

CONCH VENTURE

Conch Venture 2016 Annual Results Announcement



March 2017



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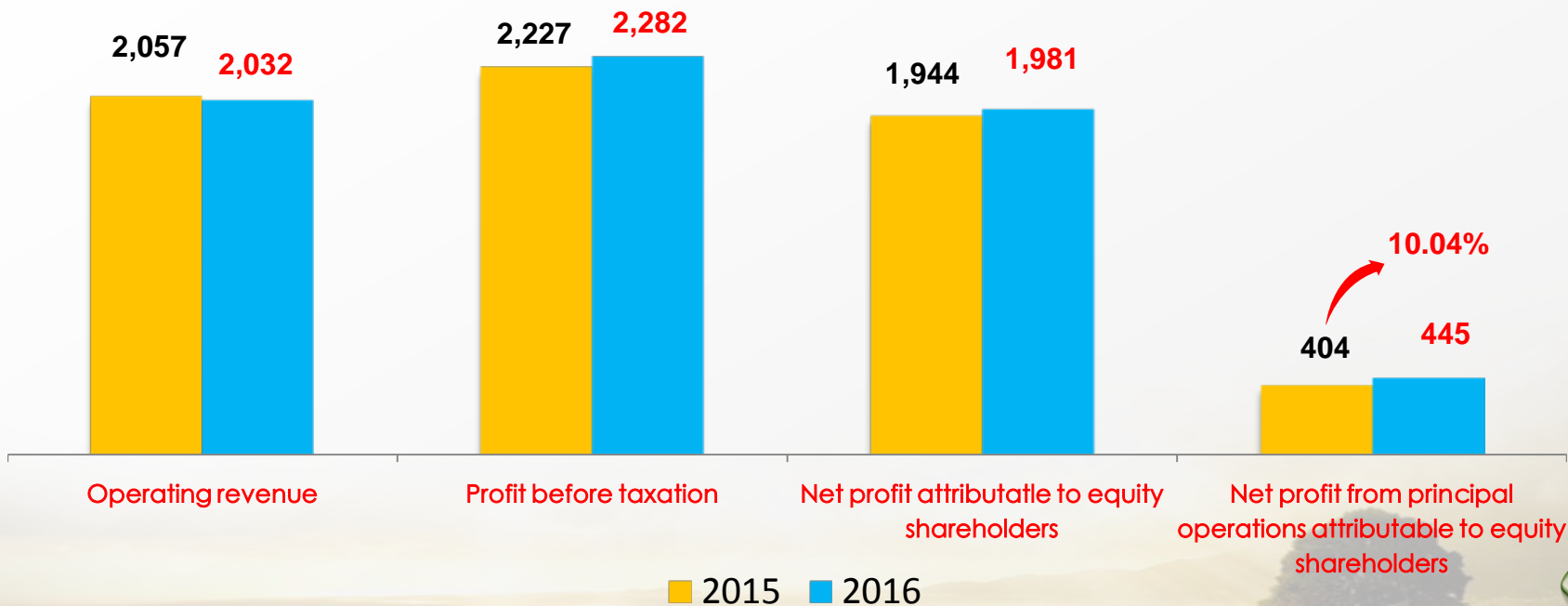
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Business Performance

