



家的大小事  
一輩子都是特力的事!



Test Rite Group 特力集團

March 2011

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# Test Rite Recent Financial Results



## Test Rite International Co., Ltd. (2908)

### 4Q10 and 2010 revenue of each business unit

(NT\$ '000)	4Q10*	4Q09	YoY% chg	2010*	2009	YoY% chg
Trading^	2,364,739	2,631,840	-10.1%	11,513,995	10,627,889	8.3%
Retail - TLW	3,994,194	3,645,699	9.6%	15,041,282	13,531,982	11.2%
Retail – HOLA China (RMB '000)	192,419	148,627	29.5%	639,816	466,300	37.2%
Retail Group**	5,043,520	4,401,110	14.6%	18,526,884	15,906,824	16.5%
Tong Lung Metal	752,721	703,997	6.9%	3,071,813	2,358,875	30.2%

\*2010 figures are unaudited

^ According to Taiwan GAAP, revenue for Agency business is based on commission revenue.

\*\*Including sales of Mango and WW China in HOLA China revenue. Retail group sales include TLW, HOLA China, Life 1 Plaza and TLW Service.

# 特力集團財務資訊



## Test Rite International Co., Ltd. (2908)

### Jan – Feb 2011 revenue of each business unit

(NT\$ '000)	Jan – Feb 11*	Jan – Feb 10	YoY% chg
Trading^	2,182,260	1,868,953	16.8%
Retail - TLW	3,117,016	2,945,260	5.8%
Retail – HOLA China (RMB '000)	143,269	110,969	29.1%
Retail Group**	3,840,514	3,509,502	9.4%
Tong Lung Metal	460,089	471,973	-2.5%

\* 2011 figures are unaudited

^ According to Taiwan GAAP, revenue for Agency business is based on commission revenue.

\*\*Including sales of Mango and WW China in HOLA China revenue. Retail group sales include TLW, HOLA China, Life 1 Plaza and TLW Service.

# Test Rite Recent Financial Results



## Test Rite International Co., Ltd. (2908)

### P&L for 1-3Q10 & 1-3Q09 (parent only)

(NT\$m)	1-3Q10	1-3Q09	% chg
Turnover	9,149	7,996	14.4%
Gross profit	1,773	1,490	19.0%
Operating profit	222	216	2.8%
Non-operating income/loss	278	9	2988.9%
Pre-tax profit	500	225	122.2%
Net profit	367	173	112.1%
EPS(Aft-tax)	0.76	0.40	90.0%
Net profit ex. one time charge	429	173	147.7%
EPS(Aft-tax) ex. one time charge	0.87	0.40	117.4%
Gross margin	19.4%	18.6%	
Operating margin	2.4%	2.7%	
Pre tax margin	5.5%	2.8%	
Net profit margin	4.0%	2.2%	

### Breakdown of Non-operating income (loss)

(NT\$m)	1-3Q10	1-3Q09	% chg
Trading Subsidiaries	(81)	(176)	-54.0%
Retail Subsidiaries			
- TLW	280	269	4.1%
- Hola China	(190)	(241)	-21.2%
- Life 1 Plaza	(73)	(124)	-41.1%
Subtotal: Retail Subsidiaries	17	(96)	n.a.
Tong Lung Metal	122	105	16.2%
Other LT Investments	85	51	66.7%
FX Gain/(Loss)	141	144	-2.1%
Interest net amount	(52)	(57)	-8.8%
Others	46	38	21.1%
Subtotal of Non-Operating income/loss	278	9	2988.9%

# Test Rite Recent Financial Results



## Test Rite International Co., Ltd. (2908)

### P&L for 3Q10 & 3Q09 (parent only)

(NT\$m)	3Q10A	3Q09A	% chg
Turnover	3,410	2,559	33.3%
Gross profit	657	462	42.2%
Operating profit	74	12	516.7%
Non-operating income/loss	50	22	127.3%
Pre-tax profit	124	34	264.7%
Net profit	116	34	241.2%
EPS(Aft-tax)	0.24	0.07	242.9%
Gross margin	19.3%	18.1%	
Operating margin	2.2%	0.5%	
Pre tax margin	3.6%	1.3%	
Net profit margin	3.4%	1.3%	

### Breakdown of Non-operating income (loss)

(NT\$m)	3Q10A	3Q09A	% chg
Trading Subsidiaries	(8)	(51)	-84.3%
Retail Subsidiaries			
- TLW	80	104	-23.1%
- Hola China	(88)	(94)	-6.4%
- Life 1 Plaza	(14)	(38)	-63.2%
Subtotal: Retail Subsidiaries	(22)	(28)	-21.4%
Tong Lung Metal	60	42	42.9%
Other LT Investments	38	32	18.8%
FX Gain/(Loss)	11	16	-31.3%
Interest net amount	(18)	(16)	12.5%
Others	(11)	27	-140.7%
Subtotal of Non-Operating income/loss	50	22	127.3%

# Test Rite Recent Financial Results



## Test Rite International Co., Ltd. (2908)

### B/S (Parent only) 3Q10 and 3Q09

(NT\$m)	3Q10	3Q09	% chg
Cash & Equivalents	69	148	-53.1%
Current Assets	4,270	3,849	10.9%
Net PP&E	614	607	1.1%
L/T Investments	9,435	8,875	6.3%
Total Assets	15,087	14,132	6.8%
S/T Debts	476	208	128.5%
Current Liability	2,298	1,690	36.0%
L/T Debts	4,566	4,025	13.4%
Total Liabilities	8,795	8,040	9.4%
Shareholders Equities	6,293	6,092	3.3%
Current Ratio (%)	186%	228%	
Net Debt/Equity (%)	79%	67%	
Total Liab/Assets (%)	58%	57%	

