



Test Rite Group

Test Rite International Co., Ltd. (2908)
Tong Lung Metal Industry Co., Ltd. (8705)

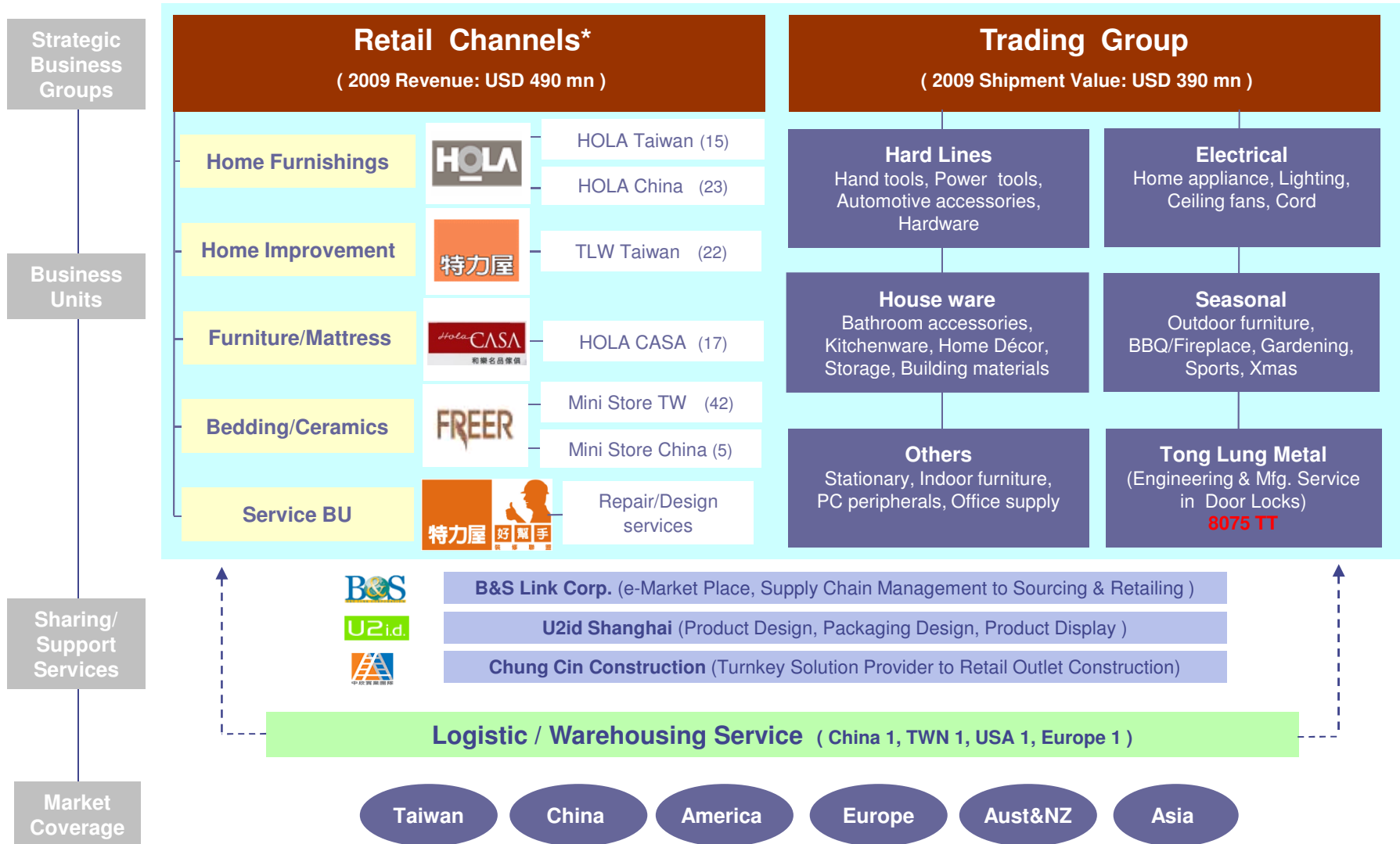
September 2010



Test Rite Group Strategy

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

Group Structure*



* Store numbers updated as of Aug 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**
- >1994 **Test Rite obtained ISO-9002 certification**

- >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





Global Worldwide Network

(with local service 26 offices in 16 countries)

