

CONCH VENTURE

Conch Venture

2015 Annual Results Announcement Material

March 2016

China Conch Venture Holdings Limited
中國海螺創業控股有限公司



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Company Profile

2015
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始終專注節能環保新材料產業
為人類未來創造美好家園

Company Profile—Business Coverage

- The Company has the world's leading technology including waste disposal, residual heat utilization, equipment manufacturing, etc., with businesses covering residual heat power generation, high-efficient energy-saving vertical mill, waste incineration, new building materials, port logistics, etc.



Waste incineration



New Building Materials



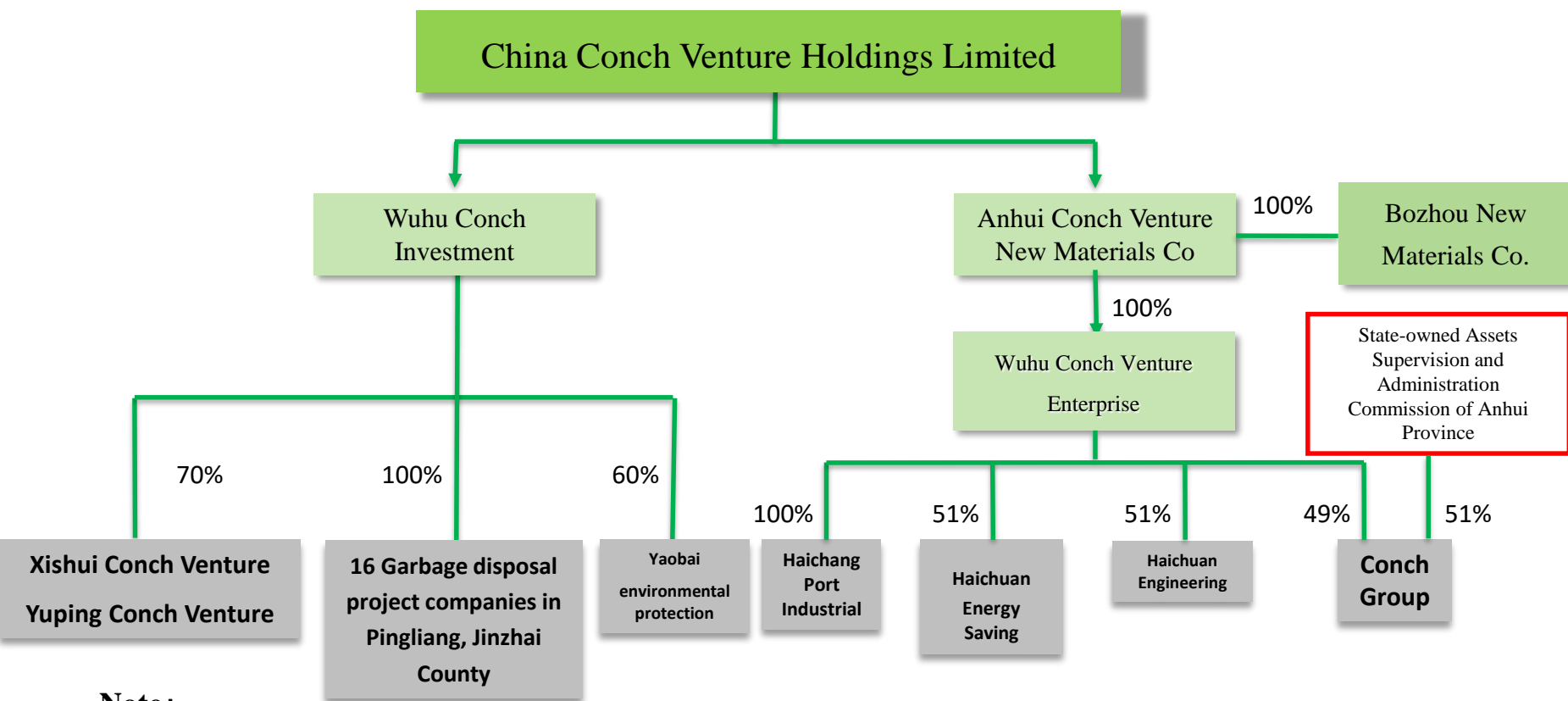
Residual heat power generation and Vertical mills



Port Logistics Services

Conch Venture

Company Profile—Brief Structure



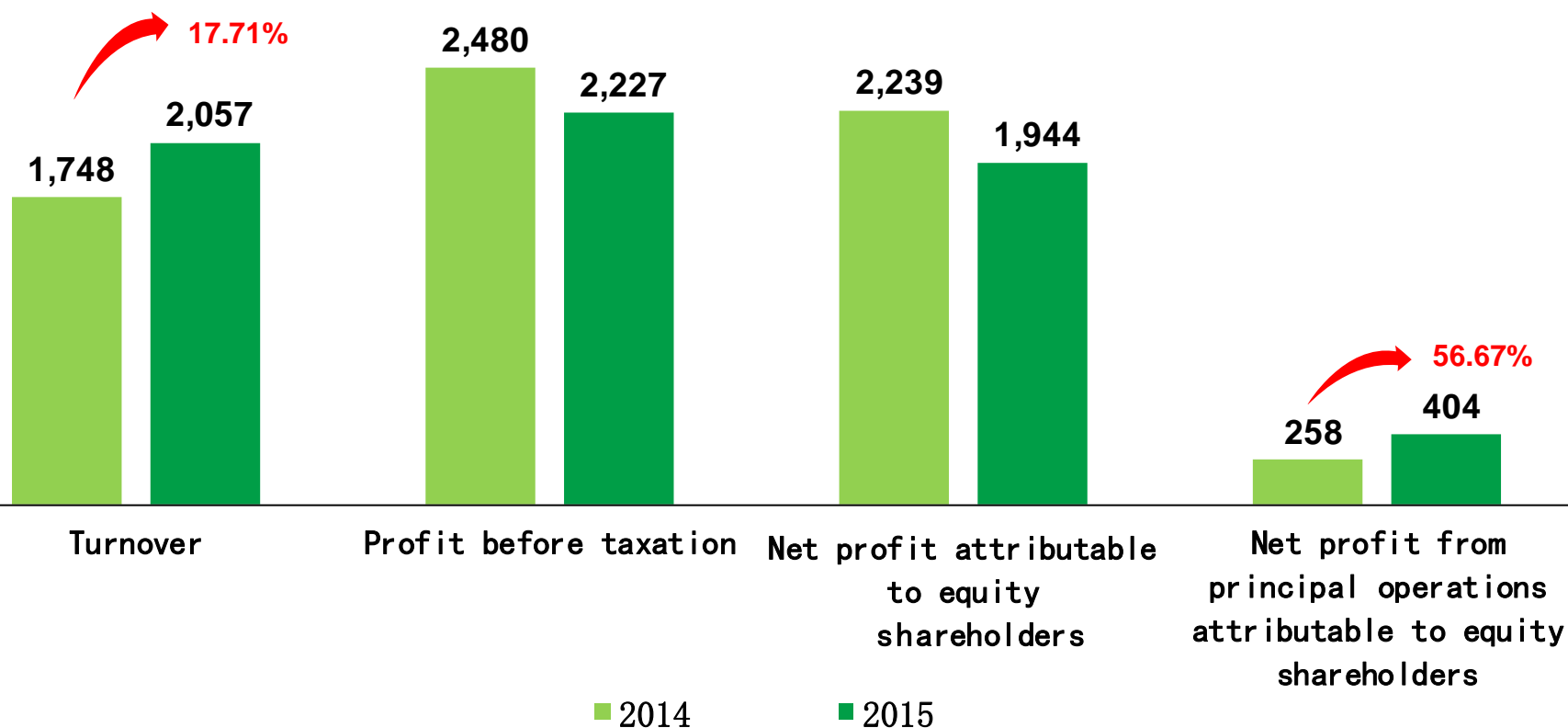
Note:

