



MingZhu Logistics Holdings Ltd

**Nasdaq: YGMZ**

**MingZhu Logistics**  
**Holdings Limited**

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Investor Presentation

June 2021



# Safe Harbor & Free Writing Prospectus Statement

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Readers are cautioned that securities of MingZhu Logistics Holdings Limited (the "Company," "we," "our" or "us") are highly speculative. No representation or warranty, expressed or implied, is or will be made and, save in the case of intention or fraud, no responsibility or liability is or will be accepted by the Company or by any of its directors, officers, employees, agents or affiliates as to or in relation to the presentation or the information contained therein or forming the basis of this presentation or for any reliance placed on the presentation by any person whatsoever. This presentation includes statements that are, or may be deemed, "forward-looking statements." In some cases these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "plans," "intends," "may," "could," "might," "will," "should," "approximately," "potential," or in each case, their negative or other variations thereon or comparable terminology, although not all forward-looking statements contain these words. They appear in several places throughout this presentation and include statements regarding our intentions, beliefs, projections, outlook, analyses or current expectations concerning, among other things, the trucking service market in China and the prospects of our businesses as stated herein. By their nature, forward-looking statements involve risks and uncertainties because they relate to events, competitive dynamics, and regulatory developments and depend on the economic circumstances that may or may not occur in the future or may occur on longer or shorter timelines than anticipated. Although we believe that we have a reasonable basis for each forward-looking statement contained in this presentation, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial conditions and liquidity, and the development of the industry in which we operate may differ materially from the forward-looking statements contained in this presentation as a result of, among other factors, the factors referenced in the "Risk Factors" section of the prospectus contained in the registration statement on Form F-1 initially filed with the Securities and Exchange Commission (the "SEC") on September 27, 2019, as amended (Registration No. 333-233992) (the "Registration Statement"). In addition, even if our results of operations, financial conditions and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this presentation, they may not be predictive of results or developments in future periods. Any forward-looking statement that we make in this presentation speaks only as of the date of such statement, and we undertake no obligation to update such statements to reflect events or circumstances after the date of this presentation. This presentation highlights basic information about us. Because it is a summary, it does not contain all of the information that you should consider before investing. You should read carefully the factors described in the "Risk Factors" section of the prospectus contained in the Registration Statement to better understand the risks and uncertainties inherent in our business and any forward-looking statements





