大魯閣集團
TAROKO GROUP

Stock Symbol (Ticker) 1432

TAROKO Co., Ltd.

Investor Conference

December 20th, 2018

CONTENT

大魯閣集團
TAROKO GROUP

PART 01

Group and Organization

Company Profile

Establishment	July 18th, 1973
Shares Capital	NTD 1.679 Billion
Company Vision	Best brand in the sports, leisure and entertainment industry in Great China
Chairman	Mrs. Man-Li Lin
CEO	Mrs. Sky Wang
Core Business	Shopping Center & sports, leisure and entertainment business
Locations	**Taiwan:** TAROKO Mall and TAROKO Sports Center Twenty "Yu Kids Island" stores Suzuka Circuit Park **China:** Seven "TAROKO Sports" stores

Group History

2018

- Sep.- BLD ORIENTAL TAIWAN Announced to Acquire the Asset and Business of G-Run Corporation
- May.-Open TAROKO Sports Center
- Apr.-CBII Redeemed in advance
- Feb.-CBI Expired and Repaid

2017

- Jul.~Dec.-Sell 67% shares of Taroko Development Corporation to SHINKONG MITSUKOSHI (TAROKO Park business)
- Jul.-Change to Trading and Consumers' Goods Industry sector in TWSE and change Chinese company name
- Jun.-Open Seventh store in Hangzhou, China

2016

- Dec.-Open Sixth store in Shanghai, China
- Jul.-Open Fifth store in Chongqing, China
- May.-Open TAROKO Park
- Mar.-Confirm third Mall, TAROKO Sports Center, cooperating with RT-MART INTERNATIONAL LTD.

2015

- Dec.-Open Fourth sore in Chengdu, China
- Sep.-Open third store in Suzhou, China
- Jul.-Acquire the operation of TAROKO MALL (former MODE Mall)
- May.-Beam-raising ceremony of TAROKO Park
- Mar.-Sign strategic cooperation agreement with Longfor Properties Co.Ltd.（0960.HK）
- Jan-Cooperate with China Vanke Co.,Ltd. (000002.SZ)，Issue CBI and CBII

2014

- Nov.-Open second sore in Chengdu, China
- Jul.-Sign strategic cooperation agreement with THE WHARF (HOLDINGS) LIMITED（0004.HK）
- Jun.-Break ground of TAROKO Park
- May-Open first store in Suzhou, China

2012-2013

- Oct. 2013-Sign contract with AEON Group for deploying sport and leisure business in China
- Dec. 2012-Sign contract with Kaohsiung City Government and Kaohsiung Rapid Transit Corporation

Holding Structure

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TAROKO Co., Ltd. (1432)

Taroko Shopping Center
NTD 301.35 Mn
Hold 89%

BLD ORIENTAL TAIWAN
NTD 200 Mn
Hold 100%

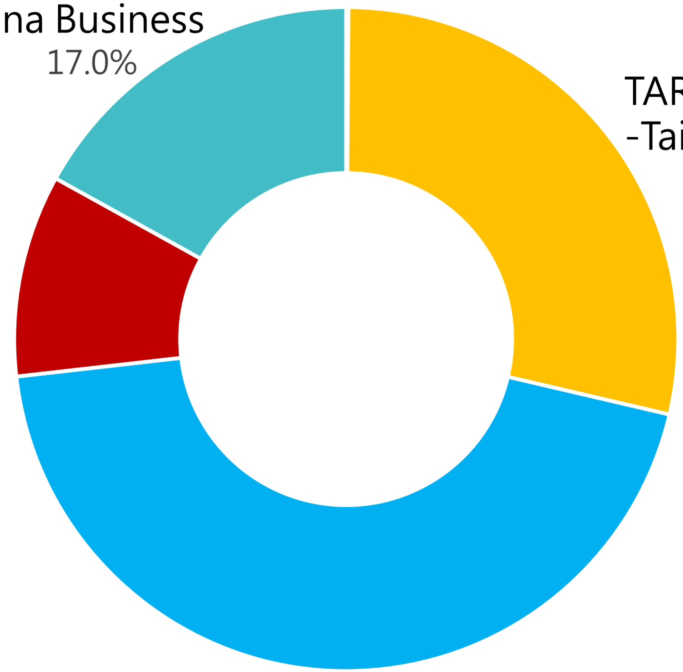
TAROKO ENTERTAINMENT
NTD 433 Mn
Hold 71%