- ①Wuhu Conch Investment refers to the Company that specialize in environmental projects investment company;
- ②Wuhu Conch Venture Enterprise refers to the Comany that responsible for the construction of environmental protection projects, and holds 49% of the Conch Group shares;
- ③Haichuan Engineering, Haichuan Energy Saving refers to the Company that joint venture with Kawasaki Heavy Industries, specializing in project design, equipment manufacturing and construction management;
- ④Anhui Conch Venture New Materials Co., Bozhou New Materials Co. refer to the new building material production base that invested and built by the Company the in Wuhu, Bozhou.

Company Profile—Financial Information¹

Business Performance

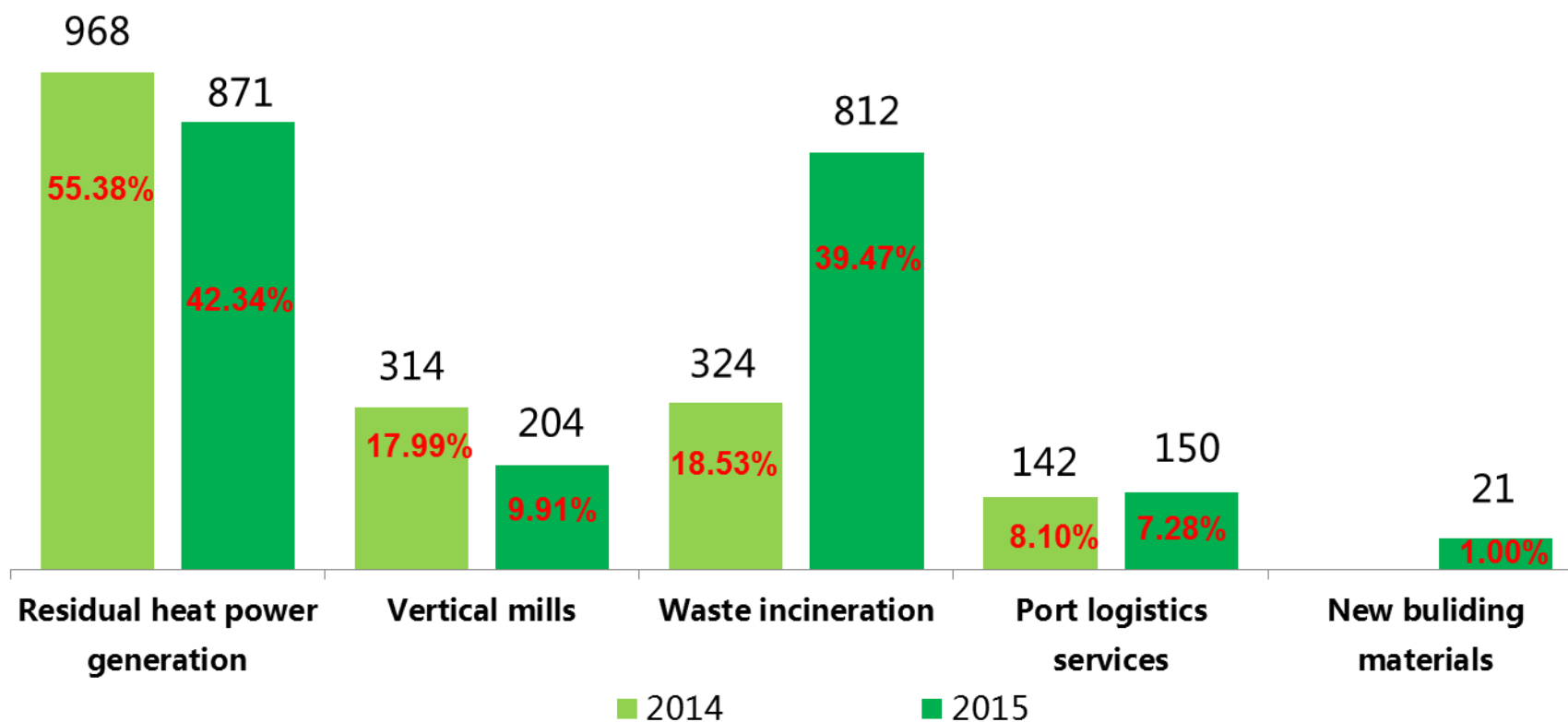
(RMB MILLION)



Company Profile—Financial Information²

Revenue By Segments

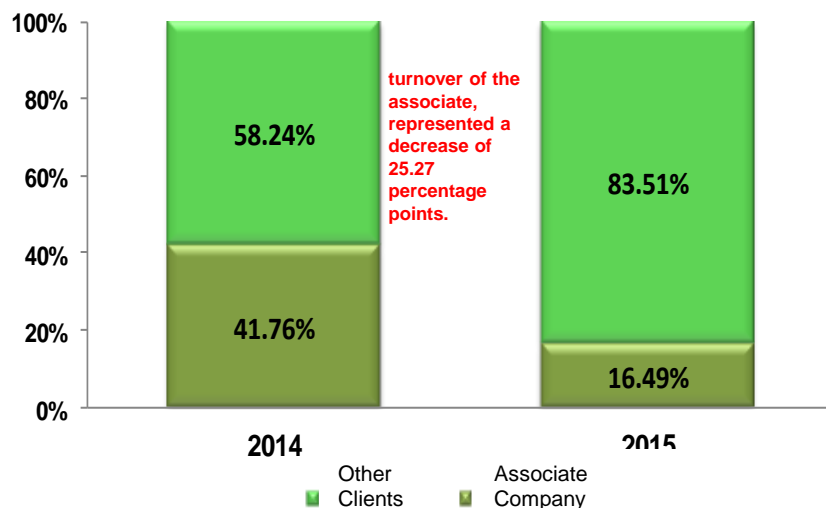
(RMB MILLION)



