

Test Rite Group 特力集團

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- Beginning on January 1, 2013, the Company has adopted International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board and endorsed by ROC Financial Supervisory Commission (FSC). Reporting for our annual and interim consolidated financial statements follow Taiwan IFRS requirements, however, given that there exist material differences between Taiwan IFRS and generally accepted accounting principle in the Republic of China (ROC GAAP), selected comparison of financial results in 2013 may have material differences versus previously released financial information under ROC GAAP.

Test Rite Group CEO





Test Rite Group CEO Trading & Retail Sophia Tong



Founders of Test-Rite Group





Tony Ho, Group Chairman; Co Founder of Test-Rite Group. Tony played a critical role in Test-Rite's expansion into retail business and was instrumental in leading the company's IPO efforts. Tony recently completed the two-year Joint Executive MBA Program between Taiwan University and Fudan University. His graduation thesis was "How to pursue further growth by organization transformation-take large retail group for example."



Judy Lee, Chairwoman, Test-Rite Int'l (2908 TT/2908 TW); Co Founder of Test-Rite Group. Best known as the "Queen of Hardline", Judy is a seasoned veteran of the import/export trading business. With Judy at the helm, Test-Rite Trading consistently provides outstanding services to retail customers globally and has received multiple recognitions as "Best Partner/Supplier".

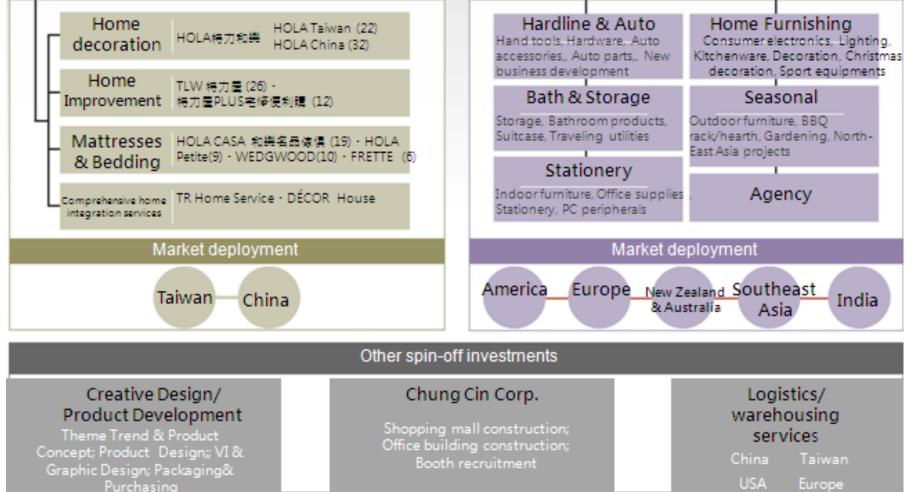
Group Structure



Test Rite Trading Business Group

(1H13 Shipment Value: NTD\$ 8.4 bn)

Test Rite Retail Business Group (1H13 Revenue: ~NTD\$ 10.3 bn)



Test Rite Group Target



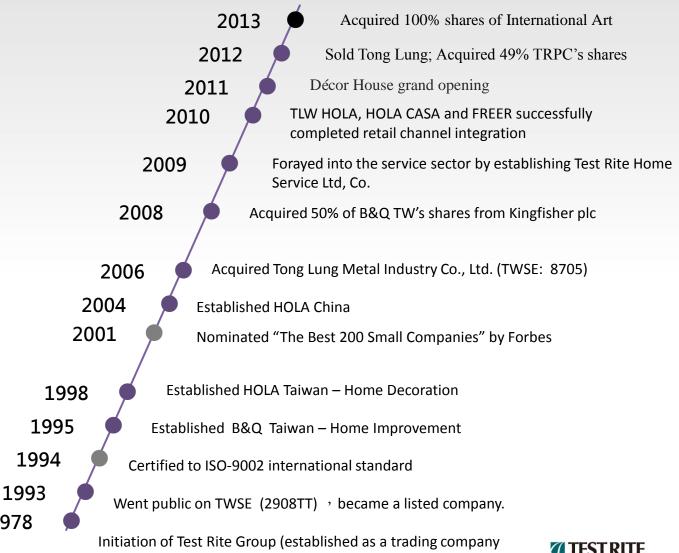




Milestones







that specialized in hand tool exports)



Since 2010...



