

Technology focused strategy to underpin future growth

May 18, 2021 (SYDNEY): eCargo Holdings Limited (ASX:ECG) (ECG, eCargo or the Group) is pleased to provide an update to outline the key areas of ECG's corporate strategy in 2021, which will underpin the Company's growth going forward.

Highlights:

- > The Group will leverage its nationwide China distribution network to grow brands and execute its exclusive distribution model, focusing on strategic categories of health, beauty and personal care.
- > eCargo has developed its own Digital Wholesale Marketplace – JJX (www.gojjx.com) – featuring a full-set of integrated services focused on connecting Australian brands with Chinese Retailers on one platform, opening access to its China distribution network.
- > eCargo will grow its hyperlocal network in third, fourth and fifth tier cities to drive brand growth from a grassroots level and develop a nationwide, targeted customer database.

eCargo has a strong pedigree of developing and providing eCommerce services to overseas brands selling products in China. The Group has traditionally operated as an eCommerce and Offline sales enabler to brands, primarily in the Fashion and Apparel, Health and Beauty, and Food and Beverage categories. Having refreshed the management team with the appointment of Lawrence Lun as Chief Executive Officer in September 2020, eCargo has evolved its strategy. The Group's strategy will leverage its technology expertise and background; CRM capabilities and broad private channel network of stores to drive growth while still focusing on key high margin strategic categories in its foundational distribution business.

Commenting on eCargo's new technology-focused growth strategy, Chief Executive Officer Lawrence Lun stated: "eCargo has long been a key partner for brands in the China eCommerce and Distribution business, with over 30 years of supply chain expertise and a distribution network covering more than 4,000 point-of-sales both online and offline. To further accelerate growth and scale our business, we need to couple our existing capabilities with our proprietary technology solutions. This will enable us to support more brands and retailers' rapid entry into China by shortening the time for onboarding, access to our nationwide network, and leveraging our data for better targeting."

JuJiaXuan (JJX) Digital Wholesale Marketplace

The first core technology development in 2021 is JJX (www.gojjx.com) – ECG's Wholesale Marketplace - focused on helping Australian businesses sell more in China. JJX seamlessly connects brands with Chinese retailers, with the platform managing the full end-to-end process, including onshore/offshore payments, order management, customs clearance and logistics through eCargo's network of partners. JJX will support growth of both our existing offline distribution network and enable the swift development of our Private Channel Network through its full set of integrated functions and data capture capabilities.

The Company anticipates strong demand for JJX, as sellers gain access to 4,000 point-of-sales in China both online and offline. In addition, it will enhance visibility and control over

sales activities in China for sellers and provide reliable shipment and delivery to local customers. Local buyers can access, browse and buy thousands of overseas products directly, without requiring an intermediary.

Hyperlocal Sales Points and Private Channel Network

The second key growth area is the continued development of eCargo's Private Channel Sales Network in China, with over 3,000 online stores, to grow the number of 'Hyperlocal' point-of-sales.

'Hyperlocal' point-of-sales refer to sales through small communities where an individual serves as a centralised distribution point for products purchased by community members offering bulk pricing and convenience. Hyperlocal sales is a fast growing segment worth CNY80 billion in 2020 with 30% growth projected for 2021. This market segment has been difficult for overseas brands to access due to a tendency for sellers to focus on domestic products. ECG is continuing to build its Hyperlocal network and by leveraging JJX is building a Hyperlocal Sales Platform with better support to the end sellers than the traditional Daigou model (trading parallel/grey stock). This will benefit overseas brands by enabling swifter market entry; developing grassroots support and leveraging data generated by eCargo's customer database which will enable the development of new, targeted marketing tools.

CEO Lawrence Lun stated, "We have repositioned the business to focus on utilising technology to provide higher value services to our clients and are developing innovative new sales networks across China. However, we remain committed to growing our existing distribution and trading business in China and are well placed to drive strong growth from each of our product lines, leverage the data generated to add more value for our clients and cross-sell additional services to customers. We are now finally harnessing our proprietary technologies to reinforce the strong established distribution and partnership networks developed over the years to underpin our next phase of growth."

Meet the CEO and strategy update webinar

Lawrence Lun will be hosting an investor webinar regarding ECG's new technology-focused growth strategy on Thursday 3rd June 2021 at 11.00 AEST.

