



家的大小事  
一輩子都是特力的事!



Test Rite Group 特力集團

January 2011

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# Test Rite Recent Financial Results

## 財務資訊



Test Rite International Co., Ltd. (2908)

## 2010年第四季營收報告

營業額 (新台幣/仟元)	4Q10*	4Q09	YoY% chg
貿易^	2,364,739	2,631,840	-10.1%
特力屋	3,994,194	3,645,699	9.6%
和樂中國**(人民幣/仟元)	192,419	148,627	29.5%
特力零售集團**	5,043,520	4,401,110	14.6%
東隆五金	752,721	703,997	6.9%

\* 2010 數字為自結數

^ 根據台灣GAAP, 採購代理事業收入僅以佣金方式認列。

\*\*和樂中國營收包含Mango及WW China營收

特力零售集團營收包含特力屋、和樂中國、立威上海及特力屋室內裝修設計(股)

# Test Rite Recent Financial Results

## 財務資訊



### 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

## 財務資訊



### 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

## 財務資訊



### 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

## 集團策略及展望



<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

## 集團策略及展望



## Outlook and Opportunities

- Trading

- US and EU economy's recovery & impact on trading business  
歐美經濟復甦情形
- New program wins and rising agency shipments 貿易業務及採購  
代理業務成長

- Retail

- New store additions in China and Taiwan in 2011  
2011展店計劃
  - China: +4 to 5 stores
  - Taiwan: +1 to 2 each for TLW and HOLA TW



- New Business – TLW Plus 特力屋宅修便利購 and TLW好幫手  
(HISU, Home Improvement Service)



# Test Rite Group Outlook

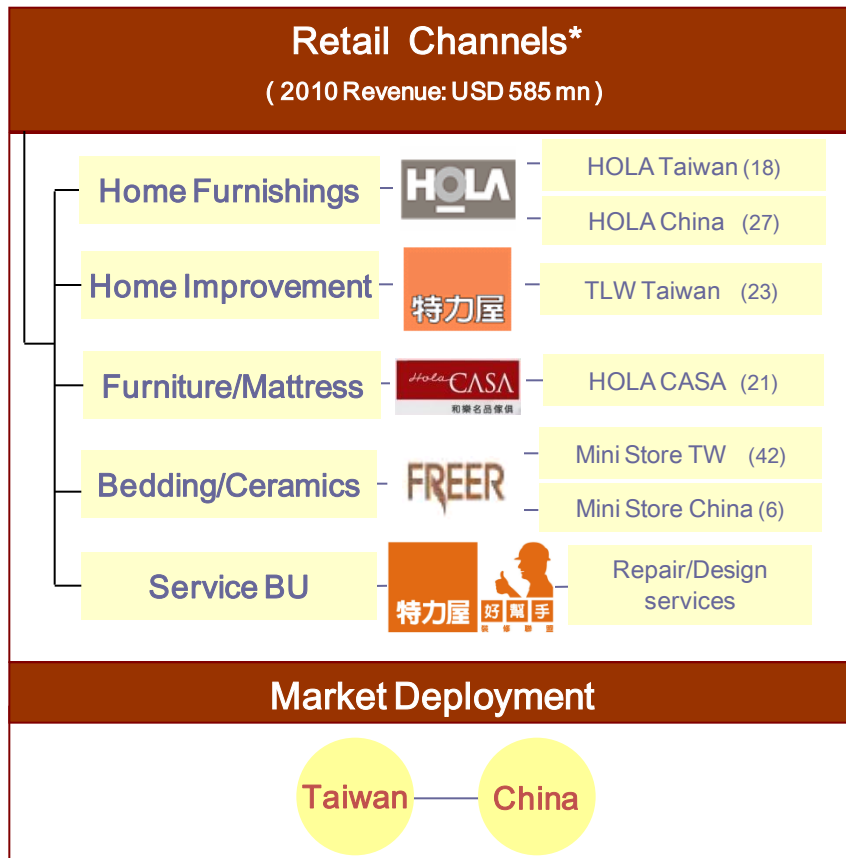
## 集團策略及展望



### Potential Risks

- Strong NT dollar is challenging for trading business.  
新台幣匯率走勢
- Volatile raw material prices is a possible risk for both sourcing and manufacturing.  
原物料價格變動
- Change in product price in China pose a potential concern on margins.  
中國物價變動

# Group Structure\*



\* Store numbers updated as of Dec 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

- ❑ 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).

