



家的大小事
一輩子都是特力的事!



Test Rite Group 特力集團

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- The information contained in this presentation, including all forward-looking statements, is subject to change without notice, whether as a result of new information, future events or otherwise, and Test-Rite Int'l Ltd. (the “Company”) undertakes no obligation to update or revise the information contained in this presentation.
- Actual results may differ materially from those expressed or implied in these forward-looking statements and no representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, nor is the information intended to be a complete statement of the Company, markets or developments referred to in this presentation.
- 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.

Key Management Team



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 and is currently working on his graduation thesis: “How to pursue further growth by organization transformation-take large retail group for example.”

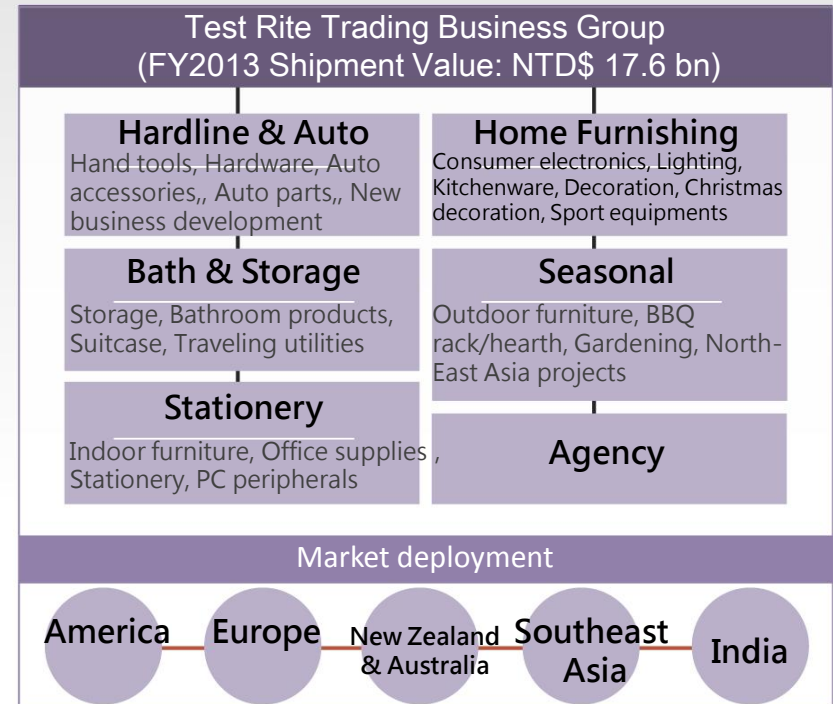
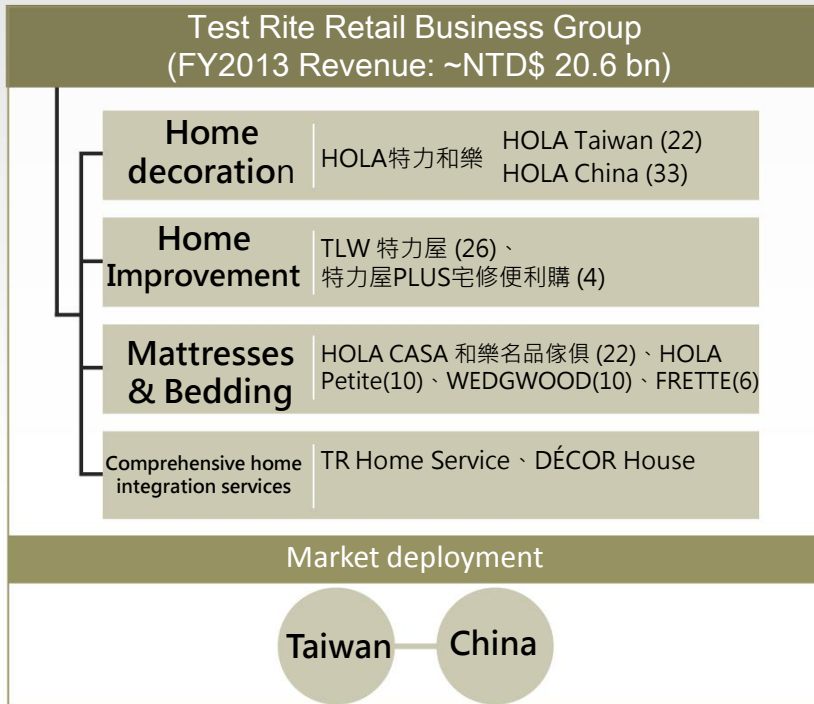


Judy Lee, Chairwoman, Test-Rite Int’l (2908 TT/2908 TW); Co Founder of Test-Rite Group. Best know as the “Queen of Hardline”, Judy is a seasoned veteran of the import/export trading business. With Judy at the helm, Test-Rite Trading consistently provides outstanding services to retail customers globally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



Sophia Tong, Group CEO. Sophia joined Test-Rite in March 2009 to lead both Trading and Retail businesses. Prior to Test-Rite Sophia was the General Manager of IBM Taiwan from 2006 to 2009 and the Director of China Banking Cluster for IBM Greater China Group. Sophia was previously with IBM for over 25 years.

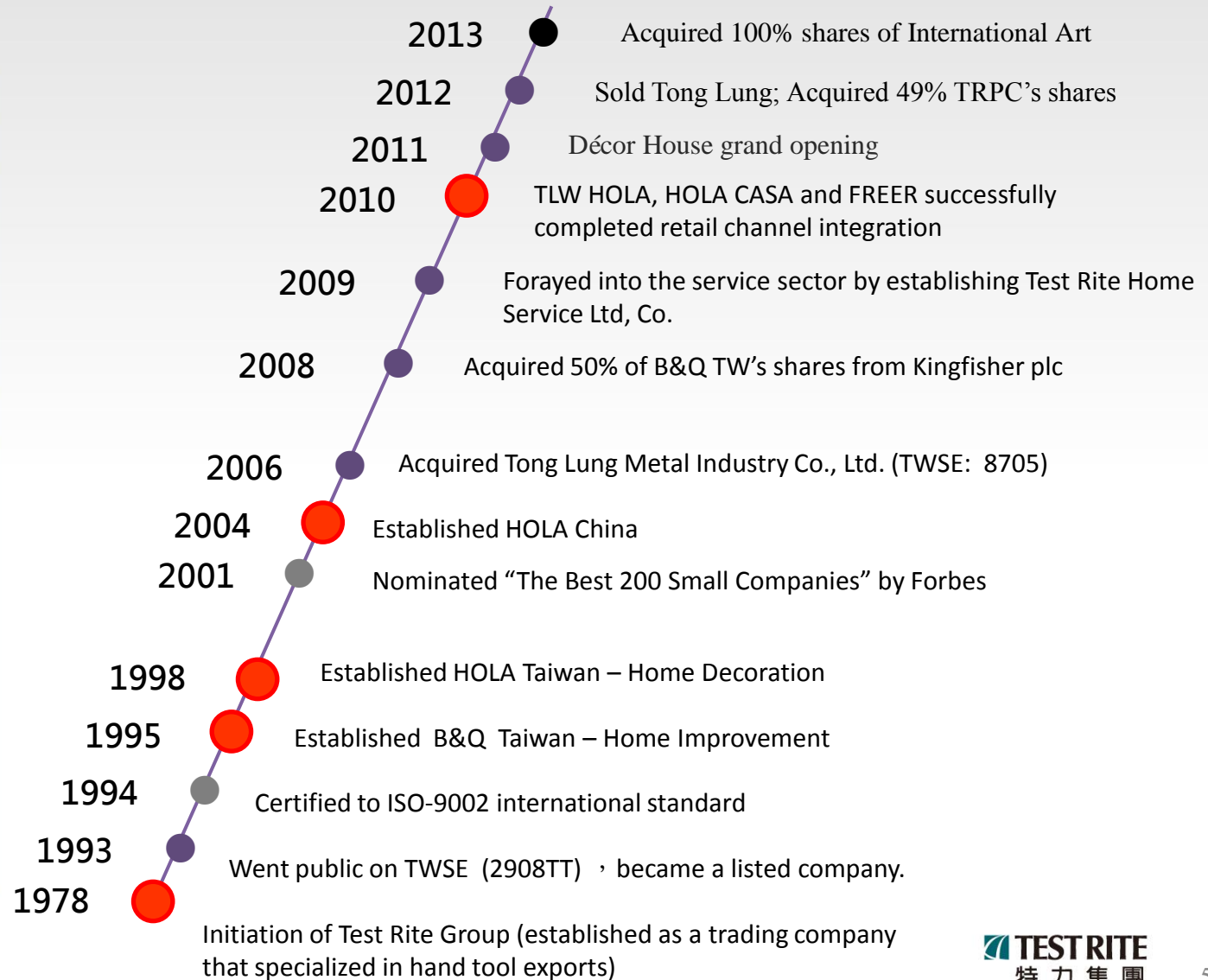
Group Structure



Test Rite Group Target



Milestones



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 net debt ratio (approximately 70% at the end of 2012)

