



**SmartTrans**

**HOLDINGS LIMITED**

A.C.N. 009 065 650

Level 1, 10 Queens Lane  
Melbourne, VIC 3004  
Telephone: (03) 9866 7333  
email: [smarttrans@smarttrans.com.au](mailto:smarttrans@smarttrans.com.au)  
[www.smarttransholdings.com](http://www.smarttransholdings.com)

***Quarterly Report***  
***for the period ended***  
***31<sup>st</sup> December 2014***

## HIGHLIGHTS

- Revenue of \$942,000 for Q2 2015 – growth driven by China smartphone payments business (SmartPay)
- Revenue of \$512,000 derived from China SmartPay business and revenue of \$430,000 derived from Australia software logistics division
- Revenue of \$220,000 from China SmartPay business booked in December alone – up 24% on the previous month and the sixth consecutive month of growth
- Revenue of \$1.95 million for the half year– up 100% on same period previous year
- 1.17 million billing transactions for the Quarter with over 500,000 transactions undertaken in December alone.
- Large proportion of revenue from China SmartPay business now recurring due to monthly subscription billing
- Subscriptions secured during the Quarter are expected to produce revenue into the future
- Four new agreements signed with third parties integrating SmartPay platform into their online services and offerings:
  - MOU to promote and distribute content for China's oldest existing and first online newspaper, Ta Kung Pao<sup>2</sup>
  - Agreement to develop new travel App for China International Travel Service, China's oldest and largest travel services provider<sup>3</sup>
  - Two smartphone game developers integrate SmartPay into their respective game apps
- Completion of \$1.8 million capital raising – provides funding for immediate growth in payments business
- SmartTrans now focused on two core growth areas – China smartphone payments platform and logistics software business

## FINANCIAL PERFORMANCE FOR QUARTER ENDED 31 DECEMBER 2014

ASX-listed smartphone payments provider and logistics software company SmartTrans Holdings Limited (ASX: SMA) is pleased to report solid revenue for the quarter ended 31 December 2014 of \$942,000, completing a half-year totalling \$1.95 million – a 100% increase on the on the same corresponding period in FY 2014 and almost equal to SmartTrans' total revenue for FY2014.

SmartTrans is encouraged that its China-focused smartphone payments business (which includes its SmartPay payments platform technology integrated into the billing systems of third parties wishing to transact in China) generated record revenue of \$512,000 in the quarter. \$220,000 of this revenue was booked in December, an increase of 24% on the previous month and the sixth consecutive month of revenue growth from the SmartPay platform.

The month-on-month revenue growth for the payments business is particularly encouraging, as it demonstrates that SmartTrans' business model is delivering sustainable revenue growth off the back of new third party billing agreements and growing up-take of purchases being made through smartphones in China. Of significance is the fact that a large percentage of revenue is recurring in nature, as Chinese consumers lock into subscription-based payments for the products and services marketed and distributed by SmartTrans and its partners.

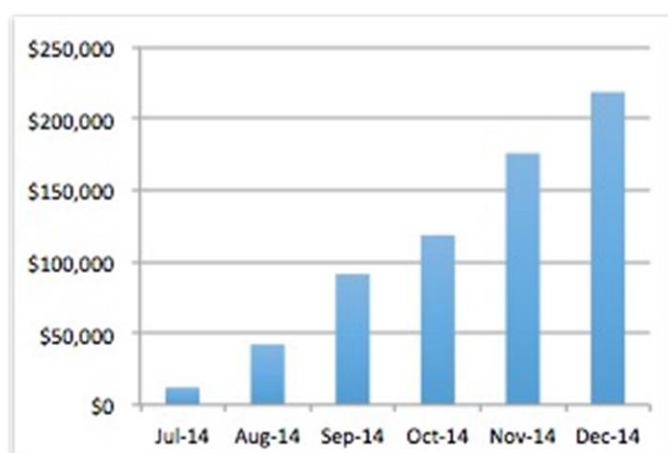


Figure 1. – Revenue generated by SmartTrans' operations in China to end December 2014

Figure 1. (above) demonstrates the rapid month-on-month growth in revenue from SmartTrans' operations in China. The Company is pleased that this revenue growth is a direct reflection of the strategies it has implemented to ensure the continued uptake of its mobile billing platform by third parties and its use by consumers.

Revenue attributable to the logistics business was \$430,000 for the quarter.

## OPERATIONAL PROGRESS

SmartTrans is pleased to report that it has made significant progress with its operations in China during the December Quarter, in particular with its mobile payments platform, which has been a major focus for the Company in FY 2015.

