

# eCargo Holdings Limited (ASX:ECG)

One-Stop O2O Partner for Retailers and Brands selling in China

## Annual General Meeting May 2019



Melcash





# Introduction

MARKET TALK  
PAYMENT TALKS  
Name in the frame: Citic



DAILY REPORT  
JANE LI  
Hang Seng Index  
hits two-year high  
central bank infuses

Hong Kong stocks touched a two-year high yesterday, led by mainland financial plays including the Industrial & Commercial Bank of China and the mainland's HSBC. Market continues to be led by advances in financial stocks to HK\$16.8.

BOCHK ▲15%  
Sands China ▲8%  
China Unicom (Hong Kong) ▲8%

# Board of Directors

## John Lau

Chairman and  
Executive Director

- ❖ Over 40 years experience in servicing trading, supply chain and logistics in China
- ❖ Founder and Group Managing Director of Cargo Services Far East and CS Logistics Holdings Limited (the largest privately owned integrated logistics service provider in China and Hong Kong)

## Christopher Lau

Non-executive Director

- ❖ Assistant Managing Director of Cargo Services Far East
- ❖ Founder and former CEO of ECG
- ❖ Founder and Vice Chairman of WWE & Company and MyMM.com
- ❖ Previously worked for HSBC, Ernst & Young, Deutsche Bank, Cargo Services Far East and CS Logistics

## Jessica Rudd

Non-executive Director

- ❖ Founder of Jessica's Suitcase, one of Alibaba's most important Tmall Global stores from Australia
- ❖ Australia and New Zealand Lifestyle Ambassador for Alibaba
- ❖ An Australian-born-and-based KOL, uniquely placed as an influencer in the eCommerce and digital marketing sectors in Australia and China
- ❖ Non-executive director of ASX-listed Australian Agricultural Company

## Rupert Myer AO

Independent  
Non-executive Director

- ❖ A director of Healthscope Limited and Amcil Limited
- ❖ Chairman of Nuco Pty Limited, a private Myer family investment company
- ❖ Board member of further family-owned investment companies
- ❖ Chair of the Commonwealth Government's Australia Council for the Arts

## Heath Zarin

Independent  
Non-executive Director

- ❖ CEO and Managing Director of EmergeVest, a Hong Kong-based private equity firm
- ❖ Chairman of Allport Cargo Services, CM Downtown, Palletforce, NFT Distribution and Adjuno, as well as Non-executive director of CS Logistics

## Dennis Lin

Independent  
Non-executive Director

- ❖ Ex-Partner of BDO, leading the firm's China Advisory Services in Australia
- ❖ Chairman of Bubs Australia Limited and Non-executive director of Buderim Group Limited, both are ASX-listed companies

# Management Team

## **Will Zhao**

Chief Executive Officer

- ❖ Over 18 years of experience in financial management, investments and consulting, previously worked for Metcash Asia, Goodman Group and Deloitte
- ❖ Led the strategic development and execution of Metcash Asia's business in China, including CBEC and wholesale/distribution network
- ❖ Leading authority on cross-border eCommerce and traditional retail channels in China

## **Garnok Cheung**

Chief Financial Officer

- ❖ Over 20 years experience in finance and accounting, investments and M&A
- ❖ Certified Public Accountant and Chartered Global Management Accountant
- ❖ Previously worked for ITC Corporation Limited, Hong Kong-listed company, as CFO, KPMG, PricewaterhouseCoopers and Deloitte Touche Tohmatsu in Hong Kong and New York

## **Hai Yun Chen**

Chief Product Officer

- ❖ Over 13 years experience in buying and sourcing with Australia's leading retailers, including Woolworths, Big W and Metcash
- ❖ Over 10 years experience in China on private label, product development and quality control
- ❖ Supported the strategic development and execution of Metcash Asia's business in China

## **Stephanie Byrne**

Chief Executive Officer  
(Amblique)

- ❖ Client-focused leader with over 10 years' experience in the eCommerce industry
- ❖ Implemented solutions for APAC retail leaders including Super Retail Group, Cotton On Group and The Warehouse Group

