



Chairman's Investor Update
May 23, 2016

 **Cargo**
Your eCommerce Partner

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eCargo Holdings Limited (ASX:**ECG**) are a “One-stop Shop” eCommerce enabling group of businesses aiming at bringing international brands onto the online market in China, with a secondary emphasis on the development of certain eCommerce enabling services in Australia as well as on eCommerce technology for retail and fashion brands around the world. Our “One-stop Shop” eCommerce enabling services in China includes eOperation (of stores in eMarketplaces in China), Cross-border eCommerce, eFulfillment, Social Media Marketing, Studio and Photography.

In Australia, **ECG** operates the largest Demandware systems integration specialist under the Amblique brand.



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 - enrich
 - **amblique**

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1. Executive Summary

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2015 Results Summary

Revenue: HK\$118.1M

 **423%**

Gross Profit: HK\$61.2M

 **595%**

Business Highlight

- **Solid momentum in expanding the brand and retail client portfolio of Australian and international brands and merchants**
- **Selected by Woolworths, Ted Baker, Cotton On, Sony, Tom Tailor as digital commerce services provider**
- **Successful completion and integration of Amblique acquisition**
- **Expansion into food, groceries, healthcare and beauty consumer product segments**



Brand and Retail Principals (1/4)

- **Digital Commerce Implementation and Support**



T E D B A K E R
L O N D O N

Klipsch
KEEPERS OF THE SOUND



LA PERLA



KAREN MILLEN

Brand and Retail Principals (2/4)

- **eFulfillment Services**

NEW LOOK

LA PERLA


kate spade
NEW YORK

Klipsch
KEEPERS OF THE SOUND

Juicy Couture

 **澳道** 户外运动健身
.com



SKECHERS

ChinaMade.com
Online Wholesale Marketplace

sass & bide

KAREN MILLEN

Brand and Retail Principals (3/4)

