



ASX APPENDIX 4D AND INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

eCargo Holdings Limited

ARBN 601 803 069

30 June 2018

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 2018 to 30 June 2018

Prior corresponding period: 1 January 2017 to 30 June 2017

Results for announcement to the market

Key information
(HK\$)

	Reporting Period	Prior Corresponding Period	% change
Revenue from ordinary activities	70,795,148	61,497,559	15.1%
Loss from ordinary activities after income tax attributable to members of the Company	(84,137,333)	(47,983,371)	75.3%
Total comprehensive loss for the period attributable to members of the Company	(85,448,608)	(46,624,473)	83.3%

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 at:

June 30, 2018	HK\$11.5 cents
June 30, 2017	HK\$5.5 cents

At June 30, 2018, there were 615,250,000 ordinary shares in issue, which would convert to a net asset backing of HK\$16.3 cents per share (June 30, 2017: HK\$19.3 cents per share and there were 535,000,000 ordinary shares in issue).

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 associates.

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 generated revenue of HK\$70.8 million (2017: HK\$61.5 million) of which HK\$22.0 million (2017: HK\$21.9 million) was attributable to eCommerce-enabling business while HK\$47.6 million (2017: HK\$38.4 million) was contributed by Amblique.

ECG incurred net loss of HK\$84.2 million (2017: HK\$48.0 million loss) and a loss before interest, tax, depreciation, amortisation, share of results of an associate, impairment provision for interest in an associate and impact of foreign exchange ("Adjusted EBITDA loss") of HK\$2.1 million (2017: HK\$23.5 million loss).

ECG has continued with the momentum from the marked improvement resulted from the successful implementation of business transformation plan in the second half of 2017 which focused on improving cash flow and reducing costs without compromising revenue growth. The improvement in adjusted EBITDA loss for the period over last interim was mainly attributable to the increase in gross profit of HK\$6.0 million and the decrease in employee benefit expenses to HK\$33.0 million for the current period from HK\$47.4 million for the same period of 2017.

Net loss increased by 75% to HK\$84.2 million due to the non-cash losses arising from the HK\$58.9 million impairment of the interest in an associate MM E-Commerce Limited, which operates a social shopping mobile platform in China, sharing of an associate Jessica's Suitcase Pty Limited's losses of HK\$0.3 million and change in exchange loss of HK\$1.1 million. These effects were offset by the reduction in EBITDA loss of HK\$21.4 million as discussed above and the reduction in amortisation expenses of HK\$3.6 million for the period.

Statement as to the review status

The report is based on the interim condensed consolidated financial information for the six months ended June 30, 2018 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 2018

**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 27, 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 2018 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.



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**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".

A handwritten signature in blue ink, appearing to be "P. Fong", with a long horizontal line extending to the right.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 August 2018

eCARGO HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
	Note	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)
Revenue	7	70,795,148	61,497,559
Cost of sales	8	(31,284,448)	(28,033,110)
Gross profit		39,510,700	33,464,449
Selling and distribution expenses	8	(6,646,842)	(7,599,857)
Administrative expenses	8	(52,441,061)	(68,603,910)
Provision for impairment of financial assets	8	-	(87,694)
Research and development expenses	8	(3,406,049)	(5,340,958)
Operating loss		(22,983,252)	(48,167,970)
Finance income		16,535	27,077
Finance expense		(1,049,643)	(803,914)
Finance expense, net		(1,033,108)	(776,837)
Other (loss)/gain	9	(287,278)	868,501
Share of loss of associates	14	(332,769)	(2,134,611)
Provision for impairment of interest in an associate	14	(58,858,849)	-
Loss before income tax		(83,495,256)	(50,210,917)
Income tax (expense)/credit	10	(712,798)	2,227,546
Loss for the period		(84,208,054)	(47,983,371)
Loss for the period is attributable to:			
Owners of the Company		(84,137,333)	(47,983,371)
Non-controlling interests		(70,721)	-
		(84,208,054)	(47,983,371)
Other comprehensive income			
<i>Item that may be reclassified to profit or loss</i>			
Currency translation differences		(1,311,275)	1,358,898
Total comprehensive loss for the period		(85,519,329)	(46,624,473)
Total comprehensive loss for the period is attributable to:			
Owners of the Company		(85,448,608)	(46,624,473)
Non-controlling interests		(70,721)	-
		(85,519,329)	(46,624,473)
Loss per share for loss attributable to owners of the Company			
Basic and diluted (HK cents per share)	11	(13.91)	(8.97)

