

2018 Interim Results

Presentation

China Conch Venture
Holdings Limited



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1

Development Overview

Development Overview



Project Development

From the beginning of 2018 till now, there have been 17 new environmental protection projects signed, including 6 solid waste solutions projects, 10 grate furnace projects, and 1 foul water treatment project.

Management

- Solid waste solutions: **Wuhu, Yiyang** and other projects have been put into production one after another. The market development and operation management have been fruitful, and various financial indicators have exceeded or reached the level of last year.
- Waste incineration solutions: **Huoqiu Phase I** and **Li County Phase I** projects have been put into operation, and the amount of garbage disposal and power generation have increased steadily.

Management system

Successfully passed the certification of on-site inspection of the National Environmental and Occupational Health and Safety Management System.



Xianyang 2 × 500,000 tons / year city domestic waste power generation signing ceremony

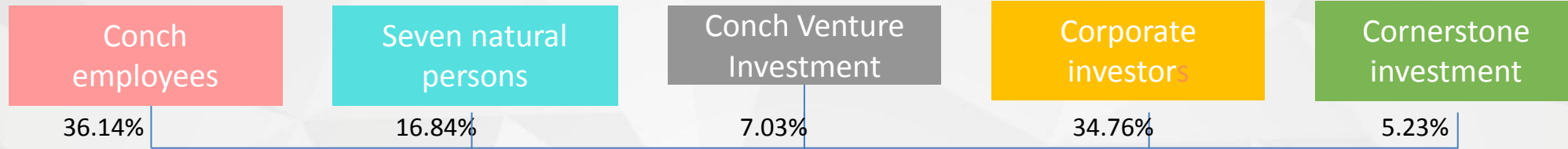


The Wuhu Conch Venture Environmental Protection Solid (Hazardous) Waste project, which has been put into production, operates steadily

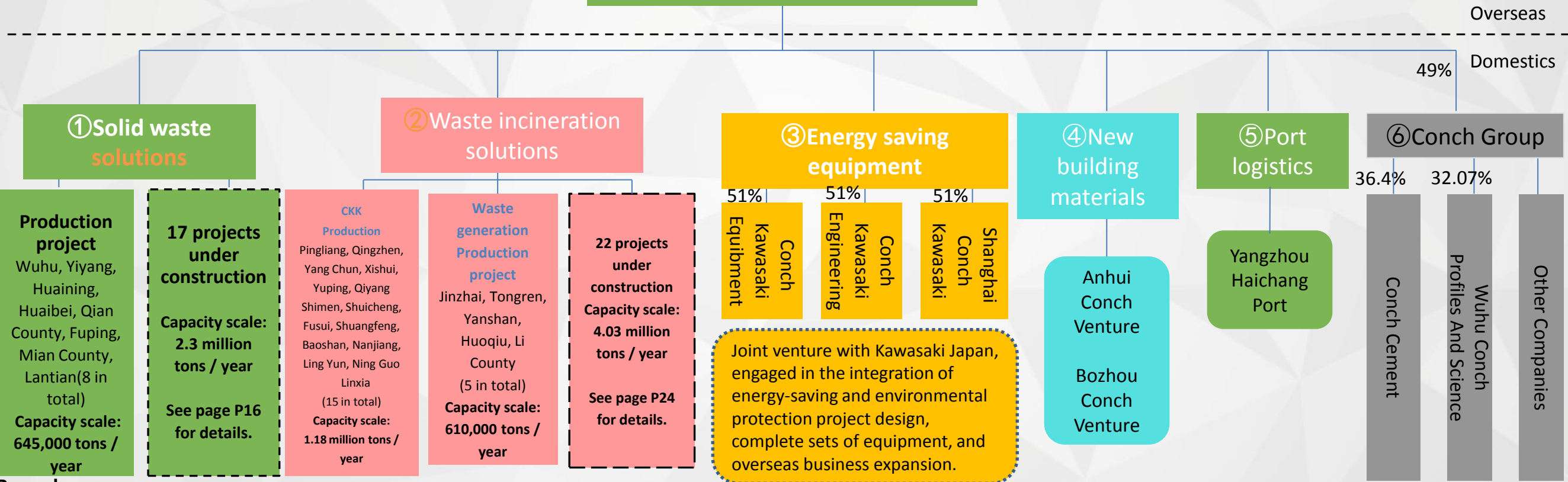


National Environmental and Occupational Health and Safety Management System audit certification passed

Major Structure



China Conch Venture Holdings Ltd.



Remarks:

1. Conch Venture Investment: Anhui Conch Venture Investment Company Limited as the full name, is the predecessor of the Company before listing. Currently, the business involves real estate, commerce, logistics and modern service industries.
2. Cornerstone investors: including China National Building Material Co., Ltd., TCC Investment Group, and Asia Cement Co., Ltd.
3. The deadline for equity statistics is July 2018.