The presentation will be followed by a Q&A session.

For those wishing to join the webinar, pre-registration is required by following the link below:

https://us02web.zoom.us/webinar/register/WN_ZV3HrusdQhmPpj0CPNOidw

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This ASX announcement was approved and authorised for release by John Lau, Executive Chairman.



About eCargo Holdings Limited

eCargo Holdings Limited is an ASX-listed company offering solutions that connect global brands with Chinese buyers and provide the tools businesses need to grow their China sales. Their core focuses are in utilising technology and data to grow brands in China through their nationwide distribution and trading (online and offline) network.

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eCargo Group Strategy Update

May 18, 2021

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The background features several large, light blue diamond shapes. One large diamond is on the right side, and two smaller, outlined diamonds are in the top left corner.

eCargo helps brands sell more in China.
We offer solutions that **connect global brands with Chinese buyers** in our nationwide distribution network, and provide the tools businesses need to grow their China sales.

The eCargo Group Highlights

Our Investment Thesis

4,000+ Points-of-Sale
across Online and Offline

Complete integrated
services across the
full supply chain

Worked with over
80 brands, including
50 from Australia

Generated general
merchandise value (GMV)
of over **USD100 Million**

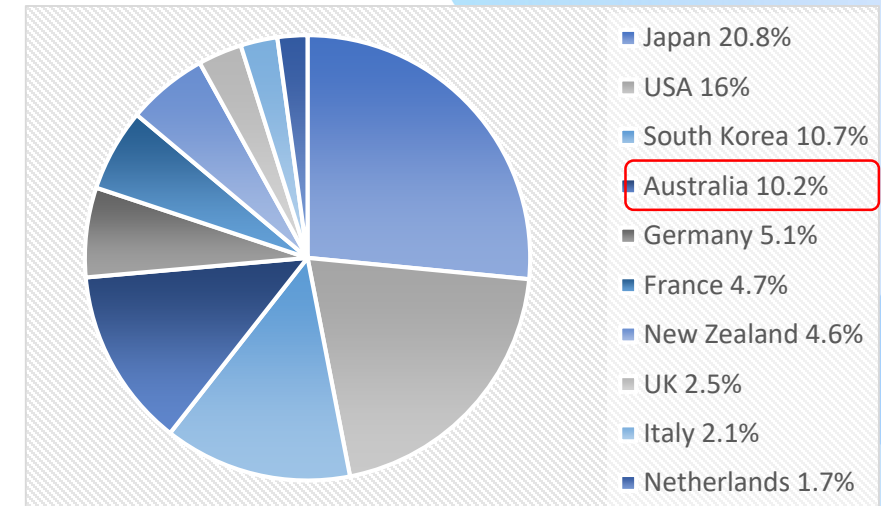
Global Reach with
20+ Strategic Partners
across the value chain

FY20 Group-first
EBITDA profit
of AU\$1.31m

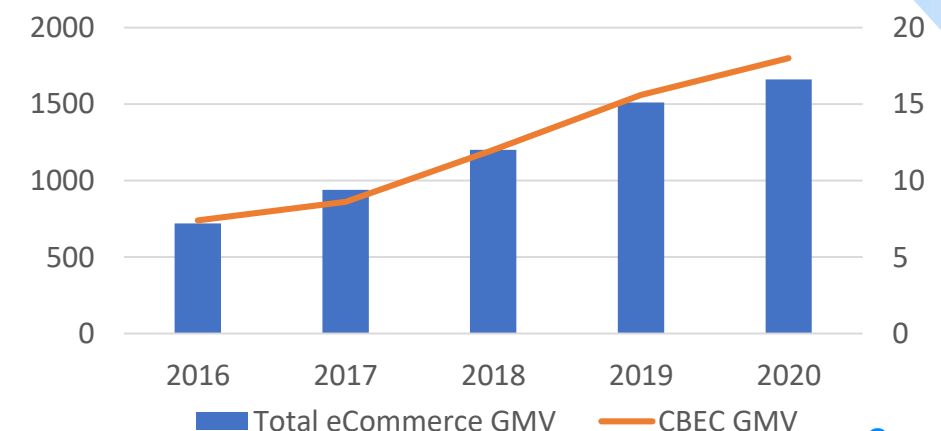
China Consumer Market is Growing Again

- China's Middle Class grew to over 800M in 2020, accounting for **18% of global middle class market value**.
- Australia accounted for **10.2% of China's Cross-Border eCommerce sales** in 2020.
- Online Sales accounted for **24.9% of China's total 2020 retail sales**.
- 2020 Cross-Border eCommerce GMV was **AU\$205B, up 20% y.o.y**, showing demand for overseas goods remains high.

