

## 2019 INTERIM FINANCIAL INFORMATION

### Highlights:

- **Positive Operating Cash Flow of HK\$3.7 million [A\$0.7 million], continuing the trend from 2018**
- **Revenue of HK\$75.0 million [A\$13.7 million], up 6%**
- **Net loss of HK\$34.7 million [A\$6.4 million], down 59%**
- **Completed the integration and restructuring of the acquired Metcash's Asia Business and Jessica's Suitcase as ECG's forerunner in the FMCG space**

**August 30, 2019 (SYDNEY):** eCargo Holdings Limited (ASX: ECG) ("ECG") today announced its interim financial results for the six months ended June 30, 2019, with 6% growth in revenue to HK\$75.0 million and net loss decreased by 59% to HK\$34.7 million (2018: HK\$84.2 million loss) on a year-on-year basis.

The first half of 2019 is the first six-month period that ECG started to fully consolidate the numbers of Metcash's Asia Business and Jessica's Suitcase. Without the results attributed to these FMCG business units, the net loss would become HK\$28.2 million, decreased by 67% compared to last interim reflecting (1) decrease in amortisation charge by HK\$14.7 million; (2) absence of last year's impairment on investment in MM-E-Commerce Limited of HK\$58.9 million; and (3) an impairment charge of HK\$17.8 million on the FMCG business. Barring the non-cash items, EBITDA loss on an adjusted basis would become HK\$1.8 million, an improvement of 16% compared to last year.

Mr. Will Zhao, Chief Executive Officer of ECG, said; "We are pleased to report that we have successfully completed the integration of Metcash Asia and Jessica's Suitcase, which was the primary focus of our FMCG brands for the first half of the year.

From a strategic perspective we are happy to report our other non-FMCG businesses continued the strong momentum from last year with an improved financial result despite the one-off charges incurred on restructuring and corporate transactions during this period. Our efforts in restructuring and consolidating our cost base in the 1H19 has positioned us for growth in the years ahead.

Following these integration, we are working to execute our dual track product strategy where premium and specialty brand offerings of Jessica's Suitcase are complimented by Metcash Asia's extensive brand offering. This approach will significantly strengthen our value proposition and put us on track for greater success into the future," he said.

On ECG's growth, Mr. Zhao said; "Today, ECG is a very different business to what it was 12 months ago. Rather than purely being a service business, we are now a business with end-to-end capabilities and a clear path to grow both our B2B wholesale and distribution business and B2C services in China and South East Asia."

Coinciding with its interim result, ECG announced the launch of its Cross-Border E-commerce (CBEC) Growth Program in Australia, which aims to assist food and beverage brands looking to grow their brand equity in China. The new program will bring new revenue for ECG and supports the strategic objective of the business to become pre-eminent brand partner into China.

On the CBEC Growth Program, Non-executive Director of ECG, Ms. Jessica Rudd, said: "ECG's CBEC Growth Program will further strengthen its unique offering in the market, providing a one-stop shop for brands looking to enter into and navigate the Chinese market."

"While we continue to expand our partnerships outside the Chinese market, we are also moving ahead with our successful expansion into regional China, having extended commercial supply into cities including Kunming, Changzhi and Longkou. We are now actively supplying into 13 provinces and more than 22 cities in China, which demonstrates the early success of our lower tiered city wholesale and distribution strategy in China on imported products.

We are seeing positive momentum in the business in the second half and expect uplift in top line revenue as we execute our strategy in China and South East Asia.

Our FMCG business has a renewed focus on delivering opportunities to new geographies for ECG. We have an exciting pipeline of opportunities with brands and partnerships to drive value for both our partners and ECG in the months and years ahead," Mr. Zhao concluded.

Mr. John Lau, Executive Chairman of ECG, said: "Following a number of years focused around strategy and business transformation, we are pleased to share that ECG is well-positioned for growth across all our business units and we will be focused on delivering for our shareholders in the medium term.

We have strong aspirations for ECG, with a unique offering that is unrivalled in the market, and we are putting the right foundations in place to ensure strong, sustainable business well into the future," he concluded.

For personal use only

**Note to Editors**

The underlying financial statements supporting the figures in this announcement are prepared in Hong Kong Dollars (HK\$) and all figures in Australian Dollars (A\$) are for reference only. The exchange rate applied to translate HK\$ into A\$ is A\$1.00=HK\$ 5.4873, according to the rate published by the Reserve Bank of Australia as of June 30, 2019.

Adjusted EBITDA is defined as earnings before non-cash items such as interest, tax, depreciation, amortization, share of results of an associate, impairment provision for interest in an associate and goodwill, and impact of foreign exchange.

**About eCargo Holdings Limited**

eCargo Holdings Limited is an ASX-listed company specialising in sales and marketing strategy, execution and distribution in China. With a broad range of capabilities across; logistics and fulfilment, eCommerce management and operations, Online to Offline (O2O) distribution and wholesale, as well as strategic advice.

**Media Contacts****GRACosway**

Grace McCarthy

T: +422 558 112

E: [gmccarthy@gracosway.com.au](mailto:gmccarthy@gracosway.com.au)

For personal use only