

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C QUARTERLY CASH FLOW REPORT

April 30, 2018 SYDNEY: eCargo Holdings Limited (ASX:ECG) (the "Company" or "ECG") submits its Appendix 4C Quarterly Cash Flow Report for the first quarter, period ended March 31, 2018.

HIGHLIGHTS

- Third consecutive quarter of positive cash flows
- Completion of acquisition of Jessica's Suitcase
- Jessica's Suitcase Tmall Global store sales increased by over 598% in the first quarter year on year
- Appointment of Eva Zhang as CEO
- Establishment of an Australian head office

Releasing the Quarterly Activities Report for the first quarter of 2018, ECG CEO Ms. Eva Zhang said: "We continue to make solid progress with our strategic ambitions including the expansion of ECG's business in the Australian and New Zealand markets, and the integration of the Jessica's Suitcase business.

"As well the team continues to work with existing and prospective clients in providing the best integrated solutions for Australian brands to enter the Chinese market in the most efficient and effective manner," said Ms. Zhang.

Third consecutive quarter of positive cash flows with improvement on quarterly results

Ms. Zhang said, "For the third consecutive quarter, the Company has continued to demonstrate its discipline in delivering positive cash flows and, accordingly, there was no drawdown on the shareholder's loan during the quarter."

The Company has carried its momentum from the marked improvement in results for the second half of 2017 through to the first quarter albeit being traditionally a slower season for eCommerce retailing activities compared to the final quarter.

The improvement in cash flows is testimony to the successful implementation of the business transformation plan last year that:

- focused on deploying resources to profitable accounts,
- reduced costs by streamlining processes, and
- revised the organisation structure to enhance scalability of operations.

Completion of acquisition of Jessica's Suitcase

In January 2018, ECG completed its acquisition of 45% interest in Jessica's Suitcase, which saw Jessica Rudd's appointment to the Board of ECG. ECG has the Call Option to acquire the remaining shares in Jessica's Suitcase within 18 months following the date of the initial acquisition.

Jessica Rudd, the founder of Jessica's Suitcase and appointed as Australia and New Zealand Lifestyle Ambassador for Alibaba since 2016, brings on board a wealth of knowledge in China eCommerce. Ms. Rudd, the only Australian-born-and-based China Key Opinion Leader (KOL), has also launched her own YouKu video streaming channel and was featured on the highly successful Huayoung Mama YouKu series.

Appointment of Eva Zhang as CEO

Eva Zhang was appointed as the CEO in March 2018. Ms. Zhang has unique knowledge of investments and e-commerce retail in China and is a pioneer of the Australia – China cross-border e-commerce industry. Since Ms. Zhang's leadership of Jessica's Suitcase, sales for "Double 11" and "Double 12" (the largest online shopping festivals in China) grew by 247% and 1,090% respectively in 2017.

Renewed strategic focus

Following the acquisition of Jessica's Suitcase, the Board and Management have been working closely on enhancing and refocusing the future strategies of ECG, particularly on the expansion of ECG's business in Australia and New Zealand markets.

An Australian head office has been established to drive business growth to ensure ECG is recognised as the pre-eminent partner for Australian brands in delivering total solutions for China entry.

To that end, the turnover of Jessica's Suitcase Tmall Global store, which showcases iconic Australian and New Zealand brands such as Penfolds, Sukin, Aerogard, Freedom Foods, Bubs and Caprilac, has increased by over 598% in the first quarter year on year.

In particular, one of Jessica's Suitcase's products was featured in International Women's Day promotion on Alibaba as one of the highest growth SKUs, with 1,767% growth in turnover year over year.

About ECG

ECG is a China-based eCommerce technology and specialist execution group of companies, with operating companies in China and Australia trading under the eCargo and Amblique brands, providing on-demand digital commerce technology development and related execution capabilities for retailers and fashion brands.

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. Amblique is a leading digital commerce consultancy, providing retail strategy, eCommerce platform implementation and optimisation services in Australia and New Zealand.