Trading business

- Focused on key customers
- Expanded agency business (+5 customers since 4Q12)
- Established funding platform extend payment term from 30 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

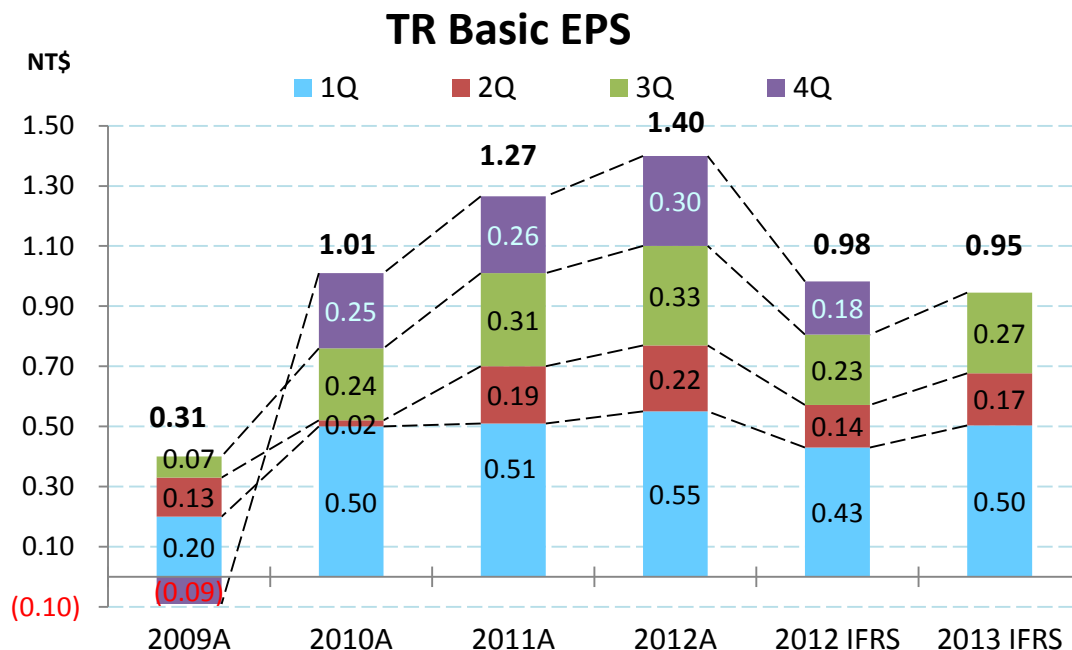
Retail business

- Integrated TW retail 4 in 1
- Expanded retail TW into communities and smaller store formats
- Downsized HOLA China store spaces and expanded to second and third tier cities
- Revitalized HOLA TW brand; launched bi annual seasonal themed products.

Financial Highlights 1-3Q13



- 13th 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 79.2% YoY to NT\$ 457.1 mn for 1-3Q13.

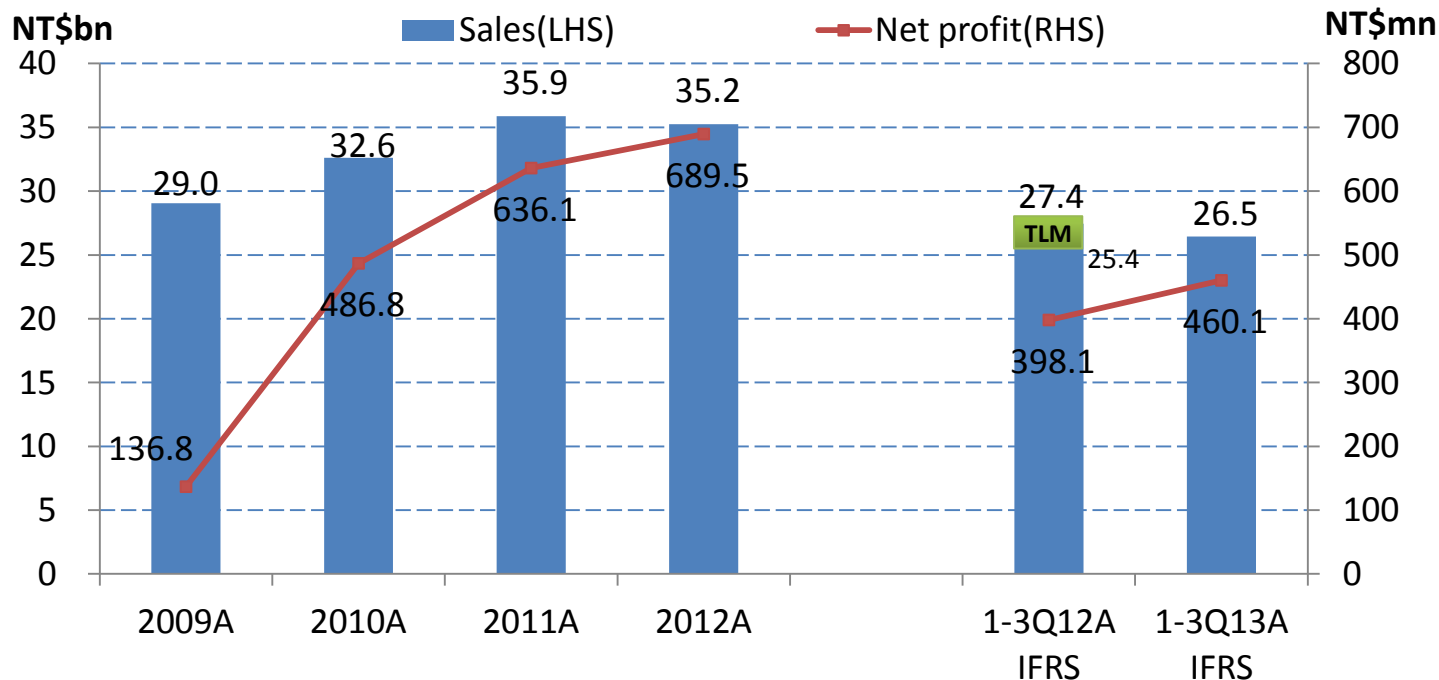


Financial Highlights 1-3Q13



- Consolidated sales was NT\$ 35.2 bn, flat for 2013, and NT\$26.5 bn, -3.6% YoY for 1-3Q13, which can be attributed to the Tong Lung Metal in August, 2012. Consolidated net profit was increased by 15.6% YoY to NT\$ 460.1 mn for 1-3Q13.
- Excluding TLM's contribution, sales for recurring TR Group business increased 3.9%, net profit increased 79.2%YoY in 1-3Q2013 to NT \$ 457.1 mn.