Taroko Architecture
NTD 255 Mn
Hold 100%

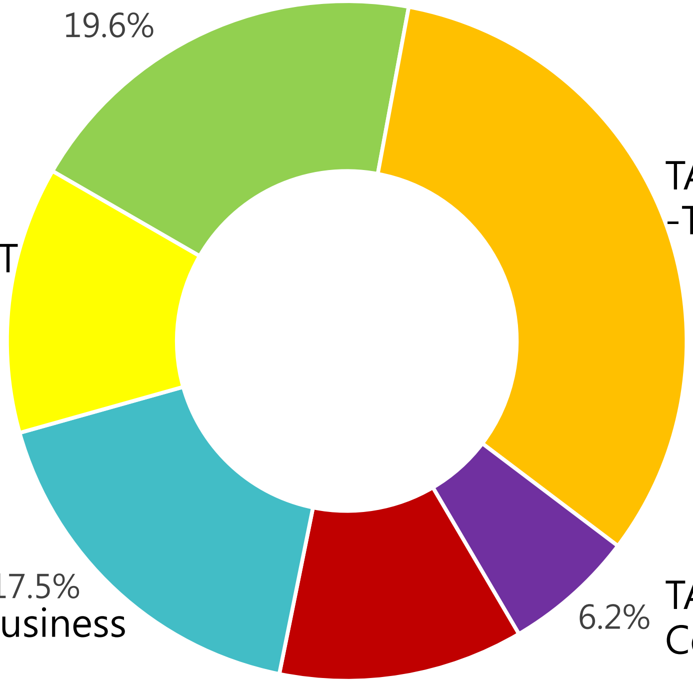
Shanghai Taroko Recreation and Management
NTD 330 Mn
Hold 99%

Revenue Breakdown

Q1~Q3 in 2017
NTD 918,124 Thousand



Q1~Q3 in 2018
NTD 811,455 Thousand



NTD Thousand

TAROKO Park	TAROKO Mall	China Business	BLD ORIENTAL TAIWAN	Others
409,028	262,033	155,696	90,366	1,001

NTD Thousand

TAROKO Sports Center -Hsinchu	TAROKO Mall -Taichung	TAROKO ENTERTAIN-MENT	China Business	BLD ORIENTAL TAIWAN	Others
50,660	262,754	102,979	141,680	94,441	158,941

PART 02

Group Business Operations

Core Business

Shopping Center

Chairman: Jeff Tsai

- TAROKO Mall
- TAROKO Sports Center
- TAROKO Park
  (Own 15% shares)

Leisure and Entertainment

CEO: Jerry Hsu

- " Yu Kids Island"
- Suzuku Circuit Park
- Batting Cage, Bowling Alley
- Go Kart Circuit

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TAROKO CO., Ltd. (1432)

Leisure Resort

CEO: Robin Hsu

- Yangmingshan American Village

China Business

CEO: Sky Wang

- "TAROKO Sports" stores (Bowling、Family entertainment center、Restaurant)
- TAROKO brand licensing

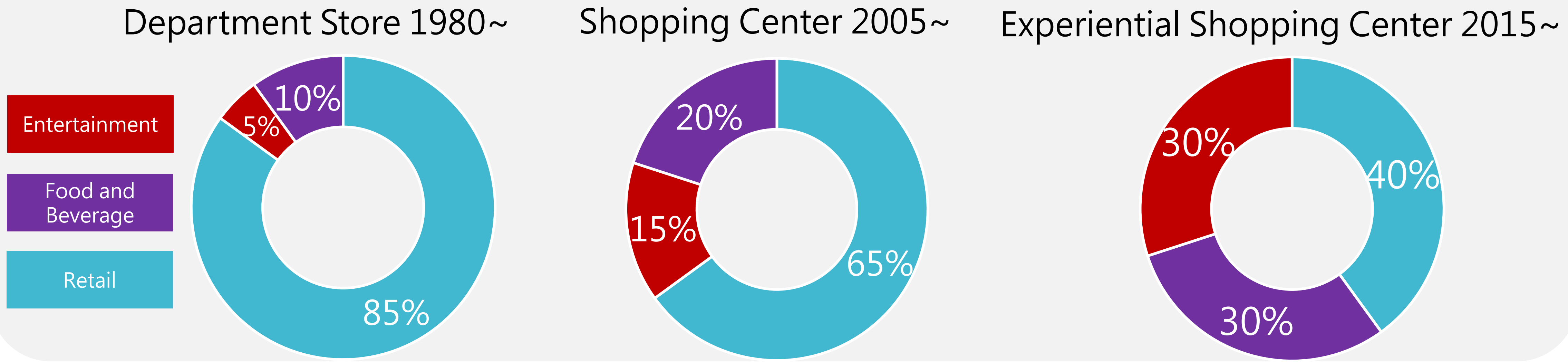
Taroko Shopping Center

Strategy : Develops and operates of differentiated **sports and leisure type experiential** shopping malls.

