2017 FULL YEAR FINANCIAL RESULTS

Highlights:

- **Revenue of HK$144.5 million [A$24.3 million], up 16%;**
- **Gross Profit of HK$80.5 million [A$13.5 million], up 29%;**
- **EBITDA loss of HK$15.3 million [A$2.6 million] improvement of 71%**
- **Net Loss of HK$68.5 million [A$11.5 million], improvement of 22%;**
- **Achieved positive EBITDA and operating cash flow for the second half of 2017, our first time for a six-month period, due to the successful implementation of business transformation plan in mid-year;**
- **Acquisition of Jessica's Suitcase subsequent to year-end enhances ECG growth prospects.**

February 27, 2018 (HONG KONG): eCargo Holdings Limited (ASX: ECG) ("ECG") is pleased to announce its preliminary financial results for the year ended December 31, 2017 with net loss reduced by 22% to HK$68.5 million (2016: HK$87.7 million loss) and EBITDA loss decreased by 71% to HK$15.3 million (2016: HK$52.7 million loss).

The marked improvement in results is evidenced by the turnaround on EBITDA with HK$7.3 million profit for the second half of 2017 compared to the HK$22.6 million loss for 2017 first half and the HK$17.8 million loss for 2016 second half. Moreover, improvement has been across the board, with all divisions of both Greater China and Australia business segments either increasing profits or reducing losses. The turnaround was mainly attributable to the successful implementation of the business transformation plan in the second half of the year. This resulted in resources being more focused on higher margin clients and cost reductions through streamlining processes and a revised organisation structure to enhance scalability of operations. Net loss for the year was HK$68.5 million which had also decreased compared to HK$87.7 million of 2016 but not as much as the drop in EBITDA loss as amortisation expense has increased since July 2016 when the useful life of the key software intangible assets was shortened.

Gross profit for the year increased by 29% to HK$80.5 million and gross profit margin for the year was approximately 56%, an improvement over year 2016's 50%. The reason for this improvement was the success from agreeing better commercial terms with both new and existing clients. Moreover, increased scalability of operations has allowed ECG to achieve greater margins from business expansion while operating within ECG's existing framework of resources.

The cost control measures under the business transformation plan had not led to any compromise in the revenue generating ability of the business. Consolidated revenue of this year increased to HK$144.5 million (2016: HK$124.5 million) of which HK$52.2 million (2016: HK$52.6 million) was attributable to the eCommerce-enabling business while HK$92.3 million (2016: HK$71.9 million) was contributed by Amblique.

The revenue of the eCommerce-enabling business was maintained at a similar level as last year. The increase in revenue of eOperations business, as evidenced by 73% increase in Gross Merchandise Value generated from the online stores for the year, was offset by the decrease in revenue from the eFulfillment business as lower profit margin contracts were terminated. As a result, gross profit margins arising from this segment recorded a significant growth to 47% for the year (2016: 37%). We are confident with our successful strategy of bringing international merchants into China's eCommerce consumer market as we continued to see strong growth momentum and the receptiveness of Chinese consumers to these international merchants from the growth trend of our eOperations business.

Amblique's revenue increased by 28% year-on-year and gross profit margin maintained at 60%. The revenue increase was mainly driven by the sharing of clients sales generated from websites built under the reseller agreement. Revenue under the reseller agreement represents an income commitment from client, increasing yearly, for a defined number of years after the brand website goes live.

eCommerce in China continuing to flourish. According to a Goldman Sachs report[1] issued in 2017, China's online retail market and online retail penetration rate will reach US$1.7 trillion and 25% by year 2020, more than double of the size of year 2016 (23% CAGR over year 2016 to year 2020) and continuing to grow at nearly triple the pace of offline retail. The continual development and upgrade of logistics infrastructure can further facilitate the growth of online consumer spending in particular to penetration at second and third tier cities.

ECG's Executive Chairman, Mr. John Lau, said: "The second half of year 2017 financial results demonstrated that ECG is on the right track on delivering results and values for its shareholders. We believe the eCommerce retailing market in China will continue to grow strongly, especially on the cross-border trade for premium products.

The acquisition of Jessica's Suitcase in January 2018 significantly enhances ECG's growth prospects and enables ECG to significantly benefit from the cross-border trade between Australia and China retailers. The combined business offers ECG a scale to plan for new Daigou services against the strong demand of Australia and New Zealand products by Chinese consumers. It also gives us comparative advantages over our competitors to facilitate the entry of brands and retailers from Australia, New Zealand and around the World in the FMCG category such as Foodstuffs and Health Supplements, as well as the Apparel and Accessories categories, into the China online market."

Note to Editors

The underlying financial statements supporting the figures in this announcement are prepared in HK$ and all figures in A$ presented in this announcement are for reference only. The exchange rate applied to translate HK$ into A$ is A$1.00=HK$5.9533, according to the rate published by the Reserve Bank of Australia as of December 31, 2017.

EBITDA is defined as the earnings before interest, tax, depreciation, amortisation, impairment on and results from associates.

[1] China E+Commerce Shopping Re-Imagined – Goldman Sachs, 2017

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.

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