### C/F (Parent only) of 1-3Q10 and 1-3Q09

(NT\$m)	1-3Q10	1-3Q09	% chg
Operating CF	(129)	435	-129.5%
Investment CF	(816)	(260)	213.4%
Financing CF	716	(481)	n.a.
Net Cash Flow	(229)	(306)	-25.3%
Cash at beg. Year	298	454	-34.4%
Cash at end Year	69	148	-53.1%

\* The "Deferred Credit" account (resulted from the real estate transaction: sale-and-leaseback) should be considered while calculating the Liabilities Ratio. The deferred credit is actually a disposal gain other than a liability. However, by GAAP, this account must be recorded on the balance sheet as liabilities and then recorded as incomes periodically within the leasing duration. After the deduction the liability ratio of Test Rite stands alone will literally be around 46% & 28% at the end of 2008 & 2007 respectively.

# Test Rite Group Strategy to 2014



<b>Vision</b> 願景:	<b>To form a globally integrated enterprise</b> 構築一個全球性整合的企業集團
<b>Goals</b> 終極目標:	<b>Sustainable business growth</b> 業務持續成長 <b>Corporate governance</b> 公司治理
<b>Strategy</b> 策略:	<b>Growth through Innovation &amp; Integration</b> 透過創新與整合保持成長
<b>Objectives</b> 目標:	<b>Double group revenue in 5 years</b> 五年倍數成長 <b>Integrate operation</b> 集團整合
<b>Culture</b> 文化:	<b>High Performance</b> 高績效 <b>Customer focus</b> 顧客導向 <b>Sales oriented</b> 銷售導向



# Test Rite Group Outlook



## Outlook and Opportunities

- Trading
  - US and EU economy's recovery sustained
  - New program wins and rising agency shipments
  - Brand licensing opportunities in Taiwan and China
  
- Retail
  - New store additions in China and Taiwan in 2011
    - China: +4 to 6 stores
    - Taiwan: +1 to 2 each for TLW and HOLA TW
  - New Business – TLW Plus and TLW好幫手(HISU, Home Improvement Service)
    - 5 new TLW Plus planned in 2011 (2 already opened at end of 1Q11)



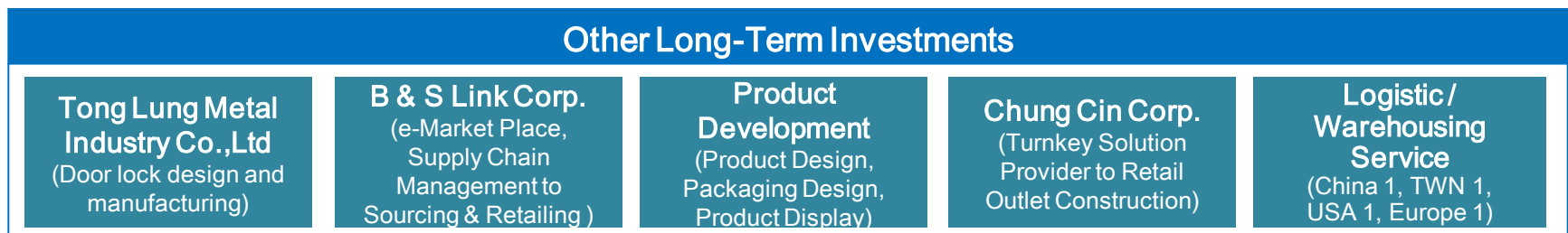
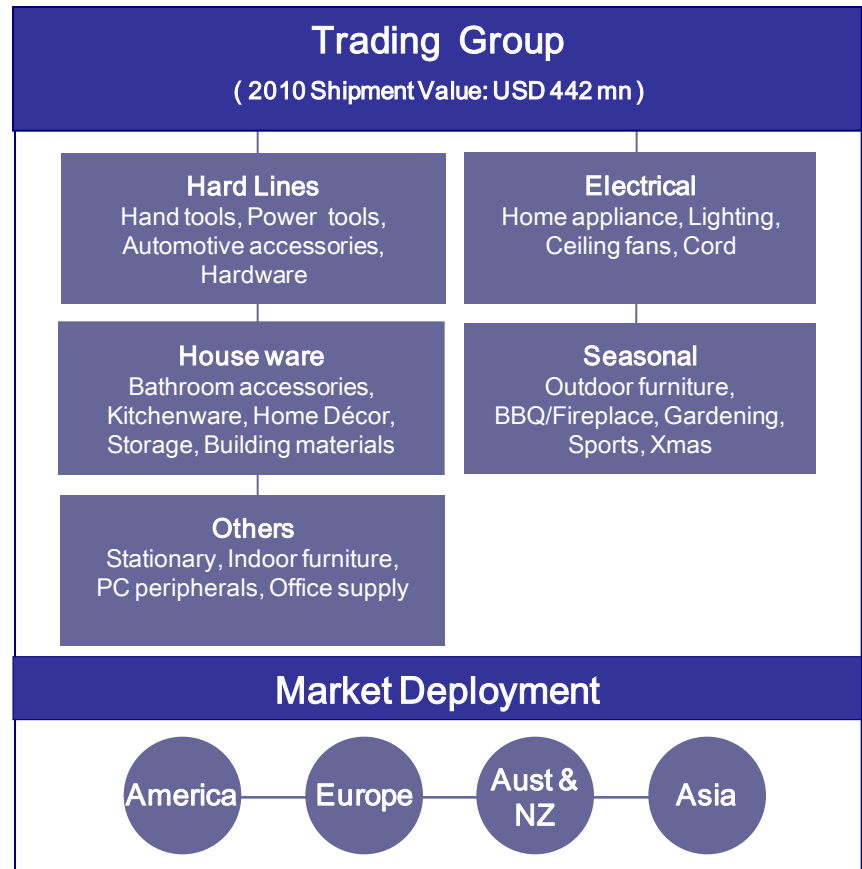
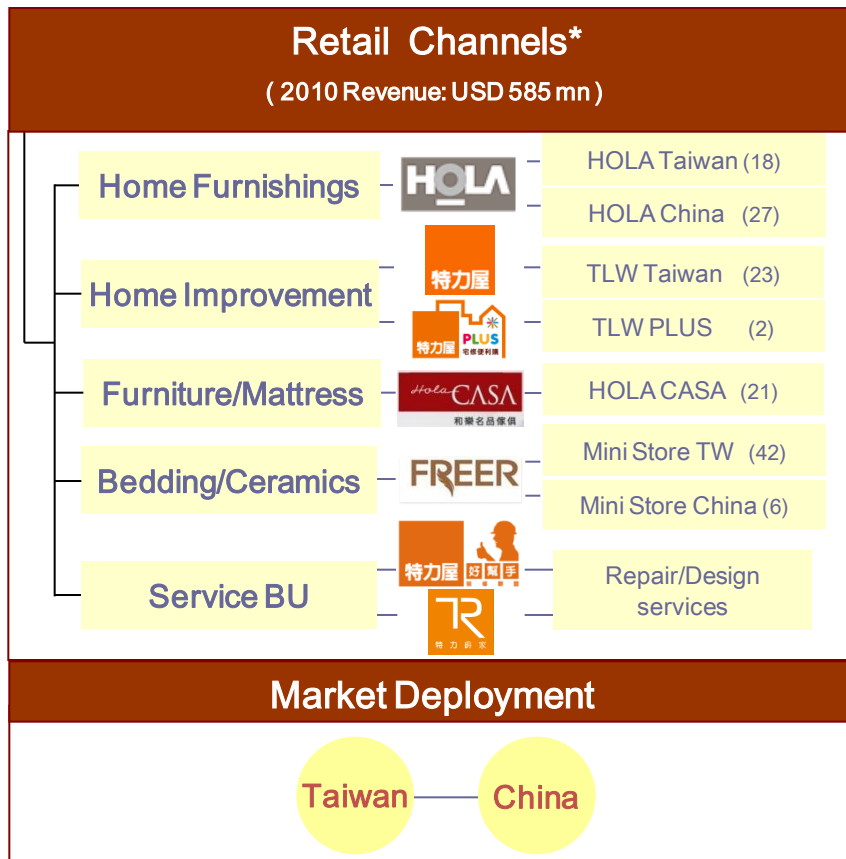
# Test Rite Group Outlook