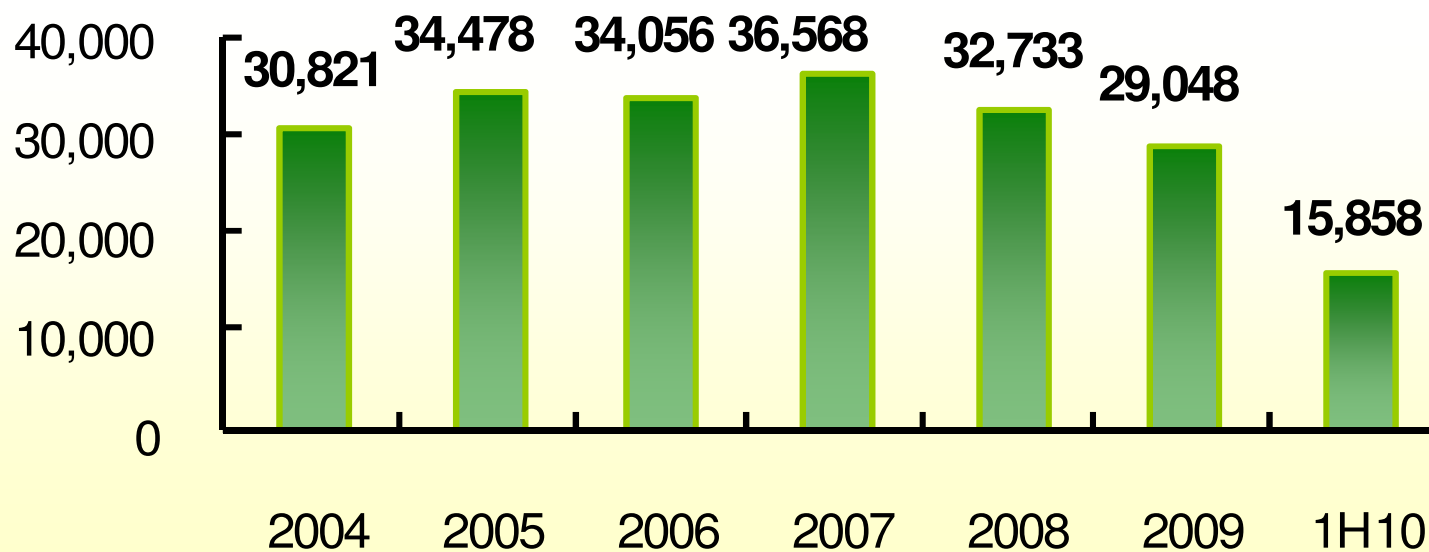


Growth driver

- ❑ **Grow agency biz (Michaels, AutoZone, Tractor Supply, and AAFES)**
- ❑ **Acquire new customers/products thru standard global sourcing platform**
- ❑ **Brand licensing opportunities for Greater China markets (ex. Bissell, Jiou Young, ROCA, etc).**

Consolidated sales of TR Group in past 5 years

(NT\$ mn)



Test Rite Group

Consolidated P&L for 2008- 2009

(NT\$m)	2008	2009	% chg
Turnover	32,733	29,048	-11.3%
Gross profit	8,864	8,340	-5.9%
Operating profit	449	406	-9.6%
Net non-Opt. Income/loss	(193)	(172)	-10.7%
Pre-tax profit	256	387	51.2%
Net profit	180	233	29.7%
less: Minority shareholders	(105)	97	n.a.
Net profit for Test Rite	285	137	-52.0%
EPS (NT\$)	0.64	0.31	-51.6%
Gross margin (%)	27.1%	28.7%	
Operating margin (%)	1.4%	1.4%	
Pretax margin (%)	0.8%	1.3%	
Net margin (%)	0.5%	0.8%	

Consolidated B/S for 2008- 2009

(NT\$m)	2008	2009	% chg
Cash & Equivalents	1,263	1,320	4.5%
Current Assets	10,196	8,968	-12.0%
Net PP&E	6,377	6,205	-2.7%
L/T Investments	190	221	16.2%
Total Assets	23,535	22,222	-5.6%
S/T Debts	5,093	3,351	-34.2%
Current Liability	10,118	8,464	-16.3%
L/T Debts	5,273	5,349	1.4%
Total Liabilities	17,624	15,775	-10.5%
Shareholders Equities	5,912	6,447	9.0%
Current Ratio (%)	100.77%	105.96%	
Net Debt/Equity (%)	153.97%	114.47%	
Total Liab/Assets (%)	74.88%	70.99%	

* The "Deferred Credit" account (resulted from the real estate transaction: sale-and-leaseback) should be considered while calculating the Net 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 Group will literally be around 60.5% & 43.0% at the end of 2008 & 2007 respectively.