## **Nelson Gable**

Strategy and  
Development Director

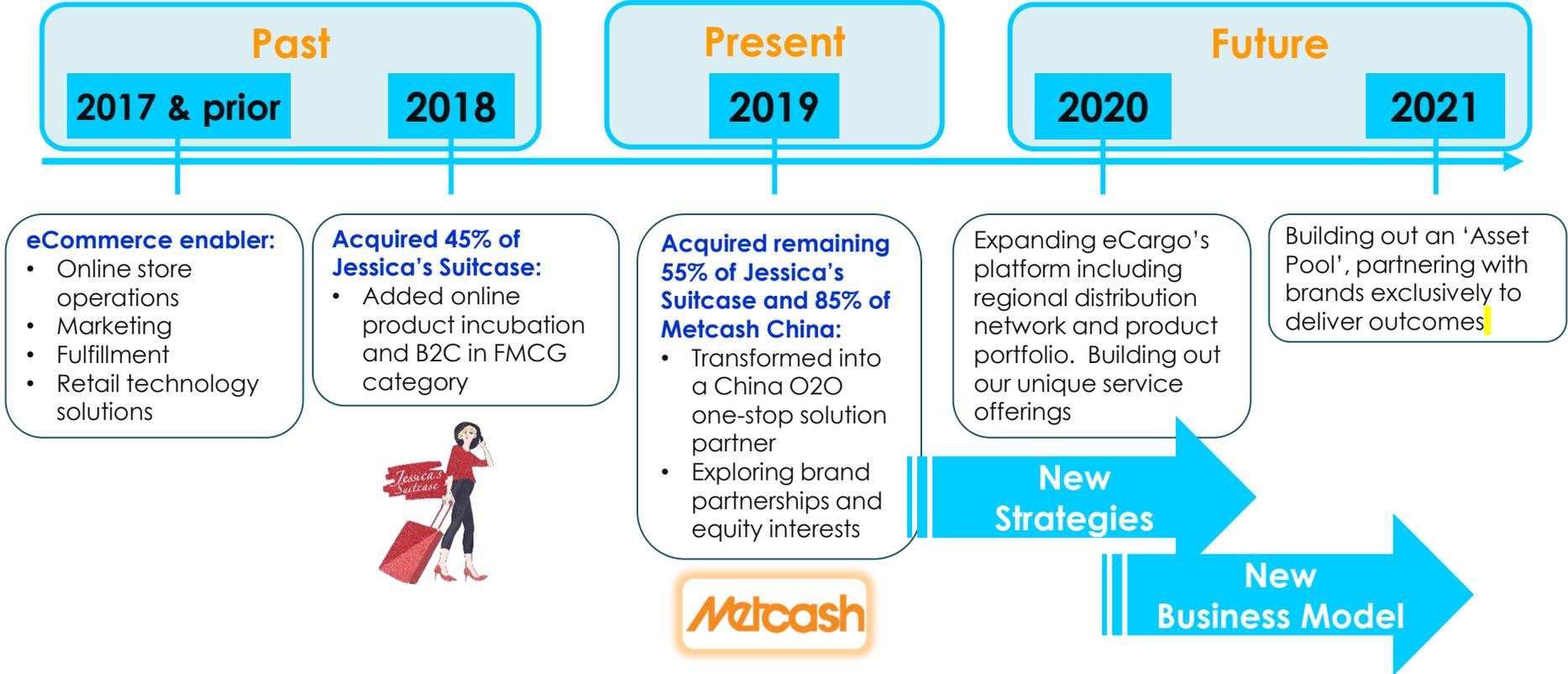
- ❖ Based in Shanghai, over 7 years experience in China, specializing in business development, account management, sales, marketing and strategy
- ❖ Consultant and advisor to international brands on China market entry, business and channel strategy.
- ❖ Specialist in providing brands with one-stop shop solutions which encompasses eCommerce platforms, offline retailers and other channels.

