



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.

Agenda



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HOME

FINANCIAL HIGHLIGHT IN FY2014



Test Rite Group 特力集團

Financial Highlights FY2014



Consolidated P&L for 4Q14 & FY2014 (IFRS Based)

(NT\$ mn)	4Q13	4Q14	YoY%	FY2013	FY2014	YoY%
Turnover	8,752.5	8,813.3	0.7%	35,203.9	35,946.2	2.1%
Gross profit	2,766.8	2,853.5	3.1%	10,610.3	10,832.0	2.1%
Gross margin %	31.6%	32.4%		30.1%	30.1%	
Operating Expense	-2,513.5	-2,554.9	1.6%	-9,833.6	-9,850.1	0.2%
Operating profit	253.3	298.6	17.9%	776.7	981.9	26.4%
Operating margin %	2.9%	3.4%		2.2%	2.7%	
Non-operating income/loss	-29.5	-81.2	175.2%	-44.0	-98.8	124.4%
Pre-tax profit	223.8	217.5	-2.8%	732.7	883.1	20.5%
Net profit	176.0	179.4	2.0%	640.6	715.2	11.6%
Other comprehensive income	23.1	16.8	-27.1%	29.7	37.3	25.5%
Total net profit	199.1	196.3	-1.4%	670.3	752.5	12.3%
Net profit attribute to TRIC	175.0	180.8	3.3%	635.1	705.7	11.1%
Recurring Net profit attribute to TRIC *	167.4	157.1	-6.1%	524.4	676.0	28.9%
Basic EPS(attributed to TRIC)(NT\$)	0.36	0.36	0.2%	1.30	1.42	8.6%
Recurring Fully-diluted EPS(Aft-tax)*	0.32	0.31	-4.7%	1.00	1.32	30.9%

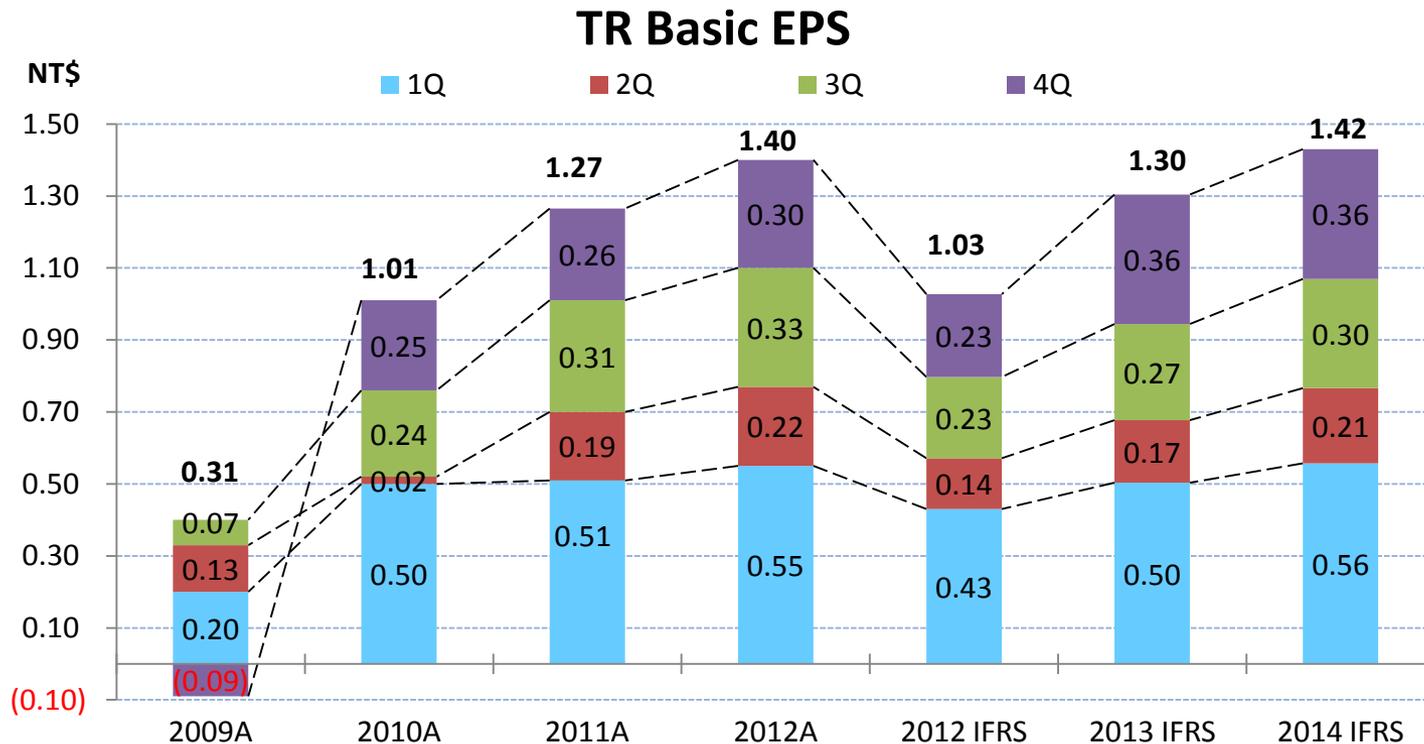
- Sales increase is driven by principle trading and TW Hola
- GP% benefiting from higher PL sales and commission income from agency business
- Higher tax rate is result 100mn bonus point redemption of profit in 2013 that is not taxes
- Recurring profit was NT\$ 676.0 mn in FY2014, an increase of 28.9%

* Recurring net profit exclude FOREX and one-time expense. FOREX contribution for 4Q14 and 4Q13 was NT\$ 28.0 mn and NT\$ 7.6 mn; FY2014 and FY2013 was NT\$ 35.5 mn and NT\$ 35.6 mn. M&A, cashback reward and store closing related one-time expense for 4Q14 was NT\$ 4.33 mn; FY2014 and FY2013 was NT\$ 5.74 mn and NT\$ 75.1 mn.

