

Chia Hsin Cement Corporation

2018 Q2 Results



Disclaimer

The forward-looking statements contained in this presentation are subject to risks and uncertainties and actual results may differ materially from those expressed or implied in these forward-looking statements.

Chia Hsin Cement Corporation makes no representation or warranty as to the accuracy or completeness of these forward-looking statements and nor does Chia Hsin Cement Corporation undertake any obligation to update any forward-looking statements, whether as a result of new information or future events.

Company profile

- Stock symbol : 1103
- Establish approved date : 1954/12/13
- Stock listing date : 1969/11/14
- Share capital : 7,748 million
- Market Value : 9,956million (Calculate with closing price on 30 June, 2018)
- Book Value : 19,481 million (Base on 2018 second quarter consolidate Statement)
- Chairman : Jason Kang-Lung, Chang
- General manager : Shih-Chu, Chi
- Spokesperson : Elizabeth Li-Hsin, Wang
- Business areas : Cement, Storage and Logistics, Asset development and management
- Employee headcount : 229 (As of 2018/06/30)

Company background

- One of the first privately-owned cement companies in Taiwan
- One of the first companies to list on the Taiwan Stock Exchange in 1969
- Since the Company's founding in 1954, Chia Hsin Cement grew to become one of the top cement manufacturers in Taiwan
- The Company was the first Taiwan based cement company to enter China in 1993 establishing silo terminals and cement sales networks
- In 1998, its flagship cement plant was completed in China with the financial backing of IFC, and subsequently, publicly listed in Hong Kong in 2003
- In 2008, the Company completed a strategic merger of its China cement operations with TCC International Holdings Ltd. (HKSE: 1136), one of the regions largest operators and part of Taiwan Cement.

Chia Hsin Foundation



"To the creators of History 1993"

Founder Dr. M.Y. Chang established Chia Hsin Foundation in 1963, believing that it is the responsibility of every corporation to give back to society.

- Focus on Education and Cultural Development
- Over 100,000 people have received awards and donations, promoting academic excellence and increasing education for under-privileged children
- Received acclamation from ROC Executive Branch in 2010 and Ministry of Education in 2011

Operating results of second quarter of 2018

Unit : Millions NTD

	Q2/18	Q1/18	QoQ	Q2/17	YoY
Net Sales	530	471	12.5%	461	15.0%
Gross Margin (%)	17.0%	11.6%	5.4ppts	10.0%	7.0ppts
Operating Margin(%)	1.2%	(6.0%)	7.2ppts	(9.5%)	10.7ppts
Net Non-Operating Items	259	(25)	--	83	212.0%
Net Income (Loss) from Discontinued Operations	69	246	(72.0%)	(13)	--
EBITDA	439	291	50.9%	143	207.0%
Net Income (Loss)	281	161	74.5%	23	1,122%
EPS (NTD)	0.38	0.24	58.3%	0.02	1,800%

Operating results of the first half of 2018

Unit : Millions NTD

	1~2Q/18	1~2Q/17	YoY
Net Sales	1,001	1,047	(4.4%)
Gross Margin (%)	14.5%	16.9%	-2.4ppts
Operating Margin (%)	(2.2%)	0.9%	-3.1ppts
Net Non-Operating Items	234	(30)	--
Net Income (Loss) from Discontinued Operations	316	(42)	--
EBITDA	730	175	317.1%
Net Income (Loss)	442	(85)	--
EPS (NTD)	0.62	(0.16)	--

Balance sheet of second quarter of 2018

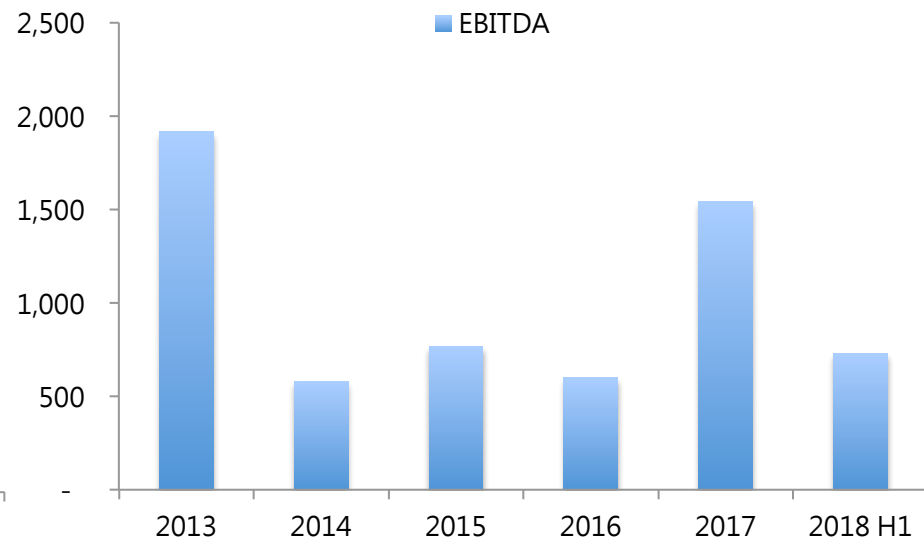
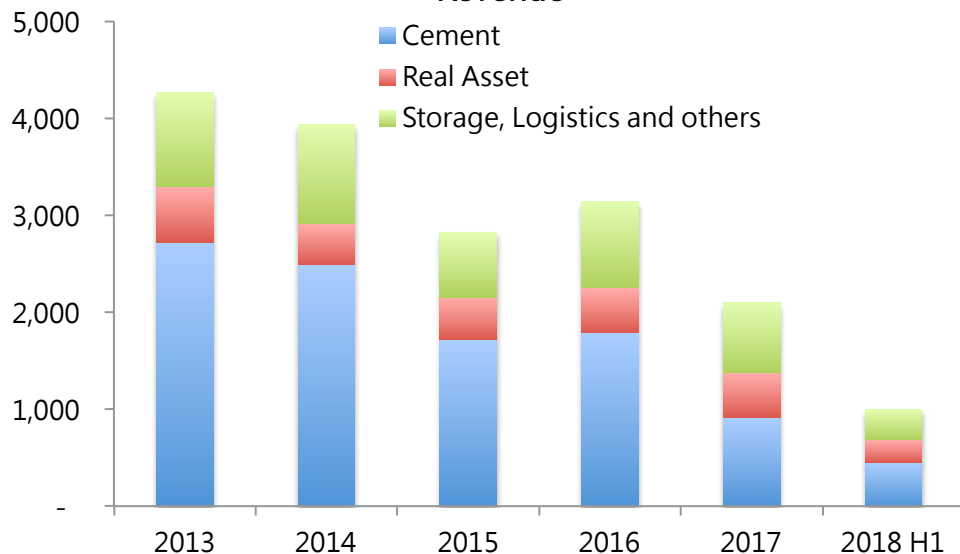
Unit: Millions NTD

	2Q/18	Q4/17	2Q/17
Cash and Cash Equivalents	2,044	1,803	1,012
Financial Assets	13,168	10,606	9,774
Other Financial Assets	2,873	3,056	3,225
Investments accounted for using equity method	909	910	972
Property, Plant, and Equipment	2,754	2,852	2,945
Investment Property	7,591	7,555	7,570
Total Assets	31,528	28,318	27,598
Short-term Borrowings	2,337	1,844	1,047
Long-term Borrowings	5,139	5,186	5,771
Total Liabilities	10,200	9,057	9,030
Common Stock	7,748	7,748	7,748
Total Equity	21,328	19,261	18,568
Book Value Per Share (NTD)	30.27	27.21	26.02

