ECARGO HOLDINGS LIMITED ENTERS INTO AN AGREEMENT TO ACQUIRE JESSICA’S SUITCASE PTY LTD

January 22, 2018 (HONG KONG): eCargo Holdings Limited (ASX:ECG) (“eCargo” or “ECG”) has entered into a purchase agreement (“Agreement”) to acquire Jessica’s Suitcase Pty Ltd (“Jessica’s Suitcase”), an Australia-based eCommerce company founded by Jessica Rudd.

Under the Agreement, eCargo will acquire 45% of the shares in Jessica’s Suitcase in consideration for the issue to the shareholders of Jessica’s Suitcase (“Vendors”) of such number of CDIs equal to 15% of the CHESS Depository Interests (“CDIs”) in eCargo, namely 80,250,000 CDIs.

The Vendors and JL Enterprises Holding Limited, eCargo’s largest shareholder, have agreed to a voluntary escrow of their CDIs as follows:

- 75% of their CDIs in eCargo for 12 months from the issue date of the CDIs; and
- 50% of their CDIs in eCargo for a further 6 months.

The Vendors and eCargo have entered into a Shareholders Deed in relation to their interests in and the ongoing management and operation of Jessica’s Suitcase. Under the Deed, the Vendors will retain full management operation and control subject to minority holder protections in favour of eCargo.

ECG will also have a Call Option to acquire the remaining shares in Jessica’s Suitcase within 18 months following the date of the initial acquisition. The consideration to be paid by eCargo for the exercise of the Call Option will be:

- the issue of 53,416,500 additional CDIs in eCargo which will bring the holding of the Vendors in eCargo to a maximum of 19.99% of the CDIs in eCargo on a post exercise basis and assuming no additional CDIs are issued; plus
- 5 million Australian Dollars ("A$").

The issue of the Consideration CDIs on the exercise of the Call Option will require shareholder approval under ASX Listing Rule 10.11.

It is anticipated that the acquisition of the initial 45% of Jessica’s Suitcase will complete within the week following this announcement.

Jessica Rudd will be appointed as a non-executive director of eCargo effective on completion of the acquisition of the initial 45% of Jessica’s Suitcase. A key strategic benefit of the acquisition is the experience of the Jessica’s Suitcase management team. The intention is to leverage their experience by integrating them at group level with a view to potentially taking leadership roles.

The combined business will offer ECG a scale to plan for new Daigou services against the strong demand of Australia and New Zealand products by Chinese consumers through the rapidly-growing cross-border eCommerce channel.
John Lau, Executive Chairman of ECG, said: “We are very excited to be able to partner with Jessica’s Suitcase. Jessica is the only Australian-born-and-based Key Opinion Leader (KOL), i.e. an influencer in the eCommerce and digital marketing sectors, who has a strong reach in both Australia and China markets, which will significantly enhance ECG’s growth prospects and enable ECG to significantly benefit from the cross-border trade between Australia and China.

eCargo is an established Alibaba Tmall Partner (TP) of leading fashion brands including Ted Baker (U.K.), Juicy Couture (U.S.A.), and La Perla (Italy), and Jessica’s Suitcase retails iconic Australian brands such as Penfolds, Sukin, Aerogard, Aptamil, Freedom Foods, Absolute Organic, Bubs and Caprilac. We have no doubt that with the joint-force of ECG and Jessica’s Suitcase, we will further facilitate the entry of Australian brands and retailers of Foodstuffs, Health Supplements, Apparel and Accessories into the China online market.”

Jessica Rudd, who will join the ECG Board, said: “Since we launched Jessica’s Suitcase I’ve learned a lifetime of lessons about how Australia and the wider West could, with the right help, flourish in the world’s largest and savviest cohort of consumers. I am thrilled to be adding our experience to John’s more than 50 years in the business of trade and logistics. Together, we offer world-class support to brands and retailers, particularly those from Australia and New Zealand, attempting to enter and thrive in this complex marketplace.”

