

# Conch Venture 2016 Interim Results



August 2016



扫一扫，关注海螺创业



# Contents



|   |    |
|---|----|
| Financial Information.....              | 3  |
| Business Review.....                    | 10 |
| Company Profile.....                    | 11 |
| Environmental Protection Business ..... | 12 |
| Energy Saving Business.....             | 26 |
| New Building Materials Business.....    | 27 |
| Port Logistics Services Business.....   | 29 |





1

## Financial Information

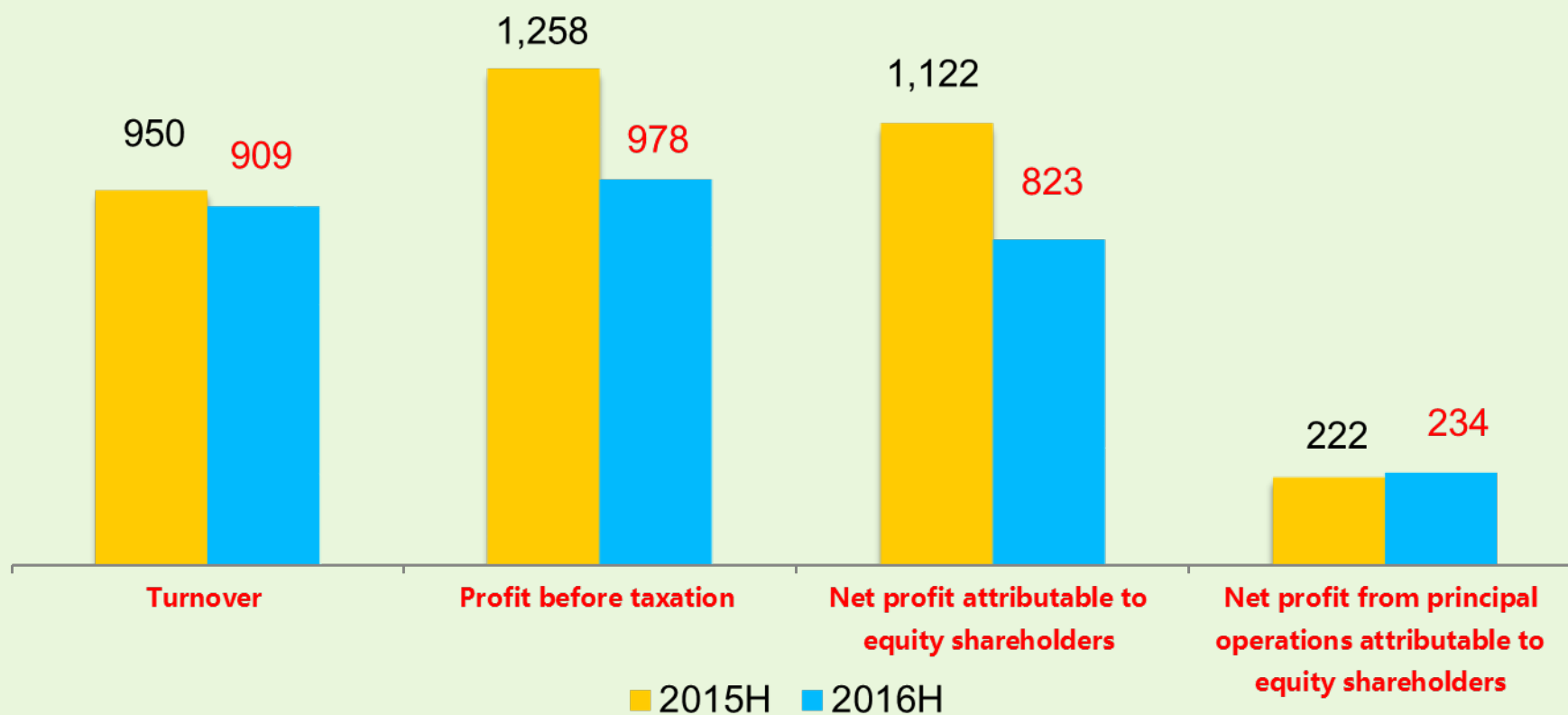


扫一扫，关注海螺创业

# Company Profile—Financial Information <sup>1</sup>

## Business Performance

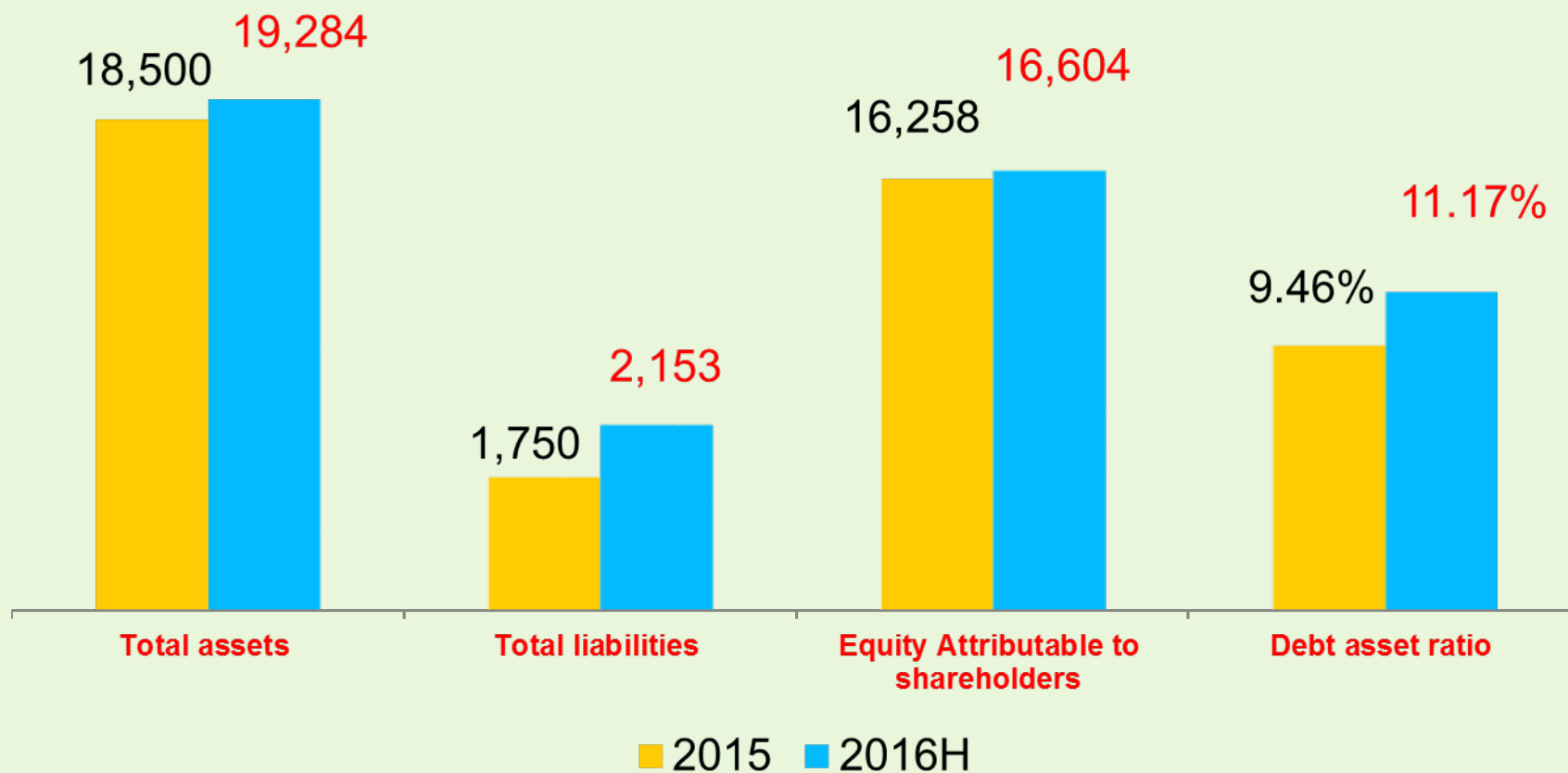
(RMB MILLION)



# Company Profile—Financial Information <sup>2</sup>

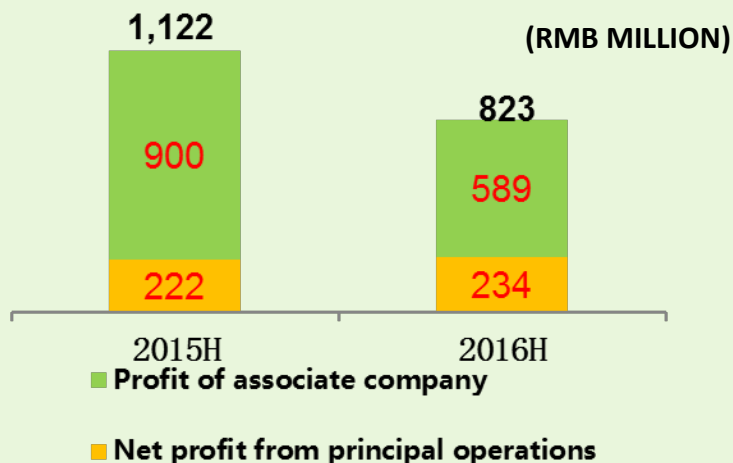