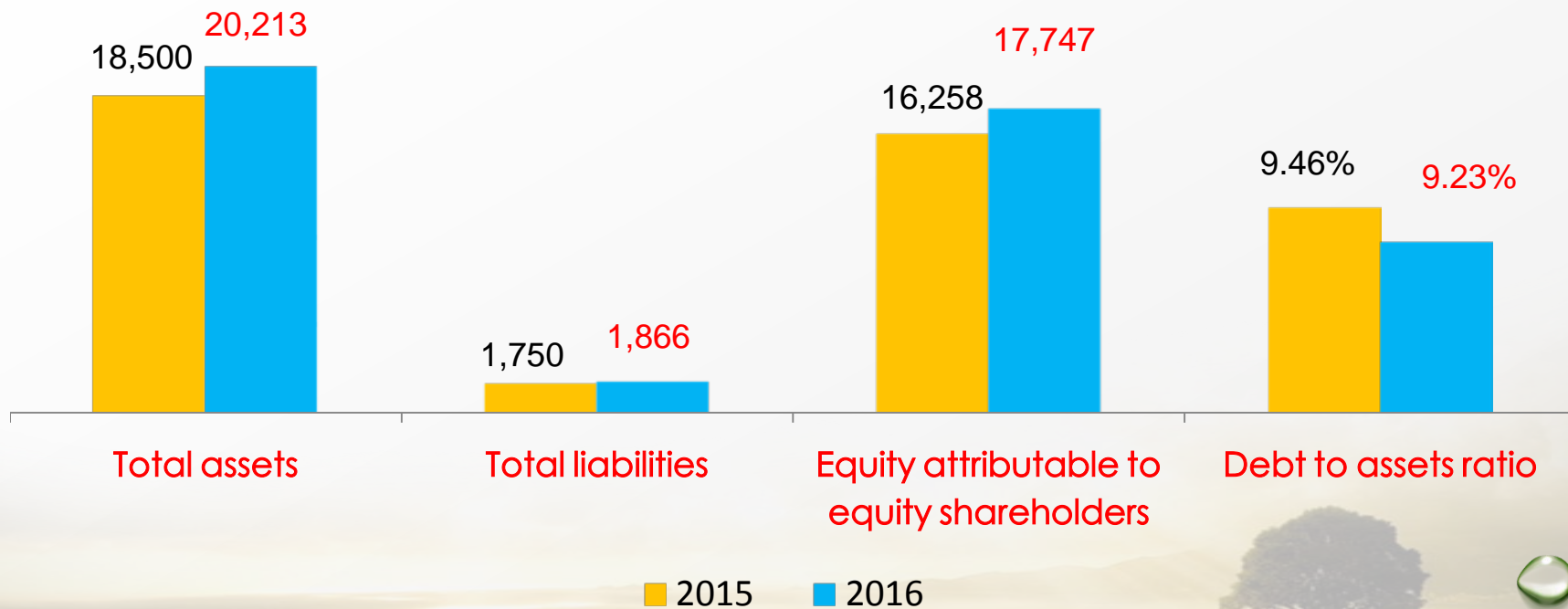
(RMB MILLION)





Financial Situation

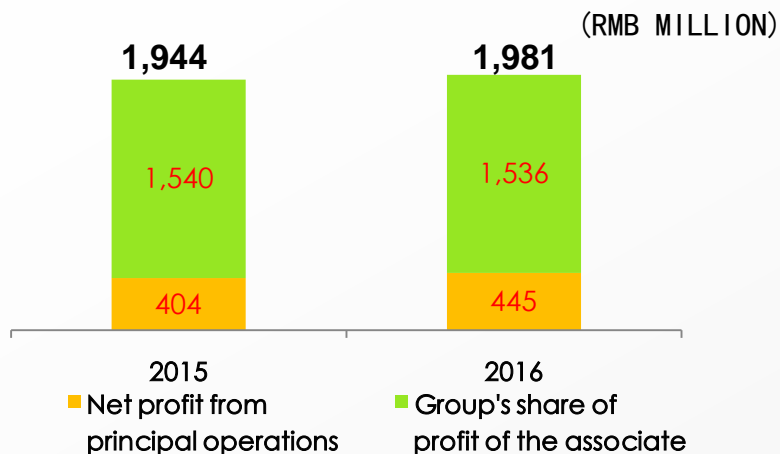
(RMB MILLION; %)



Financial Information

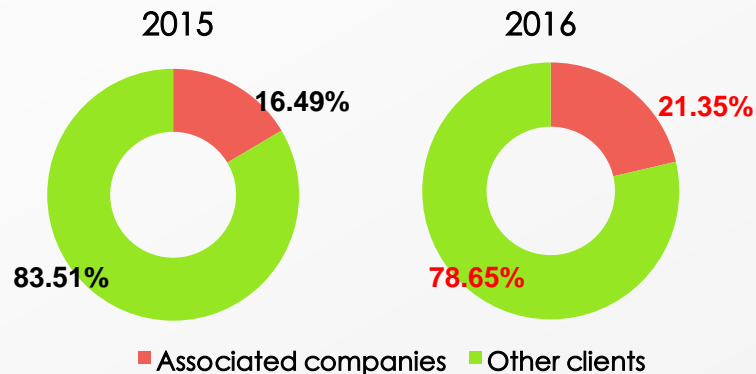


Net Profit Attributable to Equity Shareholders



- Net profit attributable to equity shareholders amounted to RMB**1.981** billion , representing an increase of **1.87%** as compared with 2015 ; the share of profit of the associate amounted to RMB**1.536** billion , representing a decrease of **0.28%** as compared with 2015 ;
- Net profit form principal operations amounted to RMB**445** million , representing an increase of **10.04%** as compared with 2015.