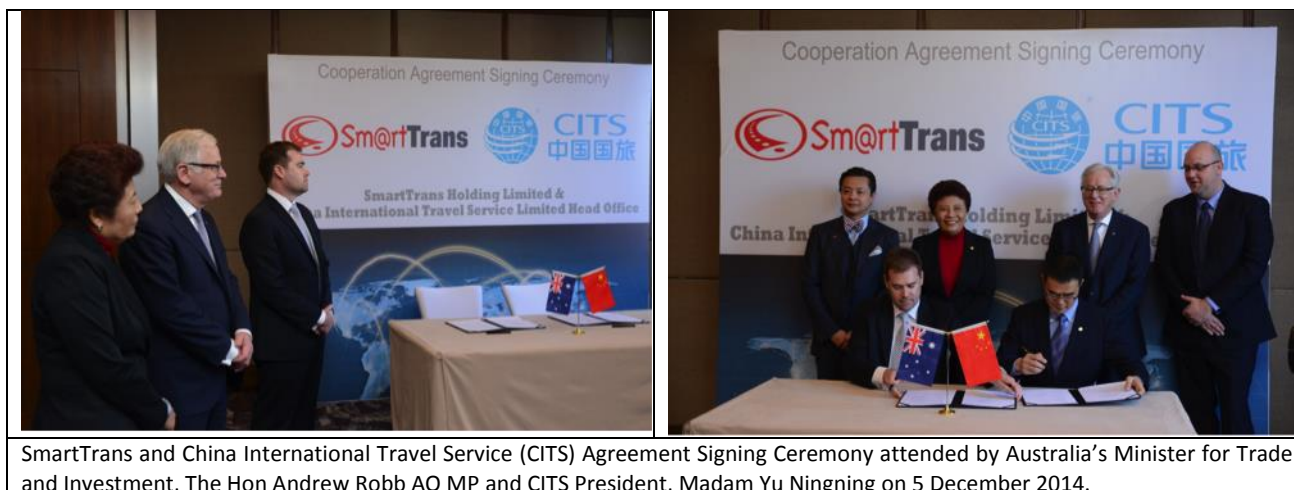
SmartTrans has continued to develop its China payments business by adding new partnerships for App and content distribution, along with mobile payment integration, while expanding the Company's reach in the biggest smartphone market in the world<sup>1</sup>.

A highlight for the Company was securing an MOU with China's oldest existing and first online newspaper, Ta Kung Pao, to promote and distribute its content initially in China and then in Australia and other regions. Ta Kung Pao is the most widely read Chinese language newspaper outside the country itself<sup>2</sup>.

In addition, SmartTrans negotiated contracts with two more leading Chinese mobile games developers to have its mobile billing integrated into their Apps. The Company now has such agreements in place with six popular games developers in China, which have provided another growing revenue stream.

Another milestone for SmartTrans was the agreement it secured with China's oldest and largest travel services provider, China International Travel Service (CITS)<sup>3</sup>, for SMA to build and distribute an App and integrated online platform that will enable Chinese and Australian consumers to book and pay for travel services between the two countries.

The agreement between SmartTrans and CITS, a highly respected State Owned Enterprise (SOE), was signed at a breakfast ceremony in Beijing on 5 December 2014 to showcase the new Free Trade Agreement (FTA) between Australia and China, and was cited as a great example of the success of the FTA.



Supported by the month-on-month revenue growth achieved over the last six months, SmartTrans is confident that the agreements and partnerships established by the company in China will contribute to the ongoing growth and success of its mobile payments platform here.

## CORPORATE

During the December Quarter, the Company successfully raised funds of \$1.8 million through the completion of a Private Placement to a number of investors (as reported to shareholders on 30 October 2014).

The purpose of this capital raising was to raise funds to fast-track the growth and development of the Company's proprietary smartphone payments platform in China, and to strengthen third party uptake of the platform with companies in China and other international markets.

SmartTrans feels that with its established partnerships, market presence and consumer reach in China it is ideally placed to further leverage this opportunity as a means for any third parties wishing to use its mobile payments platform to gain access to this highly lucrative market.

The Company has also continued its program of streamlining operations and managing its cost base, while focussing efforts on its core business divisions in order to sustain and grow revenue. SmartTrans will maintain its focus on all these aspects of the business in order to build on the solid platform it has now created.

## GROWTH IN NUMBER OF ACTIVE USERS BILLED IN CHINA

SmartTrans has been greatly encouraged by the rapid and continuing growth in the number of active users billed via its mobile payments platform in China, and by the revenue that this is now delivering. The Company attributes much of this success to the partnerships and agreements it has negotiated with third parties, as outlined above.

The company now has direct-to-phone billing agreements in place with all three state-run telcos in China – China Mobile, China Unicom and China Telecom – providing unrivalled reach to the 1.26 billion subscribers that these companies collectively have<sup>1</sup>.

In addition, the Company also has internet and mobile phone billing agreements in place with China Mobile CMPay, UnionPay and Alipay, providing even greater visibility and market penetration.

In November 2014, and as reported to shareholders on 10 December 2014, SmartTrans achieved the milestone of 1 million payments transacted via its mobile platform (for FY 2015), with over 400,000 transactions in the month of November and over 500,000 transactions in December.

SmartTrans is also pleased with the stable and recurring nature of the revenue it is now earning from transactions billed through its platform, with the high retention rates it is seeing from active users contributing to this.

## **LOGISTICS SOFTWARE & SERVICE BUSINESS**

SmartTrans' other major business division is the provision of mobile and online software in Australia, which is used by businesses to manage and increase productivity and improve efficiencies in mobile workforces, predominantly in the area of logistics.

The Company is retained by a number of blue-chip businesses in Australia across a diverse range of industries to manage their logistics needs by optimising and securing deliveries. These businesses retain SmartTrans on a contract basis for three to five years, and have a high rate of renewal and retention, providing the Company with a stable and recurrent revenue source.

Due to the significant growth in the logistics industry caused by the popularity of online shopping, SmartTrans is looking to expand its presence in Australia and also in China, leveraging off its position as a leader in this field.

The company's immediate priority for the logistics software business is to secure additional contracts in the Australian market with a number of tenders currently under review by new customers – strengthening sales and marketing efforts is also a priority.

*Source: 1. [www.chinamobileltd.com](http://www.chinamobileltd.com), [www.chinaunicom.com](http://www.chinaunicom.com), [www.chinatelecom.com.cn](http://www.chinatelecom.com.cn)*

*Source: 2. [www.takungpao.com](http://www.takungpao.com)*

*Source: 3. [www.cits.net/about](http://www.cits.net/about)*