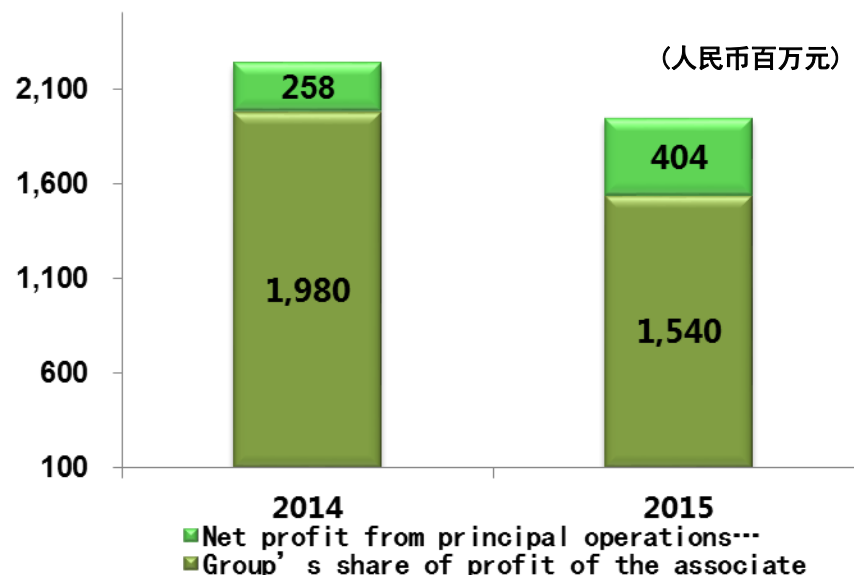
Company Profile—Financial Information³

- In 2015, Group's share of turnover of the associate amounted to RMB**339** million, accounting for **16.49%** of the total turnover, which represented a decrease of **25.27** percentage points.
- Net profit attributable to equity shareholders of the Group for 2015 amounted to approximately RMB**1,944** million, representing a decrease of RMB**294** million, or **13.14%** as compared with 2014. Net profit of our principal activities attributable to equity shareholders of the Group for 2015 amounted to RMB**404** million, representing an increase of **56.67%** as compared with 2014. the Share of profits of an associate of RMB**1.54** billion, representing a decrease of **22.24%** as compared with 2014

Percentage of turnover



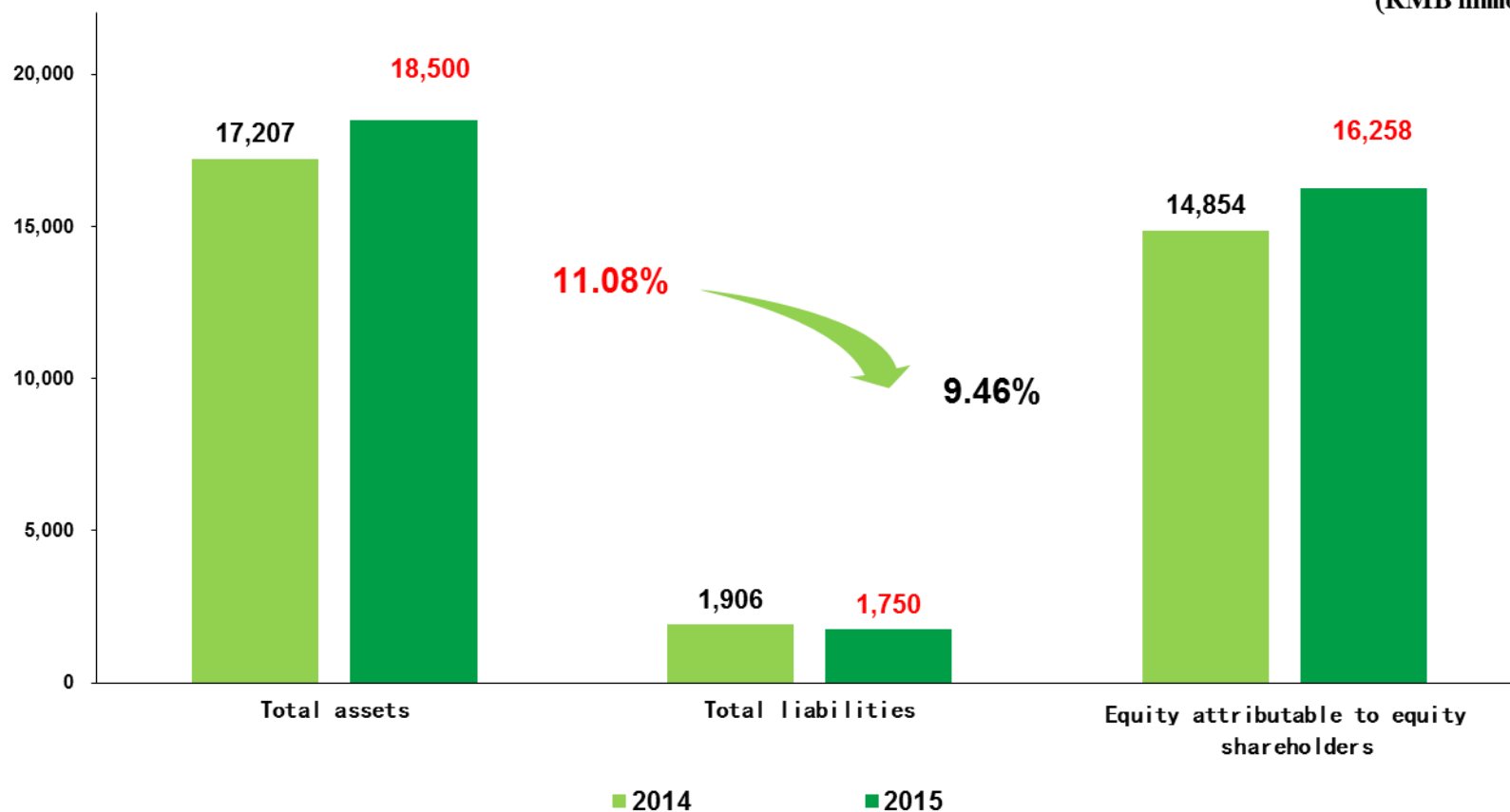
Net profit attributable to equity shareholders