The notes on pages 7 to 27 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 2018 HK\$ (Unaudited)	As at 31 December 2017 HK\$ (Audited)
Assets			
Non-current assets			
Property, plant and equipment	13	2,178,582	3,330,325
Intangible assets	13	29,230,080	50,877,676
Interest in associates	14	82,395,533	72,504,113
Deferred tax assets		-	256,553
Deposits		822,831	856,251
Total non-current assets		<u>114,627,026</u>	<u>127,824,918</u>
Current assets			
Financial asset at fair value through profit or loss	14	29,336,645	-
Trade receivables	15	22,067,693	33,635,520
Contracts assets		4,301,872	-
Prepayments, deposits and other receivables		1,411,430	1,345,832
Amounts due from related parties	21(h)	6,433,810	7,269,334
Income tax recoverable		-	767,497
Cash and cash equivalents		15,906,910	12,702,478
Total current assets		<u>79,458,360</u>	<u>55,720,661</u>
Total assets		<u>194,085,386</u>	<u>183,545,579</u>
Capital and reserves attributable to owners of the Company			
Share capital	16	427,820,968	329,401,285
Currency translation reserve		2,490,920	3,802,195
Accumulated losses		(330,032,621)	(245,895,288)
Total shareholders' equity		<u>100,279,267</u>	<u>87,308,192</u>
Non-controlling interests		(70,721)	-
Total equity		<u>100,208,546</u>	<u>87,308,192</u>
Liabilities			
Non-current liabilities			
Deferred tax liabilities		2,947,892	2,981,792
Borrowing	18	45,462,203	44,412,560
Total non-current liabilities		<u>48,410,095</u>	<u>47,394,352</u>
Current liabilities			
Trade payables	17	12,237,068	14,417,972
Contract liabilities		718,985	-
Other payables and accruals		11,931,688	16,847,678
Amounts due to related parties	21(i)	20,243,937	17,577,385
Income tax payable		335,067	-
Total current liabilities		<u>45,466,745</u>	<u>48,843,035</u>
Total liabilities		<u>93,876,840</u>	<u>96,237,387</u>
Total equity and liabilities		<u>194,085,386</u>	<u>183,545,579</u>

The notes on pages 7 to 27 are an integral part of this interim condensed consolidated financial information.

eCARGO HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				Non-controlling interests HK\$	Total HK\$
	Share capital HK\$	Currency translation reserve HK\$	Accumulated losses HK\$	Total HK\$		
Balance at 1 January 2017	329,401,285	(1,985,934)	(177,383,765)	150,031,586	-	150,031,586
Loss for the period	-	-	(47,983,371)	(47,983,371)	-	(47,983,371)
Other comprehensive income	-	1,358,898	-	1,358,898	-	1,358,898
Total comprehensive loss for the period	-	1,358,898	(47,983,371)	(46,624,473)	-	(46,624,473)
Balance at 30 June 2017 (unaudited)	329,401,285	(627,036)	(225,367,136)	103,407,113	-	103,407,113
Balance at 1 January 2018	329,401,285	3,802,195	(245,895,288)	87,308,192	-	87,308,192
Loss for the period	-	-	(84,137,333)	(84,137,333)	(70,721)	(84,208,054)
Other comprehensive income	-	(1,311,275)	-	(1,311,275)	-	(1,311,275)
Total comprehensive loss for the period	-	(1,311,275)	(84,137,333)	(85,448,608)	(70,721)	(85,519,329)
Issue of shares (Note 16)	98,419,683	-	-	98,419,683	-	98,419,683
Balance at 30 June 2018 (unaudited)	427,820,968	2,490,920	(330,032,621)	100,279,267	(70,721)	100,208,546

The notes on pages 7 to 27 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	
	2018	2017
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash generated from/(used in) operations	2,409,175	(23,787,642)
Interest paid	-	(1,238)
Income tax refund	764,652	2,089,453
Net cash generated from/(used in) operating activities	3,173,827	(21,699,427)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,794,716)	(164,896)
Purchase of intangible assets	-	(254,429)
Proceeds from disposal of property, plant and equipment	2,321,359	-
Interest received	16,535	27,077
Net cash generated from/(used in) investing activities	543,178	(392,248)
Cash flow from financing activities		
Proceeds from borrowing	-	22,573,655
Net cash generated from financing activities	-	22,573,655
Net increase in cash and cash equivalents	3,717,005	481,980
Cash and cash equivalents at beginning of period	12,702,478	6,386,966
Exchange (loss)/gain on cash and cash equivalents	(512,573)	70,879
Cash and cash equivalents at end of period	15,906,910	6,939,825

Note:

On 24 January 2018, ECG completed the acquisition of Jessica's Suitcase Pty Limited ("Jessica's Suitcase") with 45% equity interests in Jessica's Suitcase in consideration of approximately HK\$69.1 million which was satisfied in full by the allotment and issue of approximately 80,250,000 CDIs of ECG to Jessica's Suitcase as disclosed in Note 14.

