



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

eCargo Holdings Limited

ARBN 601 083 069

30 June 2019

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 2019 to 30 June 2019
Prior corresponding period: 1 January 2018 to 30 June 2018

Results for announcement to the market

Key information (HK\$)

	Reporting Period	Prior Corresponding Period	% change
Revenue from ordinary activities	74,984,142	70,795,148	5.9%
Loss from ordinary activities after income tax attributable to members of the Company	(34,747,021)	(84,137,333)	-58.7%
Total comprehensive loss for the period attributable to members of the Company	(35,903,424)	(85,448,608)	-58.0%

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, 2019	(HK\$15.1 cents)
June 30, 2018	HK\$11.5 cents

At June 30, 2019, there were 615,250,000 ordinary shares in issue, which would convert to a net asset backing of HK\$1.7 cents per share (June 30, 2018: HK\$16.3 cents per share and there were 615,250,000 ordinary shares in issue).

Controlled entities acquired or disposed of

During the period, ECG acquired 85% interest in Metcash Export Services Pty Limited. Please refer to Note 20 – Business Combination of Appendix 1.

Associates and joint venture entities

During the period, ECG had equity accounted for the interest in associate which was fully impaired in 2018.

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 with 6% growth to HK\$75.0 million (2018: HK\$70.8 million).

ECG incurred net loss of HK\$34.7 million (2018: net loss of HK\$84.2 million) and a loss before interest, tax, depreciation, amortisation, share of results of an associate, impairment provision for interest in an associate, impairment provision of goodwill and impact of foreign exchange ("Adjusted EBITDA loss") of HK\$7.7 million (2018: Adjusted EBITDA loss of HK\$2.1 million loss).

On 25 February 2019, ECG acquired 85% interest in Metcash Export Services Pty Limited and its subsidiary and their results were consolidated afterwards. Besides, ECG started to consolidate the results of Jessica's Suitcase since last November.

Excluding the effects of Metcash and Jessica's Suitcase, the Adjusted EBITDA of ECG, comprise eCommerce-enabling business and Amblique, would become HK\$1.8 million including corporate overhead, an improvement of 16% on a year-on-year basis.

Statement as to the review status

The report is based on the interim condensed consolidated financial information for the six months ended June 30, 2019 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 2019

**Report On Review of Interim Financial Information
To the Board of Directors of eCargo Holdings Limited**
(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 3 to 28, 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 2019 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six 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 financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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



羅兵咸永道

**Report On Review of Interim Financial Information
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 financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting."

A handwritten signature in blue ink, consisting of a stylized 'P' followed by a long, sweeping horizontal line.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 August 2019

eCARGO HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June 2019 HK\$ (Unaudited)	2018 HK\$ (Unaudited)
Revenue	8	74,984,142	70,795,148
Cost of sales	9	(46,126,714)	(31,284,448)
Gross profit		28,857,428	39,510,700
Selling and distribution expenses	9	(7,553,347)	(6,646,842)
Administrative expenses	9	(34,245,607)	(52,441,061)
Research and development expenses	9	(1,141,399)	(3,406,049)
Provision for impairment of trade receivables	9	(204,319)	-
Operating loss		(14,287,244)	(22,983,252)
Finance income		19,303	16,535
Finance expense		(2,491,307)	(1,049,643)
Finance expense, net		(2,472,004)	(1,033,108)
Other loss	10	(528,049)	(287,278)
Share of loss of associates		-	(332,769)
Provision for impairment of interest in an associate		-	(58,858,849)
Provision for impairment of goodwill	15	(17,820,294)	-
Loss before income tax		(35,107,591)	(83,495,256)
Income tax credit/(expense)	11	360,570	(712,798)
Loss for the period		(34,747,021)	(84,208,054)
Loss for the period is attributable to:			
Owners of the Company		(34,747,021)	(84,137,333)
Non-controlling interests		-	(70,721)
		(34,747,021)	(84,208,054)
Other comprehensive loss			
<i>Item that may be reclassified to profit or loss</i>			
Currency translation differences		(1,183,403)	(1,311,275)
Total comprehensive loss for the period		(35,930,424)	(85,519,329)
Total comprehensive loss for the period is attributable to:			
Owners of the Company		(35,930,424)	(85,448,608)
Non-controlling interests		-	(70,721)
		(35,930,424)	(85,519,329)
Loss per share for loss attributable to owners of the Company			
Basic and diluted (HK cents per share)	12	(5.65)	(13.91)