Company Profile—Financial Information⁴

Assets and Liabilities

(RMB million)

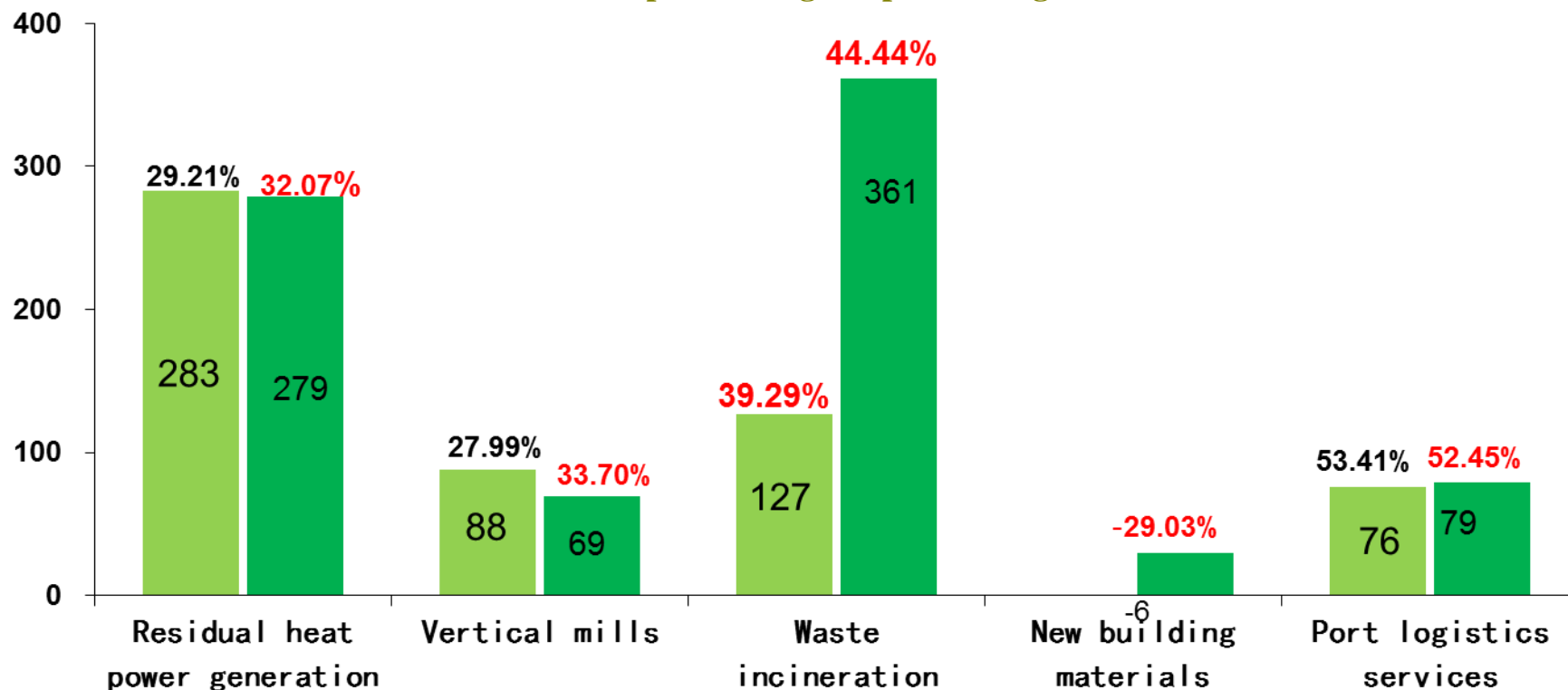


Company Profile—Financial Information⁵

- The consolidated gross profit margin of products of the Group for the year of 2015 was **37.99%**, representing an increase of **5.17** percentage points as compared with 2014.

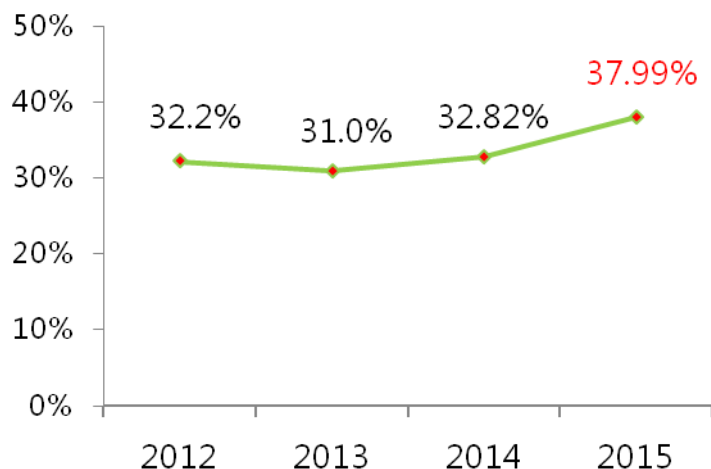
(RMB million)