Test Rite International Co., Ltd. (2908) – Parent only Financial Statements

P&L for 2008 - 2009

NT\$m	2008	2009	% chg
Turnover	13,517	10,628	-21.4%
Turnover (US\$ in mn)	387	327	-15.5%
Gross profit	2,220	1,961	-11.7%
Gross margin	16.4%	18.5%	12.3%
Operating Expense	(1,880)	(1,794)	-4.6%
Operating profit	340	167	-50.9%
Operating margin	2.5%	1.6%	-37.5%
Non-operating income/loss	(35)	(1)	-97.1%
Pre-tax profit	305	166	-45.6%
Net profit	285	137	-51.9%
Net profit margin(%)	2.1%	1.3%	-38.9%
EPS(Pre-tax)	0.70	0.52	-25.7%
EPS(Aft-tax)	0.65	0.31	-52.3%

Non-operating for 2008 - 2009

NT\$m	2008	2009	% chg
Trading Subsidiaries	(384)	(261)	-32.0%
Retail Subsidiaries			
- Taiwan Retail (TLW + Hola TW)	502	327	-34.9%
- Hola China	(246)	(261)	6.1%
- Life 1 Plaza	(149)	(166)	11.4%
- Others	(2)	(16)	700.0%
Sub-total Retail Subsidiaries	105	(116)	-210.5%
Tong Lung Metal	164	132	-19.5%
Other LT Investments	54	76	40.7%
FX Gain/(Loss)	142	149	4.9%
Interest net amount	(199)	(73)	-63.3%
Others	83	92	10.8%
Non-Operating Profit	(35)	(1)	-97.1%

Test Rite International Co., Ltd. (2908)

Year end B/S (Parent only) 2008 - 2009

(NT\$m)	2008	2009	% chg
Cash & Equivalents	454	298	-34.4%
Current Assets	4,837	3,624	-25.1%
Net PP&E	595	623	4.8%
L/T Investments	8,533	8,924	4.6%
Total Assets	14,709	13,993	-4.9%
S/T Debts	757	233	-69.2%
Current Liability	2,386	1,761	-26.2%
L/T Debts	4,500	3,967	-11.9%
Total Liabilities	9,364	7,958	-15.0%
Shareholders Equities	5,345	6,035	12.9%
Current Ratio (%)	203%	206%	
Net Debt/Equity (%)	90%	65%	
Total Liab/Assets (%)	64%	57%	

C/F (Parent only) of 2008 - 2009

(NT\$m)	2008	2009	% chg
Operating CF	322	561	74.3%
Investment CF	(2,277)	(197)	-91.4%
Financing CF	(163)	(521)	219.4%
Net Cash Flow	(2,118)	(156)	-92.6%
Cash at beg. Year	2,572	454	-82.3%
Cash at end Year	454	298	-34.3%

Dividend policy (NTD)

Dividend	2006	2007	2008	2009
Cash Dividend	0.80	1.00	0.35	0.26
Stock Dividend	0.20	0.10	0.15	0.00
EPS	1.02	1.32	0.65	0.31
Cash Payout Ratio	79%	76%	54%	84%

* 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 International Co., Ltd. (2908)

B/S (Parent only) 1H10 and 1H09

(NT\$m)	1H10	1H09	% chg
Cash & Equivalents	129	146	-11.6%
Current Assets	4,022	4,199	-4.2%
Net PP&E	610	611	-0.1%
L/T Investments	9,190	8,792	4.5%
Total Assets	14,573	14,387	1.3%
S/T Debts	713	717	-0.6%
Current Liability	2,449	2,261	8.3%
L/T Debts	3,950	4,383	-9.9%
Total Liabilities	8,426	9,022	-6.6%
Shareholders Equities	6,147	5,365	14.6%
Current Ratio (%)	164%	186%	
Net Debt/Equity (%)	74%	92%	
Total Liab/Assets (%)	58%	63%	

C/F (Parent only) of 1H10 and 1H09

(NT\$m)	1H10	1H09	% chg
Operating CF	(19)	136	-114.0%
Investment CF	(613)	(287)	113.6%
Financing CF	463	(157)	n.a.
Net Cash Flow	(169)	(308)	-45.1%
Cash at beg. Year	298	454	-34.4%
Cash at end Year	129	146	-11.6%

* 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 International Co., Ltd. (2908)

P&L for 1H10 & 1H09 (parent only)