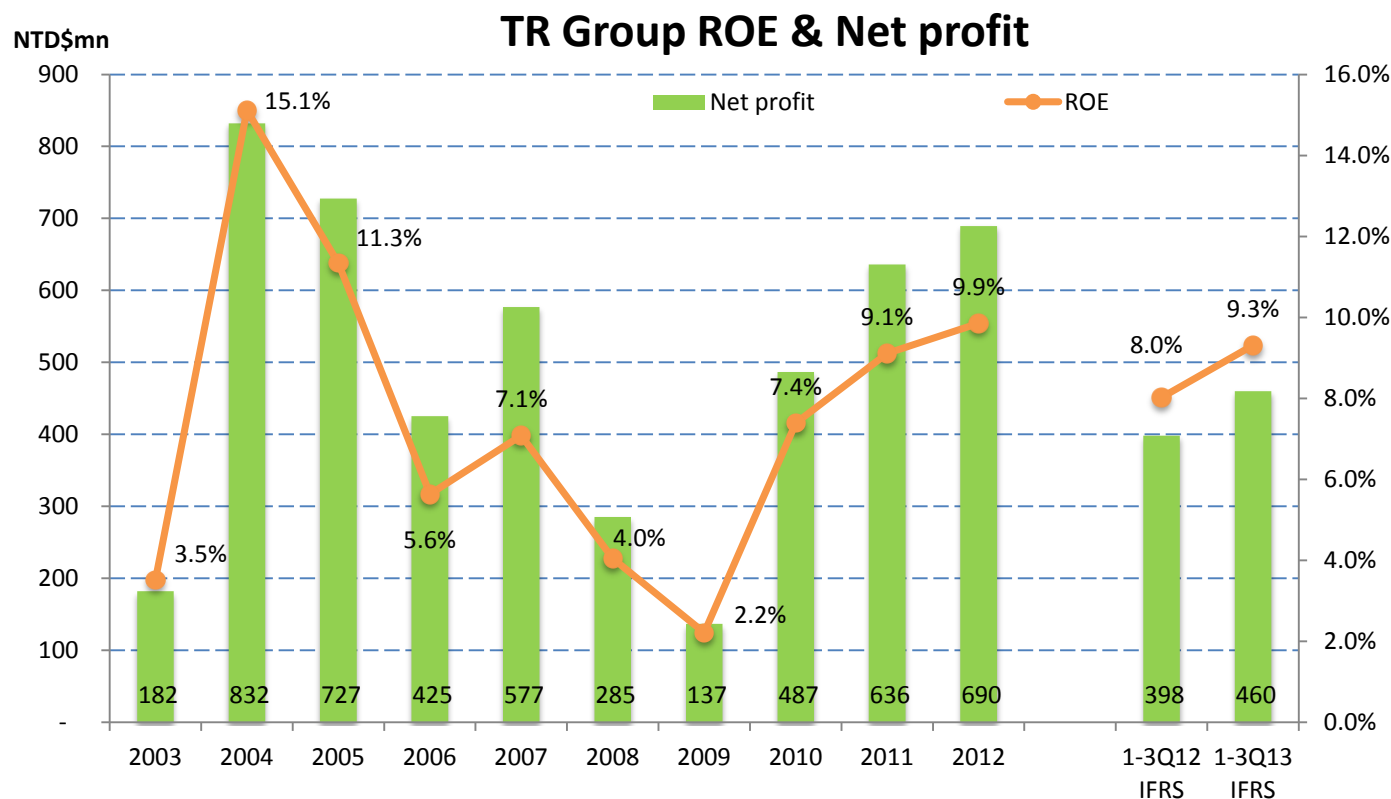
TR Group Sales & Profit



Financial Highlights 1-3Q13



- ROE continues to improve since 2009, mainly driven by higher revenue and lower working capital.
- The declined in working capital is the result of inventory control and payment extension in both trading (30 to 90 days) and retail (90 to 120 days).



*ROE is defined as Net income/Average shareholders equity; 1-3Q data is annualized.

4Q13 & FY2013 Consol. Revenue by BU



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

(NT\$ '000)	4Q13A	4Q12A	YoY%	FY2013A	FY2012A	YoY%
trading sales	2,792,203	2,365,304	18.0%	12,631,099	12,150,970	4.0%
Taiwan retail sales	4,209,582	4,025,941	4.6%	16,667,898	15,915,674	4.7%
HOLA China sales	1,077,296	1,023,559	5.3%	3,895,996	3,633,851	7.2%
Total retail sales	5,286,878	5,049,500	4.7%	20,563,894	19,549,525	5.2%
Other sales	673,460	399,939	68.4%	2,008,872	3,551,648	-43.4%
Consolidated Sales	8,752,541	7,814,743	12.0%	35,203,865	35,252,143	0%
Consolidated Sales ex TLM	8,752,541	7,814,743	12.0%	35,203,865	33,262,451	5.8%

#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

Consolidated Sales for Jan-Feb 2014



Consolidated Revenue (NT\$ '000)	2014	2013	YoY % chg
Accumulated trading sales	2,194,999	2,069,484	6.1%
Accumulated Taiwan retail sales	3,100,429	3,151,641	-1.6%
Accumulated HOLA China sales	731,995	730,514	0.2%
Accumulated total retail sales	3,832,424	3,882,155	-1.3%
Accumulated other sales	116,725	104,722	11.5%
Accumulated consolidated Sales	6,144,148	6,056,361	1.4%

Revenue (NT\$ '000)	2014	2013	YoY % chg
Accumulated shipments- Principal trading	2,158,985	2,034,018	6.1%
Accumulated shipments- Agency	791,280	759,255	4.2%
Accumulated shipments	2,950,265	2,793,273	5.6%

Accumulated commission revenue	36,014	35,466	1.5%
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- Accumulated sales totaled NT\$ 6.1 bn, up 1.4% YoY.
- Accumulated sales for trading business totaled NT\$ 2.19 bn, up 6.1% YoY, while accumulated shipments totaled NT\$ 2.95 bn, up 5.6% YoY during the period. Accumulated commission revenue accounted for 1.6% of sales. Accumulated shipments of our agency business totaled NT\$ 791 mn, up 4.2% YoY and accounted for 26.8% of total shipments.
- Total retail revenue was NT\$ 3.8 bn, down 1.3% YoY. Accumulated sales for Taiwan retail totaled NT\$ 3.1 bn, down 1.6% YoY, and for HOLA China totaled NT\$ 732 mn (RMB\$ 147mn), up 0.2% YoY.

2014 Guidance



- Trading Business
 - Expect total shipment to see 15~20% growth

- TW Retail Business
 - Expect sales growth of 3~7%
 - Plan to open 2~4 new TLW and HOLA stores respectively

- HOLA China
 - Expect sales growth of 10~15%
 - Target breakeven in 2014
 - Plan to open 6~8 new stores



