



**ANTELOPE**

ENTERPRISE HOLDINGS LTD.



# Investor Presentation

October 2020



# Safe Harbor Statement

This presentation contains forward-looking statements and management may make additional forward-looking statements in response to your questions. Such written and oral disclosures are made pursuant to the Safe Harbor provision of the Private Securities Litigation Reform Act of 1995.

Although we believe our expectations expressed in such forward-looking statements are reasonable, we cannot assure you that they will be realized. Investors are cautioned that such forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from the anticipated results, and therefore we refer you to a more detailed discussion of the risks and uncertainties in the Company's filings with the Securities & Exchange Commission.

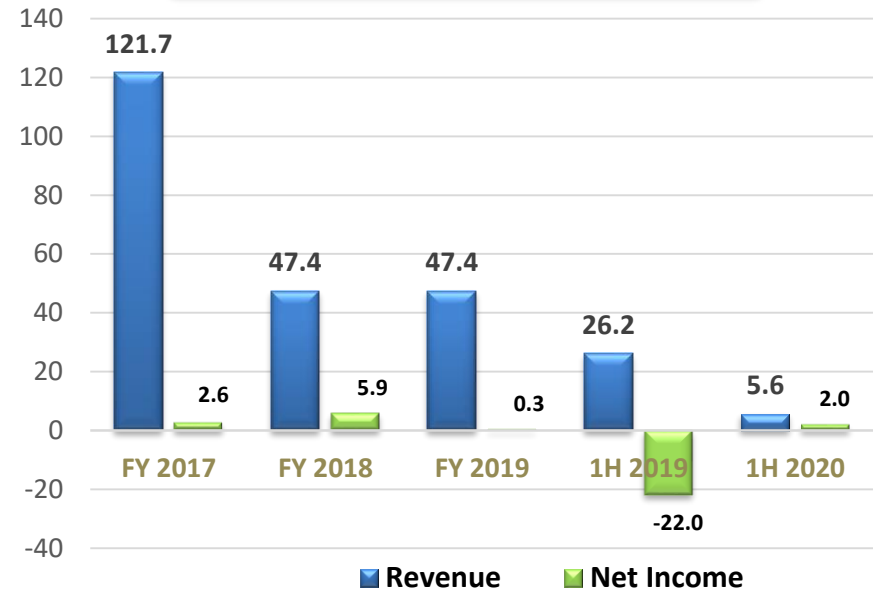
The forward-looking statements contained in this presentation are made only as of today, and Antelope Enterprise Holdings Limited is under no obligation to revise or update these forward-looking statements.



# Company Overview

- Ceramic tile market growth correlates with urbanization & residential construction trends in China
- Plant production capacity is currently 51.6 million square meters (MSM) of ceramic tiles / yr.; plant utilization for 1H fiscal 2020 was 2.6 MSM / yr. due to the COVID-19 pandemic
- Current initiative is to enter the Southeast Asia market and develop new tile products
- Diversified into high tech sectors through business consulting and software development
- 2,000+ tile, color and size combinations enable wide customer choice. Founded in 1993; high brand recognition; sold under “Hengda / HD”, “Hengdeli / HDL”, “TOERTO”, “WULIQIAO”, and “Pottery Capital of Tang Dynasty” trademarks

## Revenue and Net Income



### Non-cash adjustments to Net Income reflect ongoing operations:

FY 2017 - \$5.4 MM for asset write-down, \$10.6 MM for bad debt expense & \$0.4 MM for reversal of inventory write-down

FY 2018 - \$12.9 MM asset write-down, \$47.9 MM for bad debt expense & \$8.5 MM for inventory write-down

FY 2019 - \$9.9 MM for bad debt expense & 8.2 MM for reversal of inventory write-down;

1H - bad debt expense \$28.6 MM in 2019; \$14.4MM in 2020



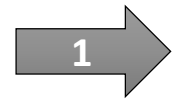
# Equity Snapshot

Nasdaq: AEHL	FYE: Dec. 31
Stock Price (9/28/20)	\$2.14
Shares Outstanding	3.1 MM
Market Capitalization	\$6.6 MM
Debt (as of June 30, 2020)	--
Revenue (TTM)	\$26.8 MM
Net Income (TTM, as adjusted) (a)	\$ 2.1 MM
EPS (TTM, as adjusted) (a)	\$0.68
Cash	\$1.9 MM
Price to Book Multiple	27.6%