## **Johnason Li**

Commercial Director

- ❖ Over 18 years experience in buying and sourcing for European retailers including Intercoop, COOP Global Sourcing, COFA Sweden, Zimmermann and Mima International
- ❖ Over 10 years experience in private label product development and quality control
- ❖ Over 5 years experience in CBEC operation, including platforms such as JD, Suning and Tmall

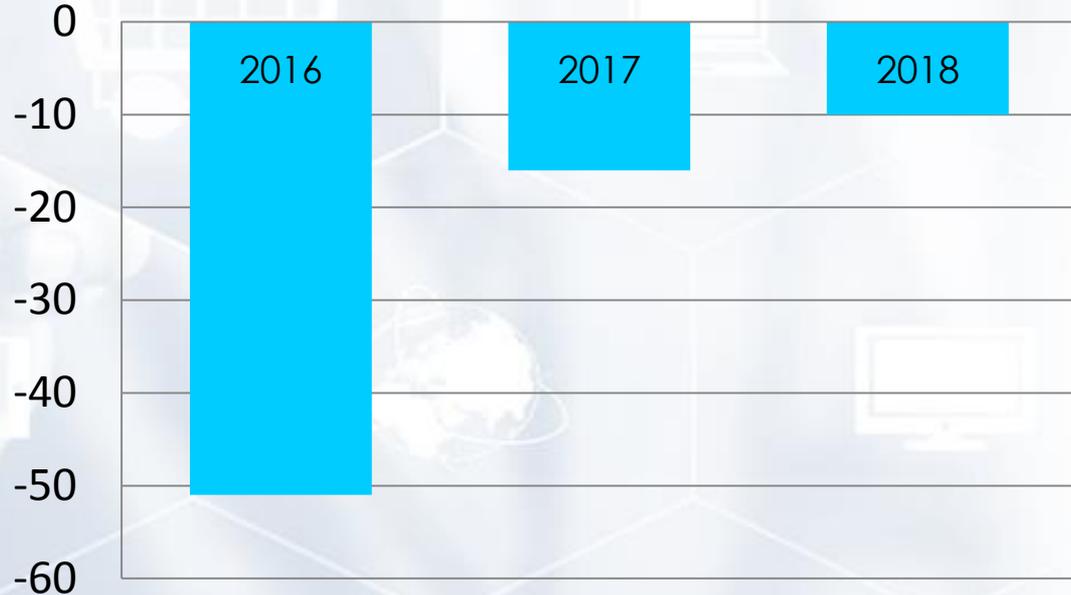
# Our Journey – Past, Present & Future



# 2018 Financial Snapshots

## Adjusted EBITDA Loss (HK\$M)

The trend in the reduction of EBITDA loss resulted from the successful execution of business transformation and cost control measures initiated since the second half of 2017

