

Farglory Hotel Co., Ltd.

BUSINESS REVIEW

Presenter : MING-CHANG, JAO Director

Date : June 10, 2015





- I 、 Company Profile
- II 、 Market profile
- III 、 Performance
- IV 、 Development Strategy
- V 、 Prospect

I 、 Company Profile

1. Business Information

2. Management Regulation

3. Management Philosophy



1. Business Information

- Farglory Hotel Co., Ltd.
- Date of Establishment: Jan.15,1991
- TSEC : Dec.3,2013 (CODE:2712)
- Main Products : Resort Hotel , Restaurant and
Commodity sales
- President : HSIEN-TEH,HONG
- General manager : SHAO-WU,PI
- Capital : NT\$1.05 Billion
- Employees : 356(April,2015)



2. Management Regulation

Do the best



Be the first



**Sustainable
Development**

- **Commitment**
- **Prospect**



3. Management Philosophy



II 、 Market profile

1.Tourism Income Statistics In Taiwan

2.Tourism Industry Profile In Taiwan

3.Tourist In Hualien

4.Tourism Activities In Hualien

5.Transportation Diversification



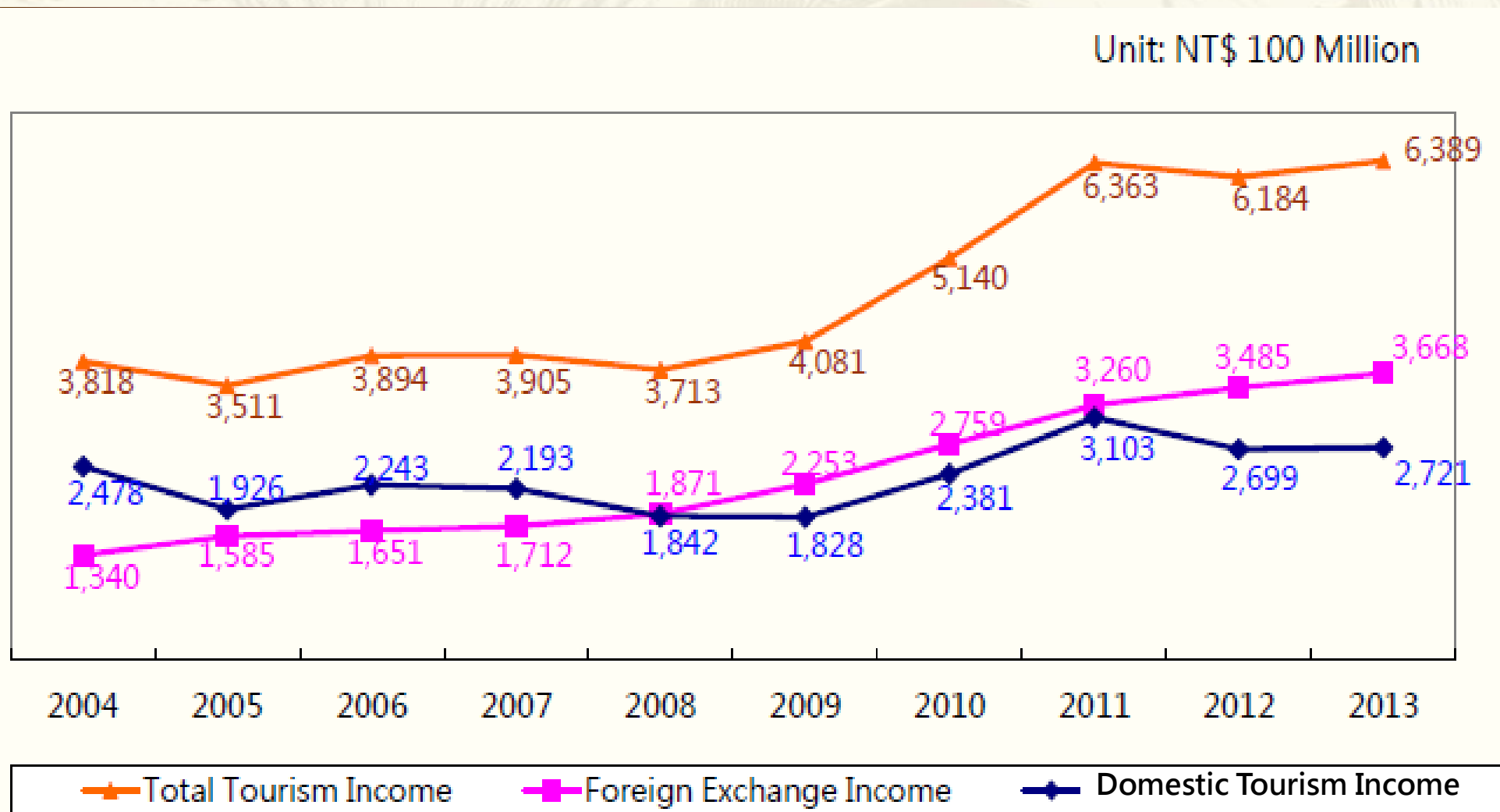
II 、 Market profile(1/16)

1-1. Tourism Income Statistics In Taiwan

Project		2011	2012	2013	
Tourism Income	Total Amount		US\$21.59Billion (NT\$636.3 Billion)	US\$20.88Billion (NT\$618.4 Billion)	US\$21.47 Billion (NT\$638.9 Billion)
	% of GDP		4.64%	4.39%	4.39%
	Visitors from abroad	Foreign Exchange Income of tourism	US\$11.07 Billion(NT\$326.0 Billion)	US\$11.77 Billion(NT\$348.5 Billion)	US\$12.32Billion (NT\$366.8 Billion)
		Visitors from abroad	6,087,484persons	7,311,470persons	8,016,280persons
		Per Capita Daily Spending	US\$257.82	US\$234.31	US\$224.07
		Per Capita Average Number of Nights	7.05nights	6.87nights	6.86nights
	Domestic Tourism	Total Expenditure	US\$10.53Billion (NT\$310.3 Billion)	US\$9.11Billion (NT\$269.9 Billion)	US\$9.15 Billion (NT\$272.1 Billion)
		Domestic Tourism	152,270,000 trips	142,070,000 trips	142,620,000 trips
		Per Capita Spending	NT\$2,038	NT\$1,900	NT\$1,908