Source of Income

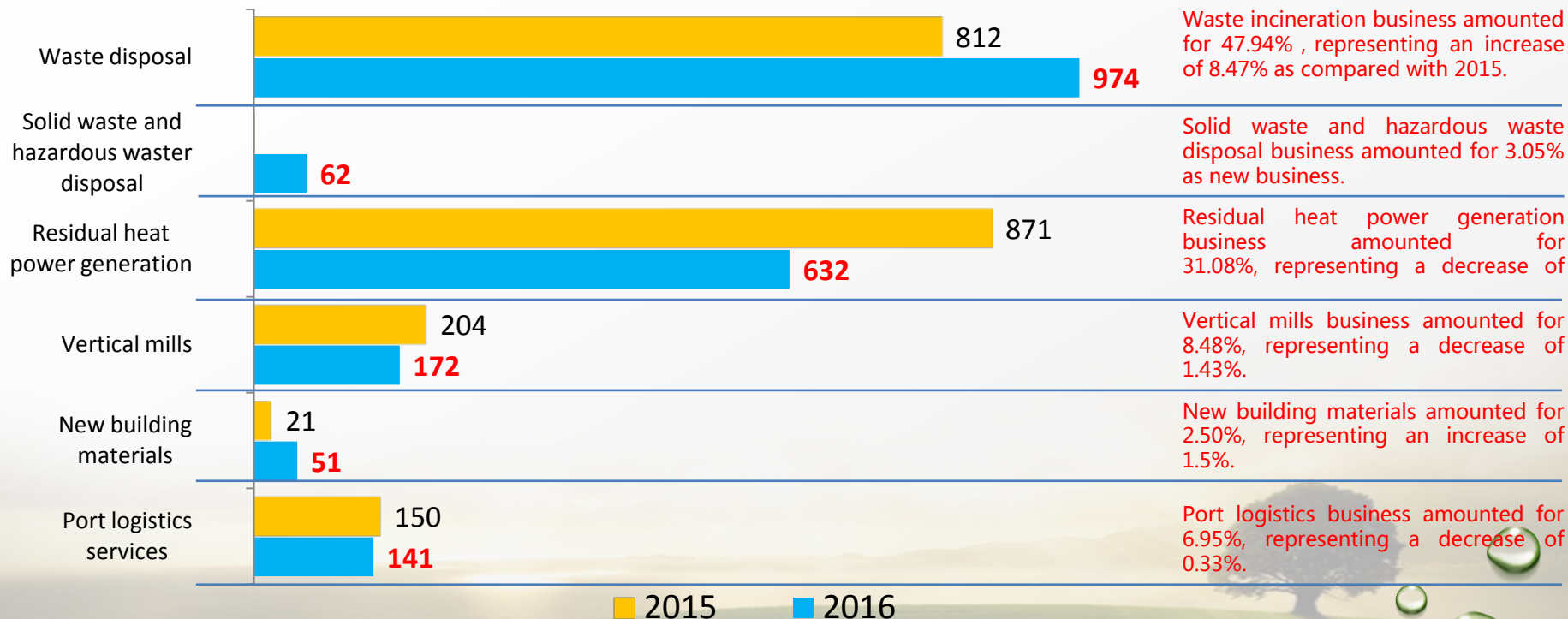


- Group' s operating revenue from other clients amounted to RMB**1.598** billion, Group' s share of operating revenue from associated companies amounted to RMB**434** million.
- Group' s revenue from other clients accounted for **78.65%** of the total revenue , among which Group' s share of revenue of the associated companies accounted for **21.35%**.



Revenue By Segments

(RMB MILLION)



Waste incineration business amounted for 47.94% , representing an increase of 8.47% as compared with 2015.

Solid waste and hazardous waste disposal business amounted for 3.05% as new business.

Residual heat power generation business amounted for 31.08%, representing a decrease of

Vertical mills business amounted for 8.48%, representing a decrease of 1.43%.

New building materials amounted for 2.50%, representing an increase of 1.5%.

Port logistics business amounted for 6.95%, representing a decrease of 0.33%.