The notes on pages 7 to 27 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 2017 that is included in the interim condensed consolidated financial information for the six months ended 30 June 2018 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 2017 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 2018 has been prepared in accordance with Hong Kong Accounting Standard 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, the interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017 and any public announcements made by the Company during the interim reporting period. The interim report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2017, except for the changes in accounting policies set out in Note 4.

ECG had cash balance of HK\$15.9 million and net current assets of HK\$34 million as at 30 June 2018, and recorded net operating cash inflow of HK\$3.2 million for the period then ended. In view of these circumstances, the directors of the Company have reviewed ECG's cash flow projections prepared by management of the Company which cover a period of not less than twelve months from 30 June 2018. Based on the cash flow projections and taking into account the anticipated cash flows generated from ECG's operations, possible changes in its operating performance, the continuous availability of ECG's existing credit facilities provided by the Company's shareholder, the directors of the Company are of the opinion that ECG will have sufficient financial resources to satisfy its future working capital requirements and to meet its financial obligations as and when they fall due within the next twelve months from 30 June 2018. Accordingly, the directors of the Company consider that it is appropriate to prepare ECG's interim condensed consolidated financial information on a going concern basis.

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 Accounting policies

The HKICPA has issued a number of new Hong Kong Financial Reporting Standards ("HKFRSs") and amendment to HKFRSs that are first effective for the current reporting period of ECG. Of these, the following developments are relevant to the ECG's financial statements.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers

The impact of the adoption of these standards and the new accounting policies are disclosed in Note 4 below.

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 2018 with no early adoption:

		Effective for annual periods beginning on or after
Amendment to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23	Annual improvements 2015 – 2017 Cycle	1 January 2019
HKFRS 16	Leases	1 January 2019
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendment to HKAS 19	Plan Amendment, Curtailment or Settlement	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
HKFRS 10 and HKAS 28 (Amendment)	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

HKFRS 16, Leases

Under HKAS 17, lessees were required to make a distinction between a finance lease (on the consolidated statement of financial position) and an operating lease (off balance sheet). HKFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts. The new standard will impact both the interim condensed consolidated statement of financial position and related ratios (capital adequacy ratio and leverage ratio), but the impact will not be material. If ECG early adopts HKFRS 16, as at 30 June 2018, the amount of operating leasing commitment amounted to HK\$2,889,706 (31 December 2017: HK\$4,578,911) (Note 20) would be recognised on the interim condensed consolidated statement of financial position as asset and liability. As such, ECG's total assets and liabilities would be affected by a similar magnitude and have consequential effects on the ECG's capital adequacy ratio and leverage ratio.

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.

4 Changes in accounting policies

ECG has initially applied HKFRS 9 and HKFRS 15 with effect from 1 January 2018 and has taken transitional provisions and methods not to restate comparative information for prior periods. The comparative information continues to be reported under the accounting policies prevailing prior to 1 January 2018.

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 Changes in accounting policies (Continued)

a) HKFRS 9, Financial Instruments

The adoption of HKFRS 9 has resulted in changes in accounting policies. While the new policies are generally required to be applied retrospectively, ECG has taken transitional provisions in HKFRS 9 not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts resulting from the adoption of HKFRS 9 are recognised as adjustments to the opening consolidated statement of financial position on 1 January 2018.

HKFRS 9 largely retains the requirements in HKAS 39 “Financial Instruments: Recognition and Measurement” for the classification and measurement of financial liabilities. The adoption of HKFRS 9 has not had a significant effect on ECG’s accounting policies related to financial liabilities and financial assets through profit or loss. However, HKFRS 9 eliminates the HKAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale (“AFS”). From 1 January 2018, ECG and, for the purpose of reporting for ECG’s financial statements, ECG’s associated companies are required to classify and measure financial assets in accordance with HKFRS 9 categories: as measured at amortised cost, at fair value either through other comprehensive income (“FVOCI”) or through profit or loss (“FVPL”).

The adoption of HKFRS 9 has not had a significant effect on ECG’s accounting policies related to the classification and measurement of financial assets and liabilities.

(i) Measurement

Subsequent to initial recognition, debt instruments financial assets are measured as follows.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses and reversals, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to, and recognised in, profit or loss.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI, or assets that are designated at FVPL using fair value option, are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value at and subsequent to initial recognition. Changes in the fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when ECG’s right to receive payments is established. Where an election is made to present fair value gains and losses on equity investments in other comprehensive income, unlike the previous policies under HKAS 39 there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 Changes in accounting policies (Continued)

a) HKFRS 9, Financial Instruments (Continued)