Group

- Integrated trading and retail businesses
- Disposal of TLM
- Integrated SZ HQ office (with IA) and evaluated the old HQ building for rental or sold out
- Control led net debt ratio (approximately 70% at the end of 2012)

Trading business

- Focused on 7 key customers
- Expanded agency business (+5 customers since 4Q12)
- Established the funding platform to extend trading payment term from 30 days to 90 days
- Consolidated overseas offices: TR England(2010) and TR Mexico(2012-2013)
- Purchased 51% (control 100% currently) shares of TR USA
- Acquired 100% shares of International Art

Retail business

- Integrated TW retail 4 in 1
- Expanded retail TW into community and smaller formats
- Decreased HOLA China store spaces and expanded to the second and the third cities
- Revitalized HOLA TW brand

Establish TR Business Management System



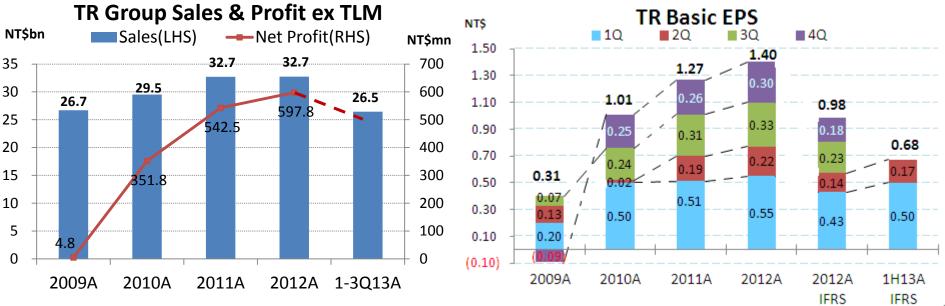


- Top Management Workshop 舉辦高階主管共識營
- External Think Tank 尋求外部顧問協助
- BLM Model and Business Strategy 引進經營領道模式
- Investment Plan and Budgeting Exercise 投資規劃與預算規劃
- Performance Metrics 績效指標管理
- Performance Planning & Management 績效計劃與管理
- GAP analysis 市場差異與機會分析

Consolidated Financial Highlights



- 12th consecutive YoY increase of quarterly net income and EPS on the same accounting basis.
- 2011 and 2012 consolidated sales back to 2007 level and consolidated net profit/ EPS exceeded pre financial crisis high of 2007.
- Consol. sales for continuing operations (excluding TLM's impact) was NT\$ 26.5 bn, +3.9% YoY for 1-3Q13 and net profit from recurring businesses was increased by 85.1% YoY to NT\$ 302.7 mn for 1H13.



TRADING SECTOR

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TEST RITE

Global Worldwide Network





- with local service 19 offices in 15 countries, 3 warehouses in China, Taiwan, and U.S.
- US warehouse provides logistics/ warehousing service to customers of principal trading.



