



# Annual General Meeting

Investor Update

May 17, 2023

Hong Kong | Shanghai | Shenzhen | Sydney | Melbourne | London



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# eCargo helps brands sell more in Asia.

Founded in 2014, eCargo delivers on its mission to help brands enter and sell more in Asia, particularly China, through its one-stop supply chain capabilities covering logistics, distribution, eCommerce and marketing.

eCargo is trusted by 80+ brands from high-end fashion, personal care, health and wellness, maternal and baby categories.

It utilises its technology platforms and an integrated approach to help brands manage their export business and drive omnichannel growth.

# An Integrated Approach: Unleashing Proven Success for Brands

## International Presence

80+ employees across  
Hong Kong, China, U.K.,  
Australia

1

## Extensive warehouse infrastructure

16+ strategically-located  
domestic and bonded  
warehouses in China

2

## Demystify custom clearance process

Experts in cross-border  
customs clearance and  
import regulations

3

## Extensive omnichannel distribution network

Access over 6,000 PoS  
across China, Vietnam, and  
Malaysia

4

## Proprietary Platforms

Digitalise clients' supply  
chain and export business  
with technology and data

5

## Channel Management

Manage online and offline  
store operations (customer  
service, returns, in-channel  
marketing, and more)

6

## Marketing Expertise

Localised marketing  
insights and services to  
activate and drive brand  
presence

7

## Trusted by 80+ brands

Asia partner for brands from  
High-end Fashion, Health &  
Wellness, Personal Care,  
Maternal & Baby, Food &  
Beverage categories

8

# eCargo FY22 Financial Performance



**HK\$4.7 million**

NPAT\* from continued operations

**vs. -HK\$7.9 million**

Improvement vs FY2021

**HK\$99.8 million**

Online & Offline Distribution Revenue

**↑ 41.4%**

Improvement vs FY2021

**HK\$25.6 million**

Digital Commerce Services' Revenue

**↑ 50.6%**

Improvement vs FY2021

**HK\$42.2 million**

Operating Expenses

**↓ 17%**

Improvement vs FY2021

\*Net Profit After Tax

# eCargo FY22 Achievements

- 1** Commercialising eCoreOs® through Flow and PJF Wines; achieving strong growth of over 30% and 50% (MoM) in GMV, respectively
- 2** Achieved diversified revenue base to generate further growth and profitability across all business lines
- 3** Onboarded new clients (Ella's Kitchen, Fentimans, ByTerry) and drove an average of over 300% growth in exclusive brand sales
- 4** Expanded online and offline distribution network across China by over 20%

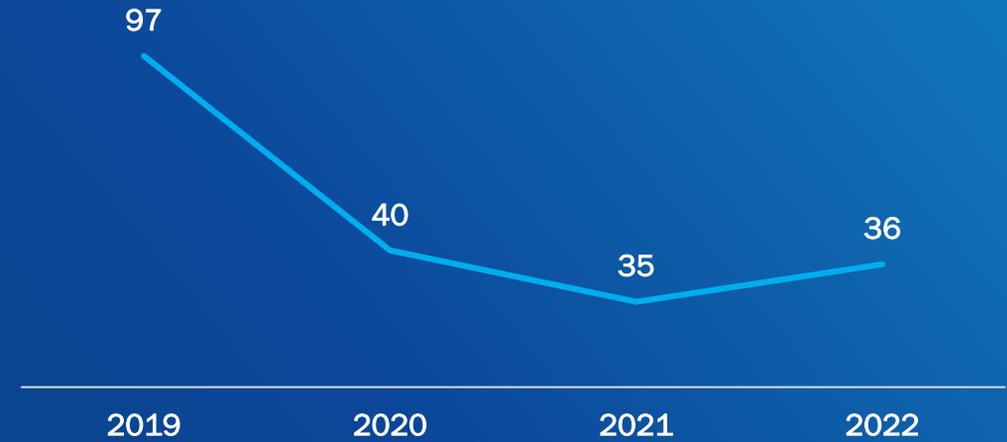
# FY22 Business Review



**Net Profit\* (HK\$M)**

## One-off asset disposal; Profitable China business

- First time the Group's China business became profitable with HK\$4.7m in NPAT (FY21: -HK\$7.9m);
- Current business is sustainable and proceeds from sale of Amblique enables the Group to focus on future-proofing technology