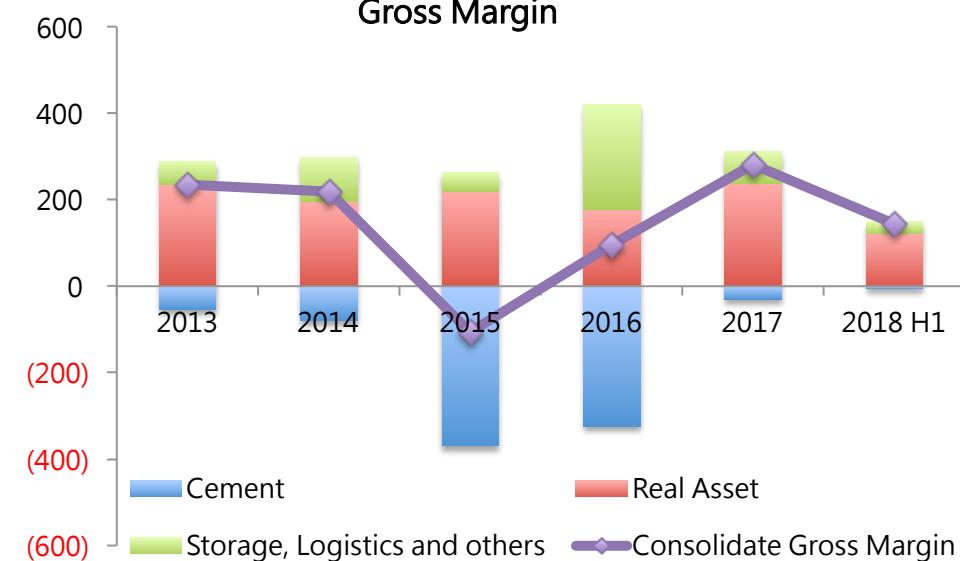
Operating Results by Business Unit

Unit: Millions NTD

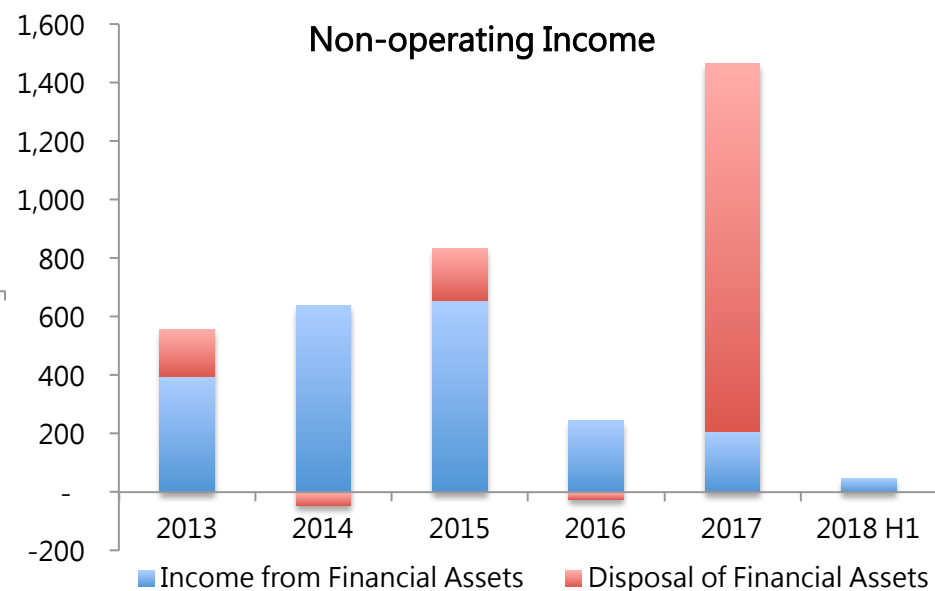
Revenue



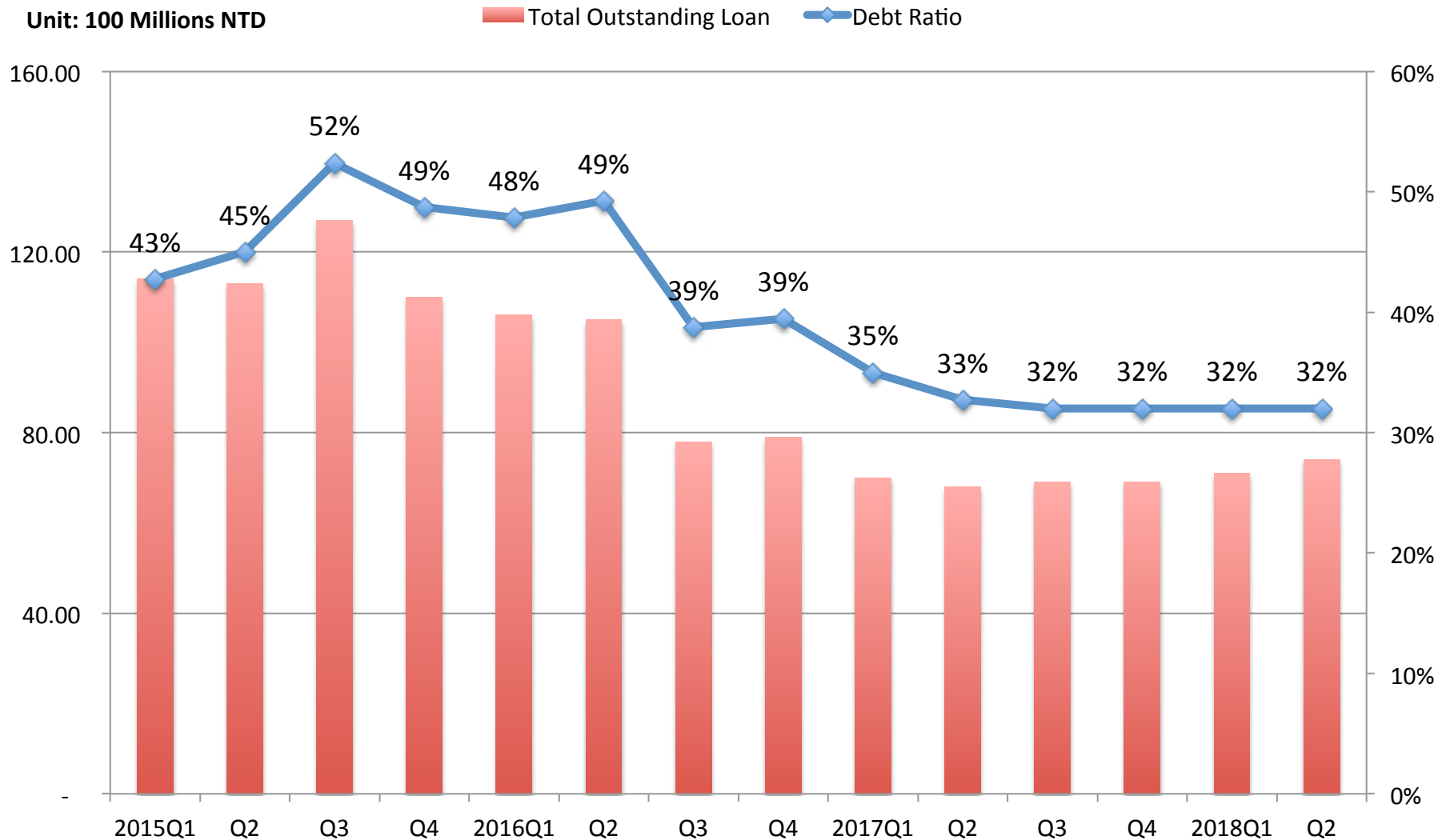
Gross Margin



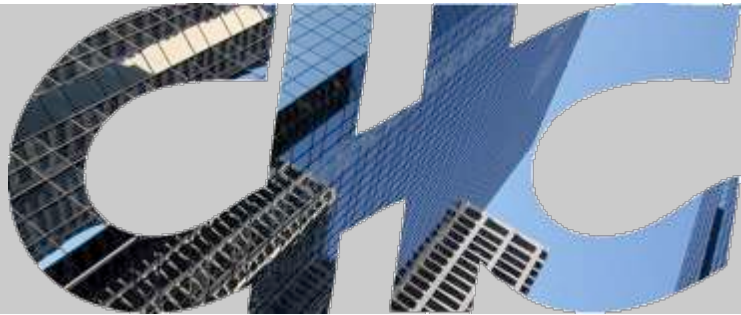
Non-operating Income



Total Outstanding Loan and Debt Ratio



Note: Total Liabilities / Total Assets



Cement

Disposal Situation of China Assets

Unit: Thousands RMB

Company	Items	Disposal Price (Note)	As of June 30, 2018		
			B/S	I/S	
			Book Value	Gain on Reversal of Impairment Loss	Gain on Disposal
Jiangsu Union Cement	Land and Buildings	228,800	98,050	O	Recognized when the transaction is completed
	Equipment and Others	41,000	38,882	O	
Shanghai Jia Huan Concrete	Land and Buildings	105,430	9,898	X	
Total Non-current Assets Held for Sales			146,830		

Note: The cost of disposal has not been deducted

Disposal Situation of China Assets

Unit: Thousands RMB