TRADING SECTOR

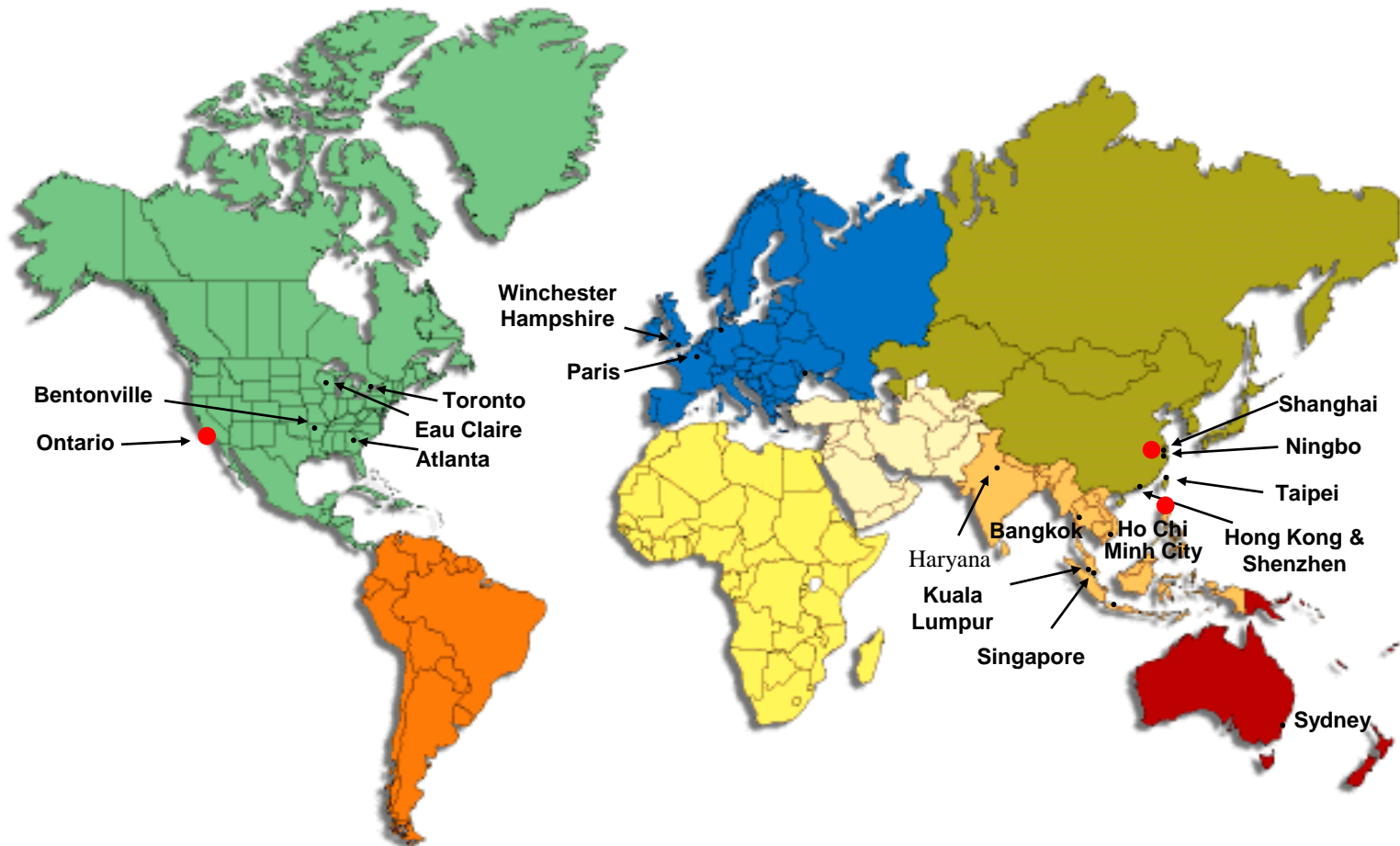


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Global Worldwide Network



- 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



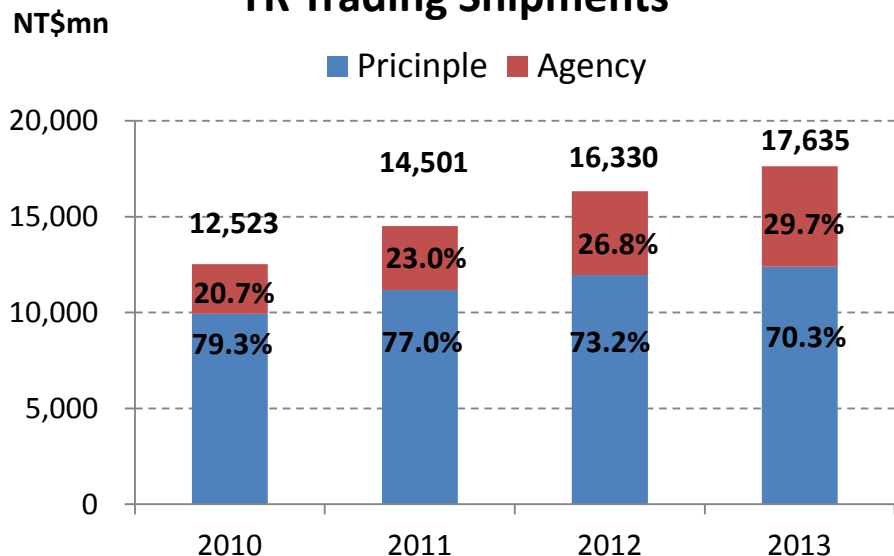
- Develop push program and private label through new product design development
- Focus on key customers
- Expand agency business
- Potential M & A
- Integration
 - ASEAN and India resources office
 - SOP hub
 - Domestic sourcing team
 - Overseas operation

Trading Overview – FY2013

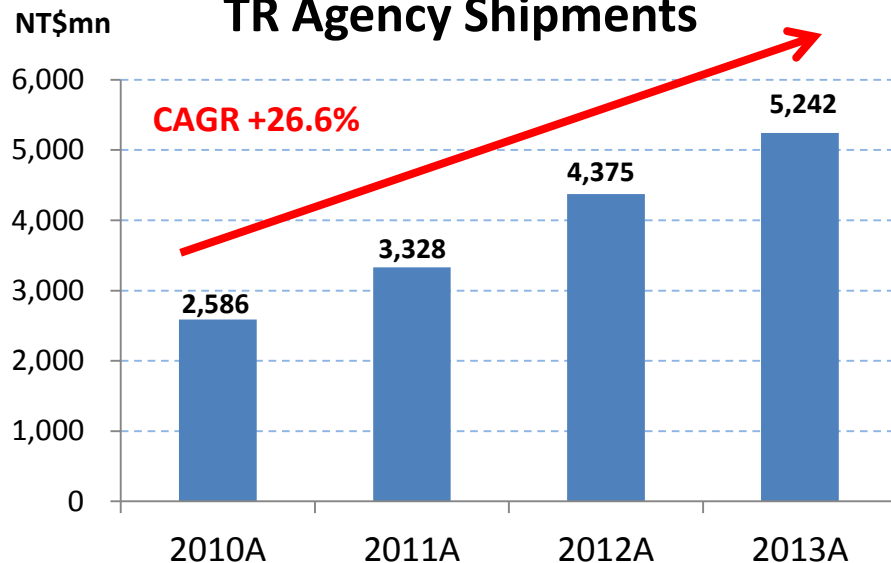


- Principle trading shipments totaled NT\$ 12.4bn, +3.4% YoY for 2013 and accounted for 70.3% of total shipments.
- Agency business shipments totaled NT\$ 5.2 bn, +19.8% YoY for 2013 and accounted for 29.7% of total shipments.
- Commission revenue total NT\$ 238.5mn, +21.9% YoY, and accounted for 1.9% of trading's revenue.

