



SmartTrans Holdings Limited
ASX: SMA

An Australian based
Technology Solutions Company

Corporate Structure:

Shares on issue: 2,717 M
Unlisted Options: 209 M
Market Cap: \$AUD 24M

52 week high: 3.4 cents
52 week low: 0.7 cents

Directors:

Mr Mark Vaile AO
Non-Executive Chairman

Mr Brendan Mason
CEO & Managing Director

Mr Bryan Carr
Executive Director

Mr Yui (Ian) Tang
Non-Executive Director

Ms Tracy Colgan
Non-Executive Director

Melbourne Office:
Level 7, 10 Queens Road
Melbourne VIC 3004 Australia

Beijing Office:
Room 501, Grand Pacific Building A
8 Guanghua Road
Chaoyang District
Beijing 100026 PR China

Phone (Aus):
+61 (03) 9866 7333

Phone (China):
+86 (10) 6500 0910

Website:
www.smarttransholdings.com.au

Twitter:
www.twitter.com/SmartTrans_SMA



Quarterly Report for the period ended 30 June 2017

Quarter Highlights

- e-Commerce business delivering greater than 40% compound annual revenue growth
- Over 300 different products now available in SmartTrans' RooLife portfolio
- Dodoca RooLife Wechat store developing and growing sales each month
- Value of Wjike agreement confirmed with strong sales growth and reach to a growing and valuable customer base
- SmartTrans partnered with Australia's National Wine Centre to add 120 Australian wines to the RooLife e-Commerce shopping platform
- Tourism-based products launched during the Quarter with Kangur Tours
- Tourism agreement takes advantage of the rapidly growing tourism market from China and opens up further opportunities for payment processing in new sectors
- SmartTrans partners with First People Digital to add Indigenous products and services to the RooLife marketplaces in China
- Cost base being reduced while revenue base is being grown
- China restructure implemented with reduced costs expected to be reflected in subsequent Quarters
- Significant reduction in cash expenses compared to the prior Quarter
- Cash balance at end of Quarter \$621k (Previous Quarter \$668k)
- SmartTrans actively pursuing collection of outstanding receivables from telco partners in China
- Logistics business prospect base continues to grow and new contracts signed
- Post Quarter placement to Chinese investors raising \$500,000 at \$0.01 (an 11% premium to closing price 28 July 2017) with one for one attaching options exercisable at \$0.01 and a one for one attaching options exercisable at \$0.015

SUMMARY FOR THE QUARTER ENDED 30 June 2017

ASX-listed e-Commerce, payments and logistics software company SmartTrans Holdings Limited (ASX: SMA) provides this update for the quarter ended 30 June 2017.

SmartTrans operates e-Commerce and billing platforms in China and mobile and internet software solutions servicing the logistics and services sectors in Australia.

SmartTrans sources merchandise from Australian producers (especially food and personal care items) and supplies these items to Chinese consumers. Australian merchandise is in high demand in China and consumers have a strong preference for suppliers that provide product authenticity and prompt delivery. Working in concert with web storefront providers such as Dodoca, SMA provides a service that bundles sourcing, logistics and payment by consumers on WeChat and Alipay with customer payment in RMB and settlement with Australian suppliers in AUD.

In Australia, SmartTrans provides a PC and Smartphone-based platform that allows transportation managers to efficiently manage vehicle fleets. Our platform allows managers to quickly plan and execute optimal fleet movements that markedly improve delivery times and improve costs. Both managers and customers receive real-time updates of the status of deliveries.

China Operations

SmartTrans' online marketplaces in China are growing at a pleasing rate, currently delivering greater than 40% compound annual revenue growth as quality-conscious consumers in China purchase Australian products and services from the Company's trusted e-commerce platforms.

SmartTrans generates revenue through the provision of marketing services, the acquisition of customers, commission on sale of products and transaction fees.

Whilst still at a very early stage, monthly revenue has exceeded \$100,000 for the last two months and is growing. The Company's structures and operations are being optimised for growth and with additional working capital, the company expects to significantly grow its e-Commerce revenue and operations from the current quarter onwards.

Noteworthy new brands and an expanded product range is now available on SmartTrans' RooLife platforms with over 300 different products now supplied and this range continues to grow.

SmartTrans is working closely with its online partners in China to identify products and brands in demand and to provide Australian manufacturers and suppliers with a safe and reliable entry point to the China market together with access to the large and growing Chinese consumer base which seeks high-quality, authentic, safe and reliable Australian products.

The range of products being sold online has continued to expand with growing sales being achieved across the board, led by Tim Adams' Wines, MorLife functional health food products and SoapNut's cleaning and personal grooming products.

During the Quarter, SmartTrans extended its e-Commerce and payment processing services into the large and rapidly growing Chinese tourism market inbound into Australia. The agreement to market and sell Kangur Tours products online in China is the Company's first initiative to target Chinese tourists and seeks to establish ongoing e-Commerce purchasing relationships with consumers both in Australia and following their return to China.

The agreement with Kangur Tours to market and sell a range of travel, accommodation and tours in Australia to Chinese tourists provides direct revenue and the opportunity to promote and sell other products and services, such as real estate and education services.

The Company is growing the number and variety of products available on its e-Commerce platform and with the addition of tourism products and services, is gaining exposure to a new and rapidly growing sector, with Chinese tourism up approximately 20 per cent year-on-year to 1.2 million visitors to Australia in the 12 months to September 2016¹ with expenditure reaching \$9.1 billion¹.