B/S (Non-current Assets Held for Sales)	Jiangsu Union Cement	Shanghai Jia Huan Concrete
Inventory	7,672	--
Investment Property	--	3,454
Machinery and Equipment	30,104	2,676
Other Equipment	1,106	--
Leasehold Improvements	73,362	--
Prepaid Lease Payment	24,688	3,768
Total	136,932	9,898
I/S (Discontinued Operations)		
Net Income from Discontinued Operations	68,052	NA
Earning Per Share from Discontinued Operations	NTD 0.49	NA



Storage and Logistics

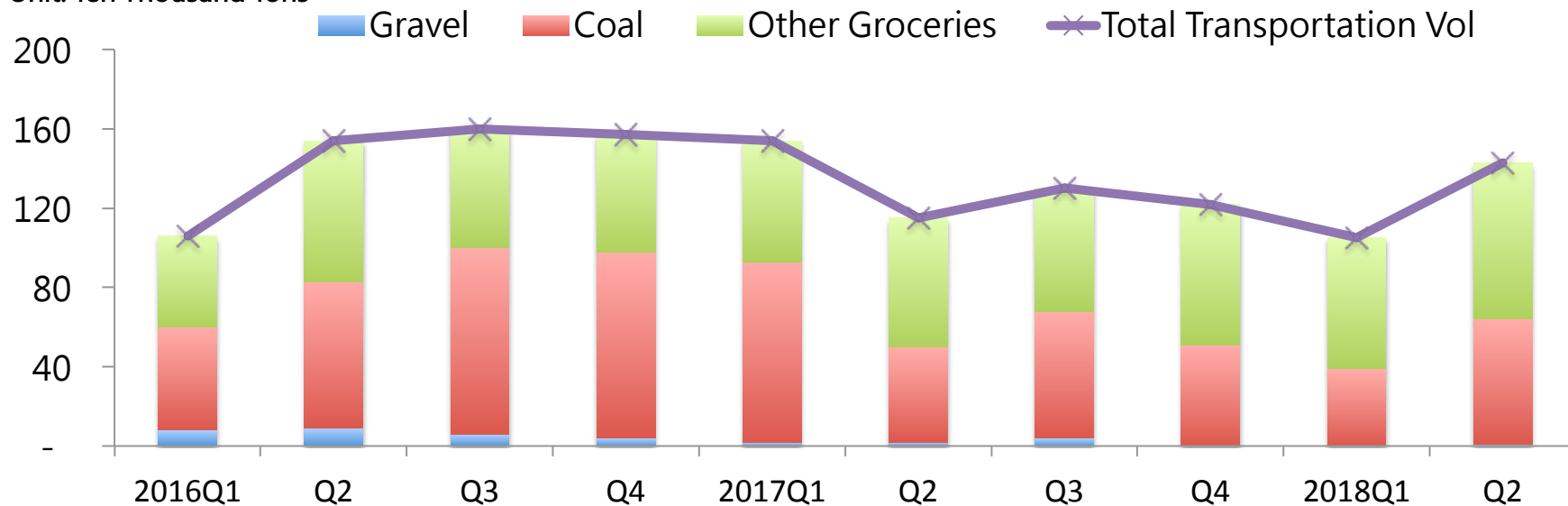
Storage and Logistics Business

	Taipei Port	Keelung Port	Taichung Port
Maturity of lease contract	Jun, 2045	Jun, 2024	Dec, 2024
Business	Collection of fees from the storage and handling of cement , coal, and aggregates.		
Main storage and logistics product	Coal/Gravel/Slag	Cement	Cement
Storage capacity (Tons)	Gravel : 84,000 Coal : 100,000	38,000	45,000
Main Customer	Formosa Plastics Group	Taiwan Cement Corp. 、 Chia Hsin Cement Corp.	Asia Cement Corp./ Chia Hsin Cement Corp.