(NT\$m)	1H10A	1H09A	% chg
Turnover	5,739	5,437	5.6%
Gross profit	1,116	1,028	8.6%
Operating profit	148	204	-27.5%
Non-operating income/loss	228	(13)	n.a.
Pre-tax profit	376	191	96.9%
Net profit	251	139	80.6%
EPS(Aft-tax)	0.52	0.32	57.6%
Net profit ex. one time charge	312	139	124.7%
EPS(Aft-tax) ex. one time charge	0.65	0.32	101.7%
Gross margin	19.4%	18.9%	
Operating margin	2.6%	3.8%	
Pre tax margin	6.6%	3.5%	
Net profit margin	4.4%	2.6%	

Breakdown of Non-operating income (loss)

(NT\$m)	1H10A	1H09A	% chg
Trading Subsidiaries	(73)	(125)	-41.6%
Retail Subsidiaries			
- TLW	200	165	21.2%
- Hola China	(102)	(147)	-30.6%
- Life 1 Plaza	(59)	(86)	-31.4%
Subtotal: Retail Subsidiaries	39	(68)	n.a.
Tong Lung Metal	62	63	-1.6%
Other LT Investments	47	19	147.4%
FX Gain/(Loss)	130	128	1.6%
Interest net amount	(34)	(41)	-17.1%
Others	57	11	418.2%
Subtotal of Non-Operating income/loss	228	(13)	n.a.

Test Rite International Co., Ltd. (2908)

P&L for 2Q10 & 2Q09 (parent only)

(NT\$m)	2Q10A	2Q09A	% chg
Turnover	2,911	2,556	13.9%
Gross profit	557	501	11.2%
Operating profit	100	107	-6.5%
Non-operating income/loss	4	10	-60.0%
Pre-tax profit	104	117	-11.1%
Net profit	9	55	-83.6%
EPS(Aft-tax)	0.02	0.13	-84.6%
Net profit ex. one time charge	70	55	28.0%
EPS(Aft-tax) ex. one time charge	0.15	0.13	11.9%
Gross margin	19.1%	19.6%	
Operating margin	3.4%	4.2%	
Pre tax margin	3.6%	4.6%	
Net profit margin	0.3%	2.2%	

Breakdown of Non-operating income (loss)

(NT\$m)	2Q10A	2Q09A	% chg
Trading Subsidiaries	(26)	(57)	-54.4%
Retail Subsidiaries			
- TLW	(30)	42	-171.4%
- Hola China	(55)	(59)	-6.8%
- Life 1 Plaza	(27)	(43)	-37.2%
Subtotal: Retail Subsidiaries	(112)	(60)	86.7%
Tong Lung Metal	38	44	-13.6%
Other LT Investments	34	14	142.9%
FX Gain/(Loss)	40	80	-50.0%
Interest net amount	(17)	(15)	13.3%
Others	47	4	1075.0%
Subtotal of Non-Operating income/loss	4	10	-60.0%