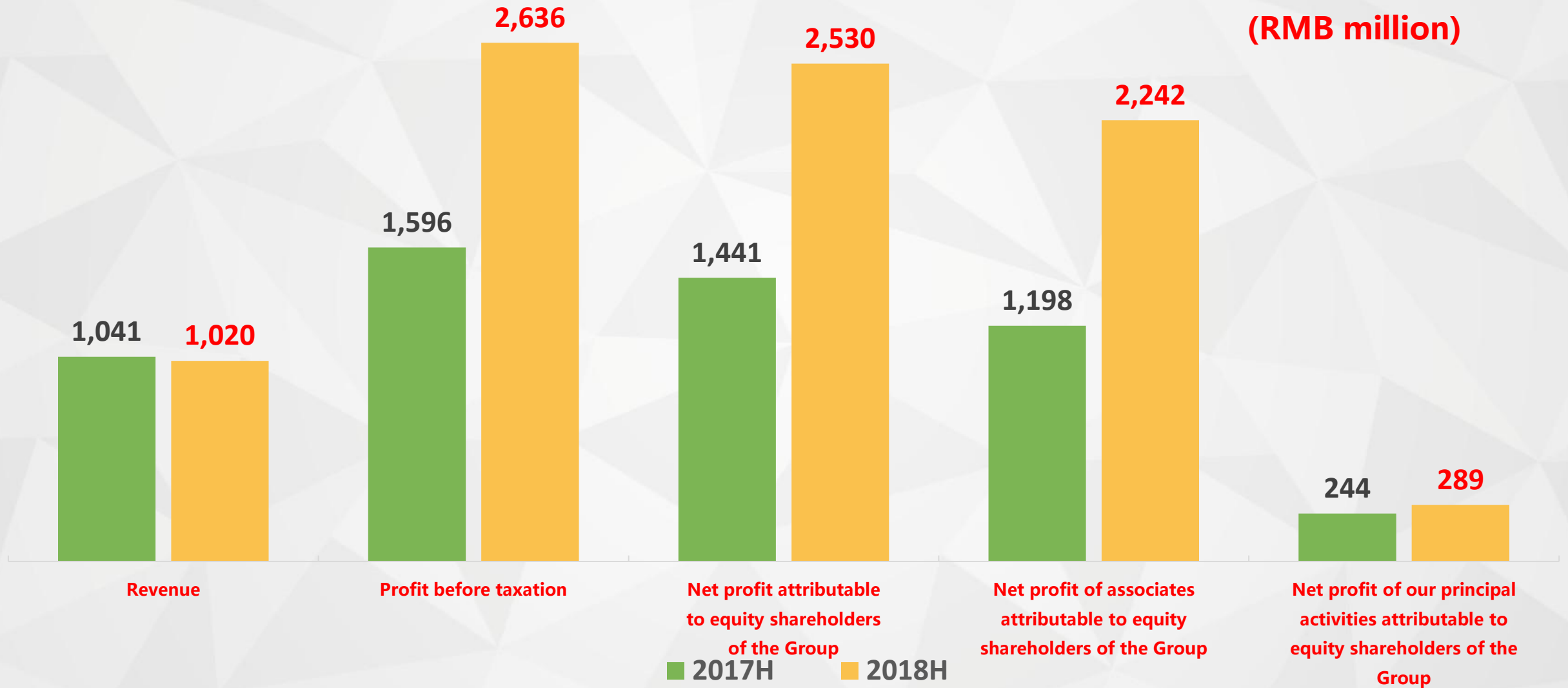


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Financial Information

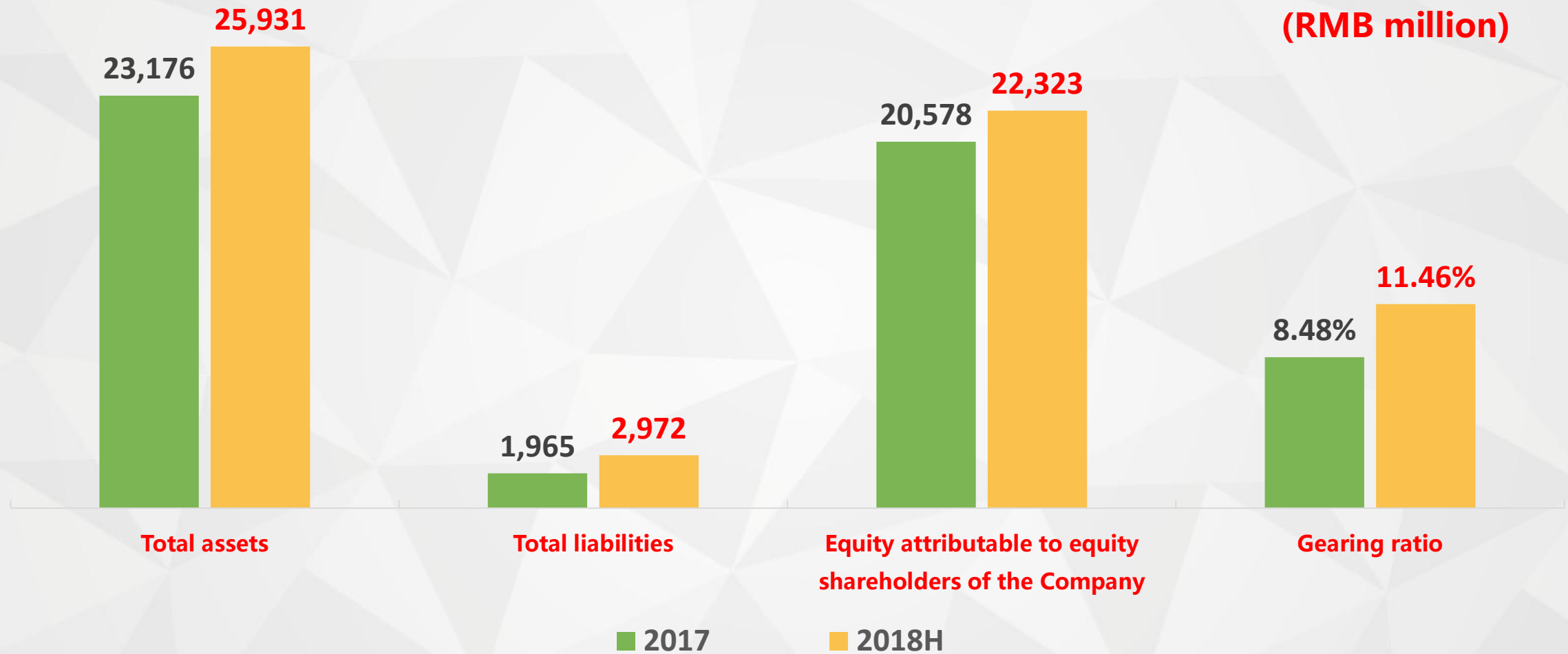
Business Performance

(RMB million)



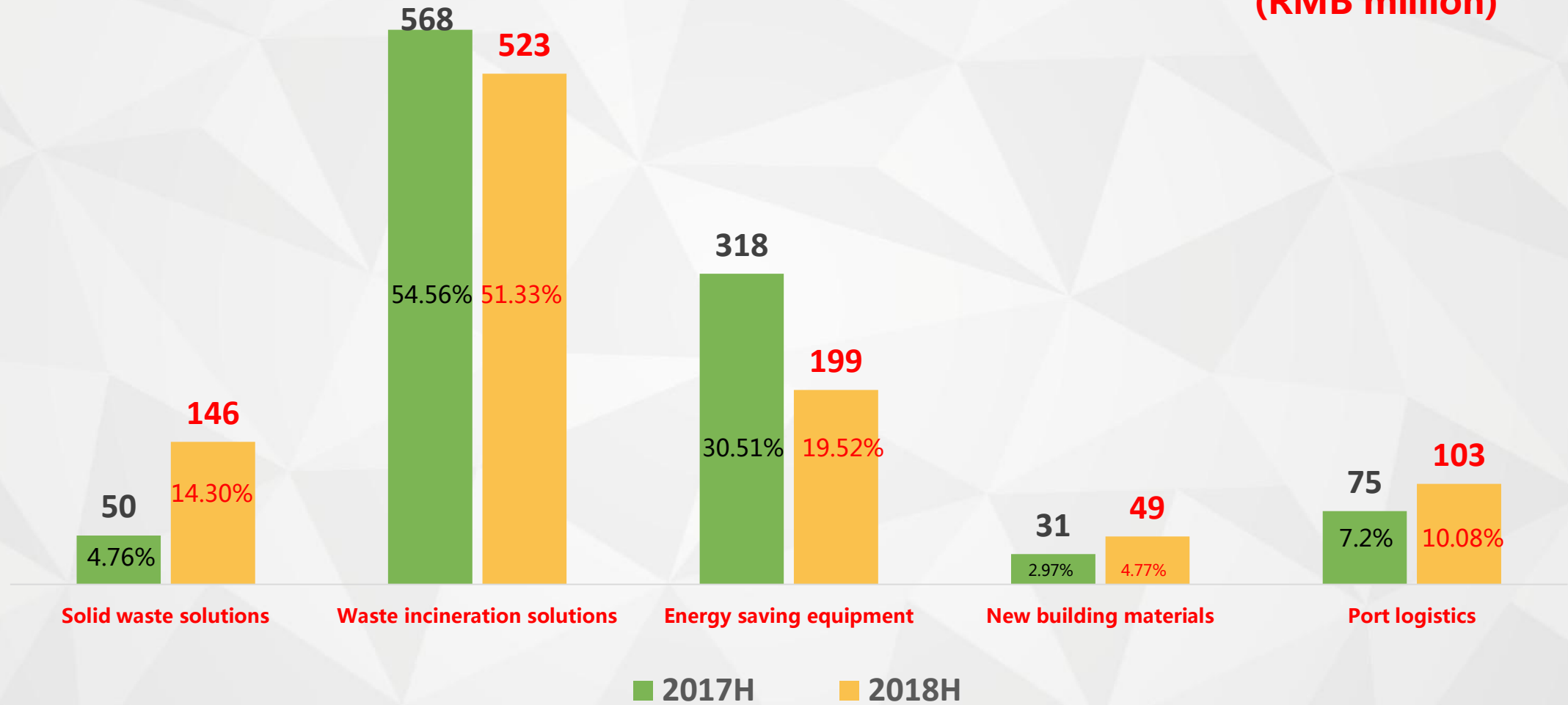
Financial Situation

(RMB million)



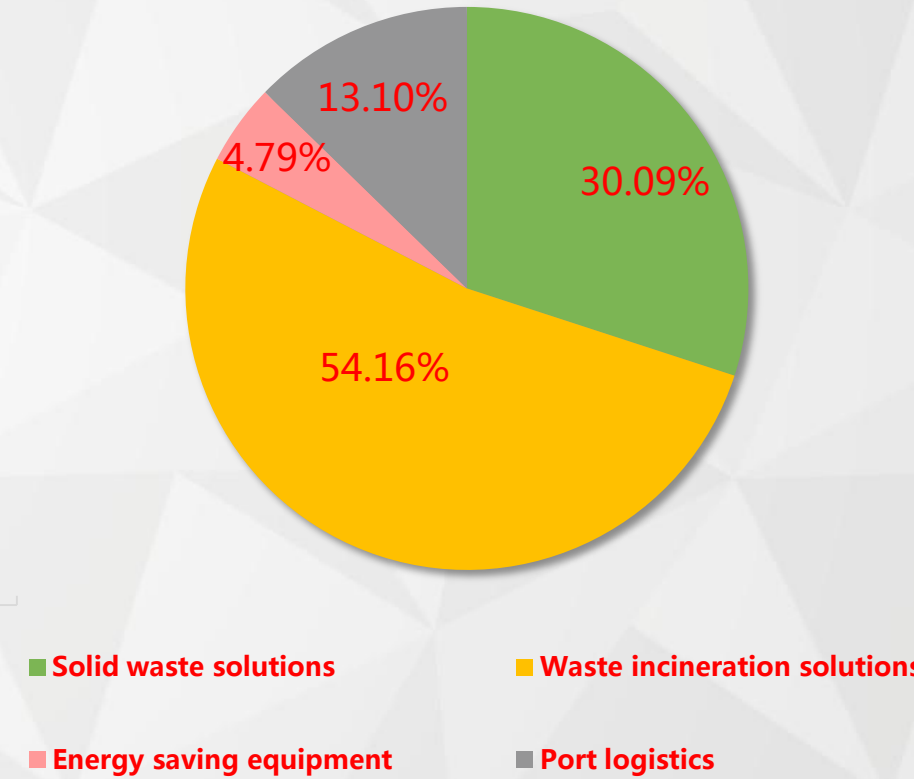
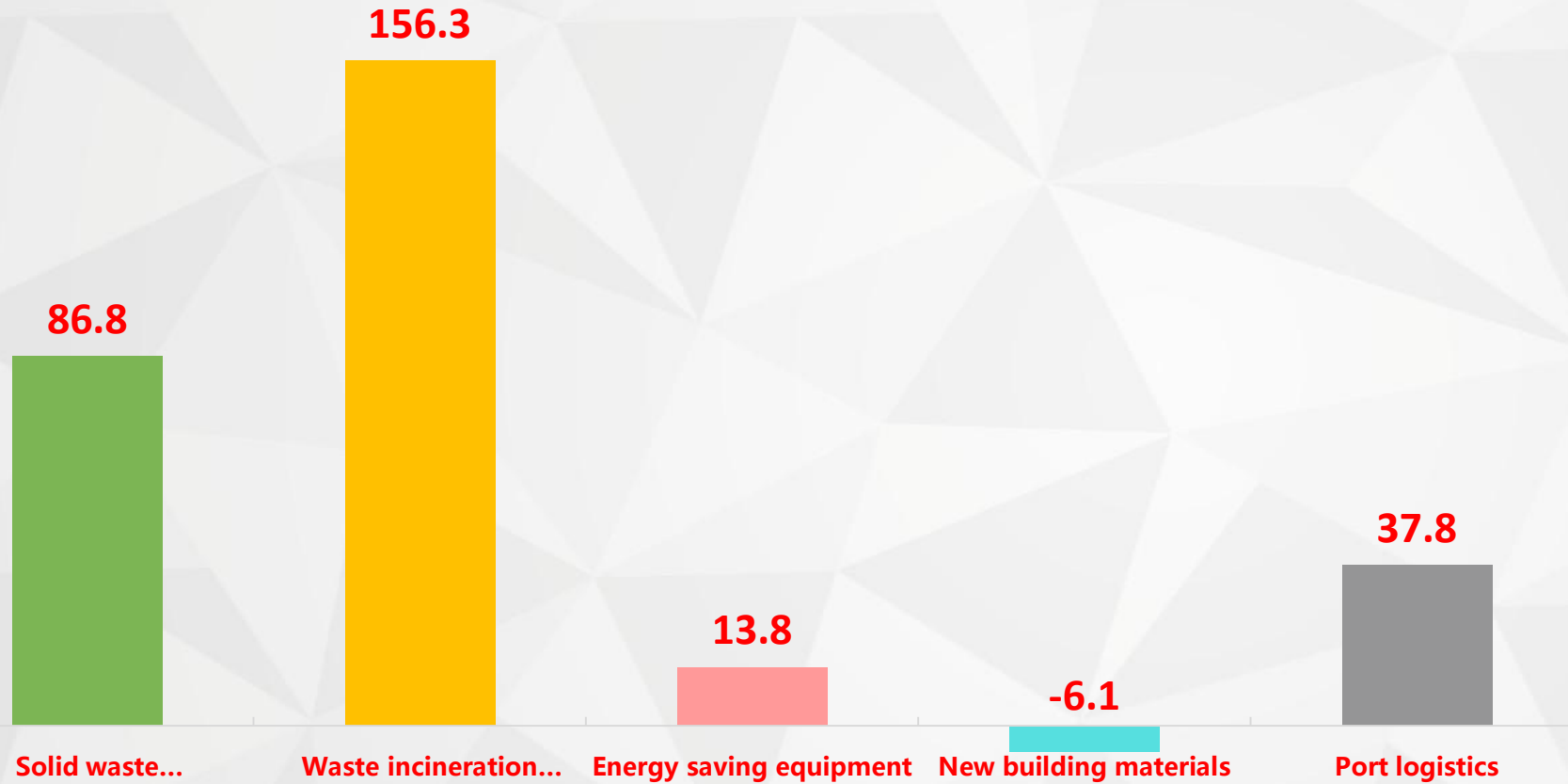
Revenue by Segments and Proportion