Taipei Port Throughput Volume



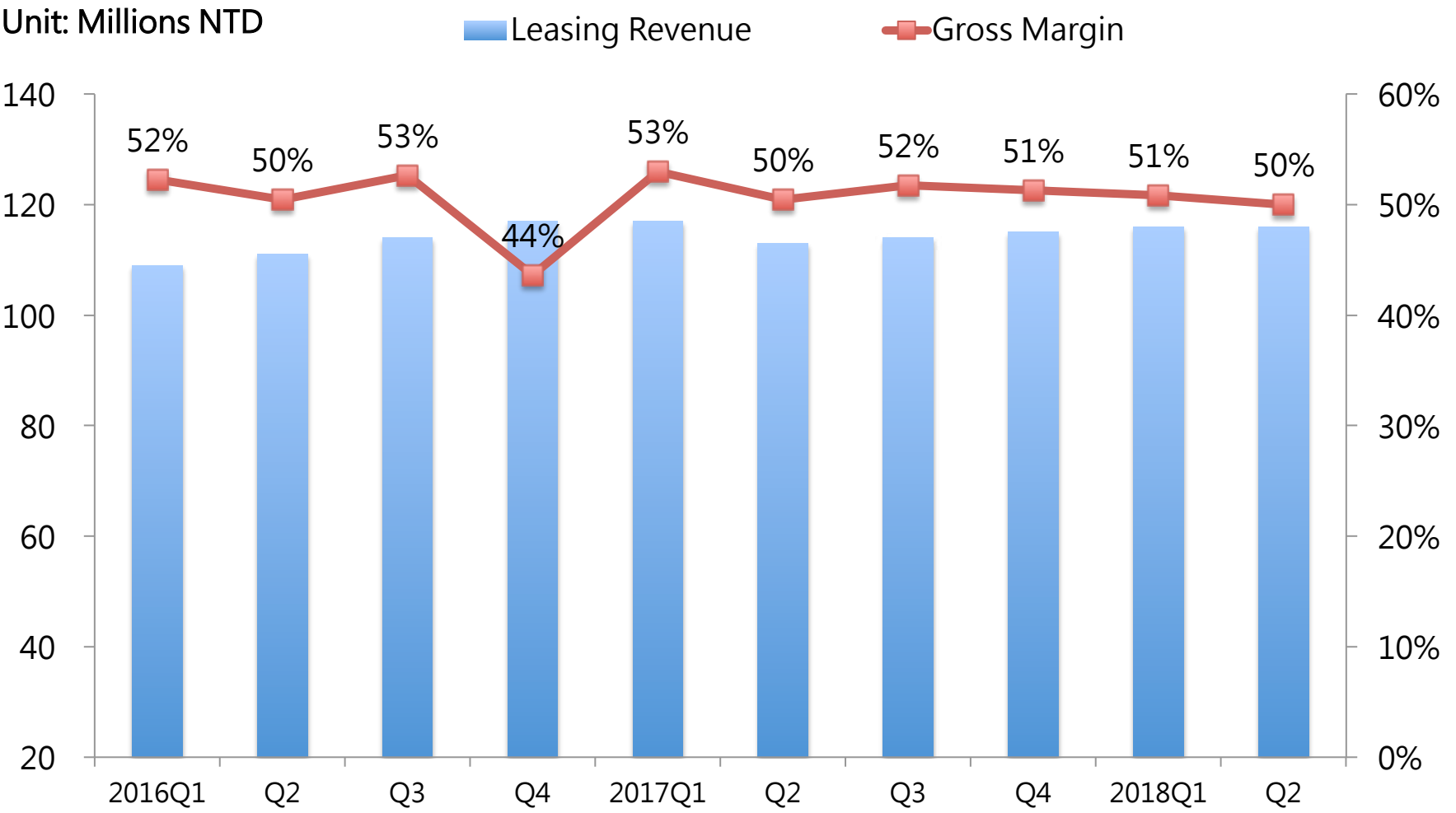
Unit: Ten Thousand Tons





Asset Development and Management

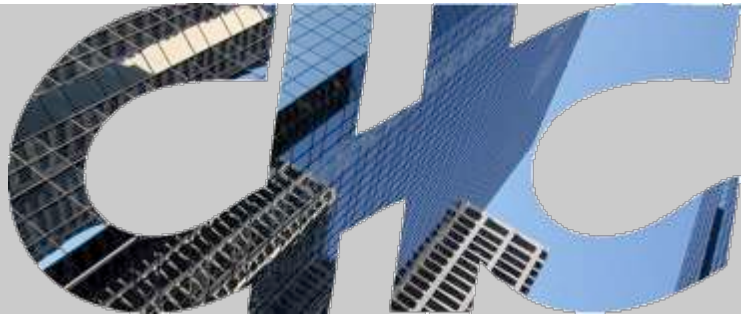
Operating Performance of Real Estate Leasing Business



Status of On Hand Project

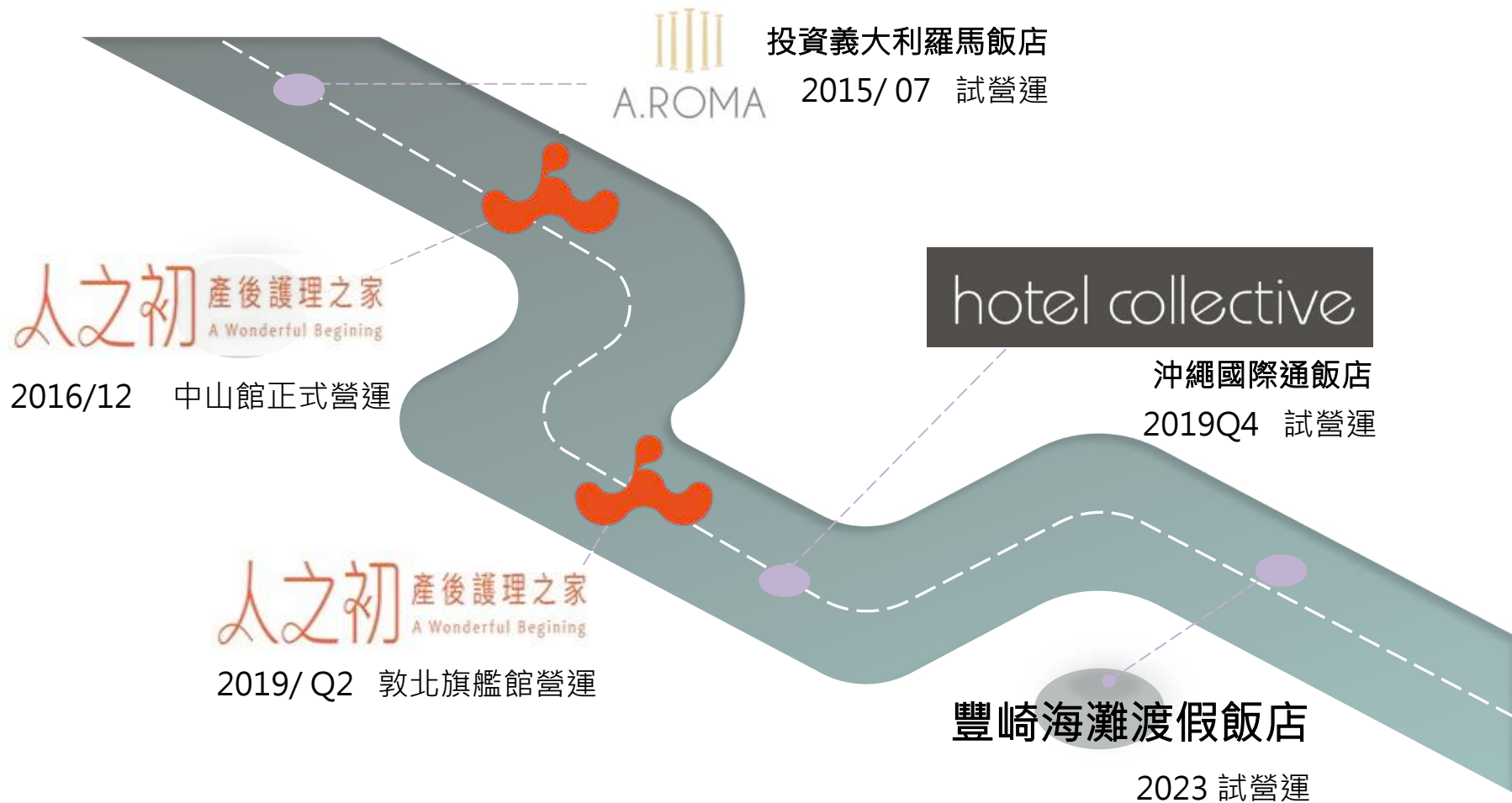
Case type	Land/Project	Location	Land area (ping)	Book Value (millions NTD)	Status
Home	CHC Headquarter Building	Taipei	1,700	1,358	Applying urban renewal process
	Tamsui Development Project	New Taipei	1,600	626	Planning new F&B business
	Gangshan	Kaohsiung	73,500	1,221	Improve rental yield
	Ta Kang Shan	Kaohsiung	113,800	300	Applying leisure farm operation
	Kuojian Road	Kaohsiung	4,400	349	Applying urban renewal process
Overseas	Kokusai Dori Project	Okinawa	1,400	1,414	Constructing phase
	Toyosaki Project	Okinawa	11,100	442	Designing phase

Location	Total Land Area(square meter)	Total Land Area(ping)
Home	669,900	202,600
Overseas(Japan)	41,500	12,500



Hospitality

Integrated Hospitality Services



LIFE PLUS +



As the first step of hotel portfolio, CHC joint venture with LDC hotel group on A. Roma lifestyle hotel.