## Potential Risks

- Strong NT dollar creates an environment challenging for trading business.
- Volatile raw material prices is a possible risk for both trading and manufacturing BUs.
- Change in product price in China may pose a potential concern on margins.

# Group Structure\*



\* Store numbers updated as of Feb 2010

# Test Rite Group Milestone



- 1978-91** Establishment and Growth
- 1988-00** “Best Supplier Award from Wal-Mart”
- 1993** Test Rite IPO (2908TT) – Taiwan Stock Exchange
- 1996-98** Launch of Retail Business  
B&Q 特力屋 Taiwan 50-50 JV with Kingfisher  
HOLA – “House of Living Art”
- 2000** Packing facilities established in Shanghai and Shenzhen
- 2001** Named “The Best 200 Small Companies” by Forbes
- 2004** Retail: Inception of HOLA China
- 2006** HOLA (2921TT) IPO –Taiwan OTC Exchange  
Acquisition of Tong-Lung Metal (OTC listed 8705 TT)
- 2007** Nei-Hu HQ Building Sale-and-Leaseback  
Purchase of Kingfisher’s 50% joint venture stake of TLW Taiwan (US\$100mn)
- 2009** 4-in-1 Merger of Taiwan Retail channels: TLW (DIY), HOLA, Freer, and HOLA Casa.
- 2010** Accelerate pace of store openings of HOLA China  
Canceled 14.8mn treasury shares



# TRADING SECTOR TESTRITE

Test Rite Group 特力集團

# Global Worldwide Network



(with local service 26 offices in 16 countries)



## Growth driver

- ❑ Agency biz (Michaels, AutoZone, Tractor Supply, AAFES, Topco, Spotlight and Orchard Supply)
- ❑ Principal trading acquire new customers/products thru global sourcing platform
- ❑ Brand licensing opportunities for Greater China markets (ex. Bissell, Jiu Young, Stanley etc).

# Trading Overview – 4Q2010



- Trading revenue reached NT\$ 2.36 bn in 4Q10, down 10.1% YoY. Total shipments was up 1.7% YoY to NT\$3.18 bn.
- For 4Q10, principal trading totaled NT\$ 2.33 bn, down 10.8% YoY, and accounted for 73.2% of total shipments.
- Shipment of agency business accounted for 26.8% of total shipments and revenue is recognized based on 4-6% commission rate.

## Trading business' monthly sales

Revenue (NT\$ '000)	2010*	2009	YoY % chg
December Revenue <sup>^</sup>	804,946	889,328	-9.5%
4Q10 Revenue <sup>^</sup>	2,364,739	2,631,840	-10.1%

<sup>^</sup> According to Taiwan GAAP, revenue for Agency business is based on commission revenue.