(RMB million)



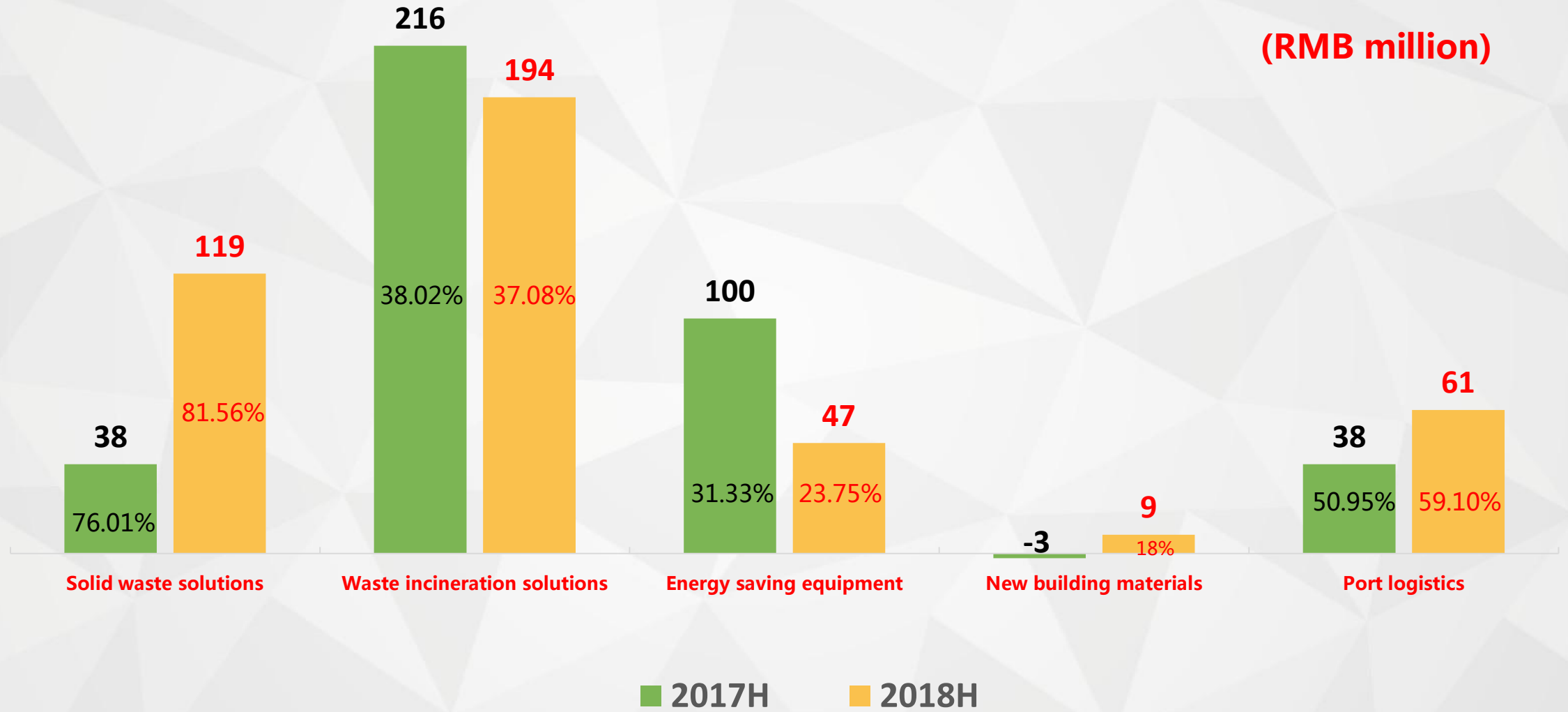
The Net Profit and Proportion Attributable to the Parent Company by Segments

(RMB million)



Gross Profit and Gross Profit Margin by Segments

(RMB million)





3

Business Review

Solid Waste Solutions Business Review

New contracts for solid waste solutions projects in the first half of 2018

2018.01

The Company obtained a good start and acquired the project of Liangping Solid Waste Solutions in Chongqing.



03.28

The Company obtained the solid waste solutions project in Qingzhen, Guizhou Province.



06.22

The Company obtained the solid waste solutions project in Linxiang, Hunan.



02.27

The Company obtained the solid waste solutions project in Tongchuan, Shaanxi.



05.10

The Company obtained the solid waste solutions project in Xianyang, Shaanxi.



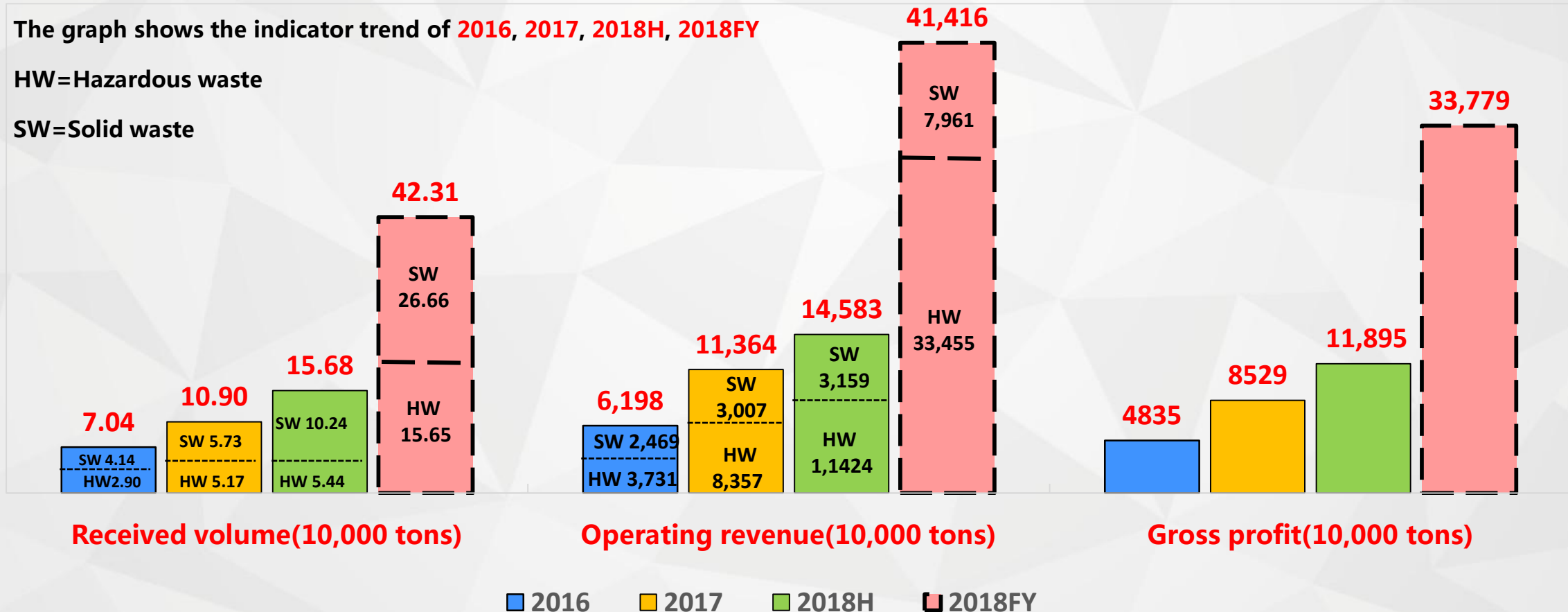
07.25

The Company obtained the solid waste solutions Project in Baoshan, Yunnan.