Financial Highlights FY2014



- 18th consecutive YoY increase of quarterly net income and EPS on the same accounting basis
- Basic EPS increased 8.6% to NT\$ 1.42 for FY2014; Recurring fully-diluted EPS was NT\$ 1.32, + 30.9% YoY for FY2014



Test Rite 4Q14/FY2014 Consolidated P&L (by BU)



Test Rite International Co., Ltd. (2908) – Consolidated (IFRS Based) Consolidated sales and net profit by BU for 4Q14 & FY2014 (IFRS Based)

Consolidated sales (NT\$ mn)	4Q13	4Q14	YoY%	FY2013	FY2014	YoY%
Taiwan Retail ▲	4,209.6	4,396.7	4.4%	16,667.9	17,211.9	3.3%
HOLA China ^	1,077.3	1,143.6	6.2%	3,896.0	4,096.8	5.2%
Trading ©	2,792.2	2,848.2	2.0%	12,631.1	12,990.5	2.8%
Others #	673.5	424.7	-36.9%	2,008.9	1,647.1	-18.0%
Consolidated Sales	8,752.5	8,813.3	0.7%	35,203.9	35,946.2	2.1%

Consolidated net profit (NT\$ mn)	4Q13	4Q14	YoY%	FY2013	FY2014	YoY%
Taiwan Retail ▲	224.3	227.1	1.3%	645.4	645.7	0.0%
HOLA China ^	33.4	16.5	-50.6%	-45.4	-65.6	44.6%
Trading ©	1.8	30.0	1524.9%	424.9	537.6	26.5%
Others #	-84.6	-92.8	9.8%	-389.8	-411.9	5.7%
Consolidated Net Profit	175.0	180.8	3.3%	635.1	705.7	11.1%
Consolidated Recurring Net Profit	167.4	157.1	-6.1%	524.4	676.0	28.9%

▲ Taiwan Retail included TLW (DIY), DÉCOR House, Hola Taiwan, and TTS.

^ HOLA China only included HOLA China.

© Trading included Great China, TRPC, SO/RO, and related party transactions write-off.

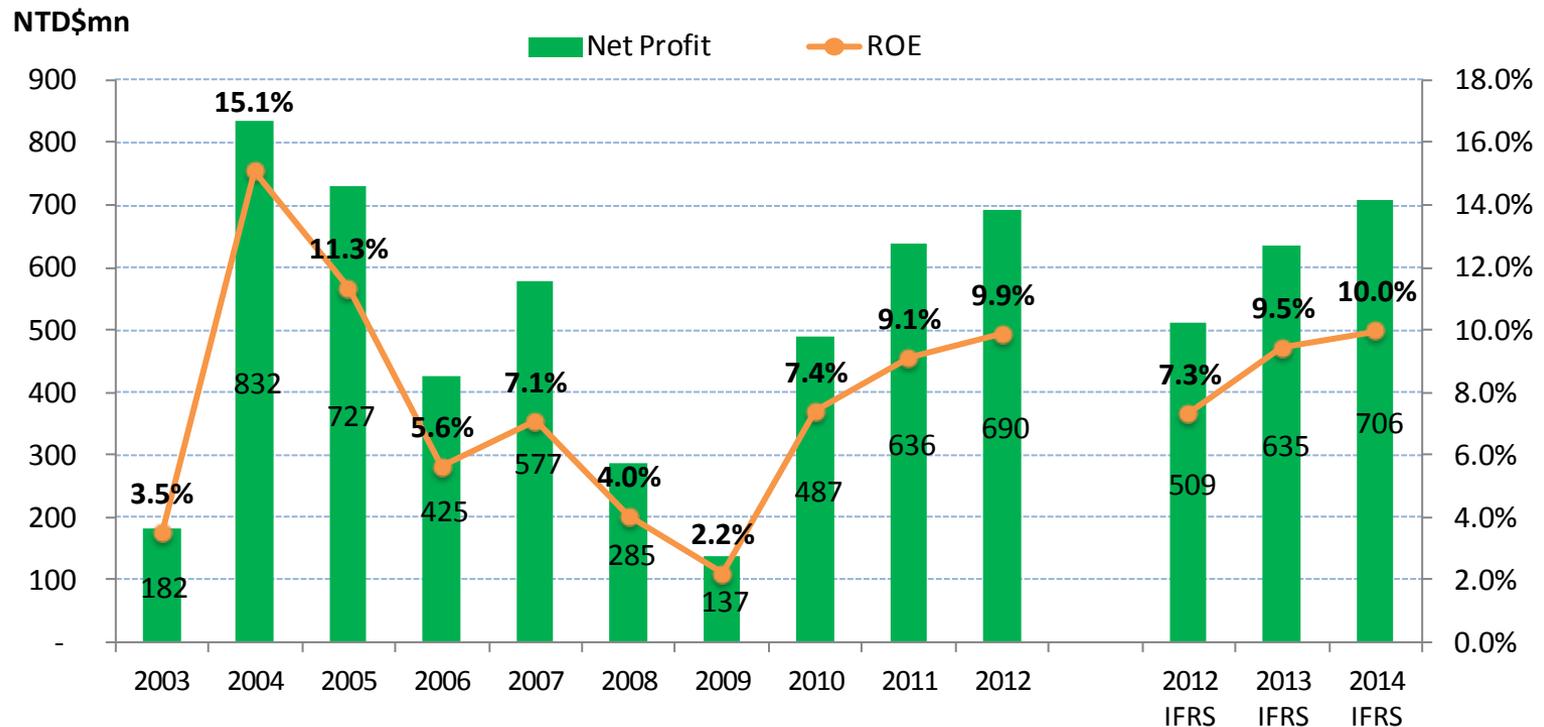
Others included Life 1 Plaza, TRR others, Chung Cin, group office expense, and gain on sale and leaseback.