Partners : Fubon Group、 Fitness Factory、Ambassador Theatres.

Prospectus : Becomes a leading brand of sports and leisure type experiential shopping mall, and becomes a professional developer and operator of commercial real estate in Taiwan in the short and mid term.
Aims for China market in the long-term and becomes a leading brand of commercial real estate.

Development Trend of Shopping Center



Taroko Shopping Center

Position：Theme and Experiential Shopping Center

Institutional Investor or Invest & Develop Company

Strategy： Light Asset & Focus on Management

Strategic Develop Partner

Type

Super-regional

Sports/International Theme Entertainment Shopping Center

Taroko Park

Land Area >16,000 M^2
Business Area >100,000 M^2

Urban

Sports/Ordinary Theme Entertainment Shopping Center

Taroko Mall

Taichung
TAROKO Mall

Land Area >10,000 M^2
Business Area 40,000 M^2 ~80,000 M^2
Six Municipalities and Hsinchu

City

Sports and Leisure Shopping Center

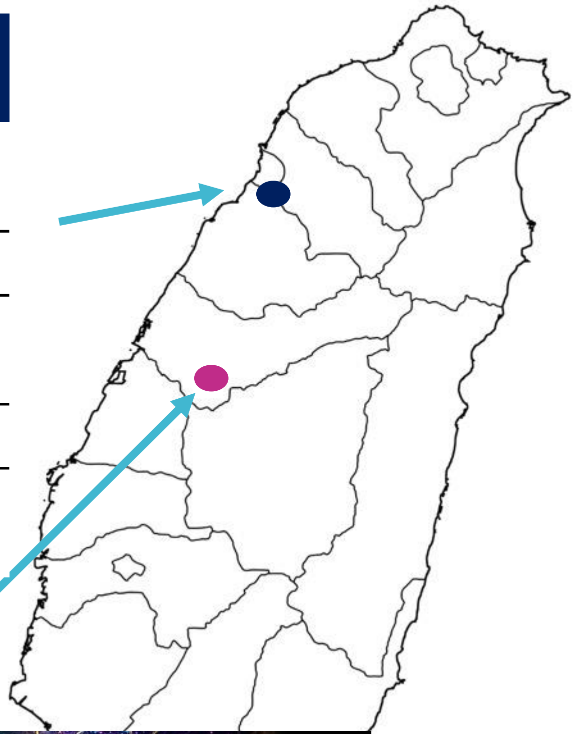
Taroko Sports Center

Hsinchu
TAROKO Sports Center

Land Area > 8,000 M^2
Business Area 20,000 M^2 ~ 30,000 M^2
Second-tier city having more than 200 thousand resident people

Taroko Shopping Center

TAROKO Sports Center (Hsinchu)	
Estate Owner	RT-MART
Status	Open in May 2018
Lease Area	around 22,480 M^2
Floors	4F/B1
Tenancy	17 years and 7.5 months



TAROKO Mall (Taichung)	
Estate Owner	Fubon Life Insurance
Status	Acquire the operation in Jul 2015
Lease Area	around 59,000 M^2
Floors	11F/B6
Tenancy	20 years and prioritized extension right of 10 years

BLD ORIENTAL TAIWAN

Strategy： Cooperates with BLD Oriental from 2006 to operate indoor children's playgrounds in the malls, owns 18 stores in Taiwan.

Partners： BLD Oriental Co.,Ltd.

BLD Oriental

遊戲愛樂園

來自日本 最受歡迎兒童遊樂園

Prospectus： Opens new stores with scale-up space and diversified service, provides safe, easy-to-learn, and happy environment for children's amusement purpose.

BLD ORIENTAL TAIWAN will Acquire G-Run

Acquisition : BLD ORIENTAL TAIWAN will acquire the Asset and Business of G-Run Corporation in January, 1st 2019.