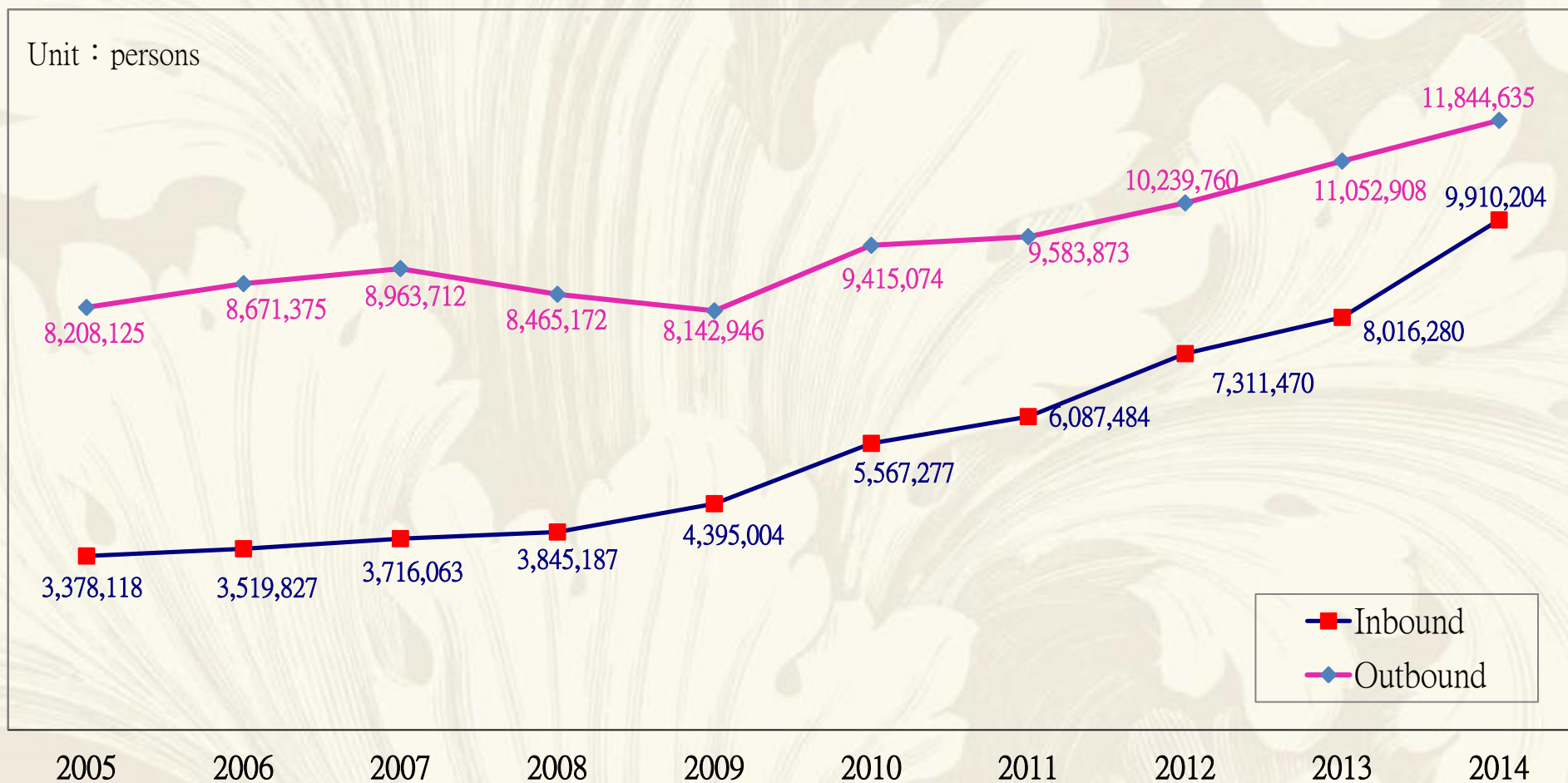
II、Market profile(2/16)

1-2. Foreign Exchange Income of Tourism and Total Income of Domestic Tourism in the Past Decade



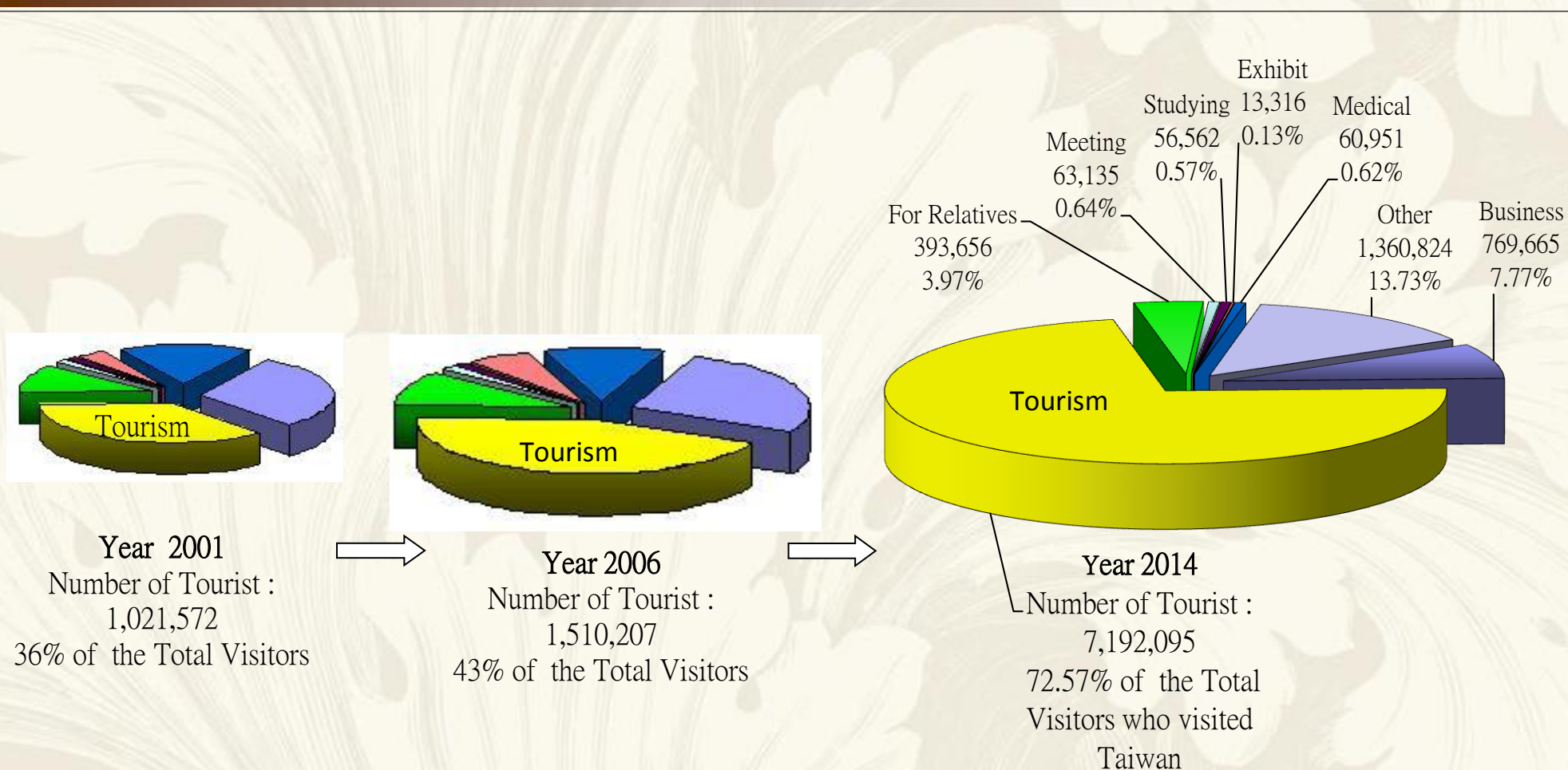
II 、 Market profile(3/16)