Strategy of Trading Business

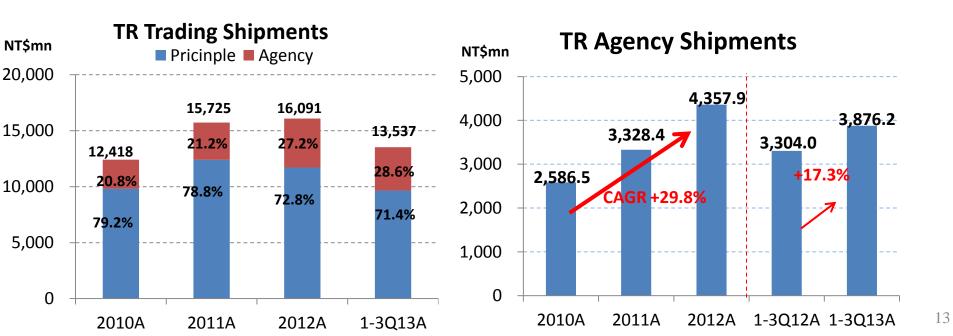


- Develop push program and private label through new product design development
- Focus on 7 key customers
- Expand agency business
- Potential M & A
- Integration
 - ASEAN and India resources office
 - SOP hub
 - Domestic sourcing team
 - Overseas operation

Trading Overview- 1-3Q13



- Principle trading shipments totaled NT\$ 9.7bn, +0.2% YoY for 1-3Q13 and accounted for71.4% of total shipments.
- Agency business shipments totaled NT\$ 3.9 bn, +17.3% YoY for 1-3Q13 and accounted for 28.6% of total shipments, commission revenue totaled NT\$ 178.3mn, +20.8% YoY.



Trading Growth Opportunities



- □ Leverage growth of recovery in U.S. consumer demand
- Continue focus on 7 key customers in principle trading



Continue agency business growth



- Seek for potential acquisition targets
- □ Grow brand licensing business

Trading Growth Opportunities-Brand licensing



Brand licensing opportunities for Greater China markets





Brand licensing opportunities for TW



Develop diversified product items of our brands and expand sales channels

Principal Trading Program



 COSTCO USA project-Motion sensor light



National Hardware Show



IA Products





HC 特力和樂 特力屋 特力屋 好 和樂名品傢俳 特力家居的 Petite 特力 RETAIL SECTOR 零售事業

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Taiwan Retail Business Strategy



■ TLW 特力屋

- Alternate DIY channel services (TLW Plus and TLW 好幫手)
- Open TLW Plus targeting neighborhood market

HOLA TW

- Open 1-2 stores per year
- Develop small HOLA stores "HOLA Petite" and target 15-20 stores in 2014
- Revitalize HOLA TW brand
- Develop private labels and private brands
- Driven by style and fashion
 - Establish Omni-channel development

TW Retail Business Coverage





Retail Business Omni- Channel



FB fans

- TLW 2013 target 80K fans and reached in Sept.
- HOLA have 54K fans so far at the end of Sept.
- QR code
 - detail information of products





TLW Business Update

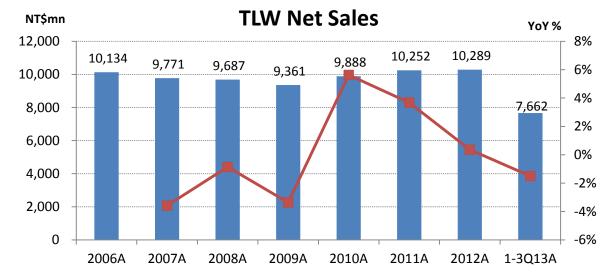


• Leading DIY player with ~30% market share and new business opportunities with TLW Plus and TLW 好幫手.

特力屋

•+1 store in Nantou in Sept.2012; +1 store in Jan. 2013 (Sanxia), and +1 store in Sept. 2013 (Taichung), totaled 26 stores in Sept. 2013.

•Revenue totaled NT\$2.5 bn, +4.7%YoY for 3Q13 and totaled NT\$7.7bn, -1.5%YoY for 1-3Q13.