TR Trading Shipments



TR Agency Shipments

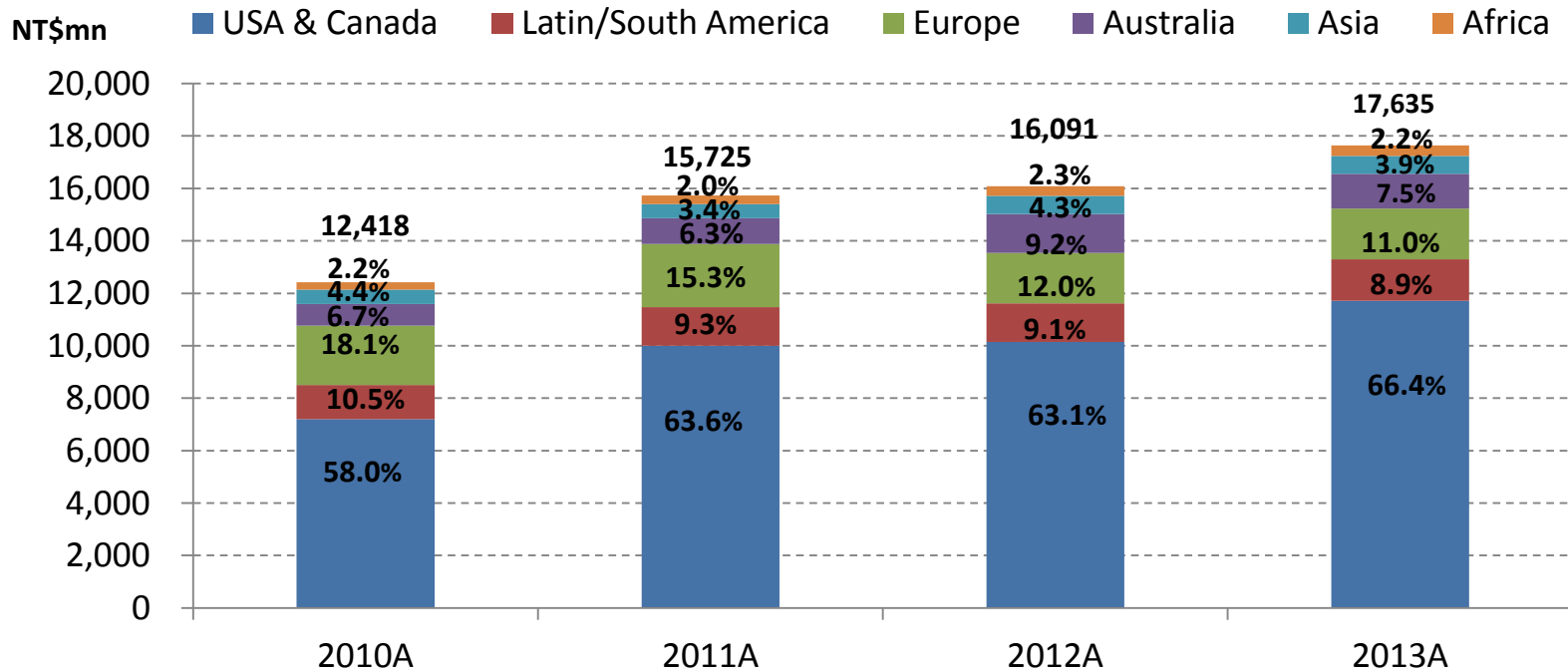


Trading Overview– FY2013



- Trading consolidated shipments breakdown by region
 - America usually accounted for 55-75%, 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.

TR Trading Shipments by Region

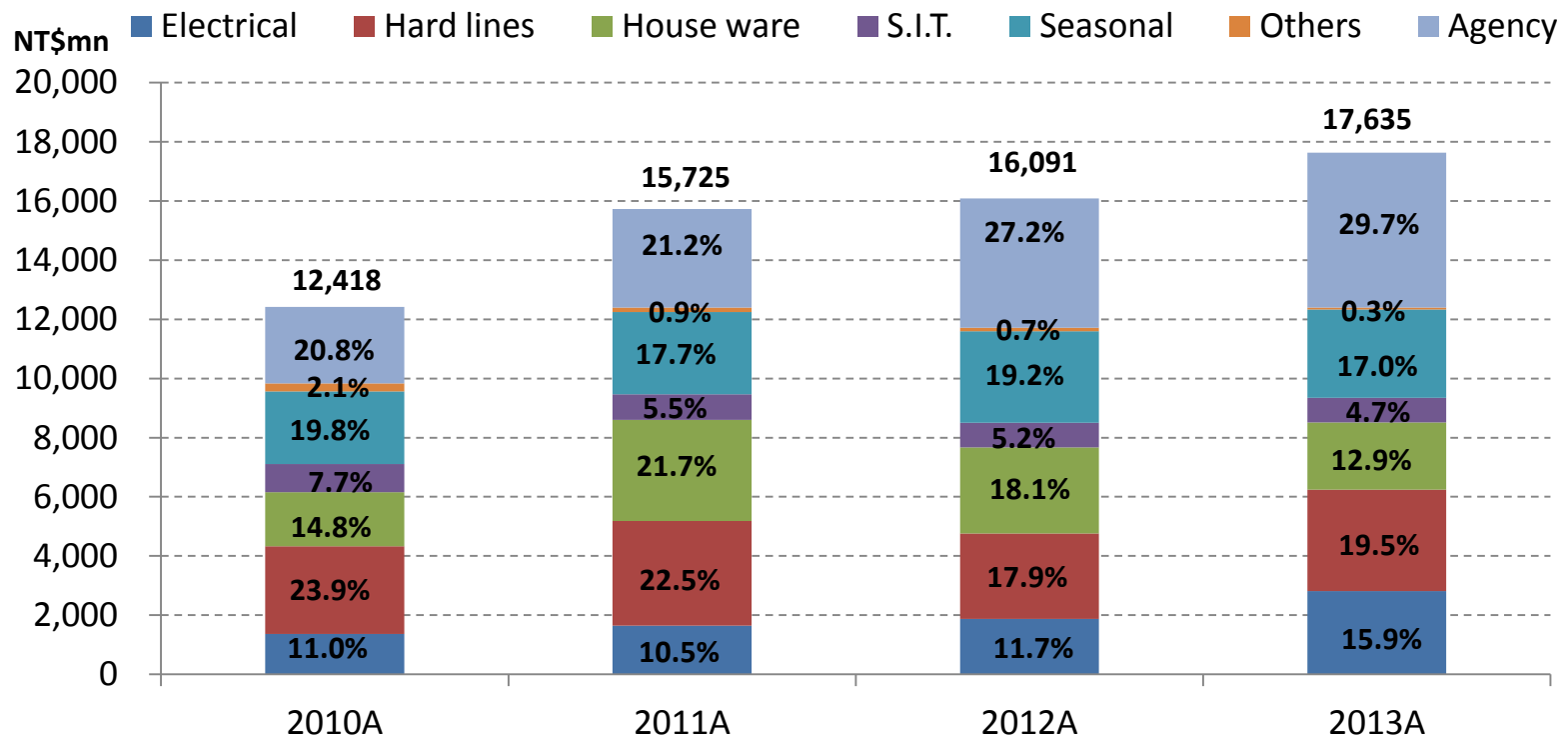


Trading Overview– FY2013



- 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 29.7% of total shipments for FY2013.

TR Trading Shipments by Categories



Trading Growth Opportunities



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



- ❑ Continue agency business' growth momentum



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

Trading Growth Opportunities- Brand licensing



- Brand licensing partners for Greater China markets

L A Z BOY
FURNITURE GALLERIES®

U
umbra
www.umbra.com

- Brand licensing partners for TW

FRETTE

BISSELL®

StanleyBlack&Decker

seventh
GENERATION

Joseph
Joseph

Joyoung 九陽

OXO
GOOD GRIPS

WEDGWOOD
ENGLAND 1799
LONDON

- Develop diversified product items of our brands and expand sales channels

Principal Trading Programs



- COSTCO USA project-
Motion sensor light



- National Hardware Show



Seasonal/Houseware Products





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 platform

TW Retail Business Coverage



Retail TW Business update



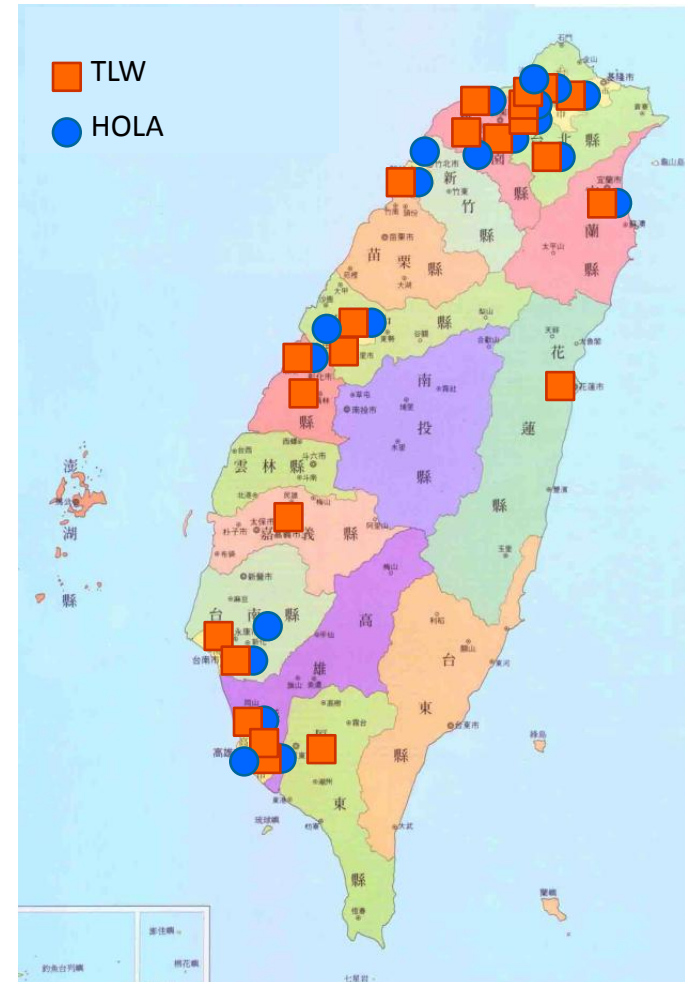
TLW :

- Leading DIY player with ~30% market share and new business opportunities with TLW Plus and TLW 好幫手.
- +1 store in Nantou in Sept.2012; +1 store in Jan. 2013 (Sanxia), and +1 store in Sept. 2013 (Taichung), totaled 26 stores in Dec. 2013.
- Revenue totaled NT\$2.5 bn, +1.8%YoY for 4Q13 and totaled NT\$10.1 bn, -1.6%YoY for FY2013.