eCommerce Top Importers by Sales Value



eCommerce GMV (B2B & B2C) (US\$B)

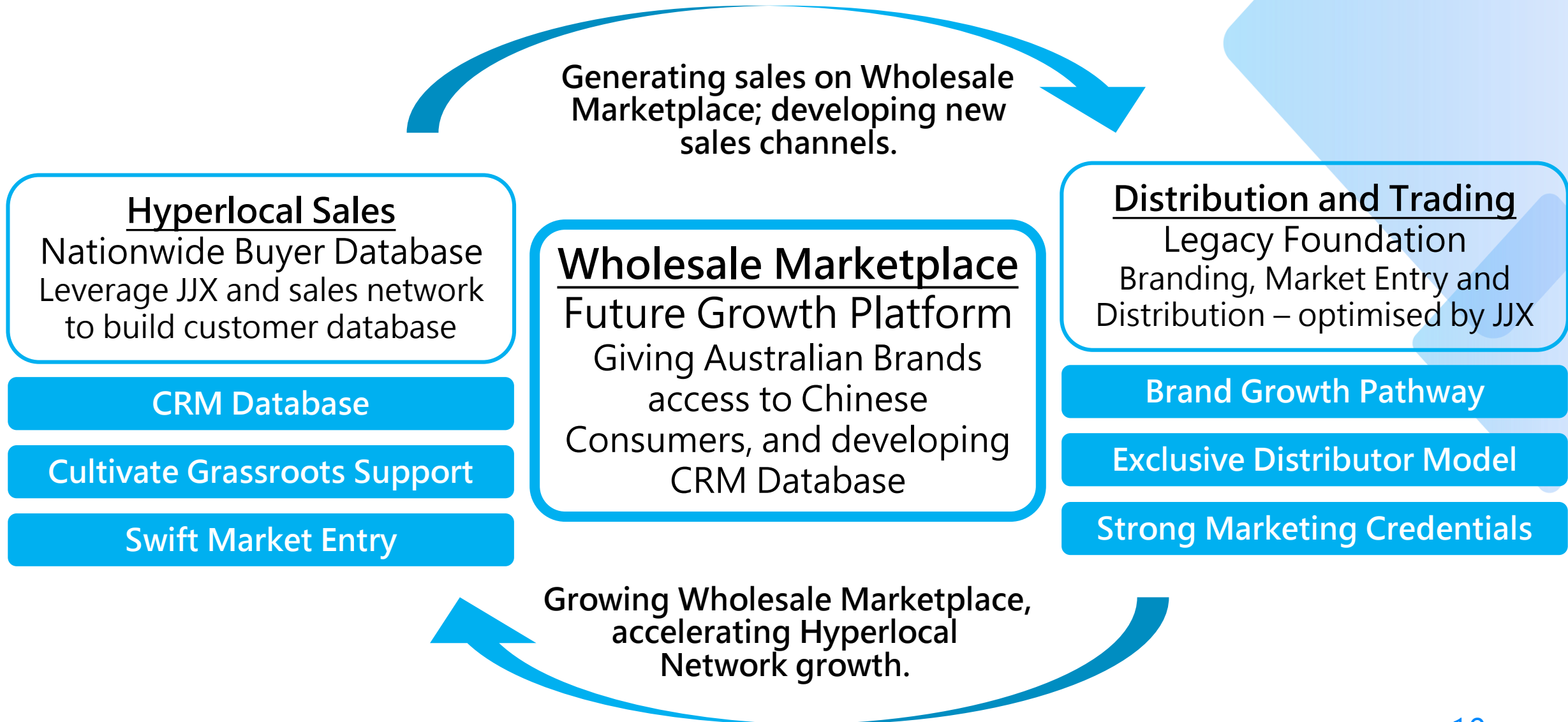


eCargo's strategy in 2021

To accelerate sales and scale our business.

Leveraging our B2B marketplace to grow the number of brands and retailers in our network, supplemented by service and data offerings.