-  **enrich®**

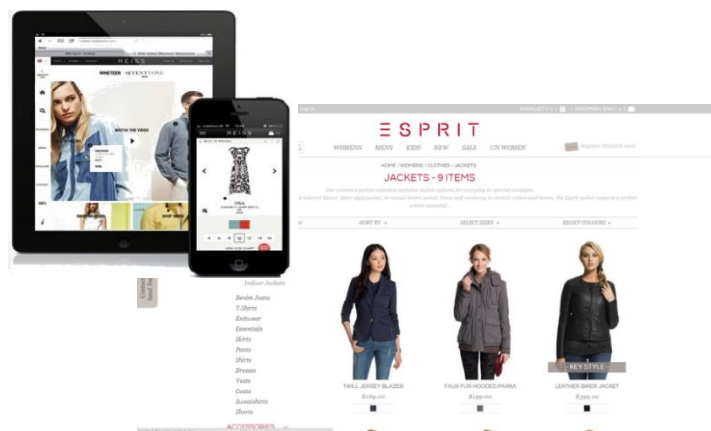
Tenny Puckham

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RODD & GUNN

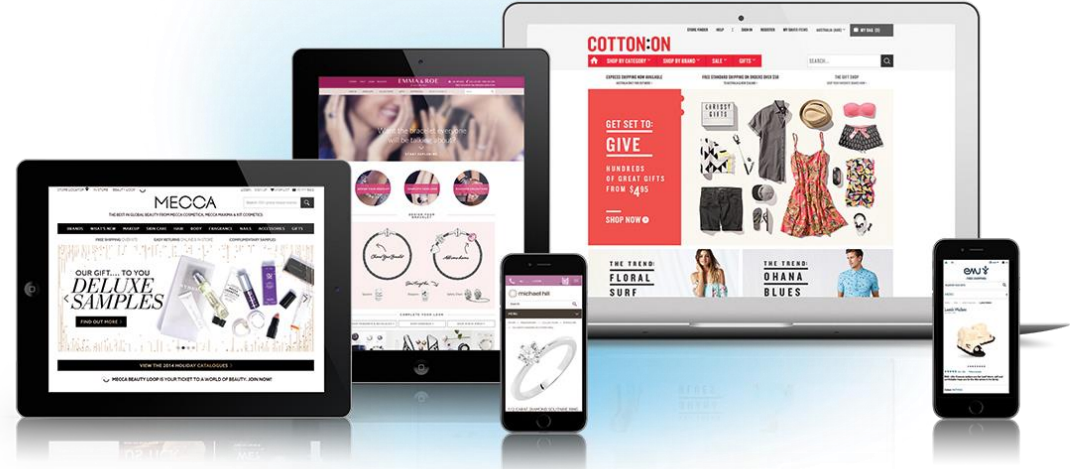
ESPRIT

Jeanswest
AUSTRALIA



Brand and Retail Principals (4/4)

■ **amblique** 



COTTON:ON

thewarehouse //

DR. LEWINN'S®

[A'kin]®

SONY

NINE WEST

 warehouse
stationery

2XU

[Alchémÿ]

MECCA

JAG.

SPORTSCRAFT

seed
HERITAGE

R. M. WILLIAMS
EST. 1932. AUSTRALIA


michael hill.

FRENCH CONNECTION

ewy 

SABA

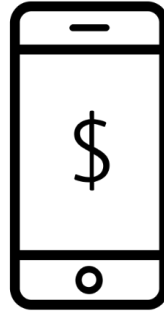
A nighttime photograph of the Shanghai skyline. The Oriental Pearl Tower is the central focus, with its three spheres and spire illuminated. To its right, the Shanghai Tower is visible. The city lights reflect on the water in the foreground. A blue banner with white text is overlaid in the center.

2. China eCommerce Market Landscape

Market Overview



571M
Mobile Internet Users



360M
Online Shoppers



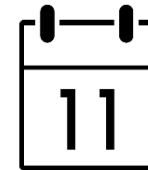
34%
Mobile Commerce



¥ 2.8Tr
China Online Shopping GMV



¥ 102Bn
Fashion and Beauty Online Sales



¥ 91Bn
Alibaba 2015 Double 11 Sales

China Cross-border eCommerce



5,000

Cross-border eCommerce platforms

200,000

Enterprises



¥ 6.5Tr

Expected in 2016

30%

Expected growth rate

WELL POSITIONED TO TAP INTO THIS GROWING MARKET SEGMENT

ECG are working with major supermarkets in Australia and the United Kingdom, and cross-border eCommerce traders to develop the foundation of our business, as well as evaluating certain O2O opportunities in the same industry.

Together with member companies of the Cargo Services Group, **ECG's** sister group of companies, **ECG** are establishing a substantial network of Cross-border eFulfillment centres in Qianhai (Shenzhen), Ningbo, Guangzhou, Shanghai and Tianjin.

Market Size and Growth (1/3)