HOLA TW :

- No. 1 home décor chain in Taiwan with totaled 22 stores; open small HOLA stores named “ HOLA Petite” totaled 10 stores.
- Add 1 store in 2012 (Chiayi), and +1 store in Jan. 2013 (Sanxia).
- Revenue totaled NT\$1.5 bn, +2.7%YoY for 4Q13 and totaled NT\$5.6bn, +6.3%YoY for FY2013.
- P/L as a % of sales increase by 10 ppt in 2013.

Store Locations



Retail TW Business update



Store #	2006A	2007A	2008A	2009A	2010A	2011A	2012A	2013A
TLW	21	22	22	22	23	23	24	26
HOLA TW	11	12	13	13	18	20	21	22
Total	32	34	35	35	41	43	45	48

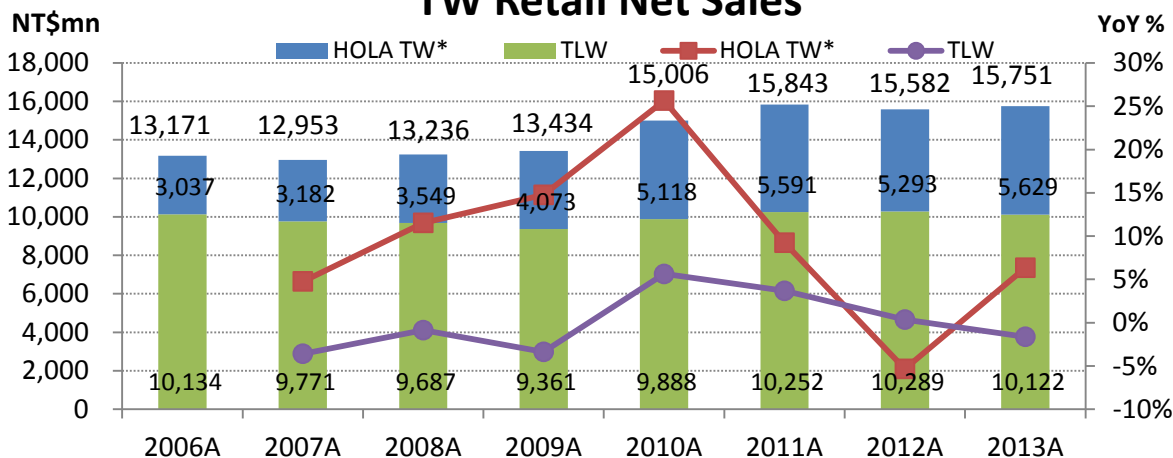
Selling space(m ²)	2006A	2007A	2008A	2009A	2010A	2011A	2012A	2013A
TLW	91,756	93,938	93,938	93,938	89,727	87,966	88,711	92,060
HOLA TW	36,919	40,073	43,541	43,541	50,349	53,995	51,780	53,117
Total	128,675	134,011	137,479	137,479	140,076	141,961	140,491	145,177

Avg. selling space(m ²)	2006A	2007A	2008A	2009A	2010A	2011A	2012A	2013A
TLW	4,369.3	4,269.9	4,269.9	4,269.9	3,901.2	3,824.6	3,696.3	3,540.8
HOLA TW	3,356.3	3,339.4	3,349.3	3,349.3	2,797.2	2,699.8	2,465.7	2,414.4
Total	4,021.1	3,941.5	3,928.0	3,928.0	3,416.5	3,301.4	3,122.0	3,024.5

•TLW Revenue totaled NT\$2.5 bn, +1.8%YoY for 4Q13 and totaled NT\$10.1 bn, -1.6%YoY for FY2013.

• Hola Taiwan revenue totaled NT\$1.5 bn, +2.7%YoY for 4Q13 and totaled NT\$5.6bn, +6.3%YoY for FY2013.

TW Retail Net Sales



*Sales includes HOLA TW and HOLA small stores (HOLA CASA and HOLA Petite)

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



New business opportunities with smaller formats in the community TLW Plus/TLW 好幫手/特力幸福家





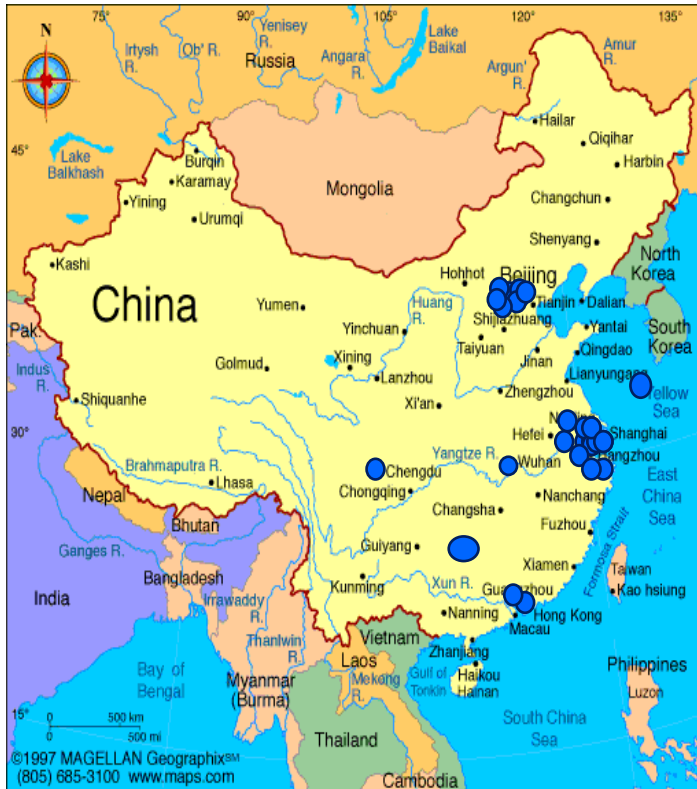
HOLA CN Business Strategy



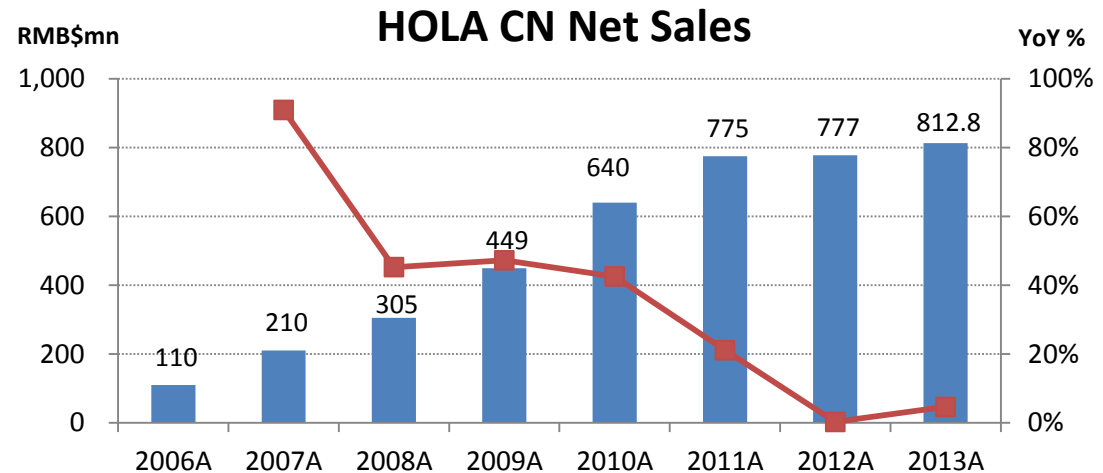
- Turn profitable: single quarter/ annual
 - HOLA CN loss less than NT\$100mn in 2013 (1-3Q13 loss of NT\$ 78.7 mn)
- Plan to open 6 – 8 stores in 2014
- Leverage Taiwan product design
- Develop private labels and private brands, become a “Style Leader” as our target
- Adjust operation strategy
 - store 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