Financial Highlights FY2014



- ROE continues to improve since 2009, mainly driven by higher margin and falling net debt ratio
- The decreased in net debt ratio is the result of
 - Disposal of Tong Lung Metal
 - Reduction of working capital

TR Group ROE & Net profit



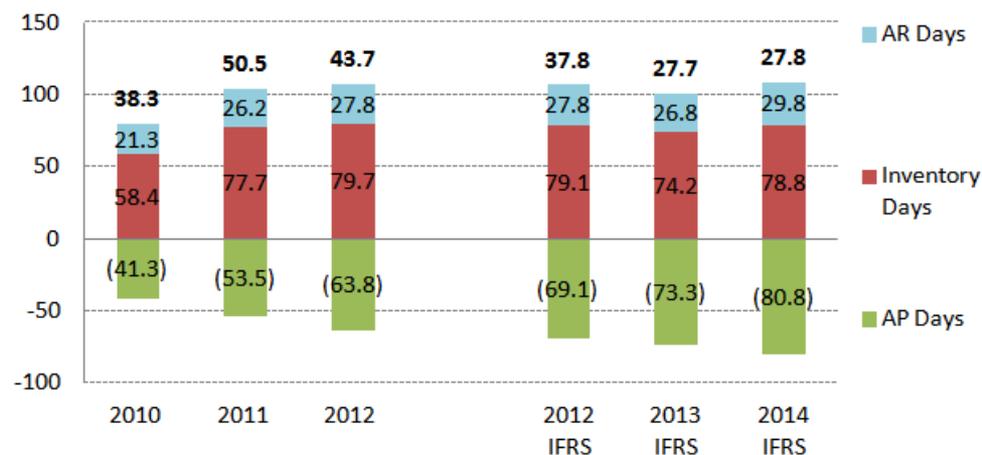
*ROE is defined as Net income/Average shareholders equity

Financial Highlights FY2014



- The decline 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)
- CCC improved 10 days from FY2012 to FY2014
- Net debt ratio decreased 38.6 ppt to 75.3% from 2011 to 2014. Interest expense decreased by 10.3% in 2014 versus 2011

TR Group Cash Conversion Cycle



NT\$ bn	2010A	2011A	2012A	2013A	FY2014A
Accounts receivables	2,186.4	2,961.8	2,413.5	2,759.4	3,110.6
Inventory	4,735.7	5,928.5	4,840.9	5,154.3	5,696.0
Accounts payable	3,212.7	4,471.9	4,531.4	5,467.0	5,895.9
Working Capital	3,709.4	4,418.4	2,723.0	2,446.7	2,910.8
YoY%		19.1%	-38.4%	-10.1%	19.0%

2015 Guidance



➤ Trading Business

- 3~5% growth total shipment growths
- Added two agency customers since 2H14

➤ Retail Business

- Sales growth of 3~5% for Taiwan; 5-10% for Hola China, driven store openings and online sales
- GM% increase from higher sales % of PL products and joint procurement
- 5-8 store openings
 - +0 - 1 TLW; +2 Hola Taiwan;
 - Introduce first Crate & Barrel in Taiwan (4Q15)
 - +3-5 Hola China “New Concept Stores” (80-90% product overlap with Hola Taiwan)
 - CAPEX: NT\$ 1.2 bn



GROUP INTRODUCTION



Test Rite Group 特力集團

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 completed his graduation thesis: "How to pursue further growth by organization transformation-take large retail group for example."