Store Locations



| | 2006A | 2007A | 2008A | 2009A | 2010A | 2011A | 2012A | 1H12A | 1H13A |
|--------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Selling space(m ²) | 91,756 | 93,938 | 93,938 | 93,938 | 89,727 | 87,966 | 88,711 | 91,822 | 90,473 |
| Store # | 21 | 22 | 22 | 22 | 23 | 23 | 24 | 23 | 25 |
| Avg. sales per m²/NT\$K | 110.4 | 104.0 | 103.1 | 99.7 | 110.2 | 116.5 | 116.0 | 55.9 | 53.5 |

TLW Business Update





New business opportunities with smaller formats in the community TLW Plus and TLW

IF美容院

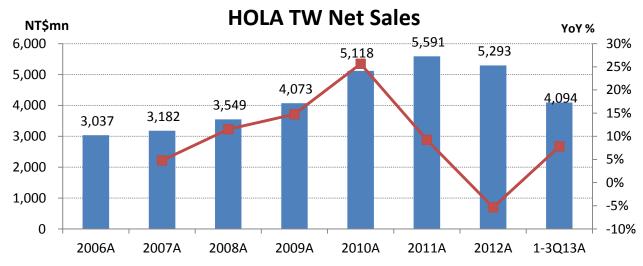


HOLA TW Business update

• No. 1 home décor chain in Taiwan with totaled 22 stores; open small HOLA stores named "HOLA Petite" totaled 9 stores.

•Add 1 store in 2012(Chiayi), and +1 store in Jan. 2013 (Sanxia).

•Revenue totaled NT\$1.4 bn, +14.4%YoY for 3Q13 and totaled NT\$4.1bn, +7.8%YoY for 1-3Q13.



*Sales and selling space include HOLA TW and HOLA small stores (HOLA CASA and HOLA Petite)

| | 2006A | 2007A | 2008A | 2009A | 2010A | 2011A | 2012A | 1H12A | 1H13A |
|---------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Selling space*(m ²) | 45,157 | 48,311 | 51,779 | 51,779 | 58,587 | 58,938 | 60,004 | 53,993 | 62,146 |
| Store # | 11 | 12 | 13 | 13 | 18 | 20 | 21 | 20 | 22 |
| Avg. sales per m²/NT\$K | 67.3 | 65.9 | 68.5 | 78.7 | 87.4 | 94.9 | 88.2 | 41.2 | 43.9 |