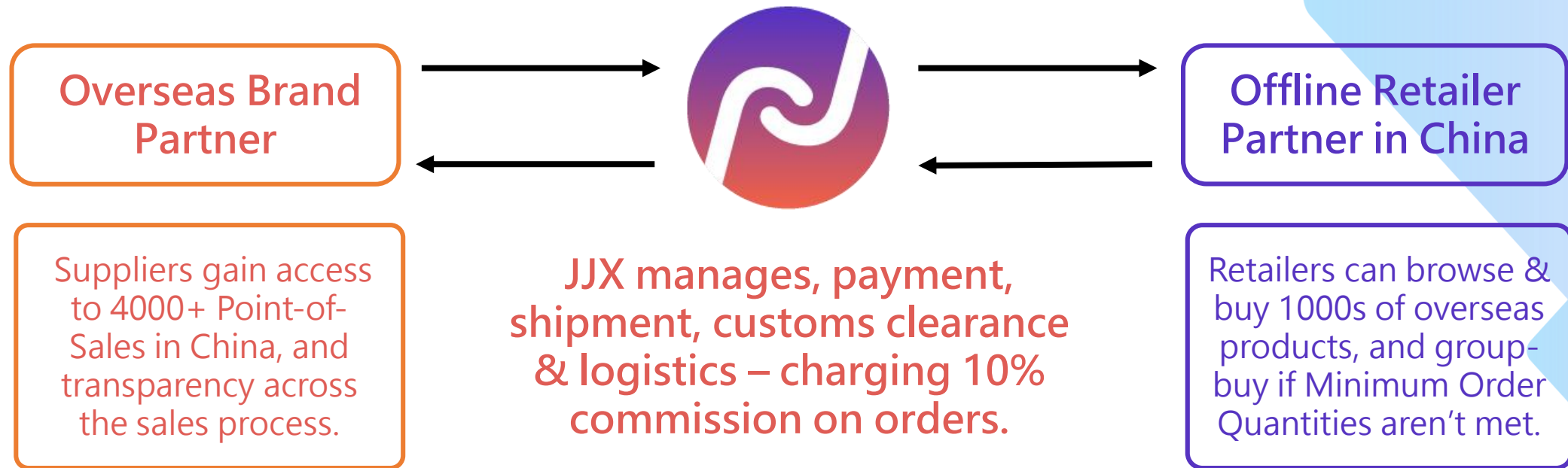
Strategic Focus 2021



JJX – Wholesale Marketplace

- JJX stands for 聚嘉选, JuJiaXuan in Mandarin.
- Connecting Overseas Brands with Chinese Buyers.
- 4,000 point-of-sales nationwide - and growing.
- Full set of services, supporting On & Offline Trade.

JJX – Wholesale Marketplace



- 1 Supplier lists product on JJX**
Local Retailers browse and place order through JJX China
- 2 Retailer makes Order**
Supplier uses JJX to review order, customer & delivery information
- 3 Supplier prepares order**
Supplier packs order, prints key shipping documents, all generated by JJX
- 4 Order collected and delivered**
Trusted Partner collects, ships, and ensures smooth delivery

Hyperlocal Network

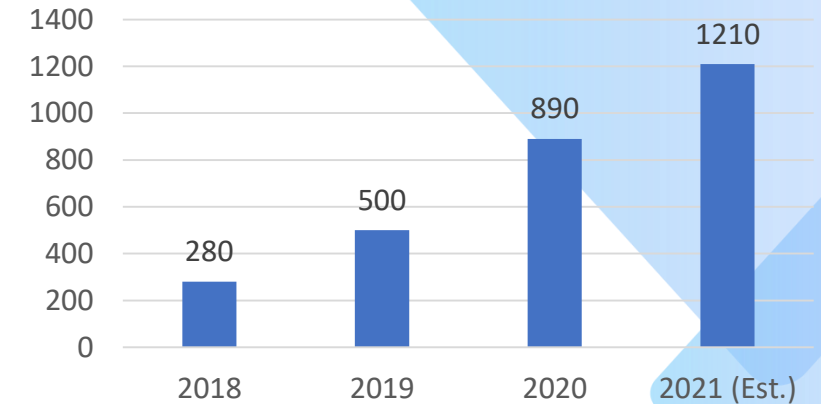
We are giving brands a more legitimate route to sell through Private Channel Networks – a streamlined version of Daigou (Grey Channel) Sales.