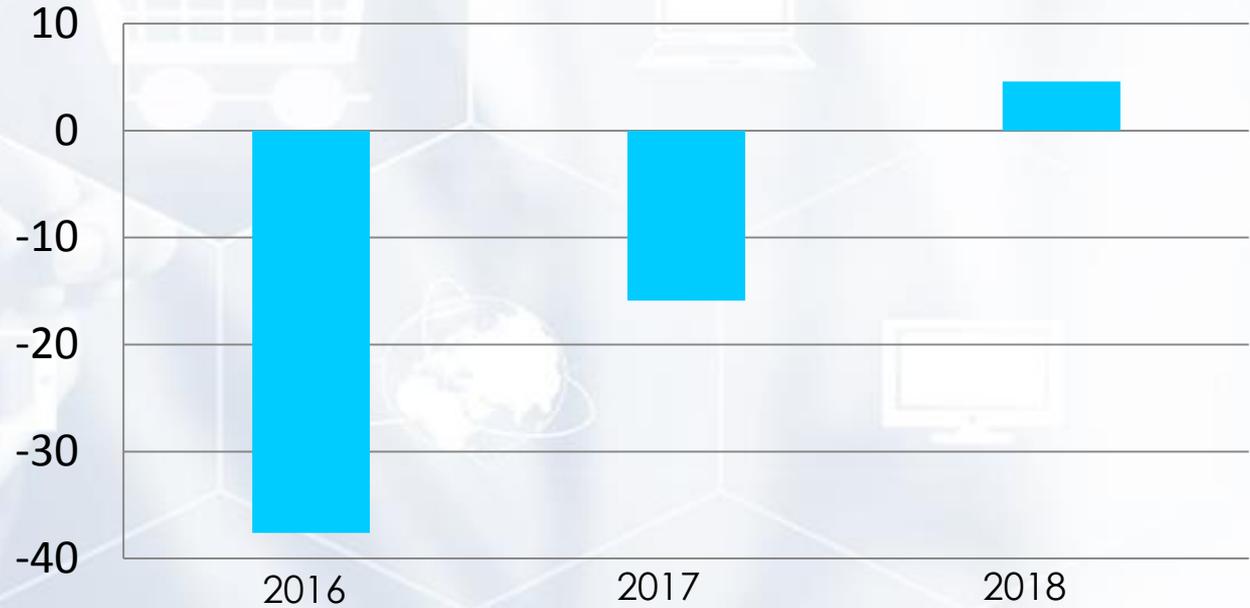


\*Adjusted EBITDA is defined as earnings before non-cash items such as interest, tax, depreciation, amortisation, share of results of an associate, impairment provision for interest in an associate, gain or loss on fair value of acquisitions and financial derivatives, and impact of foreign exchange.

# 2018 Financial Snapshots

## Operating Cash Flow (HK\$M)

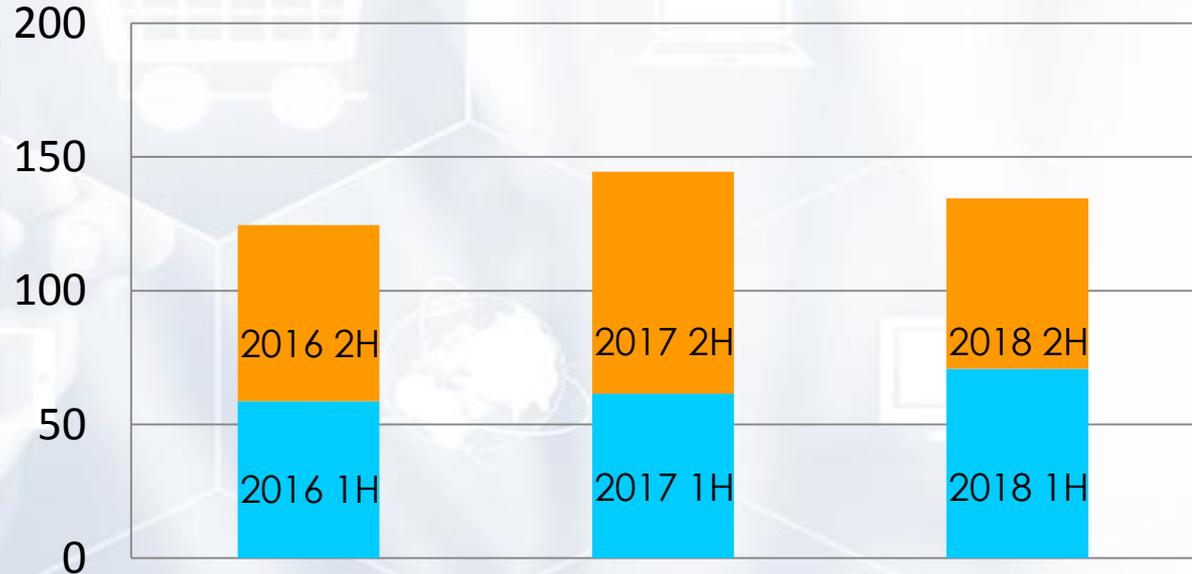
Positive operating cash flow for 2018, the first time since IPO