(ii) Impairment of financial assets

HKFRS 9 replaces the “incurred loss” impairment model in HKAS 39 with a forward-looking “expected credit loss” (“ECL”) model. It is no longer necessary for a loss event to occur before an impairment loss is recognised under the new model. Under the new expected loss approach, ECG assesses on a forward looking basis the expected credit losses associated with its financial assets. The new impairment model applies to trade receivables and contract assets. ECG applies the simplified approach to recognise lifetime expected losses for trade receivables and contract assets. The application of this new guidance represents a change in accounting policy. ECG was required to revise its impairment methodology under HKFRS 9 for these classes of assets. The results of the revision at 1 January 2018 have not resulted in any material change in impairment provision or any material impact on the carrying amount of ECG’s trade receivables and contract assets.

b) HKFRS 15, Revenue from Contracts with Customers

HKFRS 15 permits either a full retrospective or a modified retrospective approach for the adoption. ECG has elected to apply the modified retrospective approach for transition to the new revenue standard. Under this transition approach, comparative information for prior periods is not restated, ECG recognises the cumulative effect of initially applying the guidance as adjustments to the opening balance of retained profits (or other component of equity, as appropriate) on 1 January 2018, and ECG applies the new guidance only to contracts that are not yet completed on that date.

Set out below are details of the changes in significant accounting policies under HKFRS 15 that have been applied from 1 January 2018, where they are different to those applied in prior periods which are disclosed in the 2017 Annual Financial Statements.

Under HKFRS 15, revenue is recognised when or as performance obligations are satisfied by transferring control of a promised goods or service to a customer, and control either transfers over time or at a point in time. The new revenue standard introduces specific criteria for determining when revenue is recognised. The adoption of HKFRS 15 does not have a significant impact on when ECG recognises revenue from provision of services.

The contract assets primarily relate to ECG’s rights to consideration for services that are performed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when ECG issues an invoice to the customer. The contract liabilities primarily relate to the advance consideration received from customers, where ECG has the unconditional right to considerations before the services are delivered.

c) Effect on adoption of HKFRS 15

Under the transition methods chosen, ECG recognizes cumulative effect of the initial application of HKFRS 15 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognized for each line item in the interim condensed consolidated statement of financial position that has been impacted by HKFRS 15.

eCARGO HOLDINGS LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION****4 Changes in accounting policies (Continued)****c) Effect on adoption of HKFRS 15 (Continued)**

	As at 31 Dec 2017 HK\$	HKFRS 15 HK\$	As at 1 Jan 2018 As adjusted HK\$
Statement of financial position			
Current assets			
Trade receivables	33,635,520	(8,394,071)	25,241,449
Contract assets	-	8,394,071	8,394,071
Current liabilities			
Contract liabilities	-	2,324,144	2,324,144
Other payables and accruals	16,847,678	(2,324,144)	14,523,534

5 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 2017.

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, 54% (31 December 2017: 30%) of the trade receivables and contract assets was due from ECG's largest five debtors. Accordingly, ECG's consolidated results would be heavily affected by the financial capability of these debtors to fulfill their obligations with ECG. ECG's credit risk monitoring activities relating to the debtors include review of the credit profile, business prospects, background and their financial capacity.

5.3 Liquidity risk

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

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.

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5 Estimates and judgements (Continued)

5.4 Foreign exchange risk

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

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

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

At 30 June 2018, if the HK\$ had strengthened/weakened by 5% against the RMB with all other variables held constant, post-tax results for the period would change by approximately HK\$222,000 (30 June 2017: HK\$185,000) mainly as a result of foreign exchange gains/losses on translation of trade receivables, deposits and other receivables, contract assets, balances with related parties, cash and cash equivalents, trade payables and other payables and accruals denominated in the RMB.

At 30 June 2018, 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\$339,000 (30 June 2017: HK\$95,000), 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, contract liabilities and accruals denominated in the A\$.

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

5.5 Cash flow and fair value interest rate risk

ECG's interest rate risk arises from 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 2018, 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\$190,000 (30 June 2017: HK\$181,000) 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, financial assets at fair value through profit or loss, trade receivables, contract assets, deposits and other receivables, amounts due from related parties, trade payables, contract liabilities, other payables, accruals, amounts due to related parties and borrowing.

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5 Estimates and judgements (Continued)

5.6 Fair value estimation (Continued)

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as below:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

The following table presents ECG's assets that is measured at fair value at 30 June 2018:

Interim condensed consolidated statement of financial position	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Current asset				
Financial asset at fair value through profit or loss	-	-	29,336,645	29,336,645

There is no such item as at 31 December 2017.

Fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value		Valuation technique(s)	Unobservable Inputs		Range (weighted average)		Relationship of unobservable inputs to fair value
	30 June 2018	31 December 2017		30 June 2018	31 December 2017	30 June 2018	31 December 2017	
Option to acquire Jessica's Suitcase equity shares	29,336,645	-	Market comparable approach using equity allocation method	Volatility	N/A	37.4%	N/A	The higher the volatility, the higher the fair value

ECG's valuation processes

ECG performs the valuations of financial assets required for financial reporting purposes, including Level 3 fair values for each balance sheet date. Regular review and discussions of valuation processes and results are held by management, and from time to time external valuer.