Gross profit and gross profit margin

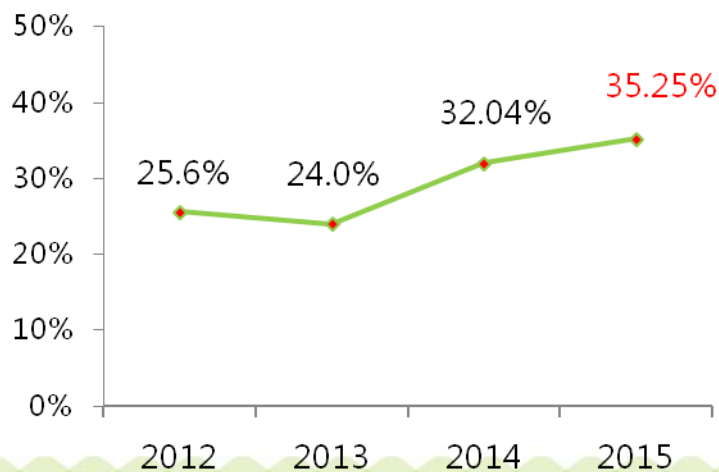


Company Profile—Financial Information⁶

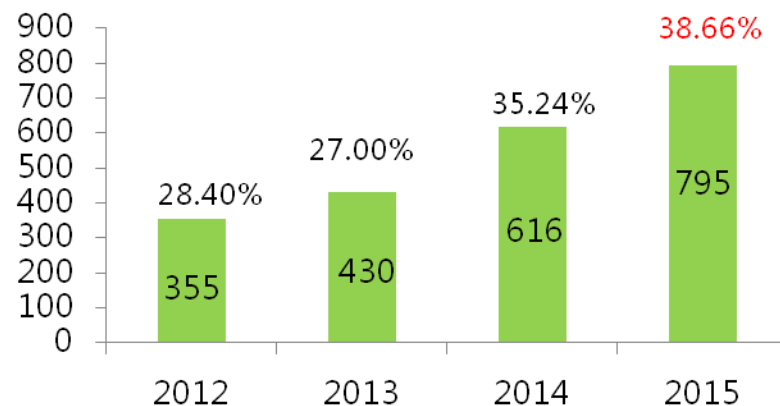
Gross profit margin increased rapidly



Operating profit margin maintained stable growth, while it increased rapidly in 2015

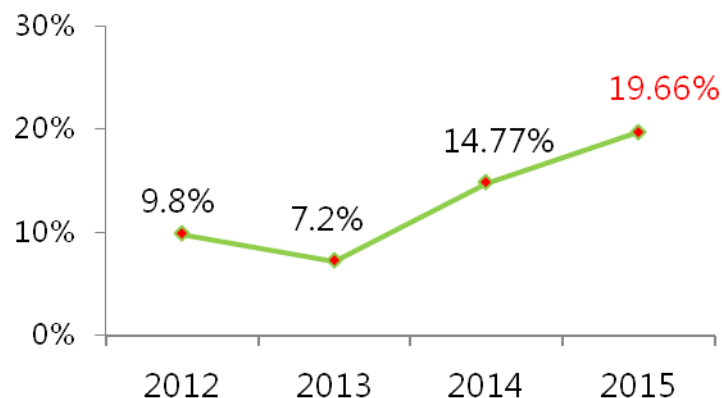


EBITDA(a) margin increased rapidly in 2015.



(a) EBITDA profit-(operating profit + depreciation + amortization of intangible assets + amortization of lease payment)/revenue

Net profit margin(b) of the Company indicated a positive trend of growth in 2015



(b) Net profit margin=Net profit margin-profit attributable to the Company's shareholders minus associates' profit/revenue



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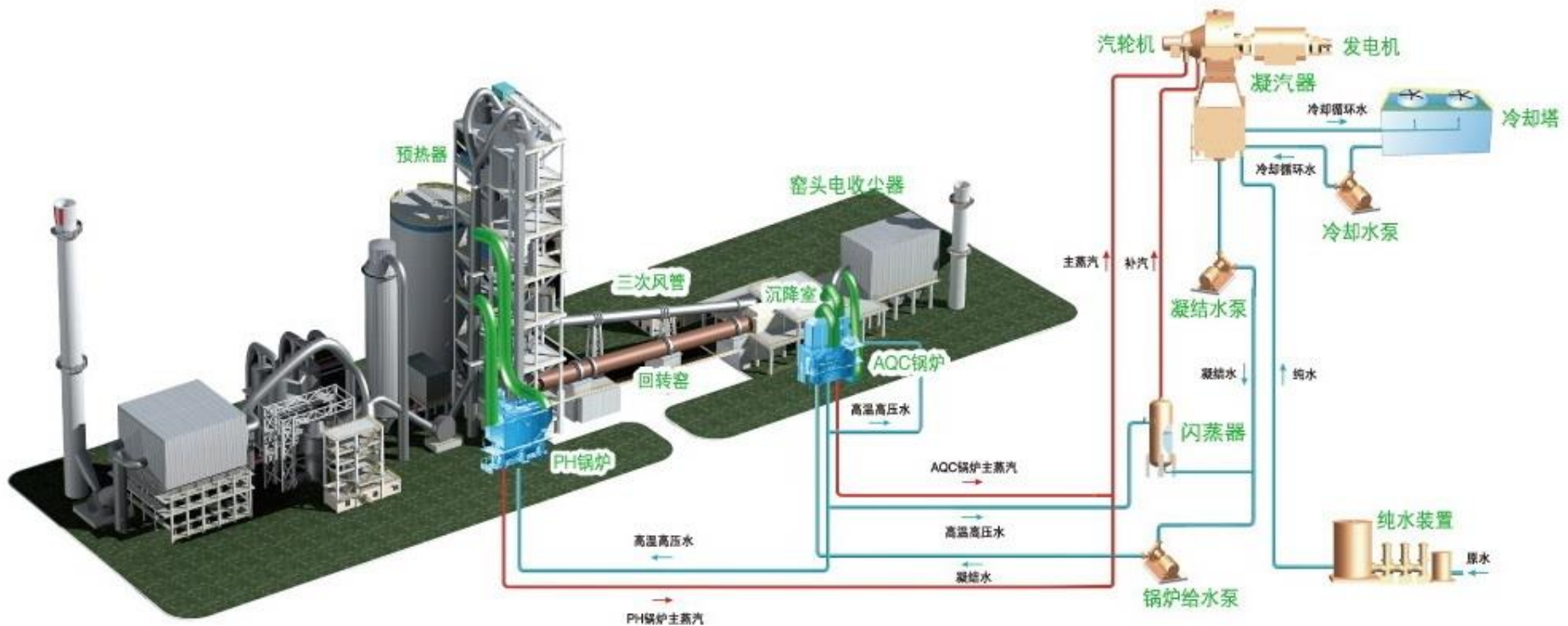
Energy Saving Business

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Energy Saving Business—Technology of Residual Heat Power Generation

- With 13 patented technologies, the Company is the earliest user and domestic originator of cement waste heat power generation technology. The technology adopts pure low temperature residual heat power generation technology, which recycles and reuses the residual heat exhaust gas discharged from the kiln during cement production. The technology is listed as one of China's **“Ten Key Projects”** for Energy Efficiency by NDRC.