# 2018 Financial Snapshots

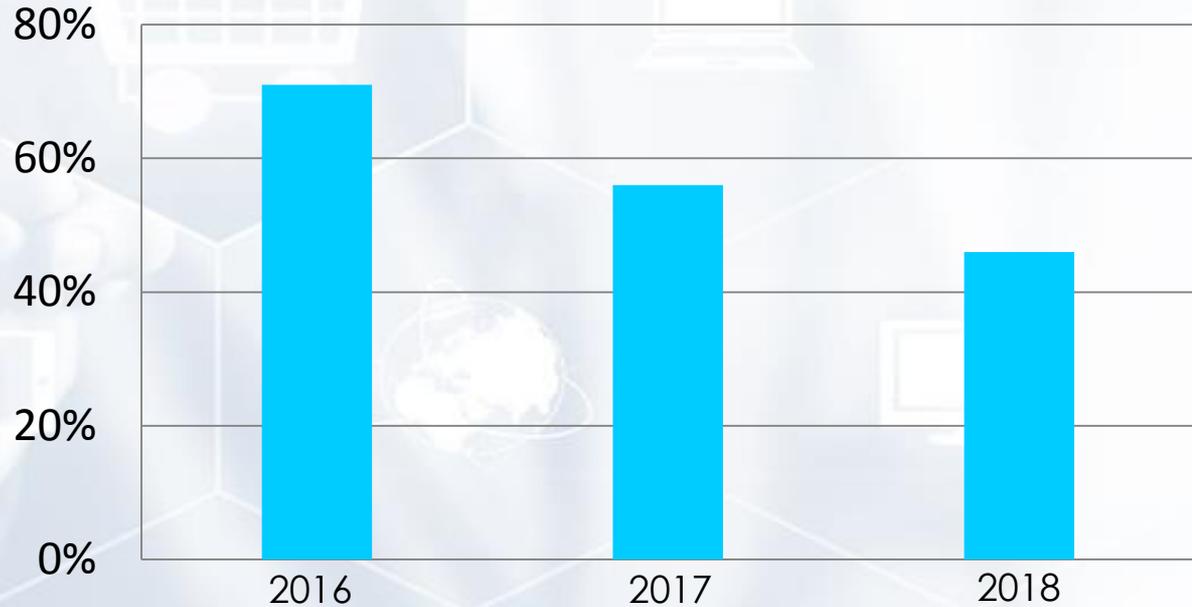
## Revenue (HK\$M)

Revenue was growing steadily except for the second half of 2018 due to closing down of the loss-making non-core businesses



## Staff Cost to Revenue (%)

The decreasing trend in Staff Cost-to-Revenue reflects the increase in staff productivity



# Our Capabilities

## The Foundation – Established Export Infrastructure

### Wholesale Distribution (Cross Border & General Trade)

Established B2B and B2C distribution channels with local partners

### Consulting and Advisory Services

TP services, Build brand awareness in market with marketing, digital and offline, activation campaigns, website offering and consulting.

### Export Certified

Fully certified export distribution centre covering:

- FMCG, Milk and dairy, fresh fruit and vegetables, wine and liquor, clothing and hardware.

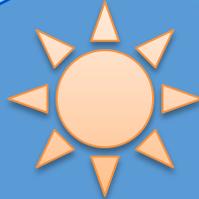
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Provinces  
in China



### Experience

Over 30+ years of export experience through our partner Cargo Services, 30,000+ products under one roof, currently servicing 30 countries



### Logistics & Supply Chain

Established network of global logistics partners, distribution channels and fulfilment

