

Voluntary Delisting of eCargo Holdings Limited from ASX

July 4, 2024 (SYDNEY): eCargo Holdings Limited (ASX: ECG) (**eCargo** or **the Company**) submitted a formal application (**Application**) for the removal of eCargo from the Australian Securities Exchange (**ASX**) official list (**ASX Official List**) pursuant to ASX Listing Rule 17.11 (**Delisting**).

Following this formal request, on July 3, 2024, the ASX has confirmed that it agrees to remove eCargo from the ASX Official List, subject to certain conditions being satisfied. The Delisting would mean that the Company's CHESS Depository Interests (CDIs) would no longer be quoted on the ASX. The Delisting will be put forward for shareholder/CDI holder (**Shareholder**) approval at a general meeting.

Reasons for Delisting

eCargo's Board of Directors (**Board**) considers the Delisting to be in the best interests of eCargo and its Shareholders for the reasons summarised below:

1. **Valuation:** The CDI price of eCargo is AUD0.019 per CDI (based on the trading price of CDIs on June 5, 2024).

The Board considers that the trading price of the Company's CDIs in recent years implies a valuation that has been (and remains) consistently and materially lower than the valuations of unlisted and listed companies of a comparable nature and scale of eCargo in Australia and other capital markets. In addition, the valuation does not accurately reflect the continuous improvement of the business over the last three years.

2. **Liquidity:** Stock liquidity remains at low levels, with average daily trading volume around 56,000 over the 12 months ended May 31, 2024 (which represents about 0.009% of ECG stock). Trades occurred in 141 trading days over the 12 months ended May 31, 2024 (in which there were 254 total trading days on the ASX; represents more or less 55%), which the Board considers is a result of the Australian market sentiment towards the Company and Chinese listed stocks on the ASX.

After the Delisting, ECG's Shares will only be capable of sale via off-market private transactions, which will require the Company's Shareholders to identify and agree terms with potential purchasers of the Company's shares in accordance with the Company's Articles of Association and the Companies Ordinance (Chapter 622, Laws of Hong Kong) (**Companies Ordinance**). While the Company cannot guarantee the growth momentum of the Company

following Delisting, it does anticipate that the Delisting will result in increased liquidity when compared to the liquidity while the Company was trading on the ASX. Refer to paragraph – “Consequences of Removal from the ASX Official List” below for further information on the consequences of the Delisting.

3. **Australian market sentiment:** The negative perception towards Chinese listed stocks will continue to remain a significant impediment towards recognition of fair market value and prospective capital raisings irrespective of eCargo’s business performance.
4. **Costs of remaining listed on the ASX:** According to 2023 financial data, the total costs of remaining listed on the ASX were approximately AUD558,000 for the 12-month period ending on December 31, 2023. The AUD558,000 is made up of the following:

Item	Amount
Administrative (including registry and company secretarial services):	AUD60,000
Compliance (includes legal fees, auditor fees, internal audit fees):	AUD290,000
Direct (includes ASX listing fees, IR agency fees):	AUD145,000
Director Liability Insurance:	AUD63,000
TOTAL	AUD558,000

eCargo anticipates the costs for the Delisting to be approximately AUD250,000. Such costs relate to corporate advisory, legal and administrative fees and expenses of the Delisting process and the transfer of Shares to CDI holders and do not include any costs of the ASX.

The Company's ASX listing provides limited access to growth capital, therefore removing the key rationale of remaining listed on the ASX. The ongoing annual administrative, compliance and direct costs associated with the Company’s ASX listing are disproportionate to the benefits of remaining an ASX listed security.

5. **Growth and Equity Raising requirements:**
 - 5.1 Raising growth capital whilst listed on the ASX will impose a significant dilutionary cost on non-participating Shareholders.
 - 5.2 Alternate debt and equity financing have been sourced without any prospect of obtaining whilst remaining an ASX listed entity.

- 5.3 Debt financing has become more available during Q1 and Q2 2024 however, it will require the third party support of the Company Chairman in order to facilitate such debt instruments. This requirement further removes the rationale of remaining listed on the ASX to source debt capital.
- 5.4 Given the main business activities of eCargo are in China, the Company has also sought debt and/or equity financing in the Chinese market. Domestic funding in the Chinese market is provided preferentially to Chinese domestic and HK-listed entities and to Chinese private companies.
- 5.5 Debt and/or equity financing options in China are significantly hampered by the Australian market capitalisation of eCargo. This dynamic has provided a competitive funding advantage to its competitors in the market.
6. **Current limitations on business growth:**
- 6.1 eCargo's advanced supply chain technology has been experiencing a less than favourable valuation that is not reflective of the Company's business growth and is hindering its ability to raise capital.
- 6.2 eCargo is focused on the opportunities available for growth in the Chinese and South East Asian digital economies and considers the growth trajectory of the business will require access to growth funding to protect the interests of all Shareholders.
7. **Returning value to CDI holders:** The Board considers it has two key priorities:
- 7.1 To protect the interests of all Shareholders and ensure the business can access funding to survive and grow to build Shareholder value.
- 7.2 To ensure that the funding pathway can provide Shareholders with the prospect of a liquidity event at a fair market value.
8. **Alternatives impeded by current ASX listed status:** Based on the above, the Board has formed a view that it must seek to delist from the ASX. The Board considers that an alternative pathway to address the objectives stated in clause 7 above is to access funding in the Chinese or, potentially, the United States markets.