In Q4, Private Channels' Sales accounted for 15%+ of Group revenue – and continues to grow in 2021.

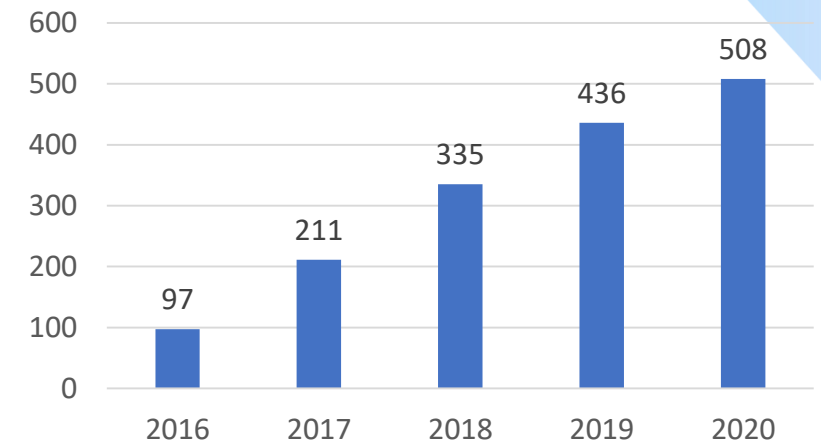
Hyperlocal Network

- Traditionally difficult for overseas brands to manage; we will continue building our Hyperlocal network and leveraging JJX – building our Hyperlocal Management Platform.
- Using dropshipping models with these channels, brands get swifter market entry; develop grassroots support; and we can enhance our CRM Database.

Hyperlocal Sales Growth (A\$Billion)



Hyperlocal Shoppers Growth (Mn People)



China Distribution & Sales

eCargo is a trusted full-service distribution and trading partner, helping brands grow in China. We service brands at all stages, from market entry to nationwide distribution – online and offline.

Market Entry

Brand Growth Pathway

Market Entry program letting brands trial in market, gauge local interest.

Brands looking to enter China
(Service fees; Consignment Stock)

Intermediate Growth

Online Exclusivity

Developing brand distribution channels on eCommerce sites

Brands with some market presence
(Service fees; Sales Commissions)

Nationwide Distribution

Master Exclusivity

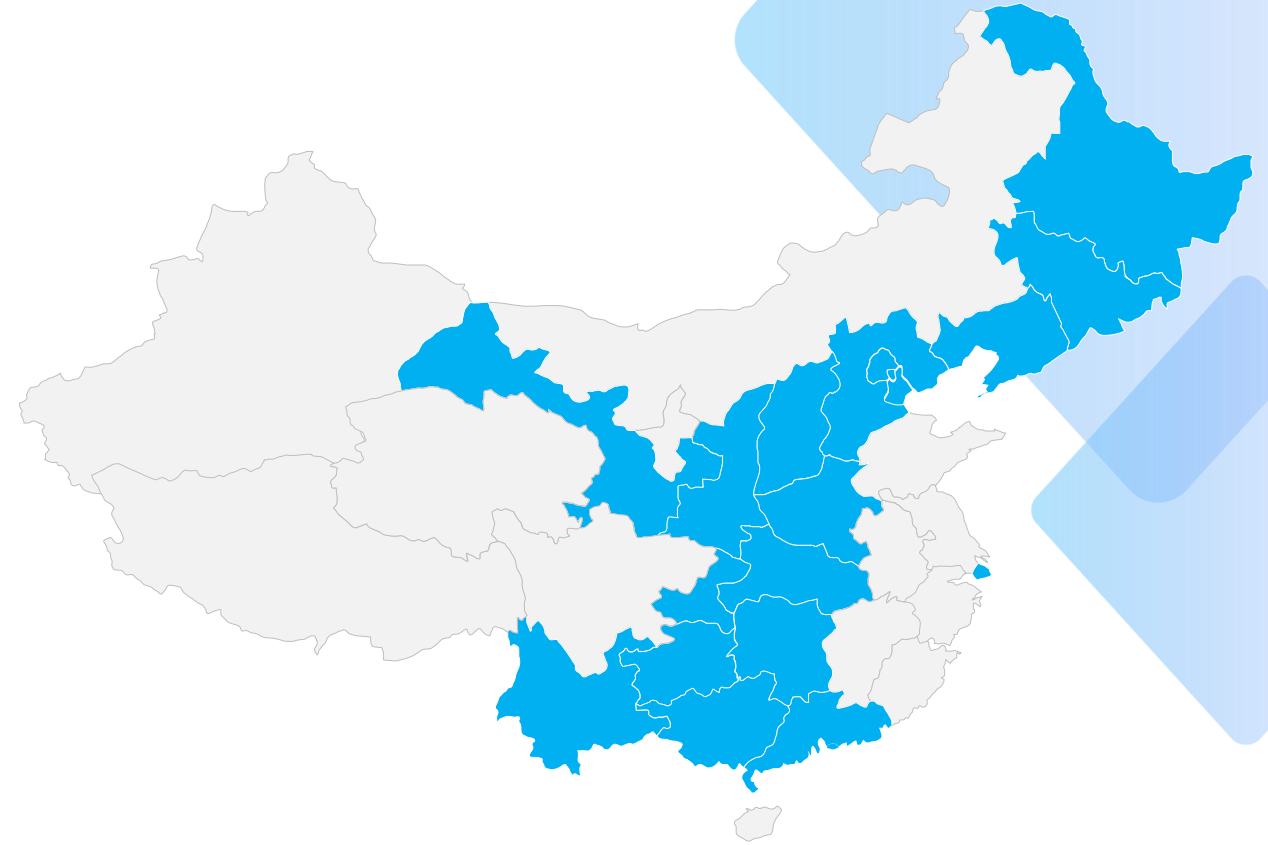
Full online & offline distribution, officially representing brands.