The notes on pages 7 to 28 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 2019 HK\$ (Unaudited)	As at 31 December 2018 HK\$ (Audited)
Assets			
Non-current assets			
Property, plant and equipment	14	1,321,771	1,763,902
Right-of-use assets	14	6,634,712	-
Intangible assets	15	103,298,089	105,259,791
Deferred tax assets		794,452	1,306,784
Deposits		385,099	7,346,835
Total non-current assets		112,434,123	115,677,312
Current assets			
Inventories		14,426,404	1,787,805
Trade receivables	16	23,089,845	18,415,962
Contracts assets		4,783,360	3,767,479
Prepayments, deposits and other receivables		7,148,661	2,802,804
Amounts due from related parties	21(g)	4,461,978	9,497,723
Cash and cash equivalents		26,980,646	17,614,983
Total current assets		80,890,894	53,886,756
Total assets		193,325,017	169,564,068
Capital and reserves attributable to owners of the Company			
Share capital	17	427,820,968	427,820,968
Currency translation reserve		(2,014,202)	(830,799)
Accumulated losses		(415,338,194)	(380,591,173)
Total equity		10,468,572	46,398,996
Liabilities			
Non-current liabilities			
Deferred tax liabilities		11,996,416	10,921,657
Lease liabilities		5,000,657	-
Put option liability	20	7,341,262	-
Other payables		1,731,667	-
Borrowing	19	95,708,067	58,420,349
Total non-current liabilities		121,778,069	69,342,006
Current liabilities			
Trade payables	18	14,880,813	11,088,473
Contract liabilities		2,012,749	2,386,262
Other payables and accruals		14,809,080	17,155,766
Amounts due to related parties	21(h)	27,071,450	21,371,406
Lease liabilities		1,915,957	-
Income tax payable		388,327	1,821,159
Total current liabilities		61,078,376	53,823,066
Total liabilities		182,856,445	123,165,072
Total equity and liabilities		193,325,017	169,564,068

The notes on pages 7 to 28 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	Total
	Share capital	Currency translation reserve	Accumulated losses	Total		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
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 loss	-	(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
Balance at 1 January 2019	427,820,968	(830,799)	(380,591,173)	46,398,996	-	46,398,996
Loss for the period	-	-	(34,747,021)	(34,747,021)	-	(34,747,021)
Other comprehensive loss	-	(1,183,403)	-	(1,183,403)	-	(1,183,403)
Total comprehensive loss for the period	-	(1,183,403)	(34,747,021)	(35,930,424)	-	(35,930,424)
Balance at 30 June 2019 (unaudited)	427,820,968	(2,104,202)	(415,338,194)	10,468,572	-	10,468,572

The notes on pages 7 to 28 are an integral part of this interim condensed consolidated financial information.

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2019	2018
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash generated from operations	6,161,743	2,409,175
Income tax (paid)/refunded	(2,449,739)	764,652
Net cash generated from operating activities	3,712,004	3,173,827
Cash flows from investing activities		
Acquisition of a subsidiary, net of cash acquired (Note 20)	(28,662,459)	-
Purchase of property, plant and equipment	(58,878)	(1,794,716)
Proceeds from disposal of property, plant and equipment	-	2,321,359
Interest received	19,303	16,535
Net cash (used in)/generated from investing activities	(28,702,034)	543,178
Cash flow from financing activities		
Principal elements of lease payments	(804,525)	-
Proceeds from borrowing	35,343,319	-
Net cash generated from financing activities	34,538,794	-
Net increase in cash and cash equivalents	9,548,764	3,717,005
Cash and cash equivalents at beginning of period	17,614,983	12,702,478
Exchange loss on cash and cash equivalents	(183,101)	(512,573)
Cash and cash equivalents at end of period	26,980,646	15,906,910

The notes on pages 7 to 28 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 2018 that is included in the interim condensed consolidated financial information for the six months ended 30 June 2019 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 2018 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 2019 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 2018 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 2018, except for the changes in accounting policies set out in Note 4.