G-Run History : Operates the batting cage, bowling alley and Go Kart circuit from 2003.
Owns 11 batting cages, 4 bowling alleys and 1 Go Kart circuit in Taiwan.

Partners : Kinki Cresco、birel Pacific、Qubica AMF.

Prospectus : Aiming to be the leader of differentiated experiential projects, continues to innovate and diversify the products and services in the sports and leisure industry.

TAROKO ENTERTAINMENT (Suzuka Circuit Park)

Strategy : Develops and operates the theme park and small racing circuit
Mini Suzuka Circuit：Amusement Park for children to enjoy driving pleasure by themselves.
It is designed not only for entertainment but also emphasized education purpose.

Partners : MobilityLand - a subsidiary of HONDA, established by Soichiro Honda (the founder of HONDA) in 1962 ,owns two international-grade racing circuits of Suzuka Circuit and TWIN RING MOTEGI.

Prospectus : Has signed MOU with MobilityLand for expanding to China market in the future.

Taroko Architecture

Strategy : Based on the ideal of creating beautiful living happiness, develops and operates holiday hotels and houses, develops and sells differential featured houses.

Investee : Invested in a company operating Yangmingshan American Village (see next slide).

Other Project : Participated in an Urban Renewal Project in Wanhua, Taipei and already sold out allocated real estate(under construction) .

Prospectus : Cooperates with different partners to develop niche, innovated, and leisure real estate.
Becomes a leading brand of holiday hotel and differentiated leisure residence industry.

Yangmingshan American Village

Shanghai Taroko Recreation and Management

Strategy: Opens stores integrating sports, leisure, and entertainment facilities and restaurant in the shopping malls in China.

Owns 7 stores in Shanghai, Hangzhou, Suzhou, Chengdu and Chongqing.

Partners: Top 30 Real Estate Developers in China.

Has partnered with AEON（8267.TYO）,WHARF （0004.HK）,Vanke（2202.HK), LongFor（0960.HK）and Powerlong (1238.HK).

Prospectus: Becomes a leading brand of entertainment center for family customers in China.

Shanghai Taroko Recreation and Management

- Bringing the innovative concept of entertainment business from 2014, Taroko aims to become the most important solution provider of digital planning of sports and entertainment in the commercial real estate industry and cater for new demand of consumers, new type of lifestyle and social interaction, and fresh consumer experience.

- After opening first bowling alley in AEON MALL in Suzhou in April 2014, Taroko immediately becomes the strategic partner with which many famous real estate developers desire to cooperate. Taroko Recreation and Management operates 7 stores with the position of family entertainment center in China.

- Keeping an eye on the most popular entertainment items from 2016, Taroko has installed the claw crane, mini KTV, capsule toy machine and VR facilities and continues to adjust the layout of installed items to enhance the feeling of freshness and stickiness of customers.

- Taroko has stepped into franchise business and digital entertainment business from 2017.

Shanghai Taroko Recreation and Management

Year 2018

Expanding Franchise business：transfers the operation know-how

- Taroko has negotiated many franchise opportunities with potential partners and reached the consensus that Taroko licenses the TAROKO brand and transfers the operation know-how to the partner investing all capital expenditure. So far, Taroko has four franchisees(five projects) and two of them have opened their stores.

Expanding digital entertainment business：installed more VR game facilities

- Implementing digital entertainment business and actively engaging with local and overseas VR game providers from 2017, Taroko has successfully received the VR license and installed VR game facilities in its stores. Taroko will actively cooperate with different excellent VR game providers in the future.

Consolidated Statement of Comprehensive Income

Unit：NTD in Thousand

	Q1~Q3 of 2018	Q1~Q3 of 2017
Revenue	811,455	918,123
Gross Profit	557,835	828,615
Gross Margin %	68.75%	90.25%
Operating Expense	713,217	964,335
Operating Income	-155,382	-135,720
Non-Operating Income and expenditure	10,969	-129,937
Net Income before Tax	-144,413	-265,657
Income Tax	1,329	1,150
Net Income	-145,742	-266,807
Non-controlling interests	-24,924	-30,157
Net Income After Tax (Parent Company)	-120,818	-236,650
EPS(NTD/Share)	-0.72	-1.41

PART 03

Future Development

Future Development of TAROKO GROUP

Strategic Value of TAROKO Brand

Paradigm of Business Innovation & Transformation

Return to「Light Asset & Focus on Management」

Leading Brand of Sports and Leisure Industry in Great China

THANK YOU