Connecting Chinese tourists to Australian businesses ahead of their visit and then introducing Chinese tourists to Australian products and businesses when they are in Australia is one of the targeted growth areas for SmartTrans RooLife e-Commerce and mobile payments business.

The link between tourism and shopping is well established and SmartTrans is positioning itself to take advantage of the growing number of Chinese tourists visiting Australia.

SmartTrans also entered into a partnership and distribution agreement with Australia's National Wine Centre to sell key brands from its range online through SmartTrans' e-Commerce platforms.

The agreement provides for SmartTrans to sell and distribute wines from the National Wine Centre's member wineries and for the National Wine Centre to promote and offer SmartTrans' China-based marketing and payment services to its members.

The National Wine Centre markets and sells a diverse range of wines from boutique wine labels through to Penfolds' Grange, which further supplements SmartTrans' growing range of Australian wines being sold online in China.

This adds to SmartTrans' growing strength in the developing market for Australian wine in China, with the new labels being added to the RooLife online shopping malls, which aim to comprise one of China's largest online marketplaces for Australian wines.

These latest sales and distribution agreements adds meaningful scale to the RooLife platforms which sell Australian brands through well-established and trusted Chinese purchasing platforms on WeChat and Taobao along with platforms with leading Chinese e-commerce companies Shanghai-listed Dodoca and well-established e-Commerce operator, Wjike.

Similar partnership opportunities are under active negotiation. The Board believes that the all-important relationships with these Chinese partners are strengthening.

Lotteries

Whilst there is no official advice regarding the official re-launch of online lotteries in China the company continues a watching brief on the lotteries sector and has positioned itself to service the requirements of this sector when the position becomes clearer.

Outstanding Receivables

The company is actively pursuing the collection of outstanding receivables from telco partners in China.

Australian Operations

SmartTrans' Australian-based Software-as-a-Service business also secured valuable contracts for the use of its logistics software solution expanding the range of products for which the company's software manages deliveries with a number of these contracts providing the opportunity for national expansion.

A growing pipeline of prospects for the company's logistics software solution is being developed in Australia through an expanded sales force and business development focus which has led to a number of new contracts being secured during and immediately following the end of the Quarter. Our forward pipeline of customer enquiries and active negotiations has expanded considerably.

A key attribute of the logistics solution business is its customer retention. Customers generally renew their service contracts with an average engagement of over seven years.

SmartTrans recently launched its entry-level Express product to complement its more sophisticated Mobility and Optimisation solutions products and this has been well received in the market with the user base for this latest product growing.

Financial

The company's cash holding at 30 June 2017 was \$621,000 compared to \$668,000 as at the end of the previous Quarter.

The company has the balance of funds available for draw down under the Lanstead funding arrangement.

As announced on 28 December 2016, the company secured funding of \$4,000,000 from UK-based Lanstead Capital LP.

The company retained \$600,000 of the \$4,000,000 subscribed by Lanstead Capital LP and invested the balance, amounting to \$3,400,000, under the terms of the Sharing Agreement referred to in the Company's announcement released on 28 December 2016.

This Sharing Agreement provides for SmartTrans to receive additional funds on a monthly basis without any further issue of shares.

Following the end of the Quarter, SmartTrans also secured \$500,000 in investment by way of a placement to China-based investors.

The placement raised \$500,000 at \$0.01, which represent an 11% premium to the company's closing price on 28 July 2017.

Key terms of the placement included the issue of 50,000,000 new shares at \$0.01 with 50,000,000 attaching options exercisable at \$0.01 and 50,000,000 attaching options exercisable at \$0.015 (both with expiry terms of 24 months).

The company satisfied costs associated with the placement with the issue of 1,250,000 new shares and 1,250,000 options exercisable at \$0.01 and 1,250,000 attaching options exercisable at \$0.015 (both with expiry terms of 24 months).

The funds received from the placement will be applied to expand the company's e-Commerce product sales and provide marketing support for the company's Australian operations.

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

Name of entity

SmartTrans Holdings Limited

ABN

86 009 065 650

Quarter ended ("current quarter")

30 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	899	6,523
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(509)	(5,378)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(463)	(2,270)
(f) administration and corporate costs	(458)	(2,145)
1.3 Dividends received (see note 3)		
1.4 Interest received	(1)	(2)
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(532)	(3,272)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(16)	(38)
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(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 (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	(16)	(38)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	486	1,662
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		1
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings	-	175
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (Bond)		
3.10 Net cash from / (used in) financing activities	486	1,838

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	668	2,130
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(532)	(3,272)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(16)	(38)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	486	1,838

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	15	(37)
4.6	Cash and cash equivalents at end of quarter	621	621

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 \$A'000	Previous quarter \$A'000
5.1 Bank balances	620	667
5.2 Call deposits	1	1
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)	621	668

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
126

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7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)	2,560	1,440
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 28 December 2016, the company announced that it had secured funding of \$4 million from a new institutional investor, UK-based Lanstead Capital LP.

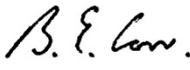
9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	
9.2 Product manufacturing and operating costs	(810)
9.3 Advertising and marketing	
9.4 Leased assets	
9.5 Staff costs	(429)
9.6 Administration and corporate costs	(428)
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	*(1,667)

* SmartTrans is an operating business that generates cash inflows each quarter, including receipts from customers. The above summary of anticipated cash outflows does not fully reflect the anticipated net cash flows for the following quarter, as it excludes cash inflows (such as receipts from customers).

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

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: 
(Director/Company secretary)

Date: 31/07/17.

Print name: Bryan Carr

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.