The process of waste heat power generation technology

Energy Saving Business—Revenue and Results

- Influenced by the decrease of new cement projects in domestic market, the revenue of residual heat power generation and vertical mills business recorded a drop. In 2015, the total revenue of residual heat power generation amounted to **RMB871** million, the total revenue of vertical mills business amounted to **RMB204** million yuan
- Due to an increase in turnover of overseas projects, and generally higher gross profit in these projects, that reordered a risen in gross profit margin of vertical mills and residual heat power generation business YOY. In 2015, gross profit margin of residual heat power generation business was **32.07%**, and gross profit margin of vertical mill gross margin was **33.7%**



The full view of Captive power plant in Muara Satui ,Indonesia



Vertical Mills Project in Kyaukse, Myanmar

Energy Saving Business—Review

As at 31 December 2015, The distribution of company residual heat power generation projects:



Energy Saving Business—Outlook

Outlook

- Expand in Southeast Asia, Africa and South America markets, focus on the key projects and potential market tracking;
- Follow the transformation of domestic power generation market, and tap the growth potential of remaining cement waste heat power generation market;
- Focus on the promotion of steel, ferrosilicon industry , to contribute on the stabilization of energy saving business



The Coal Fired Power Plant built by Company in Kyaukse, Myanmar



The company organized staff to Vietnam to promote the waste heat power generation technology



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Environmental Protection Business

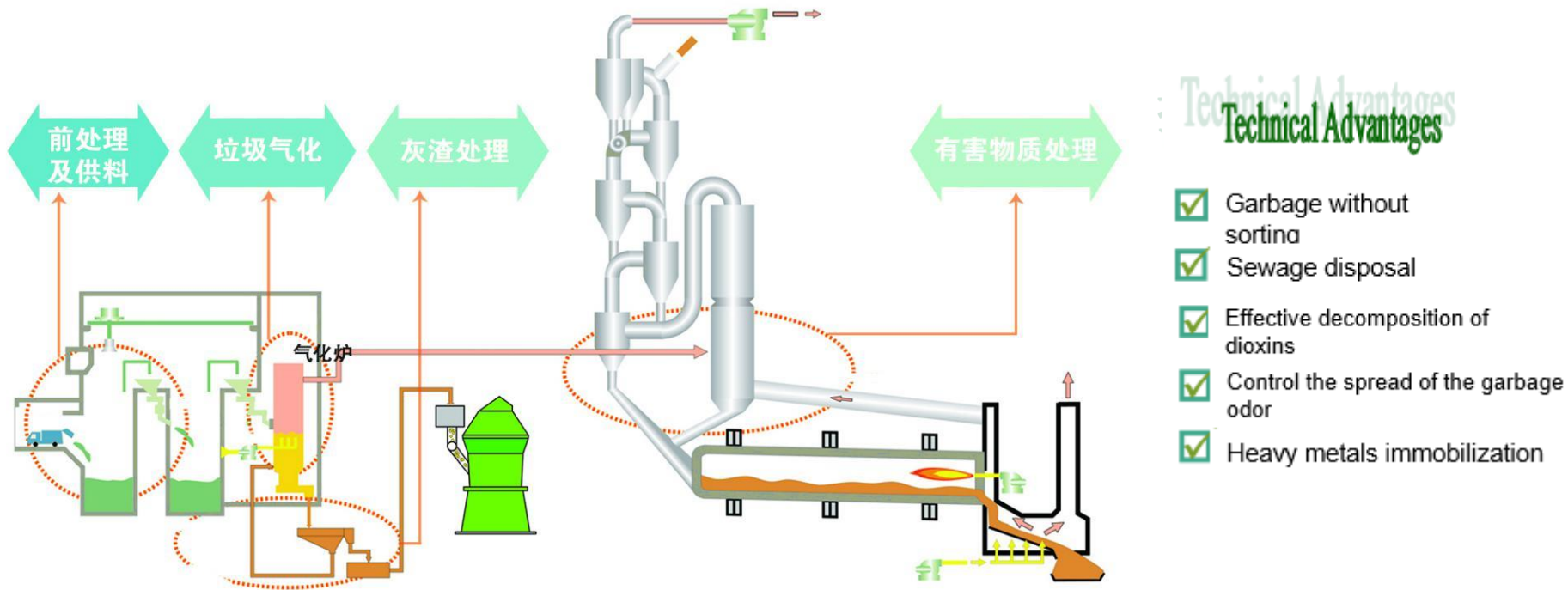
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Environmental Protection Business

—Technology of Municipal Garbage Incineration via Cement Kiln

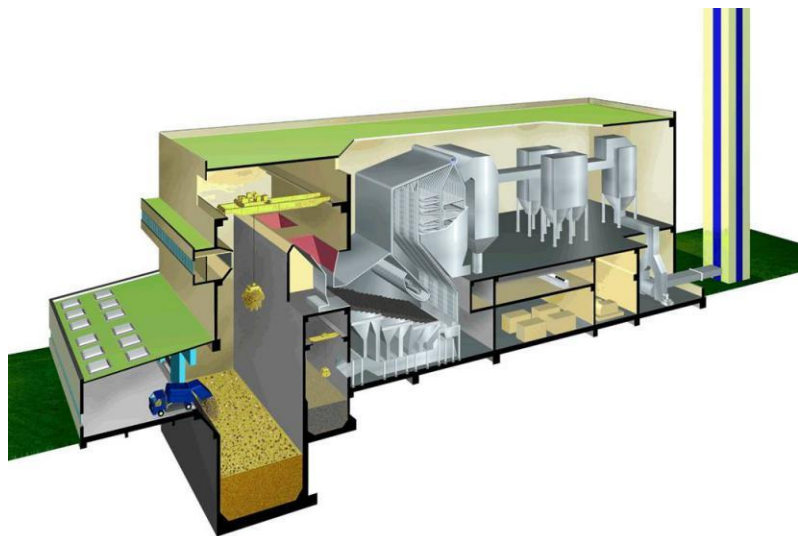
- According to needs of China's urban and rural construction, Conch Venture collaborated with Kawasaki Heavy Industries, researched and developed **the Municipal Garbage Incineration via Cement Kiln Demonstration Project (CKK)**, Completely solve the problem of city landfill occupation of land, environmental pollution. It is **the most innovative technology of the world**.