2-1. Number of Foreign Visitors and Tourists abroad in the Past Decade



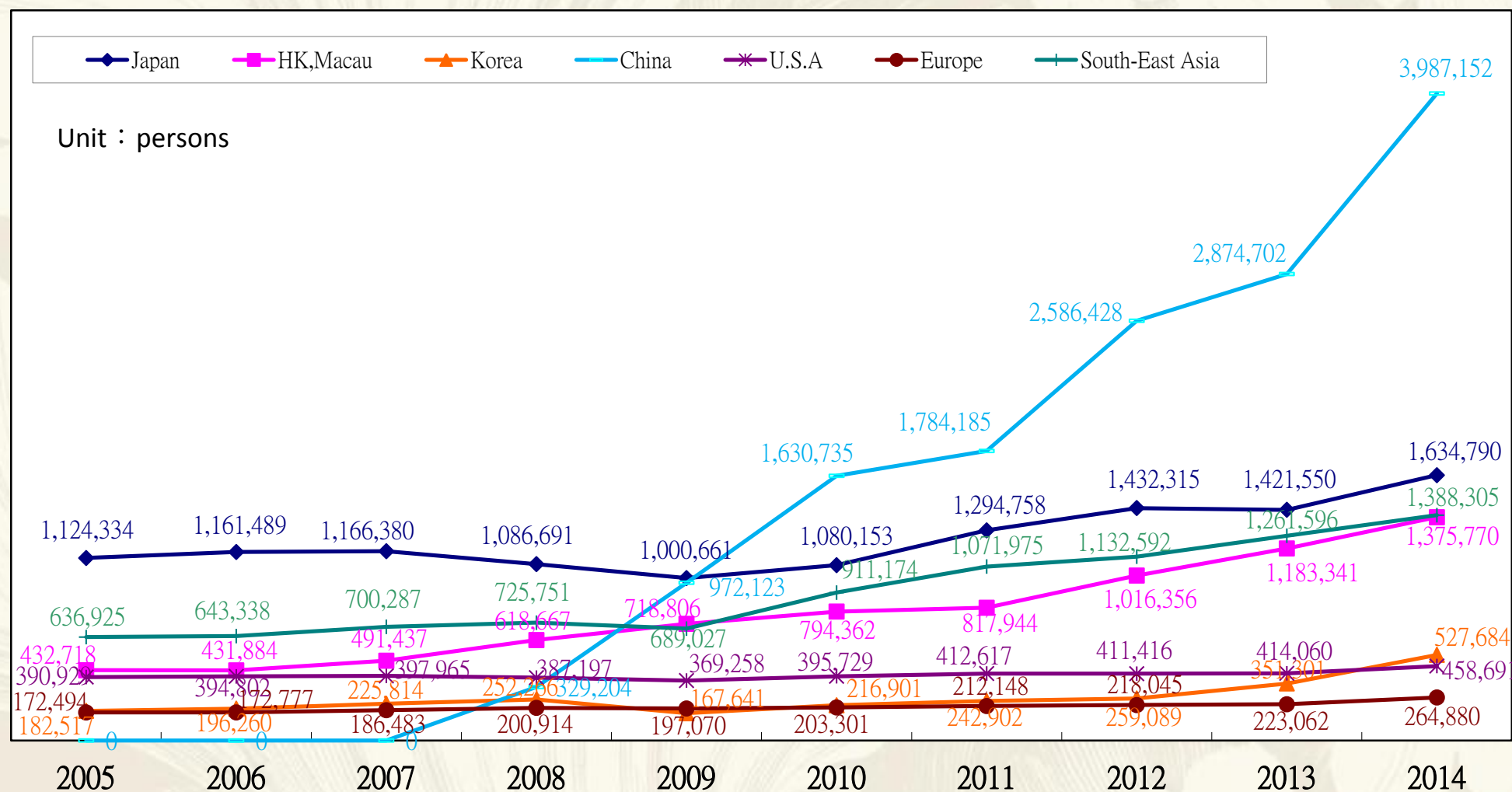
II 、 Market profile(4/16)

2-2. Number and Percentage of Foreign Visitors Who Visited Taiwan by Purpose of Visit in the Past Decade



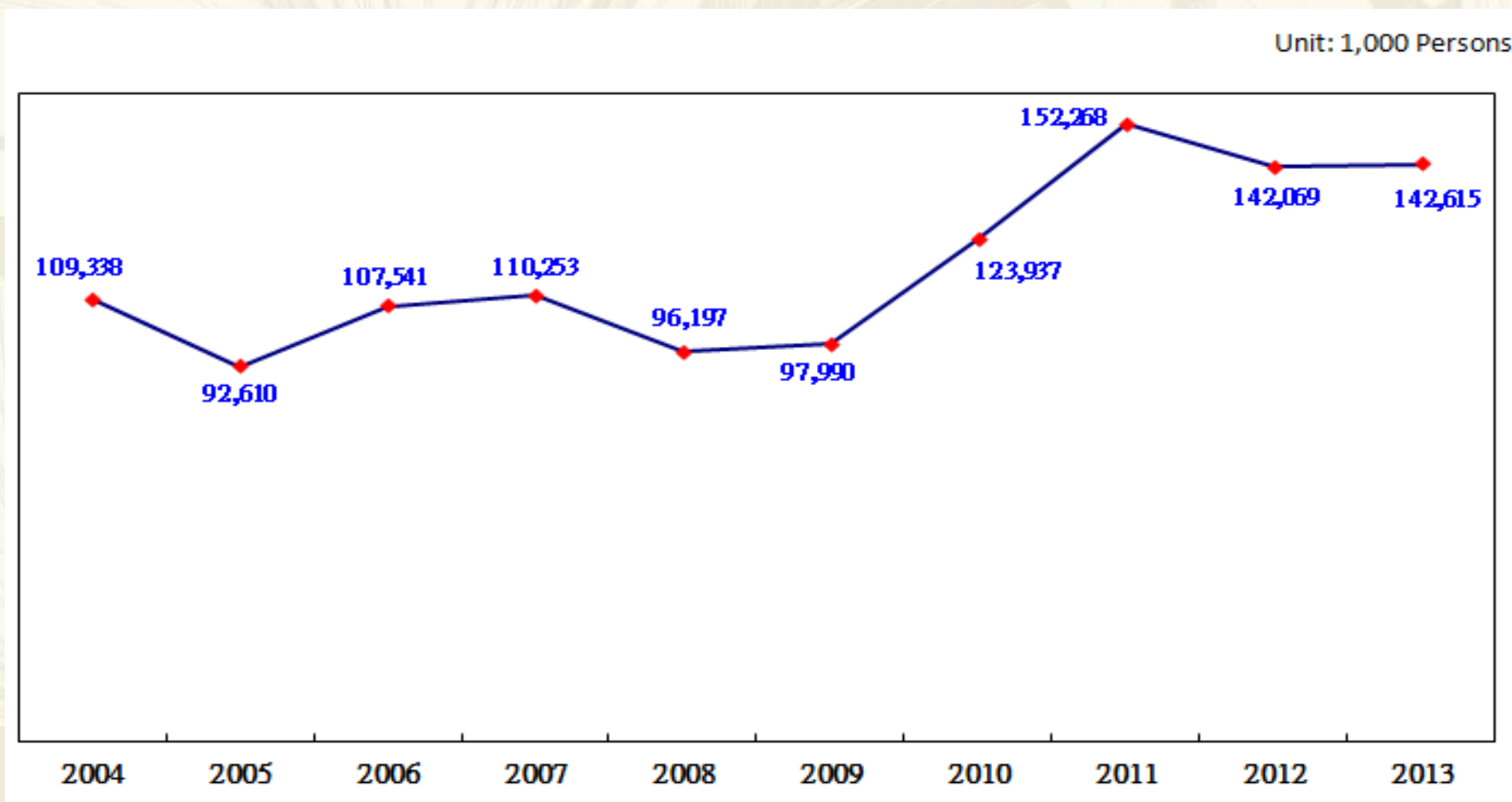
II 、 Market profile(5/16)