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 16 Leases

The impact of the adoption of this standard and the new accounting policy is disclosed in Note 4 below.

The following new and amended standards to the existing standards that have been issued but are not effective for the financial year beginning 1 January 2019 with no early adoption:

		Effective for accounting periods beginning on or after
HKFRS 3	Definition of a business (amendment)	1 January 2020
HKFRS 17	Insurance Contracts (new standard)	1 January 2021
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendment to HKAS 1 and HKAS 8	Definition of material (amendments)	1 January 2020
HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

None of these new and amended standards are expected to have a significant effect on the condensed consolidated financial information of ECG.

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 Changes in accounting policies

HKFRS 16, Leases

This note explains the impact of the adoption of HKFRS 16 Leases on ECG's financial statements and discloses the new accounting policies that have been applied from 1 January 2019.

ECG has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening interim condensed consolidated statement of financial position on 1 January 2019.

(a) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, ECG recognised the lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.5%.

	HK\$
Operating lease commitments disclosed as at 31 December 2018	4,116,992
Discounted using the lessee's incremental borrowing rate of at the date of initial application	3,910,724
Less: short-term leases recognised on a straight-line basis as expense	(400,054)
Add: adjustments as a result of a different treatment of extension and termination options	2,037,275
Lease liability recognised as at 1 January 2019	5,547,945
Of which are:	
Current lease liabilities	1,086,905
Non-current lease liabilities	4,461,040
	5,547,945

The right-of-use assets for property leases were at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the interim condensed consolidated statement of financial position as at 1 January 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 Changes in accounting policies (Continued)

HKFRS 16, Leases (Continued)

(a) Adjustments recognised on adoption of HKFRS 16 (Continued)

The recognised right-of-use assets relate to the following types of asset:

	As at 30 June 2019 HK\$ (Unaudited)	As at 1 January 2019 HK\$
Properties	6,634,712	5,547,945

The following table gives a summary of the opening balance adjustments recognised for each line item in the interim condensed consolidated statement of financial position that has been impacted by HKFRS 16.

Interim condensed consolidated statement of financial position	As at 31 December 2018 HK\$	HKFRS 16 HK\$	As at 1 January 2019 HK\$
Non-current assets			
Right-of-use assets	-	5,547,945	5,547,945
Non-current liabilities			
Lease liabilities	-	(4,461,040)	(4,461,040)
Current liabilities			
Lease liabilities	-	(1,086,905)	(1,086,905)

(i) Impact on segment disclosures

Segment assets and segment liabilities for 30 June 2019 all increased as a result of the change in accounting policy. Lease liabilities are now included in segment liabilities, whereas finance lease liabilities were previously excluded from segment liabilities. The following segments were affected by the change in policy.

	Segment assets HK\$	Segment liabilities HK\$
Greater China	2,246,780	2,268,514
Australia	4,387,932	4,648,100
	6,634,712	6,916,614

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 Changes in accounting policies (Continued)

HKFRS 16, Leases (Continued)

(a) Adjustments recognised on adoption of HKFRS 16 (Continued)

(ii) Practical expedients applied

In applying HKFRS 16 for the first time, ECG has used the following practical expedients permitted by the standard:

- use a single discount rate to a portfolio of leases with reasonable similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease, and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application

ECG has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying HKAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

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

ECG leases various offices. Rental contracts are typically made for fixed periods of 1 to 3 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of office were classified as operating leases and the payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by ECG. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 Changes in accounting policies (Continued)

HKFRS 16, Leases (Continued)

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

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

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

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

Extension and termination options

Extension and termination options are included in a lease of ECG. The terms are used to maximise operational flexibility the terms of managing contracts. The majority of extension and termination options held are exercisable only by ECG and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. Potential future cash outflows of HK\$2,037,275 have been included in the lease liability because it is reasonably certain that the leases will be extended.

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 2018.

6 Financial risk management

6.1 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.

6.2 Credit risk

At the date of the interim condensed consolidated statement of financial position, 34% (31 December 2018: 42%) 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.

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 Financial risk management (Continued)

6.3 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.

6.4 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 2019, 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\$129,000 (30 June 2018: HK\$222,000) 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\$124,000 (30 June 2018: HK\$339,000), 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\$.