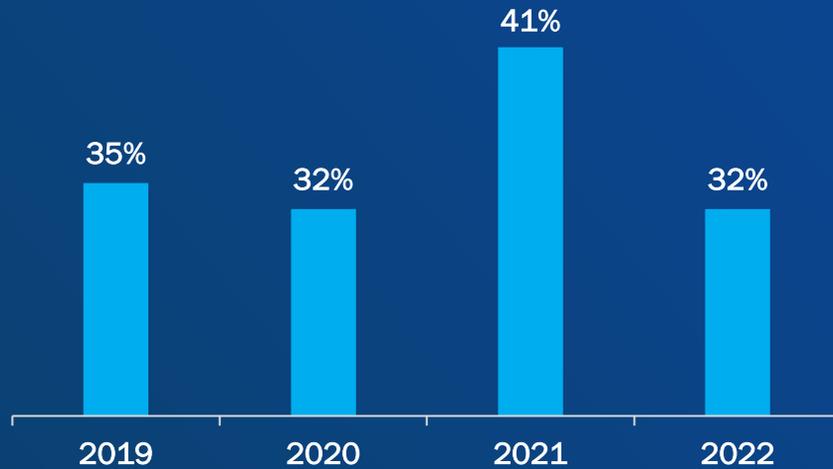


**Inventory Turnover Period (Days)**

## Inventory Turnover increased due to China COVID disruptions

- Disruptions from China lockdown slowed movement of inventory throughout FY22;
- Saw improvements in Q422 versus the rest of the year

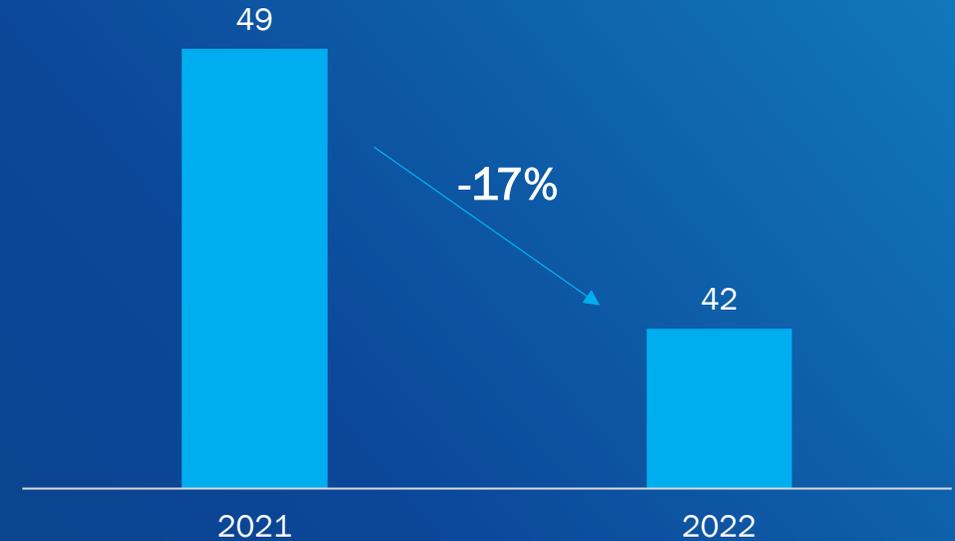
# Driving Efficiency Across Business Units



## Gross Profit Margin

### Decrease in overall gross profit margin

- A drop in gross profit margin was due to discounts given to drive product sales during Covid Lockdowns;
- Products traded through Flow also had lower margins compare to exclusive brands' margins