Solid Waste Solutions Business Review

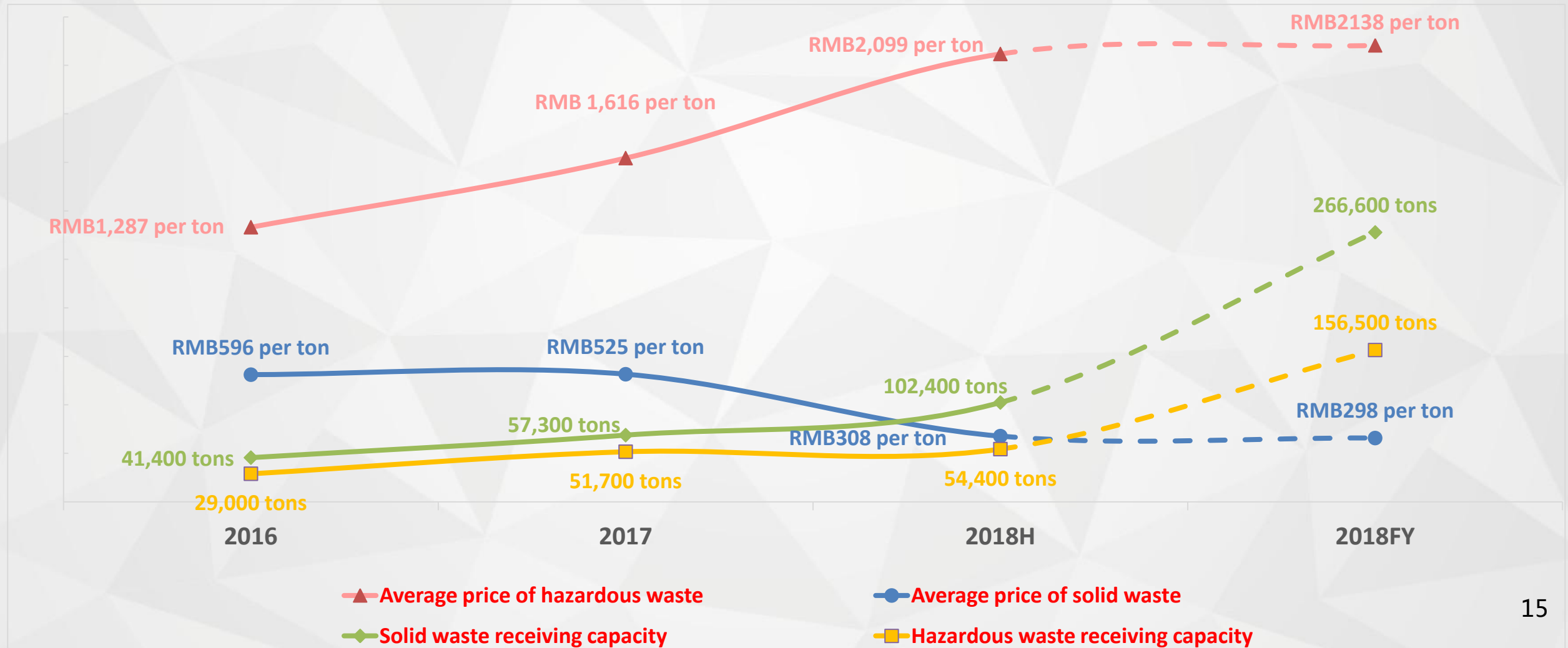
In the first half of 2018, Wuhu, Yiyang, Fuping, Qian County, Mian County, Huaining, Huaibei and other projects are in operation.

- The received volume is **156,800** tons; of which: **54,400** tons of hazardous waste(HW) and **102,400** tons of solid waste(SW);
- Realized operating revenue of **RMB146** million; among which **RMB114** million was hazardous waste, accounting for **78.34%**, and solid waste was **RMB31.59** million, accounting for **21.66%**;
- The gross profit margin was **RMB119** million; the comprehensive gross profit margin of the products reached **81.56%**, including: **85%** for hazardous waste and **71%** for solid waste.



Solid Waste Solutions Business Review

- In the second half of 2018, with the successive implementation of the 4 projects, **Anhui Suzhou**, **Guangxi Xingye**, **Wuhu Phase II** and **Shaanxi Qianyang**, the rapid development of the solid waste solutions sector will be effectively maintained. The chart shows the trend of volume and price in **2016**, **2017** and **2018H** and **2018FY**.



Data on Solid and Hazardous Waste Solutions in the First Half of 2018

	Treatment variety	Receiving capacity (10,000 tons)	Average price including tax (RMB Yuan)	Total profit (RMB 10,000 Yuan)	Net profit (RMB 10,000 Yuan)
Wholly-owned subsidiaries including Wuhu and Yiyang	General solid waste	7.03	183	5,008	5,008
	Hazardous waste	2.17	3,102		
Jointly venture companies under Yaobai Environmental	General solid waste	3.22	769	6,296	3,674
	Hazardous waste	3.28	2,027		

Remarks:

1. The solid waste disposal varieties of Wuhu, Yiyang and other wholly-owned subsidiaries are mainly municipal sludge. The solid waste disposal of Yaobai Environmental includes the fluorine-containing Samsung Electronics and municipal sludge.
2. Wuhu Environmental Protection, Yiyang and other wholly-owned subsidiaries dispose hazardous wastes including: HW02 pharmaceutical waste, HW04 pesticide waste, HW06 waste organic solution and organic solvent-containing waste, HW08 oil/water, hydrocarbon/water mixture or emulsifier, HW11 fine (steaming) residue, HW12 fuel, coating waste, HW13 organic resin waste, HW39 phenol waste, HW45 waste containing organic halide, HW49 other waste and other 19 kinds of hazardous waste.

Yaobai Environmental dispose hazardous 24 kinds of wastes including: HW06 waste organic solvent and organic solvent waste, HW08 waste mineral oil and mineral oil waste, HW09 oil/water, hydrocarbon/water mixture or emulsifier, HW11 fine (steam) residue, HW12 fuel, paint waste, HW17 surface treatment waste, HW32 inorganic chloride waste, HW33 inorganic cyanide waste, HW49 other waste, HW50 waste catalyst.