## Financial Situation

(RMB MILLION;%)



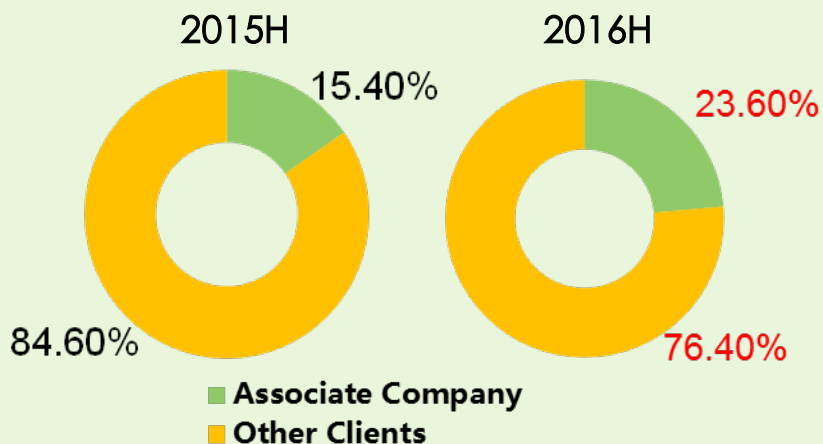
# Company Profile—Financial Information <sup>3</sup>

## Net Profit Attributable to Equity Shareholders



- During the period, Net profit attributable to equity shareholders of the Group amounted to approximately **RMB823 million**, representing a decrease of **26.71%** YOY; profit of associate company amounted to **RMB589 million**, representing a decrease of **34.57%** YOY.
- During the period, Net profit from principal operations to equity shareholders of the Group amounted to approximately **RMB234 million**, representing an increase of **5.16%** YOY; its proportion of net profit amounted to **28.41%**, representing an increase of **8.61%** YOY.