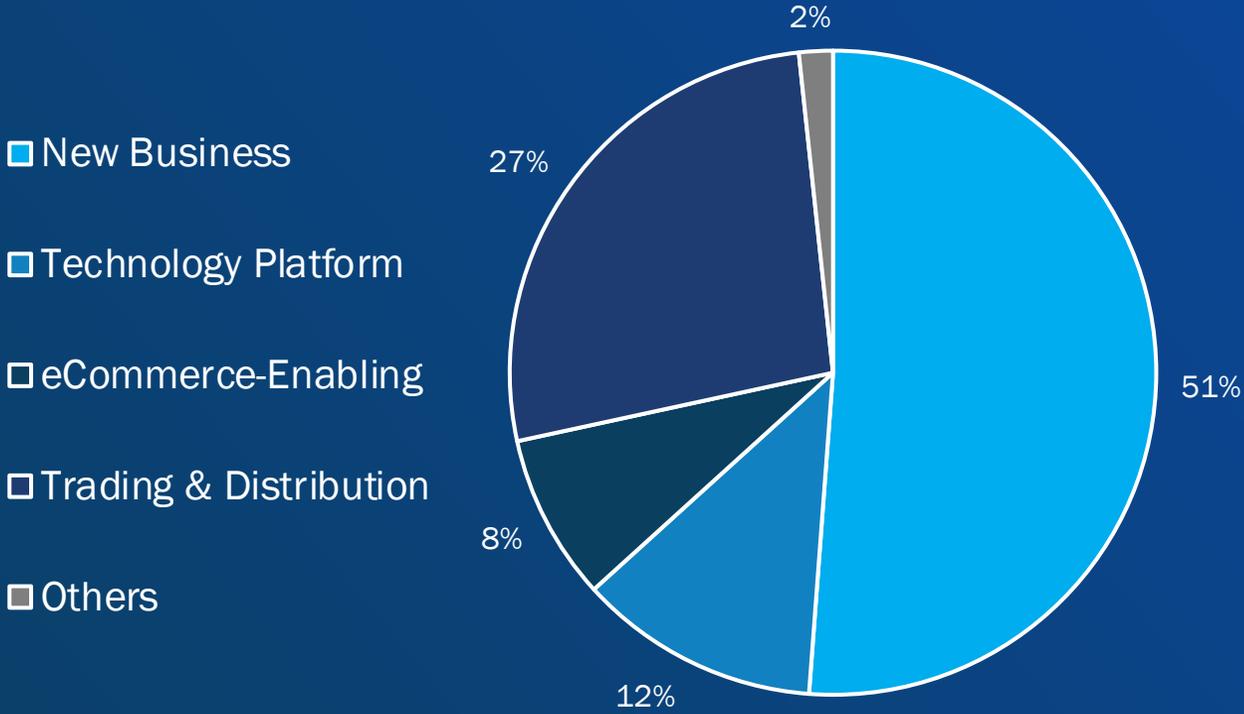


## Operating Expenses (HK\$m)

### Continue operating efficiency programme to drive better scale

- Reevaluated resources across office locations and reshuffled talents and roles, saw improvement in efficiency and costs;
- Better usage of marketing expenses to drive higher ROI

# Diversifying Revenue Base



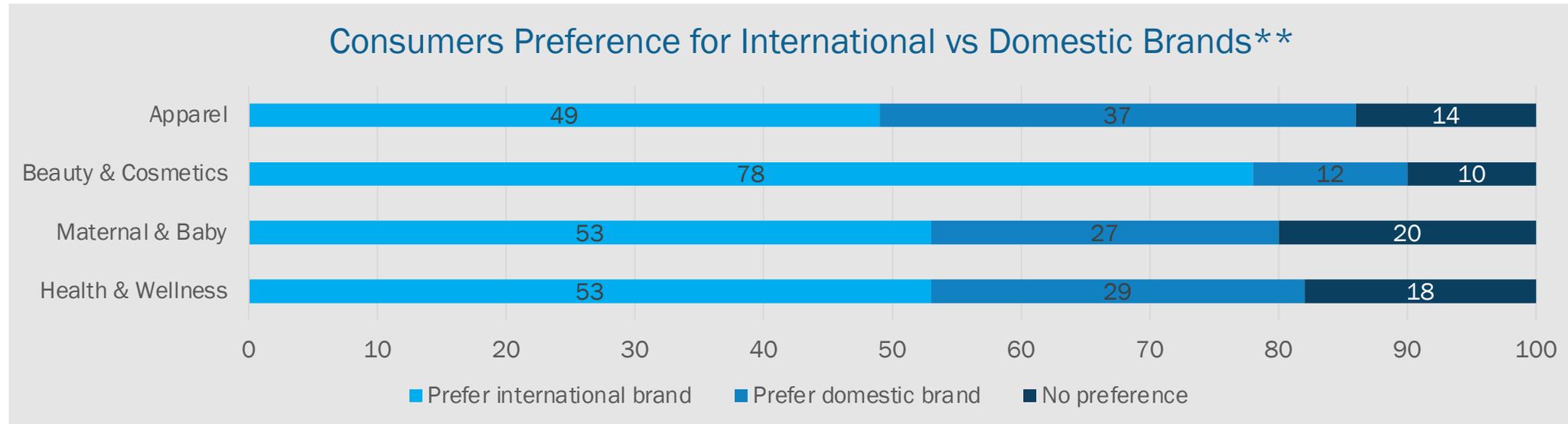
## Revenue Contributions

### Group revenue growth driven by new business and technology platforms

- Group embarked on a strategy to be technology enabled in order to grow at a more accelerated manner
- Result in more revenue generated per staff cost
- New customers contributed to revenue growth