eCommerce Sales by Market



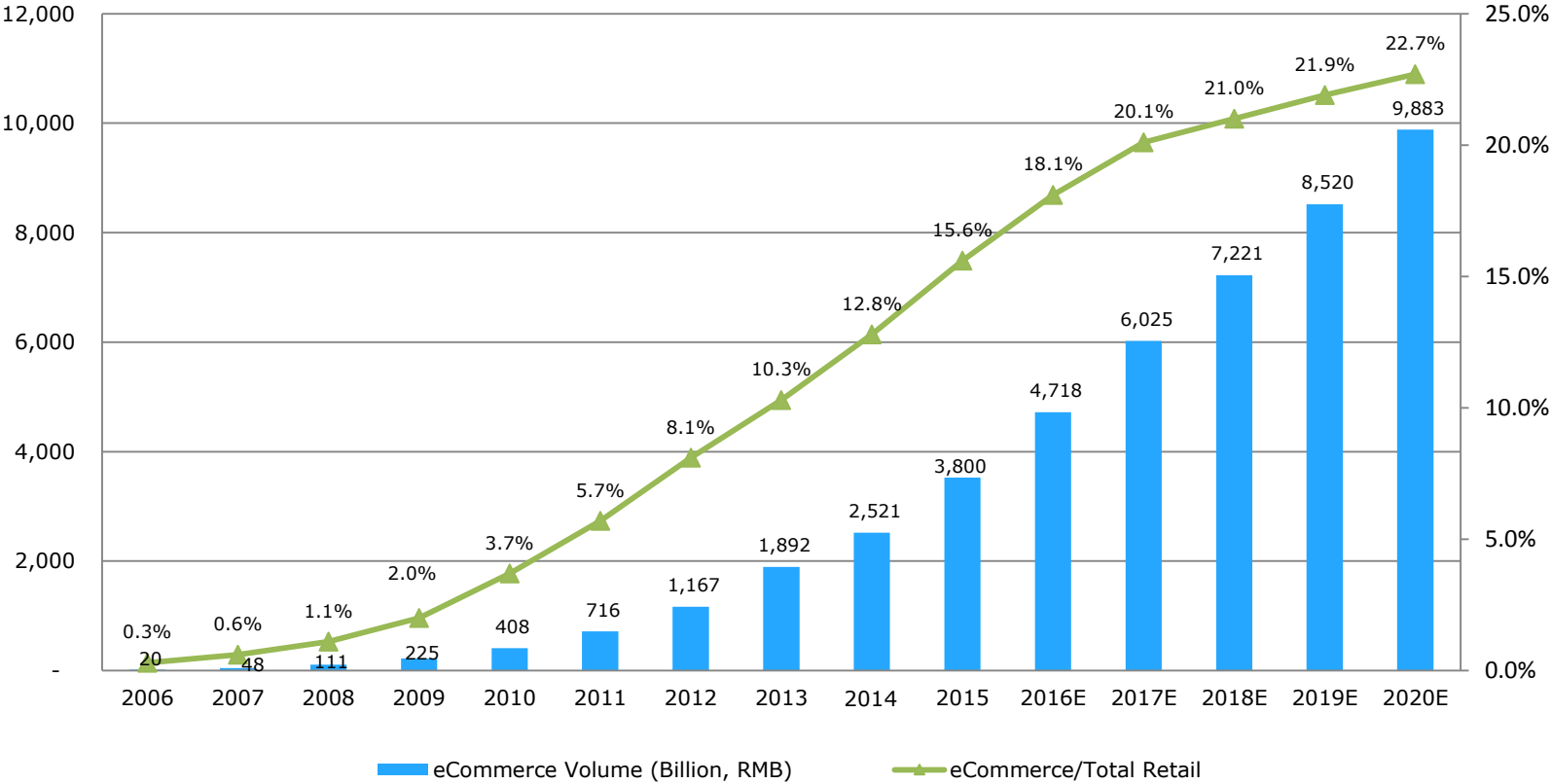
* **Bubble size = eCommerce sales (GMV) in 2015; Total retail sales do not include spending on auto, fuel and food.**

Sources: Internet Retailer February 17, 2016; iResearch May 13, 2016 and other industry sources.

Market Size and Growth (2/3)

eCommerce Sales as % Total Retail Sales in China

China Annual eCommerce Retail Sales
(excluding auto, fuel, and food)



Forecast to reach 20% by 2017

Market Size and Growth (3/3)

Expected Growth of eCommerce Sales in China

South China Morning Post Wednesday, October 14, 2015

BUSINESS

E-COMMERCE

BRICKS AND MORTAR UNDER THREAT

Consolidation among major e-commerce players raises barriers to entry in mainland's competitive and fast growing O2O sector

Benjamin Robertson
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Last week's proposed merger between two of the mainland's leading consumer lifestyle sites was a wake-up call for firms that have yet to start an e-commerce platform in an economy where online transactions are tipped to total half of all consumer sales within seven years, experts say.