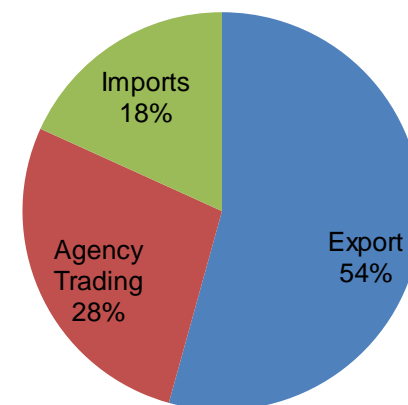
\*2010 figures have not been audited.

## Shipments value breakdown by segment for Dec and 4Q2010

Shipment Value (NT\$ '000)	2010*	2009A	YoY % chg
Principal trading	796,005	883,377	-9.9%
4Q10 Principal trading	2,327,578	2,609,680	-10.8%
Agency business	212,852	141,022	50.9%
4Q10 Agency business	852,942	517,594	64.8%
Total shipments	1,008,857	1,024,399	-1.5%
4Q10 shipments	3,180,520	3,127,274	1.7%

\*2010 figures are unaudited.

## 4Q10 Shipment Breakdown

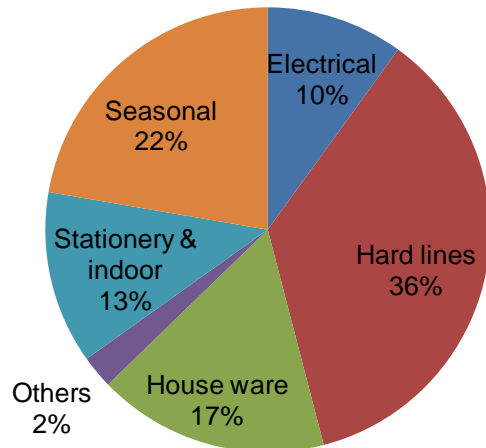


# Trading Overview – 4Q2010

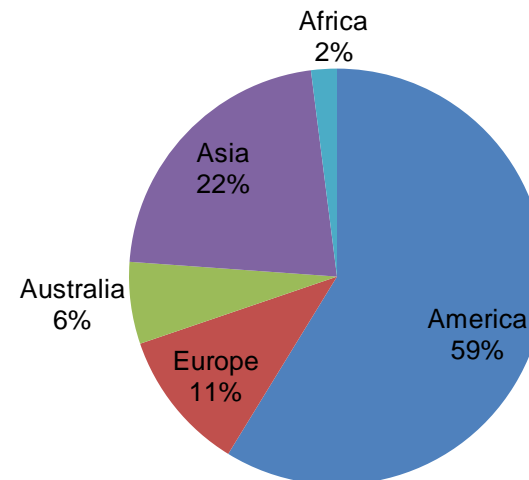


- Export Product Breakdown
  - Hard lines products accounted for 36%, the largest, of our exporting business.
- Geographical Breakdown
  - During the quarter, shipment to America accounted for 59% of total shipment. Europe and Asia accounted for 11%, and 22% respectively.

**4Q10 Export Sales Breakdown by Products**



**4Q10 Shipments Geographic Breakdown**





# Trading Overview – Full Year 2010



- Trading revenue reached NT\$ 11.51 bn in 2010, up 8.3% YoY. Total shipments up 13.9% YoY to approximately NT\$ 14 bn.
- For the 2010, principal trading shipments totaled NT\$ 11.4 bn, up 8.1% YoY, and accounted for 81.5% of total shipments.
- Shipment of agency business accounted for 18.5% of total shipments and revenue is recognized based on 4-6% commission rate.

## Trading business' monthly sales

Revenue (NT\$ '000)	2010*	2009	YoY % chg
December Revenue <sup>^</sup>	804,946	889,328	-9.5%
Accumulated Revenue	11,513,995	10,627,889	8.3%

<sup>^</sup> According to Taiwan GAAP, revenue for Agency business is based on commission revenue.

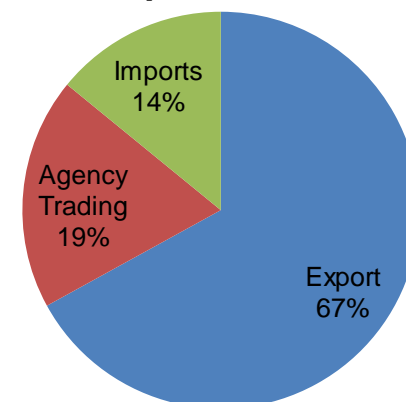
\*2010 figures have not been audited.

## Shipments value breakdown by segment for Dec and full year 2010

Shipment Value (NT\$ '000)	2010*	2009A	YoY % chg
Principal trading	796,005	883,377	-9.9%
Accumulated shipments - Principal	11,400,132	10,542,713	8.1%
Agency business	212,852	141,022	50.9%
Accumulated shipments - Agency	2,586,475	1,732,618	49.3%
Total shipments	1,008,857	1,024,399	-1.5%
Accumulated shipments	13,986,607	12,275,331	13.9%

\*2010 figures are unaudited.