# China Market Landscape in 2023

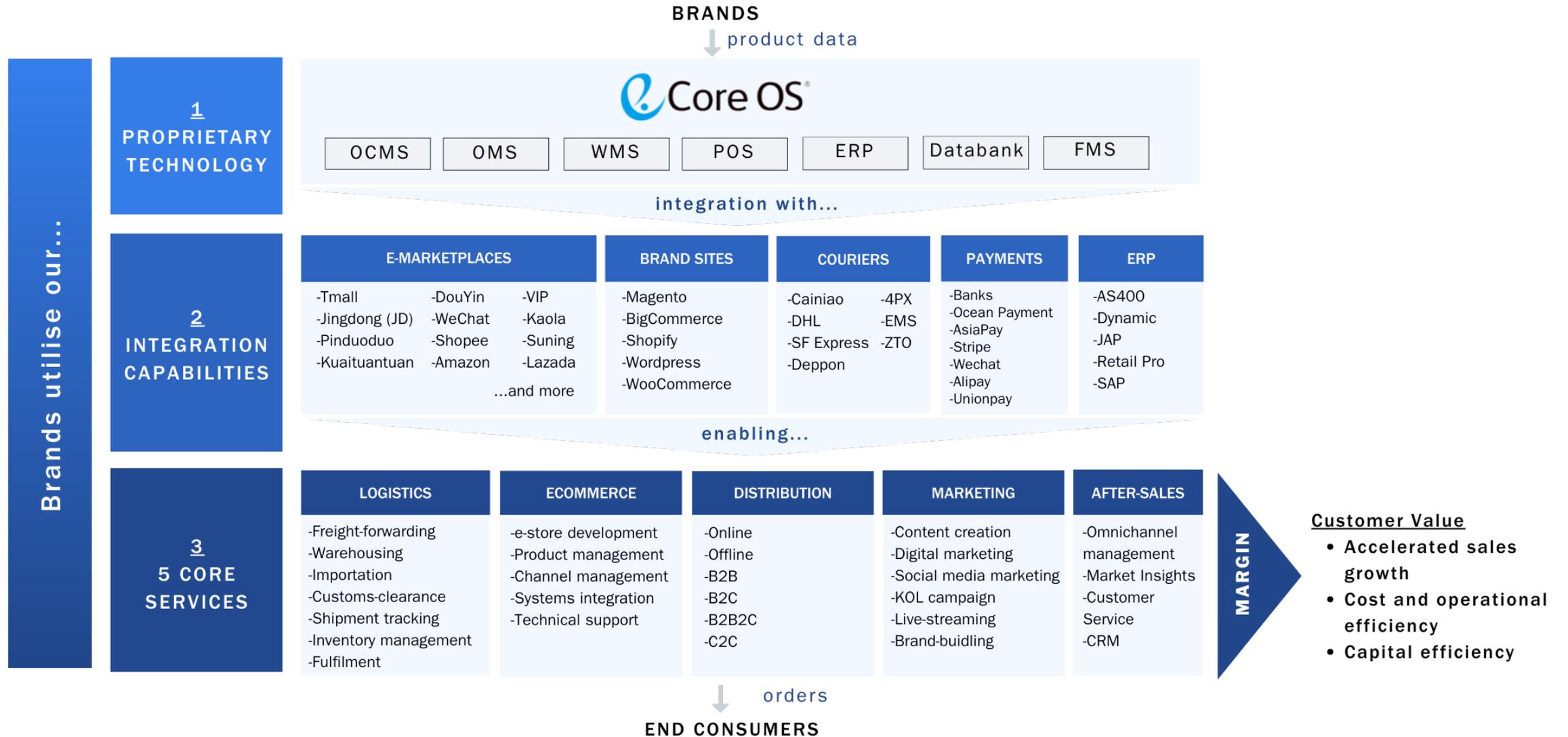
- Removal of COVID-zero policies and government stimulus activities drive recovery in China economy, with GDP in Q1 growing 4.0% year-on-year; vs 2.9% in Q4 2022\*
- Social commerce and Live-streaming are key drivers for online sales growth; Q1 recorded over 43 million live streaming shows on key eCommerce platforms, selling over 34 million products and attracting 360 billion viewers\*
- Online retail sales rose 8.6% reaching US\$478.5 billion in the first three months of 2023; with travel-related consumption growing 115.8%\*
- The soon to rollout of e-yuan will enable quicker and more efficient cross-border trade
- Consumers prefer international brands over domestic brands for Apparel, Beauty & Cosmetics, Maternal & Baby, and Health & Wellness categories
- **All these catalysts provide conditions for eCargo to continue its growth in 2023**