# Trading Overview – 4Q2010



- Trading revenue reached NT\$ 2.36 bn in 4Q10, down 10.1% YoY. Total shipments declined 1.5% YoY to NT\$10.1 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 特力營業額

Revenue (NT\$ '000)	2010*	2009	YoY % chg
十二月份營收 <sup>^</sup>	804,946	889,328	-9.5%
第四季營收 <sup>^</sup>	2,364,739	2,631,840	-10.1%

<sup>^</sup> 根據台灣GAAP, 採購代理事業收入僅以佣金方式認列。

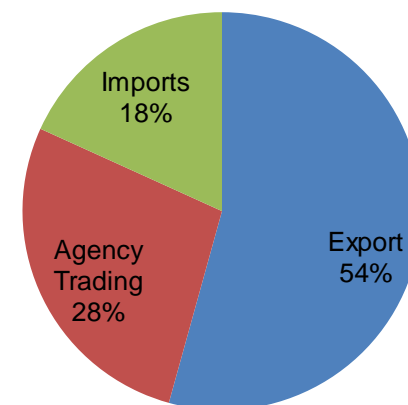
\*2010 數字為自結數。

## Shipments value breakdown by segment for Dec and 4Q2010 出貨金額明細

Shipment Value (NT\$ '000)	2010*	2009A	YoY % chg
傳統貿易十二月份出貨金額	796,005	883,377	-9.9%
傳統貿易第四季出貨金額	2,327,578	2,609,680	-10.8%
採購代理業務十二月份出貨金額	212,852	141,022	50.9%
採購代理業務第四季出貨金額	852,942	517,594	64.8%
十二月份總出貨金額	1,008,857	1,024,399	-1.5%
第四季總出貨金額	3,180,520	3,127,274	1.7%

\*2010 數字為自結數。

## 4Q10 Shipment Breakdown

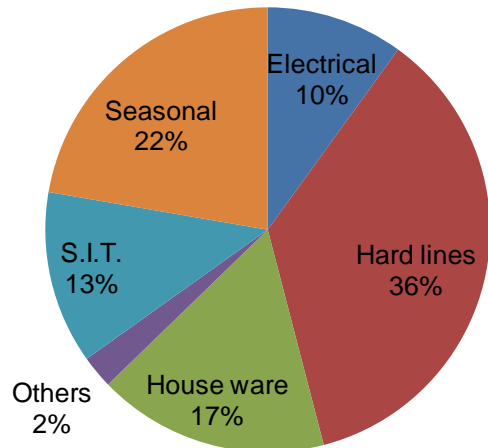


# Trading Overview – 4Q2010

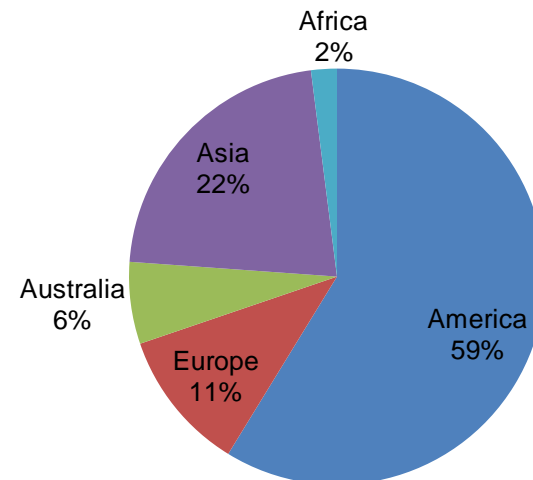


- Export Product Breakdown
  - Hard lines products accounted for 36%, the largest, of our exporting business.
- Geographical Breakdown
  - During the quarter, shipment to America accounted for 59% of total shipment. Europe and Asia accounted for 11%, and 22% respectively.