2-3. Trends of Foreign Visitors by Country in the Past Decade



II、Market profile(6/16)

2-4. Numbers Changes of Domestic Tourism in the Past Decade



II 、 Market profile(7/16)

2-5. Visitors Statistics of Tourism Hotel in Taiwan

Unit : 1,000 persons 、 %

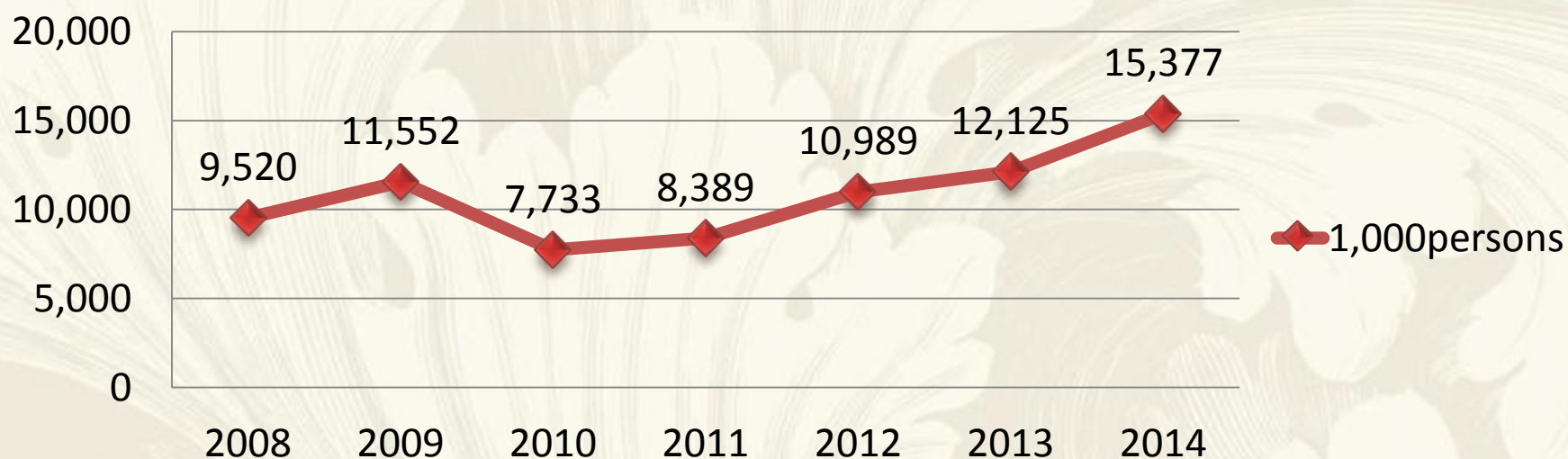
Type	2014				2013				Growth rate	
	Domestic	%	Inbound	%	Domestic	%	Inbound	%	Domestic	Inbound
City Hotel	2,631	55.5%	6,321	90.5%	2,437	54.2%	6,105	91.3%	8.0%	3.5%
Resort Hotel	2,107	44.5%	662	9.5%	2,063	45.8%	580	8.7%	2.2%	14.1%
Total	4,739	100.0%	6,983	100.0%	4,500	100.0%	6,685	100.0%	5.3%	4.5%

II、Market profile(8/16)

3-1. Tourist in Hualien in the past seven years

Unit : 1,000 persons

Year	2008	2009	2010	2011	2012	2013	2014
Persons	9,520	11,552	7,733	8,389	10,989	12,125	15,377
Growth rate	-	21.35%	-33.05%	8.48%	30.99%	10.33%	26.82%

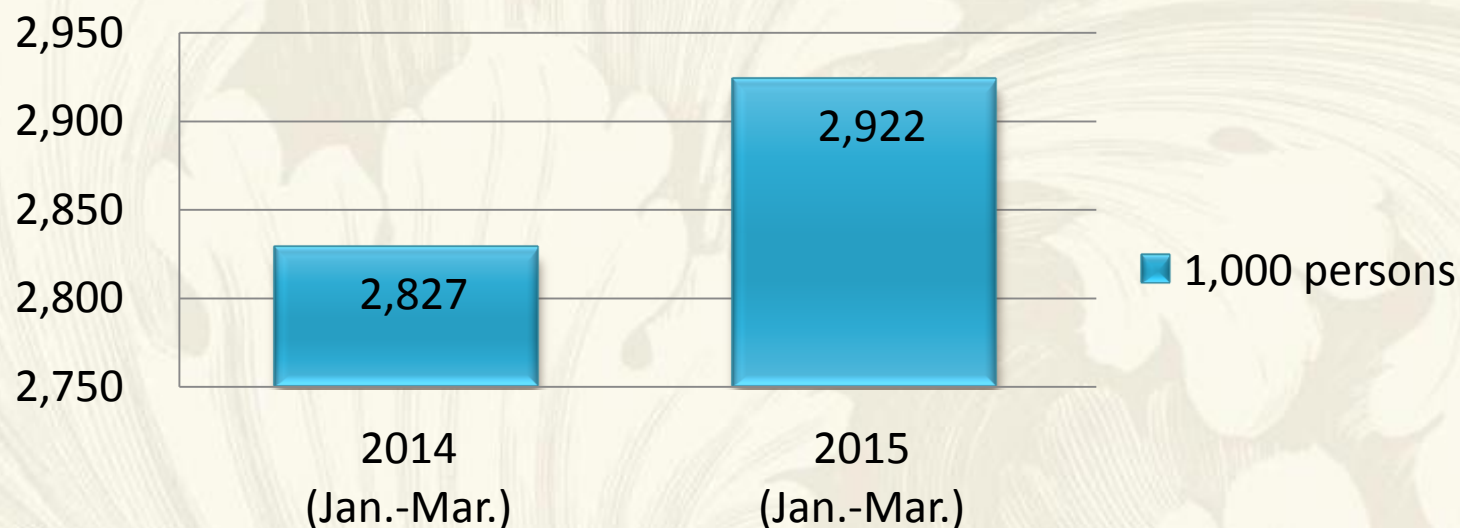


II 、 Market profile(9/16)