Brands with AUD5M+ annual GMV.
(Buy and Sell Model)

Higher Sales Volume; Increased Revenue

Our Distribution Network

Covering Tier 1 to 5 cities – i.e. reaching consumers of all financial backgrounds – as well as China's largest eCommerce platforms.



150M+
Households

2000+
Offline Retail Stores

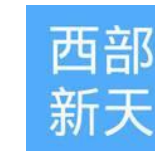
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Provinces

Our Partners, Brands and Platforms

Brand Partners



Platforms and Retailers



Thank You!

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The eCargo Group – ASX Listed ASX:ECG



Appendix FY20 Financial Results

FY20 Results Highlights

- 1 Revenue of HK\$218.5m (AU\$36.4m), up 23% from FY19
- 2 Group-first EBITDA profit of HK\$7.6m (AU\$1.3m)
- 3 Gross Profit up 10%; Operating Expenses decreased 22%
- 4 Online revenue up 103.5%; Offline revenue up 31.0%
- 5 Generated over HK\$940m (AU\$128m) in sales since 2014

FY20 Business Performance Summary

HK\$ million	1H 2020	2H 2020	2020	1H 2019	2H 2019	2019
Revenue	91.0	127.5	218.5	75.0	102.4	177.4
- Distribution & Trading	44.8	70.5	115.3	22.3	48.7	71.0
- Services	46.2	57.0	103.2	52.7	53.7	106.4
Gross Profit	27.6	41.7	69.3	28.9	34.1	63.0
- Distribution & Trading	6.4	8.7	15.1	1.2	2.3	3.5
- Services	21.2	33.0	54.2	27.7	31.8	59.5
Operating Expense	55.5	52.0	107.5	63.4	74.1	137.5
- Distribution & Trading	7.9	7.5	15.4	7.7	11.8	19.5
- Services*	47.6	44.5	92.1	55.7	62.3	118.0
EBITDA	(0.9)	8.5	7.6	(7.7)	1.0	(6.7)
- Distribution & Trading	(1.0)	1.0	0	(6.1)	(5.0)	(11.1)
- Services	0.1	7.5	7.6	(1.6)	6.0	4.4
Net Loss	(26.9)	(12.6)	(39.5)	(34.7)	(39.9)	(74.6)
- Distribution & Trading	(2.3)	2.0	(0.3)	(6.5)	(4.8)	(11.3)
- Services	(24.6)	(14.6)	(39.2)	(28.2)	(35.1)	(63.3)

*Corporate overhead are included in 'Service' for illustration purpose