# Company at a Glance

4A-grade trucking service provider in China

2nd largest trucking service provider in the Guangdong region in 2017



19

Years of Operation



\$18.8M

2020 Revenue



\$78.2K

2020 Net Income



2

Regional Terminals



108

Tractors



76

Trailers



# Table of Contents



Investment Highlight



Company Introduction



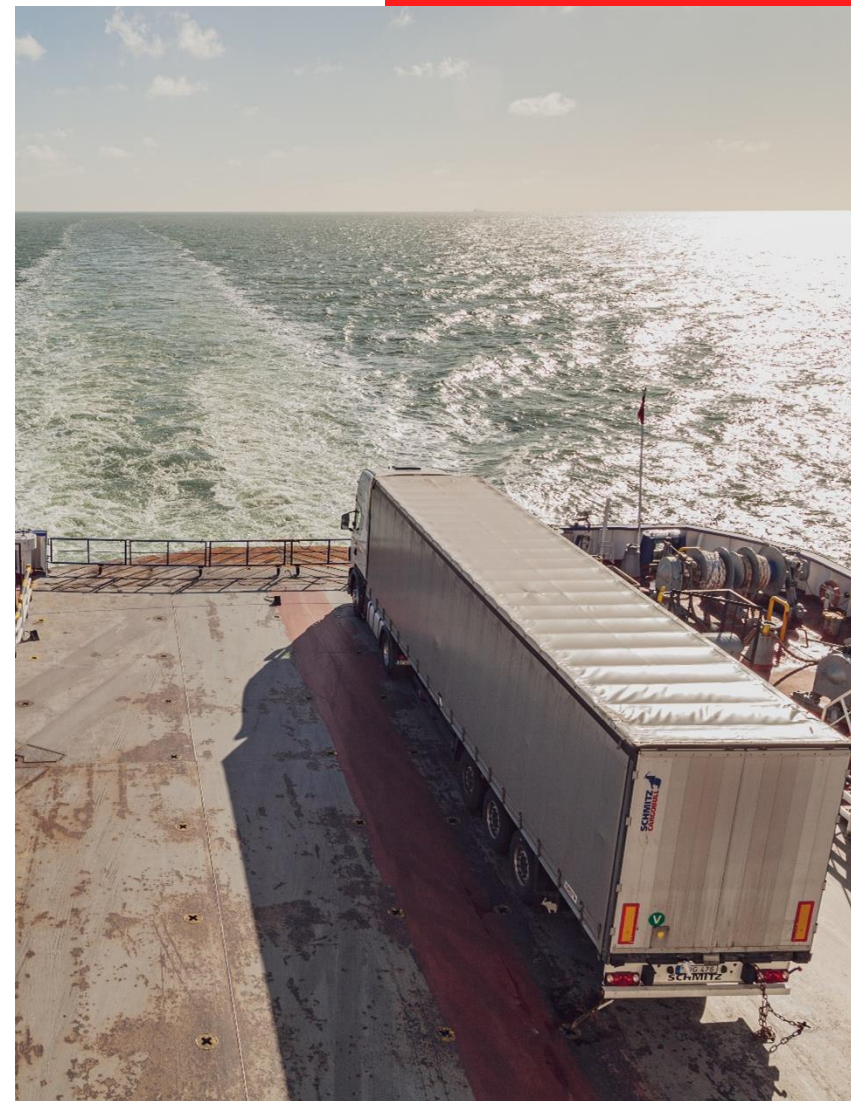
Business Overview



Industry Analysis

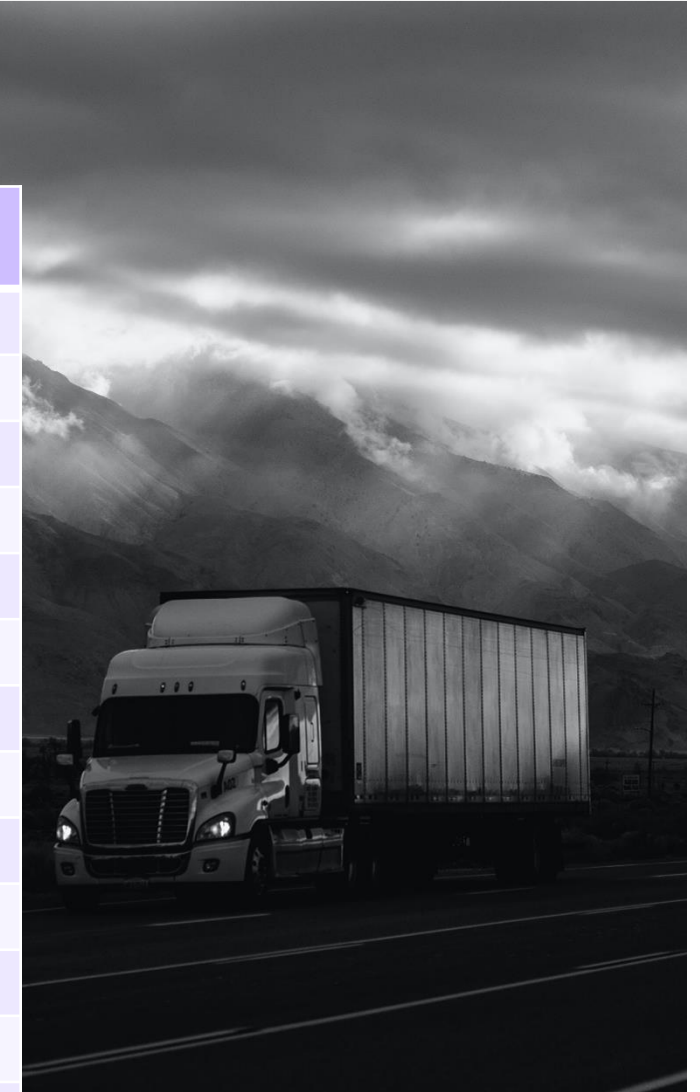


Financials



# Equity Snapshot

Ticker Symbol	NasdaqCM: YGMZ
Stock Price (6/28/21)	\$4.49
52-Week Price Range	\$3.66 – 58.00
Market Cap.	\$70.436M
Enterprise Value ("EV")	\$73.00M
Shares Outstanding	15,945,277
Revenue (fiscal year 2020)	\$18.8M
EBITDA (fiscal year 2020)	\$2.6M
Net Income (fiscal year 2020)	\$78.2K
EPS (fiscal year 2020)	\$0.80
P/E Ratio (ttm)	90x
P/S Ratio (ttm)	2.5x
EV/ EBITDA (ttm)	28x
Cash and Short-term Investments (fiscal year 2020)	\$11.6M
Fiscal Year Ends	December 31



# Investment Highlights



## Market Trend

Favorable trend in trucking service sector of transportation, driven by the growth of ecommerce and domestic economic growth in China, government support through official policies and planning support, and infrastructure improvement.

## Business Model

A combination of own and subcontractor fleets allows for scale and flexibility while maintaining service quality and profitability. Information technology system improves customer experience and operating efficiency.

## Network & Relationships

We offer diversified logistic services from two terminals (Guangdong and Xinjiang) with service network covering 85.3% of provinces and regions in China and maintain strong long-term relationship with many of our customers.

## Industry Barriers

The industry has high entry barriers, which require significant capital investment in fleet, broad service network and strong customer relationships to be able to compete effectively.

## Expansion Plan

Nasdaq listing will provide additional capital and publicity, allowing for growth acceleration through fleet expansion, operational improvement, and strategic acquisitions and alliances. Wide-open field with no dominant player (top 5 players only accounted for 0.71% of the Guangdong market in 2017), offering opportunity for us to potentially become a consolidator.



# Company Overview

## Primarily provide dedicated trucking services within the PRC

Over 19 years of operating history • Operate through a mix of self-owned fleet and subcontractors' fleet • Offer both network density and broad geographic coverage to meet customers' diverse transportation needs

**72%**

Guangdong Terminal  
Revenue for 2020

**28%**

Xinjiang Terminal  
Revenue for 2020



Revenue from Guangdong province is primarily generated from highway transportation services and subcontracting business of air freight services.

Services are mostly embarking from the Pearl River Delta Region to other provinces in the PRC.