3-2. Tourist In Hualien

Unit : 1,000 persons 、 %

Year	2014(Jan-Mar)	2015(Jan-Mar)
Persons	2,827	2,922
Growth rate	-	3.37%

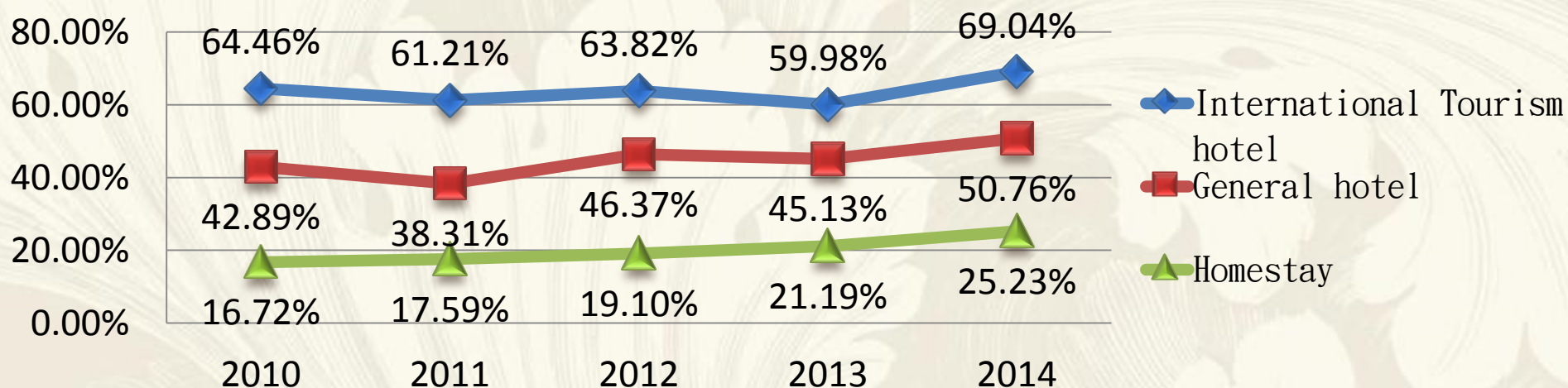


II、Market profile(10/16)

3-3. Occupancy rate in Hualien in the past five years

Unit : %

Year	2010	2011	2012	2013	2014
International Tourism hotel	64.46%	61.21%	63.82%	59.98%	69.04%
General hotel	42.89%	38.31%	46.37%	45.13%	50.76%
Homestay	16.72%	17.59%	19.10%	21.19%	25.23%

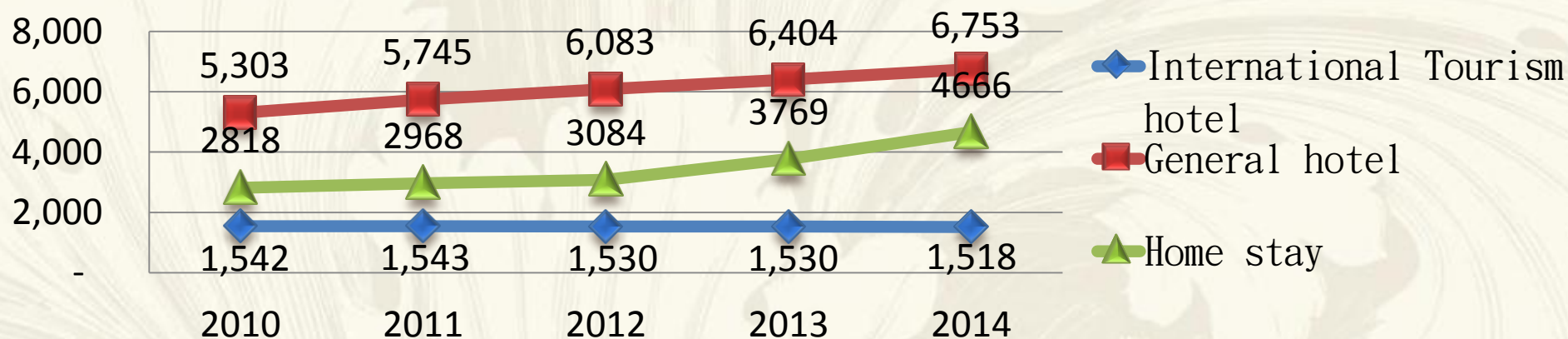


II、Market profile(11/16)

3-4. Tourism hotel In Hualien in the past five years – in operation

Unit : Number of Rooms

Year	2010	2011	2012	2013	2014
International Tourism hotel	1,542	1,543	1,530	1,530	1,518
General hotel	5,303	5,745	6,083	6,404	6,753
Homestay	2,818	2,968	3,084	3,769	4,666



Instructions : The homestay in Hualien ranks number one in Taiwan ,with 4,666 rooms altogether ,accounting for 19.82 percent of the homestay accommodation in Taiwan.

II 、 Market profile(12/16)

3-5. The number of new Tourism Hotels and rooms in Hualien in The Next Two Years

Unit : Number of Rooms

Year	2016	2017
International Tourism hotel	1 hotel 198 Number of Rooms	2 hotels 478 Number of Rooms
General Tourism hotel	0	1 hotel 172 Number of Rooms

4. Tourism Activities In Hualien

2015 Hualien annual events

JAN- 2015 Pacific Tourism Festival

FEB- Left Bank of the Pacific Festival of the Arts

MAR-Carp Lake firefly butterfly ecology feast,
Pomelo Blossom Youth

APR- Bunun Ear Shooting season

MAY- Taroko Spring Song

JUN- Dragon Boat Race Festival



4. Tourism Activities In Hualien

2015 Hualien annual events

JUL-Bicycles Fiesta, summer love Fiesta, Harvest Festival

AUG-Lilies flowering season, Harvest Festival

SEP-Taroko Music festival, Samba Fiesta Parade Events

OCT-Sakizaya Vulcan Festival, Chishingtan concert

NOV-Taroko Gorge Marathon, Hakka Cultural Festival

DEC-Hualien blessing activities around the border



5-1.Transportation Diversification

Increase transport capacity.

- ◆ Railway- Taiwan railways administration will offer more seats in July and August , so people can visit east coast in holidays easily.
- ◆ Airport - Direct charter flight between Taiwan and China from time to time, such as Jinan.
- ◆ Cruises - There were **11,679** international passengers and **19,622** domestic passengers visited Hualien Harbor from January to April in 2015. There were **20,185** international passengers and **86,666** domestic passengers visited Hualien Harbor in 2014 annual.