6.5 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 2019, 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\$400,000 (30 June 2018: HK\$190,000) higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowing.

6.6 Fair value estimation

ECG's financial instruments include cash and cash equivalents, 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. The carrying amounts less impairment of these balances are a reasonable approximation of their fair values due to their short term maturities.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

7 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 and Fast Moving Consumer Goods 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, depreciation of right-of-use assets, amortisation of intangible assets, net finance expense, provision for impairment of trade receivables, provision for impairment of goodwill, ECG's share of loss of associates and provision for impairment of interests 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 2019				
	Greater China	Australia	Unallocated	
	HK\$	HK\$	Corporate	
			Income/	
	(Unaudited)	(Unaudited)	(Expense)	Consolidated
			HK\$	HK\$
			(Unaudited)	(Unaudited)
Revenue from external customers	31,955,235	41,828,907	1,200,000	74,984,142
Gross profit	5,980,128	21,677,300	1,200,000	28,857,428
EBITDA (loss)/gain – excluding impact of foreign exchange	(6,136,701)	3,538,519	(5,069,390)	(7,667,572)
Net foreign exchange loss	(31,783)	(276,711)	(219,555)	(528,049)
Depreciation of property, plant and equipment	(307,658)	(114,704)	(104,946)	(527,308)
Depreciation of right-of-use assets	(412,668)	(502,992)	-	(915,660)
Amortisation of intangible assets	(2,991,046)	(1,981,339)	-	(4,972,385)
Finance income	6,321	12,982	-	19,303
Finance expense	(51,716)	(122,716)	(2,316,875)	(2,491,307)
Provision for impairment of trade receivable	(204,319)	-	-	(204,319)
Provision for impairment of goodwill	-	-	(17,820,294)	(17,820,294)
(Loss)/profit before income tax	(10,129,570)	553,039	(25,531,060)	(35,107,591)
Income tax credit/(expense)	747,762	(387,192)	-	360,570
(Loss)/profit for the period	(9,381,808)	165,847	(25,531,060)	(34,747,021)

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

7 Segment information (Continued)

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

	For the six months ended 30 June 2018 (Restated)			
	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)/gain – 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)	(2,164,535)	-	(20,235,186)
Finance income	3,255	13,280	-	16,535
Finance expense	-	-	(1,049,643)	(1,049,643)
Share of loss of an associate	-	-	(332,769)	(332,769)
Provision for impairment of interest in an associate	-	-	(58,858,849)	(58,858,849)
(Loss)/profit before income tax	(20,107,920)	2,036,884	(65,424,220)	(83,495,256)
Income tax expense	-	(712,798)	-	(712,798)
(Loss)/profit for the period	<u>(20,107,920)</u>	<u>1,324,086</u>	<u>(65,424,220)</u>	<u>(84,208,054)</u>

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

7 Segment information (Continued)

The segment assets as at 30 June 2019 and 31 December 2018 are as follows:

	Greater China HK\$ (Unaudited)	Australia HK\$ (Unaudited)	Unallocated Corporate Assets/ Liabilities HK\$ (Unaudited)	Consolidated HK\$ (Unaudited)
As at 30 June 2019				
Segment assets	102,547,755	40,085,089	50,633,295	193,266,139
Additions to non-current assets	16,610	42,268	-	58,878
	<u>102,564,365</u>	<u>40,127,357</u>	<u>50,633,295</u>	<u>193,325,017</u>
 Segment liabilities	 <u>54,244,884</u>	 <u>25,741,136</u>	 <u>102,870,425</u>	 <u>182,856,445</u>
 As at 31 December 2018 (Restated)				
Segment assets	68,842,674	42,332,881	56,352,801	167,528,356
Additions to non-current assets	1,779,160	256,552	-	2,035,712
	<u>70,621,834</u>	<u>42,589,433</u>	<u>56,352,801</u>	<u>169,564,068</u>
 Segment liabilities	 <u>40,242,268</u>	 <u>26,811,034</u>	 <u>56,111,770</u>	 <u>123,165,072</u>

Information about major customers

For the six months ended 30 June 2019 and 2018, there was no single external customer contributing 10% or more of ECG's total revenue.