Consolidation is raising barriers to entry in the highly competitive and rapidly growing online-to-offline (O2O) sector, where taxi-hailing mobile application Uber and other companies try to draw customers to physical services through the internet. That means new entrants better have deep pockets and a smart business plan.

Unless you have something special to offer, "a bricks and mortar strategy is basically dead in China", said Shaun Rein, the Shanghai-based founder of China Market Research Group.

And even then, O2O companies were still in cash-burning mode, "building market share but not generating revenues", by subsidising services like a restaurant meal or cinema ticket to attract hits, Rein said.

Last Thursday's deal was a case in point. Valued at US\$15 billion or more, the tie-up unites Alibaba-backed Meituan.com with Tencent-backed Dianping.com to create a dominant O2O player in services such as finding online deals, as well as in promoting buying of coupons and accessing ratings.

The combined firm will overshadow the smaller rival.

Unfavourable demographics and competition from e-commerce have created worse-than-expected headwinds for conventional consumer distribution channels. Photo: EPA

nience of online shopping and home delivery over dealing with gridlocked streets and polluted air.

Chinese consumers bought 12.4 per cent of their retail products online last year. That number should rise to 33.6 per cent in 2019, forecasts eMarketer, and Rein predicts it may hit 50 percent by 2022.

By comparison, online retail sales in the U.S.A., where retail space per capita is four times higher than in China, are expected to total just 9.8 percent of total sales by 2019, barely budging from 6.5 percent last year, eMarketer data shows.

States, where retail space per capita is four times higher than in China, are expected to total just 9.8 per cent of total sales by 2019, barely budging from 6.5 per cent last year, eMarketer data shows.

to toes in a few tens of millions of dollars into supporting a proxy, perhaps even a few hundred million, but beyond that logic ticks in and the temptation of combining forces to create a dominant player is too hard to resist.

The competition would only increase, Clark said, given improvement in logistics allowing same-day delivery of even refrigerated goods.

Investor sentiment, with a recent Chinese consumer report by investment bank Jiejiies ranking a swathe of retailers and department store stocks "neutral" in part because of competition from online platforms.

"Unfavourable demographics and competition from e-commerce create worse than expected headwinds to conventional

Challenges still exist for established retailers wanting to make the switch.

"A lot of executives used to bricks and mortar can't make the transition," Rein said.

Understanding the product range and service level expected by digital consumers was tough for people used to doing business in a different way, he said.

China could account for over half of the global retail eCommerce market by 2018, driven by the growing middle-class and increasing use of smart mobile devices.

South China Morning Post HK CHINA ASIA WORLD COMMENT BUSINESS PROPERTY TECH LIFESTYLE

174 SHARES

World Internet Conference 2015

Buoyed by Alibaba's success, China to make up 50 per cent of global e-commerce market by 2018 as it eyes 'digital Silk Road'

Boom in online shopping exemplified by nation's annual 'Singles Day' on Nov 11, rise of themed forums like ongoing World Internet Conference in Zhejiang

PUBLISHED : Wednesday, 16 December, 2015, 2:06pm
UPDATED : Wednesday, 16 December, 2015, 2:06pm

IMPRESSIONIST & MODERN ART AUCTION
Wednesday May 11, 2016
New York
Bonhams

We recommend for you

BUSINESS
Credit card relaxation may be the next debt problem for China
02 May 2016