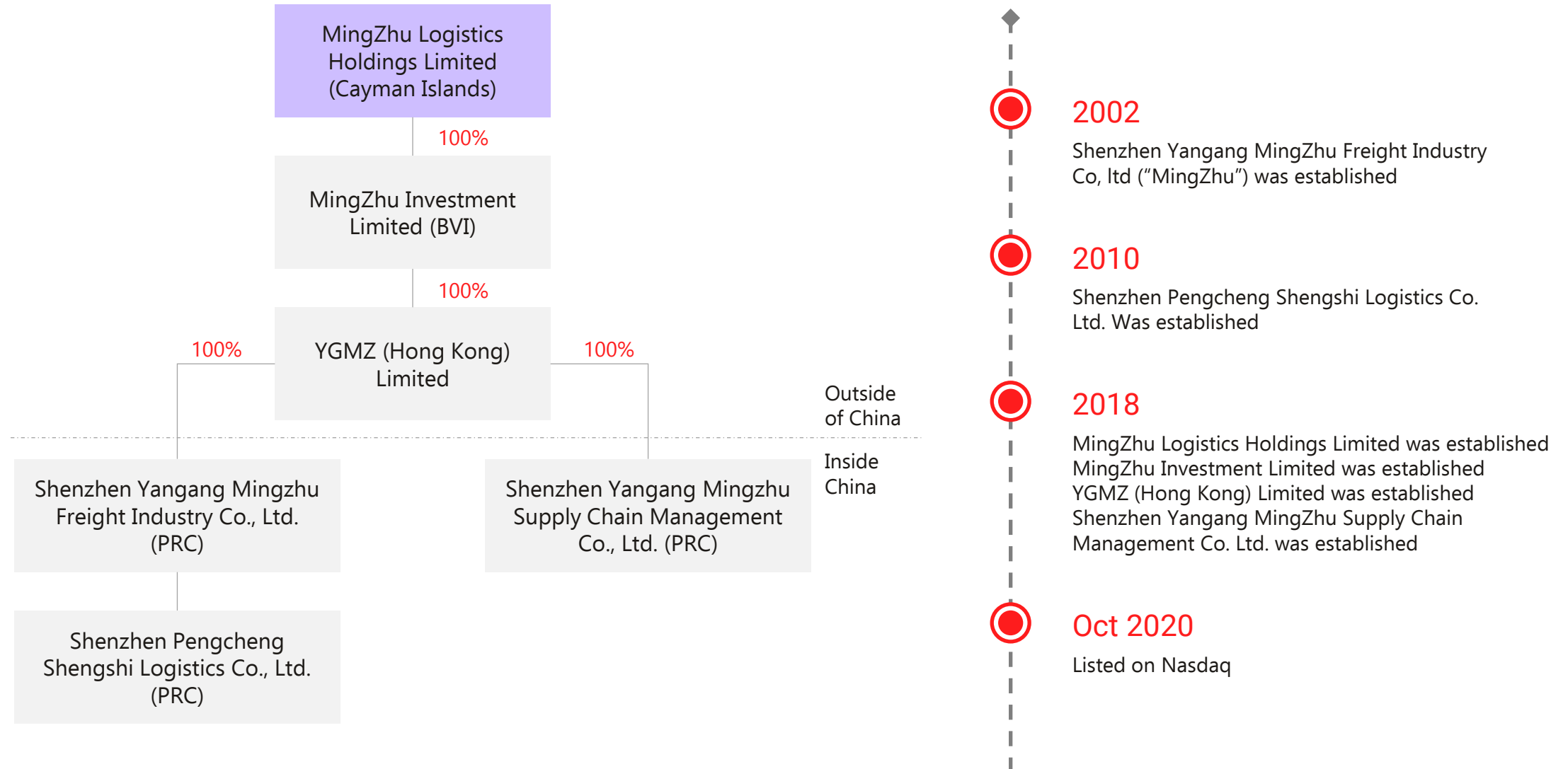
2<sup>nd</sup> largest trucking service provider in the Guangdong in 2017.



Revenue from Xinjiang province is primarily generated from transportation services within the Xinjiang province.

Primary services are for the delivery of slack coal within Xinjiang province.

# Corporate Structure and History







# Management



**Jinlong Yang**  
*Chairman & CEO*

- Chairman and CEO of the Company since April 2018.
- Executive Director and General Manager of MingZhu since August 2012; joined MingZhu as a sales manager in 2009
- Previously an officer at the Exit and Entry Frontier Inspection Stations in Shenzhen
- Bachelor of Law degree from the Party School of the Central Committee of the Communist Party of China



**Zhuo Wang**  
*Director*

- Director of the Company since April 2018
- Marketing Manager of Springview Enterprises Private Limited since June 2018
- Managing Director of China International Securities Limited since May 2017
- Director of China International Corporate Management Limited since March 2017
- Bachelor of Science degree in Business Management from Babson College in Boston, Massachusetts



**Jingwei Zhang**  
*CFO*

- CFO of the Company since April 2018 and Financial Director of MingZhu since December 2016
- Corporate Accountant of ERI Management from May 2015 to November 2016
- Accountant at St. Plum-Blossom Press Pty. Ltd. from January 2014 to May 2015
- Associate degree in Business Administration from City University of Hong Kong Bachelor of Business and Commerce degree in Accounting from Monash University in Melbourne





# Independent Directors

## Mikael Charette

### *Independent Director*

- Vice Chairman and Director of the Canadian Chamber of Commerce in Shanghai since April 2019
- Vice President of Fung & Yu CPA Ltd. since April 2019
- President of Well Asia Group since May 2006
- Partner of Harvey Law Group from February 2005 to May 2006 and January 2009 to December 2015
- Master's degree in Law from City University of Hong Kong; Juris Doctor degree from University of Victoria



## Yanhong Xue

### *Independent Director*

- CFO of iFresh Inc. (Nasdaq: IFMK) since March 2020
- Partner of Wall Street CPA Services, LLC since October 2010
- CFO of XT Energy Group, Inc. (OTCQB: XTEG) from July 2018 to March 2020
- Bachelor's degree in history from Peking University Master's degree in accounting from State University of New York at Binghamton
- Certified Public Accountant in the State of New York
- Member of American Institute of Certified Public Accountants