Financial Information



Income Composition of Waste Disposal Business

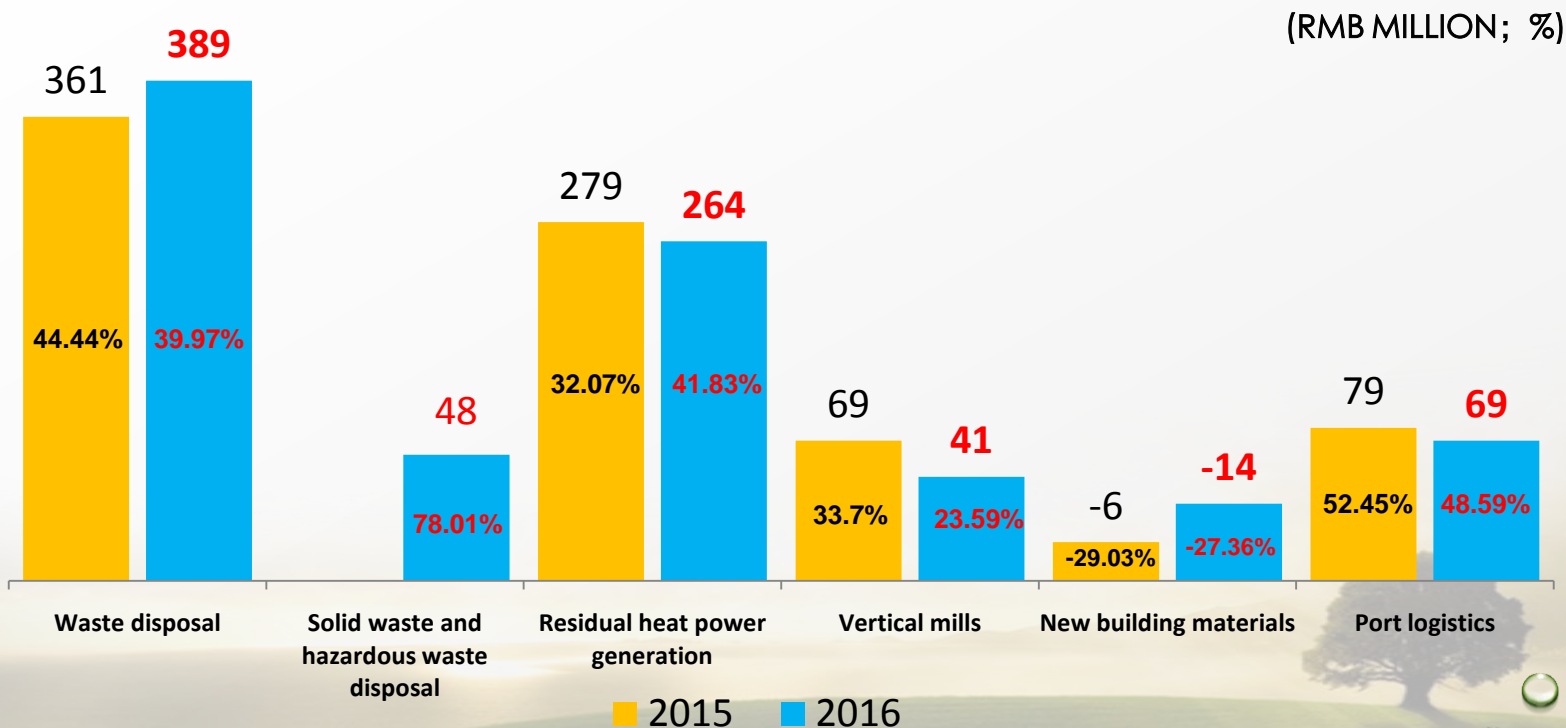
Income Structure	2016年		2015年	
	Amount (RMB THOUSAND)	Proportion (%)	Amount (RMB THOUSAND)	Proportion (%)
Income in construction period	887,389	91.08	787,807	97.00
Waste disposal by cement kiln	423,170	43.44	661,889	81.50
Waste power generation	464,219	47.64	125,918	15.50
Income in operating period	35,203	3.61	10,578	1.30
Waste disposal by cement kiln	23,109	2.37	10,578	1.30
Waste power generation	12,094	1.24	-	-
Interest income	51,751	5.31	13,756	1.70
Waste disposal by cement kiln	45,731	4.69	13,756	1.70
Waste power generation	6,020	0.62	-	-
Total	974,343	100.00	812,141	100.00

Financial Information



- The Group's integrated gross in 2016 amounted for **39.24%**, representing an increase of **1.25%**.

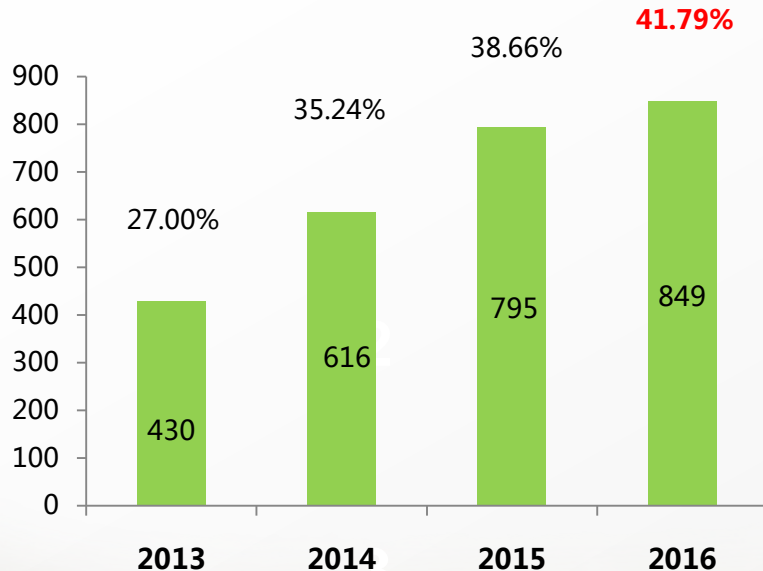
Gross profit and gross profit rate are as follows :