Solid Waste Solutions Business Review

Solid and hazardous waste project performance display

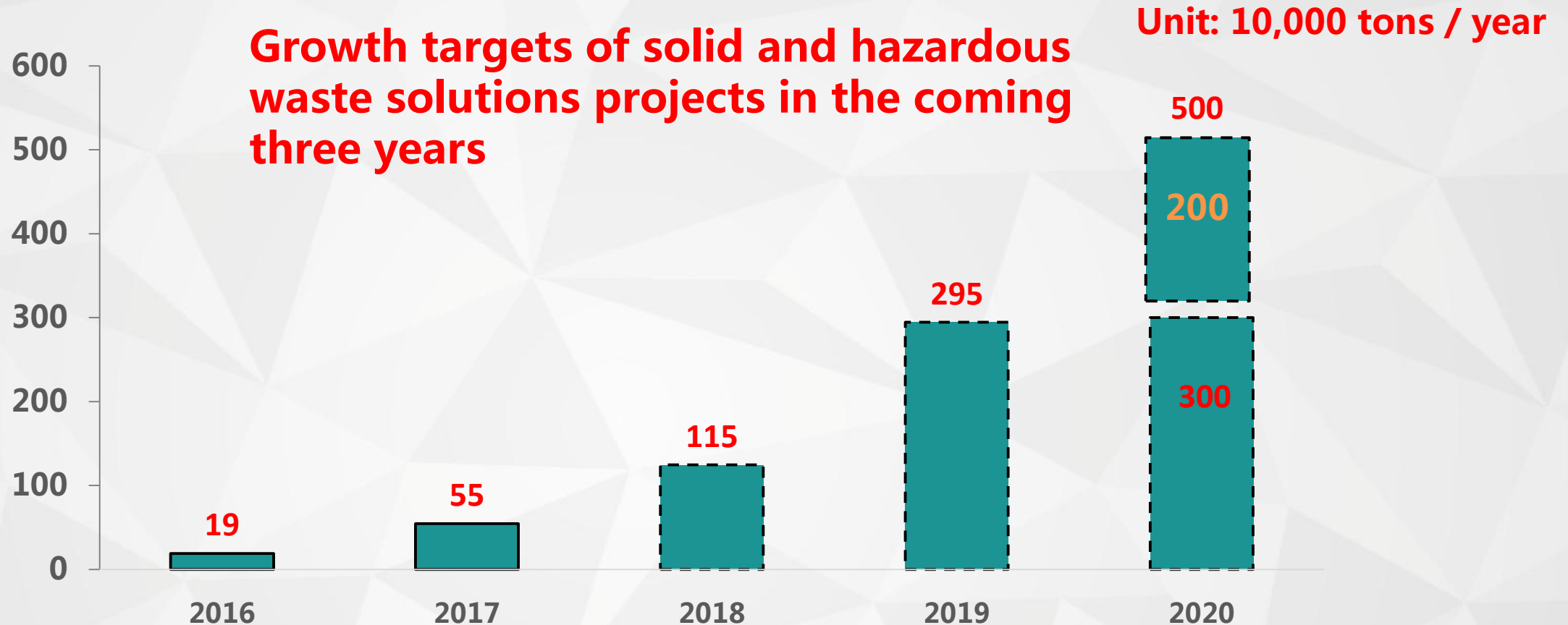
Serial number	Building progress	Project location	Type of company	Processing capacity	Estimated completion time	Remarks
1	Built	Lantian County, Shaanxi Province	Joint venture holding	90,000 tons / year	Completed in Jan 2015	General solid waste
2		Fuping County, Shaanxi Province		100,000 tons / year	Completed in April 2016	Hazardous waste
3		Qian County, Shaanxi Province		70,000 tons / year	Completed in April 2017	63,600tons of hazardous waste
4		Mian County, Shaanxi Province		45,000 tons / year	Completed in Oct 2017	General solid waste
5		Huaining City, Anhui Province	Wholly-owned	70,000 tons / year	Completed in Sep 2017	General solid waste
6		Huaibei City, Anhui Province		70,000 tons / year	Completed in Dec 2017	General solid waste
7		Wuhu City, Anhui Province (Phase I)		100,00 tons / year	Completed in Dec 2017	55,000 tons of hazardous waste
8		Yiyang County, Jiangxi Province (Phase I)		100,000 tons / year	Completed in May 2018	85,000 tons of hazardous waste
Subtotal				645,000 tons / year		
9	Projects under construction	Suzhou City, Anhui Province	Wholly owned	2×100,000 tons / year	phase 1 Aug 2018	To be constructed in two phases
10		Xingye County, Guangxi Region		2 x 100,000 tons / year	Phase 1 Aug 2018	To be constructed in two phases
11		Wuhu City, Anhui Province (Phase II)		100,000 tons / year	Oct 2018	
12		Yiyang County, Jiangxi Province (Phase II)	100,000 tons / year	March 2019		
13		Qianyang County, Shaanxi Province	Joint venture holding	100,000 tons / year	Oct 2018	
14		Zhong County, Chongqing City		2×100,000 tons / year	Two Phases in March 2019	
Subtotal				900,000 tons / year		

Solid Waste Solutions Business Review

Solid waste and hazardous waste project performance display (continued)

Serial number	Building progress	Project location	Type of company	Processing capacity	Estimated completion time	Remarks	
15	Approved for construction	Guangyuan City, Sichuan Province	Wholly-owned	100,000 tons / year	Dec 2018		
16		Wenshan City, Yunnan Province		2×100,000 tons / year	Phase I March 2019 Phase II June 2019		
17		Shimen County, Hunan Province		100,000 tons / year	April 2019		
18		Sishui County, Shandong Province		100,000 tons / year	April 2019		
19		Qiyang County, Hunan Province		100,000 tons / year	May 2019		
20		Qingzhen City, Guizhou Province	Joint venture holding	100,000 tons / year	May 2019		
21		Tongchuan City, Shaanxi Province		100,000 tons / year	Aug 2019		
22		Xianyang City, Shaanxi Province	Wholly-owned	300,000 tons / year	June 2019	General solid waste	
23		Liangping County, Chongqing City		100,000 tons / year	/		
24		Linxiang City, Hunan Province		100,000 tons / year	/		
25		Baoshan City, Yunnan Province		100,000 tons / year	/		
		Subtotal		1,400,000 tons / year			
		Total		2,945,000 tons / year			

Solid Waste Solutions Business Review



Note:

- It is planned to form a disposal capacity of 3 million tons/year in the Conch Cement production line by the end of 2020, and plan to form a disposal capacity of 2 million tons/year in the cement production line of China National Building Materials and other cement companies.
- Solid and dangerous waste disposal enjoys the enterprise income tax “three exemptions and three reductions” (Article 80 of the Enterprise Income Tax Implementation Regulations) and the value-added tax “70% immediate refund” (Cai Shui [2015] No. 78) and other tax incentives .

Solid Waste Solutions Business Review

Calculation of solid and hazardous waste treatment by cement kiln project indicators

Construction period cost

100,000 tons / year project, the investment amount is **80 million**
 Under normal circumstances, it can be granted:
 hazardous waste treatment capacity of **70,000 tons / year**
 The capacity utilization rate of the project is about **60%**
 in the first year

Operation profit

Under normal circumstances: the average price of hazardous waste comprehensive disposal is about **RMB3100** per ton
 The total cost of disposal is about **RMB400** per ton
 The product VAT rate is 16%,
 and the VAT tax refund is about **RMB10.69 million**.

$$[(3100 \div 1.16 - 400) \times 7 \times 60\% \times 16\% \times 70\%]$$

Hazardous disposal profit:

$$(3100 \div 1.16 - 400) \times 7 \times 60\% + 1069$$

= **RMB106 million**

Note: The above is the calculation of the project of 300t/d scale. The solid waste hazardous waste solutions enjoys the enterprise income tax "three exemptions and three reductions" (Article 80 of the Enterprise Income Tax Implementation Regulations) and the value-added tax "returns 70% immediately" (Caishui [2015] No. 78) and other tax incentives, the investment return period is one year

Waste incineration solutions Business Review

New contracts for waste incineration solutions projects in the first half of 2018

2018.01

The Company obtained a **good start** and acquired the waste power generation project in Shizhu County, Chongqing.



02.28

The Company obtained the waste power generation project in Xishui County, Guizhou Province.

05.10

The Company obtained the waste power generation project in Xianyang City, Shaanxi Province.



06.22

The Company obtained the waste power generation project in Linxiang City, Hunan Province.

07.25

The Company obtained the waste power generation project in Baoshan City, Yunnan Province.

01.24

The Company obtained the waste power generation project in Shucheng County, Anhui Province.



05.10

The Company obtained the waste power generation project in Tongchuan City, Shaanxi Province.



06.19

The Company obtained the waste power generation project in Fuquan City, Guizhou Province.



07.01

The Company obtained the waste power generation project in Thái Nguyên Province, Vietnam

08.23

The Company obtained the waste power generation project in Manzhouli, Inner Mongolia