Shareholder communications initiative

The Company is committed to providing all Shareholders with efficient communications and prompt response to any questions. The Company is now using "Dialog" to ensure Shareholders have the ability to communicate with the Company both prior to and post delisting.

All Shareholders may download the "Dialog" Mobile app by following the link below:

<https://www.dialog.com.au/retail-investors>

Alternatively scan the following QR code for access to the "Dialog" mobile app download.

**Conditions for the Delisting and Proposed Timetable**

ASX's decision to approve the Delisting is subject to eCargo's compliance with the following conditions:

1. The request for removal of ECG from the official list is approved by a special resolution of ordinary security holders of ECG.
2. The notice of meeting seeking security holder approval for ECG's removal from the official list must include the following information, in form and substance satisfactory to ASX:
 - a. a timetable of key dates, including the time and date at which ECG will be removed from ASX if that approval is given;
 - b. a statement to the effect that the removal will take place no earlier than one month after approval is granted;
 - c. a statement to the effect that if holders wish to sell their securities on ASX, they will need to do so before the entity is removed from the official list; and if they do not, details of the processes that will exist after ECG is removed from the official list to allow security holders to dispose of their holdings and how they can access those processes;

- d. a statement to the effect that the steps holders of CHESS Depositary Interests ('CDIs') must take to convert their CDIs to the underlying securities before they are able to sell them on the other exchange or exchanges where the entity is listed; and the steps that will be taken by the CHESS depositary nominee if holders do not convert their CDIs to the underlying securities by a nominated date; and
 - e. the information prescribed in section 2.11 of ASX Guidance Note 33.
3. The removal of ECG from the official list must not take place any earlier than one month after security holder approval is obtained so that security holders have at least that period to sell their securities should they wish to do so.
4. ECG must apply for its securities to be suspended from quotation at least two (2) business days before its proposed removal date.
5. ECG releases the full terms of this decision to the market upon making a formal application to ASX to remove ECG from the official list of ASX.

Options for CDI Holders

Given eCargo has CDIs trading on the ASX, eCargo will include with the notice of meeting a letter in a form and substance satisfactory to ASX (**CDI Holder Letter**), setting out the consequences to security holders of giving that approval and stating:

- the steps holders must take to convert their CDIs to the underlying securities, if that is what they wish to do; and
- the steps that will be taken by the CHESS Depositary Nominee if holders do not convert their CDIs to the underlying securities by a nominated date.

In essence, with respect to the CDIs, the CDI Holder Letter will provide three options. These are as follows:

Option 1 – CDI holders can elect to sell the CDIs on the ASX before the suspension date, as indicated in the timetable (at which time registers are transferred across), which is usually a one-month period.

To do this, the CDIs would trade as per usual but must ensure that the trade occurs prior to the suspension date at which point the register is moved from Australia to Hong Kong.

In the event this option is selected, a CDI holder is not required to do anything further.

Option 2 – CDI holders can elect to convert the CDIs into shares. This will need to be completed by a date agreed upon with ASX Settlement.

To do this, the CDI holder will need to complete a “CDI Cancellation – Australia to Hong Kong” form. This form will be provided by the Company’s share registry and will be made available to CDI Holders online and via a link provided in a letter sent to all CDI holders. The “CDI Cancellation – Australia to Hong Kong” form will need to be sent to the Company’s share registry for processing (Link Market Services).

The Hong Kong Registry will also require a signed (wet ink) Instrument of Transfer. This will be sent to you directly in the event you provide a “CDI Cancellation – Australia to Hong Kong” form.

Option 3 – A CDI holder may elect to do nothing, in which case, on or after a date agreed upon with ASX Settlement and upon the approval by the security holders in relation to the power of attorney or authorisation, the CDIs held by the CDI holder will be automatically converted to shares on the Hong Kong register, and a share certificate will be issued and mailed to the name and address at which the CDIs were registered.

Further details relating to the proposed removal from the ASX Official List will be included in the notice of meeting which will be dispatched to eCargo’s Shareholders in due course.