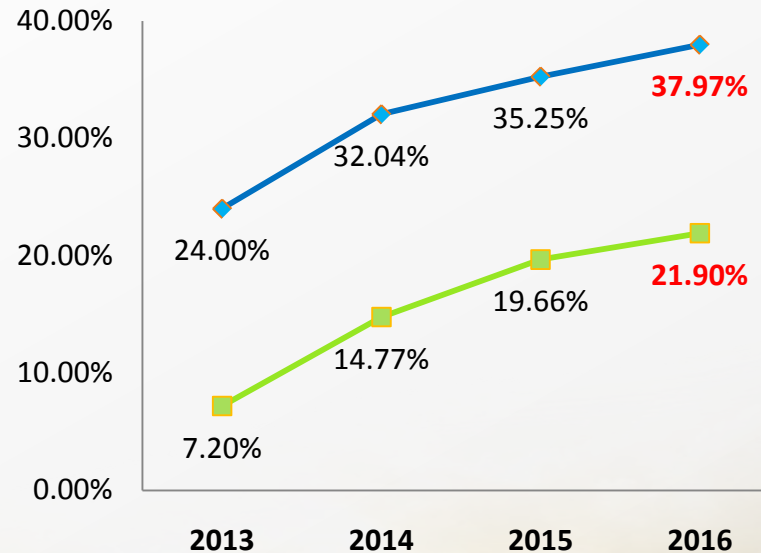
Financial Information



EBITDA profit margin^(a) recorded rapid growth



Operating profit margin, net profit margin^(b) maintained stable growth



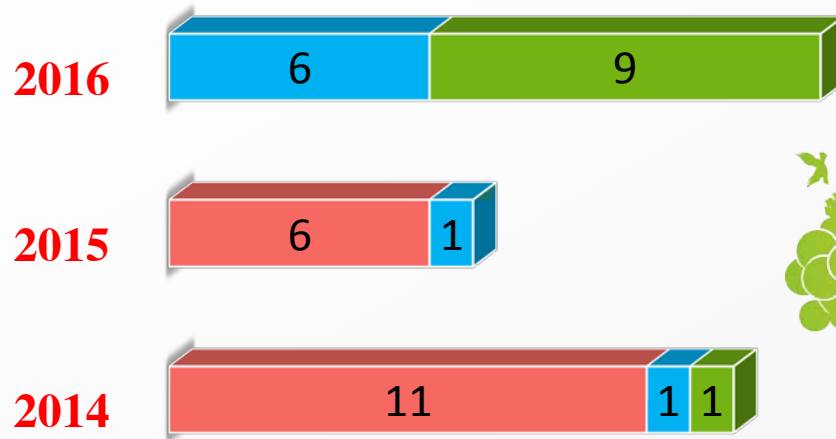
- (a) EBITDA profit margin = (Operating profit + depreciation + amortization of intangible assets + amortization of lease payment) / revenue
- (b) Net profit margin = Profit attributable to the Company's shareholders minus associates' profit / revenue

—◆— Operating profit margin
—■— Net profit margin

Environmental Protection Business obtained significant achievements



Environmental protection projects signed in 2014–2016



- Disposal of municipal waste by cement kiln
- Grate furnace waste incineration power generation
- Disposal of solid and hazardous waste by cement kiln

Environmental Protection Business obtained significant achievements



- Disposal of municipal waste by cement kiln
- Disposal of solid and hazardous waste by cement kiln
- Grate furnace waste incineration power generation

More projects are in the promotion and under construction...

Technology of industrial solid and hazardous waste disposal by cement kiln ---Market Expansion

In 2016, industrial solid waste and hazardous waste disposal by cement kiln became key project for the Group. The Group got 9 orders in Huaibei, Wuhu, Suzhou, Huaining in Anhui province, Shimen in Hunan province, Zhongxian in Chongqing, Geyang in Jiangxi province and Guangyuan in Sichuan province.

So far, three projects respectively in Lantian, Fuping, Qianxian in Shaanxi province have been completed.



Speed up market research, seize opportunities, implemented national layout

Technology of industrial solid and hazardous waste disposal by cement kiln

---Competitive advantage

▶ According to *2016 Annual Report on Solid Wastes Pollution Control in Large & Medium Cities* released by Ministry of Environmental Protection of China, 246 large & medium cities released solid waste pollution control information, recording a total of **1.91** billion tons of industrial solid waste and **28.018** million tons of industrial hazardous waste.



Fuping solid waste disposal project in Shaanxi, which has been put into operation

▶ Compared with traditional technologies of solid and hazardous waste disposal, the technology of solid and hazardous waste disposal by cement kiln is more environmentally friendly and effective, which can effectively avoid secondary pollution. It is the most direct, thorough and economical way to dispose solid and hazardous waste, bound to be the mainstream technology.