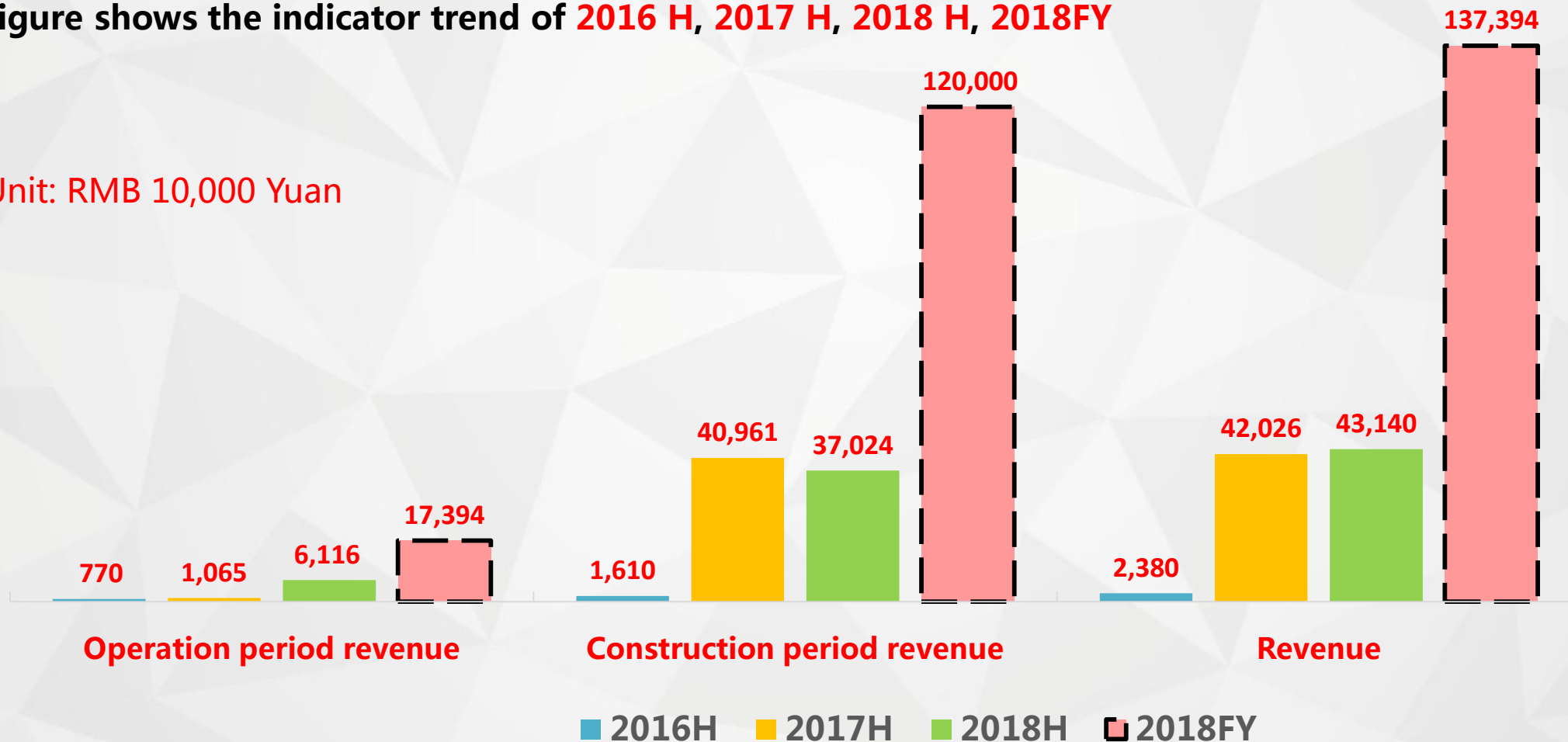
Waste incineration Business Review

In the first half of 2018, Jinzhai, Tongren, Yanshan, Huoqiu Phase I, and Li County Phase I were in operation.

· The revenue from grate furnace waste disposal amounted to 431 million yuan; of which: construction revenue was 370 million yuan, a slight decrease year-on-year; operation revenue was 61.16 million yuan, an increase of 474.19%.

The figure shows the indicator trend of 2016 H, 2017 H, 2018 H, 2018FY

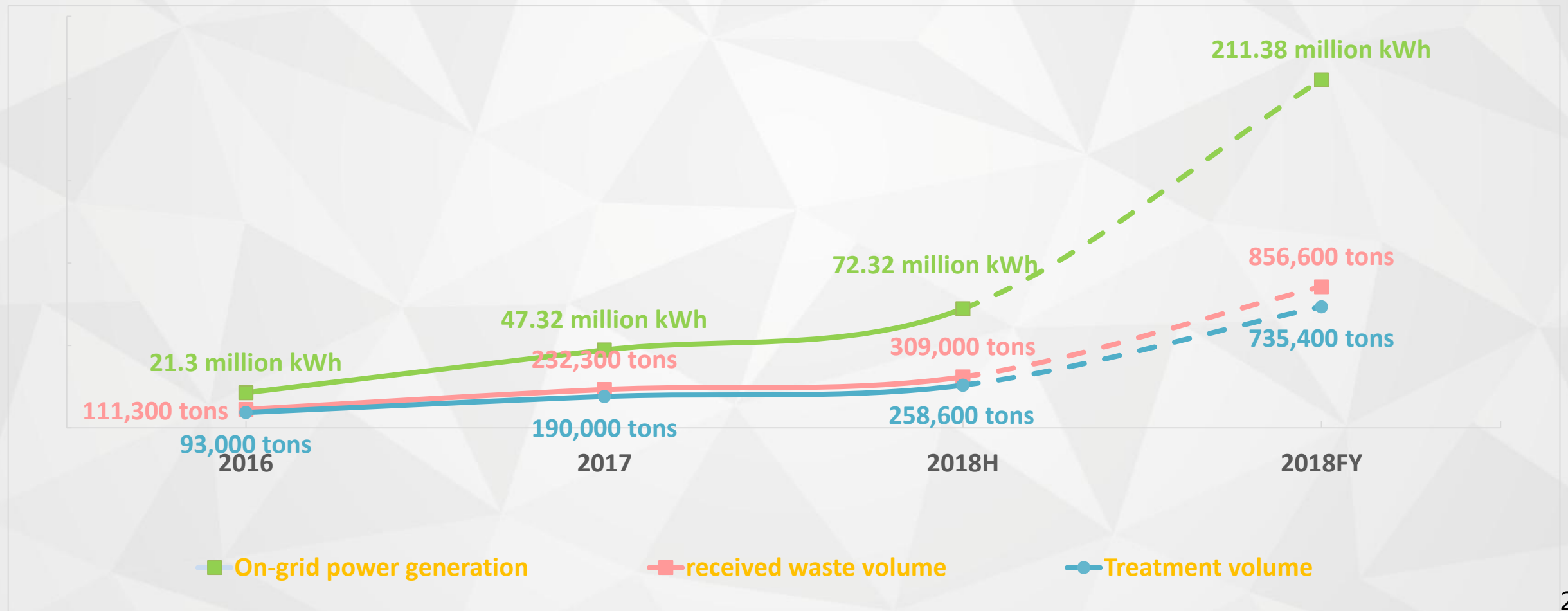
Unit: RMB 10,000 Yuan



Waste incineration solutions Business Review

In the second half of 2018, with the five projects in Songming, Shanggao, Huoqiu Phase II, Shache, and Bole put into operation, the overall revenue of the grate furnace waste power generation segment will further increase.

The graph shows the trend chart of 2016, 2017, 2018H and 2018FY



Waste incineration solutions Business Review

Grate furnace power generation project performance display

Serial number	Building progress	Project location	Type of company	Processing capacity	Estimated completion time	Remarks
1	Built	Jinzhai County, Anhui Province	BOT	100,000 tons / year	Completed in Jan 2016	
2		Tongren City, Guizhou Province		2×100,000 tons / year	Completed in July 2017	
3		Yanshan County, Yunnan Province		70,000 tons / year	Completed in Aug 2017	
4		Huoqiu County, Anhui Province (Phase I)		140,000 tons / year	Completed in Jan 2018	
5		Li County, Hunan Province (Phase I)		100,000 tons / year	Completed in April 2018	
Subtotal				610,000 tons / year		
6	Projects under construction	Huoqiu County, Anhui Province (Phase II)	BOT	140,000 tons / year	Oct 2018	
7		Songming County, Yunnan Province		100,000 tons / year	Oct 2018	
8		Shache County, Xinjiang Region		2× 100,000 tons / year	Two phases Phase one in Dec 2018	
9		Bole City, Xinjiang Region		100,000 tons / year	Dec 2018	
10		Shanggao County, Jiangxi Province		140,000 tons / year	Dec 2018	
11		Yiyang County, Jiangxi Province		2×100,000 tons / year	Phase I in Feb 2019	Two phases of construction
12		Sishui County, Shandong Province		140,000 tons / year	May 2019	
13		Yang County, Shaanxi Province		100,000 tons / year	July 2019	
14		Li County, Hunan Province (Phase II)		140,000 tons / year	Aug 2019	
Subtotal				1.26 million tons / year		

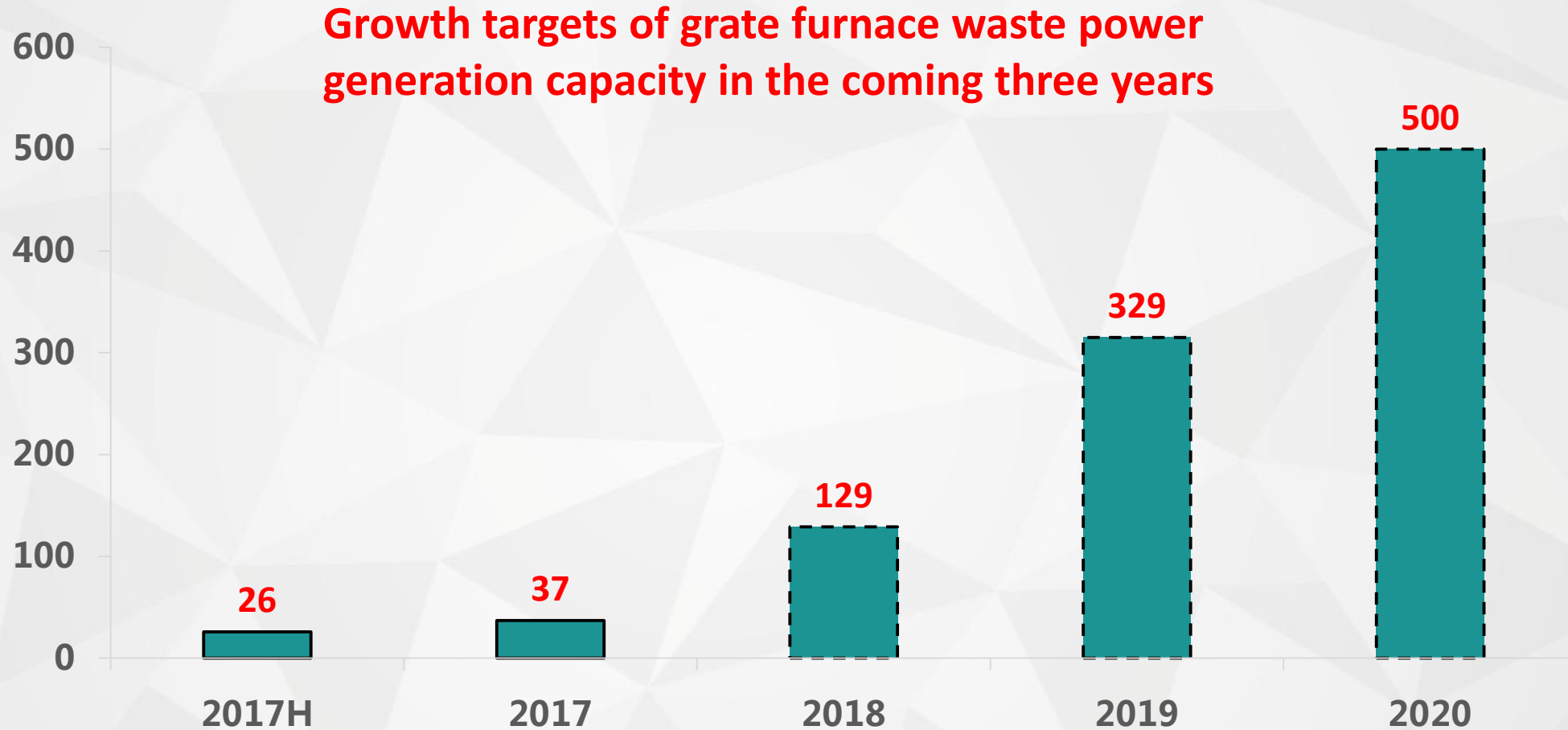
Waste incineration solutions Business Review