**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 特力營業額

Revenue (NT\$ '000)	2010*	2009	YoY % chg
十二月份營收 <sup>^</sup>	804,946	889,328	-9.5%
一月至十二月份營收	11,513,995	10,627,889	8.3%

<sup>^</sup> 根據台灣GAAP, 採購代理事業收入僅以佣金方式認列。

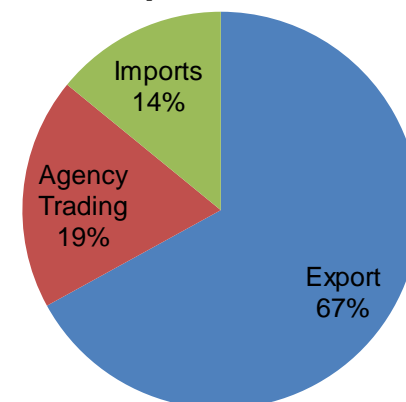
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## Shipments value breakdown by segment for Dec and full year 2010 出貨金額明細

Shipment Value (NT\$ '000)	2010*	2009A	YoY % chg
傳統貿易十二月份出貨金額	796,005	883,377	-9.9%
傳統貿易一月至十二月累計出貨金額	11,400,132	10,542,713	8.1%
採購代理業務十二月份出貨金額	212,852	141,022	50.9%
採購代理業務一月至十二月累計出貨金額	2,586,475	1,732,618	49.3%
十二月份總出貨金額	1,008,857	1,024,399	-1.5%
一月至十二月份總出貨金額	13,986,607	12,275,331	13.9%

\*2010 數字為自結數。

## 2010 Shipment Breakdown



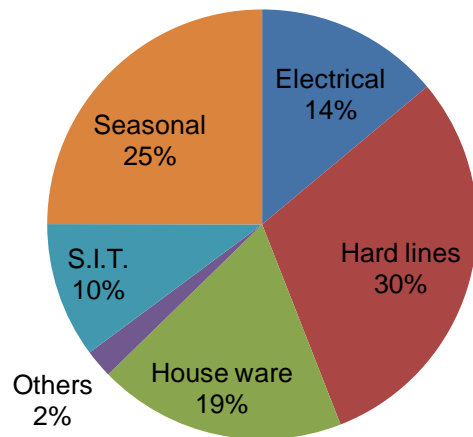


# Trading Overview – Full Year 2010

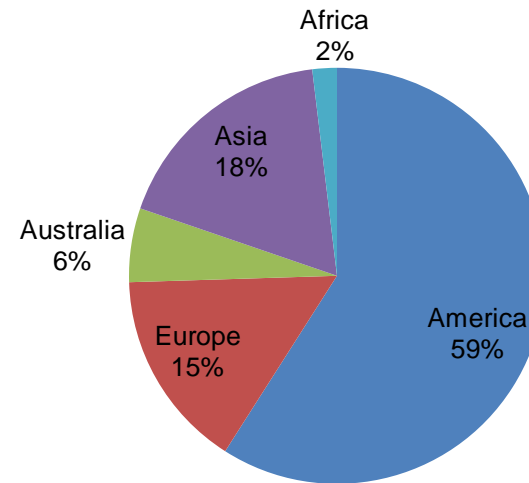


- Export Product Breakdown
  - Hard lines products accounted for 30%, the largest, of our exporting business.
- Geographical Breakdown
  - Shipment to America accounted for 59% of total shipment. Europe and Asia accounted for 15% and 18% respectively.