## Income Component

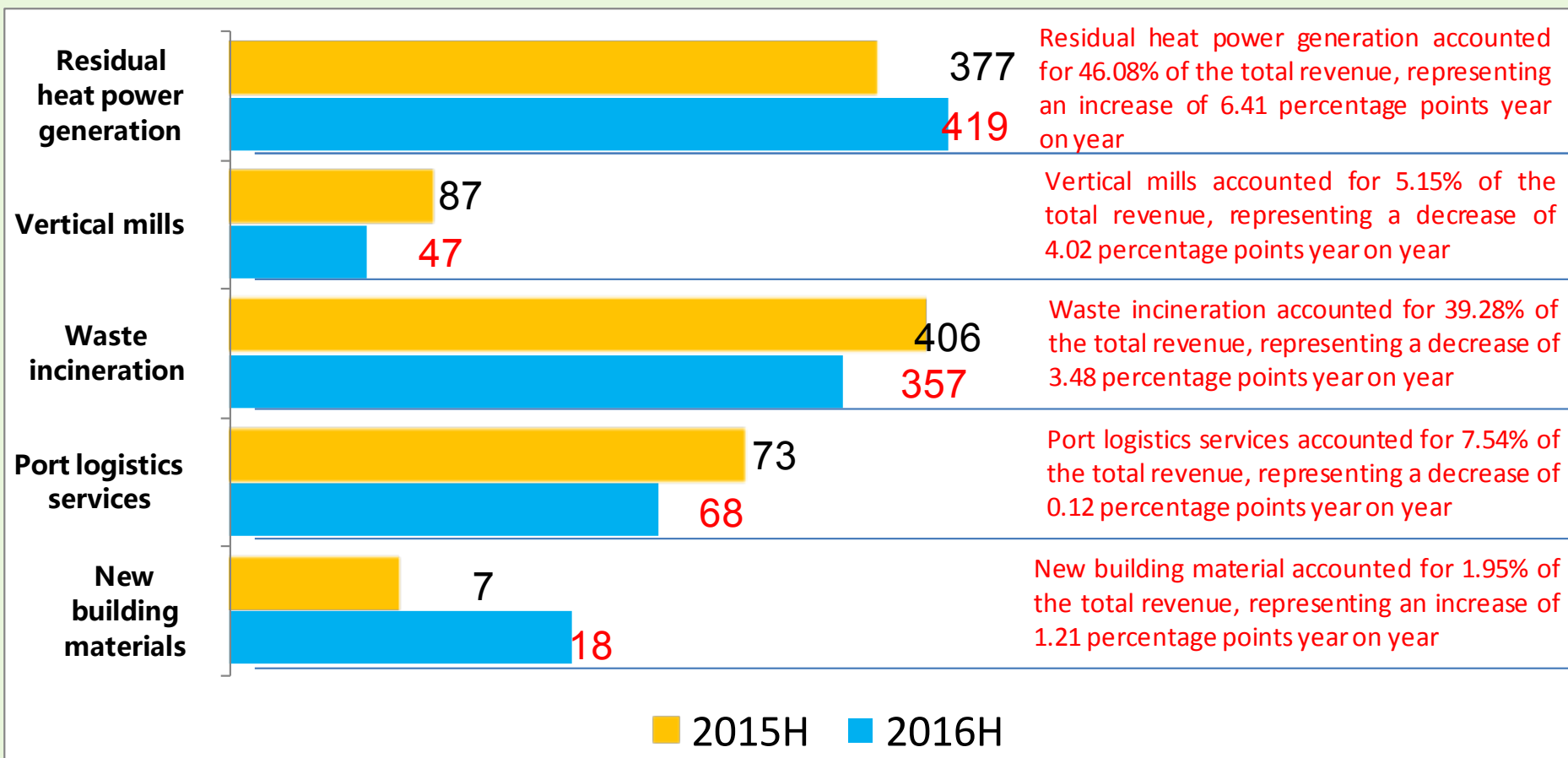


- During the period, the revenue from other clients amounted to **RMB695 million**, and amounted to **RMB215 million** for the revenue from associate company.
- During the period, the proportion of revenue from associate company amounted to **23.6%**, representing an increase of **8.2%** YOY; the proportion of revenue from other clients amounted to **76.4%**.

# Company Profile—Financial Information <sup>4</sup>

## Revenue By Segments

(RMB MILLION)