Technology of industrial solid and hazardous waste disposal by cement kiln ---Future prospect



- ▶ In 2017, the Company will station business depending on the distribution of production lines of Conch Cement and the Company's partners, actively communicate with local government and speed up landing progress of new signing projects, to form scale effect of solid and hazardous waste disposal projects and seize the market opportunities.
- ▶ In the meanwhile, the company will speed up construction progress of signed projects, strive to put them into operation early; actively explore the management model of the signed projects to lay a solid foundation to follow-up projects.



Solid waste disposal projects under construction in Wuhu, Huaibei.

Technology of industrial solid and hazardous waste disposal by cement kiln

---Performance review

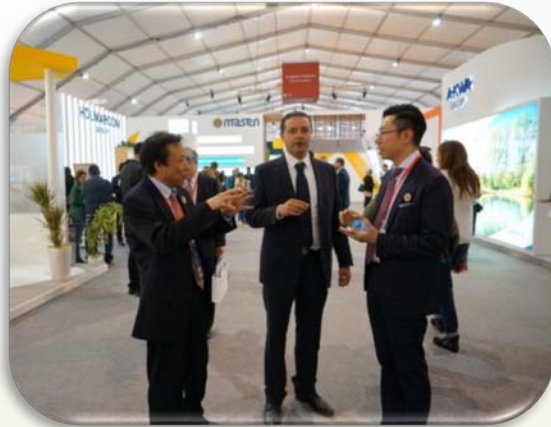


序号	Status	Location	Business Model	Size	备注
1	Completed	Lantian County, Shaanxi Province	Own funds investment	1×250t/d	
2		Fuping County, Shaanxi Province		1×300t/d	
3		Qian County, Shaanxi Province		1×200t/d	
4	Projects under construction	Huaibei, Anhui Province		1×300t/d	
5		Wuhu, Anhui Province		1×300t/d	Same size in phase II
6	Projects submitted for approval and pending construction	Shimen County, Hunan		1×200t/d	
7		Suzhou, Anhui Province		1×300t/d	Same size in phase II
8		Zhong County, Chongqing		1×300t/d	Same size in phase II
9		Geyang County, Jiangxi		1×300t/d	Same size in phase II
10		Mian County, Shaanxi Province		1×250t/d	
11		Huaining County, Anhui Province		1×200t/d	Same size in phase II
12		Guangyuan, Sichuan Province		1×300t/d	Same size in phase II

So far, 3 projects of industrial solid and hazardous waste disposal by cement kiln have been completed and realized a disposal capacity of 270 thousand tons per year. 9 projects are submitted for approval and pending construction, which will realize a disposal capacity of 1.5 million tons per year after completion.



- ▶ In 2016, the Group performed field research on waste power generation projects in Bali, Indonesia. Taking the opportunity to attend the UN Climate Conference in Morocco, the Group had a conversation with the local government to lay a foundation to overseas market expansion.



General Manager of the Company led a team to team UN Climate Conference

- ▶ In 2016, the Group signed 6 new projects of Grate furnace waste power generation.



The Company introduced and promoted technology of grate furnace waste power generation to planning, environmental protection and construction department of Bali, Indonesia.

Technology of grate furnace waste power generation---Competitive advantage



The Group's Grate Furnace technology highlights a competitive advantage that the whole industrial chain is opened up, including engineering design, equipment manufacturing, engineering construction and operations management. The technology aims to provide the most thorough waste disposal solution for local governments.



Technology of grate furnace waste power generation---Future prospect



In 2017, the Group will continue to maintain the management of projects put into operation, which will play as good models. Meanwhile, the Group will speed up the progress of projects under construction to assure that they commence operation on schedule.



Grate furnace waste power generation project under construction in Yanshan.

在线监测系统			
类别	实际值	标值	单位
炉温	1048	—	°C
O ₂	6.19	—	%
NO _x	102	250	mg/Nm ³
HCL	20.6	50	mg/Nm ³
SO ₂	47.3	80	mg/Nm ³
粉尘	8.82	30	mg/Nm ³
CO	0.72	80	mg/Nm ³

Jinzhai Project environmental protection online monitoring system; various indicators meet emission standards.

The Group will strengthen the tracking of domestic waste power generation projects to compete for orders. Meanwhile, the Group will also actively promote oversea business expansion and specifically track the waste power generation projects in Bali, Indonesia and Morocco.