Store Locations

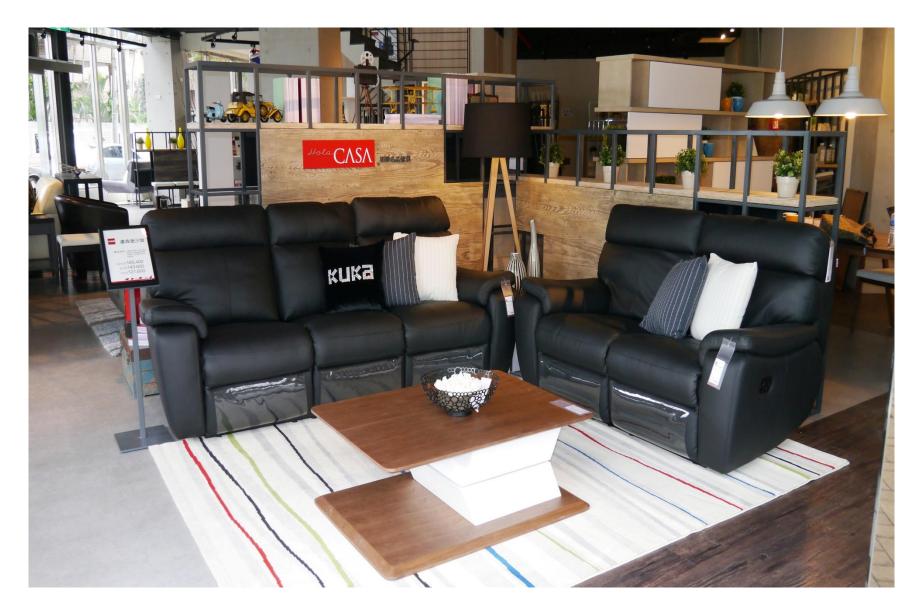


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和樂名品傢俱



HOLA CN Business Strategy

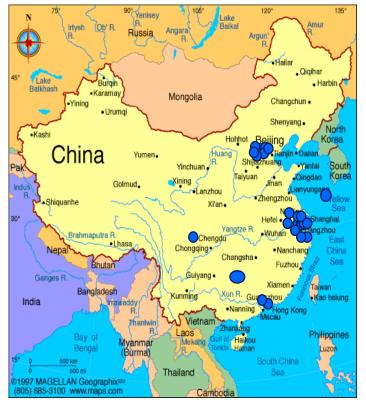


- Turn profitable: single quarter/ annual
 - HOLA CN loss less than NT\$100mn in 2013
- Plan to open 3 5 stores per year
- Leverage Taiwan product design
- Develop private labels and private brands, become a "Style Leader" as our target
- Adjust operation strategy
 - store location ` logistics ` smart retail ` Omni-channel
 - adjust store size and scale, target to set in shopping mall and department store
 - Upgrade our service
 - CRM ` people and consultative selling and accountable corporate culture

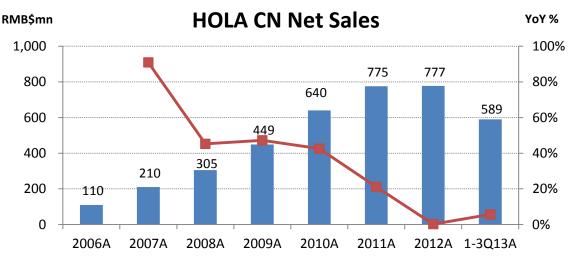
HOLA China – Business update



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



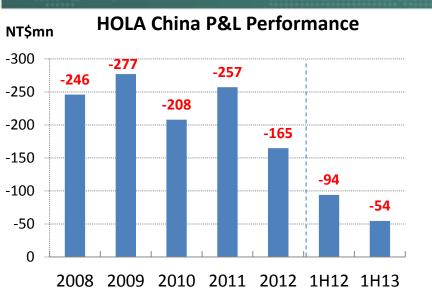
- Revenue totaled RMB\$ 190.2mn, +5.5% YoY for 3Q13 and totaled RMB\$ 589.5mn, +5.7% YoY for 1-3Q13.
- +1 store in Jan. 2013, and close 1 store in Shenzhen, and +1 store in Sept. 2013, totaled 32 stores at the end of Sept., also plans to +1 store in 4Q13,plan to open 3 stores in 2013.



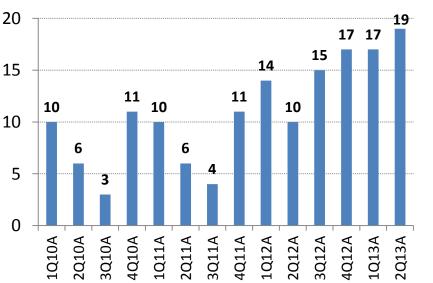
| (m²) | 2006A | 2007A | 2008A | 2009A | 2010A | 2011A | 2012A | 1H12A | 1H13A |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Selling space | 25,593 | 32,595 | 46,442 | 51,506 | 59,481 | 60,116 | 63,686 | 54,738 | 59,601 |
| Store # | 7 | 9 | 14 | 18 | 27 | 28 | 31 | 27 | 31 |
| Avg. sales per m ² /RMB\$K | 4.3 | 6.4 | 6.6 | 8.7 | 10.8 | 12.9 | 12.2 | 6.9 | 6.7 |

HOLA China business update





HOLA CN Breakeven store numbers



- Loss reduced by 26.2% YoY to net loss NT\$ 41.6mn for 2Q13 and loss reduced by 42.2% YoY to net loss NT\$ 54.4mn for 1H13.
- 19 out of 31 stores were at breakeven for 2Q13 and 18 stores were at store level breakeven for 1H13
- Same-store-sales, calculated for stores opened for more than one year, increased to 0.2% for 2Q13 and -0.2% for 1H13.
- Opened 1 store in Jan. 2013 in Shijiazhuang and closed 1 store in Shenzhen in 2Q13, then open 1 store in Sept. 2013 in Wuxi, totaled 32 stores at the end of Sept., also plan to open 1 store in 4Q13, and plan to add 3 stores in 2013.