II 、 Market profile(16/16)

5-2. Transportation Diversification In Hualien

Unit : %

Occupancy Rate	2014	2013	Growth rate
International Tourism hotel	69.04%	59.98%	15.11%
General hotel	50.76%	45.13%	12.48%

Unit : 1,000 persons 、 %

Number of Hotel guest	2014	2013	Growth rate
International Tourism hotel	768.5	660.6	16.34%
General hotel	2,669.8	1,974.4	35.22%
Total	3,438.2	2,634.9	30.49%

III 、 Performance

1. Source Analysis of Customer
2. Area Analysis of Customer
3. Performance
4. Operating Results
5. Financial Situation
6. Resort Hotels Operating Ranking In Scenic
7. Resort Hotels Operating Ranking In Hualien



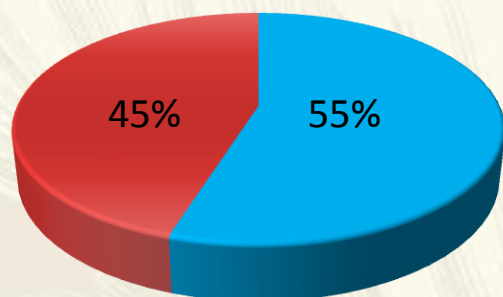
III 、 Performance(1/12)

1. Source Analysis of Customer (Number of Rooms)

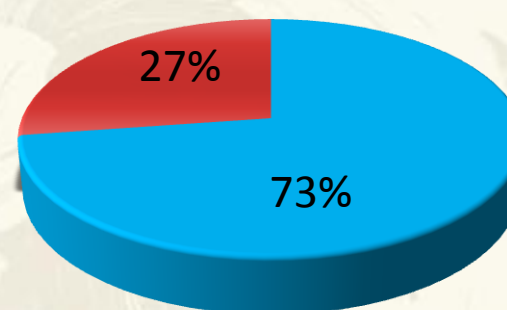
Unit : Number of Rooms 、 %

Type/Year	Q1 (2015 VS 2014)					Annual(2014 VS 2013)				
	2015	%	2014	%	Growth rate	2014	%	2013	%	Growth rate
FIT	10,870	55%	11,735	73%	-7.4%	55,534	65%	46,475	65%	19.5%
GROUP	8,931	45%	4,417	27%	102.2%	29,804	35%	25,312	35%	17.7%
Total	19,801	100%	16,152	100%	22.6%	85,338	100%	71,787	100%	18.9%

2015Q1



2014Q1



■ FIT
■ GROUP



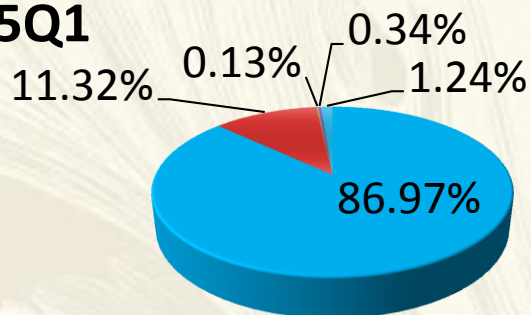
III 、 Performance(2/12)

2. Area Analysis of Customer

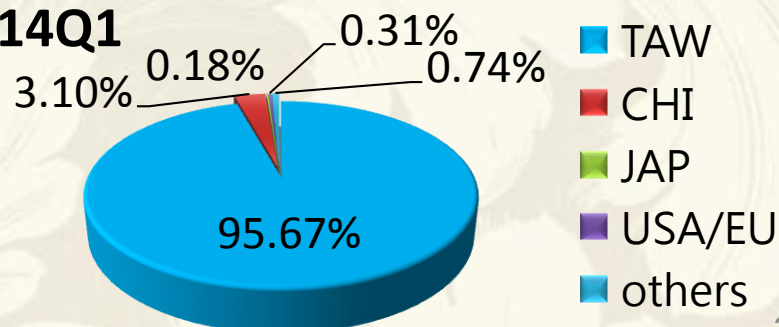
Unit : persons 、 %

Country /Year	Q1 (2015 VS 2014)				Annual(2014 VS 2013)			
	2015	%	2014	%	2014	%	2013	%
TAW	41,322	86.97%	37,582	95.67%	198,656	96.05%	163,384	94.92%
CHI	5,377	11.32%	1,219	3.10%	5,993	2.90%	6,640	3.86%
JAP	63	0.13%	70	0.18%	190	0.09%	174	0.10%
USA/EU	161	0.34%	122	0.31%	650	0.31%	568	0.33%
Others	589	1.24%	289	0.74%	1,333	0.64%	1,367	0.79%
Total	47,512	100.00%	39,282	100.00%	206,822	100.00%	172,133	100.00%

2015Q1

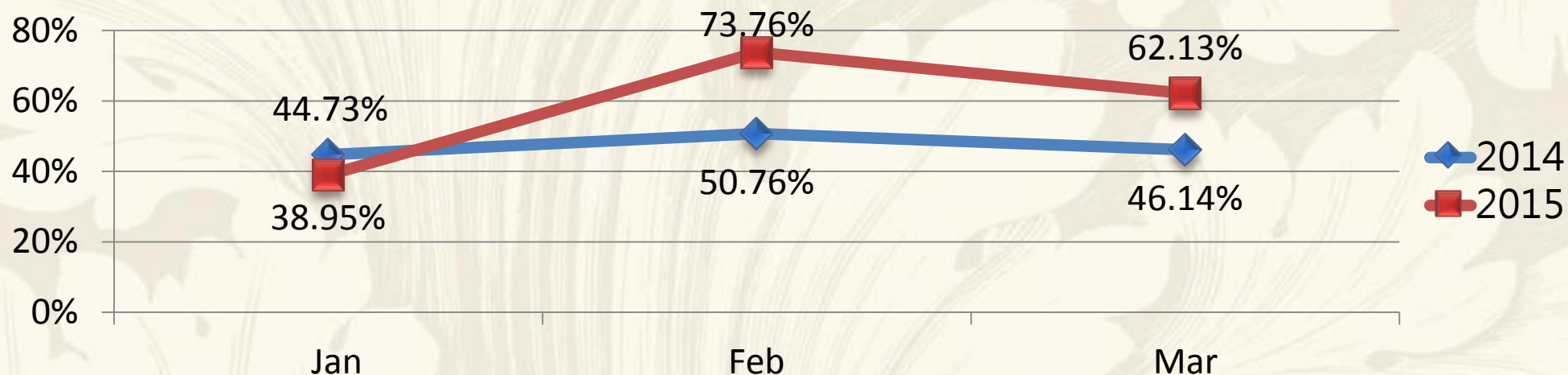


2014Q1



III、Performance(3/12)