Technology of grate furnace waste power generation---Performance review



Number	Status	Location	Business model	Size	Remark
1	Completed	Jinzhai County, Anhui Province	BOT	1×300t/d	Same size in phase II
2	Projects under construction	Yanshan County, Yunnan Province	BOT	1×300t/d	
3		Shache County, Xinjiang	BOT	1×600t/d	
4		Tongren, Guizhou Province	BOT	1×600t/d	
5		Li County, Hunan Province	BOT	1×400t/d	Same size in phase II
6		Huoqiu County, Anhui Province	BOT	1×400t/d	Same size in phase II
7		Bole, Xinjiang	BOT	1×300t/d	
8		Anqing, Anhui Province	BOT	1×400t/d	Same size in phase II

So far, **1** project of grate furnace waste power generation has been completed and put into operation and realized a disposal capacity of **100 thousand tons** per year. **7** projects are under construction and will realize a disposal capacity of **1.46 million tons** per year.

Technology of municipal waste disposal by cement kiln—Project construction



▶ Project of municipal waste disposal by cement kiln was influenced by progress lag of subsidies policy, local governments' initiative on the project is not strong. Therefore, the Company couldn't obtain order last year.

▶ So far, 19 projects of municipal waste disposal by cement kiln have been completed and put into operation, realizing a disposal capacity of 1.05 million tons (exclude EPC) per year. 5 projects are under construction and will realize a disposal capacity of 210 thousand tons (exclude EPC) per year.



Shuicheng Project in Guizhou was completed and put into operation.



Baoshan Project in Yunnan was completed and put into operation.



▶ The Company will further enhance the running quality and management level of the projects that were put into operation to gather experience for future project construction and operations.



▶ The Company will take full advantage of the exemplary role of projects in Tongling, Anhui and Guiding, Guizhou, which were identified by Ministry of Industry and Information, and work closely with relevant departments to speed up the launch of industrial policy.



Representatives of the company attended National Conference for Solid Waste Disposal by Cement Kiln and gave a speech.



Technology of municipal waste disposal by cement kiln—Performance review



Number	Status	Location	Business model	size	Remark
1	Completed	Pingliang, Gansu Province	BOT	1×300t/d	
2		Qingzhen, Guizhou Province		1×300t/d	
3		Yangchun, Guangdong Province		1×200t/d	
4		Yuping County, Guizhou Province		1×100t/d	Joint construction with China National Building Material Company Limited
5		Qiyang County, Hunan Province		1×300t/d	
6		Shimen County, Hunan Province		1×200t/d	
7		Shuicheng County, Guizhou Province		1×200t/d	
8		Xishui County, Guizhou Province		1×300t/d	Joint construction with China National Building Material Company Limited
9		Fusui County, Guangxi Province		1×200t/d	
10		Shuangfeng County, Hunan Province		1×200t/d	
11		Baoshan, Yunnan Province		1×300t/d	
12		Nanjiang County, Sichuan Province		1×200t/d	
13		Lingyun County, Guangxi Province		1×100t/d	

Technology of municipal waste disposal by cement kiln—Performance review



Number	Status	Location	Business model	size	备注
14	Completed	Tongling, Anhui Province	EPC	1×300t/d	
15		Guiding County, Guizhou Province		1×200t/d	
16		Zunyi, Guizhou Province		2×400t/d	
17		Zhong County, Chongqing		1×200t/d	
18		Anshun, Guizhou Province		1×200t/d	Joint construction with Taiwan Cement Co., Ltd
19		Emeishan, Sichuan Province		1×400t/d	
20		Projects under construction		Ningguo, Anhui Province	BOT
21	Linxia, Gansu Province		1×300t/d		
22	Shahe, Hebei Province		EPC	1×300t/d	
23	Longyan, Fujian Province			1×300t/d	
24	Tongling, Anhui Province (Phase II)			1×300t/d	

So far, 19 projects of municipal waste disposal by cement kiln have been completed and put into operation, realizing a disposal capacity of 1.05 million tons (exclude EPC) per year. 5 projects are under construction and will realize a disposal capacity of 210 thousand tons (exclude EPC) per year.

Environmental protection business gained great achievement



01

Take full advantage of the two complementary technologies of municipal waste disposal by cement kiln and grate furnace waste power generation, to get business order.

02

Strengthen communication with government departments and relevant industry associations, to learn the latest policy.

Work Prospects

03

Enhance running quality of projects which were put into operation; strengthen the site management of projects under construction so that they can commence operation on schedule.

04

Actively explore and research other advanced technologies in environmental protection industry to ensure that the Company' s environmental protection businesses maintain rapid growth.



Energy saving business broke through



In 2016, due to the decrease of new production lines in cement industry, price competition intensified in residual heat power generation business and vertical mills business, which influenced the Group's business performance in a certain extent.