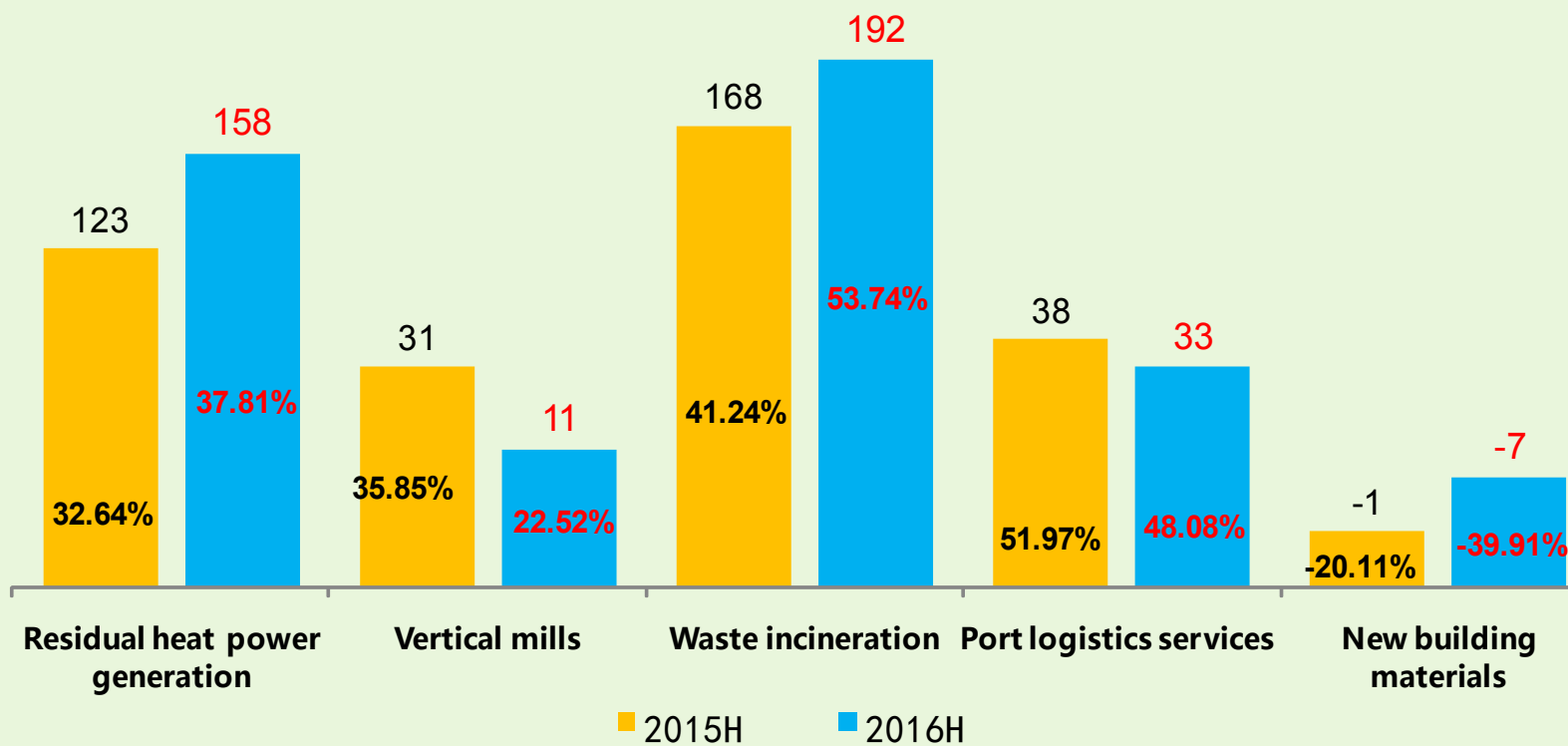


## Company Profile—Financial Information <sup>5</sup>

The consolidated gross profit margin of products of the Group for 1H16 was **42.54%**, representing an increase of **4.84** percentage points year on year.

Gross profit and gross profit margin in each segment is as follows:

(RMB million; %)