HOLA China Product Layouts









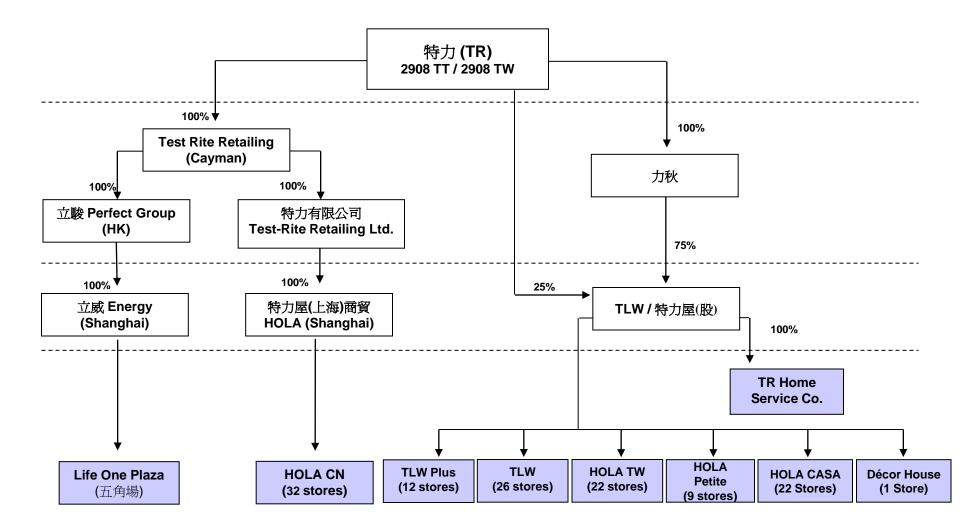
APPENDIX: RECENT FINANCIAL RESULTS



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Holding structure of TR Retail Group





Store # are as of Sept. 30th ,2013 Designate Retail Sales Channels

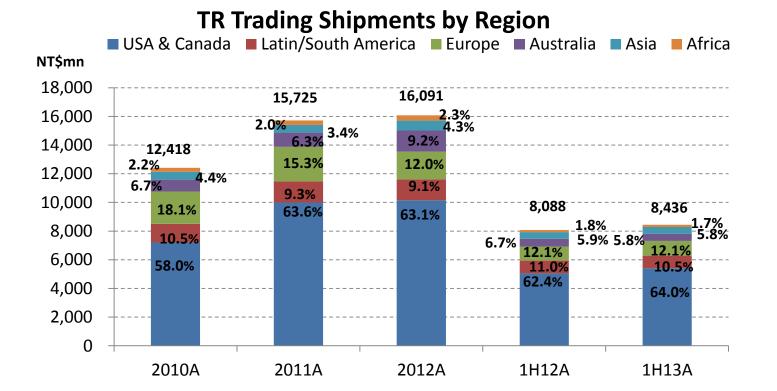
TLW (Formerly B&Q TW) made a tender offer of HOLA TW common shares in June 2009. TLW merged HOLA TW, Freer, and HOMY in Oct 2009. And the scheduled date of 4 in 1 merger is Dec. 31, 2009.

Trading Overview– 1H13



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- Trading consolidated shipments breakdown by region
 - America usually accounted for 65-75%, Europe around 10-15%, Asia and Australia around 5-10%.
 - Saw strong growth in America in 1Q13.
 - Europe market remain challenging, but we saw it showed slowly recovery recently.