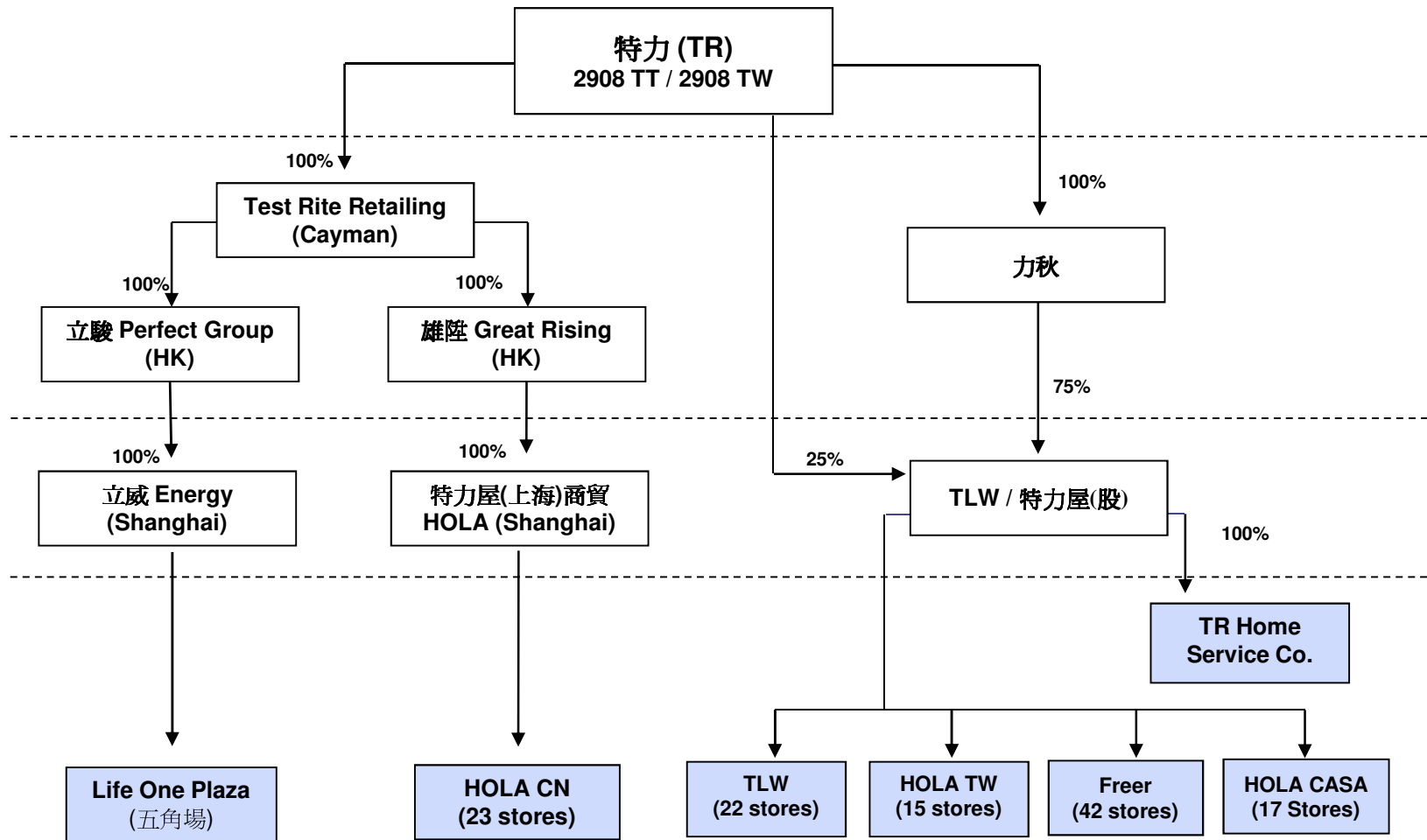


Retail Sector



超大型家居生活馆
HOME FURNISHING STORE

Holding structure of TR Retail Group



Store # are as of Aug2010. Designate Retail Sales Channels

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

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 June-10)	2009 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 : 22	NT\$ 9,361 mn
			Hola TW: 15 HOLA CASA: 17 FREER: 42	NT\$ 4,073 mn
HOLA China		Home Décor In China	23	RMB 449 mn