3-1. Occupancy Rate

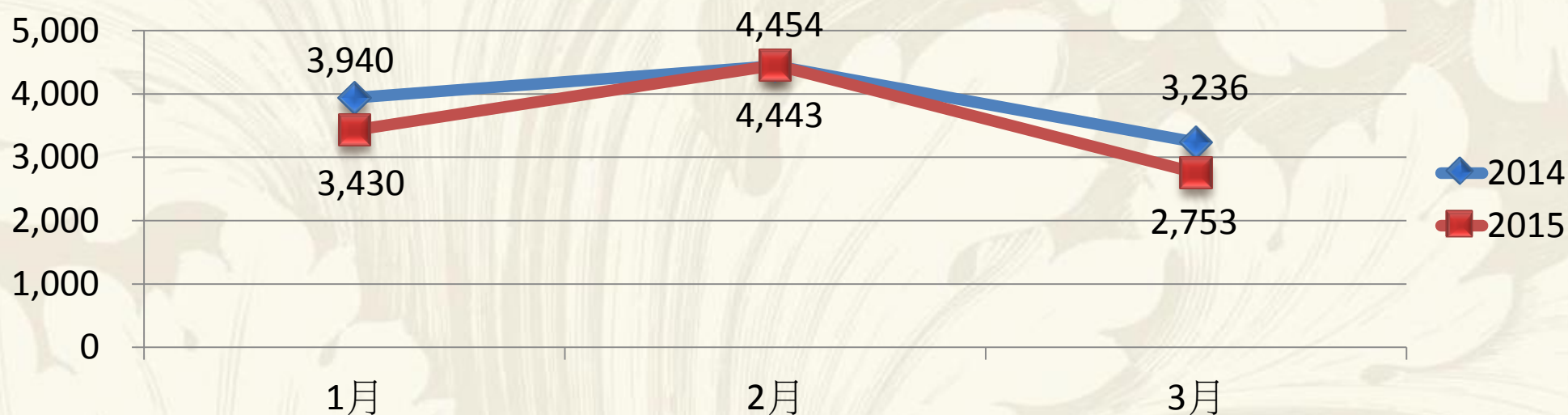


Unit : %

Year	Jan	Feb	Mar	Q1
2015	38.95%	73.76%	62.13%	57.76%
2014	44.73%	50.76%	46.14%	47.09%
Growth rate	-12.92%	45.31%	34.66%	22.66%

III、Performance(4/12)

3-2. Average Room Prices



Unit : NT\$1

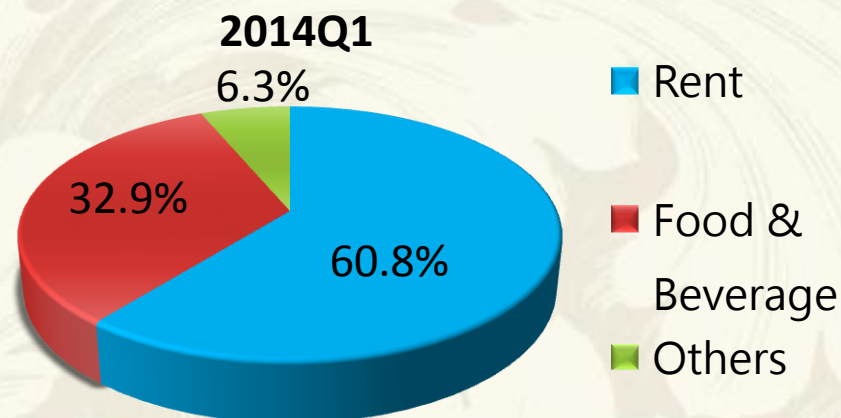
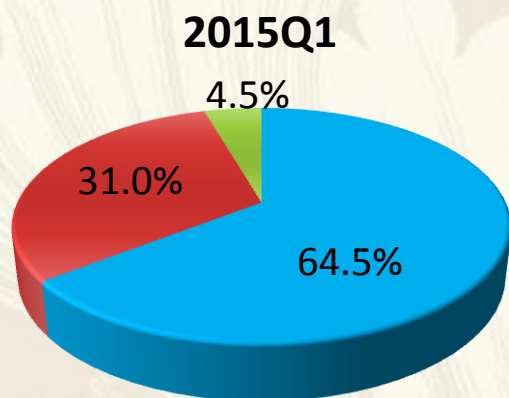
Year	Jan	Feb	Mar	Q1
2015	3,430	4,454	2,753	3,586
2014	3,940	4,443	3,236	3,871
Growth rate	-12.94%	0.25%	-14.93%	-7.36%

III 、 Performance(5/12)

4-1. Operating Results (Operating Revenue)

Unit : NT\$1,000 、 %

Item Year	2015Q1		2014Q1		Growth rate	2014		2013		Growth rate
	\$	%	\$	%		\$	%	\$	%	
Rent	79,168	64.5%	69,177	60.8%	14.4%	374,167	62.0%	320,703	61.7%	16.7%
Food& Beverage	38,080	31.0%	37,434	32.9%	1.7%	195,857	32.5%	168,418	32.4%	16.3%
Others	5,524	4.5%	7,214	6.3%	-23.4%	33,013	5.5%	30,635	5.9%	7.7%
Total Revenue	122,772	100.0%	113,825	100.0%	7.9%	603,037	100.0%	519,756	100.0%	16.0%



III 、 Performance(6/12)

4-2. Operating Results (Comprehensive Income)

Unit : NT\$1,000 、 %

Item \ Year	2015Q1		2014Q1		Growth rate	2014		2013		Growth rate
	\$	%	\$	%	%	\$	%	\$	%	%
Total operating revenue	122,772	100	113,825	100	7.9%	603,037	100	519,756	100	16.0%
Profit	13,187	11	5,157	5	155.7%	98,266	16	65,178	13	50.8%
EPS(NT\$)	\$0.13		\$0.05		155.7%	\$0.94		\$0.68		38.2%

III 、 Performance(7/12)

4-3. Operating Results (Various Indicators)

Item \ Year	2014	2013	2014	
			Ambassador Hotel	Chateau Hotel
Cash Dividends (NT\$) (note 1)	1.00	0.55	0.70	0.50
P/E (note 2)	23.05	37.89	24.91	27.06
ROE	7.54%	5.61%	4.55%	12.06%
P/B (note 3)	1.75	2.19	1.14	2.79

Note: 1. Upon the approval of the annual meeting of shareholders in 2015 and 2014, annual earnings per share dividend distribution in 2014 and 2013 .

2. P/E = Market Value per Share / Earnings per Share , calculation date on December 31 .

3. P/B = Stock Price / Book Value Per Share , calculation date on December 31 .

III 、 Performance(8/12)

5. Financial Report (Balance Sheet)

Unit : NT\$1,000 、 %

Item \ Year	March 31,2015		December 31,2014		March 31,2014	
	\$	%	\$	%	\$	%
Total assets	1,581,707	100	1,611,140	100	1,653,615	100
Total liabilities	245,769	16	288,389	17	366,406	22
Total equity	1,335,938	84	1,322,751	83	1,287,209	78

III 、 Performance(9/12)

6-1. Resort Hotels In Scenic Operating Ranking by Total Revenue

Unit : NT\$1,000 、 %

NO.	Names of Hotels	Occupancy Rate	Average Room Price	Rent	Food & Beverage	Others	Total Revenue	Revenue Growth rate
1	Hotel Royal Chiao-Hsi	81.95%	7,583	107,942	72,772	27,036	207,750	13.57%
2	Fleur De Chine Hotel	70.21%	8,103	108,038	61,416	12,455	181,908	2.61%
3	Caesar Park Hotel Kenting	84.31%	4,644	99,008	36,036	8,598	143,643	2.37%
4	Howard Beach Resort Kenting	72.45%	2,971	88,721	39,324	7,638	135,683	17.43%
5	Chateau	-	-	101,797	30,040	2,419	134,256	10.78%
6	Farglory Hotel, Hualien	57.76%	3,586	71,028	37,377	14,368	122,772	7.86%
7	Hotel Royal Chihpen Spa	69.79%	4,562	52,145	27,934	13,458	93,537	6.76%
8	Silks Place Hotel, Taroko	54.45%	6,594	51,700	19,878	9,406	80,984	20.94%