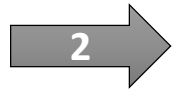
TTM = Trailing Twelve Months (a) adjusted in 1H20 for add-back of \$14.4 MM in bad debt expense and 2H19 sub-out of reversal of bad debt expense of \$17.8 MM



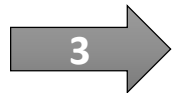
# Investment Highlights



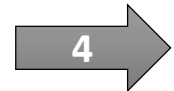
**A premier, name-brand manufacturer of thousands of customizable exterior and interior ceramic tiles**



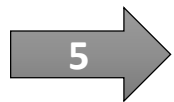
**Capitalizing upon China's urbanization trend, rising GDP and a high level of real estate ownership in China**



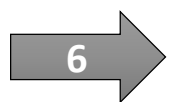
**Strategic plan to enter the Southeast Asia and develop new products such as new cooling tiles to expand market**



**Real estate, construction and associated sectors are estimated to comprise 25% of China's GDP with sector now rebounding**



**Modern plant and R&D enables competitive advantage; glazed brick ceramic tiles for roofing complements current portfolio**



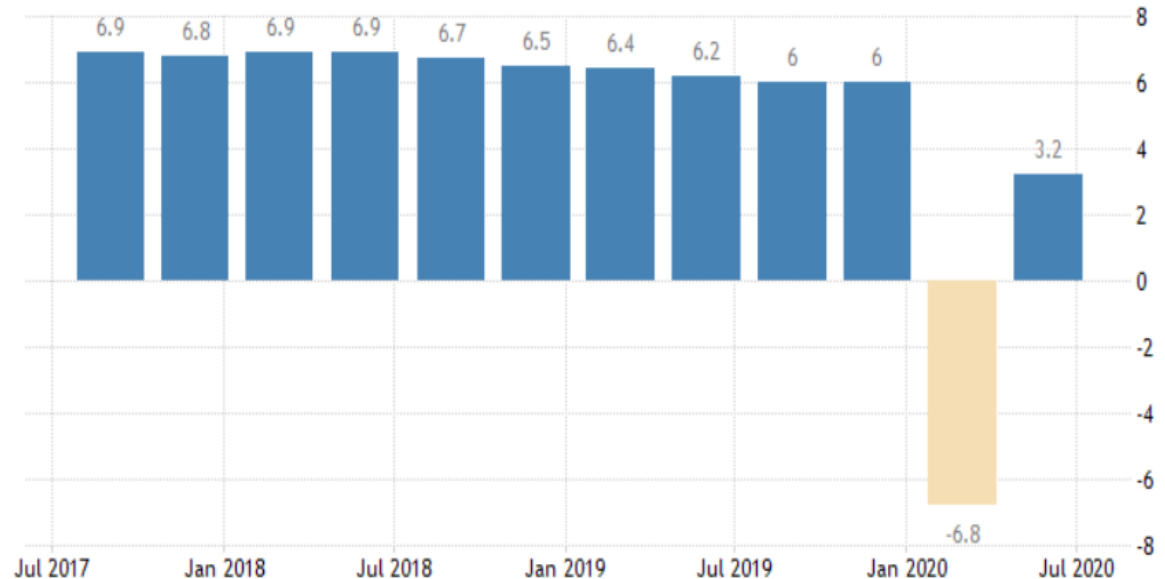
**Further diversification includes entering high-tech growth areas through two new subsidiaries, already up and running**



# China's Macroeconomic Environment

- GDP grew by 3.2% in 2Q 2020, rebounding from a record 6.8% contraction in 1Q 2020, which reflects the damage caused by the COVID-19 pandemic
- The Chinese economy is undergoing a structural change, transitioning from manufacturing to services and from investment to consumption.
- The central government could enact stimulus measures that would help to propel the Chinese economy as its fundamentals remain stable.
- Real estate investment could moderate in 2020 as the deleveraging of China's property developers could mean few new projects and reduced construction.

