FINANCING PLAN
GUOZHI Energy
WHTP Project

April, 2014
Bangkok, Thailand

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Summaries

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- **Project name:** HongQian Waste Heat to Power EMC Project
- Location: Gejiu City, Yunan Province, China
- **Capacity:** 7.5MW
- **Project Benefits:**
  -Electricity: 47.5million kWH/a
  -Annual income:3.04million EURO
  -Total contract value: 24 million EURO
  -reduces TCE : 15, 878 T/a
  -reduces carbon emission :40, 395 T/a
- **Total Investment:** 6.74 million Euro
- **Financing structure:** 1.01 million Euro with 20% Project Equity

1. Mission &Vision

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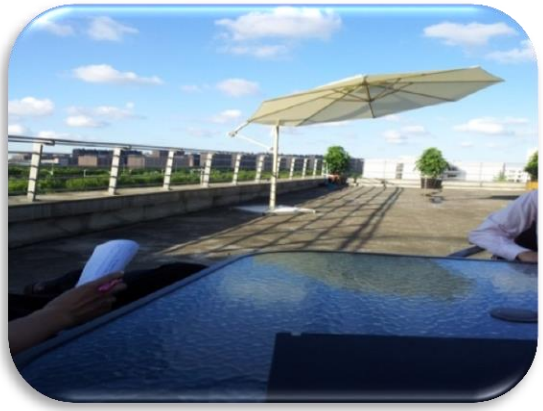
- **The Company:** GUOZHI Energy Co., Ltd. , is a company specialized in WHTP project investment, implementation and management. Our business mode includes EMC, EPC.
- **Our Mission :** Dedicate to energy conservation; Focus on Energy Saving Project investment and management.
- **Our Vision:** To be the leader in energy conservation services, and to create an environment-friendly enterprise groups.



2. Track Record

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- WHTP Project in Jingui, a public-listed non-ferrous company in Hunan, P.R.China
  -7.5MW, 47M kWh, 40K T CO2 saving /al,
  -Local bank loan financed,
  -Equipment instal., & comm., in process, to be put in production in June 2014

- WHTP Project in Yuteng, a famous non-ferrous company in Hunan, P.R.China
  -7.5MW, 47M kWh, 40K T CO2 saving /al,
  -Local financial leasing company financed,
  -Design finished, equipment from Germany ordered, project to put in production in Feb., 2015

3. Products & Services

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WHTP-
NON-FERROUS

WHTP-
STEEL & GLASS

WHTP-
CHEMICAL-PETRO

4. Business Opportunity

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- Opportunity & Threats
  -Huge potentiality in Non-Ferrous WHTP, GUOZHI has the Technical Know-how in Non-Ferrous WHTP field.
  -Competitors in cement industry, which have been public listed.
- Positioning: to be the leader in Non-Ferrous WHTP field.
- Market Share: We aim to have 40% of the market share in the next 5 years.
- Strength & Weakness:
  -Technical Know-how developed by GUOZHI and with China Central South University.
  -Strong Connection with Non-Ferrous industry.
  -Financially weak compared with its future expanding plan.

5. Growth Potential

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- As per research reports by certain organizations, the WHTP in Non-Ferrous field will be expanding dramatically and reaches 200MW in the next 3 years.
- GUOZHI's target is to obtain 40% of the forecasted growth, which is to implement over 80MW in the next 3 years.
- Outline the expansion plan:
  -Year 2015: to build 25MW
  -Year 2016: to build 40MW