After the Hotel opened in Oct. 2015, we have strong positive feedback from customers as well as on the revenue. We expect 2018 to continue double digits revenue growth, due to the strong growth on F&B sector and we can also expect the growth will come with strong cash flow as well.

The first post partum center opened in Dec. 2016 and is now one of the leading brands in Taiwan.

人之初中山館業績表現

	入住人數	入住天數	OCC
2017	220	4,835	70%
2018 實際+預估	263	5,831	84%

人之初 產後護理之家
A Wonderful Beginning

※ 敦北館示意圖



市場區隔與品牌差異化之經營

Currently in preparation for the opening of the second post partum center. It will be a single building flagship store. Estimated date of opening is 2H2019

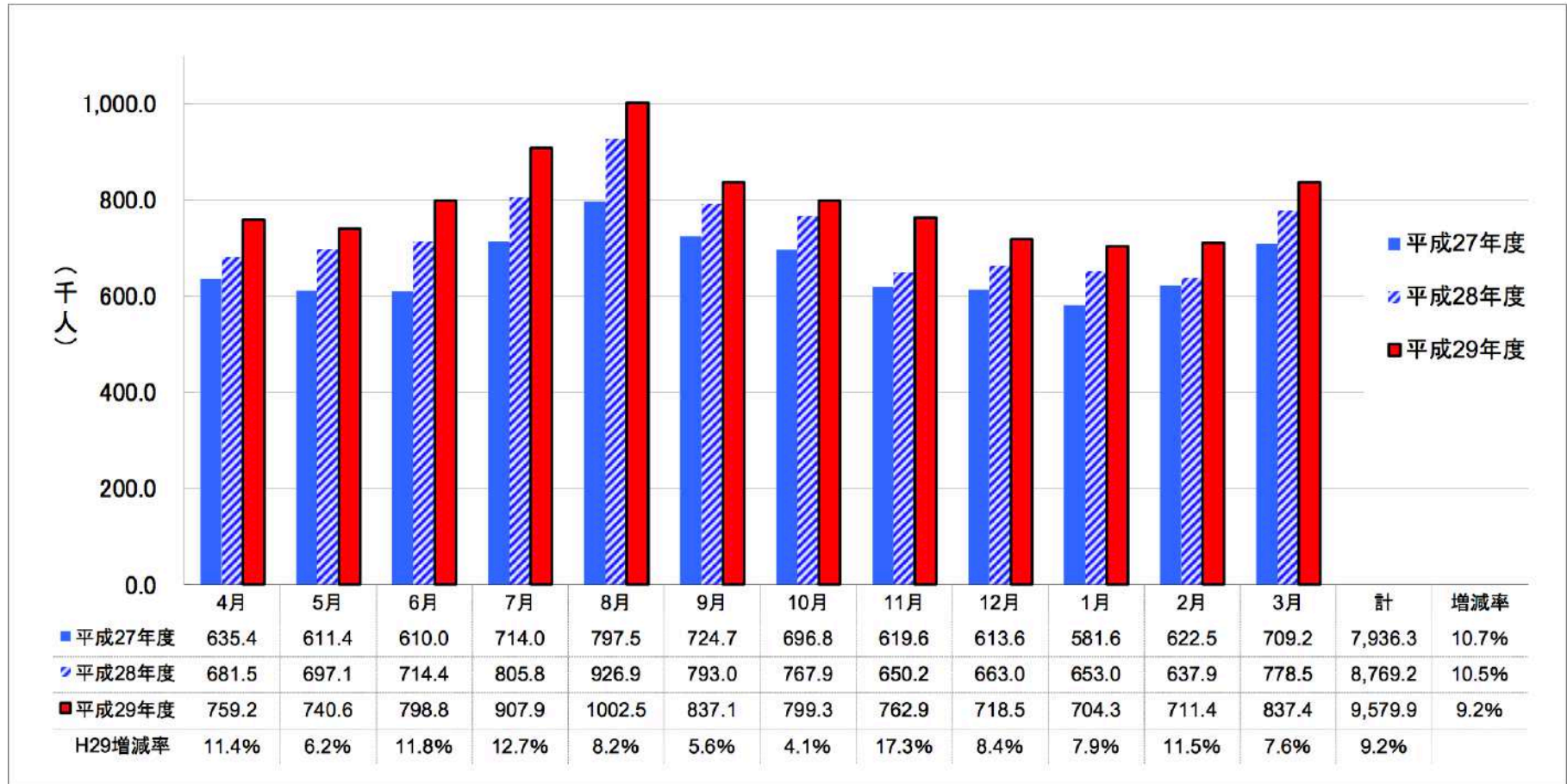


Be.
Okinawa

本来の自分を取り戻せる島。

Okinawa visitors have another 10% increase in 2017

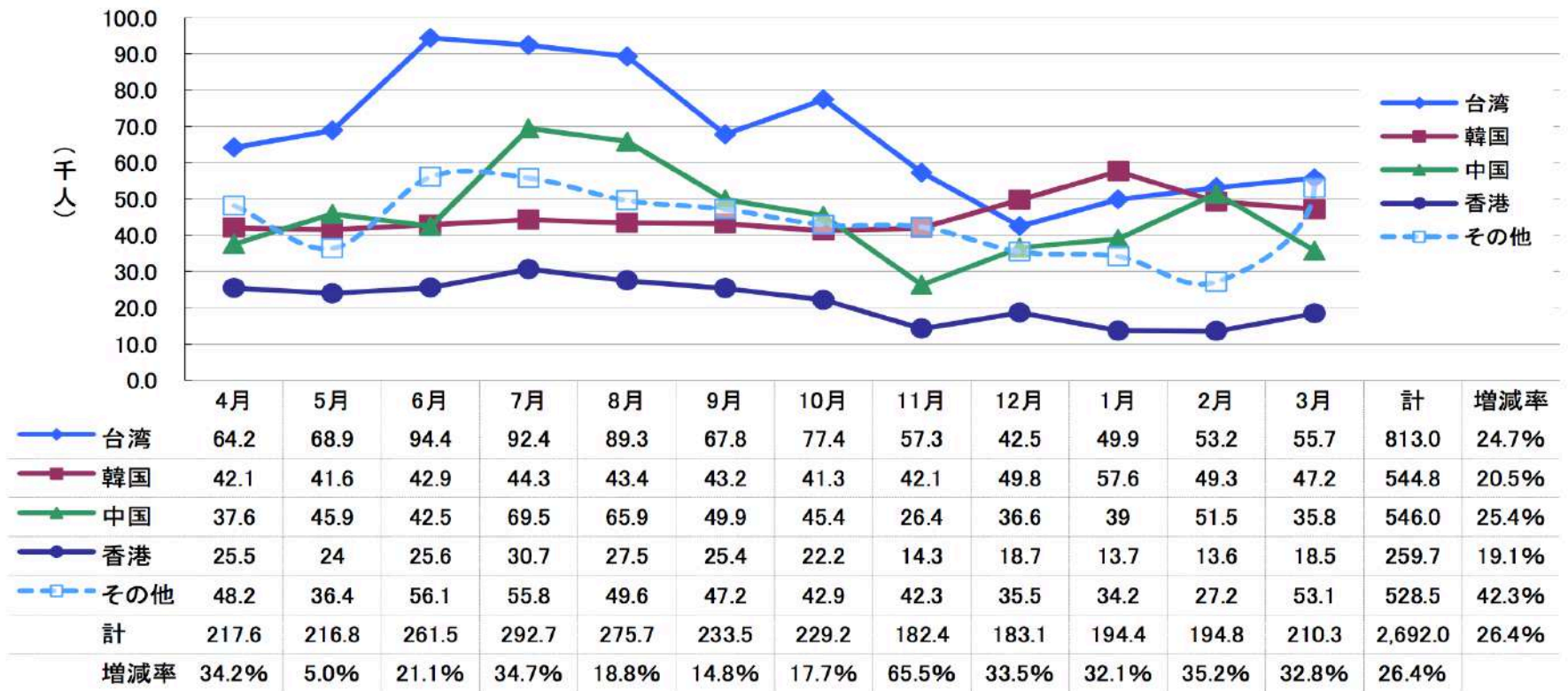
- In 2017, the total visitors of Okinawa is 9,579,900 people and 28.10% is foreign •