Grate furnace power generation project performance display (continue)

Serial number	Building progress	Project location	Type of company	Processing capacity	Estimated completion time	Remarks
15	Approved for construction	Shizhu County, Chongqing	BOT	100,000 tons / year	Sep 2019	
16		Xishui County, Guizhou Province		140,000 tons / year	Sep 2019	
17		Shucheng County, Anhui Province		140,000 tons / year	Oct 2019	
18		Huoshan County, Anhui Province		140,000 tons / year	Oct 2019	
19		Tongchuan City, Shaanxi Province		180,000 tons / year	Nov 2019	
20		Fuquan City, Guizhou Province		100,000 tons / year	Nov 2019	
21		Xianyang City, Shaanxi Province		2×500,000 tons / year	Jan 2020	To be constructed in two phases
22		Linxiang City, Hunan Province		2×100,000 tons / year	/	To be constructed in two phases
23		Baoshan City, Yunnan Province		2×140,000 tons / year	/	To be constructed in two phases
24		Manzhouli, Inner Mongolia		140,000 tons / year	/	
25		Thái Nguyên Province, Vietnam		180,000 tons / year	March 2020	
Subtotal				2.6 million tons / year		
Total				4.47 million tons / year		

Waste incineration solutions Business Review

Unit: 10,000 tons / year



Note: The grate furnace waste power generation enjoys the enterprise income tax “three exemptions and three reductions” (Article 80 of the Enterprise Income Tax Implementation Regulations), waste disposal VAT “Immediately refund 70%” and waste-to-energy VAT “return 100%”(Cai Shui [2015] No. 78) and other tax incentives.

Waste incineration solutions Business Review

Estimation of index of grate furnace power generation

Take the Jinzhai project as an example

Construction period cost

Investment amount: 150 million
× = 30 million

Profit rate at construction period: 20%

The average investment per ton is 500,000, and the investment amount decreases with the increase of scale.

Operation profit

Waste treatment revenue:

Garbage disposal price excluding tax is about RMB59.5 per ton, the actual annual disposal of domestic garbage is 120,000 tons, and the disposal revenue of garbage is RMB7.14 million.

Waste-to-power revenue: The average garbage on-grid per ton is 308 degrees, and the tax-free revenue is RMB20.71 million.

Complete cost: RMB12.9 million

Annual profit of the project: RMB14.95 million

The project ROI is about 10%

Project 30% equity capital, 70% loan

The loan interest rate is 4.6%, the annual interest is RMB4.83 million, and the annual profit of the project is RMB10.12 million.

Return on equity investment: 22.49%

Note: The grate furnace waste power generation enjoys the enterprise income tax "three exemptions and three reductions" (Article 80 of the Enterprise Income Tax Implementation Regulations), waste disposal VAT "Immediately refund 70%" and waste-to-energy VAT "return 100%" (Cai Shui [2015] No. 78) and other tax incentives.

Waste incineration solutions Business Review

Waste treatment by cement kilns performance display

During the reporting period, the Group's cement kiln co-disposal of domestic garbage realized operating revenue of RMB54.99 million, an increase of 14.45% over the same period of last year, and accumulated waste disposal volume of 364,700 tons.

Serial number	Building progress	Project location	Type of company	Processing capacity	Estimated completion time
1	Built	Pingliang City, Gansu Province	BOT	100,000 tons / year	A joint venture with China National Building Material Company Limited
2		Qingzhen City, Guizhou Province		100,000 tons / year	
3		Yangchun City, Guangdong Province		70,000 tons / year	
4		Yuping County, Guizhou Province		70,000 tons / year	
5		Xishui County, Guizhou Province		100,000 tons / year	
6		Qiyang County, Hunan Province		100,000 tons / year	
7		Shimen County, Hunan Province		70,000 tons / year	
8		Shuicheng County, Guizhou Province		70,000 tons / year	
9		Fusui County, Guangxi Region		70,000 tons / year	
10		Shuangfeng County, Hunan Province		70,000 tons / year	
11		Baoshan City, Yunnan Province		100,000 tons / year	
12		Nanjiang County, Sichuan Province		70,000 tons / year	
13		Lingyun County, Guangxi Region		70,000 tons / year	
14		Ningguo City, Anhui Province		100,000 tons / year	
15		Linxia Prefecture, Gansu Province		100,000 tons / year	
		Subtotal		118 million tons / year	
16	Projects under construction	Xing' an County, Guangxi Region	BOT	100,000 tons / year	Expected to start production in August 2018
17		Yingjiang County, Yunnan Province		70,000 tons / year	Expected to start production in March 2019
		Subtotal		170,000 tons / year	
		Total		1.35 million tons / year	

Garbage Disposal Revenue Composition Table

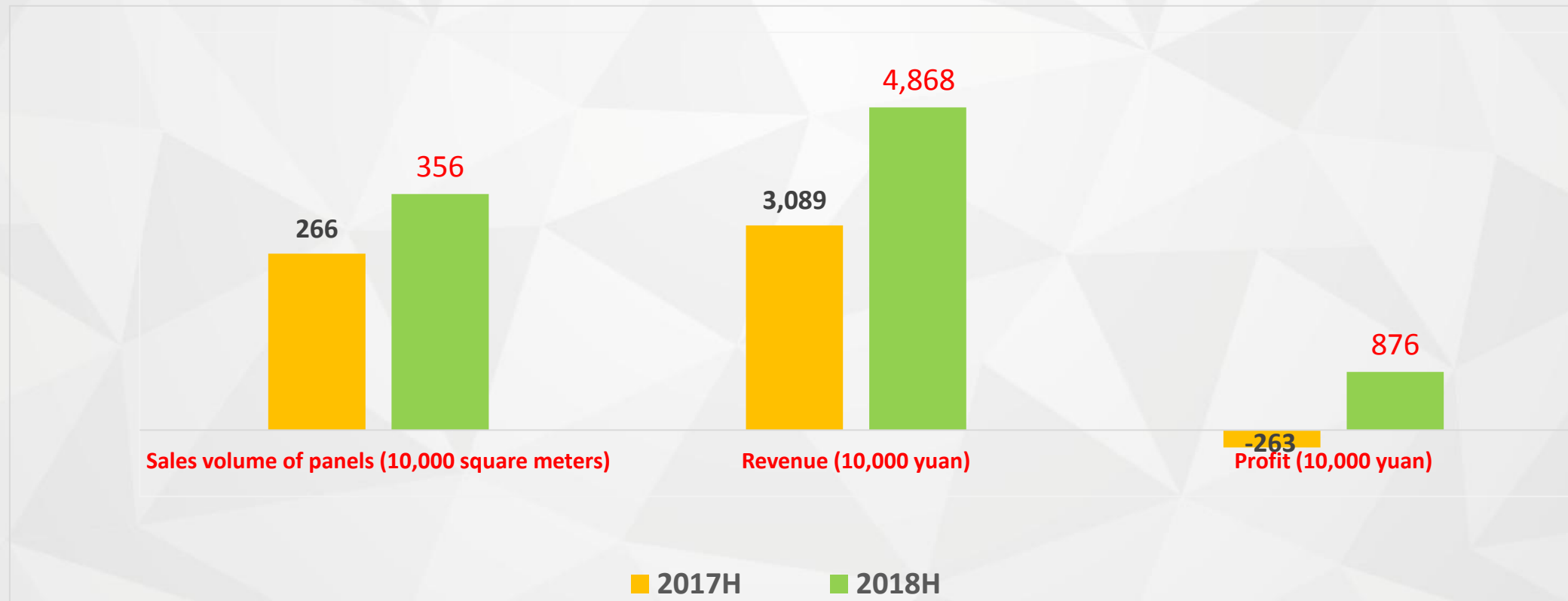
Revenue Composition	2018年H		2017年H		Change in amount (%)	Change in proportion (%)
	Amount (RMB thousand yuan)	Proportion (%)	Amount (RMB thousand yuan)	Proportion (%)		
Construction period revenue	407,318	77.81	509,277	89.67	-20.02	-11.86
Cement kiln disposal of garbage	37,080	7.08	99,669	17.55	-62.80	-10.47
Grate furnace waste power generation	370,238	70.73	409,608	72.12	-9.61	-1.39
Operation period revenue	66,752	12.75	24,536	4.32	172.06	8.43
Cement kiln disposal of garbage	20,890	3.99	16,876	2.97	23.79	1.02
Grate furnace waste power generation	45,862	8.76	7,660	1.35	498.72	7.41
Interest income	49,396	9.44	34,161	6.01	44.60	3.43
Cement kiln disposal of garbage	34,101	6.52	31,170	5.49	9.40	1.02
Grate furnace waste power generation	15,295	2.92	2,991	0.52	411.37	2.41
Total	523,466	100.00	567,974	100.00	-7.84	- 29

Review of New Building Materials Business

Market development has achieved good results

- During the reporting period, the Group increased efforts in marketing and in-depth industry collaboration leading to increase in both volume and prices.