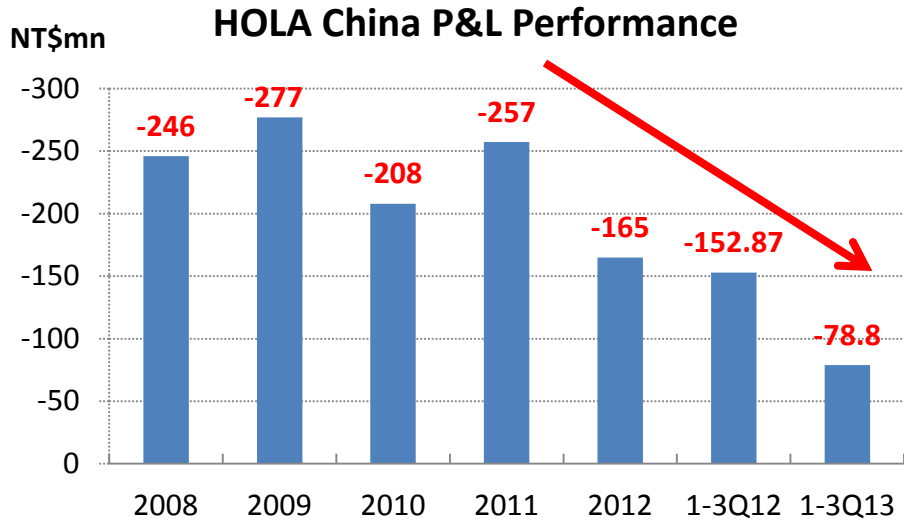
HOLA China (Private – 100% held by Test-Rite)



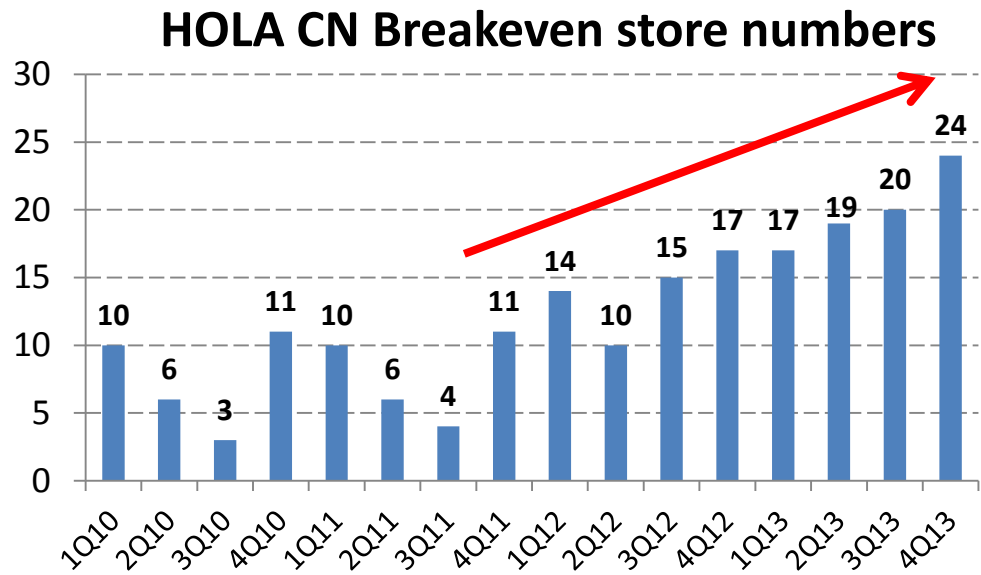
- Revenue totaled RMB\$ 223.4mn, +1.9% YoY for 4Q13 and totaled RMB\$ 812.8mn, +4.6% YoY for FY2013.
- +1 store, respectively, in January, September, and December. Close 1 store in Shenzhen in 2Q13, totaled 33 stores at the end of 2013, also plan to open +6~8 stores in 2014.



(m ²)	2006A	2007A	2008A	2009A	2010A	2011A	2012A	2013A
Selling space	25,593	32,595	46,442	51,506	59,481	60,116	63,686	62,848
Store #	7	9	14	18	27	28	31	33
Avg. sales per m ² /RMB\$K	4.3	6.4	6.6	8.7	10.8	12.9	12.2	12.9



- Loss reduced by 64.7% YoY to net loss NT\$ 24.4mn for 3Q13 and loss reduced by 48.4% YoY to net loss NT\$ 78.8mn for 1-3Q13.
- 24 and 23 out of 33 stores were at breakeven for 4Q13 and FY2013
- Same-store-sales, calculated for stores opened for more than one year, increased to -1.3% for 4Q13 and 1.2% for FY2013.
- Opened one Shijiazhuang store in Jan., one Wuxi store in Sep., and one Wuhan store in Dec. ,2013. Closed 1 store in Shenzhen in 2Q13, totaled 33 stores at the end of 2013.