Changes in Level 2 and 3 fair values are analysed at each reporting date where the reasons for the fair value movements are reviewed.

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. 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, net finance expense, ECG's share of loss of associates and provision for impairment of interests in an associate.

The comparative segment information has been restated to reflect the current organisational structure.

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

For the six months ended 30 June 2018				
	Greater China HK\$ (Unaudited)	Australia HK\$ (Unaudited)	Unallocated Corporate Income/ (Expense) HK\$ (Unaudited)	Consolidated HK\$ (Unaudited)
Revenue from external customers	<u>22,041,433</u>	<u>47,553,715</u>	<u>1,200,000</u>	<u>70,795,148</u>
Gross profit	<u>10,255,690</u>	<u>28,055,010</u>	<u>1,200,000</u>	<u>39,510,700</u>
EBITDA loss – excluding impact of foreign exchange	(1,506,082)	4,109,119	(4,745,327)	(2,142,290)
Net foreign exchange (loss)/gain	(187,304)	208,937	(308,911)	(287,278)
Depreciation of property, plant and equipment	(347,138)	(129,917)	(128,721)	(605,776)
Amortisation of intangible assets	(18,070,651)	(945,370)	(1,219,165)	(20,235,186)
Finance income	3,255	13,280	-	16,535
Finance expense	-	-	(1,049,643)	(1,049,643)
Share of loss of associates	-	-	(332,769)	(332,769)
Provision for impairment of interest in an associate	-	-	(58,858,849)	(58,858,849)
(Loss)/Profit before income tax	<u>(20,107,920)</u>	<u>3,256,049</u>	<u>(66,643,385)</u>	<u>(83,495,256)</u>
Income tax (expense)/credit	-	(1,078,546)	365,748	(712,798)
(Loss)/Profit for the period	<u>(20,107,920)</u>	<u>2,177,503</u>	<u>(66,277,637)</u>	<u>(84,208,054)</u>

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 Segment information (Continued)

	For the six months ended 30 June 2017 (Restated)			
	Greater China	Australia	Unallocated Corporate Income/ (Expense)	Consolidated
	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from external customers	21,856,996	38,440,563	1,200,000	61,497,559
Gross profit	9,553,408	22,711,041	1,200,000	33,464,449
EBITDA loss – excluding impact of foreign exchange	(6,340,302)	(3,884,721)	(13,286,844)	(23,511,867)
Net foreign exchange (loss)/gain	405	(133,812)	1,001,908	868,501
Depreciation of property, plant and equipment	(375,023)	(97,449)	(426,472)	(898,944)
Amortisation of intangible assets	(21,684,783)	(901,342)	(1,171,034)	(23,757,159)
Finance income	3,459	23,618	-	27,077
Finance expense	-	-	(803,914)	(803,914)
Share of loss of an associate	-	-	(2,134,611)	(2,134,611)
Loss before income tax	(28,396,244)	(4,993,706)	(16,820,967)	(50,210,917)
Income tax credit	-	1,876,236	351,310	2,227,546
Loss for the period	(28,396,244)	(3,117,470)	(16,469,657)	(47,983,371)

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 Segment information (Continued)

The segment assets as at 30 June 2018 and 31 December 2017 are as follows:

	Greater China HK\$ (Unaudited)	Australia HK\$ (Unaudited)	Unallocated Corporate Assets/ Liabilities HK\$ (Unaudited)	Consolidated HK\$ (Unaudited)
As at 30 June 2018				
Segment assets	26,079,698	33,000,052	21,478,742	80,558,492
Interest in associates	-	-	111,732,178	111,732,178
Additions to non-current assets	1,729,445	65,271	-	1,794,716
	<u>27,809,143</u>	<u>33,065,323</u>	<u>133,210,920</u>	<u>194,085,386</u>
Segment liabilities	<u>23,154,156</u>	<u>22,765,662</u>	<u>47,957,022</u>	<u>93,876,840</u>
As at 31 December 2017 (Restated)				
Segment assets	48,109,981	37,836,539	23,840,159	109,786,679
Interest in associates	-	-	72,504,113	72,504,113
Additions to non-current assets	4,836	993,398	-	998,234
Deferred tax assets	-	256,553	-	256,553
	<u>48,114,817</u>	<u>39,086,490</u>	<u>96,344,272</u>	<u>183,545,579</u>
Segment liabilities	<u>18,357,216</u>	<u>30,485,819</u>	<u>47,394,352</u>	<u>96,237,387</u>

Information about major customers

For the six months ended 30 June 2018 and 2017, there was no single external customer contributing 10% or more of ECG's total revenue.