**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

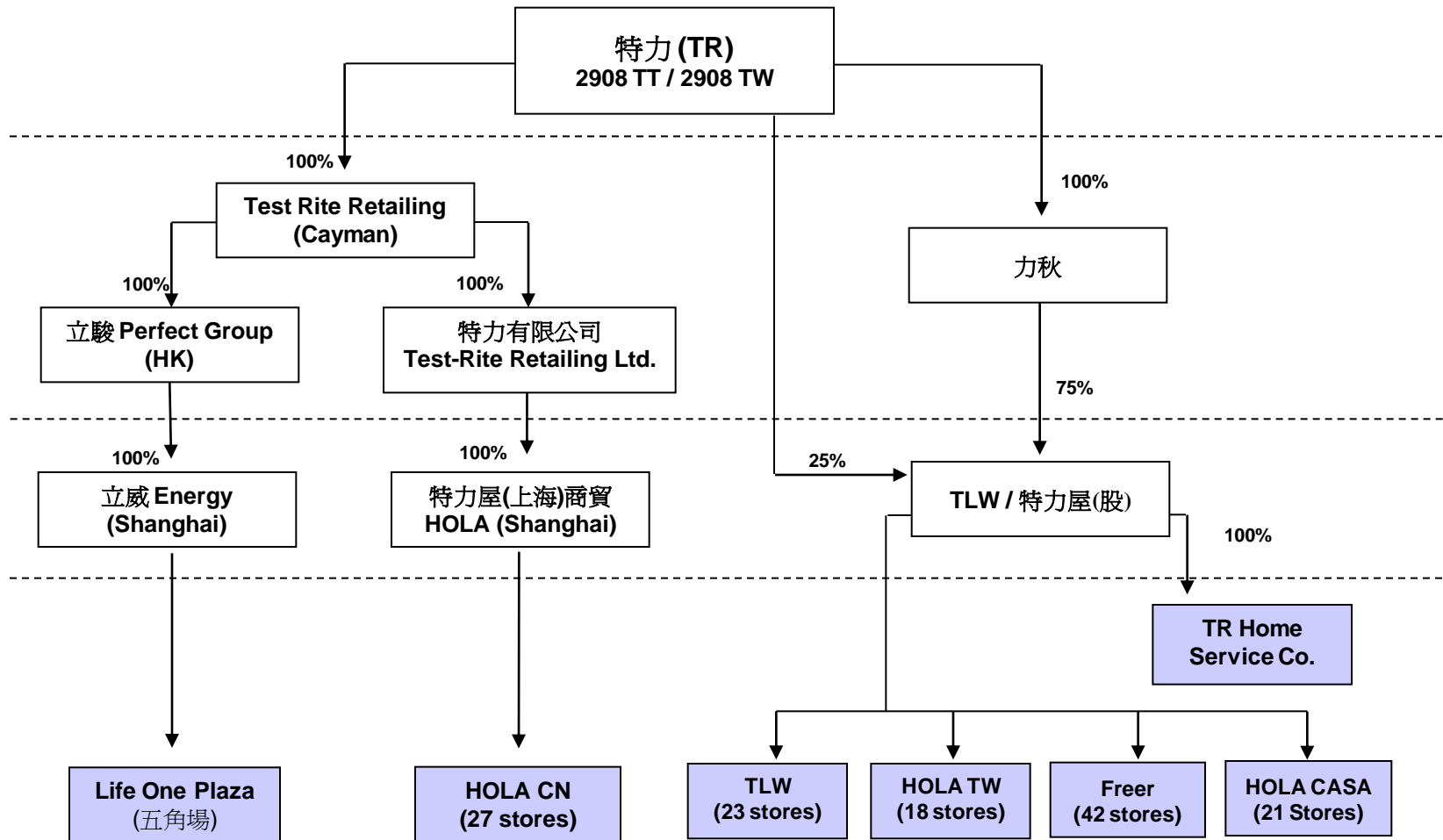


Affordable Indulgence

Value for Money



# Holding structure of TR Retail Group



Store # are as of Dec 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 HOMA 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 Oct-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 切入房屋裝修市場
- Transform into a Solution Service Company in the home improvement market 轉型提供房屋全面裝潢修繕及設計服務
- Open TLW Plus targeting neighborhood market. 特力屋宅修便利購拓展社區市場

## ■ HOLA 和樂

- 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. 和樂台灣開設店中店改善整體坪效，2011將持續拓展新店
- HOLA China – expand 4-5 stores in 2011 (2nd gen. store rollout) 和樂中國2011年計劃展店4-5家

## Trading/Retail Synergy

- TLW, HOLA, Freer, HOLA CASA, and HOLA China - integration in terms of merchandizing, marketing, store operations, FIN, HR & IT 整合貿易及零售集團