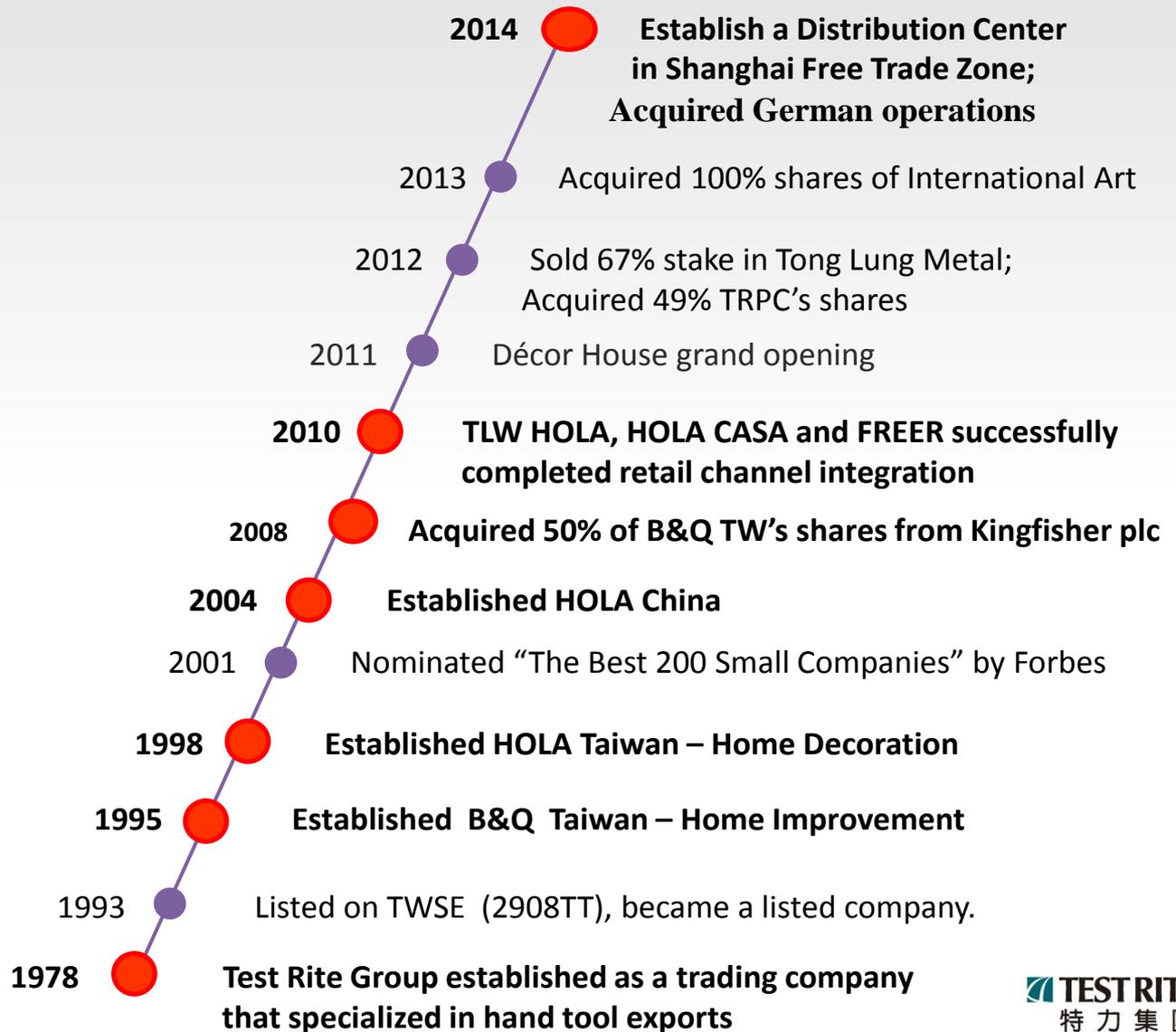


Judy Lee, Chairwoman, Test-Rite Int'l (2908 TT/2908 TW); Co Founder of Test-Rite Group. Best know as the "Queen of Hardline", Judy is a seasoned veteran of the import/export trading business. With Judy at the helm, Test-Rite Trading consistently provides outstanding services to retail customers globally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

Milestones



Test Rite Group Objectives



Group Structure



Test Rite Retail Business Group (FY2014 Revenue: ~NTD\$ 21.3 bn)

Home decoration	HOLA特力和樂	HOLA Taiwan (23) HOLA China (38)
Home Improvement	TLW 特力屋 (26)、 特力屋PLUS宅修便利購 (1)、HISU	
Mattresses & Bedding	HOLA CASA 和樂名品傢俱 (21)、HOLA Petite(13) WEDGWOOD(12)、FRETTE(6)	
Comprehensive home integration services	DÉCOR House	
Brand licensing	Crate & Barrel	

Market deployment

Taiwan

China

Test Rite Trading Business Group (FY2014 Shipment Value: ~NTD\$ 18.5 bn)

Hardline & Auto Hand tools, Hardware, Auto accessories, Auto parts, New business development	Home Furnishing Consumer electronics, Lighting, Kitchenware, Decoration, Christmas decoration, Sport equipments
Bath & Storage Storage, Bathroom products, Suitcase, Traveling utilities	Seasonal Outdoor furniture, BBQ rack/hearth, Gardening, North-East Asia projects
Stationery Indoor furniture, Office supplies, Stationery, PC peripherals	Agency

Market deployment

The Americas

Pan Europe

New Zealand
& Australia

Southeast Asia

India

Other investment holdings

Creative Design/ Product Development

Theme Trend & Product Concept;
Product Design; VI & Graphic Design;
Packaging & Purchasing

Chung Cin Corp.