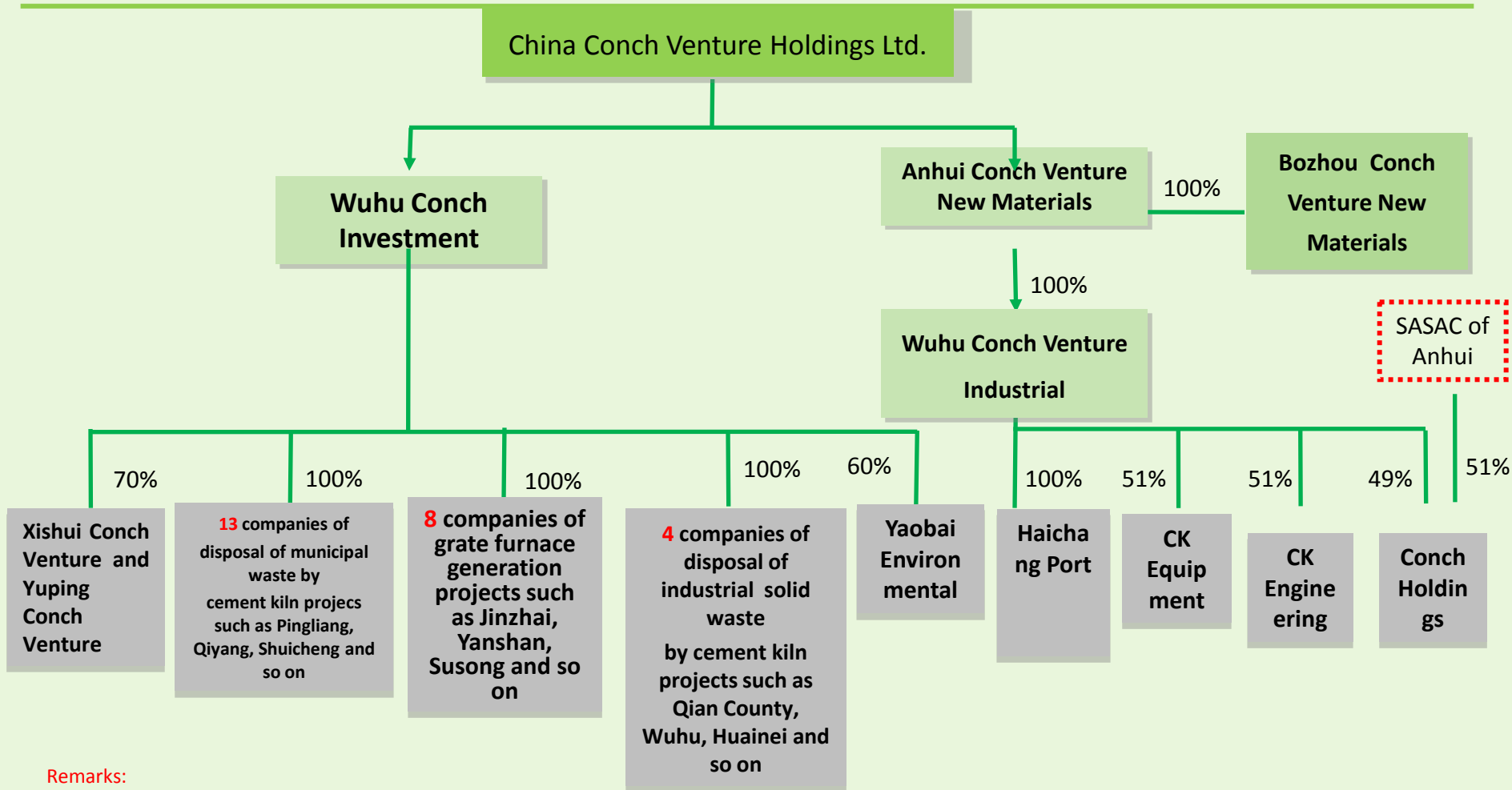


2 Business Review



扫一扫，关注海螺创业

# Company Profile




# Disposal of industrial solid waste by cement kiln

 China's industrial solid waste volume increased from **887 million tons** in 2001 to **3.792 billion tons** in 2015, representing an increase of a CAGR of **10.2%**. And it will remain about **16%** growth rate in next few years. In 2021, the amount of industrial solid waste is expected to reach to **9.8 billion tons**, comprehensive utilization rate will reach to **64%**, comprehensive utilization volume will reach to **6.3 billion tons**.

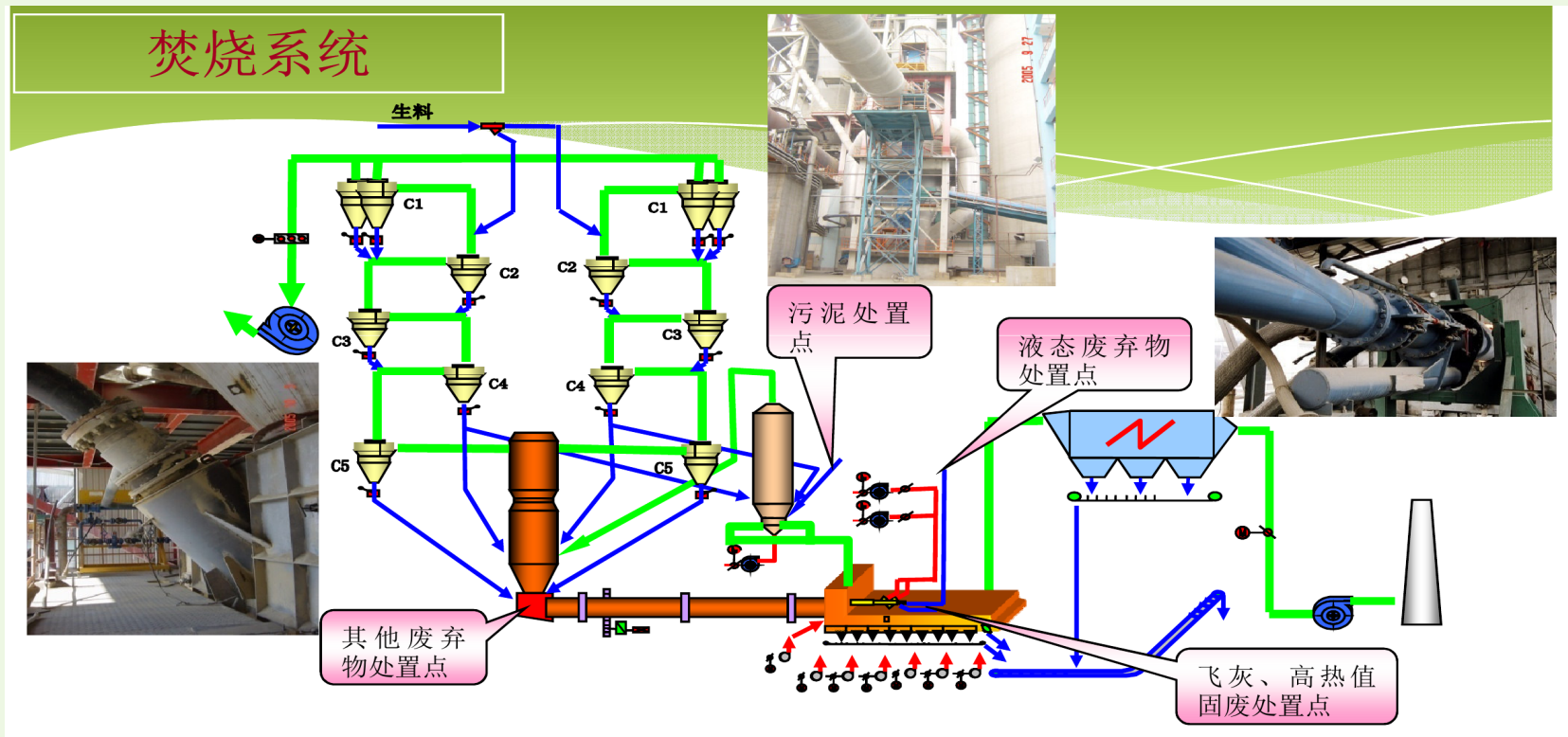


Plant of sewage sludge disposal project under construction in Qian County

 In 2016, the Ministry of Environmental Protection released a new version of the “National Hazardous Waste List”, covering **46 classes including 479 varieties**; also the country further increased the regulatory requirements of generation of industrial solid waste, hazardous waste sources, process and procedures. Currently, industrial solid waste and hazardous waste have become a social management problem, which also have tremendous space for market.