Trading Overview– 1H13



- Principle trading shipments breakdown by products
 - Hard lines, house ware and seasonal are main product categories at 15-20% of total shipments each
- Agency business accounted for 25.8% of total shipments for 1H13.

| | | | | 00000 | | |
|-------------|---------------------|------------------|-------------|----------|--------|--------|
| NT\$mn Elec | trical 🛛 🔳 Hard lin | es 🛛 🔳 House war | e S.I.T. | Seasonal | Others | Agency |
| 18,000 | | | | | | |
| 10,000 | | 15,725 | 16,091 | | | |
| 16,000 + | | | 27.20/ | | | |
| 14.000 | | 21.2% | 27.2% | | | |
| 14,000 + | 12,418 | | | | | |
| 12,000 + | | 0.9% | | | | |
| 12,000 | 20.8% | 17.7% | 0.7% | | | |
| 10,000 + | 2. <mark>1%</mark> | | 19.2% | | | 8,436 |
| 0.000 | 19.8% | 5.5% | 5.2% | 8,088 | | 8,430 |
| 8,000 | | 21.7% | | 22.1% | | 25.8% |
| 6,000 + | 7.7% | | 18.1% | | 0.7% | 0.5% |
| 0,000 | 14.8% | | | 23.3% | 2 | 21.2% |
| 4,000 + | | - 22.5% | 17.9% | 6.7% | | 5.8% |
| 2.000 | 23.9% | | | 19.1% | | 16.2% |
| 2,000 + | 11.00/ | | 11 70/ | 17.8% | | 18.6% |
| 0 | 11.0% | 10.5% | 11.7% | 10.3% | 1 | 1.9% |
| 5 | 2010A | 2011A | 2012A | 1H12A | 1 | .H13A |
| | 20104 | 20117 | ZUIZA | 111124 | T | |

TR Trading Shipments by Categories



Test Rite Int'l Co., Ltd. (2908) Consolidated sales breakdown (IFRS Based)

| (NT\$ '000) | 3Q13A | 3Q12A | YoY% | 1-3Q13A | 1-3Q12A | YoY% |
|------------------------------|-----------|-----------|-------|------------|------------|-------|
| trading sales | 3,480,855 | 3,222,174 | 8.0% | 9,838,896 | 9,785,666 | 0.5% |
| Taiwan retail sales | 4,055,081 | 3,904,284 | 3.9% | 12,458,316 | 11,889,733 | 4.8% |
| HOLA China sales | 917,612 | 845,133 | 8.6% | 2,818,700 | 2,610,292 | 8.0% |
| Total retail sales | 4,972,693 | 4,749,417 | 4.7% | 15,277,016 | 14,500,025 | 5.4% |
| Other sales | 526,748 | 401,729 | 31.1% | 1,335,412 | 1,162,017 | 14.9% |
| Consolidated Sales | 8,980,296 | 8,783,237 | 2.2% | 26,451,323 | 27,437,400 | -3.6% |
| Consolidated Sales ex TLM | 8,980,296 | 8,373,319 | 7.2% | 26,451,323 | 25,447,708 | 3.9% |

#The tender offer for TR's 68.27% held subsidiary, Tong Lung Metal (8705 TT/8705 TW), was completed on August 15th, 2012. As a result, Test-Rite will continue to book 3Q12 revenue and earnings