Proposed Timetable

The proposed timetable for the satisfaction of conditions and the expected date for the removal of eCargo from the ASX Official List are as follows:

Event	Indicative date*
Announce intention to be removed from the Official List of the ASX.	July 4, 2024
Dispatch Notice of Meeting seeking approval for the Delisting.	July 8, 2024
CDI Holder Letter to be sent to Shareholders.	July 8, 2024
Record date for determining eligibility to vote on the Resolution.	July 28, 2024
General Meeting to consider the Resolution seeking Shareholders’ approval for the Delisting of the Company from the Official List of the ASX.	July 31, 2024
Results from the General Meeting to be announced on the ASX.	July 31, 2024

Shares are suspended from trading on the Official List of the ASX (Suspension Date) and the last date for CDI Holders to elect to convert CDIs into Shares.	August 30, 2024
Anticipated delisting of the Company from the Official List of the ASX (subject to Shareholders approving the Resolution) (Delisting Date).	September 6, 2024
Commencement of the process for the mandatory conversion of CDIs into Shares.	September 6, 2024

*Dates and times are indicative only and subject to change by eCargo or ASX.

Consequences of Removal from the ASX Official List

Some of the key consequences for eCargo and its Shareholders if eCargo is removed from the ASX Official List include:

1. The Company's CDIs will no longer be quoted on the ASX and will no longer be traded on the ASX.
2. The Company's shares will only be capable of sale via off-market private transactions which will require the Company's Shareholders to identify and agree to terms with potential purchasers of the Company's shares in accordance with the Company's Articles of Association and the Companies Ordinance (Chapter 622, Laws of Hong Kong) (**Companies Ordinance**).
3. During any period eCargo remains an unlisted public company, the Company will no longer be able to raise capital from the issue of securities to the public by means of limited disclosure fundraising documents.
4. The Company will remain as a public company under the Companies Ordinance as either one of the following conditions are met:
 - 4.1 the Company has more than 50 Shareholders (including but not limited to CDI holders); or
 - 4.2 the Company's Articles of Association do not (a) restrict the transferability of the shares by members; or (b) prohibit any invitation to the public to subscribe for any shares or debentures of the Company.

Under such circumstances, the Company will remain subject to The Codes on Takeovers and Mergers regulated by the Securities and Futures Commission of Hong Kong.

5. Given eCargo is a company incorporated and registered under Hong Kong law, following the Delisting, continuous disclosure obligations under the ASX Listing Rules will no longer apply to eCargo, but it will remain to be subject to the annual filing requirements under the Companies Ordinance which include the filing of annual returns and the Company's financial statements (including directors' reports and auditors' reports) to the Companies Registry in Hong Kong. Further, apart from keeping a register of members, the Companies Ordinance requires the Company to maintain a significant controllers register to be accessible by law enforcement officers upon demand. The Company will still provide disclosure to Shareholders of material matters on the Company's website.
6. A reduction of obligations associated with a listing on ASX, which may include relief from some reporting and disclosure requirements, removal of restrictions on the issue of shares by the Company and requirements concerning significant changes to the Company's activities.
7. The ASX Listing Rules and ASX Corporate Governance Principles and Recommendations will no longer be applicable to the Company.
8. The Company's Articles of Association and, therefore, Shareholders' rights under the Articles of Association, will remain unchanged immediately following the Delisting, such that Shareholders will continue to have the right to:
 - 8.1 receive notices of meetings and other notices issued by the Company;
 - 8.2 exercise voting rights attached to shares; and
 - 8.3 receive dividends payable by the Company from time to time.

Future Intentions

eCargo is intending to seek the approval of security holders to the Delisting.

The Delisting will not take place any earlier than one month after Shareholder approval has been obtained. CDIs may continue to be traded on ASX up until the Suspension Date, after which trading will be suspended until the Delisting Date. The Company notes that Shareholders will be given an opportunity to sell their CDIs on ASX in the one-month period between the date of Shareholder approval and the Delisting Date, if they do not wish to remain Shareholders.

Following the Delisting, the Company's Shareholders will be able to dispose of their shareholdings in private transactions, in accordance with the Company's Articles of Association and the Hong Kong Companies Ordinance. The Company will decide whether to pursue funding options now available as an unlisted Hong Kong entity in the Chinese and United States domestic markets towards the end of this calendar year following the Delisting. The primary purpose being to maintain growth momentum of the business.

Remedies Available to Shareholders of eCargo as a Hong Kong Registered Entity

If a Shareholder of the Company considers the proposed Delisting to be unfairly prejudicial to the interests of a Shareholder or Shareholders, the Shareholder may apply to the Court for an order under section 725 of the Companies Ordinance (equivalent law to section 233 of the *Corporations Act 2001* (Cth)), pursuant to which, the Court can make any order that it thinks fit for giving relief, including but not limited to:

1. an order restraining the continuance of the Delisting;
2. an order appointing a manager for the Company's business; or
3. an order that eCargo be wound up on the basis of just and equitable pursuant to section 177(1)(f) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32, Laws of Hong Kong).

This announcement is approved by the Board of Directors of eCargo.

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About eCargo Holdings Limited

eCargo Holdings Limited ("eCargo") is an ASX listed supply chain solutions provider helping brands expand in the Asian market, with a specific focus on China. eCargo's one stop service covers logistics, eCommerce, online to offline distribution, and B2B supply chain solutions. Trusted by brands across different categories, eCargo builds an agile, digitalised, and integrated supply chain infrastructure to drive operational efficiency for brands to deliver omnichannel growth in new markets.

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