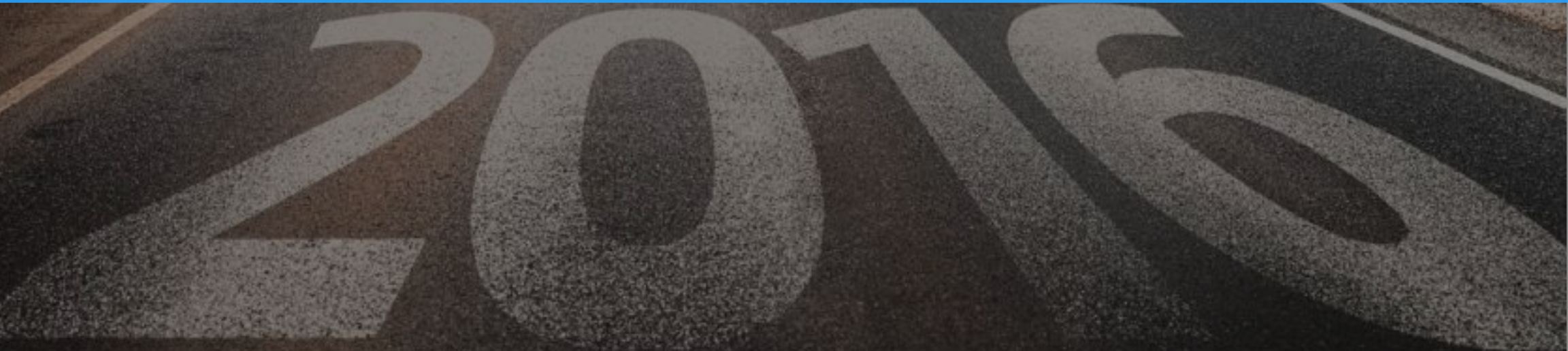
NEWS
Naked outrage: Chinese woman under fire on social media after posing...
13 Apr 2016

159 ¥100 (¥10 billion)



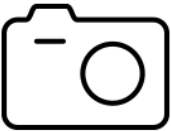
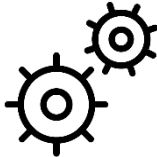










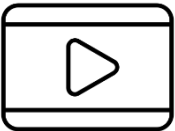






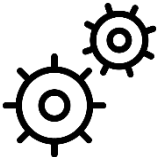


Chinese consumers bought 12.4 percent of their retail products online last year. That number should rise to 33.6 percent in 2019, forecasts eMarketer, and Rein predicts it **may hit 50 percent by 2022**. By comparison, online retail sales in the U.S.A., where retail space per capita is four times higher than in China, are expected to total just 9.8 percent of total sales by 2019, barely budging from 6.5 percent last year, eMarketer data shows.



3. ECG Business and 2016 Outlook



eCommerce Business Scope

eOperation	eFulfillment	eStudio	eCommerceIT	Amblique	enrich
 Customer Service	 Logistics	 Photography	 eCoreOS	 Demandware Implementation	 enrich Implementation
 Design	 Warehousing	 Styling and Design	 eCWMS	 Strategy	 Magento Implementation
 Social Media	 Pick and Pack	 Catwalk and Product Videos	 Rapid Scale OMS	 Support Services	 Support Services
 SEO / SEM					
 China Entry					
 Support Services			 eMarketplace	 User Experience	 User Experience

2016 Outlook

1	eOperation	<ul style="list-style-type: none">• Expand client base of brands and retail principals outside of China, Australia and New Zealand leveraging strengthened sales team and market position• Expand and grow GMV of existing brand and retail partner base
2	eFulfillment	<ul style="list-style-type: none">• Improve selection of client base and extract from less profitable operations and improve operational efficiency• Increase cross-border eCommerce volumes
3	eStudio	<ul style="list-style-type: none">• Launch Kmart Australia in Q1 2016• Achieve greater synergy and operational efficiency with growth of business volume
4	eCommerceIT	<ul style="list-style-type: none">• Improve features, scalability and stability of existing platforms• Develop eMarketplace mobile application to capture the opportunity of mCommerce
5	Amblique	<ul style="list-style-type: none">• Strengthen sales force to ensure Amblique Demandware sales are redirected towards enterprise solution seeking clients• Extend Demandware re-seller agreement to include Asia Pacific
6	enrich	<ul style="list-style-type: none">• Further enhance professional team and improve scalability• Expand market reach for go to market offer with third party OEM arrangements with Fusion Factory middleware and Fred Hopper Search and Personalisation