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

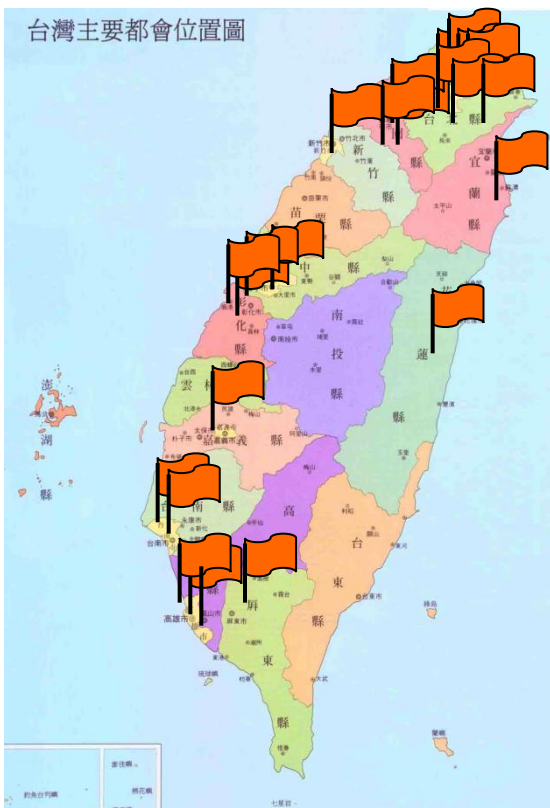
特力屋

Leading DIY player with  
~30% market share

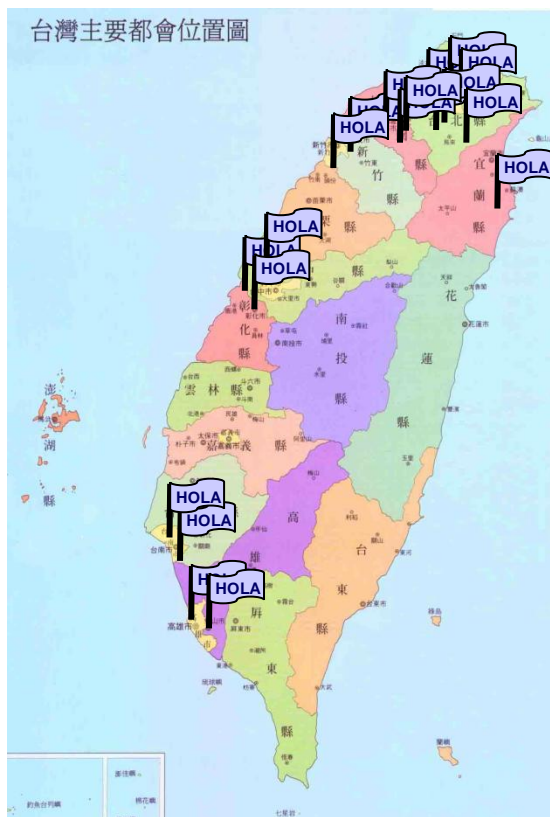


No. 1 home décor chain  
in Taiwan with 15 stores

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\$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

(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.

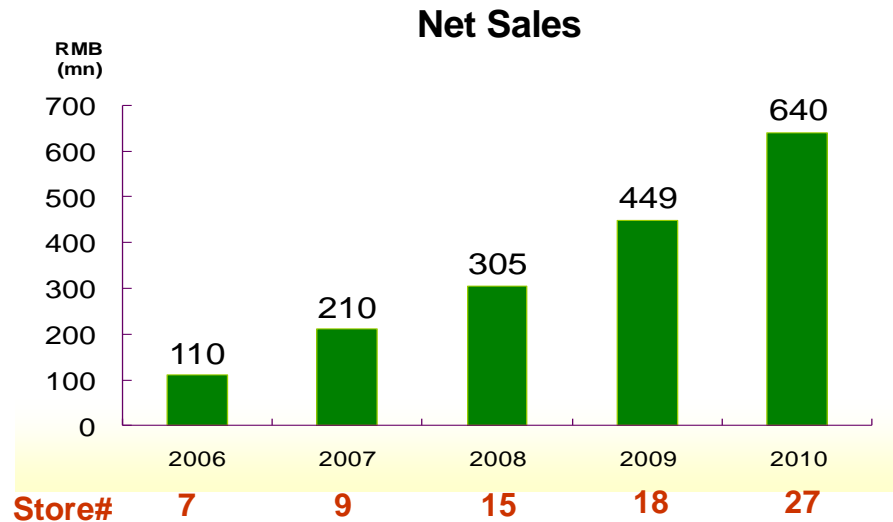


# HOLA China (Private – 100% held by Test-Rite)

**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 4-5 in 2011.
- Revenue for full year 2010 totaled RMB 640 mn, up 37.2% YoY. 1-3Q10 accumulated same store sales up 27% YoY.



\*2010 figures have not been audited.