Captive power plant project in Brazil, which has been combined to the grid



Shanghai Conch Kawasaki Engineering Co., Ltd opening ceremony

The Group prompted strategies timely, established Shanghai Conch Kawasaki Engineering Co., Ltd in Shanghai, as an international platform. The Group will continue strengthen overseas marketing, to remedy the domestic market default. In the past whole year, the Group obtained 12 residual heat power generation orders, among which ten are overseas orders, and sold 5 vertical mills.

Energy saving business broke through ---Residual heat power generation

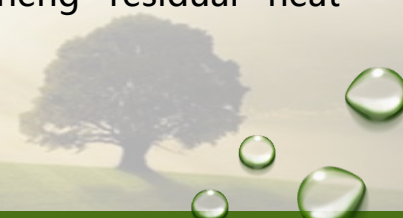


The Company obtained orders of residual heat power generation from SCP Thailand.



North Celebes Project under construction in Indonesia.

- ▶ In 2016, the Group successfully obtained overseas residual heat power generation business orders from north Celebes, Indonesia, Captive power plant in Baruch, SCCC in Thailand, Hanoi in Vietnam, Battambang in Cambodia, Chiang Thong in Laos, etc.
- ▶ Meanwhile, the Group seized the opportunities in domestic residual heat power generation market, won the bidding of Jidong Heilongjiang Project and Huaibei Zhongcheng residual heat power generation project.



Energy saving business broke through ---Vertical mills business



- ▶ Successfully won the bidding of orders of raw material vertical mill and loesche coal mill in Chiang Thong, Laos, Battambang, Cambodia and North Celebes, Indonesia.
- ▶ The Group actively expanded markets beyond cement industry, and got orders including Sukagawa Clear Center heat recovery boiler project, Shengyun Ulanhot and wulanchabu power generating boiler project, Nippon Steel & Sumitomo Metal slag vertical mill project, Indonesian Antam loesche coal mill project as well as Anhui Panjing, Yangpu Landao , Tangshan Haigang Hengtai vertical mills projects.



Officially start the boiler manufacturing work for Sukagawa project in Japan.



Raw material vertical mill in Battambang, Cambodia

Sales volume of new material industry increased



▶ New material industry continuously enhanced brand influence and fight for say by undertaking industry conferences and meetings.



Successfully undertook the 2016 industry annual meeting of calcium silicate cement.



Successfully obtained ISO9001, ISO 14001 and OHSAS 18001 certifications.

▶ The Group further strengthened the production, organization and operation; specifically focused on methods of improving cost index. The cost of products declined obviously, the quality of products improved steadily and the Group's competition capability became much stronger.

Sales volume of new material industry increased

- ▶ In 2016, the production and sales of New material recorded steady growth. The cumulative production of ACA board is **5.747 million sqm**, the sales volume of ACA board reaches **4.917 million sqm**, realizing revenue of **RMB50.79 million**.
- ▶ Thereinto, the sales volume of Anhui Conch Venture New Materials Co in November and December reached above **370 thousand sqm** for two consecutive months. Total sales volume of 2016 reached **3.02 million sqm**, **2.4 times** as many as sales volume in 2015.

Sales in 2015

1.91 million m²

Sales in 2016

5.747 Million m²

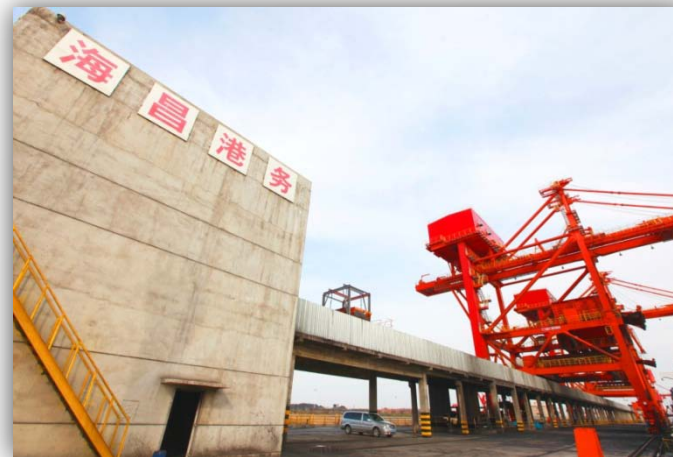
Operation commenced in the end of 2014



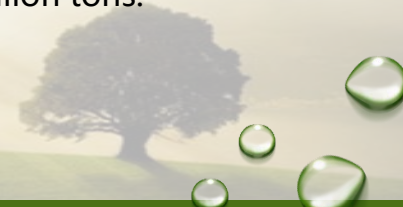
Port logistics business recorded steady revenue



In 2016, the Company adopted targeted market strategy and personal sales services, increased goods volume from old clients and fight for new clients. External source development is the main increment.



In 2016, the Group completed 13.35 million physical tons of cargo, throughput capacity reached 27.68 million tons.





Thank you!