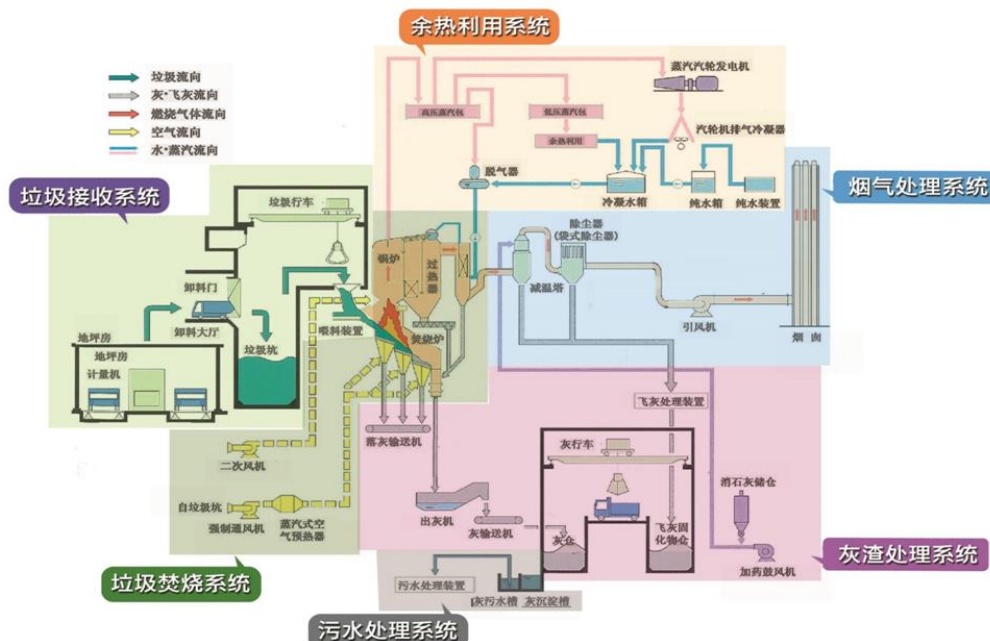
The process of residual incineration system

Environmental Protection Business—Grate Furnace Technology

- Company fully absorbed foreign advanced waste incineration technology, faced regions and cities without cement factory, and developing the grate furnace technology. The technology can completely degrade dioxins, the entire closed treatment, no odor diffusion, garbage without sorting, do not need to add fuel, high capacity, saving investment, low operating costs, location has no special requirements.



Grate Furnace system in section



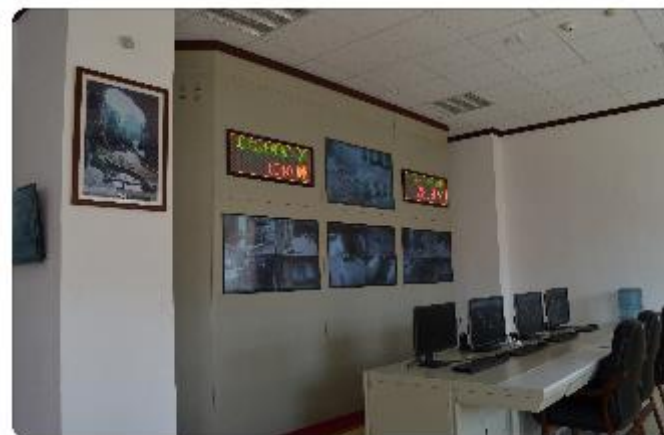
The process of Grate Furnace system

Environmental Protection Business—Waste Incineration Business

- The Turnover derived from waste incineration business amounted to **RMB812 million**, representing a year-on-year increase of nearly **1.5 times**. The gross profit margin was **44%**, representing an increase of **5.15** percentage points year on year.
- 2015, 10 projects have been put into operation constantly, namely **Zuiyi of Guizhou, Zhong County of Chongqing, Qingzhen of Guizhou, Yuping of Guizhou, Yangchun of Guangdong, Qiyang of Hunan, Shimen of Hunan, Xishui of Guizhou, Anshun of Guizhou and Shuicheng of Guizhou.**



Plant area of garbage disposal project in Qiyang, Hunan Province



Central control room of garbage disposal project in Yangchun, Guangdong

Environmental Protection Business—Contracts

- In 2015, the Group had contracted orders for garbage treatment projects in Emeishan of Sichuan, Linxia of Gansu, Linyun of Guangxi, Phase 2 of Tongling of Anhui, Yanshan of Yunnan, Ningguo of Anhui, Xingtai of Hebei, Longyan of Fujian and so on. By acquiring Yaobai Environmental, the Company widened the business platform of solid waste and hazardous waste disposal industry. The number of waste disposal projects over the two year after listing has increased to **38**, including **9** EPC projects, **23** BOT projects.



On 6 March 2015, the Company obtained the contracted order for garbage disposal project in Linyun of Guangxi.



Company leaders went to the project site for research and site selection

Environmental Protection Business—Performance Review¹

No.	Way of disposal	Status	Location	Business Model	Size	Completion Date
1	Disposal of household garbage by cement kiln	Completed	Tongling, Anhui Province (Phase I)	EPC	1 × 300t/d	April 2010
2			Guiding, Guizhou Province	EPC	1 × 200t/d	November 2012
3			Pingliang, Gansu Province	BOT	1 × 300t/d	November 2014
4			Zhong County, Chongqing	EPC	1 × 200t/d	March 2015
5			Qingzhen, Guizhou Province	BOT	1 × 300t/d	May 2015
6			Zunyi, Guizhou Province	EPC	2 × 400t/d	June 2015
7			Yuping County, Guizhou Province	BOT	1 × 100t/d	August 2015
8			Yangchun, Guangdong Province	BOT	1 × 200t/d	September 2015
9			Qiyang County, Hunan Province	BOT	1 × 300t/d	October 2015
10			Shimen County, Hunan Province	BOT	1 × 200t/d	November 2015
11			Xishui County, Guizhou Province	BOT	1 × 300t/d	November 2015
12			Anshui, Guizhou Province	EPC	1 × 200t/d	December 2015
13			Shuicheng County, Guizhou Province	BOT	1 × 200t/d	December 2015

Environmental Protection Business—Performance Review²

No.	Way of disposal	Status	Location	Business Model	Size	Expected Completion Date
14	Disposal of household garbage by cement kiln	Completed	Shuangfeng County, Hunan Province	BOT	1×200t/d	Completed on February 2016
15			Fusui County, Guangxi Province	BOT	1×200t/d	Completed on February 2016
16		Projects under construction	Emeishan, Sichuan Province	EPC	1×400t/d	June 2016
17			Baoshan, Yunnan Province	BOT	1×300t/d	May 2016
18			Nanjiang County, Sichuan Province	BOT	1×200t/d	June 2016
19			Lingyun County, Guangxi Province	BOT	1×100t/d	June 2016
20			Linxia, Gansu Province	BOT	1×300t/d	April 2017
21		Projects submitted for approval and pending construction	Tongling, Anhui Province (Phase II)	EPC	1×300t/d	December 2016
22			Ningguo, Anhui Province	BOT	1×300t/d	December 2016
23			Xingtai, Hebei Province	EPC	1×300t/d	December 2016
24	Longyan, Fujian Province		EPC	1×300t/d	April 2017	

