



SmartTrans Holdings Limited
ASX: SMA

An Australian based
Technology Solutions Company

Corporate Structure:

Shares on issue: 2,717 M
Unlisted Options: 366 M
Market Cap: \$AUD 27M
52 week high: 4.6 cents
52 week low: 1.0 cents

Directors:

Mr Mark Vaile AO
Non-Executive Chairman

Mr Bryan Carr
CEO & Managing Director

Mr Andrew Forsyth
Non-Executive Director

Mr Yui (Ian) Tang
Non-Executive Director

Mr Greg Simpson
Non-Executive Director

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Youtube:
https://youtu.be/-1t_vJe1DBA

Quarterly Report for the period ended 31 March 2017

Quarter Highlights

- Total cash receipts of \$1.89 million, consisting of \$1.23 million in customer receipts and \$660k in investment funds
- Total Consolidated Revenue for the Quarter was \$1.12 million reflecting scale down of carrier billing operations and progressive shift to higher margin e-Commerce operations
- RooLife e-Commerce outlets launched on Alibaba and WeChat platforms in February and March
- e-Commerce revenue growth achieved in February and again in March following launch of campaigns in late February
- Dodoca RooLife online shopping mall official launch event held in Guangzhou on 24 March
- RooLife platform has 160 separate products – new brands and services being progressively added
- Sales team in Australia deployed to drive brands onto RooLife platforms
- RooLife e-Commerce revenue commenced in February and increased in March
- Agreement signed with leading e-Commerce provider Wjike to open specialist e-commerce store in China
- Second tranche of \$1.25 million funding from Lanstead Capital to scale up e-commerce market place in China and market SmartPay in Australia approved at General Meeting

SUMMARY FOR THE QUARTER ENDED 31 March 2017

ASX-listed e-Commerce, payments and logistics software company SmartTrans Holdings Limited (ASX: SMA) provides this update for the quarter ended 31 March 2017.

Operational

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

In China, the company operates in the rapidly emerging e-Commerce and payments sectors, distributing a diverse range of products, collecting payment from Chinese consumers and settling payments to international merchants.

During the Quarter, the company officially launched its WeChat shopping platform, Dodoca RooLife, in partnership with Shanghai Stock Exchange-listed Shanghai Information Technology Co. Ltd (Dodoca), a platform that markets and sells Australian products to Chinese consumers, initially targeting the Guangdong Province which has a population of over 107 million people.¹

The launch event was attended by senior representatives of SmartTrans, including Chairman the Honourable Mark Vaile AO, CEO Mr Bryan Carr and COO Mr Brendan Mason, Dodoca's Chairman Mr Huang and CEO Mr Xiu, Austrade Senior Trade Commissioner Matthew Brent, and the Deputy Director of the Guangdong Department of Culture Mr. Du.

The official launch received wide media coverage in Guangdong Province and this publicity strengthened awareness that Dodoca is building for RooLife through a variety of promotional activities.

RooLife currently sells 160 different products from Australian companies and this is expected to be scaled up as new Australian premium goods and services providers join the platform. This is being achieved by SmartTrans recently deploying a sales team in Australia to add new products and services. New products and services are now being sourced from a number of different Australian states.

SmartTrans aims to establish RooLife as the most visible and trusted e-commerce platform for Chinese consumers to buy premium Australian products, and to access services such as travel and tourism.

With SmartTrans' ability to accept and process payments from Chinese consumers in RMB and settle payment to Australian companies in AUD, the e-Commerce service has wide appeal to companies seeking to access the large online shopping market in China.

Further expanding the company's e-Commerce services during the Quarter, the company entered into a master merchant agreement with E- Vantage, bringing a number of renowned Australian businesses onto the RooLife platforms to sell their products to Chinese consumers.

The new product range added to SmartTrans' portfolio include health, skincare and beauty products from Divine Skincare and Manuka Biotic, and sports supplements from Bodiez Protein Water and Australian clean air product, Ausaura Air.

The brands have been carefully selected by SmartTrans and Dodoca based on their high-quality products and expected strong appeal to Chinese consumers in RooLife's target demographic.

Dodoca and SmartTrans are targeting 100 premium brands (that have multiple products) to be sold on the platform in the first 12 months. SmartTrans is well-placed to achieve this, and early sales from the platform have been encouraging.



Figure 1: Official launch of RooLife on 24 March 2017 in Guangzhou with participants Mr Du (Guangzhou Government representative), Mr Xiu (CEO Dodoca), Mr Huang (Chairman Dodoca), Mr Mark Vaile (Chairman SMA), Mr Bryan Carr (CEO SMA) and Mr Brendan Mason (COO SMA).

Dodoca and SmartTrans will use their expertise to develop a unique strategy for selling each of these premium Australian goods to Chinese consumers through the marketplace over the coming Quarter.



Figure 2: SmartTrans Dodoca RooLife WeChat online shopping mall screens

SmartTrans further strengthened its e-commerce operations in China signing a major partnership agreement with leading Chinese e-commerce company Wjike (www.wjike.com).

Wjike is a privately-held online retailer in China and sells products to consumers both through its highly-regarded Wjike.com e-commerce platform (www.wjike.com), as well as through leading Chinese online marketplaces Tmall.com and JD.com.

Under the agreement, Wjike will add a new online specialist store selling Australian products to its customer base via its well-established online shopping platform with profits to be shared between the two companies. The online specialist store is expected to be operational in early May.

Wjike will source all products from SmartTrans’ portfolio and meet all costs associated with marketing these products through its store. Both parties will share in profits from sales generated.