III 、 Performance(10/12)

6-2. Resort Hotels In Scenic Operating Ranking by Number of Tourists

Unit: Number of Rooms 、 persons 、 %

NO.	Names of Hotels	Available Rooms	Rooms Occupied	FIT	GROUP	Total
1	Howard Beach Resort Kenting	1,374	29,864	41,501	34,411	75,912
2	Caesar Park Hotel Kenting	843	21,321	44,361	12,050	56,411
3	Farglory Hotel, Hualien	1,143	19,807	28,028	19,484	47,512
4	Hotel Royal Chiao-Hsi	579	14,234	26,143	10,730	36,873
5	Fleur De Chine Hotel	633	13,333	18,708	14,997	33,705
6	Hotel Royal Chihpen Spa	546	11,431	22,021	5,500	27,521
7	Silks Place Hotel, Taroko	480	7,841	12,793	4,260	17,053

III 、 Performance(11/12)

7-1. Resort Hotels In Hualien Operating Ranking by Total Revenue

Unit:NT\$1,000 、 %

NO.	Names of Hotels	Occupancy Rate	Average Room Price	Rent	Food & Beverage	Others	Total Revenue	Revenue Growth rate
1	Farglory Hotel, Hualien	57.76%	3,586	71,028	37,377	14,368	122,772	7.86%
2	Parkview Hotel	64.85%	2,586	51,769	40,128	3,710	95,607	2.01%
3	Silks Place Hotel, Taroko	54.45%	6,594	51,700	19,878	9,406	80,984	20.94%
4	Hualien Chateau de Chine Hotel	56.58%	2,365	23,726	35,518	2,956	62,200	2.39%
5	Marshal Hotel	57.71%	1,462	20,500	19,461	1,313	41,273	8.69%
6	Astar Hotel	57.56%	1,744	15,090	2,794	114	17,998	-16.84%

III 、 Performance(12/12)

7-2. Resort Hotels In Hualien Operating Ranking by Number of Tourists

Unit: Number of Rooms 、 persons 、 %

NO.	Names of Hotels	Available Rooms	Rooms Occupied	FIT	GROUP	Total
1	Farglory Hotel, Hualien	1,143	19,807	28,028	19,484	47,512
2	Parkview Hotel	1,029	20,018	18,996	27,112	46,108
3	Marshal Hotel	810	14,024	20,154	10,725	30,879
4	Hualien Chateau de Chine Hotel	591	10,032	9,803	12,009	21,812
5	Astar Hotel	501	8652	3,882	14,737	18,619
6	Silks Place Hotel, Taroko	480	7,841	12,793	4,260	17,053

IV 、 Development Strategy

1. Develop and upgrade products
2. Expand target market
3. Enhance corporate governance
4. Training planning for tourism industry



1-1. Develop and upgrade products

◆ Special tourism journey in Hualien (Hunter journey, Bicycle journey and Dyeing)



1-2. Develop and upgrade products

◆ Featured dishes used Hualien local ingredients.



1-3. Develop and upgrade products

◆ Wedding products with great value.



1-4. Develop and upgrade products

- ◆ Ocean Adventure Theme Suite
To build wonder land of ocean for children ◦



1-5. Develop and upgrade products

◆ Upgrade leisure activities and equipment.

1.Diversity activities at hotel. (DIY, Stargazing etc.)

2.new sport facilities like badminton, billiard , and table tennis.



2-1. Expand target market

1. Market operation :

Provide promotion to different customers.

2. MICE:

Provide facilities for academic research conference, business meeting, and product announcement.

3. Strategy Alliance:

Joint different transportation (Natchan Rera, Car rental) to provide multiple choice to customers.

4. Inbound tourism:

Expand market of Singapore, Malaysia, Hong Kong, Macau, China, Muslim, India.

3-1. Enhance corporate governance – Corporate Social Responsibility Fulfillment

- Recycle system of rainwater.
- Provide staff shuttle to reduce the CO2 emission.
- Low-carbon hotel authenticate.
- Include public welfare activities into annual operation. (Sponsor and donate disadvantage group.)
- Build stakeholders Area in website.



IV 、 Development Strategy(8/11)

3-2. Enhance corporate governance – Relative parties management

- ◆ Maintain customer relationship.
- ◆ Rise employee benefit.
- ◆ Project of stockholder equity.
- ◆ Supplier alliance.



3-3. Enhance corporate governance – Brand maintain

- ◆The results for the 12th information disclosure and transparency rankings evaluation : A+ (Among the top 12% of 1,393 listed companies)

上市櫃公司第12屆資訊揭露評鑑結果

等級	A++	A+	A	A-	B	C	C-	合計
第12屆家數	73	82	344	512	356	25	1	1,393

3-3. Enhance corporate governance – Brand maintain

◆The results of the 1st corporate governance evaluation : top 6% to 20% of 1,393 listed companies

【評鑑結果列為前百分之六至前百分之二十之公司】
上市及上櫃公司分開計算，以下名單計上市公司 120 家、上櫃公司 89 家，合計 209 家。

上市公司

代號	簡 稱	代號	簡 稱	代號	簡 稱	代號	簡 稱	代號	簡 稱
1301	台塑	1303	南亞	1304	台聚	1314	中石化	1326	台化
1402	遠東新	1409	新纖	1434	福懋	1477	聚陽	1590	F-亞德
1605	華新	1609	大亞	1711	永光	1717	長興	1720	生達
1722	台肥	1904	正隆	2002	中鋼	2014	中鴻	2023	燁輝
2062	橋樑	2104	中橡	2208	台船	2301	光寶科	2312	金寶
2317	鴻海	2353	宏碁	2356	英業達	2357	華碩	2367	耀華
2377	微星	2382	廣達	2385	群光	2401	凌陽	2402	毅嘉
2414	精技	2417	圓剛	2439	美律	2449	京元電	2451	創見
2460	建通	2480	敦陽科	2492	華新科	2498	宏達電	2501	國建
2515	中工	2606	裕民	2609	陽明	2610	華航	2615	萬海
2618	長榮航	2712	遠雄來	2722	夏都	2820	華票	2832	台產

4. Training planning for tourism industry

- ◆ Set up hotel elite college to train mid-level executive
 - Hire someone who graduated from university and had 2 years work experiences.
 - Total enrollment 4 on June , number of applicants 106 on 2015 annual.
 - Training staff to work 3 years.
 - Raise mid-level executives to work 5 years.





V、Prospect

V、Prospect(1/5)

Preserve the beauty of Taiwan.
Form a new recreation chain.

Planning idea is
from mountain,
spring, sea, cloud
and city.



V、Prospect(2/5)

【Mountain】「Yangmingshan」

Located at Yangmingshan National Park.



V、Prospect(3/5)

【Spring】「Chiaohsi」

Located at Wufongci scene, Yilan County.



V、Prospect(4/5)

【Cloud】Alishan

Located at Chiaya County.



V、Prospect(5/5)

【City】「Farglory Dome」

Located at Zhongxiao E. Rd and Guangfu S.Rd intersection.



Thanks for your time & attention !