About ECG

ECG is a China-based eCommerce technology and specialist execution group of companies, providing on-demand digital commerce technology development and related execution capabilities for retailers and fashion brands. ECG’s strategic investor, CS Logistics Holdings Limited, is one of the largest international logistics providers for numerous Australian businesses including Wesfarmers Limited, Myer Holdings Limited and Woolworths Group Limited.

eCargo acts as a “one-stop” enabling partner for designer fashion, branded apparel and retail companies seeking to sell their products online in China, Australia and South-east Asia by providing integrated online and offline technology and supply chain solutions.

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

About Jessica’s Suitcase and Jessica Rudd

Jessica Rudd is the founder of Jessica’s Suitcase, an Australian company headquartered in Sydney, which operates an eCommerce store on Alibaba’s Tmall Global Platform, offering quality Australia and New Zealand products to Chinese consumers through the cross-border online channel.

Jessica’s Suitcase customers from Beijing to Chongqing receive their parcels direct from Sydney or from bonded warehouses in Shanghai, Guangzhou and Ningbo.

Jessica’s Suitcase is proud to represent product ranges from Penfolds, Wolf Blass, Sukin, FLATOUT Australia, Aerogard, Aptamil, Freedom Foods, Absolute Organic and Bubs. Building on its more than 80,000 valued Alibaba fans, Jessica's Suitcase also hosts live
streams from its own Yizhibo and Tmall accounts, often collaborating with FMCG's to improve market traction for particular product lines.

In 2014 the business was launched by Jessica Rudd and Chantelle Ye, from Brisbane and Beijing respectively. Today, together with its founders, Jessica's Suitcase has a dynamic team of 10, including its in-house operations team in Shanghai.

Jessica’s Suitcase has over 80,000 followers on Alibaba Tmall. In Financial Year 2016 and Financial Year 2017, the business achieved A$531,974 and A$238,417 in revenue respectively. Jessica’s Suitcase has brought on board a number of new suppliers in 2018 and experienced accelerated growth.

As of November 2017, revenue for the first 5 months of Financial Year 2018 was A$451,011, which exceeded full-year Financial Year 2017 revenue.

During Single’s Day (11 Nov) 2017, which is the largest annual shopping carnival in China ecommerce, Jessica's Suitcase achieved A$130,136 sales in one day, which represents 247% growth from previous Single’s Day. Similarly, during “Double 12” (12 December) this year, another major shopping festival, sales also grew strongly by 1090% year on year to A$94,083 in one day. Jessica’s Suitcase’s profit for the first five months of Financial Year 2018 was A$5,392.

Jessica’s Suitcase host regular live streams on various platforms, including Tmall and Yizhibo. In 2017, Jessica’s Suitcase partnered with TWE in Adelaide to hold a live stream at Penfold's Magill Estate. Over fifty thousand mainland Chinese viewers watched Jessica tour Penfold's and taste wine, attracting more than 200,000 likes and 12,000 comments.

The merged entity will extend the offering of Alibaba Tmall Partner (TP) services to Australian and New Zealand brands and merchants, which will increase the TP client base of eCargo and enables eCargo to benefit from the booming cross-border trade between Australia and China. Furthermore, to leverage on the merged entity’s in-depth knowledge of the market, eCargo will roll out the new daigou services to the Australia market, which is expected to be a margin accretive business, adding a new revenue stream to the current Tmall Partner (TP) service offering.

Jessica has been appointed as Australia and New Zealand Lifestyle Ambassador for Alibaba since 2016. Having begun her career as a media and intellectual property lawyer, Jessica later moved to London where she worked as a crisis management consultant for global communications firm, Hill & Knowlton. In 2009, Jessica moved to Beijing with her husband. In their 5 years living in Beijing, Jessica wrote two novels — Campaign Ruby and its sequel Ruby Blues—and worked as a columnist and media commentator.

Building on her China experience, Jessica returned to Australia to launch Jessica’s Suitcase, bringing her favourite Australian products to Chinese consumers. In 2016, Jessica launched her own YouKu video streaming channel and was featured on the highly successful Huayoung Mama YouKu series. Jessica also serves as Director for the ASX-listed Australian Agricultural Company.

**Media Contacts**

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