7 Revenue

	Six months ended 30 June	
	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)
Revenue		
- Service income	<u>70,795,148</u>	<u>61,497,559</u>

eCARGO HOLDINGS LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION****8 Expenses by nature**

	Six months ended 30 June	
	2018	2017
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Outsourced services fulfilment expenses, included in cost of sales	8,620,985	7,050,735
Outsourced web development and IT consultation costs, included in cost of sales	3,164,758	6,927,046
Subscription expense for software application, included in cost of sales	19,498,705	14,055,329
Auditor's remuneration	793,750	500,000
Employee benefit expenses	33,045,715	47,409,317
Outsourced labour costs (Note 21(b))	300,000	984,652
Amortisation of intangible assets (Note 13)	20,235,186	23,757,159
Depreciation of property, plant and equipment (Note 13)	605,776	898,944
Legal and professional expenses	1,340,054	1,217,803
Travel expenses	1,482,746	1,412,603
Operating leases rental	2,008,469	2,315,302
IT expenses	1,216,189	1,000,160
Marketing expenses	193,795	193,288
Utilities and maintenance expenses	207,080	237,157
Telecommunications expenses	155,754	228,868
Insurance expenses	147,379	123,629
Provision for impairment of financial assets	-	87,694
Other expenses	762,059	1,265,843
	<u>93,778,400</u>	<u>109,665,529</u>

9 Other (loss)/gain

	Six months ended 30 June	
	2018	2017
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Net foreign exchange (loss)/gain	<u>(287,278)</u>	<u>868,501</u>

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

Subsidiaries established in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% (2017: 16.5%). Subsidiary established in the PRC is subject to PRC corporate income tax at a rate of 25% (2017: 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 2018 in Hong Kong and in the PRC (For the six months ended 30 June 2017: Nil).

Subsidiaries established in Australia are subject to income tax at a rate at 30% during the period (2017: 30%).

	Six months ended 30 June	
	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)
Current income tax (expense)/credit		
- Australian corporate tax	(1,078,547)	936,684
- Under provision in prior year	-	(81,193)
Deferred tax	365,749	1,372,055
Income tax (expense)/credit	<u>(712,798)</u>	<u>2,227,546</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 2018 and 2017.

	Six months ended 30 June	
	2018 (Unaudited)	2017 (Unaudited)
Loss attributable to owners of the Company (HK\$)	<u>84,137,333</u>	<u>47,983,371</u>
Weighted average number of ordinary shares in issue	<u>604,995,833</u>	<u>535,000,000</u>
Basic and diluted loss per share (HK cent)	<u>13.91</u>	<u>8.97</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 2018 and 2017.

12 Dividend

No dividend has been declared by the Company for the six months ended 30 June 2018 (30 June 2017: 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 2018		
Net book value		
Opening net book amount as at 1 January 2018	3,330,325	50,877,676
Additions	1,794,716	-
Disposal	(2,321,359)	-
Depreciation and amortisation (Note 8)	(605,776)	(20,235,186)
Currency translation differences	(19,324)	(1,412,410)
Closing net book amount as at 30 June 2018	<u>2,178,582</u>	<u>29,230,080</u>
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>

14 Interest in associates

	Six months ended 30 June 2018 HK\$ (Unaudited)
At beginning of the period	72,504,113
Acquisition of interest in an associate (Note (i))	69,083,038
Share of results of an associate	(332,769)
Provision for impairment of interest in an associate (Note (ii))	(58,858,849)
At end of the period	<u>82,395,533</u>

Notes:

- (i) On 24 January 2018, ECG completed the acquisition of Jessica's Suitcase Pty Limited ("Jessica's Suitcase") with 45% equity interest in Jessica's Suitcase in consideration of issuance to the shareholders of Jessica's Suitcase of such number of CHESS Depository Interests ("CDIs") equal to 15% of the CDIs in ECG, namely 80,250,000 CDIs or equivalent to a purchase consideration of HK\$98.4 million.

Jessica's Suitcase operates an eCommerce store on Alibaba's Tmall Global Platform and a number of brand specific eCommerce Stores on various platforms in PRC by offering quality Australia and New Zealand products to Chinese consumers through the cross-boarder online channel.

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

14 Interest in associates (Continued)

Notes: (Continued)

- (i) During the period, ECG initially recorded the acquisition of interest in an associate, Jessica's Suitcase, of HK\$69.1 million. The following intangible assets and goodwill arising from the acquisition based on the provisional purchase price allocation:
- Goodwill in the amount of HK\$33.5 million attributable to the acquired buyer-specific synergies and pre-existing and well-position sales network expected from combining the operations of ECG and Jessica's Suitcase, thereby allowing ECG to establish its leading presence in e-Commerce business provided by ECG.
 - Brand name and merchant relationship in the amount of HK\$36.3 million arising from the pre-existing network set up by Jessica's Suitcase.