Test Rite 2Q13/1H13 Financial Results



| Test Rite International Co., Ltd. (2908) – Consolidated (IFRS Based) | | | | | | | | | |
|--|-----------|-----------|---------|-----------|-----------|---------|--|--|--|
| Consolidated P&L for 2Q13 & 1H13 (IFRS Based) | | | | | | | | | |
| (NT\$mn) | 2Q13A | 2Q12A | YoY% | 1H13A | 1H12A | YoY% | | | |
| Turnover | 8,602.1 | 9,322.9 | -7.7% | 17,471.0 | 18,654.2 | -6.3% | | | |
| Gross profit | 2,565.1 | 2,660.6 | -3.6% | 5,142.1 | 5,316.9 | -3.3% | | | |
| Gross margin % | 29.8% | 28.5% | | 29.4% | 28.5% | | | | |
| Operating Expense | - 2,493.3 | - 2,455.2 | 1.6% | - 4,795.3 | - 4,861.3 | -1.4% | | | |
| Operating profit | 71.8 | 205.4 | -65.0% | 346.8 | 455.6 | -23.9% | | | |
| Operating margin % | 0.8% | 2.2% | | 2.0% | 2.4% | | | | |
| Non-operating income/loss | 7.3 | - 41.3 | N/A | 8.6 | 8.6 | 0.8% | | | |
| Pre-tax profit | 79.1 | 164.1 | -51.8% | 355.4 | 464.2 | -23.4% | | | |
| Net profit | 86.3 | 132.9 | -35.1% | 334.8 | 360.0 | -7.0% | | | |
| Other comprehensive income | -14.7 | 15.1 | N/A | 11.0 | - 9.0 | -222.2% | | | |
| Total net profit | 71.6 | 148.0 | -51.6% | 345.8 | 351.0 | -1.5% | | | |
| Net profit attribute to TRIC | 84.6 | 70.6 | 19.7% | 329.9 | 286.4 | 15.2% | | | |
| Recurring Net profit attribute to TRIC | 75.6 | 4.8 | 1473.1% | 302.7 | 163.5 | 85.1% | | | |
| Basic EPS(attributed to TRIC)(NT\$) | 0.17 | 0.14 | 21.4% | 0.68 | 0.57 | 19.3% | | | |
| Recurring Fully-diluted EPS(Aft-tax) | 0.14 | 0.01 | 1473.1% | 0.58 | 0.31 | 85.1% | | | |

Test Rite 2Q13/1H13 Financial Results



Test Rite International Co., Ltd. (2908) – Consolidated (IFRS Based)

B/S (Consolidated) 2Q13 and 2Q12

| (NT\$ mn) | 2Q13A | 2Q12A | YoY % |
|---------------------|----------|----------|--------|
| Cash & Equivalents | 1,519.5 | 1,268.6 | 19.8% |
| Current Assets | 10,468.8 | 11,289.2 | -7.3% |
| Net PP&E | 6,294.6 | 7,392.9 | -14.9% |
| L/T Investments | 124.2 | 159.6 | -22.2% |
| Total Assets | 22,081.8 | 25,959.2 | -14.9% |
| | | | |
| S/T Debts | 1,937.1 | 3,126.0 | -38.0% |
| Current Liability | 10,280.8 | 10,657.3 | -3.5% |
| L/T Debts | 4,777.7 | 6,722.9 | -28.9% |
| Total Liabilities | 15,613.3 | 18,274.7 | -14.6% |
| Shareholders | | | |
| Equities | 6,468.6 | 7,684.5 | -15.8% |
| | | | |
| Current Ratio (%) | 101.8% | 105.9% | |
| Net Debt/Equity (%) | 76.2% | 106.0% | |
| Total Liab/Assets | | | |
| (%) | 70.7% | 70.4% | |

| (NT\$ mn) | 1H13A | 1H12A | YoY% |
|----------------------|---------|-----------|--------|
| Operating CF | 537.3 | 1,131.7 | -52.5% |
| Investment CF | - 650.9 | - 517.5 | 25.8% |
| Financing CF | - 259.5 | - 1,438.7 | -82.0% |
| Net Cash Flow | - 362.2 | - 827.2 | -56.2% |
| Cash at beg. quarter | 1,881.7 | 2,095.8 | -10.2% |
| Cash at end quarter | 1,519.5 | 1,268.6 | 19.78% |

C/F (Consolidated) of 1H13 and 1H12



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