# Disposal of industrial solid waste by cement kiln

By calcination, adequate treatment of industrial solid waste, effectively curing heavy metal, to reduce acid gas emissions, no discharge of ash, achieve to a high resource-using rate; It has absolute technical superiority compared to the post-secondary landfill after treatment; known as **the most direct and effective way** to treat industrial solid waste and hazardous waste.



## Performance promotion of disposal of Industrial solid waste by cement kiln

Late last year, the Group entered the field of disposal of industrial solid waste by cement kiln by acquiring the **Xian Yaobai Environmental** under WCC. Currently the Group owned **2 completed projects in Lantian and Fuping, Shaanxi Province**, with the annual treatment capacity achieving to **250,000 tons**.



Industrial solid waste disposal project in Fuping, Shaanxi



Centralized control room of the industrial solid waste disposal project

**7** Projects in **Qian County, Mian County, Shaanxi Province ; Shimen , Hunan Province, Huaibei, Wuhu, Suzhou, Anhui Province; Zhong County, Chongqing** are in construction or approval to be under construction, will reach to **96 million tons** of annual disposal capacity after completed.



## Business Performance of disposal of Industrial solid waste by cement kiln

- During the period, the Group has treated **18 categories included 34,000 tons** of industrial solid waste, achieved revenue of **RMB29.45 million**, total profit of **RMB25.85 million** and gross profit margin was **83%**.
- Disposal of industrial solid waste by cement kiln will be the important growth point to the Group's future earnings.



Disposal of Industrial solid waste by cement kiln projects were promoted smoothly

# Collaborative treatment of municipal waste by cement kiln

In 2015, China's garbage removal volume amounted to about **192 million** tons, representing an increase of **13 million** tons, and **8%** compared to 2014.



The garbage disposal plant with beautiful environment

The world's first collaborative treatment of municipal waste by cement kiln developed by Conch Venture , which can completely solve such problems as land occupied by the city landfill and environmental pollution.

Technical features are as follows:

- ➔ One : no need to distribute or pick with strong adaptability
- ➔ Two : beautiful environment without ugly smell
- ➔ Three : can be fully used without remnants
- ➔ Four : dispose garbage sewage without harm
- ➔ Five : degrade dioxin and cure heavy metal

# Performance promotion of collaborative treatment of municipal waste by cement kiln

## Demonstration projects :



The project of Tongling Conch, Anhui Province was put into operation in April 2010.



The project of Guiding Conch, Guizhou Province was put into operation in Nov. 2012.



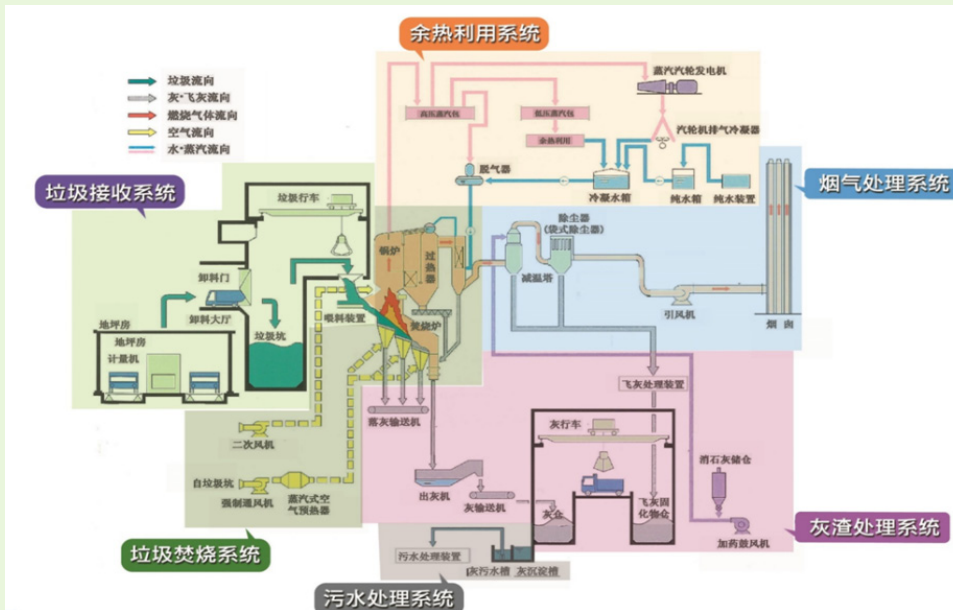
Up to now, the Company has 24 projects in 11 provinces, including Anhui (3 projects), Guizhou (7 projects), Yunnan (1 project), Hunan (3 projects), Chongqing (1 project), Sichuan (2 projects), Gansu (2 projects), Guangxi (2 projects), Guangdong (1 project), Fujian (1 project), Hebei Province (1 project) and so on.



# Grate furnace power generation



Grate furnace power generation technology can completely degrade dioxins with entire closed treatment, no odor diffusion, garbage without sorting, no need to add fuel, high generating capacity, low operating costs, no special requirements on location and all emission indicators being below the standard of China and EU.



Grate furnace power generation project under construction in Yanshan, Yunnan Province

The process diagram of grate furnace power generation technology

# Performance promotion of grate furnace power generation



Panorama of grate furnace power generation project in Jinzhai, Anhui Province



Learning Center Located in Jinzhai Project

Up to now, the project in **Jinzhai** (300 t/d), Anhui Province is put into operation and some projects are under construction, including **Huoqiu** (300 t/d), Anhui Province, **Susong** (400 t/d), Anhui Province; **Yanshan** (300 t/d), Yunnan Province; **Li County** (400 t/d), Hunan Province; **Tongren** (600 t/d), Guizhou Province; **Shache** (600 t/d), and **Bole** (300 t/d), Xin Jiang, etc.