## 2010 Shipment Breakdown

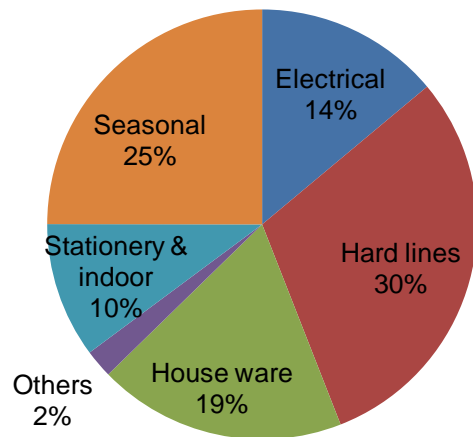


# Trading Overview – Full Year 2010

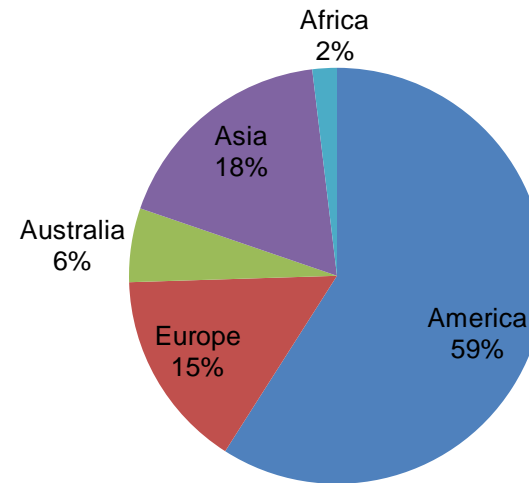


- Export Product Breakdown
  - Hard lines products accounted for 30%, the largest, of our exporting business.
- Geographical Breakdown
  - Shipment to America accounted for 59% of total shipment. Europe and Asia accounted for 15% and 18% respectively.

**2010 Export Sales Breakdown by Products**



**2010 Shipments Geographic Breakdown**





超大型家居生活館  
HOME FURNISHING STORE

# RETAIL SECTOR

Test Rite Group 特力集團

# Brand values for Test Rite Retail Business Group



Making all customers' home related items a lifelong business for Test Rite Retail

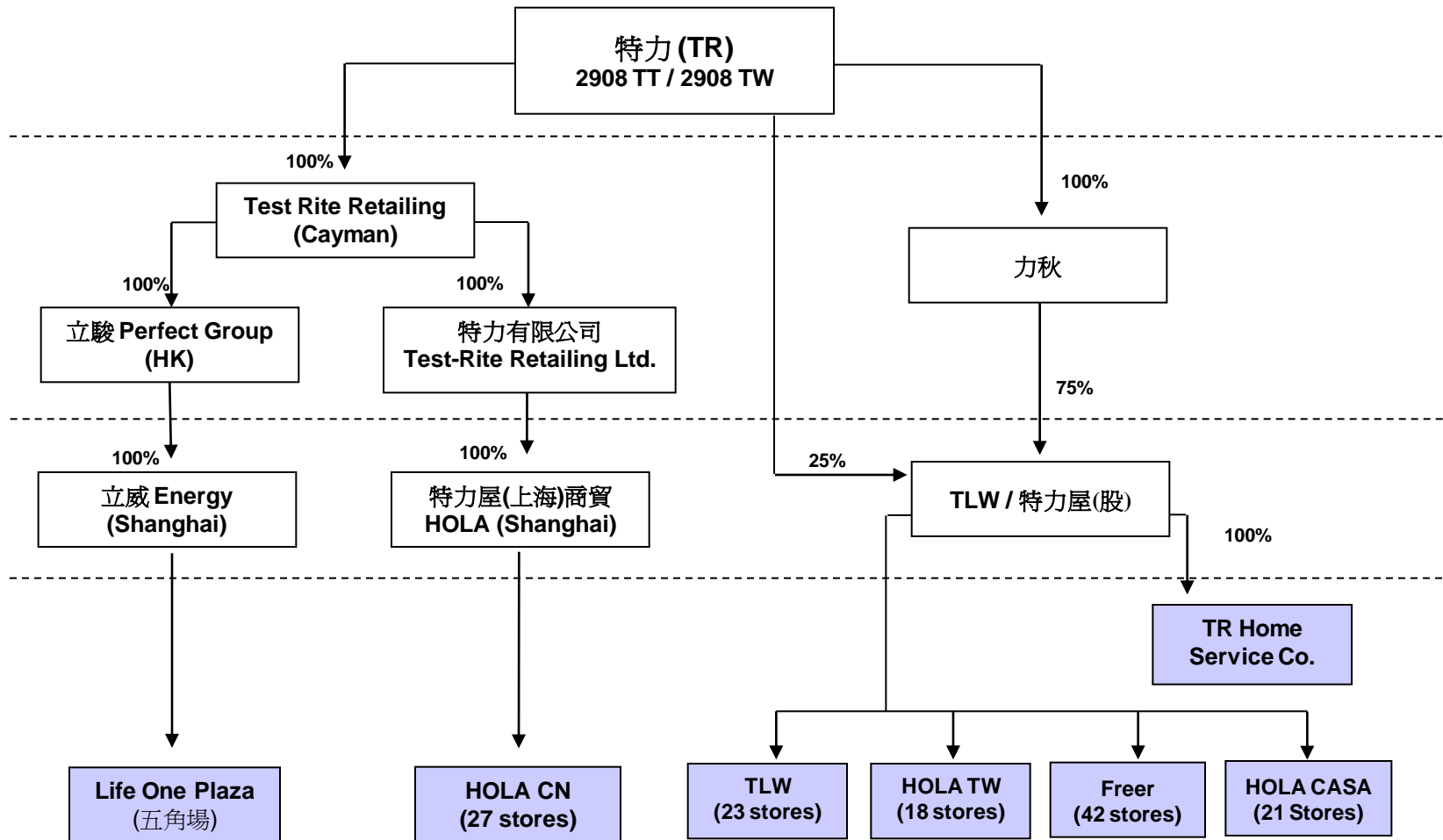


Affordable Indulgence

Value for Money



# Holding structure of TR Retail Group



Store # are as of Feb 2010.  Designate Retail Sales Channels

TLW (Formerly B&Q TW) made a tender offer of HOLA TW common shares in June 2009. TLW merged HOLA TW, Freer, and HOMY in Oct 2009. And the scheduled date of 4 in 1 merger is Dec. 31, 2009. 20