資料來源：沖繩縣政府觀光事務單位

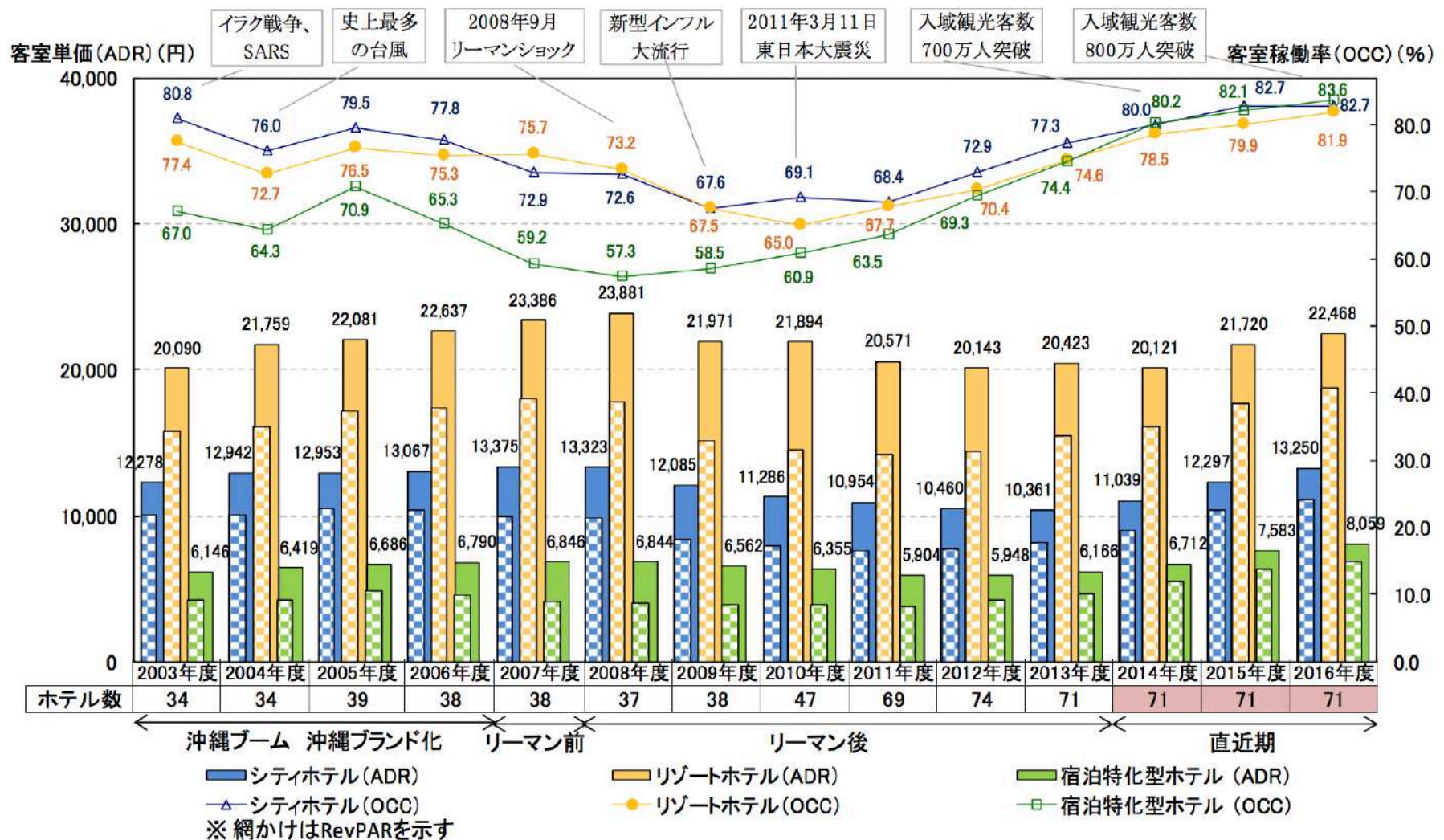
Foreign visitors is the major driving force of growth

- Most of the visitor are domestic visitors, there are 6.68 million visitors from mainland Japan.
- Taiwan Visitors are the biggest portion of foreign visitors.



資料來源：沖繩縣政府觀光事務單位

Stable growth on ADR and OCC in Okinawa hotel market



資料來源：沖縄振興開発金融公庫

Second airport runway will be completed at 2020

ホーム > 那覇空港滑走路増設事業の概要

那覇空港滑走路増設事業の概要

- 事業者：内閣府 沖縄総合事務局、国土交通省 大阪航空局
- 滑走路：長さ 2,700m×幅 60m（現滑走路の1,310m沖合）
- 埋立面積：約160ha
- 発着回数：年間約5万回増加（13・5万回／年→18・5万回／年）※
※ヘリコプター及び深夜離発着機は含まず
- 工事着手：2014年（平成26年）1月
- 供用開始：2020年（平成32年）3月末予定
- 総事業費：約1,993億円



国際線旅客ターミナルビル44番コンコース増築工事供用開始のお知らせ

公開日時：2016年09月30日

かねてより建設を進めておりました、「那覇空港国際線旅客ターミナルビル44番コンコース増築工事」が完成し、平成28年10月4日（火）より供用開始を行います。



那覇空港ビルディング株式会社

New supply of Okinawa hotel

	Location	Hotel Type	Opening	Rooms
Hotel Collective (by CHC)	Naha	Full service	2019H2	260
Hyatt Regency	Onna	Resort Hotel	Opened	344
Hilton (by Mori trust)	Sesoko Island	Resort Hotel	2021	300
Iraph Sui, The LUXURY Collection (by Mori Trust)	Miyako Island	Resort Hotel	2018	67
Halejulani Okinawa (by Mitsui Fudosan)	Onna	Resort Hotel	2019	360
Double Tree resort	Chatan	Resort Hotel	2018	160
JR Blossom	Naha	Limited service	Opened	218
Hotel Aqua Citta Naha (by WBF)	Naha	Limited service	Opened	203