6. Geographical Footprint

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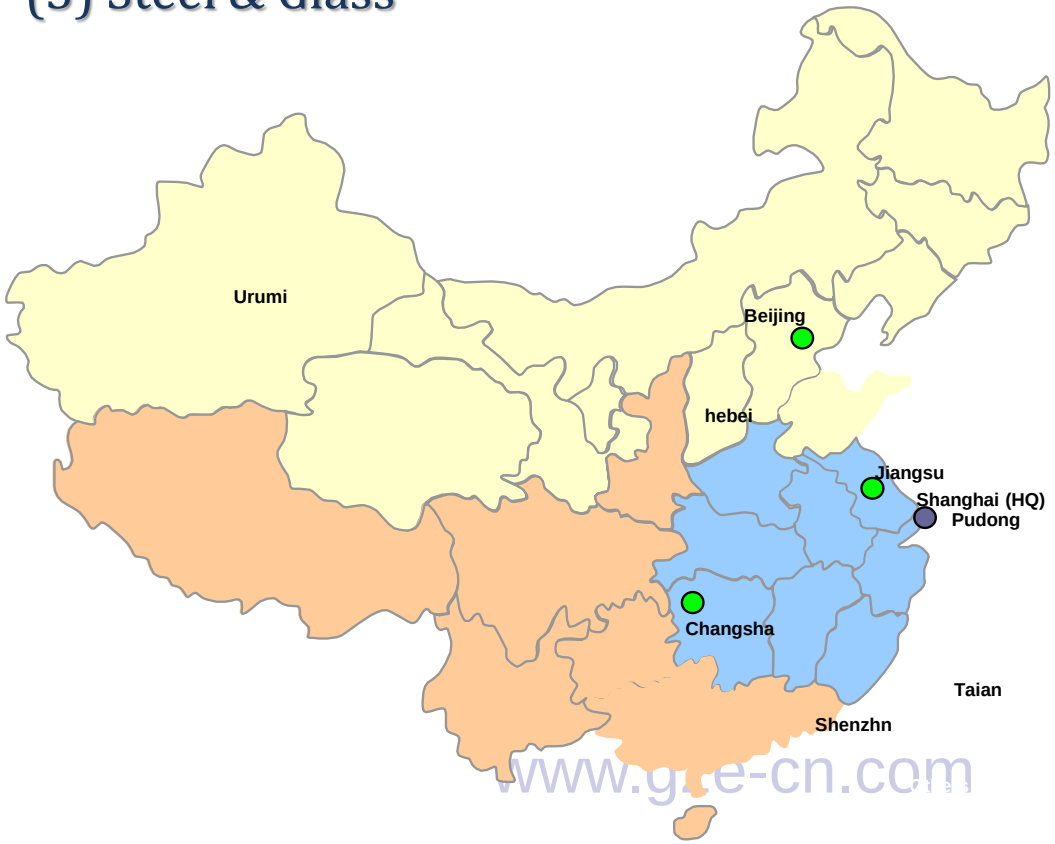
- With its head-quarter in Shanghai, GUOZHI has subsidiaries based in Beijing, Hunan, Jiangsu, Shanxi and Hebei Provinces.
- Priority of business field: (1) Non-Ferrous, (2) Chemical & Petro, (3) Steel & Glass



Head Quarter

- Shanghai

- 5 Regions
  - Hunan
  - Beijing
  - Jiangsu
  - Shan Xi
  - Hebei

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7. Risks & Mitigation Strategies

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	Strength	weakness
	• Technical Know-how developed by GUOZHI and with China Central South University. • Strong Connection with Non-Ferrous, Chemical & Petro industries.	• Financially weak compared with its future expanding plan. • Team is relatively yong at the moment.
Opportunities	**SO**	**WO**
• Huge potentiality in Non-Ferrous WHTP. • Policies in China require enterprises to adopt WHTP technology	• Maximize the advantage of technical know-how to expand the market rapidly.	• To building up a more efficient team
Threats	**ST**	**WT**
• Competitors in cement industry, which have been public listed, they might be stepping into Non-Ferrous WHTP field.	• Implement projects with best conditions (returns, guarantee).	• To seek for equity financing to match our expanding plan.

8. Progress since Jun 2013

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- **Jingui WHTP Project:** Bank loan from local bank granted, Infrastructure completed, Equipment installation and comm. in process, Production will be started in June 2014
- **Yuteng WHTP Project:** EMC contracted concluded, Design finished, Local financial leasing company financed, Equipment (imported turbine & genset) ordered, Infrastructure will be started from July 2014, Production planned to be started in Feb., 2015.
- **Hongqian WHTP Project:** EMC contracted concluded, Design started

