



SmartTrans Holdings Limited
ASX: SMA

An Australian based
Technology Solutions Company

Corporate Structure:

Shares on issue: 2544 M
Unlisted Options: 166 M
Market Cap: \$AUD 33M
52 week high: 5.7 cents
52 week low: 1.1 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_yJe1DBA

Quarterly Report for the period ended 31 December 2016

Highlights

- Cash collections in Q2 2017 totalled \$3.09 million (up from \$1.33 million in Q1 2017)
- Total Consolidated Revenue for Q2 2017 of \$1.64 million
- Cash holdings at 31 December 2016 increased to \$1.29 million (up from \$880k at end of Q1 2017)
- \$4.5 million funding secured to scale up e-commerce market place in China and market SmartPay in Australia (announced 28 December 2016)
- Company continued to expand its e-Commerce services and capabilities
- Development of WeChat e-commerce market place with Shanghai Stock Exchange-listed Shanghai Dodoca Information Technology Co. Ltd - a leading digital marketing agency
- Target of 120 premium Australian brands on the platform within 12 months
- Continued expansion and diversification of revenue sources

SUMMARY FOR THE QUARTER ENDED 31 December 2016

ASX-listed smartphone payments provider and logistics software company SmartTrans Holdings Limited (ASX: SMA) provides the following update for the quarter ended 31 December 2016.

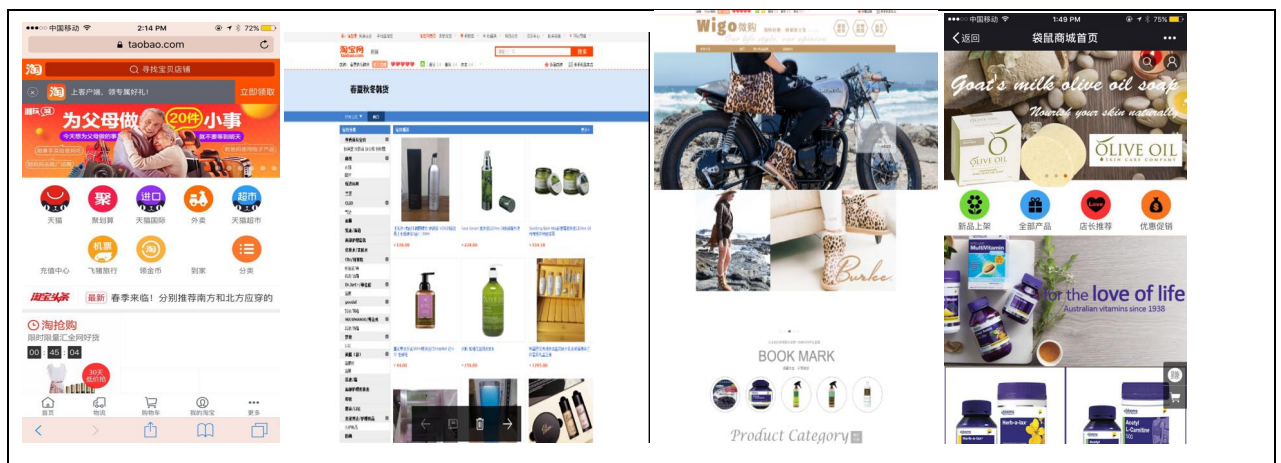
Operational

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

In China, the company has successfully established itself in the rapidly emerging “fintech” and e-Commerce sectors, effectively distributing and collecting payment for a diverse range of products.

During the quarter SmartTrans focused on the expansion of its mobile and internet billing services into the e-Commerce sector, establishing its SmartTrans Roolife brand and platform with:

- Alibaba stores (SmartTrans Roolife)
- WeChat store (Roolife Lifestyle Store)
- Dodoca Roolife platform



SmartTrans' ability to promote and distribute products online, bill customers directly and settle payments to merchants in Australia strongly positions the company as the "Gateway to China" for businesses seeking to sell their products online in China.

The company continues to expand its operations with China-listed Dodoca, Australian-listed BPS Technologies and its China-based billing partners China Mobile, China Telecom, Alibaba and QianDaiPay Payments Company.

The company is a trusted provider to Australian businesses seeking to sell their products in China and importantly to receive payment in Australia, matching the demand from Australian businesses eager to sell into China with the growing demand from Chinese consumers seeking high quality, safe and prestigious Australian products.

During the quarter the company continued its billing activities for third-party mobile content and subscription-based billing in China, albeit at lower levels with lower marketing expenditure.

In Australia, the company continued negotiation for the expanded roll out of its products with new and existing users of its mobile and internet-based logistics software.