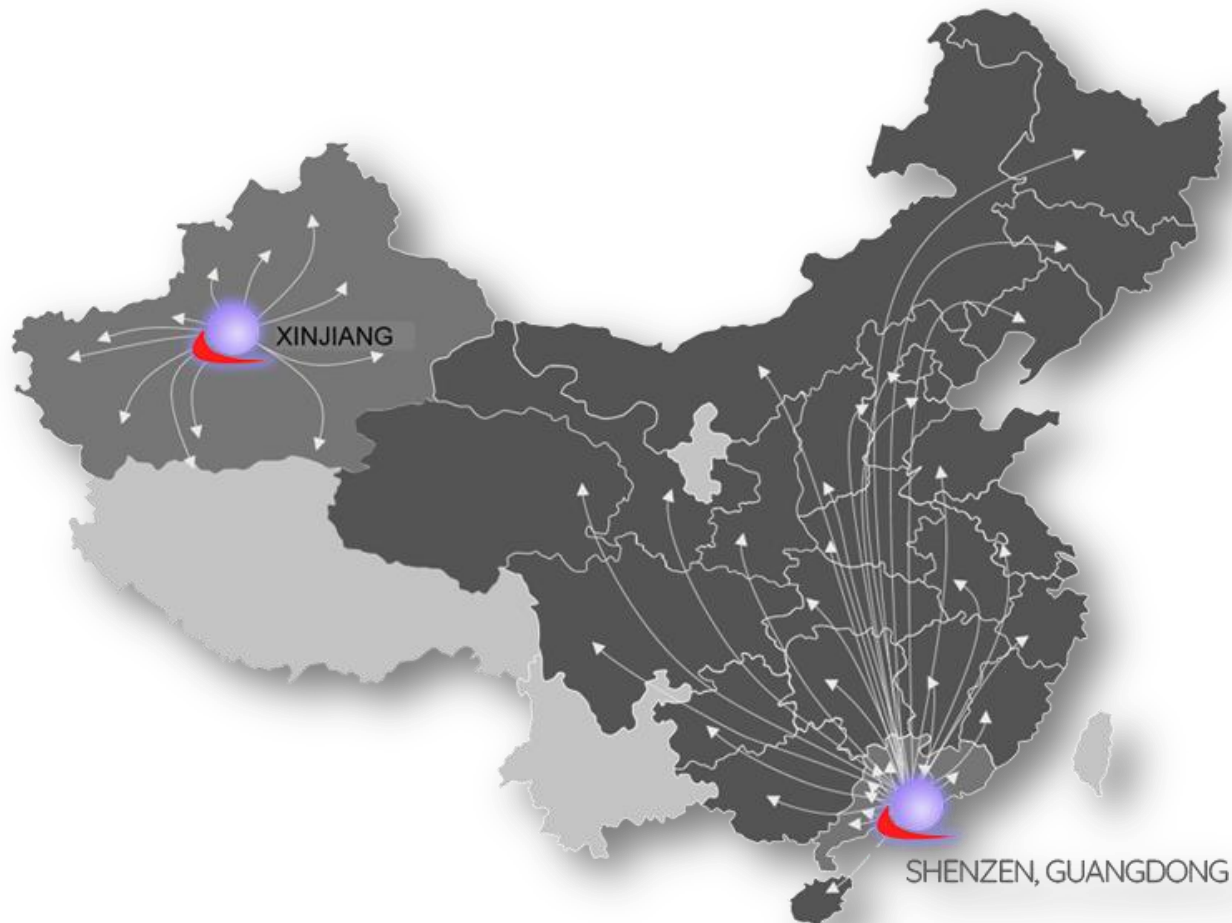
## To Wai Suen

### *Independent Director*

- Independent director of China Zenix Auto International Ltd. (OTC: ZXAIY)
- Independent director, CFO, and/or corporate secretary of various private and HK-listed public companies from 2013 to 2019
- Senior accountant/ audit manager of Deloitte Touche Tohmatsu CPA Ltd. and Deloitte Touche Tohmatsu Limited from 2001 to 2013
- Bachelor of Arts degree from The Chinese University of Hong Kong; Bachelor of Commerce degree from The University of Western Australia
- Member of the Hong Kong Institution of Certified Public Accountant; Certified Practicing Accountant of Australia



# Delivery Network



Regional Transportation

Highway Transportation

Our delivery network covers 29 out of the 34 provinces and autonomous regions in China, representing 85.3% of network coverage.





# Fleet

Tractor



Trailer



We have a sizable fleet and a network of subcontractors, which enables us to provide reliable and flexible trucking services

## Self-owned fleet

- 108 tractors and 76 trailers
- Invested in 56 of Liquefied Natural Gas (LNG) transportation vehicles to reduce carbon emissions
- Install GPS systems in vehicles for real-time location tracking
- All vehicles are insured against losses and damages for both drivers and third parties

## Subcontractors' fleet

- Coupled with our subcontractors to provide a fleet of 200 tractors and 200 trailers on a stable basis
- 3 subcontractors accounted for 39.6%, 26.1% and 17.6% of the Company's total subcontracting costs for 2020

# Customers and Suppliers

## CUSTOMERS:

Customers are mainly sizeable third-party logistics companies, freight forwarders, warehouse operators, and other supply chain service providers in the PRC.

Long term relationships with ANE Group – 9 years



## SUPPLIERS:

The suppliers we need for our trucking service business mainly include tires, vehicles, fuel oil and gas. Our major suppliers for past two years include:









# Competitive Strengths

## Substantial Industry Experience

- Over 19 years of operation in the transportation service industry
- Cater to the needs of all customers in a timely manner

## Long-Standing Relationship

- Strong customer base across different industries
- 48 customers during 2020
- Over 9 years of business relationship with customers like Best Inc. and ANE Group

## Experienced and Motivated Management Team

- Senior management team has an average of 14 years of experience in the transportation industry



## Sizable Fleet

- Self-owned fleet consist of 108 tractors and 76 trailers
- Business relationships with several external transportation companies
- Ability to mobilize 200 tractors and 200 trailers on a stable daily basis

## Well-Functioned Network

- 2 regional terminals: Guangdong and Xinjiang
- Comprehensive services and routes with established network of transport nodes

## Fleet and Maintenance System Designated to Optimize Life Cycle Investment

- Focused on personnel safety, regulatory compliance and adoption of a comprehensive insurance



# Growth Strategies

## Attract/Retain Talents

- Attract, retain, and develop the best talent in the industry across all levels
- Provide training and other education to equip employees with additional skills

## Expand/Upgrade Fleet

- Acquire additional tractors, trailers and trucks
- Upgrade and replace existing transportation vehicles with liquefied natural gas-powered transportation vehicles
- Minimize fleet downtime and disruption of our services

## Strengthen Info. Tech. System

- Acquire a customized integrated transportation tracking system to better monitor job completion progress
- Acquire additional hardware to support the implementation of the system

## Expand Customer Base

- Maintain good relationships with existing customers and suppliers
- Seek out new customers through marketing activities such as participating in trade fairs and functions

## Expand In New Markets

- Target market/ geographic regions with high demand but untapped by competitors
- Devote more resources to increase presence in Xinjiang and other emerging regions by strengthening sales and marketing and forming more strategic alliances

## Acquire/Invest in Strategic Entities

- Plan to pursue selected M&As and form strategic alliances to complement the organic growth of existing operations
- Highly fragmented market with top 5 players only accounting for 0.71% of the Guangdong market in 2017 (Frost and Sullivan Report, July 2019)

# China's Trucking Service Market

- The revenue of China's trucking service market grew at a CAGR of 1.6% from RMB4.77 trillion (approximately \$694.0 billion) in 2012 to RMB5.16 trillion (approximately \$750.8 billion) in 2017 and is projected to further grow at a CAGR of 2.5% to RMB5.70 trillion (approximately \$829.7 billion) in 2021.
- Freight turnover increased at a CAGR of 2.5% from 17,377 billion ton per kilometer in 2012 to 19,613 billion ton per kilometer in 2017, with the eastern region of China contributing to the highest percentage of freight turnover (36.8% of total).