# Retail Group: “Big-HOLA Family Concept”

Greater China NO.1 Home Improvement & Décor chain stores

Retail Channel	Channel Brand Logo	Target market	Store Number (as of Feb-10)	2010 Revenue
TLW 特力屋 (HOLA TW, TLW/ 特力屋, Freer, HOLA Casa, EC, and catalog)		DIY, Home improvement and Home Décor In TW	TLW / 特力屋 : 23	NT\$ 9,905 mn 6.78% YoY
			Hola TW: 18 HOLA CASA: 21 FREER: 42	NT\$ 5,136 mn 20.7% YoY
HOLA China		Home Décor In China	27	RMB 640 mn 37.2 % YoY

# Growth Driver – Retail Group



**Provide consumers the experience of “affordable indulgence”**

- **TLW (特力屋) Taiwan**
  - Enter repair/service market in 2010
  - Transform into a Solution Service Company in the home improvement market
  - Open TLW Plus targeting neighborhood market.
  
- **HOLA**
  - HOLA Taiwan – to open new stores in targeted locations, and opened 4 HOLA stores within various TLW stores to improve overall sales per square meter.
  - HOLA China – expand 4-6 stores in 2011 (2nd gen. store rollout)

## **Trading/Retail Synergy**

- TLW, HOLA, Freer, HOLA CASA, and HOLA China - integration in terms of merchandizing, marketing, store operations, FIN, HR & IT



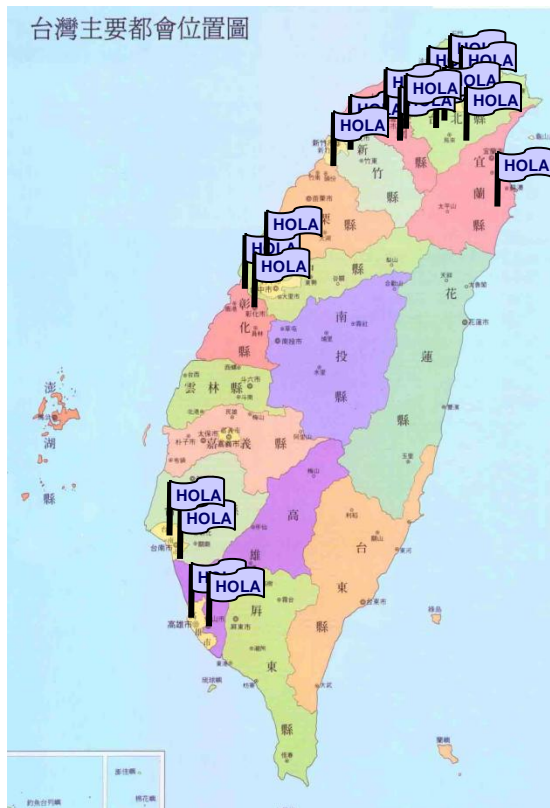
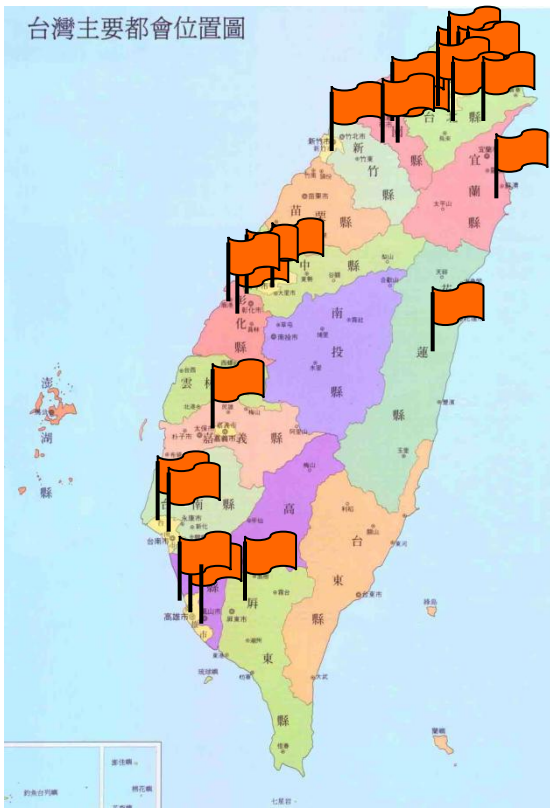
# TLW 特力屋 – Taiwan Retail (Private – 100% Held by Test-Rite)



Leading DIY player with ~30% market share



No. 1 home décor chain in Taiwan with 18 stores



## TLW (DIY) Revenue and Store #s

(NT\$m)	2006	2007	2008	2009	2010*
Revenue	10,134	9,771	9,687	9,361	9,905
YoY % chg	-6.2%	-3.6%	-0.9%	-3.4%	6.8%
No. of stores	21	22	22	22	23

## Hola Taiwan Revenue and Store #s – 5 year CAGR 14.03%

(NT\$m)	2006	2007	2008	2009	2010*
Revenue	3,037	3,182	3,549	4,073	5,136
YoY % chg	8.9%	4.8%	11.5%	14.8%	20.7%
No. of stores	11	12	12	13	18

\*2010 figures have not been audited.