## HOLA China Business Update



超大型家居生活館  
HOME FURNISHING STORE

- Revenue for 2010 totaled RMB 640 mn, up 37.2% YoY  
2010年營收達到人民幣6.4億元，較2009年約增加37.2%
- Revenue in 1-3Q10 totaled RMB 447 mn, up 41% YoY; 1-3Q accumulated same store sales up 27% YoY. Losses for 1-3Q10 reduced by 21% to NT\$ 190 mn.  
2010年第1到3季營收達人民幣4.47億元，較2009年同期約增加41%，累計同店營業額約增加27%。第1到3季累計損益為新台幣1.9億，較2009年減少21%。
- Already added 9 stores in Shanghai and Beijing in 2010; 4-5 additional stores planned for 2011; total number of stores targeted to reach 50-60 by end of 2014.  
2010年累計展店9家，2011年預計展店4-5家，目標2014達到50-60家實體通路
- 8 stores out of total 27 was profitable at store level by end of 3Q10; Hola China turn profitable on a monthly basis for the first time in Dec-09.  
截至2010年第3季，和樂中國27家通路已有8家達到店端損益兩平。和樂中國於2009年12月首次單月轉虧為盈



HOME

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

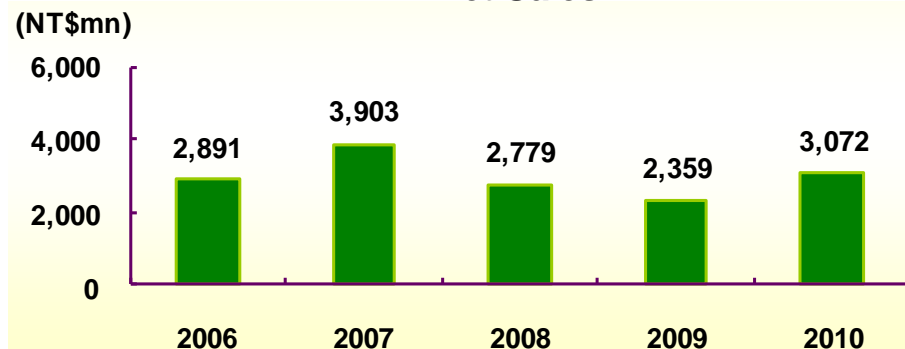
Test Rite Group 特力集團



## TLM 2010 Business Update

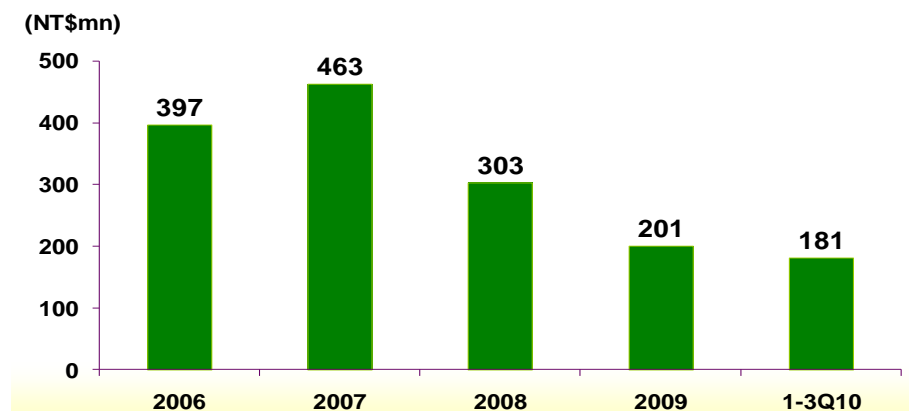
- **New sales orders**
  - ODM of lockset:
    - Miwa placed orders to TLM
  - OEM of bathroom wares:
    - KLUDI
- **TLM Production Capacity**
  - Taiwan:
    - Capacity 0.6 Million sets / month
    - Focus on production of Grade I & II Locksets
  - Philippines:
    - Capacity 1 Million sets / month
    - Focus on production of Grade III Locksets
- **R&D**
  - Possess over 160 patents
  - R&D Expenses account for 2% of Sales
- **Expansion Plan**
  - Expand production capacity in Philippines
  - Launched New Electroplating Factory in Philippines in 2008

### Net Sales



*\*2010 figures have not been audited.*

### Net Income





## 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 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!



Test Rite Group 特力集團