HOLA China Product Layouts





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Q & A



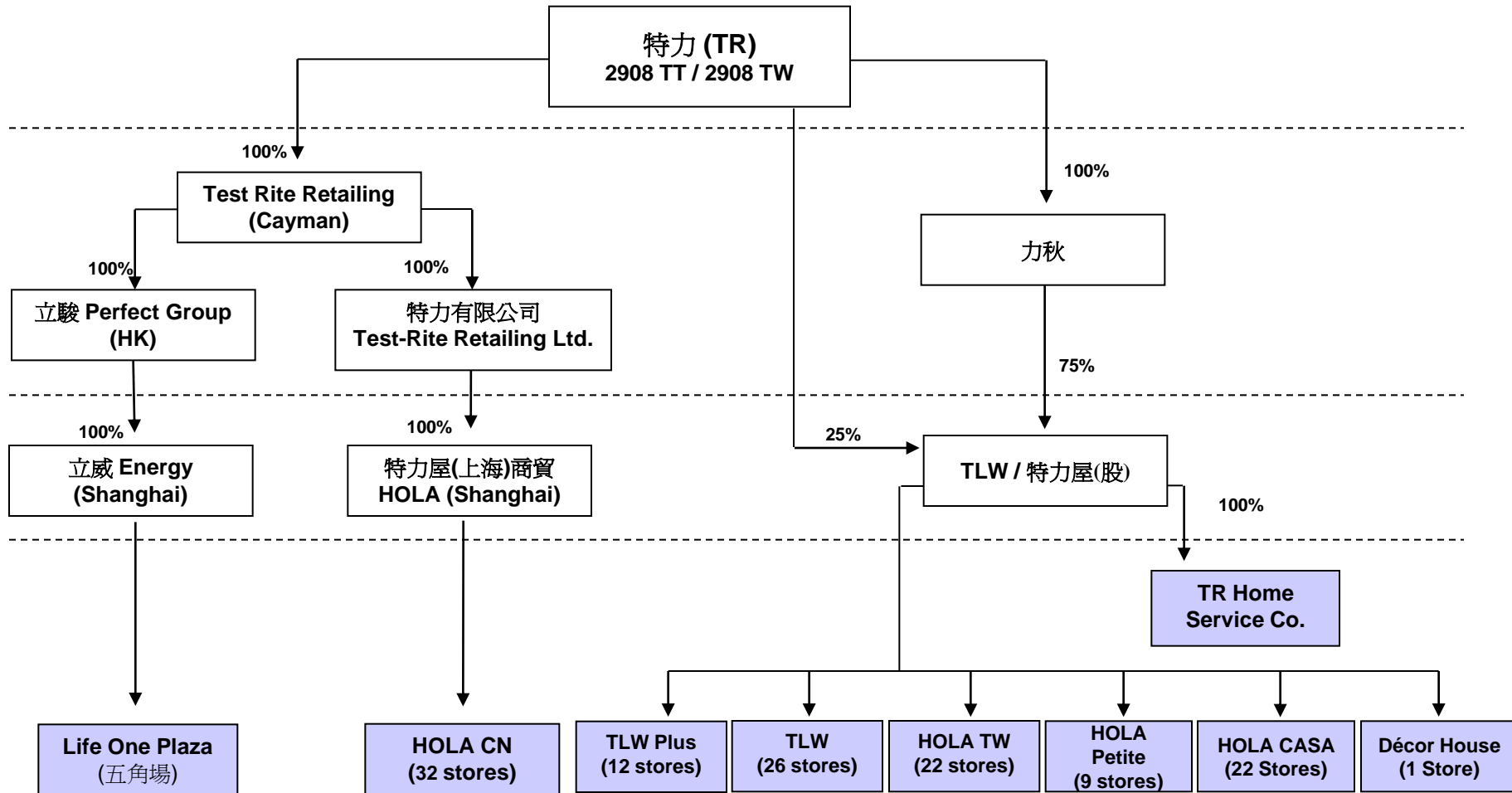


**APPENDIX:
RECENT FINANCIAL RESULTS**



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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.

Test Rite 3Q13/1-3Q13 Financial Results



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

Consolidated P&L for 3Q13 & 1-3Q13 (IFRS Based)

(NT\$m)	3Q13A	3Q12A	YoY%	1-3Q13A	1-3Q12A	YoY%
Turnover	8,980.3	8,783.2	2.2%	26,451.3	27,437.4	-3.6%
Gross profit	2,701.4	2,645.8	2.1%	7,843.5	7,962.7	-1.5%
Gross margin %	30.1%	30.1%		29.7%	29.0%	
Operating Expense	-2,524.8	-2,456.5	2.8%	-7,320.1	-7,317.8	0.0%
Operating profit	176.6	189.3	-6.7%	523.4	644.9	-18.8%
Operating margin %	2.0%	2.2%		2.0%	2.4%	
Non-operating income/loss	-23.2	-14.7	57.9%	-14.5	-6.1	138.1%
Pre-tax profit	153.5	174.6	-12.1%	508.9	638.8	-20.3%
Net profit	129.9	136.9	-5.1%	464.6	496.9	-6.5%
Other comprehensive income	-4.4	-8.0	-45.0%	6.6	-17.1	-138.6%
Total net profit	125.5	128.9	-2.7%	471.2	479.8	-1.8%
Net profit attribute to TRIC	130.2	111.7	16.6%	460.1	398.1	15.6%
Recurring Net profit attribute to TRIC	154.2	90.0	71.4%	457.1	255.1	79.2%
Basic EPS(attributed to TRIC)(NT\$)	0.27	0.23	17.1%	0.95	0.80	18.9%
Recurring Fully-diluted EPS(Aft-tax)	0.30	0.17	71.4%	0.88	0.49	79.2%

* Recurring net profit exclude FOREX, one time charges, and earnings contribution from TLM. Total profit exclude in 1-3Q13 and 1-3Q12 was NT\$ 3.1mn and NT\$ 143mn, respectively.

Test Rite 3Q13/1-3Q13 Financial Results (exclude TLM)



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

Consolidated P&L for 3Q13 & 1-3Q13 (IFRS Based)

(NT\$m)	3Q13A	3Q12A	YoY%	1-3Q13A	1-3Q12A	YoY%
Turnover	8,980.3	8,373.3	7.2%	26,451.3	25,447.7	3.9%
Gross profit	2,701.4	2,546.1	6.1%	7,843.5	7,551.8	3.9%
Gross margin %	30.1%	30.5%		29.7%	29.8%	
Operating Expense	-2,524.8	-2,394.6	5.4%	-7,320.1	-7,064.8	3.6%
Operating profit	176.6	151.5	16.6%	523.4	487.0	7.5%
Operating margin %	2.0%	1.8%		2.0%	1.9%	
Non-operating income/loss	-23.2	-12.4	86.9%	-14.5	-17.0	-14.4%
Pre-tax profit	153.5	139.1	10.4%	508.9	470.0	8.3%
Net profit	129.9	110.8	17.2%	464.6	354.7	31.0%
Other comprehensive income	-4.4	-8.0	-45.0%	6.6	-17.1	-138.6%
Total net profit	125.5	102.8	22.1%	471.2	337.6	39.6%
Net profit attribute to TRIC	130.2	100.5	29.6%	460.1	307.7	49.6%
Recurring Net profit attribute to TRIC	154.2	90.0	71.4%	457.1	255.1	79.2%
Basic EPS(attributed to TRIC)(NT\$)	0.27	0.21	30.2%	0.95	0.62	53.9%
Recurring Fully-diluted EPS(Aft-tax)	0.30	0.17	71.4%	0.88	0.49	79.2%

* Recurring net profit exclude FOREX, one time charges, and earnings contribution from TLM. Total profit exclude in 1-3Q13 and 1-3Q12 was NT\$ 3.1mn and NT\$ 143mn, respectively.

Test Rite 3Q13 Balance Sheet



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

Consolidated Balance Sheet for 3Q13 (IFRS Based)

(NT\$m)	3Q13A	3Q12A		3Q13A	3Q12A
Total cash and cash equivalents	1,550.9	1,607.4	Short-term borrowings	1,919.2	2,126.5
Total current financial assets at fair value through profit or loss	277.4	299.1	Short-term notes and bills payable	50.0	-
Current bond investment without active market, net	162.6	-	Current financial liabilities at fair value through profit or loss	0.2	-
Accounts & Notes Receivable	3,021.5	2,961.1	Accounts and Notes Payable	5,024.9	3,762.4
Other Receivable	795.2	567.0	Other Payable	1,914.7	1,824.1
Total inventories	4,370.7	4,543.5	Current tax liabilities	61.1	195.8
Total prepayments	583.8	645.4	Total current provisions	20.3	18.0
Other current financial assets	0.3	0.6	Total advance receipts	806.3	858.7
Other Current Assets	64.0	347.5	Total long-term liabilities, current portion	200.0	100.0
			Other Current Liability	314.7	249.7
Total current assets	10,826.2	10,971.6	Total Current Liabilities	10,311.5	9,135.1

Test Rite 3Q13 Balance Sheet



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

Consolidated Balance Sheet for 3Q13 (IFRS Based)

(NT\$m)	3Q13A	3Q12A		3Q13A	3Q12A
Non-current financial assets at cost, net	73.9	75.9	Long-term bank loans	5,155.6	5,798.0
Non-current bond investment without active market, net	50.0	50.0	Total non-current provisions	53.4	50.6
Total property, plant and equipment	6,189.3	6,105.7	Accrued pension liabilities	122.4	122.3
Goodwill And Intangible Assets	2,383.1	2,365.4	Other Non-Current Liability	363.8	401.8
Deferred Assets	1,132.4	949.8	Total non-current liabilities	5,695.1	6,372.7
Total other non-current assets	1,945.9	1,574.4	Total liabilities	16,006.6	15,507.8
Total Non-Current Assets	11,774.5	11,121.2	Capital	5,219.6	5,219.6
			Total capital surplus	694.5	694.5
			Total retained earnings	1,402.5	1,364.0
			Total other equity interest	-22.3	-20.0
			Treasury shares	-729.1	-729.1
			Total equity attributable to owners of parent	6,565.0	6,529.0
			Non-controlling interests	29.1	56.1
			Total equity	6,594.1	6,585.1
Total assets	22,600.7	22,092.8	Total Liab. & Equity	22,600.7	22,092.8



家的大小事
一輩子都是特力的事!

Thank you!



Test Rite Group 特力集團