# Environmental protection business—Revenue and results

Waste incineration business achieved an revenue of **RMB357 million**, representing a decrease of **12.14%** YOY, which was mainly affected by the lagging progress of Tongling Phase II, Huoqiu and Tongren projects .

Waste incineration business Income distribution – table 2

| Income distribution | Jan to June 2016 |             | Jan to June 2015 |             |
|---------------------|------------------|-------------|------------------|-------------|
|                     | RMB              | %           | RMB              | %           |
| Construction Income | 2.82             | 79%         | 4.00             | 99%         |
| Operating Income    | 0.49             | 14%         | 0.03             | 0.5%        |
| Interest Income     | 0.25             | 7%          | 0.03             | 0.5%        |
| <b>Total</b>        | <b>3.57</b>      | <b>100%</b> | <b>4.06</b>      | <b>100%</b> |

Waste incineration business Income distribution – table 1

| Income distribution | Jan to June 2016 |             | Jan to June 2015 |             |
|---------------------|------------------|-------------|------------------|-------------|
|                     | RMB              | %           | RMB              | %           |
| CKK                 | 3.04             | 85%         | 3.08             | 76%         |
| Waste generation    | 0.24             | 7%          | 0.98             | 24%         |
| solid waste         | 0.29             | 8%          | -                | -           |
| <b>Total</b>        | <b>3.57</b>      | <b>100%</b> | <b>4.06</b>      | <b>100%</b> |

Achieved a gross profit of **RMB192 million**, gross profit margin of **53.74%**, representing an increase of **12.5%** year-on-year, which is mainly because some of the projects came into the operational period which has higher gross profit.



# Environmental Protection Business—Contracts



Up to now, the Group has signed 6 grate furnace power generation projects in Susong and Huoqin, Anhui Province, Shache and Bole, Xinjiang Province, Li County, Hunan Province, Tongren, Guizhou Province, as well as 5 disposal projects of industrial solid waste by cement kiln in Huaibei, Wuhu and Suzhou in Anhui Province, Shimen, Hunan Province and Zhong County, Chongqing.



In May 2016, the Company signed disposal of industrial solid waste project in Wuhu.



In March 2016, the Company signed waste generation project in Bole, Xinjiang.

# Environmental Protection Business—Performance Presentation<sup>1</sup>

| No. | Way of disposal                            | Status    | Location                           | Business Model | Size       |
|-----|--|-----------|------------------------------------|----------------|------------|
| 1   | Disposal of municipal waste by cement kiln | Completed | Tongling, Anhui Province (Phase I) | EPC            | 1 × 300t/d |
| 2   |  |           | Guiding, Guizhou Province          | EPC            | 1 × 200t/d |
| 3   |  |           | Pingliang, Gansu Province          | BOT            | 1 × 300t/d |
| 4   |  |           | Zhong County, Chongqing            | EPC            | 1 × 200t/d |
| 5   |  |           | Qingzhen, Guizhou Province         | BOT            | 1 × 300t/d |
| 6   |  |           | Zunyi, Guizhou Province            | EPC            | 2 × 400t/d |
| 7   |  |           | Yuping County, Guizhou Province    | BOT            | 1 × 100t/d |
| 8   |  |           | Yangchun, Guangdong Province       | BOT            | 1 × 200t/d |
| 9   |  |           | Qiyang County, Hunan Province      | BOT            | 1 × 300t/d |
| 10  |  |           | Shimen County, Hunan Province      | BOT            | 1 × 200t/d |
| 11  |  |           | Xishui County, Guizhou Province    | BOT            | 1 × 300t/d |
| 12  |  |           | Anshui, Guizhou Province           | EPC            | 1 × 200t/d |
| 13  |  |           | Shuicheng County, Guizhou Province | BOT            | 1 × 200t/d |

## Environmental Protection Business—Performance Presentation<sup>2</sup>

| No. | Way of disposal                            | Status   | Location                            | Business Model | Size       |
|-----|--|--|-------------------------------------|----------------|------------|
| 14  | Disposal of municipal waste by cement kiln | Completed  | Shuangfeng County, Hunan Province   | BOT            | 1 × 200t/d |
| 15  |  |  | Fusui County, Guangxi Province      | BOT            | 1 × 200t/d |
| 16  |  | Projects under construction                              | Emeishan, Sichuan Province          | EPC            | 1 × 400t/d |
| 17  |  |  | Baoshan, Yunnan Province            | BOT            | 1 × 300t/d |
| 18  |  |  | Nanjiang County, Sichuan Province   | BOT            | 1 × 200t/d |
| 19  |  |  | Lingyun County, Guangxi Province    | BOT            | 1 × 100t/d |
| 20  |  |  | Ningguo, Anhui Province             | BOT            | 1 × 300t/d |
| 21  |  |  | Shahe, Hebei Province               | EPC            | 1 × 300t/d |
| 22  |  |  | Linxia, Gansu Province              | BOT            | 1 × 300t/d |
| 23  |  |  | Longyan, Fujian Province            | EPC            | 1 × 300t/d |
| 24  |  | Projects submitted for approval and pending construction | Tongling, Anhui Province (Phase II) | EPC            | 1 × 300t/d |

Up to now, the Company has completed **15** projects of disposal of municipal waste by cement kiln with an annual disposal capacity of **1.46 million tons** and signed **9** projects, will achieve an annual disposal capacity of **0.91 million tons**.