ECG also recognised the call option to purchase the remaining 55% equity of Jessica's Suitcase initially at fair value of approximately HK\$29.3 million as a derivative financial instrument on date of the acquisition.

The fair value of assets have been determined on a provisional basis as the fair value of identifiable assets acquired may be adjusted upon the completion of initial accounting year which shall not exceed one year from the respective acquisition date. The fair value is being valued by Asset Appraisal Limited, an independent qualified professional valuer, not connected to ECG.

- (ii) On 25 July 2016, ECG entered into a deed with Walton Brown E-commerce Limited ("Walton Brown") for an investment of RMB 60 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.

During the period ended 30 June 2018, the WWE business model and future funding requirements to continue the development of its business were reviewed by the shareholders of WWE. It is noted that there are material uncertainties over WWE's ability to obtain sufficient funding to develop and make the platform and availability of such funding may subject to significant dilution to its existing shareholders. Accordingly, the management has performed an impairment assessment and determined that a HK\$58.9 million provision for impairment is necessary to state the investment to its recoverable amount.

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

14 Interest in associates (Continued)

Set out below are the principal associates of ECG as at 30 June 2018. The principal 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
		As at 30 June 2018	As at 31 December 2017		
MM E-Commerce Limited	Hong Kong	40.00%	40.00%	Investment holding	Equity
Jessica's Suitcase Pty Limited	Australia	45.00%	-	Investment holding	Equity

MM and Jessica's Suitcase are private companies and there is no quoted market price available for their shares.

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

15 Trade receivables

	As at 30 June 2018 HK\$ (Unaudited)	As at 31 December 2017 HK\$ (Audited)
Trade receivables	22,289,493	33,891,344
Less: provision for impairment	(221,800)	(255,824)
Trade receivables - net	<u>22,067,693</u>	<u>33,635,520</u>

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

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

	As at 30 June 2018 HK\$ (Unaudited)	As at 31 December 2017 HK\$ (Audited)
1 - 30 days	14,044,172	22,942,457
31 - 60 days	2,340,990	4,865,158
61 - 90 days	3,307,172	3,329,853
91 - 180 days	1,892,347	1,892,383
Over 180 days	483,012	605,669
	<u>22,067,693</u>	<u>33,635,520</u>

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

15 Trade receivables (Continued)

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

	Six months ended 30 June	
	2018	2017
	HK\$	HK\$
	(Unaudited)	(Unaudited)
At 1 January	255,824	-
Provision for impairment recognised during the period	-	87,694
Receivables written off during the period as uncollectible	(34,024)	-
At 30 June	<u>221,800</u>	<u>87,694</u>

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.

As at 30 June 2018, trade receivables of HK\$11,898,840 (2017: HK\$10,908,730) 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:

	As at 30 June 2018 HK\$ (Unaudited)	As at 31 December 2017 HK\$ (Audited)
1 - 30 days	6,384,774	4,917,321
31 - 60 days	3,148,526	3,645,019
61 - 90 days	1,237,317	1,195,010
Over 90 days	1,128,223	1,151,380
	<u>11,898,840</u>	<u>10,908,730</u>

16 Share capital

	Number of shares	Share capital HK\$
As at 1 January 2017, 30 June 2017, 1 January 2018	535,000,000	329,401,285
Issue of shares as consideration for the acquisition of an associate (Note 14)	80,250,000	98,419,683
As at 30 June 2018	<u>615,250,000</u>	<u>427,820,968</u>

eCARGO HOLDINGS LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION****17 Trade payables**

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

	As at 30 June 2018 HK\$ (Unaudited)	As at 31 December 2017 HK\$ (Audited)
1 - 30 days	7,004,231	6,214,301
31 - 60 days	3,342,076	2,892,776
61 - 90 days	663,658	312,882
91 - 180 days	780,144	4,673,437
Over 180 days	446,959	324,576
	<u>12,237,068</u>	<u>14,417,972</u>

18 Borrowing

	As at 30 June 2018 HK\$ (Unaudited)	As at 31 December 2017 HK\$ (Audited)
Loan from a shareholder (Note 21 (j))	<u>45,462,203</u>	<u>44,412,560</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, ECG had drawn HK\$42.3 million as at 30 June 2018. ECG has undrawn facility amount of HK\$27.7 million that it can utilise in the next twelve months, which serves additional financial resources for ECG to finance its operation and to meet its financial obligations when they fall due.

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

Borrowing bears average coupon rate of 5% as at 30 June 2018 (31 December 2017: same).

eCARGO HOLDINGS LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION****19 Contingent liabilities**

As at 30 June 2018 and 31 December 2017, ECG did not have any significant contingent liabilities.