Shopping mall construction; Office
building construction; Booth
recruitment

Logistics/ warehousing services

China Taiwan
USA Europe



RETAIL SECTOR 零售事業

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Retail TW Business Strategy



TLW (股)

■ Private label

- Increased HOLA TW private label sales mix to 50% and TLW private label sales mix to 30% within 3 years
- Dual sourcing of HOLA Taiwan and HOLA China to reduced cost

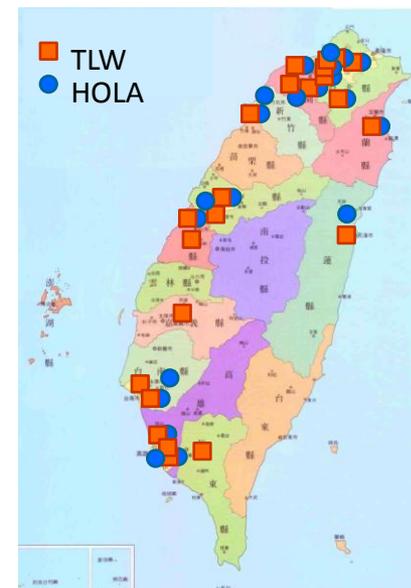


■ Omni-channel

- 1~3 new stores in 2015 (HOLA + Crate & Barrel)
- Redesign our own EC platform
- Double EC/MC volume in 2015

■ Reposition TLW channel; HOLA become trend leader

Store Locations



Growth Opportunities - Brand agency



Kitchenware

Appliance

Storage

Décor/Textile

Product
Brand

OXO Joseph Joseph

Joyoung 九陽 Bissell
Experts in Home Cleaning

CHARTERHOUSE

Life + Gear

QuickStick

U
umbra

FLONAL
COOKWARE

breo 倍轻松

urbio
urban vertical garden

FORLIFE

TERRE ÉTOILÉE
— céramique culinaire —

ECOVACS
科 沃 斯

HOLSTER
BRANDS

KIS
space for you

S&P
Salt&Pepper

Channel
Brand
(Franchising)

Crate&Barrel

FRETTE

Channel
Brand
(Licensing)