## China's Annual GDP Growth Rates (% Changes)



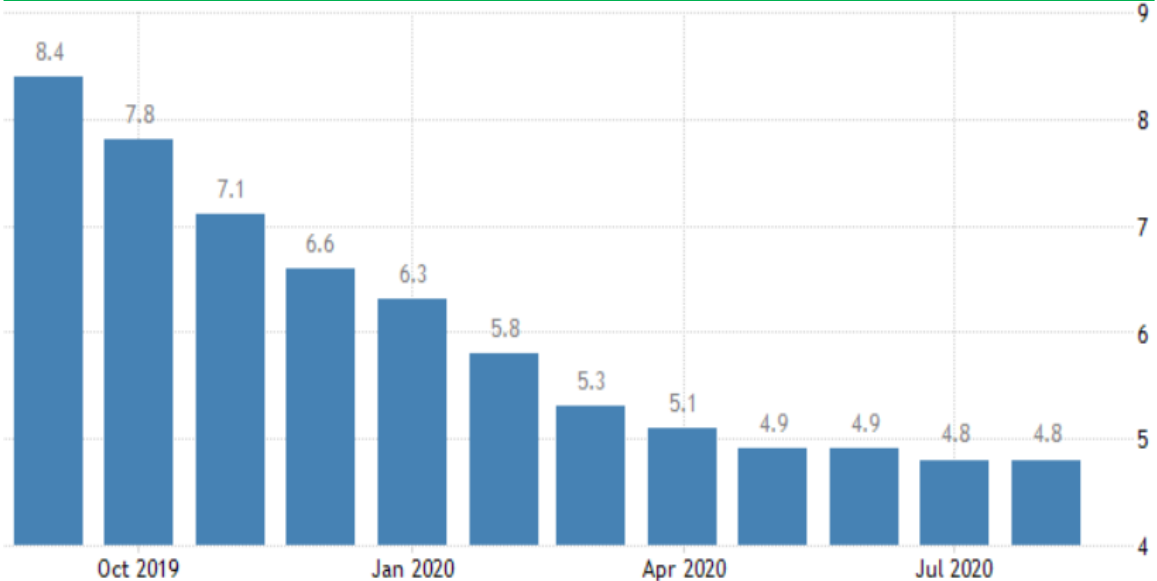
Source: [tradingeconomics.com](http://tradingeconomics.com), National Bureau of Statistics of China



# China's Real Estate Market Environment

- Real estate is estimated to be 25% of China's GDP; a healthy real estate sector is important to China's growth.
- Average new home prices in 70 cities rose 4.8% y-o-y in Aug. 2020, the lowest since May 2018.
- On a month-over-month basis, prices rose 0.6% in Aug. 2020, following a 0.5% gain in July
- Although new home sales declined an estimated 90% during China's lockdown due to the COVID-19 pandemic but pent-up demand has spurred active buying in April.
- A series of government curbs to stem speculation have weighed on China's housing market. Chinese authorities have, from time to time, imposed lending curbs, higher mortgage rates, a price cap on new developments and other restrictions.

## Newly Built China Home Prices (Yr-o-Yr Change)



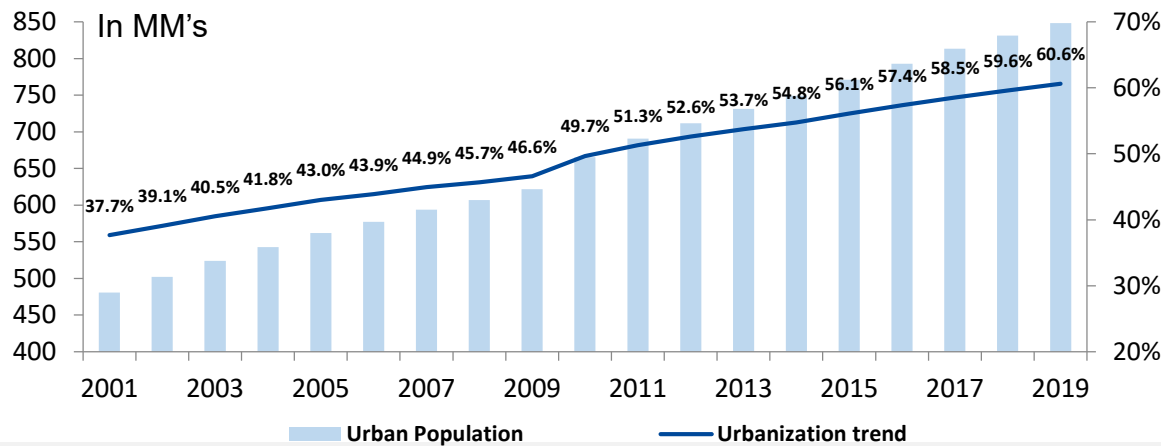
Source: *tradingeconomics.com, National Bureau of Statistics of China*



# Urbanization Trend Provides Underpinning to Real Estate Construction China

- China's total urban population reached 848 million in 2019 vs. 450 million in 2001; according to projections, nearly 70% of the population will live in urban areas by 2035.
- The scale and pace of China's urbanization trend is unprecedented: 219 cities of more than one million and an aggregate urban population nearing 1 billion are projected by 2025.
- Tier I cities are expected to account for only 10% of China's commercial real estate activities by 2020, highlighting the significant development opportunities in Tier II and Tier III cities.

