

2019 FULL YEAR FINANCIAL RESULTS

Highlights

- **Revenue up 32% to HK\$177.4 million [A\$32.5 million]**
 - **EBITDA loss down 34% to HK\$6.7 million [A\$1.2 million]**
 - **Statutory net loss down 45% to HK\$74.6 million [A\$13.7 million]**
 - **Record year on EBITDA for eCommerce-enabling and Amblique**
 - **Consolidation of online and offline (O2O) FMCG offerings**
 - **Successful expansion into South East Asian countries through the establishment of joint venture, ABG Group, with revenue of A\$6 million for its first 3 months of operation**
 - **Cross-Border eCommerce (CBEC) Growth Program launched as an incubation initiative for FMCG brand**
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February 27, 2020 (SYDNEY): eCargo Holdings Limited (ASX: ECG) ("ECG" or the "Group") today presented its preliminary financial results for the year ended December 31, 2019. It was the first year the Group fully consolidated the results of the Fast-moving consumer goods (FMCG) business unit following the acquisition of Metcash Asia and Jessica's Suitcase in 2019 and at the end of 2018 respectively.

Consolidated statutory net loss for the year was HK\$74.6 million with an EBITDA loss of HK\$6.7 million. Excluding the results of FMCG, the statutory net loss of other business units combined was HK\$63.2 million, reduced by 53% compared to HK\$134.7 million of 2018 mainly reflecting:

- decreased amortisation charge by HK\$10.8 million;
- absence of impairment on MM-E-Commerce Limited of HK\$72.5 million of 2018;
- absence of the loss on disposal of an associate of HK\$39.0 million of 2018;
- absence of fair value gain on financial assets of HK\$13.9 million of 2018; and
- impairment of HK\$49.3 million on FMCG this year.

Accordingly, EBITDA of non-FMCG business units was HK\$4.4 million, an improvement of 144% over the HK\$10.1 million loss of the previous year.

Revenue and EBITDA listed by business units are summarised below:

(HK\$ million)	2019		2018	
	<i>Revenue</i>	<i>EBITDA</i>	<i>Revenue</i>	<i>EBITDA</i>
eCommerce-enabling	18.1	1.8	32.5	(2.8)
Amblique	85.9	11.3	97.1	6.2
FMCG	71.0	(11.1)	2.5	0.0
Corporate overhead	2.4	(8.7)	2.4	(13.5)
	177.4	(6.7)	134.5	(10.1)

eCommerce-enabling – this is primary business unit providing online store operation and fulfilment services for foreign fashion and cosmetics brands selling in China. Despite this segment revenue decreased by 43% year-on-year, gross profit margin increased by 11% and achieved a positive EBITDA for the first time because of certain non-profitable customers and non-core service offerings were discontinued.

Amblique - our SaaS-based eCommerce technology and digital consulting solutions based in Australia, recorded an encouraging result in 2019. Revenue decreased slightly however, EBITDA increased significantly by 82% mainly attributable to client services offering to the existing customers at higher margin and savings in overhead.

FMCG Online to Offline (O2O) - became a major revenue driver for ECG following the acquisition of Metcash Asia in February 2019. It has accounted for 40% of the Groups' revenue this year and is expected to continue and increase in the future. During the year, several new initiatives were undertaken which expanded the Group's service offerings, these include:

- the CBEC Growth Program introduced in August 2019 which aims to incubate FMCG brands on ECG's existing eCommerce flagship stores. The program is aimed at growing foreign brands in China and provide a full-service, cost-conscious entry option to brand owners;
- expanded ECG's online and offline distribution network and our supplier base, diversifying from Australian based suppliers to UK, Europe and South Africa; and
- established a joint venture, ABG Group, in September 2019, which has provided a scalable professional sourcing and distribution network for brands looking to enter and grow in the South East Asian (SEA) markets. This joint venture achieved A\$6 million sales for three months in 2019 and contributed HK\$0.5 million to the Group's results accordingly.

Mr. John Lau, Executive Chairman of ECG, said: "Following our strategy of business transformation and recent acquisitions, ECG is well-positioned as an enterprise with diversified business in FMCG and non-FMCG. I am pleased to report that our non-FMCG businesses continued the strong momentum from last year with positive results while we

are consolidating our online and offline product offering in FMCG and focus on improving gross profit margin for different product categories and lowering overhead."

Mr. Will Zhao, Chief Executive Officer of ECG, said: "We are pleased that ECG has transformed itself into a business with end-to-end capabilities on both B2B wholesale and distribution and B2C services to end customers. As a newly combined business we continue to leverage our strong relationships in China and SEA to increase our distribution network and product offerings. Our investment in the SEA joint venture has performed extremely well to date and we will continue to invest appropriately in the right channels to ensure ROI is adequate and provides a right level of diversification to our portfolio of businesses. We are constantly evaluating our business model to ensure ourselves being agile and robust to the changing market conditions. The current coronavirus epidemic (COVID-19) is impacting the Chinese economy and business activities at the moment and its long lasting effect remains to be seen. The Group's overall business has seen a minimal impact due to our exposure to the services and online business. We are closely monitoring the situation and are well equipped to respond swiftly should the condition worsen. ECG and the management team remain confident in the longer term growth of China and SEA."

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\$5.4526, according to the rate published by the Reserve Bank of Australia as of December 31, 2019.

EBITDA is defined as earnings or loss before interest, tax, depreciation, amortisation, share of results of an associate/ an joint venture, impairment provision for interest in an associate/ goodwill, gain or loss on fair value of acquisitions and financial derivatives, 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.

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