20 Operating lease commitments

As a lessee

As at 30 June 2018, 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 2018 HK\$ (Unaudited)	31 December 2017 HK\$ (Audited)
No later than one year	2,550,276	3,291,023
Later than one year and no later than five years	339,430	1,287,888
	<u>2,889,706</u>	<u>4,578,911</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	Non-Independent Non-executive Director
Ms. Jessica Rudd	Non-Independent Non-executive Director
Mr. Rupert Myer AO	Independent Non-executive Director
Mr. Dennis Lin	Independent Non-executive Director
Mr. Heath Zarin	Independent Non-executive Director
JL Enterprises Holdings Limited	Shareholder of the Company, controlled by Mr. John Lau
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
深圳市一全通电子商务有限公司	Controlled by Mr. John Lau
深圳市看我商貿服務有限公司	Controlled by Mr. John Lau
深圳嘉宏互聯有限公司	Controlled by Mr. John Lau
EC-GO eCommerce 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
Jessica's Suitcase Pty Limited	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	
		2018	2017
		HK\$	HK\$
		(Unaudited)	(Unaudited)
(a)	Sales of services – note (i)		
	Sales of software development services:		
	- Cargo Services Far East Limited	1,300,000	1,200,000
	Sales of courier services:		
	- MyMM (Shanghai) Commerce Limited	207,994	339,715
	Sales commission:		
	- WWE Group Limited	1,638,000	-
	Provision of management services:		
	- WWE Group Limited	-	2,100,000
	- 深圳市一全通电子商务有限公司	129,168	-
	- Jessica's Suitcase Pty Ltd	242,643	-
	- 深圳市看我商貿服務有限公司	20,471	-
		<u>3,538,276</u>	<u>3,639,715</u>
(b)	Purchases of services – note (i)		
	Purchase of outsourced labour services:		
	- Cargo Services Far East Limited	<u>300,000</u>	<u>984,652</u>
	Purchase of outsourced import, storage, and courier fulfillment service:		
	- Allport Cargo Services Limited	52,179	56,954
	- CS China Logistics Limited	3,116,925	6,005,844
	- Cargo Services (China) Limited	2,509,145	-
	- EC-GO eCommerce Limited	777,155	995,308
		<u>6,755,404</u>	<u>8,042,758</u>
(c)	Payment on behalf of ECG by related parties		
	- Cargo Services Far East Limited	<u>530,871</u>	<u>888,680</u>
(d)	Payment on behalf of related party by ECG		
	- WWE Group Limited	-	1,146,302
	- MyMM (Shanghai) Commerce Limited	-	13,411
		<u>-</u>	<u>1,159,713</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:

		Six months ended 30 June	
		2018	2017
		HK\$	HK\$
		(Unaudited)	(Unaudited)
(e)	Disposal of property, plant and equipment - 深圳市看我商貿服務有限公司	2,157,636	-
(f)	Key management compensation – note (ii) - Fees - Salaries, allowances and benefits-in-kind - Contributions to pension plan	163,672 - -	104,445 2,004,000 9,000
	Total	163,672	2,117,445
		As at	As at
		30 June	31 December
		2018	2017
		HK\$	HK\$
		(Unaudited)	(Audited)
(g)	Amount due to key management – note (ii) and (iii) - Mr. Christopher Lau	-	266,000
(h)	Amount due from related parties – note (iv) - Allport Cargo Services Limited - Cargo Services Far East Limited - Cargo Tiancheng Technology Limited - WWE Group Limited - MyMM (Shanghai) Commerce Limited - 深圳市看我商貿服務有限公司 - Jessica's Suitcase Pty Limited - 深圳嘉宏互联有限公司 - 深圳市一全通电子商务有限公司	50,668 5,089,686 6,532 - 79,319 764,920 310,559 2,958 129,168	64,952 6,255,130 - 838,684 110,568 - - - -
		6,433,810	7,269,334
(i)	Amount due to related parties – note (iv) - Cargo Services (China) Limited - Cargo Tiancheng Technology Limited - CN Logistics Limited - CS China Limited - EC-GO eCommerce Limited - CS Packaging (Hong Kong) Limited	(14,881,592) - (1,488,954) (704,267) (3,169,124) -	(12,605,132) (445) (1,819,067) (708,731) (2,429,990) (14,020)
		(20,243,937)	(17,577,385)

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:

	As at 30 June 2018 HK\$ (Unaudited)	As at 31 December 2017 HK\$ (Audited)
(j) Borrowing from a shareholder		
- Balance at 1 January	44,412,560	19,969,189
- Loan advanced during the period/year	-	22,573,655
- Interest charged	1,049,643	1,869,716
Balance at 30 June/31 December	<u>45,462,203</u>	<u>44,412,560</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\$.