## Urbanization Trend in China



## % of Population Urbanized by Country

Indonesia	Malaysia	Russia
56.0%	76.6%	74.7%
US	UK	Japan
82.5%	83.7%	91.7%

Sources: National Bureau of Statistics (China)  
[http://www.stats.gov.cn/tjsj/zxfb/202002/t20200228\\_1728913.html](http://www.stats.gov.cn/tjsj/zxfb/202002/t20200228_1728913.html); <https://www.statista.com/>,





# A Long-Term Trend of Strong Real Estate Growth in China

- The scale of construction in China is immense: the past 15 years growth in building stock in provinces is equal to the residential floor space of a number of European cities today
- Antelope believes that sound underlying demand for housing is sustainable throughout the next decade although corrections in certain cities have occurred due to overbuilding
- There are fewer restrictions by municipal governments in Tier II and Tier III cities
- Antelope believes that the land supply in 2020 in smaller Tier cities could rebound and create demand for ceramic tiles
- Renovation and upgrading of existing properties could also spur demand

2004-2019 Top 10 Province			
Net Increase of Urban Residential Building Stock		Existing Residential Building Stock	
Jiangsu	428	Poland	947
Chongqing	380	Sweden	400
Sichuan	326	Austria	385
Shandong	316	Greece	372
Guangdong	314	Switzerland	368
Beijing	314	Portugal	318
Shanghai	307	Hungary	313
Zhejiang	258	Denmark	301
Shanxi	238	Romania	273
Henan	222	Czech Rep.	268

*a. all data in mm sq. meters*

*b. Figures are for urban areas within referenced prefecture/municipality.*

*Sources: Economist Intelligence Unit; National Bureau of Statistics (China); UNECE*



# Competitive Landscape

- China's outdoor ceramics tile industry is highly fragmented with hundreds of manufacturers; Antelope estimates its current market share in China ~ 5%.
- The Company believes that more than 200 manufacturers are located in Jinjiang, with a combined annual production volume of 70% of China's total production volume
- Others are mainly located in Foshan, Zibo, Linyi, and Dehua, specializing in manufacturing interior wall and floor ceramic tiles
- Competition is based on quality, branding, service and product diversity, Antelope's strengths
- Major competitors include:
  - *White Rabbit Ceramics*
  - *Foshan Shiwan Yulong Ceramics*
  - *Jinjiang Haoyuan Ceramics*
  - *Jinjiang Wanli Ceramics*





# Key Ceramic Tile Market Trends

- **China's long-term urbanization trend** – Antelope is a prime beneficiary
- **New products** – New outdoor ceramic tiles products are “Green”, lighter, heat insulating and noise-reducing. The company's production line to manufacture glazed brick ceramic tiles deepens the portfolio even more.
- **Potential of Tier II and III Cities** – CCCL believes that much of the growth in China's GDP is being driven by economic activity in Tier II and Tier III cities.
- **Distribution and Direct Sales** – China's outdoor ceramic tile industry relies heavily on distributors; a vast majority of total sales are made through distributors. As competition intensifies, more manufacturers will bid for large projects in an attempt to sell products to real estate developers directly.
- **Stricter Environmental Standards** – Exits by smaller competitors to occur as less well-financed companies cannot comply with stricter environmental regulations.