Each online channel appeals to a slightly different consumer segment and when coupled with the Smartpay financial gateway, provides the additional value of allowing purchases in Chinese Yuan by consumers and payment to suppliers in Australian Dollars. This benefits both Chinese consumers and Australian brand owners.

Wjike’s focus on selling high-quality mother and baby products, cosmetics, food, home and household items provides significant overlap and opportunity for growth leveraging SmartTrans’ growing reach via partnerships with leading Australian brands for the RooLife marketplace.

The partnership with Wjike is expected to add to SmartTrans’ revenue base for minimal additional investment and strengthen the Company’s position in the Chinese e-commerce market by further leveraging its established e-commerce infrastructure and relationships.

The agreement sees SmartTrans deliver on its strategy of securing additional leading online retail distribution partners in China to help it fast track sales growth and access large, established consumer databases.

These developments during the Quarter consolidate SmartTrans' position as a trusted provider to Australian businesses seeking to sell their products in China and importantly seeking to receive payment in Australia.

The company's Roolife platform matches the demand from Australian businesses seeking to sell into China, with the growing demand from Chinese consumers seeking high quality, safe and prestigious Australian products.

SmartTrans' Australian-based 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, including an additional contract with CEVA Australia (a subsidiary of the large global CEVA Logistics operation) to manage the deliveries for retail goods in South Australia.

Upgrades to systems with existing clients were also implemented along with a range of proof-of-concept projects either underway or successfully completed which the company is optimistic will lead to additional contracted revenue for the group.

Financial

Total Consolidated Revenue for the Quarter was \$1.12 million reflecting the company's decision to concentrate upon its e-Commerce revenue streams rather than its mobile phone micro-billing services.

During the quarter, the company's total cash receipts totalled \$1.89 million, consisting of \$1.23 million in customer receipts and \$660,000 in proceeds from the company's previously announced and agreed placements.

The company's cash holding at 31 March 2017 was \$668k and an additional \$234k was received in the first week of April strengthening the company's cash position.

As announced on 28 December 2016, the company secured funding of \$4,000,000 from UK-based Lanstead Capital LP and funding of \$500,000 from two existing shareholders, Loyal Strategic Investment and Dymocks Securities.

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 and these funds will be applied to expand its e-commerce platforms and facilitate the rollout of its SmartPay payments platform into Australia.

This arrangement provides for SmartTrans to receive additional working capital on a monthly basis for no further issue of equity which will be applied to funding the expansion of its e-Commerce platforms and facilitate the rollout of its SmartPay payments platform into Australia which will in turn enhance the Company's e-commerce operations.

Outlook

SmartTrans' established a sales team in Australia in the last week of March tasked with securing additional brands for the company's Dodoca RooLife and Wjike RooLife platforms in China.

As a result of this investment in sales talent, growth in the number of brands on the e-Commerce platforms, with commensurate growth in sales, is expected in subsequent months. Further scale of brands and products is expected to result in greater revenue being booked.

SmartTrans confirms that revenue in line with expectations is being booked on the RooLife platform since the official launch in late March, with sales of wine and health food particularly encouraging and meeting budget forecasts. Sales in April have continued to build. It is important to note that sales are still at an early stage but progress to date validates the Company's decision to shift its focus to scaling up its e-Commerce operations and invest less in carrier billing based micro payment opportunities.

The SmartTrans Australian-based sales team is also expected to facilitate the adoption of SmartTrans' facilities to process payments made by inbound Chinese tourists wishing to use their existing payment infrastructure (WeChat, UnionPay and AliPay) to procure goods and services when travelling in Australia, thus forging a connection between Australian businesses and Chinese consumers. This inbound tourism market represents a good opportunity for SmartTrans given the Company's established China payment relationships.

In the coming quarter, SmartTrans will continue to build the portfolio of products being sold and distributed in China and to also service the growing demand from Australian businesses seeking to enter the China market whilst also expanding its SmartPay platform availability in the Australian market.

SmartTrans is continuing to build partnerships with "Master Merchants" for its products and services and is looking to expand its range of merchants and services via these third parties such as with ASX-listed BPS Technologies, E-Vantage and other master merchant arrangements presently under negotiation.

SmartTrans is also planning to expand its SmartPay and e-Commerce reach by providing the SmartPay infrastructure to Australia-based retailers and tourism operators in Australia.

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. The Company is applying marketing and sales resource to this business focussed on realising its full value.

The company will update shareholders of its progress during the Quarter as new brands and products are added to the Dodoca RooLife platform, on the commencement of sales on the Wjike platform and on new logistics software contracts that materialise.

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")

31 March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,233	5,507
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(1,470)	(4,755)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(601)	(1,795)
(f) administration and corporate costs	(485)	(1,691)
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	(1,322)	(2,736)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(13)	(22)
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 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	(13)	(22)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	745	1,348
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	85	171
3.6 Repayment of borrowings	(85)	(171)
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	745	1,349

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	1,291	2,130
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,322)	(2,736)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(13)	(22)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	745	1,349

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(33)	(53)
4.6	Cash and cash equivalents at end of quarter	668	668

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	667	1,290
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)	668	1,291

Note: An additional \$234k was received in the first week of April 2017.

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	54
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	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

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		171
8.2 Credit standby arrangements		
8.3 Other (please specify)	3,275	725
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.		

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.

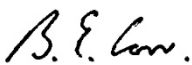
9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	
9.2 Product manufacturing and operating costs	(962)
9.3 Advertising and marketing	
9.4 Leased assets	
9.5 Staff costs	(476)
9.6 Administration and corporate costs	(584)
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	*(2,022)

* 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: 28/04/17.

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.