Financial

On 28 December 2016, the company announced that it had secured funding of \$4.5 million from a new institutional investor, UK-based Lanstead Capital LP and two existing shareholders, Loyal Strategic Investment and Dymocks Securities, to fund the expansion of its e-commerce platforms and facilitate the rollout of its SmartPay payments platform into Australia.

Under the Sharing Agreement with Lanstead Capital described in the company's announcement dated 28 December 2016:

- The company has retained \$412,500 of the \$2.75 million of the first tranche of subscription funds and invested the balance under the terms of the Sharing Agreement;
- Subject to approval at the General Meeting to be held on 28 February 2017, the company will retain \$187,500 of the \$1.25 million of the second tranche of subscription funds and invest the balance under the terms of the Sharing Agreement.

The company has made changes to its product mix designed to improve the return from its business activities over the course of FY17.

Total Consolidated Revenue for the Quarter was \$1.64 million.

During the quarter, the company received \$3.09 million from sales of products up from \$1.33 million in the previous quarter, Q1 2017.

The company's cash holdings at 31 December 2016 increased by \$411k to \$1.29 million (up from \$880k at end of Q1 2017).

The company also expects to receive a R&D tax return payment of approximately \$300k in the coming Quarter.

Outlook

In the coming quarter, SmartTrans expects to continue to build the portfolio of products being sold and distributed in China and to continue to cultivate and benefit from its customer database.

The company plans to commence actively marketing its billing capabilities and e-Commerce platforms to merchants and brands in Australia to build the range of brands and products SmartTrans sells in China.

As the virtual “Gateway to China” SmartTrans will service the growing demand from Australian businesses seeking to enter the China market. The company expects its business model to be equally appealing to businesses anywhere in the world providing for further expansion opportunities in the future.

SmartTrans and its China-based e-Commerce partner Dodoca have set a target of marketing and selling 100 premium Australian brands on the Dodoca Roolife platform within 12 months. SmartTrans will begin sourcing and selecting appropriate brands in January 2017.

In FY17, SmartTrans and Australian-based partner, BPS Technologies, are targeting at least 20 high-quality merchants which each produce at least \$1million in annual sales on the SmartTrans e-Commerce platform.

SmartTrans anticipates that it will generate a double-digit percentage fee on sales through the platform, with the magnitude of the fee linked to the level of service being provided to specific merchants. The company also anticipates receipt of fees on processing payments and cross-border settlements.

SmartTrans is also planning to expand its SmartPay platform into the Australian market to process payments made by inbound Chinese tourists wanting to use their existing payment infrastructure – WeChat, UnionPay and AliPay – to procure goods and services when travelling in Australia, consequently establishing and forging a connection between Australian businesses and Chinese consumers. Funds raised under the placements referred to above will also be used to market and provide the SmartPay infrastructure to Australia-based retailers and tourism operators in Australia.

Sales of third-party Apps and subscription-based mobile billing is expected to continue but with the growing addition of e-Commerce billing and sales.

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

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 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,087	4,407
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(2,253)	(3,148)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(591)	(1,235)
(f) administration and corporate costs	(434)	(1,186)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	(1)
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	(190)	(1,434)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1)	(8)
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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	(1)	(8)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	577	577
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	85
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (Bond)	(60)	(60)
3.10 Net cash from / (used in) financing activities	602	603

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	880	2,130
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(190)	(1,434)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1)	(8)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	602	603

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	1,291	1291

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	1,290	403
5.2	Call deposits	1	477
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)	1,291	880

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

59

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

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	85
8.2 Credit standby arrangements		
8.3 Other (please specify)	4,329	577
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 \$4.5 million from a new institutional investor, UK-based Lanstead Capital LP (\$4 million) and two existing shareholders, Loyal Strategic Investment and Dymocks Securities (\$250k each).

Under the Sharing Agreement with Lanstead Capital described in the company's announcement dated 28 December 2016:

- The company has retained \$412,5000 of the \$2.75 million of the first tranche of subscription funds and invested the balance under the terms of the Sharing Agreement;
- Subject to approval at the General Meeting to be held on 28 February 2017, the company will retain \$187,500 of the \$1.25 million of the second tranche of subscription funds and invest the balance under the terms of the Sharing Agreement.

The loans totalling \$171,000 are unsecured and carry interest at the rate of 10% per annum.

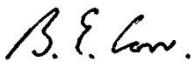
9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	
9.2 Product manufacturing and operating costs	(1,025)
9.3 Advertising and marketing	
9.4 Leased assets	
9.5 Staff costs	(458)
9.6 Administration and corporate costs	(622)
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	*(2,105)

* 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: 31/01/17.

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.