# Core Competitive Advantages

- **Experienced management** and a culture of hard work and success
- **Premier brand** – repeat winner of “Asia’s 500 Most Valuable Brands” award among many other awards and certifications
- **R&D** – the 7-person team develops new products and has recently developed a product designed to cool indoor temperatures of buildings that will eventually target the Southeast Asia market
- **Manufacturing that is modern and efficient:** ISO certified, international manufacturing equipment utilized where nearly all projects are built to order
- **Enhanced marketing and sales** abetted by a state-of-the-art product showroom that emphasizes Antelope’s capabilities. Enhancements to Hengda Exhibition Hall should drive sales to a consolidating large property sector.
- **New subsidiaries formed in High Tech** provide business consulting and software development to diversify and enhance our growth sector



# Comprehensive Product Suite

The company has over 2,000 size and color combinations

**Porcelain**  
*76.6% of Sales*



**Polished Glaze**  
*10.3% of Sales*



**Rustic**  
*9.3% of Sales*



**Glazed Porcelain**  
*1.6% of Sales*



**Glazed**  
*2.2% of Sales*



A wide array of standardized and made-to-order products



# Modern Plants Ensure High Quality and Superior Range of Products

Raw Material Inspecting



Mixing & Grinding



Spray Drying



Firing



Glazing



Molding





# Established and Loyal Customer Base

- A large majority of ceramic tile products sold to 20 exclusive domestic distributors
- The top ten customers have purchased from CCCL for over 10 years each
- The top ten customers estimated to represent 80% of total sales in 2019
- Sales in Tier II and Tier III cities account for virtually all of domestic sales
- Ongoing contracts with large property developers in China include Evergrande, China Resources Land, China SCE Property, China National Real Estate Development Group, Poly Real Estate, Wanda Group, Sany Group and Green Town

## *Our Sales Coverage*





# Sales Process



- Excellent communication between our sales force and distributors avoids overlapping of sales
- Distributors required to make monthly reports on customer requirements
- Provide installation instructions and collect after-sales feedback by our sales force
- Seeking new highly-qualified distributors to expand geographic reach

**We typically book sales within 2-3 months of delivery**





# Selected Hengda Projects

Chengdu Kanjun Garden



**210,000 sq. meters**

China Resources Land Limited Lanxi Town



**100,000 sq. meters**

The 11th National Games Village



**95,000 sq. meters**

Hangzhou Redbud Garden



**53,000 sq. meters**

Xiamen Blue Gulf Peninsula



**133,000 sq. meters**

Shenyang Institute of Aeronautical Engineering



**97,000 sq. meters**



# Stable Supplier Base

- Dyes, clay and energy are the major raw materials for tile production, accounting for a substantial portion of our cost of good sold (COGS)
- Over 10 years' cooperation with key suppliers ensures on-time supply and reasonably stable pricing
- All raw materials are inspected on delivery for quality control

Raw Material	% of COGS	# of Suppliers
Dyes	27	8
Coal and gas	12	2
Clay	13	9
Glazing	3	4



# Plant Expansion and Capital Expenditures

## PLANT EXPANSION

(in Millions of Square Meters, or MSM)

### Cumulative

	Hengda	Hengdali	Total
Total 2010 Capacity	28	10	38
Total 2011 Capacity	42	14	56
Total 2012 Capacity	42	30	72
<b>Current Plant Capacity</b>	<b>22.8</b>	<b>28.8 (a)</b>	<b>51.6 (a)</b>
<b>Capacity Currently Being Utilized (a)</b>	<b>1.3</b>	<b>1.3</b>	<b>2.6</b>

(a) For the six months ended June 30, 2020. Production capacity has been reduced due to two old furnaces at the Hengda facility in July of 2018 and the leasing out of 10 MSM of production capacity at the Hengdali facility.

## CAPITAL EXPENDITURES (in MM)

	Hengda	Hengdali	Total
Capex in 2011	\$ 23.9 M	\$ 44.6 M	\$ 68.5 M
Capex in 2012	\$ 3.0 M	Nil	\$ 3.0 M
Capex in 2013	\$ 7.4 M	\$ 8.4 M	\$ 15.8 M
Capex in 2015	\$ 1.6 M	\$ 23.0 M	\$ 24.6 M
Capex in 2017 – 2020	Nil	\$ 0.9 M	\$ 0.9 M



# Company Growth Strategy

## 1) Gain Market Share to Capitalize upon Industry Shake-Out of the Last 2 Years

*A significant number of competitors could exit the space due to a tougher competitive environment and new energy guidelines.*

## 2) Leverage Customization Capabilities due to Modernized Plant Efficiencies

*Enables accessibility to the company's customized and innovative product offerings*

## 3) Capitalize Upon Consolidation Among Large Property Developers

*Our deep product platform, modern manufacturing capabilities and strong balance sheet enables us to optimally service larger customers*

## 4) Focus on Expanding Market with Bolstered R&D to Create New Products

*Announced intention to enter the Southeast Asia market and new products such as the new cooling ceramic tile help to create a competitive advantage.*