Collective Hospitality

hotel collective

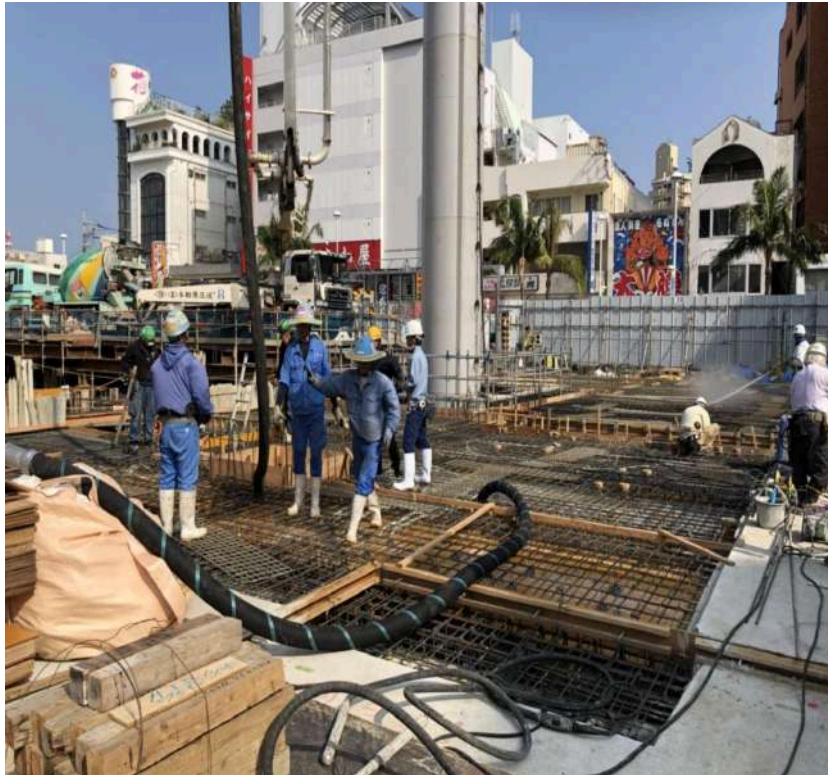


Hotel Collective Naha is the first hotel in the hotel collective brand. In the center of the Naha City, Okinawa and will be the new landmark on the Kokusai Dori. hotel collective is full a service hotel with 260 room, three restaurant, full swimming pool and chapel. It will also have the biggest banquet hall in the city.

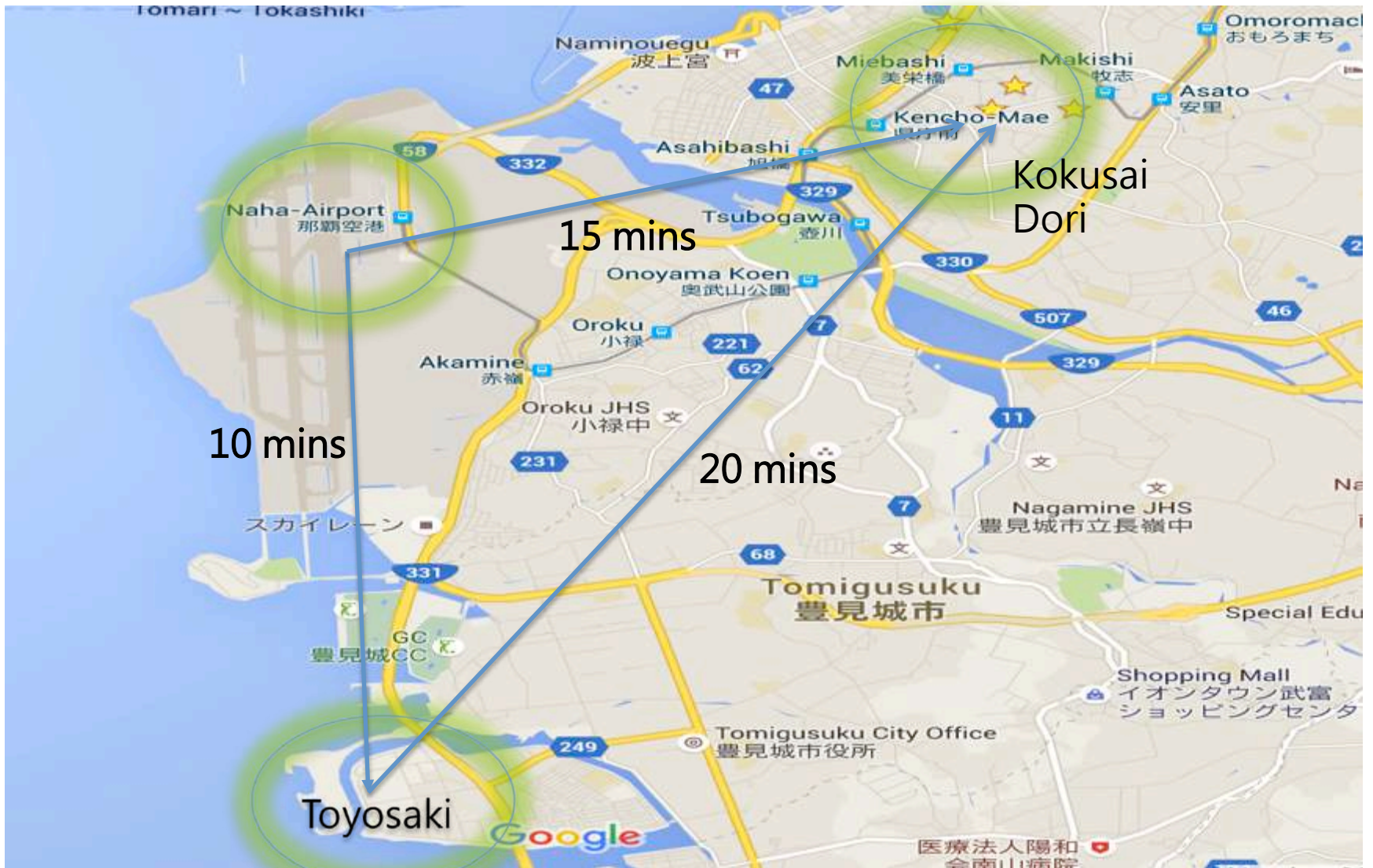
Milestone

- 2017 / 10 動土典禮
- 2018 / 03 完成地下室開挖
- 2018 / 06 基礎版構築
- 2018 / 07 地下結構完成
- 2018 / 11 鋼骨上樑
- 2019 / 02 頂層樓板混凝土灌漿完成
- 2019 / 04 外牆PC・門窗設置
機械式立體停車塔完成
- 2019 / 08 內裝完成
- 2019 / 10 水電・機械設備完成
取得開業執照
- 2019 / Q4 試營運

Project Progress of Hotel Collective



Location



Collective Hospitality

Tomigusuku City _ Project Toyosaki hotel

Information

- Beach Resort hotel with 360 rooms
- Right next to Toyosaki beach and close to airport.
- Facility including shopping center, church, international meeting space and hot spring facility.

2018 / Q2 Kuma Kengo& Associates +
Habitech Architect

2018 / Q4 LOI with international hotel chain

2018 / Q4 hot spring digging construction

2019 / Q1 hot spring analysis report



- Strengthen cement distribution business of Taiwan
- Indirectly invest in China and other regions through strategic holdings of TCC

Cement
Sales and
Investment

- We will deploy important facilities for cement, coal and aggregates base on Taipei Port, Taichung Port, and Keelung Port.