8 Revenue

	Six months ended 30 June	
	2019 HK\$ (Unaudited)	2018 HK\$ (Unaudited)
Revenue		
- Service income	53,359,588	70,795,148
- Sales of goods	21,624,554	-
	<u>74,984,142</u>	<u>70,795,148</u>

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

9 Expenses by nature

	Six months ended 30 June	
	2019	2018
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Outsourced services fulfilment expenses, included in cost of sales	4,854,550	8,620,985
Outsourced web development and IT consultation costs, included in cost of sales	-	3,164,758
Subscription expense for software application, included in cost of sales	20,151,607	19,498,705
Cost of inventories – included in cost of sales	21,120,557	-
Auditor's remuneration	800,000	793,750
Employee benefit expenses	27,420,674	33,045,715
Outsourced labour costs (Note 21(b))	300,000	300,000
Amortisation of intangible assets (Note 15)	4,972,385	20,235,186
Depreciation of property, plant and equipment (Note 14)	527,308	605,776
Depreciation of right-of-use assets (Note 14)	915,660	-
Legal and professional expenses	2,050,043	1,340,054
Travel expenses	1,496,326	1,482,746
Operating leases rental	1,407,150	2,008,469
IT expenses	359,496	1,216,189
Marketing expenses	555,084	193,795
Utilities and maintenance expenses	348,969	207,080
Telecommunications expenses	110,898	155,754
Insurance expenses	200,672	147,379
Provision for impairment of trade receivable	204,319	-
Other expenses	1,475,688	762,059
	<u>89,271,386</u>	<u>93,778,400</u>

10 Other loss

	Six months ended 30 June	
	2019	2018
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Net foreign exchange loss	<u>(528,049)</u>	<u>(287,278)</u>

eCARGO HOLDINGS LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION****11 Income tax credit/(expense)**

Subsidiaries established in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% (2018: 16.5%). Subsidiary established in the PRC is subject to PRC corporate income tax at a rate of 25% (2018: 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 2019 in Hong Kong and in the PRC (For the six months ended 30 June 2018: Nil).

Subsidiaries established in Australia are subject to income tax at a rate at 30% during the period (2018: 30%).

	Six months ended 30 June	
	2019 HK\$ (Unaudited)	2018 HK\$ (Unaudited)
Current income tax credit/(expense)		
- Australian corporate tax	144,545	(1,078,547)
Deferred tax	216,025	365,749
Income tax credit/(expense)	<u>360,570</u>	<u>(712,798)</u>

12 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 2019 and 2018.

	Six months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)
Loss attributable to owners of the Company (HK\$)	<u>(34,747,021)</u>	<u>(84,137,333)</u>
Weighted average number of ordinary shares in issue	<u>615,250,000</u>	<u>604,995,833</u>
Basic and diluted loss per share (HK cent)	<u>(5.65)</u>	<u>(13.91)</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 2019 and 2018.

13 Dividend

No dividend has been declared by the Company for the six months ended 30 June 2019 (30 June 2018: Nil).

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

14 Property, plant and equipment and right-of-use assets

	Property, plant and equipment HK\$ (Unaudited)	Right-of-use assets HK\$ (Unaudited)
Six months ended 30 June 2019		
Net book amount		
Opening net book amount as at 1 January 2019	1,763,902	5,547,945
Additions	58,878	987,633
Acquisition of a subsidiary (Note 20)	41,644	1,076,503
Depreciation (Note 9)	(527,308)	(915,660)
Currency translation differences	(15,345)	(61,709)
Closing net book amount as at 30 June 2019	1,321,771	6,634,712
Six months ended 30 June 2018		
Net book amount		
Opening net book amount as at 1 January 2018	3,330,325	-
Additions	1,794,716	-
Disposal	(2,321,359)	-
Depreciation (Note 9)	(605,776)	-
Currency translation differences	(19,324)	-
Closing net book amount as at 30 June 2018	2,178,582	-

15 Intangible assets

	Intangible assets HK\$ (Unaudited)
Six months ended 30 June 2019	
Net book amount	
Opening net book amount as at 1 January 2019	105,259,791
Acquisition of a subsidiary (Note 20)	21,568,337
Amortisation (Note 9)	(4,972,385)
Provision for impairment of goodwill	(17,820,294)
Currency translation differences	(737,360)
Closing net book amount as at 30 June 2019	103,298,089
Six months ended 30 June 2018	
Net book amount	
Opening net book amount as at 1 January 2018	50,877,676
Amortisation (Note 9)	(20,235,186)
Currency translation differences	(1,412,410)
Closing net book amount as at 30 June 2018	29,230,080

eCARGO HOLDINGS LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION****15 Intangible assets (Continued)****Goodwill impairment**