Progress since Jun 2013

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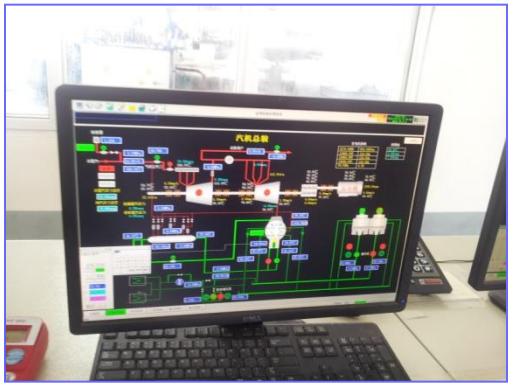

Jingui WHTP project, 7.5MW, 47.5M kWh, 40K T CO2 saving /al, Reducing 25% of the electricity consumption.

9. Cash Flow-Hongqian WHTP

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Unit : Million EURO

Cash Flow Summary	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	TOTAL
Total Turnover	0.00	2.09	2.09	2.09	2.09	1.27	1.27	1.27	1.27	13.44
Other	0.00	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	2.55
Direct costs										
Raw material	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other direct operating costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross profit	0.00	2.41	2.41	2.41	2.41	1.59	1.59	1.59	1.59	15.99
Indirect costs										
Sales and marketing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities and maintenance	0.00	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	1.75
Overheads	0.00	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.24
Other	0.00	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.56
Total Operating Expenses (excluding depreciation)	0.00	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	2.55
Operating profit (excluding depreciation)	0.00	2.09	2.09	2.09	2.09	1.27	1.27	1.27	1.27	13.44
Taxation	0.00	0.17	0.17	0.17	0.32	0.22	0.23	0.24	0.24	1.77
Capital expenditures	6.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.74
Free cashflow (pre-finance)	(6.74)	1.91	1.91	1.91	1.77	1.05	1.04	1.03	1.03	4.93
Servicing of Finance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest paid	0.00	0.09	0.09	0.09	0.09	0.09	0.00	0.00	0.00	0.47
Bank fees paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net cashflow before financing	***(6.74)***	***1.82***	***1.82***	***1.82***	***1.67***	***0.96***	***1.04***	***1.03***	***1.03***	***4.45***
Financing										
Issue/(redemption) of ordinary share capital	2.02									2.02
Other long term loan receipt/(repayment)	4.72	(0.94)	(0.94)	(0.94)	(0.94)	(0.94)	0.00	0.00	0.00	0.00
Bank: loan (repayment)										
Bank: loan requirement										
Net cashflow after financing	**0.00**	**0.87**	**0.87**	**0.87**	**0.73**	**0.02**	**1.04**	**1.03**	**1.03**	**6.48**

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10. Profit and Loss- Hongqian WHTP

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Unit : Million EURO

Profit and Loss Summary	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	TOTAL
Total Turnover	2.09	2.09	2.09	2.09	1.27	1.27	1.27	1.27	13.44
Other	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	2.55
Direct costs									
Raw material									
Other direct operating costs									
Gross profit	2.41	2.41	2.41	2.41	1.59	1.59	1.59	1.59	15.99
Indirect costs									
Sales and marketing									
Utilities and maintenance	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	1.75
Overheads	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.24
Other	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.56
Total Operating Expenses (excluding depreciation)	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	2.55
Operating profit (excluding depreciation)	2.09	2.09	2.09	2.09	1.27	1.27	1.27	1.27	13.44
Depreciation	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	6.74
Operating profit (PBIT)	1.24	1.24	1.24	1.24	0.43	0.43	0.43	0.43	6.69
Servicing of Finance									
Interest paid	0.09	0.09	0.09	0.09	0.09	0.00	0.00	0.00	0.47
Bank fees paid									
Net Profit Before Tax	1.15	1.15	1.15	1.15	0.33	0.43	0.43	0.43	6.22
Taxation	0.00	0.00	0.00	0.14	0.04	0.05	0.06	0.06	0.37
Net Profit After Tax	***1.15***	***1.15***	***1.15***	***1.01***	***0.29***	***0.37***	***0.36***	***0.36***	***5.85***

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11. Critical Figures

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- NPV =0.58million EURO>0[Rate of discount:12%]
- IRR = 15.10%
- Gross Profit Margin=81%
- After Tax Profit Margin=44%

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THANKS！

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