\*Data from China's Ministry of Commerce

\*\*Data from MarketIDX

# eCargo's Core Infrastructure to Drive Value



# Creating a Connected Digital Ecosystem

Utilising eCoreOS® 's capabilities as the backbone infrastructure that supports omnichannel management, order management, and warehouse management to:

- 1) provide digitalised supply chain solutions to brands
- 2) develop proprietary digital marketplace solutions

## B2B Distribution



- B2B distribution supported by full-suite of services including logistics management, credit and supplier management, order management, and sourcing

## B2C Distribution



- Largest cross-border fine wine e-marketplace for China
- Supports logistics, custom-clearance, inventory management, and order fulfilment
- Built-in marketing platform to enable product discovery

## Marketing/Direct Sales (Social Commerce)



- Micro-influencer community that enables influencers to work directly with brands to help build out grassroot marketing programmes
- Enables influencers to become ambassadors and generate passive income through sales

Delivering on eCargo's mission: Help Brands Sell More

# eCargo Investment Opportunity

- Proven track record in growing global brands in China through our established services, distribution network, marketing channels, experienced team and proprietary technologies
- Focus on products in health and wellness, beauty and skincare, personal care, baby and mother, and premium food and beverage; all high demand categories by Chinese consumers as domestic consumption increases
- Launch of self-owned B2B trading platform Flow and B2C marketplace PJF Wines; both growing its customers and orders strongly on a monthly basis; generating diversified revenue
- Capturing the growth in Social Commerce in Asia through new platform launch, Hype
- Strong supply chain and sourcing network globally with presence in over 80 countries through affiliated companies and subsidiaries



# Management Team



**Lawrence Lun**  
Chief Executive Officer

- Over 10 years experience in digital activation, eCommerce, brand marketing and logistics supply chain
- Part of the founding team of eCargo and set up of its cross-border eCommerce business
- Previously held roles in Investment Banking, Digital Banking and Asset Management



**Oscar Tsang**  
Chief Financial Officer

- Over 10 years experience in finance and accounting, corporate finance and M&A investments
- Certified Public Accountant and Chartered Accountants in England and Wales
- Previously worked for China Financial Services Holdings Ltd, Hong Kong-listed company, as FC, PricewaterhouseCoopers and Ernst & Young in Hong Kong



**Vivien Ho**  
Head of Operations & Support

- Over 6 years helping brands sell into China through online marketplaces and B2B channels
- Responsible for managing the group's logistics, warehousing, procurement, and channel operations
- Previously helped numerous global insurance companies to design, develop and manage complex digital-driven projects



**Philip Pau**  
Brand Management Director

- Over 16 years of experience in sales, marketing, digital commerce, and account management
- Joined eCargo in 2019 as Business Development Manager, now leads the brand management function to support brands' entry into China and accelerating their success



**Ryan Gu**  
Business Development Director

- Over 10 years of experience in brand management, sales & marketing, eCommerce platform management
- Joined eCargo in 2022 as Business Development Director to lead the development of new brands, Cross-border eCommerce and Offline channels' distribution and sales

# 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)



**Yuming Zou**

Independent Non-Executive Director

- Currently Chief Financial Officer at Fangzhou Jianke, managing finance, M&A, governance and controls
- Over 15 years in Investment Banking, previous role as Executive Director at JP Morgan in Corporate Derivatives Trading



**Von Lam**

Independent Non-Executive Director

- Founder & Managing Partner at Increment Capital, a technology-driven investment firm based in Hong Kong
- Previously managed technology private equity investments at Clearlake Capital; a private equity investor with Warburg Pincus; as well as roles at Microsoft, UBS and JP Morgan



**John Lines**

Independent Non-Executive Director

- Founder of shipping consultancy, Australian Shipping Group
- Currently Chief Executive Officer of ANL Container Line
- Previously served as Chairman of Shipping Australian, and Chairman for Australia on the Asian Shipowners Forum

# Thank You!

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