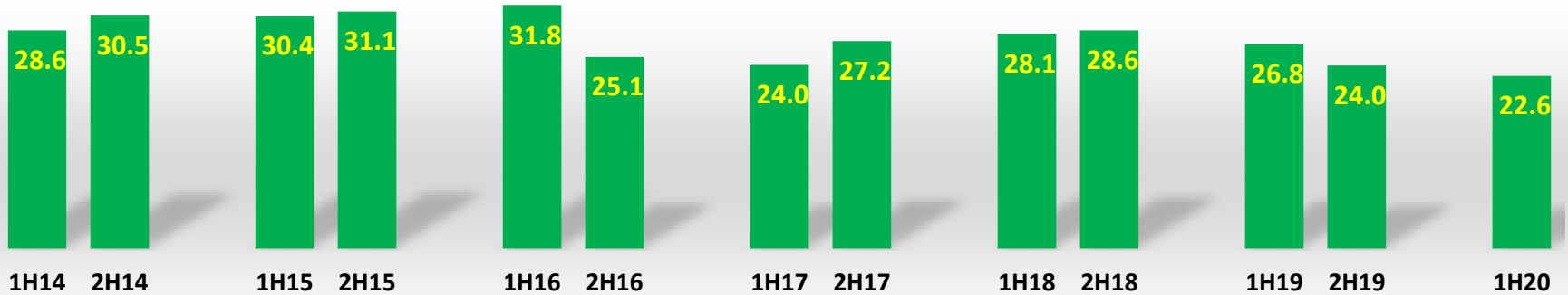
## 5) Diversifying Operations by Entering High Tech to Fuel Our Growth

*Chengdu Future, our business management and consulting entity, contributed revenue in 1H 2020 Antelope Holdings (Chengdu), a software enterprise, will do so in 2H 2020*



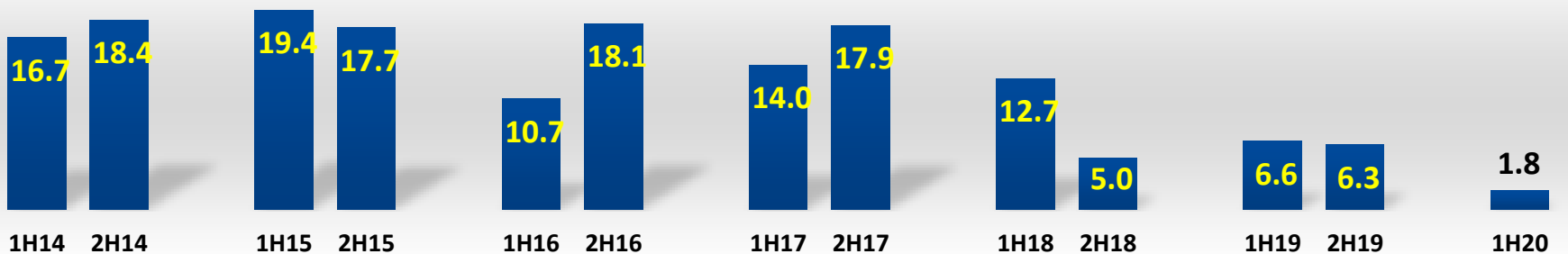
# Sales Volume and ASP Metrics

## Average Selling Price (in RMB)



In 10/2019, ASP was reduced by 15%, which lowered the 6 mo. y-o-y comp.

## Sales Volume (in MSM)



Sales volume impacted by COVID-19 in 1H 2020



# Balance Sheet Information

<i>(USD, in millions)</i>	<u>As of June 30, 2020</u> (Unaudited)	<u>As of Dec. 31, 2019</u> (Audited)
<b>Cash</b>	<b>1.91</b>	<b>1.58</b>
<b>Debt</b>	<b>--</b>	<b>--</b>
<b>Total Working Capital</b>	<b>21.4</b>	<b>39.2</b>
<b>Shareholders' Equity</b>	<b>24.0 (a)</b>	<b>39.2</b>
<b>Inventory Turnover</b>	<b>824 (a)</b>	<b>217</b>
<b>Trade Receivables Turnover</b>	<b>422 (a)</b>	<b>194</b>
<b>Trade Payables Turnover</b>	<b>69 (a)</b>	<b>30</b>