家的守護神
- 讓您家中大小事，一輩子都是特力零售的事

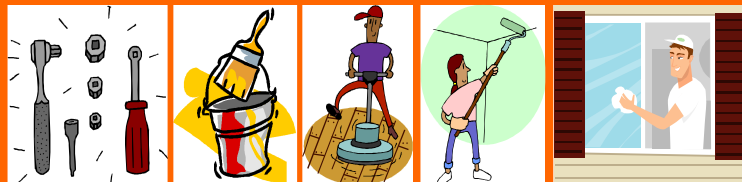


Designer
Home Renovation services

Home Deco solutions 軟裝天后



Home Improvement solutions 硬裝
天王



Affordable Indulgence
低調奢華 輕鬆擁有
Value for Money

物超所值

Simple Easy Exciting
to chose to buy experience

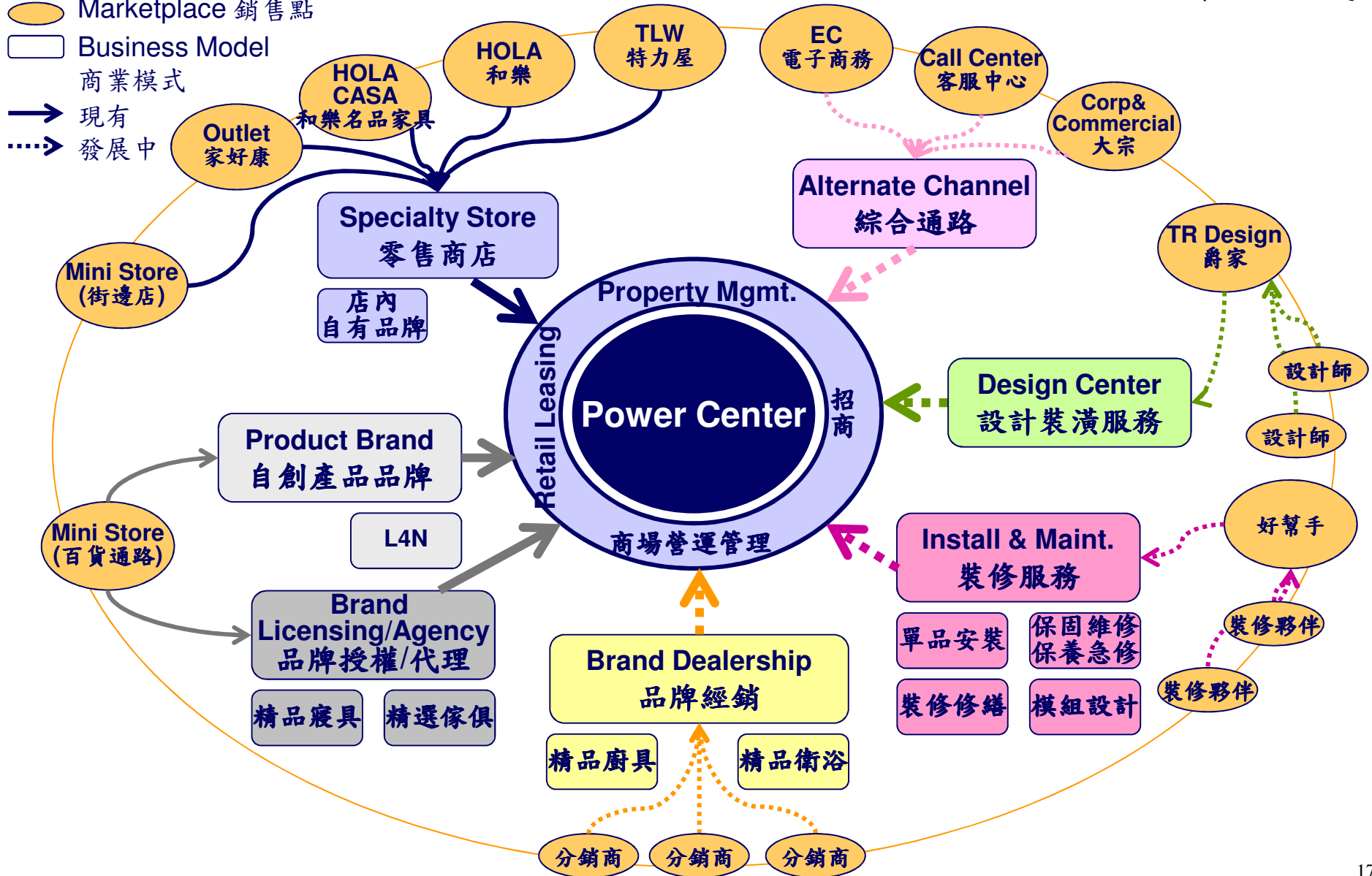
Note:

Marketplace 銷售點

Business Model
商業模式

現有

發展中



Growth Driver – Retail Group



Provide consumers the experience of “affordable indulgence”

- **TLW (特力屋) Taiwan**
 - Enter repair/service market in 2010
 - Received exclusive distribution right of ROCA, KLUDI in TW
 - Transform into a Solution Service Company in the home improvement market

- **HOLA**
 - HOLA Taiwan - opens new stores in targeted locations
 - HOLA China – aggressive expansion plans in tier one cities
 - 2nd generation stores roll out in China

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)

