Cross Border



Background

- In the long term, World is moving towards a zero-tariff era, More and more high level regional trading agreement is done or in process (CPTPP in 2018 for Trans-Pacific, USMCA in 2018 for North America, RCEP in 2020 for East-South Asia, Sino-Euro FTA is in process...), it is Golden Time for cross border business development
- In the short/Medium term, COVID-19 will last 1-2 years, even longer, it will change the life style for many people in many countries, it is a big opportunity for e-Commerce business.

Logistic Mission

Make <u>Newegg Logistic</u> a preferred brand to provide cost-efficient service and integrated solutions for clients` developing their international business all over the world.

<u>One World, One Market</u>

Strategic

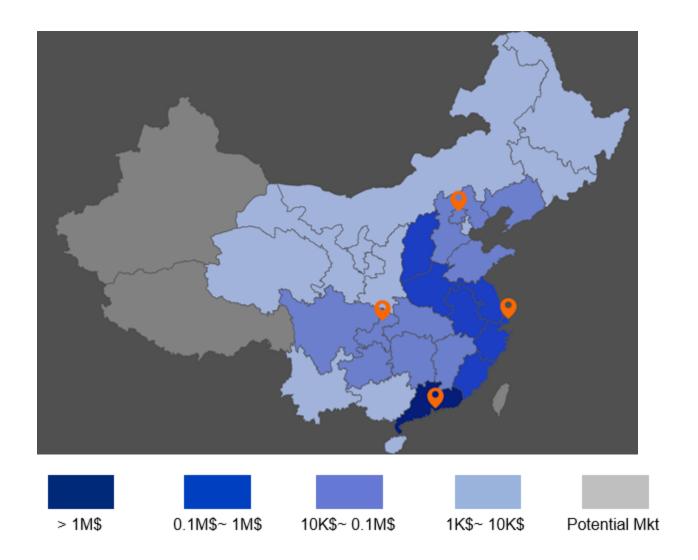
Step 1:

Establish the first cross border logistic center in Shanghai to serve the clients who has supply chain/logistic requirements for their international business in area of JiangShu, ZheJiang, Shanghai and AnHui.

Step 2:

Copy the successful experience to build logistic centers in other regions of China, the recommendation is: Shenzhen, Chongqing and Beijing

Remark: The 4 logistic centers in China could support the future cross border e-commerce business in the world, not only export, but also import



Step 3: Establish the logistic centers in main developed and developing markets all over the world with the same concept.



Why

Why is now (time)

- 1. China government strongly encourage the cross border e-commerce business, it is one of the "dual-cycle" strategic policies to develop China economics (this policy was raised in 2020)
- 2. Cross border e-commerce export business is still in start-up stage in China, it is "blue sea" compare to the domestic "B-to-C" business. This project will make Newegg in first phalanx, even a leader of new business model.

Why is in Shanghai (location)

- 1. Shanghai and its neighbor provinces are the gathering place for sellers, Most of shipments depart from Shanghai to other countries.
- 2. Shanghai Pudong district has been the most important place to realize the strategic policies which made by China central government, So lots of preferential policies can be used for our project.
- 3. As an international city, Shanghai has very good logistic environment for import and export business to support different business models.

Why is Newegg (team)

- 1. Top management team's strategic view and fully support base on the awareness and sensitivity to China market.
- 2. Existing cross border e-commerce business grow up rapidly, there is strong team in Newegg China.

Expected logistic process