W
WEDGWOOD

Retail CN Business Strategy



HOLA CHINA

■ Increase Private label sales mix

- Dual sourcing of HOLA Taiwan and HOLA China to reduced cost

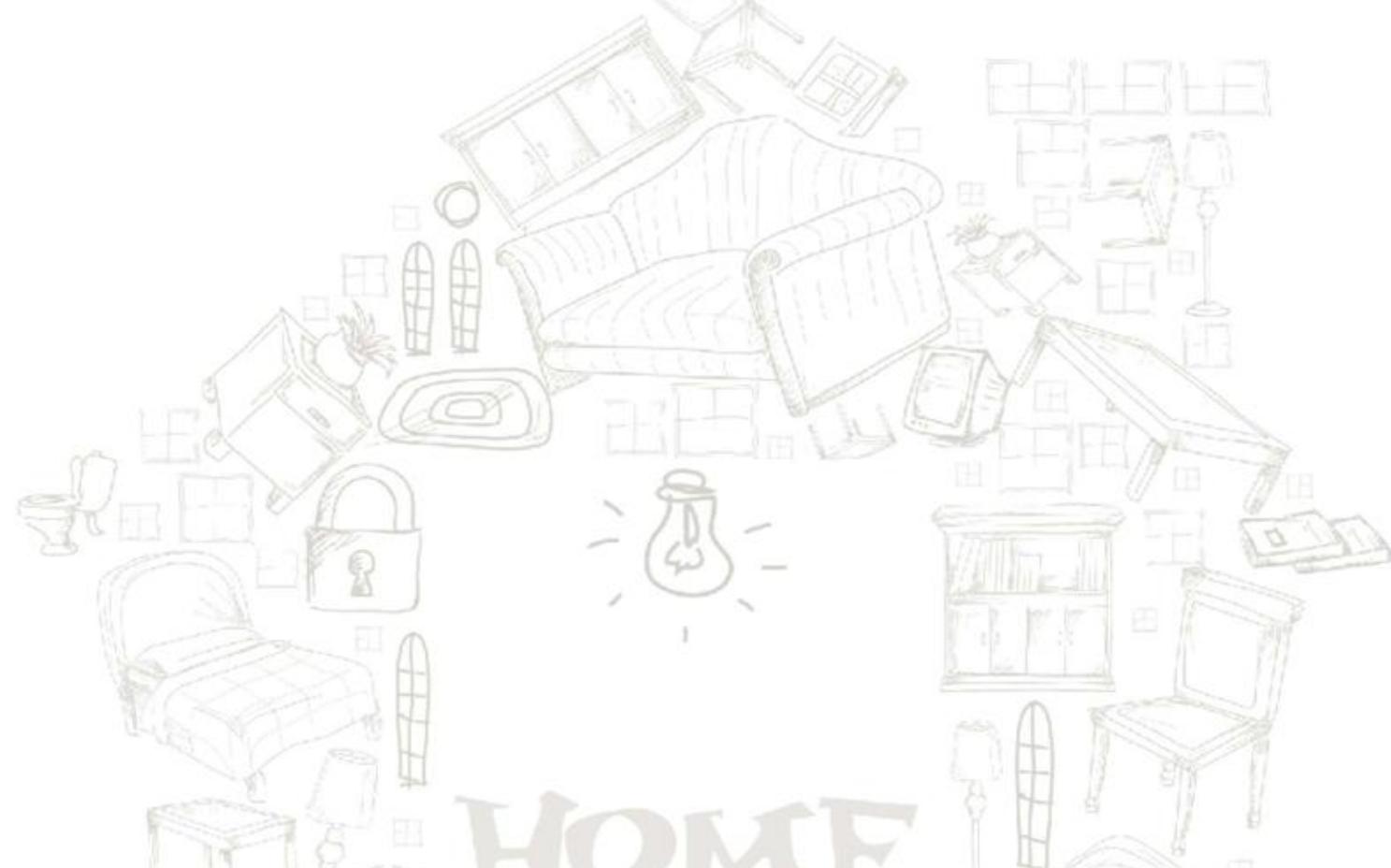
■ New concept stores

- Dual sourcing of HOLA Taiwan and HOLA China to reduced cost
- Improve operating efficiency

■ Omni-channel

- Launched our E-commerce platform on T-Mall in June, 2014 and on Yi-hao-dian in 4Q14
- Will launch another platform on JD.com in 2015





TRADING SECTOR



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Strategy - Trading



- Continue focus on key customers in principle trading



- Continue agency business' growth momentum



- Become a Product Company
 - 37 staffs in PD team; 1 mini-lab in Shanghai
- Provide component based service through establishment in FTZ
- Global integration

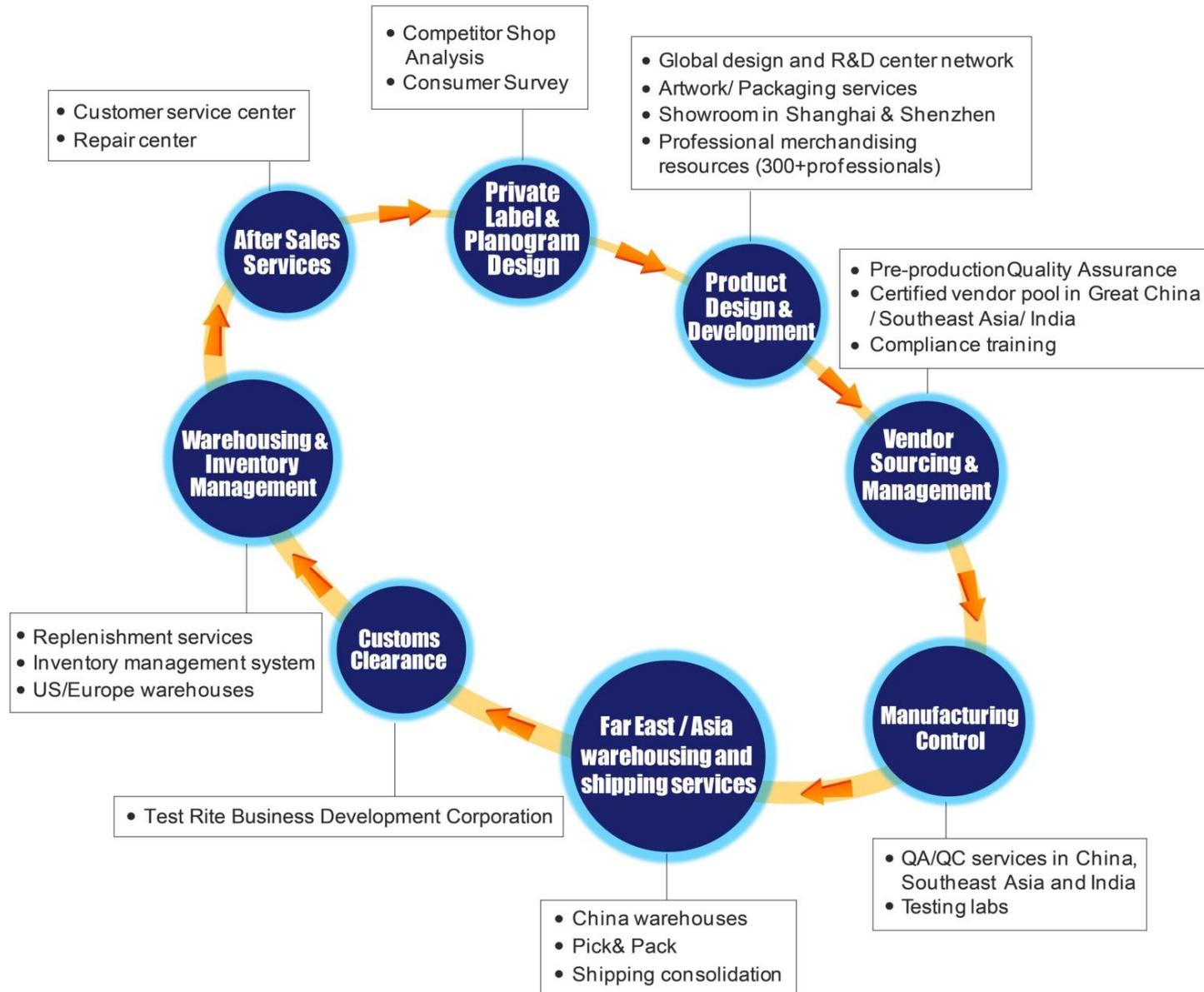
PD Achievement



- Received Red Dot Awards for packaging in FY2014
- Motion censer light and Trash bin for Costco
- Kitchen and furniture for our own retail channel