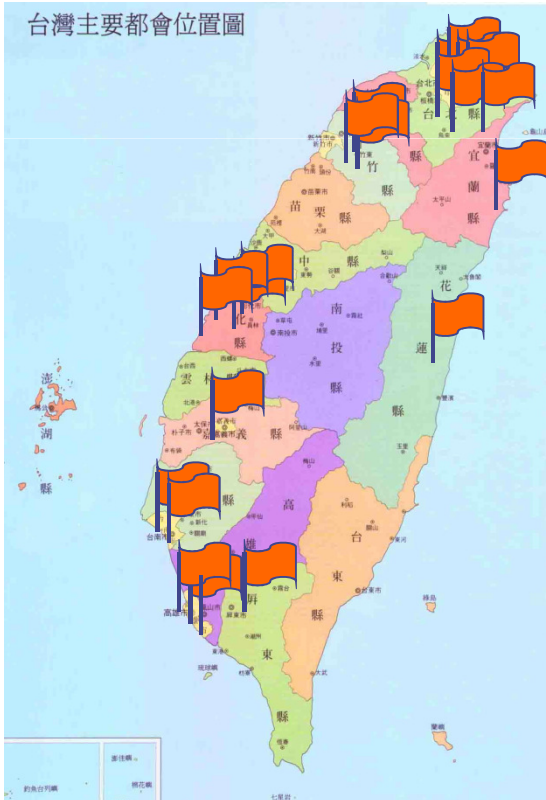


Leading DIY player with
~30% market share

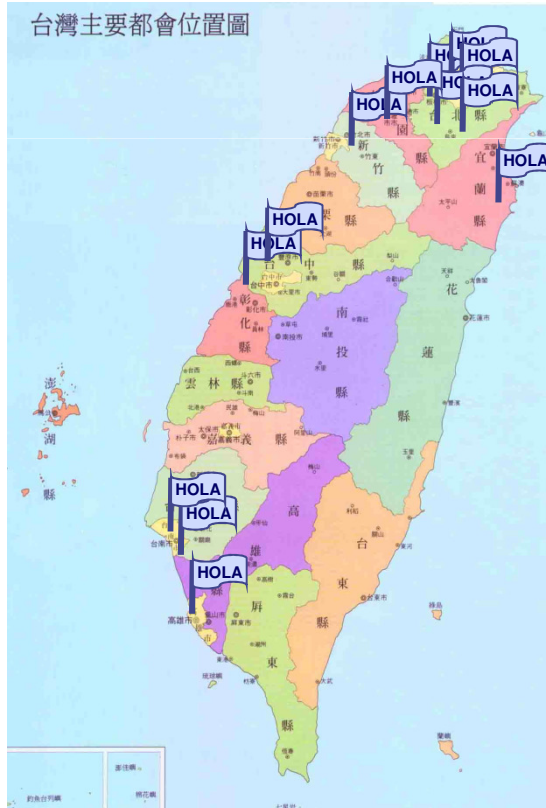


No. 1 home décor chain
in Taiwan with 15 stores

台灣主要都會位置圖



台灣主要都會位置圖



TLW (DIY) Revenue and Store #s

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

Hola Taiwan Revenue and Store #s

(NT\$mnn)	2006	2007	2008	2009
Revenue	3,037	3,182	3,549	4,073
YoY % chg	8.9%	4.8%	11.5%	14.8%
No. of stores	11	12	12	13



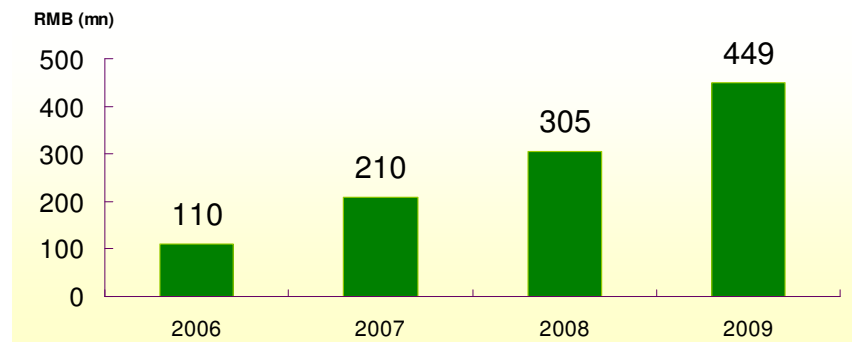
HOLA China (Private – 100% held by Test-Rite)

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



- HOLA China 23 stores as of Aug 2010
- Revenue for Jan. – Jul 2010 totaled RMB 342mn up 42% YoY. Accumulated same store sales up 31% YoY.

Net Sales



Store# **7** **9** **15** **18**

- 8 stores out of total 22 was profitable at store level in 1H10; HOLA China turn profitable on a monthly basis for the first time in Dec-09
- Revenue in 1H10 totaled RMB 296 mn, up 48% YoY; losses for 1H10 reduced by 31% to RMB 102 mn. Revenue for January to July 2010 totaled RMB 342mn up 42% YoY
- Already added 4 stores in Shanghai and Beijing in 1H10; 4-5 additional stores planned for 2H10; total number of stores targeted to reach 25-27 by Dec-10.