*(a) The figures are higher than normal due to the COVID-19 pandemic*



# Capital Markets: Key Differentiators

## Management

- New CEO is well-steeped in operations, working closely with founder
- CFO an English-speaking CPA formerly at Deloitte Touche
- Resilient and well-funded as able to access capital

## Oversight

- Independent Board directors with prominent business backgrounds
- Audit, nomination and compensation committees provide oversight
- Auditor Centurion ZD CPA is a highly acknowledged and well-known auditor

**Measures that Build Confidence in the US Capital Markets**

## Transparency

- Corporate, disclosure and regulatory best practices
- Regular investor communications via earnings calls, non-deal road shows, conferences

## Additional Measures

- Paid semi-annual dividends in 2013 and 2014.
- Company insiders have purchased shares from time to time
- US-based investor relations firm



# Senior Management Team

## Meishuang Huang

Chair & Chief  
Executive Officer

- Formerly Assistant to CEO Jiadong Huang, the founder of the Company
- 6 years of experience in the Company's Treasury department
- Bachelor's in Business administration from JiMei University and postgraduate diploma from the Executive Development Program of Xiamen University

## Edmund Hen

Chief Financial Officer

- Former CFO of a Sichuan switchgear manufacturer and accountant for Dickson Concepts Ltd., a publicly-listed Hong Kong company
- Formerly at Deloitte Touche Tohmatsu and a variety of accounting firms; Bachelor Degree from University of East Anglia, United Kingdom
- Associate member of Institute of Chartered Accountants in England and Wales, and of the Hong Kong Institute of Certified Public Accountants





# Board of Directors

## Meishuang Huang

Chair & Chief  
Executive Officer

- › Formerly Assistant to CEO Jiadong Huang, the founder of the Company
- › 6 years of experience in the Company's Treasury department
- › Bachelor's in Business administration from JiMei University and postgraduate diploma from the Executive Development Program of Xiamen University

## Roy Tan Choon Kang

Audit Chairman and  
Independent Member

- › Previously CFO of Fuse Enterprises, a digital and mining company and previously Managing Partner of One Tree Partners, asset management company
- › Commenced career at the Government of Singapore Investment Corporation.
- › Joint MBA degree from National University of Singapore and Columbia University

## Alex Ng Man Shek

Executive Director and  
Corporate Secretary

- › Served as corporate secretary of Nova Lifestyle (Nasdaq: NVFY) and COO of a NVFY subsidiary
- › Worked in various companies in Hong Kong, Canada and China
- › Bachelor's degree from York University, Canada



# Board of Directors (continued)

**Shen Cheng  
Liang**  
Independent Member

- › Ceramics production expert with over 30 years of experience
- › Previously Senior Production Engineer and General Manager at Fujian Yiyan Ceramics where he worked for 30 years.
- › Bachelor's degree in material physics from Jingdezhen Ceramics College

**Song Chungen**  
Independent Member

- › Practicing lawyer at Guangdong Weihao Law firm
- › Has Securities Qualification credential in China
- › Bachelor's degree in Law from Sun Yat Sen University



# Investment Thesis

- **Antelope is a strong competitor in a highly fragmented space**
- **Sustainable advantages due to capacity expansion, R&D, exclusive distributor relationships and world-class brands**
- **Construction materials industry expected to benefit from China's urbanization and construction trends**
- **Government policies are intent upon promoting urbanization to grow domestic GDP which should spur real estate development long-term**
- **Diversification strategy into high tech areas to fuel growth is expected to generate positive cash flow in 2020**
- **2020 plan is to enact strategic plan and adapt to challenging market conditions due to the COVID-19 pandemic with focus on new business and new markets**



# Corporate History

Founded in 1993 as a manufacturer of outdoor ceramic tiles in Jinjiang, Fujian Province

Received the certification of ISO9002, ISO9001 and ISO14001 in 1999; Gradually built up brand reputation

Introduced state-of-the-art equipment from abroad; developed plans to expand Hengda's capacity

*Named a Top Growing Enterprise by China Building Materials Association*

Manufacturing capacity is 51.6 million square meters annually

Name change to Antelope Enterprise Holdings Ltd (AEHL) in Oct. 2020

Acquired Hengdali facility in Jan. 2010

Listed on NASDAQ (CCCL) in Nov. 2010

Owens 4 patents with right to use 11 more. Continuously focusing on R&D for environmental-friendly products

Completed merger with SPAC (CHAC) in November 2009



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