Test Rite Repositioning – A Total Solution Provider

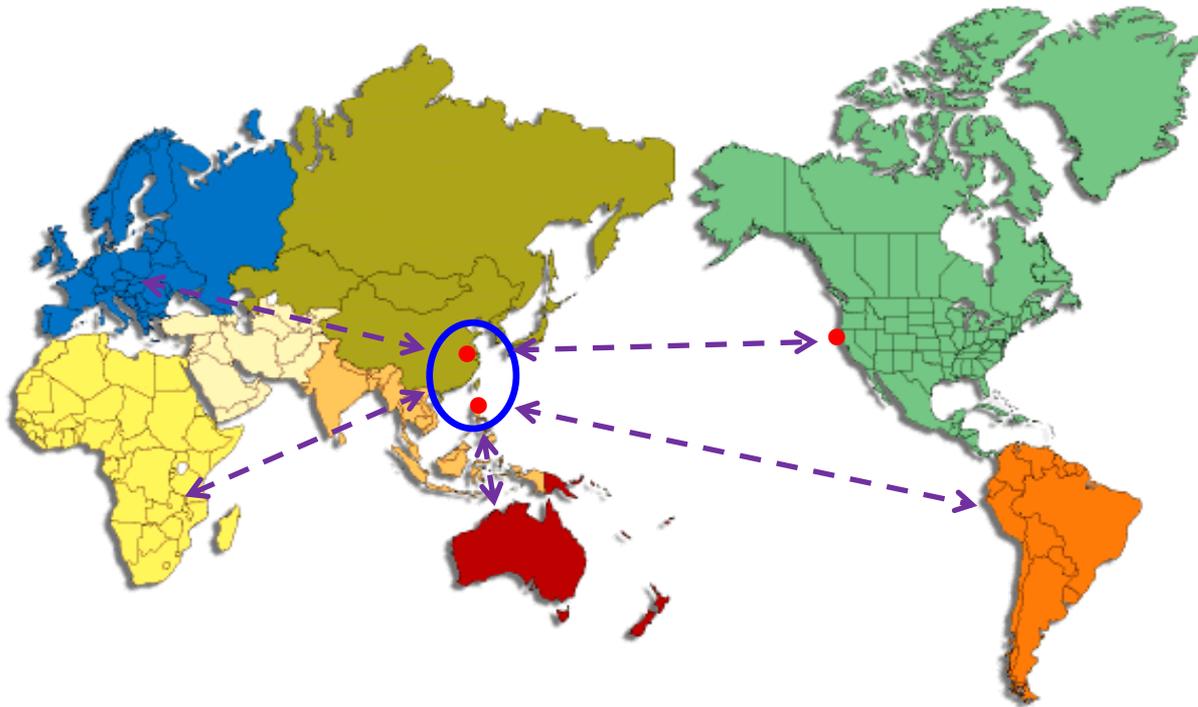


Global Worldwide Network



- with local service 19 offices in 15 countries, 4 warehouses in China, Taiwan, Germany, and U.S.
- US warehouse provides logistics/ warehousing service to customers of principal trading.

Worldwide Trading Service



● TESTRITE's Warehouse

Greater China Retail Service





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Q & A





APPENDIX:

HOME



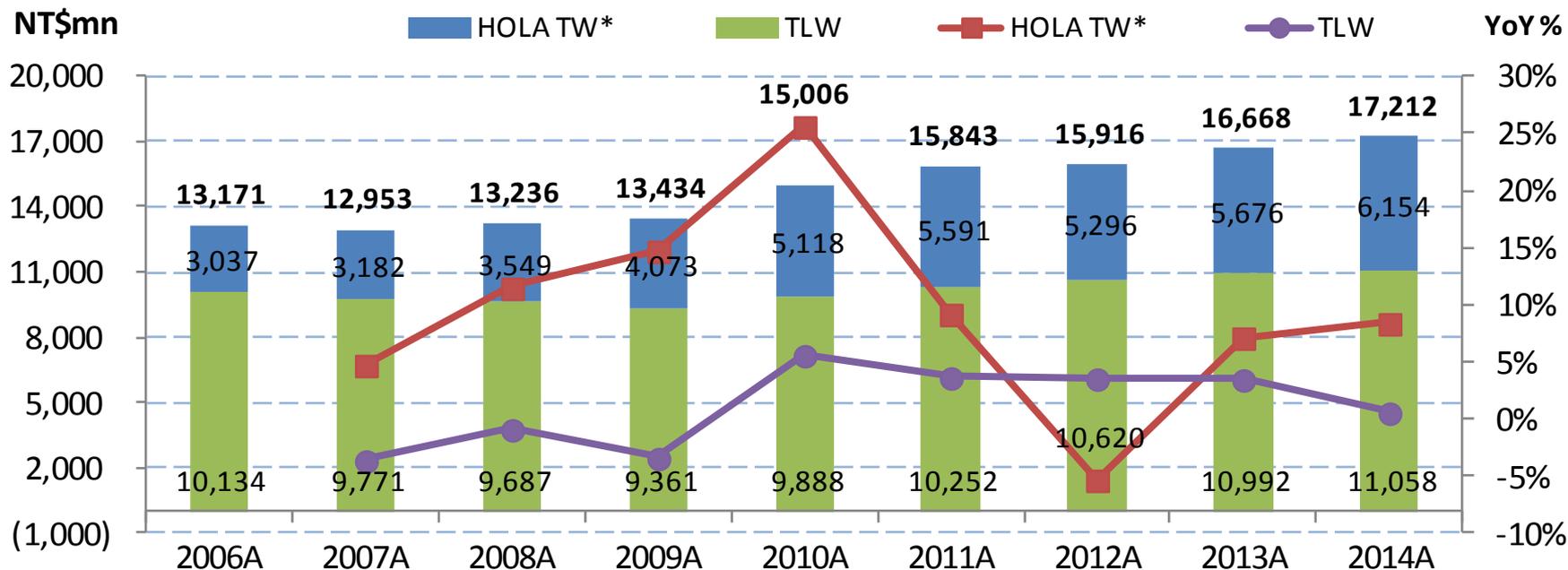
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TW Retail Business update