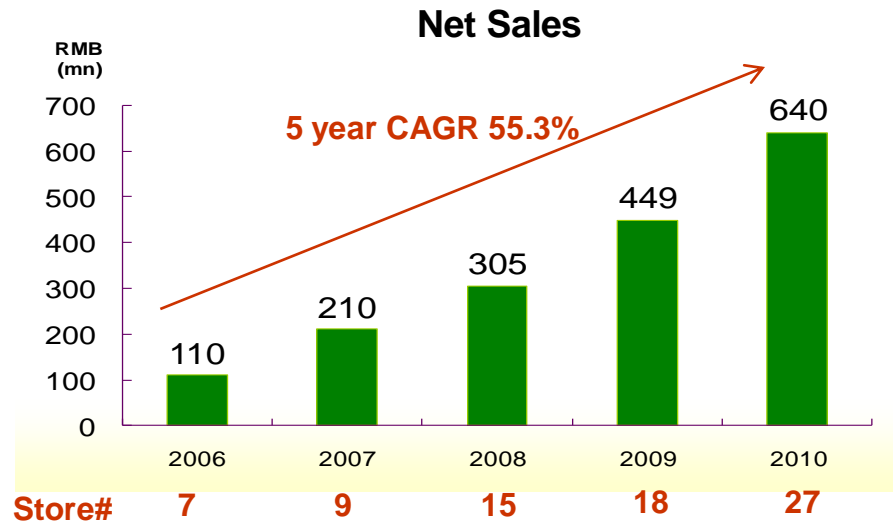


# HOLA China (Private – 100% held by Test-Rite)

**HOLA 特力屋** 超大型家居生活馆  
HOME FURNISHING STORE



- HOLA China has 27 stores as of Dec 2010, and will open 4-6 in 2011.
- Revenue for full year 2010 totaled RMB 640 mn, up 37.2% YoY. 2010 accumulated same store sales up 25.7% YoY.



\*2010 figures have not been audited.



## HOLA China Business Update



超大型家居生活馆  
HOME FURNISHING STORE

- Added 9 stores in Shanghai and Beijing in 2010; minimum of 4-6 additional stores planned for 2011; total number of stores targeted to reach 50-60 by end of 2014.
- Revenue for 2010 totaled RMB 640 mn, up 37.2% YoY. 2010 accumulated same store sales up 25.7% YoY.
- Losses for 1-3Q10 reduced by 21% to NT\$ 190 mn.
- 12 stores out of total 27 were profitable at store level by end of 2010; 17 out of 27 stores were at or near breakeven in 4Q10. Hola China turn profitable on a monthly basis for the first time in Dec-09.



HOME

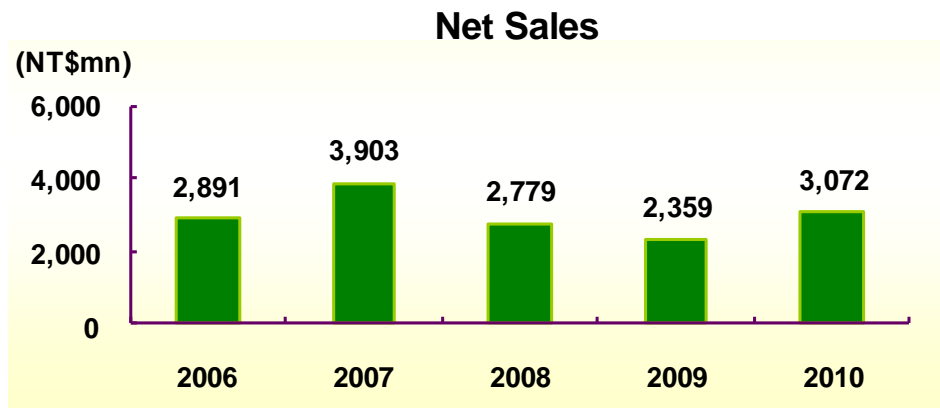
**TONG LUNG METAL INDUSTRY CO., LTD. (8705 TT)**