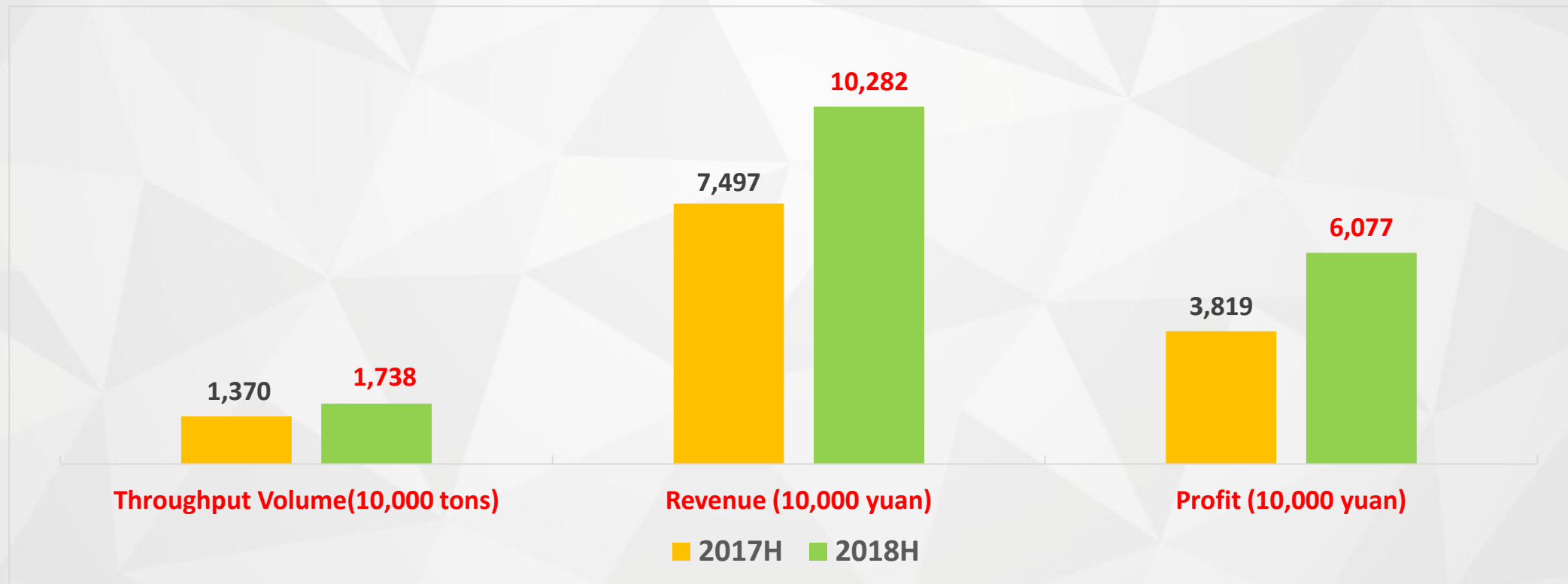
Accumulated sales of ACA panels reached **3.56 million square meters**, an increase of **34%**; realized operating income of **RMB48.68 million**, an increase of **58%**; product gross profit increased by **RMB11.39 million**.



Review of Port Logistics Business

The throughput hit a record high

- During the reporting period, the Group actively developed logistics market and seized high-quality supplies; the port throughput increased by **17.38 million tons**, an year-on-year increase of **27%**; the operating revenue was **RMB103 million**, an year-on-year increase of **37.16%**, and the gross profit was **RMB60.77 million**, a year-on-year increase of **59.11%**.





4

Future Outlook

Future Outlook

Advantages in resources, strategic cooperation

Make full use of the advantages of resources under Conch, form strategic cooperation with China National Building Materials and Dongjiang Environmental Protection, and actively promote the national industrial layout of solid waste and hazardous waste projects.

Introduce technology, promote application

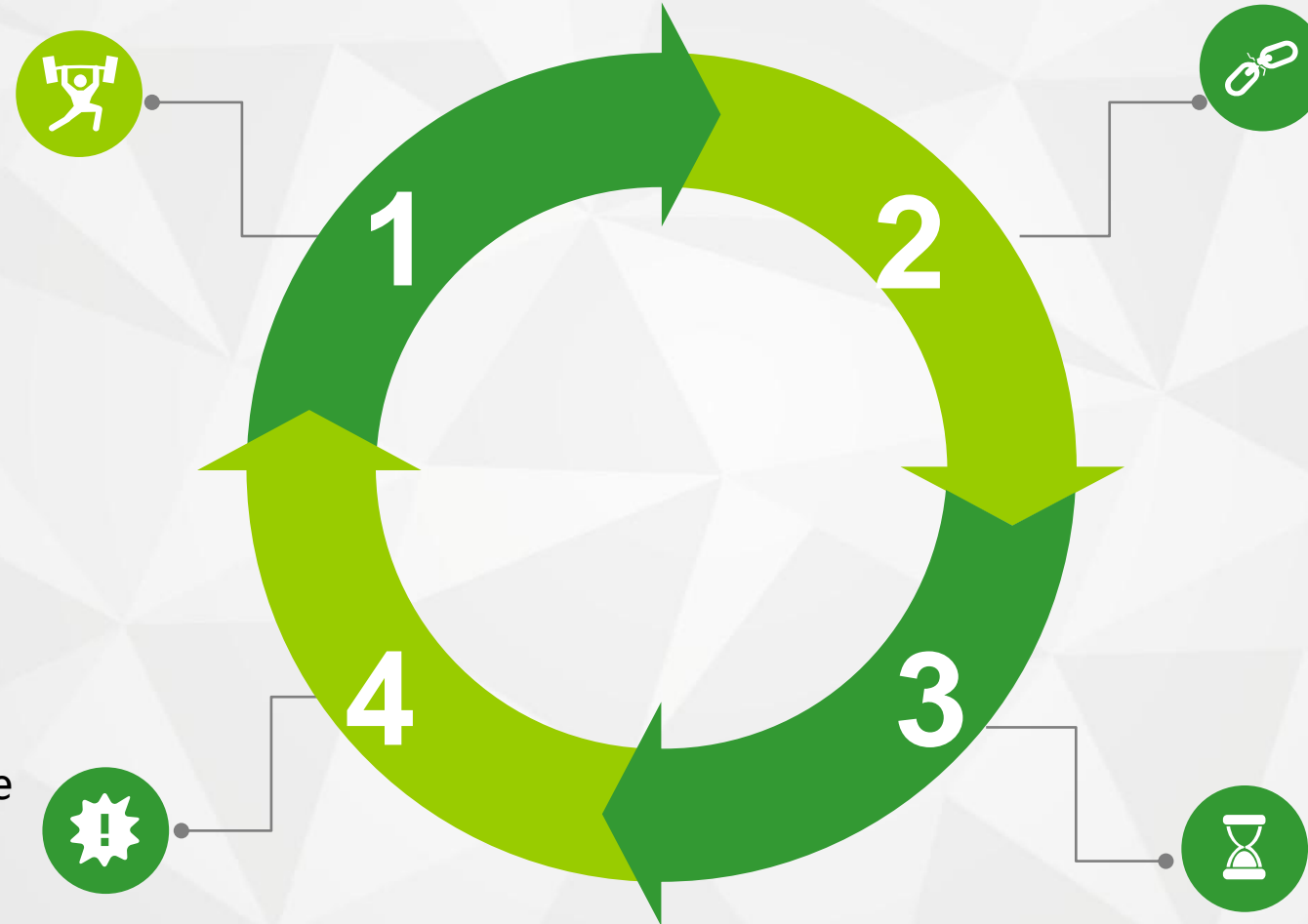
Strengthen the cooperation with Kawasaki, Japan, continue to introduce advanced technologies, and successfully promote the development of environmental protection projects.

Actively deploy, expand the market

Build the demonstration system of grate furnace waste-to-energy generation in the state; in addition, continue to develop overseas markets such as Vietnam, Morocco and Indonesia; further seize market resources and strengthen the industry status.

Ample capital, Strong base

Up to now, the Company 's asset-liability' s ratio is only **11.46%**. The strong financial strength protects the project under construction implementation.



Q&A Session

Welcome to ask

WHAT
?

HOW
?

WHY
?





Thank you!

28th August 2018