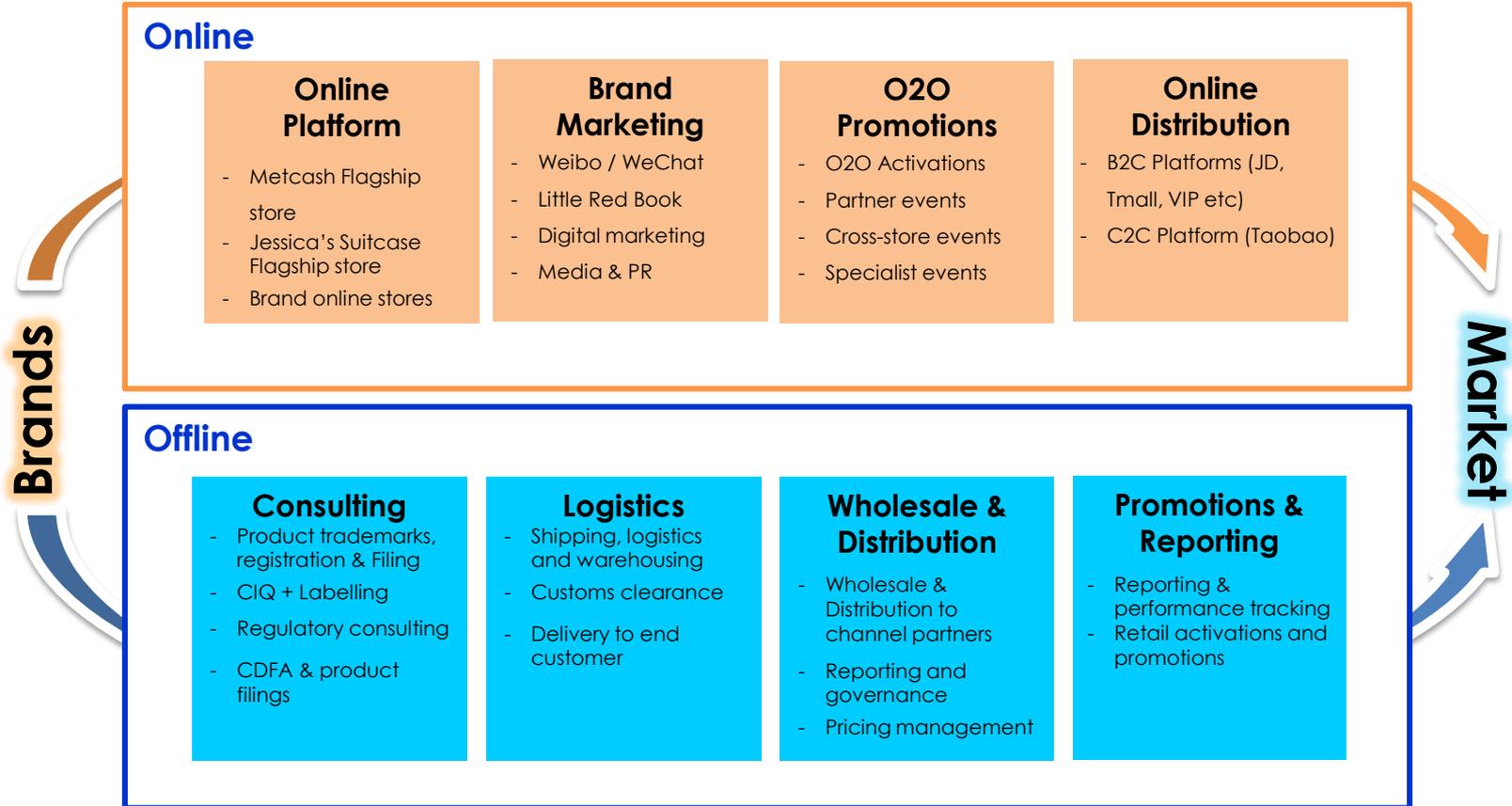


### International and Local Teams

Full service teams based in Shanghai and Sydney offering logistics, digital, ecommerce, marketing, design and import support for suppliers and brands. Satellite offices in Sydney, Hong Kong and Shenzhen to support

# Business Model & Offerings

One-Stop O2O Solution Partner



## *“To be the Pre-eminent and Genuine Brand Partner into China”*

### Most comprehensive ecosystem

Possesses the most complete distribution and marketing infrastructure and ecosystem among its peers (not just a consulting services firm)

### Exclusive partnership with emerging brands

Partnering up exclusively with brands for market entry in China including distribution and O2O, an extension of their business in China

### Equity in emerging brands

Options to take equity in the business to further strengthen positioning and align interests

# New Strategies - Focus in Brand Market Segments

Health  
Products

Food and  
Beverage

Cosmetics  
and  
Beauty

Wine  
and  
Alcohol

Fashion  
and  
Lifestyle

Mother  
and  
Baby

## Multi-category, multi-product approach

Focus on bringing key branded products in each category as volume drivers (star SKUs)

Utilise existing infrastructure to consolidate multi-SKUs to bring to market

## Partnering with brands and suppliers

Multi-channel approach focusing on marketing and building brands

## Sustainable offline customer base

A more sustainable environment for offline customers by allowing them to test multiple new products with appropriate marketing and promotional support

# New Strategies - Value Propositions

## O2O Infrastructure

**Revenue** generating through consulting, marketing and services income

**B2B enabling** wholesale and distribution income

**B2C e-Commerce Flagships** generating retail revenue and margin.

**Replicate the platform** to expand into other Asian countries

**Website and e-commerce** enabled in Australia for brands through Amblique

## Exclusive Partnerships

**eCargo** to become an extension of our partners' business for China market entry.

**Brand incubation** through online/offline solution, marketing and activations to create a sustainable relationship with our partners.

**International** brands not only restricted to ANZ.

**Creating an Asset Pool** by having the option to take equity in selected brands and companies, aligning interests

## Customer Lead

**Multi product categories** to meet the needs of customers and allow for deeper product penetration

**Regional customer strategy** targeted at lower tiered cities to meet consumer demand amid middle class consumption upgrade

# Partnered Brands

Fashion & Lifestyle



FMCG



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# THANK YOU



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