Test Rite Group 特力集團

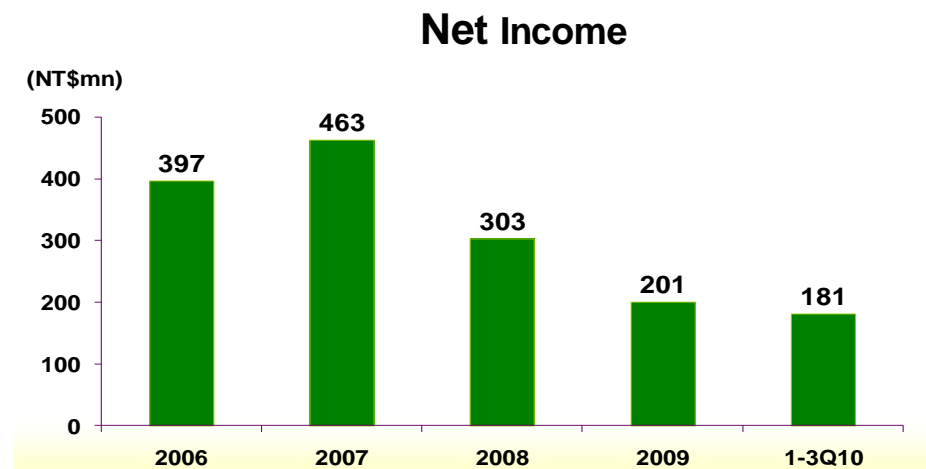


## TLM 2010 Business Update

- **New sales orders**
  - ODM of lockset:
    - Miwa placed orders to TLM
  - OEM of bathroom wares:
    - KLUDI
- **TLM Production Capacity**
  - Taiwan:
    - Capacity 0.6 Million sets / month
    - Focus on production of Grade I & II Locksets
  - Philippines:
    - Capacity 1 Million sets / month
    - Focus on production of Grade III Locksets
- **R&D**
  - Possess over 160 patents
  - R&D Expenses account for 2% of Sales
- **Expansion Plan**
  - Expand 30% more production capacity in Philippines in 2011



*\*2010 figures have not been audited.*





## TLM (8705)

### P&L (parent only) for 2008 - 09

NT\$m n	2008	2009	% chg
Turnover	2,779	2,359	-15.1%
Gross profit	419	367	-12.5%
Operating Expense	227	227	0.0%
Operating profit	192	140	-27.3%
Non-operating income/loss	78	30	-61.7%
Pre-tax profit	271	170	-37.2%
Net profit	303	201	-33.7%
EPS	3.67	2.47	-32.7%
Gross margin	15.1%	15.6%	
Operating margin	6.9%	5.9%	
Pretax margin	9.7%	7.2%	
Net margin	10.9%	8.5%	

### Dividend policy (NTD)

Dividend	2006	2007	2008	2009
Cash Dividend	4.5	3.3	0.8	2.45
Stock Dividend	0.5	0.2	-	-
Total Dividend	5.0	3.5	0.8	2.45
EPS	5.01	5.56	3.67	2.47
Cash Payout Ratio	90%	59%	22%	22%

### B/S (parent only) Year end 2008- 09

NT\$m n	2008	2009	% chg
Current Assets	1,237	1,181	-4.6%
Cash & equiv	59	97	64.8%
A/R	463	429	-7.3%
Inventory	530	493	-7.0%
Net PP&E	431	410	-4.9%
Other Assets	1,009	968	-4.1%
Total Assets	2,492	2,397	-3.8%
S/T Debts	480	130	-72.9%
Current Liability	755	599	-20.7%
Other Liabilities	687	607	-11.6%
Total Liabilities	1,442	1,206	-16.4%
Shareholders Equities	1,051	1,191	13.4%
Current Ratio (%)	164%	197%	
Liability ratio(%)	58%	50%	



## TLM (8705)

P&L for 3Q10 and 3Q09							B/S as of 3Q10 and 3Q09			
(NT\$m)	3Q10	3Q09	% chg	1-3Q10	1-3Q09	% chg	(NT\$m)	3Q10	3Q09	% chg
Net Sales	842.8	698.7	20.6%	2,314.2	1,654.9	39.8%	Current Assets	1,467.5	1,183.4	24.0%
Gross profit	158.4	109.6	44.6%	408.1	249.6	63.5%	Cash & equiv	89.9	137.3	-34.5%
Operating profit	84.1	54.7	53.7%	195.2	93.6	108.6%	A/R	438.5	374.7	17.0%
Non-operating income/loss	20.9	3.6	475.8%	31.2	20.2	54.7%	Inventory	749.8	490.2	53.0%
Pre-tax profit	105.0	58.4	80.0%	226.4	113.8	99.0%	Long-term investment	701.8	731.3	-4.0%
Net profit	90.4	67.1	34.8%	181.4	160.5	13.0%	Net PP&E	430.6	372.5	15.6%
EPS	1.11	0.83	33.7%	2.23	1.98	12.6%	Other Assets	93.0	220.1	-57.7%
							Total Assets	2,692.9	2,507.2	7.4%
Gross margin	18.8%	15.7%		17.6%	15.1%		S/T Debts	300.0	180.0	66.7%
Operating margin	10.0%	7.8%		8.4%	5.7%		Current Liability	891.8	667.3	33.6%
Pretax margin	12.5%	8.4%		9.8%	6.9%		Other Liabilities	610.0	704.7	-13.4%
Net margin	10.7%	9.6%		7.8%	9.7%		Total Liabilities	1,501.8	1,372.0	9.5%
							Shareholders Equities	1,191.1	1,135.2	4.9%
							Current Ratio (%)	164.6%	177.3%	
							Liability Ratio (%)	55.8%	54.7%	

**EV/EC** SERIES

COMMERCIAL CYLINDRICAL LEVER LOCK



# TONG-LUNG Milestone



- 1954-64** Inception  
Established Domestic owned Brand of “Lucky”
- 1977-83** Renamed into Tong Lung Metal Industry Co., Ltd  
Establish Exporting owned Brand of “EZSET”
- 1994** TSE Listing
- 1998-99** Loss making on former management’s embezzlement  
Court approved restructuring  
Listing as OTC Managed Stock
- 2000-01** Restructuring starts with injection of new paid-in capital of NT\$2.2 billion  
Receive court ruling on completion of restructuring
- 2003** Launch of new ERP  
Debt structuring via financial reengineering
- 2004** High-end products certified by ANS  
Launch of SCM Marketplace
- 2006** Received business on high end commercial door locks  
OTC Relisting
- 2007** Reached new heights with an YOY growth of 35%
- 2008** Launch of the electroplating plant in Philippines in Nov. 23



家的大小事  
一輩子都是特力的事!

Thank you!



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