Source: National Bureau of Statistics; The Frost & Sullivan Report, July 2019\*

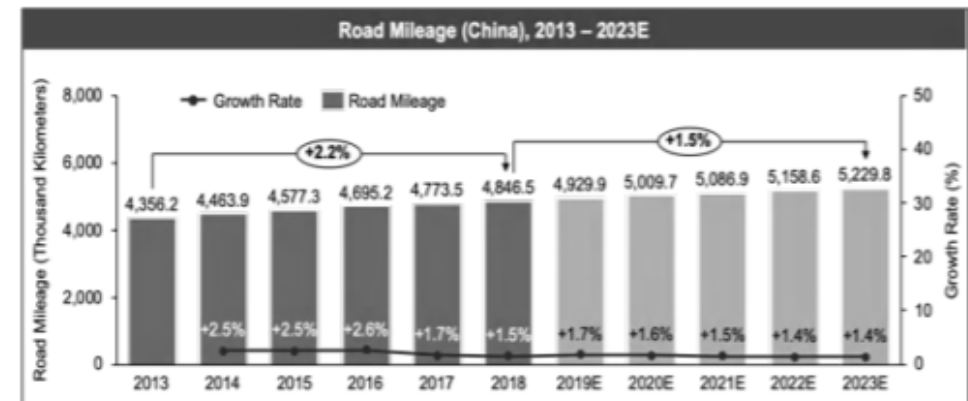
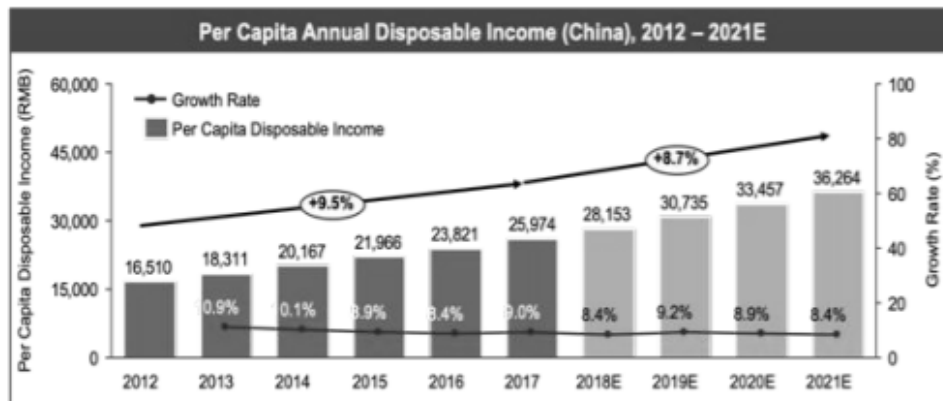
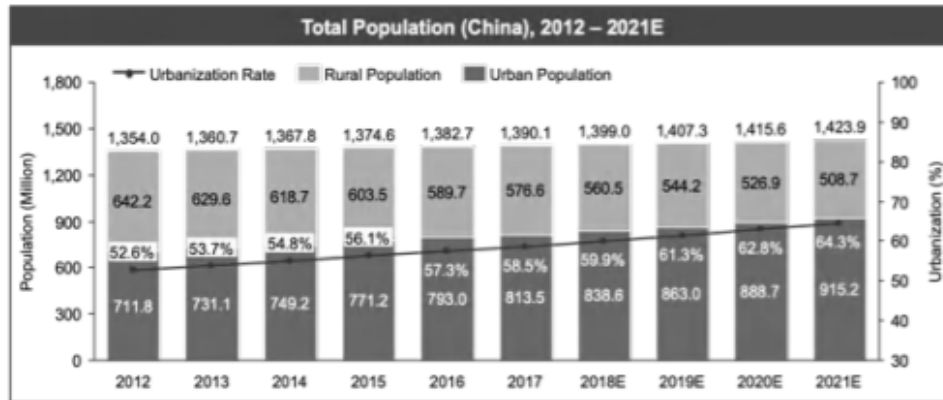
\*Information not updated to reflect the effects of COVID-19 on the trucking service market in China





# Industry Growth Drivers

- The growth of the trucking service market is driven by population growth, economic growth, particularly the e-commerce boom, the infrastructure buildout, and government support.



Source: National Bureau of Statistics; The Frost & Sullivan Report, July 2019\*

\*Information not updated to reflect the effects of COVID-19 on total population, nominal GDP, per capita annual disposable income and road mileage in China

# The Guangdong Market

- Total road freight traffic volume in Guangdong grew at a CAGR of 3.1% from 2.61 billion tons in 2013 to 3.05 billion tons in 2018 and is projected to further grow at a CAGR of 2.9% to 3.52 billion tons in 2023.
- Revenue of the trucking service market in Guangdong reached RMB92.8 billion (approximately \$13.5 billion) in 2017 with a CAGR of 9.2% from 2012 to 2017, and is projected to further grow to RMB124.2 billion (approximately \$18.1 billion) in 2022.
- Guangdong's advantageous location, bordering the southeast coast of China, also known as the beginning of "The Silk Roads", gives it easy access to many ports and is ideal for domestic and foreign trade. • Guangdong has taken efforts to improve their port and transportation network infrastructure significantly.
- The Guangdong government has issued many supportive policies to standardize and modernize the transportation industry