Key strategic imperatives

- **Develop eMarketplace mobile application technology**
- **Expand ECG's Brand and Retail principal client base**
- **Improve the efficiency and effectiveness of eOperation business**
- **Introduce new and innovative concepts to Brands to adapt the needs of consumers in different markets, especially in China**
- **Seek investment or acquisition opportunities which provide synergy and value for ECG shareholders**



The background image shows a group of people in silhouette, sitting around a long table in a meeting room. Large windows in the background show a sunset or sunrise, with the sun low on the horizon. The scene is dimly lit, with the primary light source being the natural light from the windows. The silhouettes of the people are dark against the lighter background of the windows. The overall mood is professional and collaborative.

4. Board of Directors and Executive Team

Board of Directors



Mr. John Lau
Executive Chairman and
Executive Director

John is Executive Chairman, Executive Director and Founder of ECG. In addition, John is Chairman and Founder of ECG's largest shareholder, JL Enterprises, Founder and Group Managing Director of CS Logistics, Founder and Managing Director of Cargo Services Far East, a principal operating subsidiary of the CS Logistics group of companies and Managing Director and founder of Xin Hai Hua Enterprises.



Mr. Christopher Lau
Chief Executive Officer
and Executive Director

Christopher is Chief Executive Officer, Executive Director and Founder of ECG. In addition, Christopher is a Co-Founder of eComLock.com, an alternative last mile delivery solution in China and a Court Member of the Hong Kong Baptist University.



Mr. Rupert Myer AO
Independent Non-
Executive Director

Rupert is an Independent Non-Executive Director of ECG. In addition, Rupert is a Director of Healthscope Limited (ASX:HSO), Amcil Limited (ASX:AMH), Chair of the Commonwealth Government's Australia Council for the Arts, serves as Chairman of Nuco Pty Limited, a private Myer family investment company and is a board member of a number of Myer family-owned investment companies.



Mr. Chris Ryan
Independent Non-
Executive Director

Chris is an Independent Non-Executive of ECG. In addition, Chris is Executive Director of Investorlink Corporate Limited, a Sydney-based corporate finance and advisory firm, Executive Director of the Investorlink Group Limited and Co-Chairman of TTG Fintech Limited (ASX:TTG). Investorlink Corporate Limited acted as the Corporate Advisor to ECG's IPO issue in November 2014.



Mr. Heath Zarin
Independent Non-
Executive Director

Heath is an Independent Non-Executive Director of ECG. In addition, Heath is Managing Director and Founder of EmergeVest, a Hong Kong based private equity firm, Chairman of Allport Cargo Services Limited, Chairman of Adjuno Limited, Chairman of NFT Distribution Operations Limited, Chairman of Palletforce Limited.

Executive Team



Mr. John Lau
Executive Chairman

- Over 40 years experience in trading, shipping and logistics in China
- Founder and Group Managing Director of Cargo Services Far East and CS Logistics



Mr. Christopher Lau
Chief Executive Officer

- Over 12 years experience in financial services, retail supply chain and logistics
- Previously worked for HSBC, Ernst & Young, Deutsche Bank, Cargo Services Far East and CS Logistics



Mr. Garnok Cheung
Chief Financial Officer

- Over 18 years experience in financial services
- Certified Public Accountant and Chartered Global Management Accountant
- Previously worked for ITC Corporation Limited, PwC and Deloitte



Mr. Franc Renzi
Chief Operating Officer

- Over 28 years of experience in retail and fashion
- Founder of Suburban (sold in 2008)
- Previously worked for Jeanswest, Pepe Jeans, Suburban and Myer



Mr. Justus Wilde
Chief Strategy Officer

- Over 18 years experience in eCommerce
- Founder and Principal Strategist at Amblique
- Successfully implemented over 400 digital commerce and technology solutions for retailers such as Cotton On, R.M. Williams, Michael Hill and APG & Co., etc.

Creating the Impossible



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