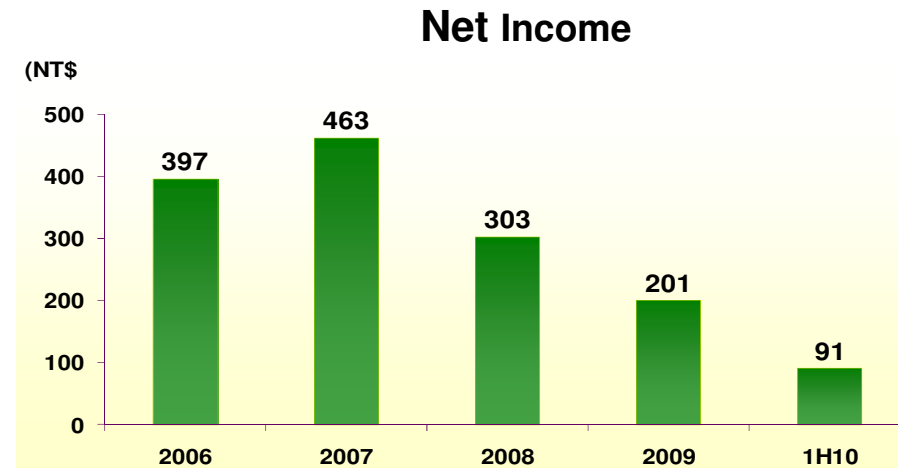
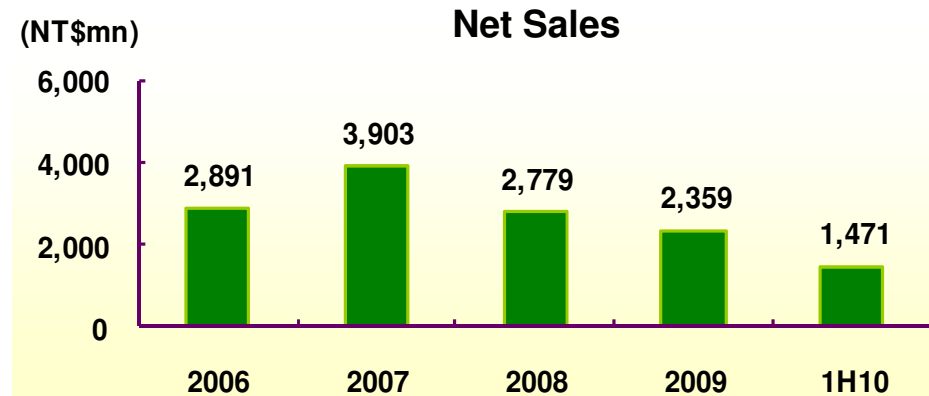


Tong Lung Metal Industry Co., Ltd. (8705 TT)

EZSET TLM – Leading manufacturer of door lockset

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 1.5 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 150 patents
 - R&D Expenses account for 2% of Sales
- **Expansion Plan**
 - Expand production capacity in Philippines
 - Launched New Electroplating Factory in Philippines in 2008



TLM (8705)

P&L (parent only) for 2008 - 09

NT\$m	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	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 2Q10 and 2Q09							B/S as of 2Q10 and 2Q09			
(NT\$mn)	2Q10	2Q09	% chg	1H10	1H09	% chg	(NT\$mn)	2Q10	2Q09	% chg
Net Sales	752.6	514.6	46.3%	1,471.5	956.2	53.9%	Current Assets	1,323.4	1,173.3	12.8%
Gross profit	137.7	59.7	130.7%	249.7	140.0	78.4%	Cash & equiv	137.6	89.9	53.0%
Operating profit	65.6	7.1	818.4%	111.0	38.8	185.8%	A/R	406.1	374.4	8.5%
Non-operating income/loss	7.8	20.2	-61.5%	10.4	16.6	-37.5%	Inventory	656.9	504.9	30.1%
Pre-tax profit	73.4	27.3	168.8%	121.4	55.4	119.1%	Long-term investment	661.5	730.8	-9.5%
Net profit	53.4	63.0	-15.3%	91.0	93.4	-2.6%	Net PP&E	416.8	377.4	10.4%
EPS	0.66	0.78	-15.4%	1.12	1.15	-2.6%	Other Assets	98.9	203.7	-51.4%
							Total Assets	2,500.7	2,485.2	0.6%
Gross margin	18.3%	11.6%		17.0%	14.6%		S/T Debts	70.0	280.0	-75.0%
Operating margin	8.7%	1.4%		7.5%	4.1%		Current Liability	807.5	713.6	13.2%
Pretax margin	9.8%	5.3%		8.2%	5.8%		Other Liabilities	611.3	699.0	-12.6%
Net margin	7.1%	12.2%		6.2%	9.8%		Total Liabilities	1,418.8	1,412.6	0.4%
							Shareholders Equities	1,081.8	1,072.6	0.9%
							Current Ratio (%)	163.9%	164.4%	
							Liability Ratio (%)	56.7%	56.8%	

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**



Thank you!