Source: National Bureau of Statistics; The Frost & Sullivan Report, July 2019\*

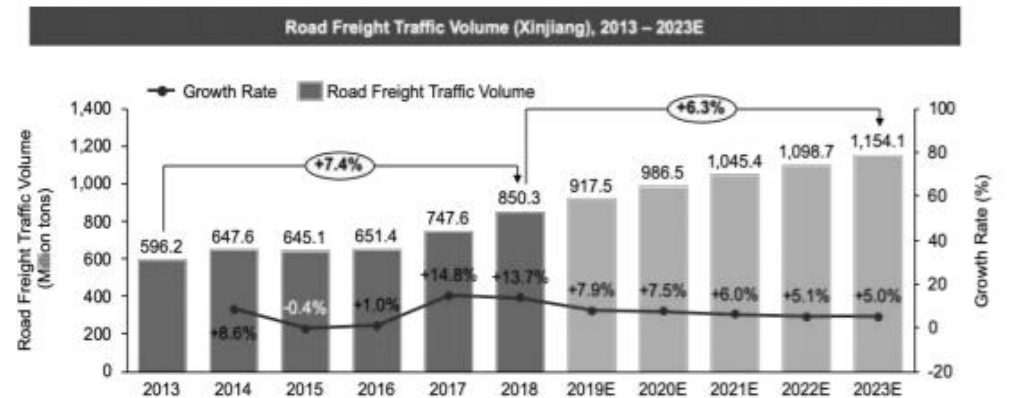
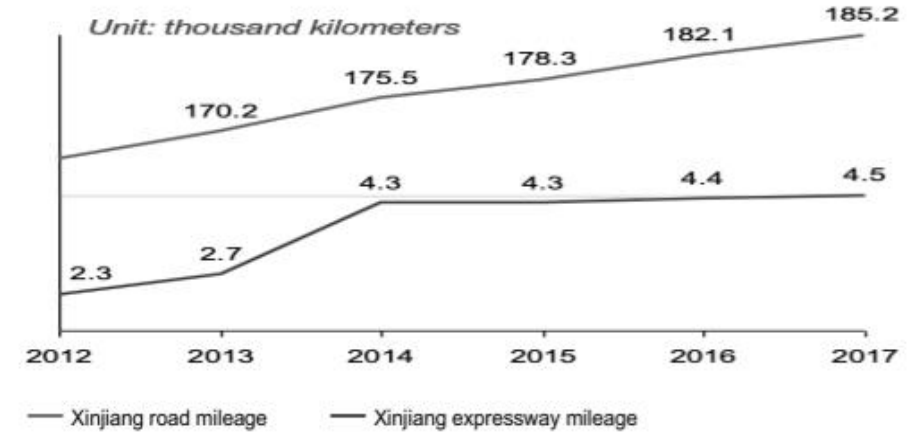
\*Information not updated to reflect the effects of COVID-19 on road freight traffic volume and revenue of trucking service market in Guangdong

# The Xinjiang Market

- Xinjiang houses a crucial segment of the Silk Road leading to Euroasia and is expected to benefit from the “One Belt, One Road” initiative.
- Xinjiang’s GDP grew from approximately RMB0.75 trillion (approximately \$0.11 trillion) in 2012 to RMB0.96 trillion (approximately \$0.14 trillion) in 2016 and is expected to further rise to RMB 1.42 trillion (approximately \$0.20 trillion) in 2021.
- Xinjiang’s road mileage increased from 165.9 thousand kilometers in 2012 to 185.2 thousand kilometers in 2017.
- The volume of road freight in Xinjiang grew at a CAGR of 7.4% from 596.2 million tons in 2013 to 850.3 million tons in 2018 and is projected to further increase to 1,154.1 million tons in 2023.
- Market growth is primarily driven by continuous road upgrading and economic development in the area.

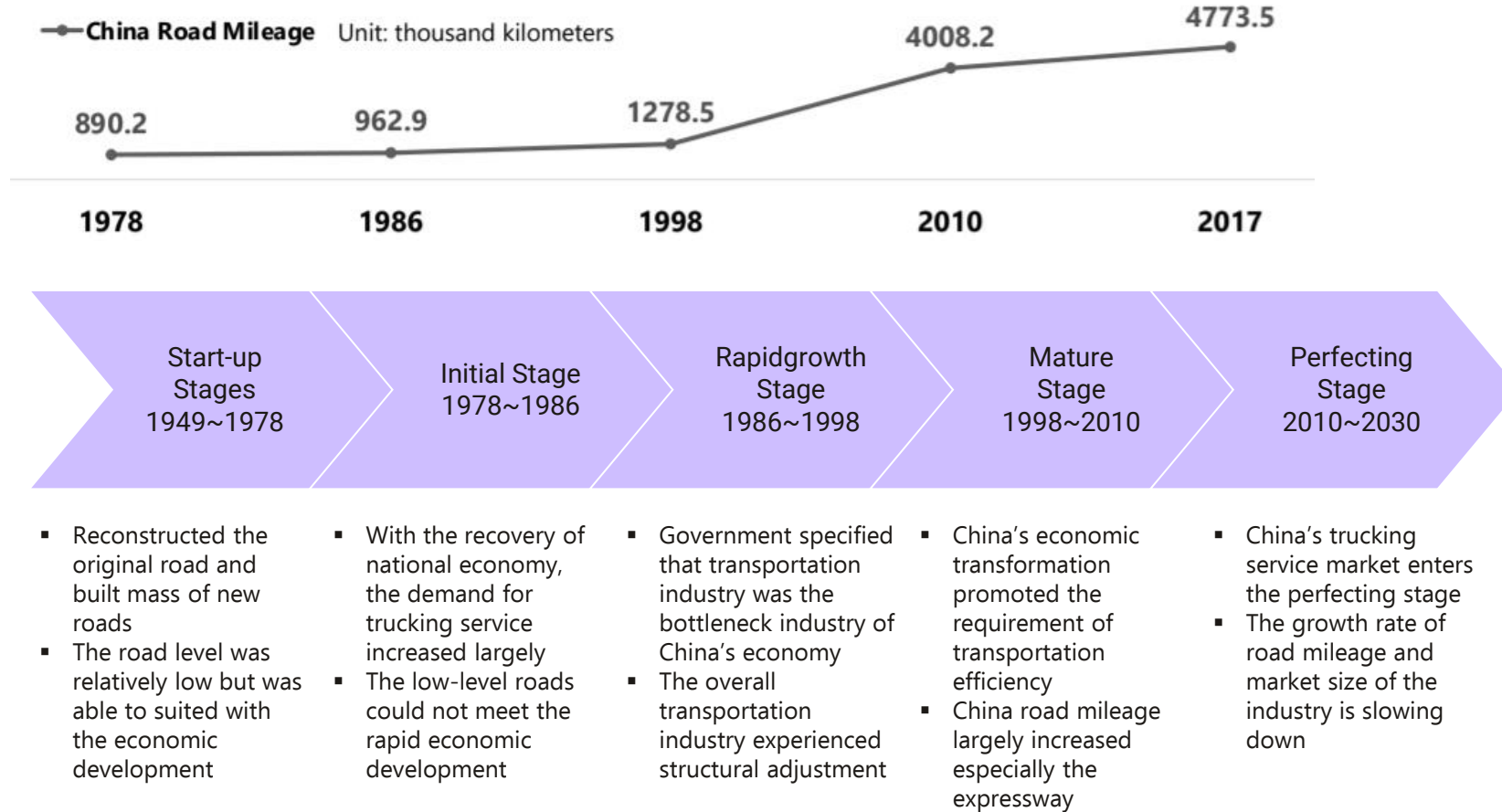
Source: National Bureau of Statistics; The Frost & Sullivan Report, July 2019\*