Environmental Protection Business—Performance Review³

No.	Way of disposal	Status	Location	Business Model	Size	Expected Completion Date	
25	Disposal of solid and hazardous waste by cement kiln	Completed	Lantian County, Shaanxi Province	/	2×50+150t/d	Completed in March 2014	
26		Projects under construction	Gan County, Shaanxi Province	/	1×200t/d	June 2016	
27			Fuping County, Shaanxi Province	/	150+300t/d	April 2016	
28		Projects submitted for approval and pending construction	Hancheng, Shaanxi Province	/	50+100t/d	March 2017	
29			Mian County, Shaanxi Province	/	50+100t/d	April 2017	
30			Danfeng County, Shaanxi Province	/	50+100t/d	May 2017	
31			Shimen County, Hunan Province	BOT	1×200t/d	February 2017	
32			Huaibei, Anhui Province	BOT	1×200t/d	February 2017	
33		Grate Furnace Technology	Completed	Jinzhai County (Phase I), Anhui Province	BOT	1×300t/d	Completed in December 2015
34			Projects submitted for approval and pending construction	Yanshan County, Yunnan Province	BOT	1×300t/d	May 2017
35	Susong County(Phase I), , Anhui Province			BOT	1×400t/d	September 2017	
36	Li County(Phase I), , Hunan Province			BOT	1×400t/d	October 2017	
37	Shache County(Phase I), , Xinjiang			BOT	1×600t/d	October 2017	
38	Huoqiu County(Phase I), , Anhui Province			BOT	1×400t/d	October 2017	

Environmental Protection Business—Outlook

Outlook

- The company will continue to proceed with the use of cement kiln disposal of municipal solid waste, solid waste, hazardous waste, sewage sludge; and grate garbage power generation project. Increased marketing efforts, put the completed projects into play a demonstration effect, to broaden social-media efforts. Strengthen cooperation with relevant government departments by the use the Group's brand, to obtain orders by **EP、EPC、BOT、PPP** business modes, etc.
- We will focus on the atmosphere, water and soil and other environmental management requirements, enhance the depth of cooperation within the industry enterprises, to increase investment and improve competitiveness of environmental protection industrial by take the acquisition, merger, reorganization, etc. ;
- Strives to sign **15** environmental protection projects in 2016



Grate furnace in Jinzhai of Anhui Province was put into operation at the end of 2015.



Sludge disposal project of Yaobai Environmental in Lantian.



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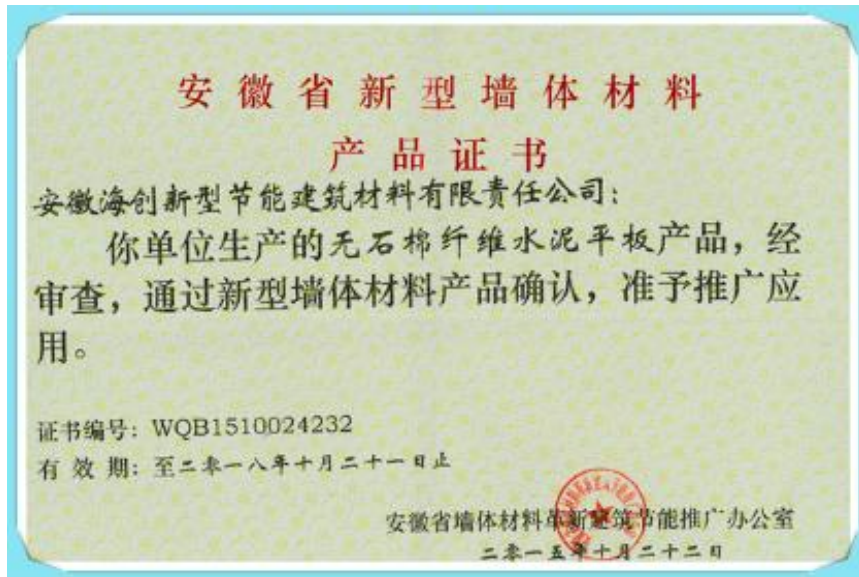
New Building Materials Business

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New Building Materials Business—Production Organization

- The Group's total production of fiber cement board amounted **4.04** million square meters in 2015, sales of fiber cement board **1.91** million square meters with operating income of RMB **20.602** million
- Over the past year, the company focus on the goal of “to develop market as the center, to increase sales as fundamental, to safety produce as the basis, to ensure the technology and equipment as guarantee, to control cost as method, to use reliable quality as competitiveness, on create industry leading Conch board brand”, strengthening technology exploration and research process quality, and perfect the construction of control system.



Was successfully issued the certification of new wall materials



Carried out monthly theme activity on Production Quality

New Building Materials Business—Market Expansion

- After more than a year of effort, product promotion and sales initially formed a diversified platform support, product sales have achieved a full coverage, the number of customers and sales continued to grow rapidly, and have achieved products export in batches; at the same time, the company also actively carry out multi-level foreign exchange activities, seeking high-quality strategic partners to seize the customer resources, the influence in the industry has significantly improved.



Establish a online advocacy link on "Anhui Channel of People's Daily Online"



Participated in International Thermal Insulation Material & Energy-saving Technology Expo

New Building Materials Business—Outlook

- On one hand, the Company will rely on the existing industrial base, further strengthen technological innovation, improve process quality management, foster multi-channel customer groups and become an fine and excellent member of new materials industry.
- On the other hand, while improving the capacity of fiber cement board and expanding deep-processing products, the Company will explore the introduction of post-processing enterprises to the park, construct R & D inspection center, so as to form an innovative and cooperative mechanism with joint development, complementary of advantages, benefit-sharing and risk-sharing . Also it will improve the market competitiveness of products, which will therefore truly become a new profit growth pole.



Held a mobilization meeting of annual sales



Elected deputy head unit of work group of structure and insulation decorative integration



Scan it and follow Conch Venture

Port Logistics Business

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Port Logistics Business—Performance Review and Development

Performance Review

- For 2015, the Group has completed **11.74** million physical tones with a trade volume of **22.97** million tonnes, and achieved a turnover of RMB**150** million, representing an increase of **8 million** over the same period of last year.

Development

- In 2015, through maximizing potential, changing thinking, developing new clients and other various method, the Company gradually achieved diversification of clients. At the same time, the Company deepened multiple operations, constantly improved service quality and added value of profit, which would continue to contribute to the Group by steady revenue.



Eco-friendly Port - Port of Haichang,

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