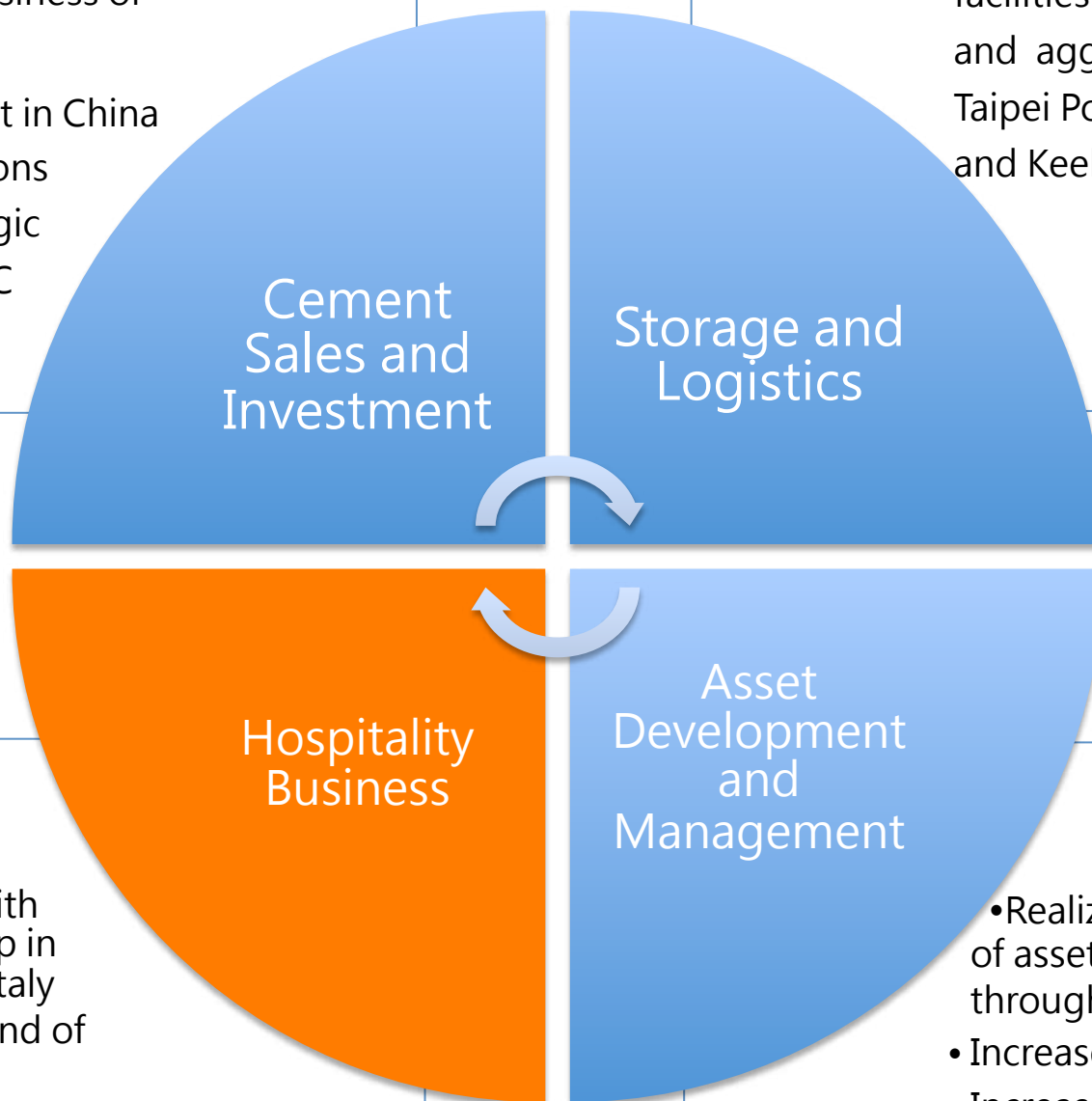
Storage and
Logistics

Hospitality
Business

- Joint venture with LDC hotel group in A.Roma hotel, Italy
- Build a new brand of postnatal care
- Operate our first hotel brand, Hotel Collective (opening before 2020)

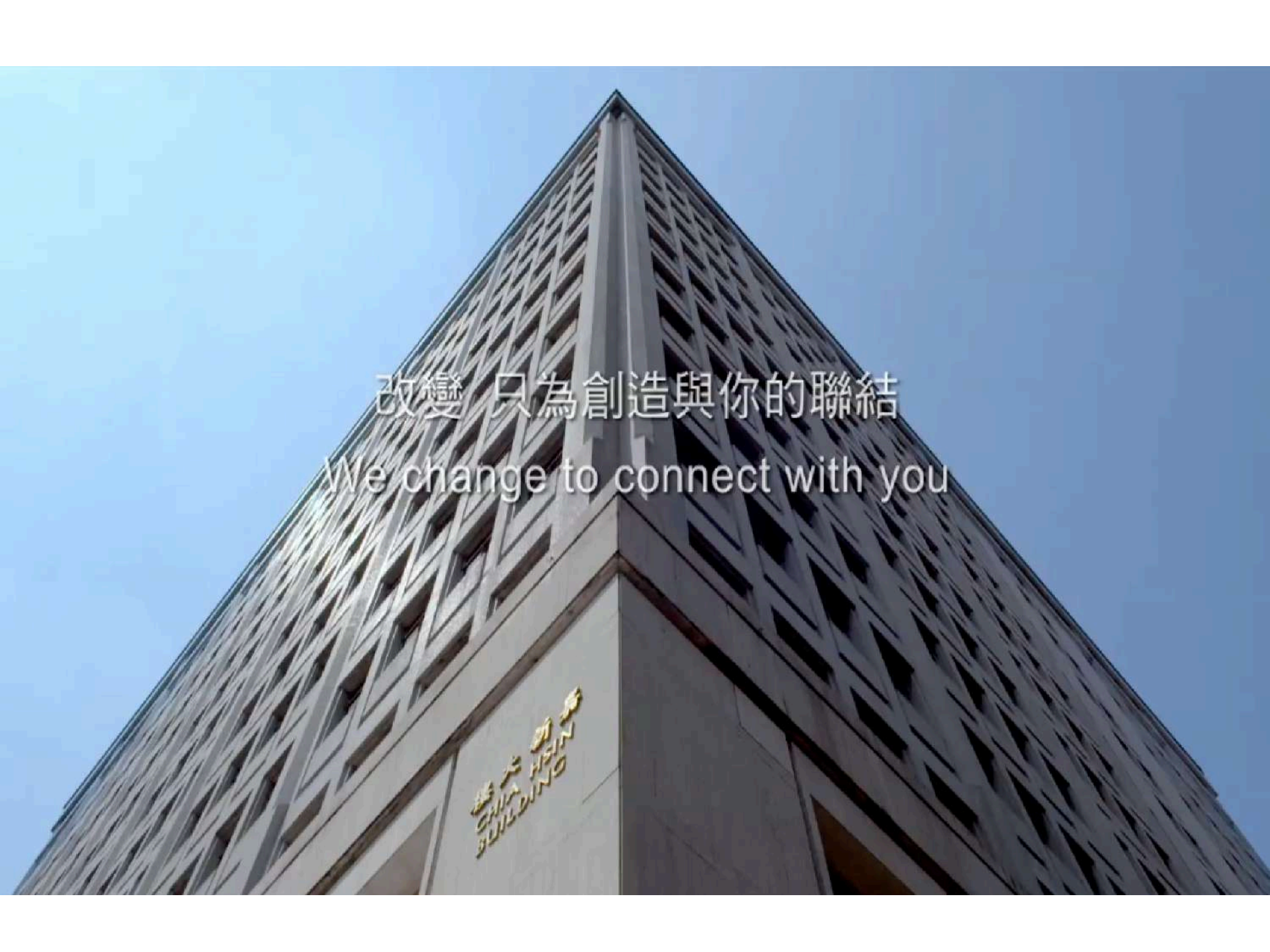
Asset
Development
and
Management

- Realizing the purpose of asset appreciation through urban renewal
- Increase rental yield
- Increase the return of financial portfolio



Building on Our Foundation, Creating the Future





改變 只為創造與你的聯結
We change to connect with you

新華
CHIA HSIEN
BUILDING