\*Information not updated to reflect the effects of COVID-19 on road mileage and road freight traffic volume in Xinjiang





# Current Environment and Future Trends



## Future Trends

- Development of comprehensive transportation network
- Environmental-friendly transportation vehicles
- Increasing industry concentration with increasing operational standardization

# Competition

## Ranking of Top 5 Trucking Service Providers (Guangdong), 2017

Rank	Company Name	Revenue (RMB Millions)	Market Share(%)
1	Company A	149.6	0.16%
2	Mingzhu	144.0	0.16%
3	Company B	131.0	0.14%
4	Company C	129.0	0.14%
5	Company D	105.2	0.11%
Total Revenue of Top 5 Players		658.8	0.71%
Other Players		92,153.6	99.29%
Total		92,812.4	100%

- Highly competitive and fragmented with thousands of small players, none of which dominates the market.
- Ranked 2nd largest trucking service provider in the Guangdong region\*.
- Top 5 players only accounted for 0.71% of the transportation service market in the Guangdong region in 2017\*.
- Service and price are the principal factors considered by customers in the trucking service industry.
- Increasing entry barriers include: 1) having an established transportation network with multiple transport lines that can support the transport needs of customers, heavy initial, 2) subsequent capital investments for acquiring manpower, equipment, and for business expansion, and long-term customer relationships, and 3) customers' preference for working with businesses with an existing track record and a strong reputation.

Total Revenue of Trucking Service Market in Guangdong in 2017: RMB92.8 billion (approximately \$13.5 billion)

# Impact of Covid-19

We are closely monitoring the development of the COVID-19 pandemic and will continually assess its potential impact to our business

The outbreak of COVID-19 since the beginning of 2020 has adversely impacted the global economy. With daily life in China gradually returning to normal since April, our business related to logistics industry has gone back to normal as well. However, some new cases found in Xinjiang region caused heavy lockdown starting from June. Our revenue generated from Xinjiang was substantially reduced during June 2020. As of the date of this presentation, our revenue is still negatively affected by temporarily regional lockdown across the nation.



## Decrease in Customer Demand

- The demand for transportation has largely diminished.
- No customer contract has been terminated due to COVID-19 pandemic.
- The trucks provided by our subcontractors are still able to satisfy the needs required.



## Extended Collection Time

- Our customers may require additional time to pay us.
- The provision for doubtful accounts was increased by 140.6% for year 2020.

