | Subsidiary of joint venture of an associate |

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

21 Related party transactions (Continued)

The following transactions were carried out with related parties:

| | Six months ended 30 June | |
|--|-----------------------------|-----------------------------|
| | 2017 HK\$ (Unaudited) | 2016 HK\$ (Unaudited) |
| (a) Sales of services – note (i) | | |
| Sales of software development services: | | |
| - Cargo Services Far East Limited | 1,200,000 | 300,000 |
| Sales of courier services: | | |
| - MyMM (Shanghai) Commerce Limited | 339,715 | - |
| - CN Logistics Limited | - | 12,301 |
| Provision of management services: | | |
| - WWE Group Limited | 2,100,000 | - |
| | <u>3,639,715</u> | <u>312,301</u> |
| (b) Purchases of services – note (i) | | |
| Purchase of outsourced labour services: | | |
| - Cargo Services Far East Limited | 984,652 | - |
| - Cargo Services (China) Limited | - | 491,394 |
| | <u>984,652</u> | <u>491,394</u> |
| Purchases of outsourced import, storage, and courier fulfillment services: | | |
| - Allport Cargo Services Limited | 56,954 | 206,852 |
| - CS Logistic Solutions Pty Limited | - | 400,678 |
| - CS China Logistics Limited | 6,005,844 | 10,222,252 |
| - EC-GO eCommerce Limited | 995,308 | - |
| | <u>8,042,758</u> | <u>11,321,176</u> |
| (c) Payment on behalf of ECG by related parties | | |
| - Cargo Services Far East Limited | <u>888,680</u> | <u>364,596</u> |

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

21 Related party transactions (Continued)

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

| | Six months ended 30 June | |
|--|--------------------------|---------------------|
| | 2017 | 2016 |
| | HK\$ | HK\$ |
| | (Unaudited) | (Unaudited) |
| (d) Payment on behalf of related party by ECG | | |
| - WWE Group Limited | 1,146,302 | - |
| - MyMM (Shanghai) Commerce Limited | 13,411 | - |
| | <u>1,159,713</u> | <u>-</u> |
| (e) Key management compensation – note (ii) | | |
| Fees | 104,445 | 1,003,541 |
| Salaries, allowances and benefits-in-kind | 2,004,000 | 871,000 |
| Contributions to pension plan | 9,000 | 9,000 |
| Total | <u>2,117,445</u> | <u>1,883,541</u> |
| | 30 June | 31 December |
| | 2017 | 2016 |
| | HK\$ | HK\$ |
| | (Unaudited) | (Audited) |
| (f) Amount due to key management – note (ii) and (iii) | | |
| Mr. Christopher Lau | <u>600,000</u> | <u>600,000</u> |
| (g) Amount due from related parties – note (iv) | | |
| - Allport Cargo Services Limited | 61,400 | 51,540 |
| - Cargo Services Far East Limited | 6,014,898 | 6,730,981 |
| - Cargo Tiancheng Technology Limited | 24,781 | - |
| - WWE Group Limited | 2,224,142 | 1,504,964 |
| - MyMM (Shanghai) Commerce Limited | 359,227 | - |
| - Bo Lei Digital Limited | - | 14,477 |
| | <u>8,684,448</u> | <u>8,301,962</u> |
| Amount due to related parties – note (iv) | | |
| - Cargo Services (China) Limited | (9,624,743) | (8,170,818) |
| - Cargo Tiancheng Technology Limited | - | (41,919) |
| - CN Logistics Limited | (1,272,870) | (2,242,610) |
| - CS China Limited | (692,604) | (681,823) |
| - EC-GO eCommerce Limited | (995,308) | - |
| | <u>(12,585,525)</u> | <u>(11,137,170)</u> |

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

| | 30 June 2017 HK\$ (Unaudited) | 31 December 2016 HK\$ (Audited) |
|--------------------------------------|--|--|
| (h) Borrowing from a shareholder | | |
| Balance at 1 January | 19,969,189 | - |
| Loan advanced during the period/year | 22,573,655 | 19,760,000 |
| Interest charged | 802,676 | 209,189 |
| | <hr/> | <hr/> |
| Balance at 30 June/31 December | <u>43,345,520</u> | <u>19,969,189</u> |

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 approximately 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\$.