

2020 INTERIM FINANCIAL INFORMATION

Highlights:

- Revenue of HK\$91.0 million [A\$17.1 million], up 21%
- EBITDA loss down 88% to HK\$0.9million [A\$0.2million]
- Non-cash impairment of HK\$20.2 million taken in H1, resulting in Net Loss After Tax of HK\$26.9million [A\$5.0million], down 23%
- Strong growth in FMCG revenue, with Online up 102.5% and Offline up 98.2%

August 26, 2020 (SYDNEY): eCargo Holdings Limited (ASX: ECG) (ECG, eCargo or the Group) today announced its interim financial results for the six months ended June 30, 2020, with revenue growing by 21% to HK\$91.0 million and the net loss decreasing by 23% to HK\$26.9 million (2019: HK\$34.7 million loss), on a year-on-year basis.

Revenue and EBITDA listed by business unit are summarised below:

(HK\$ million)	1 st Half 2020		1 st Half 2019	
	Revenue	EBITDA	Revenue	EBITDA
FMCG Online	28.3	1.3	14.0	(2.6)
FMCG Offline*	16.5	(2.3)	8.3	(3.5)
FMCG Total	44.8	(1.0)	22.3	(6.1)
Fashion & Lifestyle	6.1	0.5	9.7	1.1
Amblique	38.9	3.1	41.8	3.5
Corporate overhead	1.2	(3.5)	1.2	(6.2)
	91.0	(0.9)	75	(7.7)

*including share of results from a joint venture

Strong growth in FMCG Online to Offline (O2O)

FMCG became a major revenue driver for ECG following the integration of Metcash Asia and Jessica's Suitcase in 2019. The segment accounted for 49% of the Group revenue in the first half of 2020, while the EBITDA loss declined by 84% to HK\$1.0 million.

The FMCG online business, which involves the sale of products on key Chinese platforms including Alibaba's Tmall Global and JD and the new exclusive distribution business experienced robust revenue growth (up 103% to HK\$28.3 million) and become EBITDA positive during the period, delivering HK\$1.3 million (1H19: loss of HK\$2.6 million). The strong performance was underpinned by a full six months ownership of Metcash Asia, and the introduction of a new agreement to be the exclusive distributor of a renowned UK hair product brand to more than 15 online marketplaces in China.

The FMCG offline business, which commenced after the acquisition of Metcash Asia in the late of February 2019, delivered strong revenue growth, up 98% to HK\$16.5 million. The growth was primarily due to the performance of the B2B Australian distribution business, which was up 280% to HK\$12.4 million and became profitable because of two new customers placing orders from 2020 onwards. The B2B China distribution business experienced a 20% decline in revenue to HK\$4.1million (2019: HK\$5.1million) due to travel and social limitations resulting from the COVID-19 pandemic from February to April.

The joint venture focusing on the Vietnam market contributed a profit of HK\$0.8million by benefitting from the growing demand of infant formula.

Online channel expansion positions Fashion & Lifestyle for recovery in H2

The eCommerce enabling Fashion & Lifestyle business unit was impacted by the COVID-19 pandemic earlier with revenue down 37% to HK\$6.1million.

Despite the challenges and uncertainties created by the COVID-19 pandemic, the online channels are now benefitting from the acceleration in online penetration brought about by Government-mandated lockdown restrictions. To take advantage of these trends the company implemented expanded online channels for a well known luxury footwear and fashion brand and opened an online store for a well known luxury fashion brand. ECG is exploring the launch of additional channels for its current and prospective brands to capture the growth momentum and set up the business for a recovery in the second half.

Amblique impacted by project deferrals due to COVID-19

Amblique revenue of HK\$38.9 million and EBITDA of HK\$3.1 million were down by 7% and 11% respectively, due to the impact of COVID-19 on Australian retailers early in the pandemic.

Several planned optimisation projects were delayed and some clients decided to utilise internal resources, due to budget pressures. Despite the reduction in expected project work in the first half, ECG is encouraged by a number of clients indicating that they plan to increase eCommerce investment in the second half. ECG has also secured multiple new clients in the June quarter as Australian retailers aim to capture a greater share of growing online spending, leveraging the Amblique's long standing status as Australia's leading eCommerce enabling company.

Resignation of Chief Financial Officer

Chief Financial Officer, Mr. Garnok Cheung, has tendered his resignation and will depart the Company on September 3, 2020, to pursue other opportunities. Executive Chairman Mr. John Lau thanked him for his significant contribution to ECG over the past five years.

Positive outlook for 2H

Commenting on the outlook for 2H FY20, Mr. Lau said: "Despite the challenges presented by the operating environment over the past six months and the impact on growth we are encouraged to see business opportunities begin to emerge.

"While our FMCG offline distribution business was impacted by Government-mandated lockdowns we have worked to offset this impact through cost saving measures including restructuring certain divisions and the implementation of stricter cost controls.

"Pleasingly, we have also seen good levels of traction from our CBEC (Cross-Border eCommerce) Growth Program, which offers a cost-conscious brand entry into the China market. Launched last August, we have seen strong interest and opportunities to trial a number of upcoming FMCG brands, with a view to signing profitable distribution agreements in the future.

"We are also excited to be establishing a Regional Distribution Network, focusing on 3rd to 5th cities in China, where increasing incomes and low penetration of international brands provides strong growth opportunities. We see extensive opportunities for us to apply our sourcing and supply chain capabilities to accelerate product sales in these cities, commencing in the second half of this year.

"On behalf of the Board I would like to thank management and the broader team for their collaboration and hard work in order to achieve this result in the current challenging economic environment."

This ASX announcement was approved and authorized for release by John Lau, Executive Chairman.

Notes

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\$ 5.3288, according to the rate published by the Reserve Bank of Australia as of June 30, 2020.

EBITDA is defined as earnings before non-cash items such as interest, tax, depreciation, amortization, share of results of a joint venture, impairment provision for interest in goodwill and intangible assets, 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.

For further information, please contact:

Investor Relations

Stephanie Ottens

Market Eye

stephanie.ottens@marketeye.com.au

+61 2 8097 1201