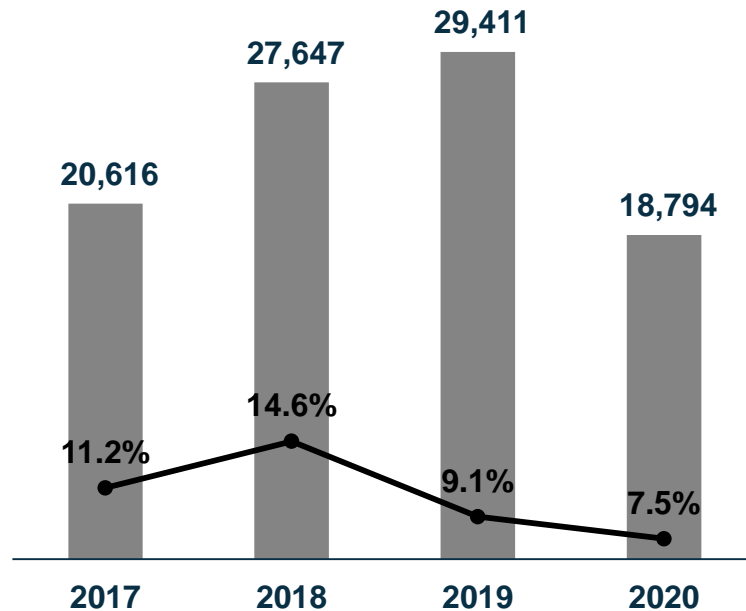


## Shortage of Drivers

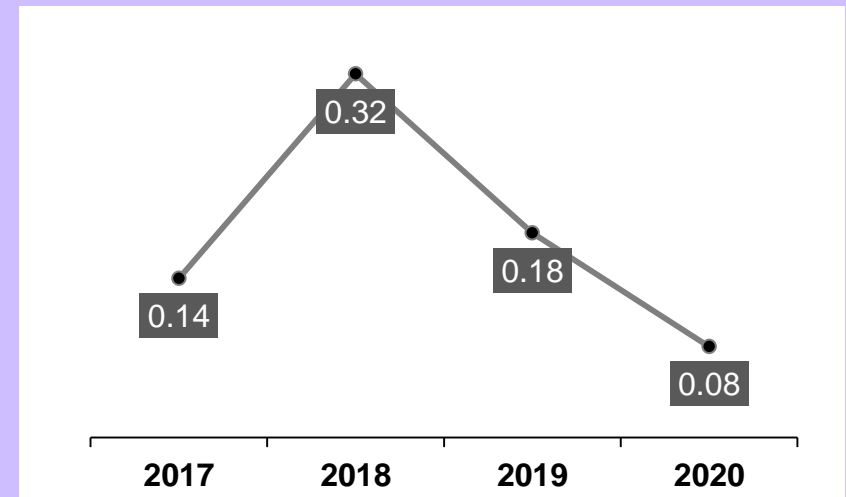
- Some of our drivers in Xinjiang region have not been able to get back on road for work.
- Our subcontractors were more than capable to provide services to our customers.

# Financial Highlights

Revenue (\$'000) and Operating Margin (%)



EPS (\$)



- Revenue decreased by 36.1% to \$18.8 million for 2020 and the decrease was primarily attributed to the diminished customer demands in Xinjiang province during Covid-19 pandemic
- Operating margin decreased by 1.6% to 7.5% for 2020, and the decrease was primarily due to the expenses in relation with capital market.
- EPS was \$0.08 for 2020 as compared to \$0.18 for 2019





# Income Statement

Income Statement (\$'000, except per share data)	2018	2019	2020
Revenues	27,647	29,411	18,794
Transportation costs	22,399	25,358	16,011
General and administrative expenses	1,147	1,299	1,321
Sales and marketing expenses	66	78	50
Total costs and expenses	23,612	26,735	17,382
Income from operations	4,035	2,676	1,412
Interest expenses	(355)	(371)	(374)
Other expenses	(8)	(13)	(66)
Other income	189	172	177
Total other expenses, net	(174)	(212)	(263)
Income before income taxes	3,861	2,464	1,149
Provision for income taxes	1,006	821	366
Net income	2,855	1,643	782
Foreign currency translation adjustment	(420)	(121)	753
Comprehensive income	2,435	1,522	1,535
Weighted average number of shares	9,000	9,000	9,630
EPS - basic	0.32	0.18	0.08
EPS - diluted	0.32	0.18	0.08



# Balance Sheet

Balance Sheet (US\$ thousands)	2018	2019	2020
Cash	648	224	2,106
Restricted cash	160	0	9,500
Accounts receivable, net	7,393	10,884	5,344
Operating supplies	4	-	-
Prepayments	1,868	1,934	1,059
Other receivables	443	430	11,448
Amount due from related parties	52	1,954	741
Total Current Assets	10,568	15,426	30,198
Property and equipment, net	4,989	4,595	3,448
Deferred tax assets	22	20	32
Deposits	305	345	262
Total Assets	15,884	20,386	33,940
Short-term bank borrowings	1,214	2,607	6,552
Accounts payable	845	1,566	1,416
Other payables and accrued liabilities	956	626	531
Amount due to related parties	193	740	994
Tax payable	1,398	2,206	2,722
Current maturities of long-term bank borrowings	175	1,120	-
Current portion of capital lease and financing obligations	737	711	51
Current maturities of loans from other financial institutions	-	265	235
Total Current Liabilities	5,518	9,841	12,501
Long-term bank borrowings	1,134	-	-
Long-term loans from other financial institutions	-	356	136
Long-term portion of capital lease and financing obligations	727	162	28
Total other liabilities	1,861	518	164
Total Liabilities	7,379	10,359	12,665
Ordinary shares	9	9	12
Share subscription receivables	(847)	(847)	(847)
Additional paid-in capital	4,116	4,116	13,825
Statutory reserves	538	760	878
Retained earnings	4,821	6,241	6,906
Accumulated other comprehensive (loss) income	(132)	(252)	501
Total Shareholders' Equity	8,505	10,027	21,275
Total Liabilities and Shareholders' Equity	15,884	20,386	33,940



# Statement of Cash Flows

Statement of Cash Flows (US\$ thousands)	2018	2019	2020
Net income	2,855	1,643	782
Loss on disposal of equipment	7	(26)	(18)
Provision of doubtful accounts	64	34	83
Amortization of deferred financing fees	218	176	124
Depreciation for property and equipment	1,375	1,366	1,519
Deferred income tax expenses(benefit)	3	2	(10)
Changes in operation assets and liabilities			
Accounts receivable	(72)	(3,645)	5,842
Operating supplies	167	4	-
Prepayments	(536)	292	645
Other receivable	247	(35)	(10,187)
Deposits	87	34	(189)
Accounts payable	(803)	742	(241)
Other payables and accrued liabilities	(377)	(314)	412
Tax payables	564	844	348
Net cash provided by (used in) operating activities	3,799	1,117	(890)
Purchase of equipment	(109)	(917)	(156)
Proceeds from disposal of equipment	92	-	-
Net cash provided by (used in) investing activities	(17)	(917)	(156)
Proceeds from short -term bank borrowings	1,816	3,329	6,604
Repayment of short -term bank borrowings	(3,581)	(1,910)	(3,041)
Proceeds from long -term bank borrowings	1,362	-	-
Repayment of long -term bank borrowings	(757)	(174)	(1,130)
Proceeds from other financial institutions	-	642	-
Repayments of loans from other financial institutions	-	(95)	(275)
Repayment of obligations under capital leases	(1,179)	(1,078)	(980)
Amounts advanced from related parties	7,305	9,263	10,238
Repayments to related parties	(8,548)	(10,766)	(10,062)
Proceeds from initial public offering	-	-	10,959
Capital contribution	3,917	-	-
Capital distribution	(3,630)	-	-
Net cash provided by (used in) financing activities	(3,295)	(789)	12,313
Effect of exchange rate change on cash	(32)	5	115
Net change in cash and restricted cash	455	(584)	11,382
Cash and restricted cash - BoP	353	808	224
Cash and restricted cash - EoP	808	224	11,606

# Contacts

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