Following the acquisition of Metcash Export Services Pty Limited ("MES") and its subsidiary, Metcash Asia Limited ("MAL") (collectively, the "MES Group") as disclosed in Note 20, ECG has been combining certain resources of Jessica's Suitcase ("JS") and MES Group to leverage their respective strengths and resources. ECG plans to further integrate the operations of JS and MES Group where they will be considered as a single cash generating unit ("CGU"), being the Fast Moving Consumer Goods CGU, going forward. Accordingly, ECG has assessed the respective recoverable amounts of the combining CGUs upon the restructuring using value-in-use calculations. The value-in-use calculations were computed using five year projected cash flows and extrapolated using expected long-term growth rates. In light of the changes in market conditions and business models of these CGUs, the expected growth of the CGUs were adjusted to reduce the five year compound annual growth rate to 19% with the other key assumptions remaining consistent with previous value-in-use calculations. Such changes to the valuation resulted in an impairment loss of HK\$17,820,294 being recognised against goodwill during the six months ended 30 June 2019.

Management has not updated the impairment assessment of the other CGUs as it was concluded that there were no indicators of impairment as at 30 June 2019.

16 Trade receivables

	As at 30 June 2019 HK\$ (Unaudited)	As at 31 December 2018 HK\$ (Audited)
Trade receivables	23,514,846	18,637,762
Less: provision for impairment	(425,001)	(221,800)
Trade receivables - net	<u>23,089,845</u>	<u>18,415,962</u>

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

16 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 2019 HK\$ (Unaudited)	As at 31 December 2018 HK\$ (Audited)
1 - 30 days	13,792,954	10,727,427
31 - 60 days	1,578,444	3,139,667
61 - 90 days	2,853,714	807,313
91 - 180 days	2,437,688	3,741,555
Over 180 days	2,852,046	221,800
	<u>23,514,846</u>	<u>18,637,762</u>

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

	Six months ended 30 June 2019 HK\$ (Unaudited)	2018 HK\$ (Unaudited)
At 1 January	221,800	255,824
Provision for impairment of trade receivable	204,319	-
Receivables written off during the period as uncollectible	-	(34,024)
Currency translation differences	(1,118)	-
At 30 June	<u>425,001</u>	<u>221,800</u>

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

17 Share capital

	Number of shares	Share capital HK\$
As at 1 January 2018	535,000,000	329,401,285
Issue of shares as consideration for the acquisition of an associate (Note)	<u>80,250,000</u>	<u>98,419,683</u>
As at 30 June 2018, 1 January 2019 and 30 June 2019	<u>615,250,000</u>	<u>427,820,968</u>

Note

On 24 January 2018, 80,250,000 CHESS Depository Interests ("CDIs") were issued for settlement of the aggregate consideration of the acquisition of Jessica's Suitcase Pty Limited ("Jessica's Suitcase") with 45% equity interest.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

18 Trade payables

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

	As at 30 June 2019 HK\$ (Unaudited)	As at 31 December 2018 HK\$ (Audited)
1 - 30 days	8,632,103	7,750,761
31 - 60 days	3,348,138	517,420
61 - 90 days	1,480,630	407,882
91 - 180 days	674,512	2,017,539
Over 180 days	745,430	394,871
	<u>14,880,813</u>	<u>11,088,473</u>

19 Borrowing

	As at 30 June 2019 HK\$ (Unaudited)	As at 31 December 2018 HK\$ (Audited)
Loan from a shareholder (Note 21 (i))	<u>95,708,067</u>	<u>58,420,349</u>

On 29 August 2016, ECG entered into an agreement with JL Enterprises Holdings Limited ("ECG Loan"), ECG's major shareholder and a company wholly owned by Mr. John Lau, the Executive Chairman of ECG, as to provide a loan facility in an aggregate amount of up to HK\$50 million to support the ECG's working capital requirements. On 15 March 2017, an addendum agreement was signed to amend the maximum outstanding amount of the loan facility to HK\$70 million. On 14 February 2019, another addendum agreement was signed to amend the maximum outstanding amount of the loan facility to HK\$100 million. As at 30 June 2019, the carrying amount of the borrowing from JL Enterprises Holdings Limited is HK\$93.4 million (31 December 2018: HK\$56.1 million).