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.

Media Contacts

GRACosway

Ben Wilson
T: +61 407 966 083
E: bwilson@gracosway.com.au

Holly Pascoe
T: +61 413 143 024
E: hpascoe@gracosway.com.au

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

eCargo Holdings Limited ("ECG" or the "Company") is pleased to provide its Appendix 4C cash flows report for the period ended March 31, 2018.

Name of entity

eCargo Holdings Limited

ABN

601 803 069

Quarter ended ("current quarter")

March 31, 2018

Consolidated statement of cash flows	Current quarter HKD'000	Year to date (3 months) HKD'000
1. Cash flows from operating activities		
1.1 Receipts from customers	36,060	36,060
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(13,353)	(13,353)
(c) advertising and marketing	(183)	(183)
(d) leased assets	(982)	(982)
(e) staff costs	(15,064)	(15,064)
(f) administration and corporate costs	(5,504)	(5,504)
1.3 Dividends received	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refund/(paid)	786	786
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	1,762	1,762

Consolidated statement of cash flows		Current quarter HKD'000	Year to date (3 months) HKD'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(747)	(747)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(747)	(747)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

Consolidated statement of cash flows		Current quarter HKD'000	Year to date (3 months) HKD'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	12,702	12,702
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,762	1,762
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(747)	(747)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(10)	(10)
4.6	Cash and cash equivalents at end of quarter	13,707	13,707

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter HKD'000	Previous quarter HKD'000
5.1	Bank balances	13,707	12,702
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	13,707	12,702

6.	Payments to directors of the entity and their associates	Current quarter HKD'000
6.1	Aggregate amount of payments to these parties included in item 1.2	55
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
6.1 refers to directors remuneration and salary for the period.		

7. Payments to related entities of the entity and their associates	Current quarter HKD'000
7.1 Aggregate amount of payments to these parties included in item 1.2	3,210
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

7.1 refers to payment to related entities for product manufacturing and operations for the period.

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end HKD'000	Amount drawn at quarter end HKD'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	70,000	42,334
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

On March 15, 2017, ECG renewed the standby loan facility agreement signed on August 29, 2016 with JL Enterprises Holdings Limited, ECG's major shareholder and a company wholly owned by Mr. John Lau, the Executive Chairman of ECG, as to extend the standby loan facility from HKD50 million to HKD70 million to support ECG's working capital requirements. The standby 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 standby loan facility can be utilised at ECG's discretion and is repayable in accordance with a separate agreement to be made between ECG and JL Enterprises Holdings Limited. There was no drawdown on the facility during the quarter.

9. Estimated cash outflows for next quarter	HKD'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(14,000)
9.3 Advertising and marketing	(200)
9.4 Leased assets	(1,000)
9.5 Staff costs	(15,000)
9.6 Administration and corporate costs	(6,000)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(36,200)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration	N/A	N/A
10.3 Consideration for acquisition or disposal	N/A	N/A
10.4 Total net assets	N/A	N/A
10.5 Nature of business	N/A	N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
Company secretary

Date: April 30, 2018

Print name: Ms. Irene Yip

Notes

1. This quarterly report provides a basis for informing the market how ECG's activities have been financed for the past quarter and the effect on its cash position.
2. ECG has adopted accounting policies that comply with Hong Kong Financial Reporting Standards ("HKFRS") and the figures in this report are prepared in accordance with all applicable HKFRS. The figures disclosed in the report are in HKD, the official currency of Hong Kong, which is the functional currency of ECG.
3. ECG maintained a cash balance of HKD13.7 million and unutilised standby credit facility of HKD27.7 million at the end of the quarter which can be utilised at demand of ECG.
4. ECG adopts prudent liquidity risk management and maintains sufficient cash and the availability of funding to safeguard ECG's ability to continue as a going concern. ECG management is actively and regularly reviews its cash position and projected operating cash flows.