# Environmental Protection Business—Performance Presentation<sup>3</sup>

| No. | Way of disposal                                   | Status                      | Location   | Business Model          | Size       |            |
|-----|---|-----------------------------|--|-------------------------|------------|------------|
| 1   | Disposal of industrial solid waste by cement kiln | Completed                   | Lantian County, Shaan xi Province                        | BOO                     | 1 × 250t/d |            |
| 2   |   |                             | Fuping County, Shaan xi Province                         | BOO                     | 1 × 450t/d |            |
| 3   |   | Projects under construction | Qian County, Shaan xi Province                           | BOO                     | 1 × 200t/d |            |
| 4   |   |                             | Mian County, Shaan xi Province                           | BOO                     | 1 × 150t/d |            |
| 5   |   |                             | Shimen County, Hunan Province                            | BOO                     | 1 × 200t/d |            |
| 6   |   |                             | Projects submitted for approval and pending construction | Huaibei, Anhui Province | BOO        | 1 × 300t/d |
| 7   |   |                             |  | Wuhu, Anhui Province    | BOO        | 2 × 300t/d |
| 8   |   |                             |  | Suzhou, Anhui Province  | BOO        | 2 × 300t/d |
| 9   |   |                             |  | Zhong County, Chongqing | BOO        | 2 × 300t/d |

Up to now, the Company has completed **2** projects of disposal of industrial solid waste by cement kiln with an annual disposal volume of **0.25 million tons**, and signed **7** projects, will achieve an annual disposal volume of **0.96 million tons**.

## Environmental Protection Business—Performance Presentation<sup>4</sup>

| No. | Way of disposal                | Status   | Location                                 | Business Model | Size       |
|-----|--------------------------------|--|--|----------------|------------|
| 1   | Grate furnace power generation | Completed  | Jinzhai County, Anhui Province (Phase I) | BOT            | 1 × 300t/d |
| 2   |                                | Projects under construction                              | Yanshan County, Yunnan Province          | BOT            | 1 × 300t/d |
| 3   |                                |  | Shache County(Phase I), , Xinjiang       | BOT            | 1 × 600t/d |
| 4   |                                | Projects submitted for approval and pending construction | Tongren, Guizhou Province (Phase I)      | BOT            | 1 × 600t/d |
| 5   |                                |  | Li County(Phase I), Hunan Province       | BOT            | 1 × 400t/d |
| 6   |                                |  | Huoqiu County(Phase I), , Anhui Province | BOT            | 1 × 400t/d |
| 7   |                                |  | Bole(Phase I), Xin Jiang                 | BOT            | 1 × 300t/d |
| 8   |                                | Susong County(Phase I), Anhui Province                   | BOT                                      | 1 × 400t/d     |            |

Up to now, the Company has completed **1** project of grate furnace power generation with an annual disposal capacity of **0.10 million tons** and signed **7** projects, will achieve an annual disposal capacity of **1.09 million tons**.



## Energy Saving Business—Operations results and overseas expansion

In the first half year, driven by the development strategy “One Belt One Road”, the Company further increased the overseas marketing efforts by successfully signing 4 overseas orders, including PT. Indonesia North Sulawesi self-owned power plant, Thailand SCCC and Cambodia Battambang.



Panorama of Cambodian MCL captive power plant project



Visit clients of Thailand SCG project

In the first half year, residual heat power generation business achieved a total revenue of RMB419 million and a gross margin of 37.81%, both representing a significant increase year on year.

## New Building Materials Business—Production Organization and Sales

In the first half year, the cumulative production of fiber cement plates was **2.08 million** sqm; sales of fiber cement plates was **1.74 million** sqm; achieving a revenue of **RMB17.75 million**, representing an increase of **153%** year on year. Anhui Conch Venture New Material has reached a monthly sales volume of over **0.2 million** sqm for **six consecutive months**, almost as same as compared to the total sales volume of 2015.



Brave sales team



Carried out theme activity on production quality month

# New Building Materials Business—Market Exploitation

The Company proactively participated in industrial development and technology seminar activities, promoting exchanges with external parties, joined industrial exchange and application promotion meetings in Beijing, Hefei etc., and was successfully elected as deputy head unit of unison between structure and decorative insulation working group and executive director unit of Wall Reconstruction Association.



Was elected as deputy head unit of unison between structure and decorative insulation working group



Successfully hosted the industry's annual conference of CCPA calcium silicate cement plate in 2016, and was elected as vice director unit of the Association.

On May 18, the company successfully hosted the 2016 annual meeting of the fiber cement plate industry in Wuhu, Anhui , and was elected as the vice director unit of CCPA calcium silicate / fiber cement plate.



# Port Logistics Services Business

In the first half year, the Company completed a total of **6.3 million tons** of natural ton, a throughput of **12,54 million tons**, with an revenue of **RMB68.55 million**, representing a decrease of **RMB4.24 million**.



The Company gradually achieves customer diversification and obtained high quality customers including many large enterprise. Amid shrinking industry, port logistics services business rises against the trend, anti-risk capability and competitive advantage have been improved.

Thank you !



# Disclaimer

---

This report is drafted and audited by China Conch Venture Holdings Limited (“Conch Venture” or the “Company”). The information contained in this report shall only be disclosed under the permission of relevant laws, regulations and rules and for the sole purpose of providing information and shall not constitute any advertisement. The material, comment and forecast (if any) contained in this report merely reflects Company's situation or opinion at the date of initial disclosure of this report. Company may revise the information contained in this report and suggest investors to independently pay attention to related updates or amendments.

This report may contain some forward-looking statements. Such statements are the description, analyzing or prospect of Company employees with respect to Company or relating industries. Company makes no promise or guaranty that the contents of such statements will be consistent with Company or relating industries' future performance.

Copyright in this report is vested in the Company. The report may not be disclosed, copied, published, used or quoted by any institution or any person without the written approval from the Company. By obtaining the approval from the Company, the use of the report shall be within the extent approved in the written approval and shall indicate the source of the report. Any quotation contrary to the original intention of the report, deleting or modifying shall not be made.