ECG had drawn HK\$87.2 million, out of the HK\$100.0 million standby loan facility of the ECG Loan, as at 30 June 2019. Undrawn facility amount of HK\$12.8 million under the ECG Loan serves as additional financial resources for ECG to finance its operation and to meet its financial obligations when they fall due.

On 17 July 2018, Jessica's Suitcase entered into an agreement with JL Enterprises Holdings Limited as to provide a loan facility in an aggregate amount of up to A\$0.5 million to support Jessica's Suitcase working capital requirements ("JS Loan"). As at 30 June 2019, the carrying amount of the borrowing from JL Enterprises Holdings Limited A\$0.4 million (equivalent to HK\$2.3 million) (31 December 2018: A\$0.4 million (equivalent to HK\$2.3 million)).

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

Borrowing of ECG Loan bears average coupon rate of 5.125% as at 30 June 2019 (31 December 2018: 5%-5.125%).

Borrowing of JS Loan is interest-free for the period ended 30 June 2019 (31 December 2018: 5%-5.125%).

eCARGO HOLDINGS LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION****20 Business combination**

On 25 February 2019, ECG acquired 85% interest in MES Group. MES Group is principally engaged in the provision of China export business in Australia. The acquisition allows ECG to create a one-stop offering for businesses intent on capturing the attention of China's growing consumer market.

In connection with the acquisition, a call option to purchase and a put option to sell the remaining 15% equity interest in MES Group were granted to ECG and Metcash respectively. ECG may exercise the call option at any time from the adjustment date (being five business days after the completion accounts is finally agreed) up to the date that is 18 months after the completion date, while Metcash may exercise the put option at any time on and from the date that is 18 months after the completion date.

Management has considered the terms of the aforementioned call-put option arrangement and concluded that such arrangement has effectively transferred the risks and rewards of the remaining 15% equity interest of MES Group to ECG. As such, ECG has not recognised any non-controlling interest in respect of the remaining 15% equity interest legally held by Metcash and accounted for MES Group as 100% owned as at 30 June 2019. The put option is treated as a liability for the acquisition of MES Group and was recognised as a financial liability in the interim condensed consolidated statement of financial position at the present value of the amount payable by ECG when the option is exercised.

The goodwill arising from the acquisition related to the 100% equity interest. At the date of acquisition, MES Group was accounted for as a wholly-owned subsidiary of ECG and the results, assets and liabilities of MES Group were consolidated in the interim condensed consolidated financial information of ECG.

The following tables summarises the consideration for the acquisition and the fair value of the assets acquired and liabilities assumed at the acquisition date based on the provisional purchase price allocation:

	HK\$
Purchase consideration	
Cash paid	38,039,719
Deferred consideration	2,021,742
Put option liability	7,194,821
Total purchase consideration	47,256,282
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	2,416,885
Property, plant and equipment	41,644
Right-of-use assets	1,076,503
Trade and other receivable	11,141,067
Inventories	18,662,350
Intangible asset – supplier relationship	8,840,233
Other payable	(4,722,107)
Lease liabilities	(1,076,503)
Deferred tax assets	358,164
Deferred tax liabilities	(2,210,058)
Total identifiable net assets	34,528,178
Goodwill	12,728,104
	47,256,282

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

20 Business combination (Continued)

Acquisition related costs of approximately HK\$837,976 have been charged to administrative expenses in the interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2019.

Inflow of cash to acquire business, net of cash	HK\$
Cash consideration paid in February 2019	(38,039,719)
Cash and cash equivalent of subsidiary acquired	2,416,885
Deposit paid in November 2018	6,960,375
Acquisition of a subsidiary, net of cash acquired	<u>(28,662,459)</u>

None of the goodwill recognised is expected to be deductible for income tax purposes.

The contingent consideration arrangement requires ECG to pay the former owners of MES Group 35% of the net profit after tax by annual instalment up to a maximum undiscounted amount of A\$ 3.5 million. This will be terminated upon the exercise of call-put option arrangement.

The potential undiscounted amount of all future payments that ECG could be required to make under this arrangement is between A\$0 and A\$3.5 million. The fair value of the contingent consideration arrangement has been estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 20.2%.

The fair value of trade and other receivables is HK\$11,141,067 and includes trade receivables with a fair value of HK\$7,483,852. No trade receivables due is expected to be uncollectible.

The acquired business contributed revenue of HK\$17,628,130 and loss before income tax of HK\$4,854,950 to ECG for the period between the date of acquisition and end of the reporting period.

eCARGO HOLDINGS LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION****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	Shareholder of the Company, 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
深圳市看我商贸服务有限公司	Controlled by Mr. John Lau
深圳嘉宏互联有限公司	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
Metcash Trading Limited	Shareholder of MES Group

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	
		2019	2018
		HK\$	HK\$
		(Unaudited)	(Unaudited)
(a)	Sales of services – note (i)		
	Sales of software development services:		
	- Cargo Services Far East Limited	1,200,000	1,300,000
	Sales of courier services:		
	- MyMM (Shanghai) Commerce Limited	-	207,994
	Sales commission:		
	- WWE Group Limited	-	1,638,000
	Provision of management services:		
	- 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>1,200,000</u>	<u>3,538,276</u>
(b)	Purchases of services – note (i)		
	Purchase of outsourced labour services:		
	- Cargo Services Far East Limited	<u>300,000</u>	<u>300,000</u>
	Purchase of outsourced import, storage, and courier fulfillment service:		
	- Allport Cargo Services Limited	38,764	52,179
	- CS China Logistics Limited	2,607,929	3,116,925
	- Cargo Services (China) Limited	1,268,727	2,509,145
	- EC-GO eCommerce Limited	568,796	777,155
		<u>4,484,216</u>	<u>6,755,404</u>
(c)	Purchase of goods		
	- Metcash Trading Limited	<u>4,457,787</u>	<u>-</u>
(d)	Payment on behalf of ECG by related parties		
	- Cargo Services Far East Limited	<u>-</u>	<u>530,871</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	
		2019	2018
		HK\$	HK\$
		(Unaudited)	(Unaudited)
(e)	Disposal of property, plant and equipment - 深圳市看我商贸服务有限公司	-	2,157,636
(f)	Key management compensation – note (ii)		
	- Fees	150,000	163,672
	- Salaries, allowances and benefits-in-kind	-	-
	- Contributions to pension plan	-	-
	Total	150,000	163,672
		As at	As at
		30 June	31 December
		2019	2018
		HK\$	HK\$
		(Unaudited)	(Audited)
(g)	Amount due from related parties – note (iv)		
	- Allport Cargo Services Limited	48,039	50,574
	- Cargo Services Far East Limited	-	7,014,300
	- Cargo Tiancheng Technology Limited	34,590	29,074
	- MyMM (Shanghai) Commerce Limited	-	149,826
	- 深圳市看我商贸服务有限公司	2,823,270	2,191,604
	- 深圳市一全通电子商务有限公司	183,120	62,345
	- Metcash Trading Limited	1,342,265	-
	- CN Logistics Limited	30,694	-
		4,461,978	9,497,723
(h)	Amount due to related parties – note (iv)		
	- Cargo Services Far East Limited	(5,294,818)	-
	- Cargo Services (China) Limited	(16,743,200)	(15,431,146)
	- CN Logistics Limited	-	(1,473,448)
	- EC-GO eCommerce Limited	(4,347,037)	(3,776,946)
	- CS China Logistics Limited	(686,395)	(689,866)
		(27,071,450)	(21,371,406)

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)

(i) Borrowing from a shareholder

	Greater China HK\$	Jessica's Suitcase HK\$	Total
At 1 January 2018	56,111,770	2,308,579	58,420,349
Loan advanced during the period	35,343,319	-	35,343,319
Interest charged	1,952,532	-	1,952,532
Currency translation differences	-	(8,133)	(8,133)
At 30 June 2019	<u>93,407,621</u>	<u>2,300,446</u>	<u>95,708,067</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) 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\$.