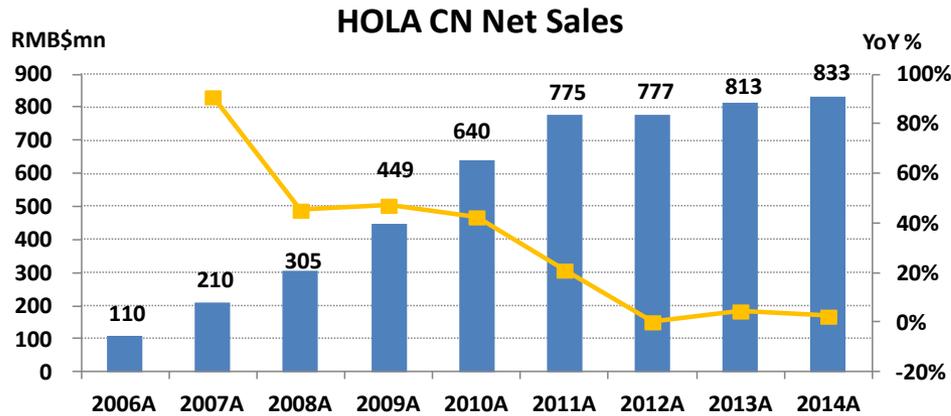
- TLW revenue totaled NT\$ 2.74 bn, +2.4%YoY for 4Q14, and totaled NT\$ 11.0bn for FY2014, +0.6%YoY
- Hola Taiwan revenue totaled NT\$ 1.66 bn, +8.1%YoY for 4Q14 and totaled NT\$ 6.15 bn, +8.4%YoY for FY2014

TW Retail Net Sales

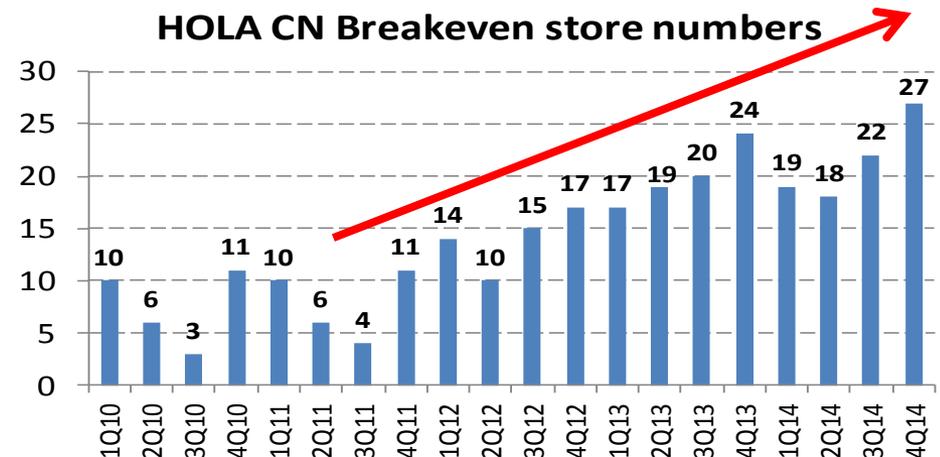




Target sales growth of 5-10% and breakeven for 2015



- Revenue totaled RMB\$ 233.1 mn, +4.4% YoY for 4Q14 and totaled RMB\$ 833.1 mn, +2.5% YoY for FY2014
- Loss increased by 44.6% YoY to net loss NT\$ 65.6 mn for FY2014, reflected higher operating expense from new stores openings
- 27 out of 35 stores were at breakeven for 4Q14, versus 24 out of 33 stores in 4Q13
- Same-store-sales, calculated for stores opened for more than one year, was 4.8% for 4Q14 and 3.2% for FY2014



TW Retail Business update

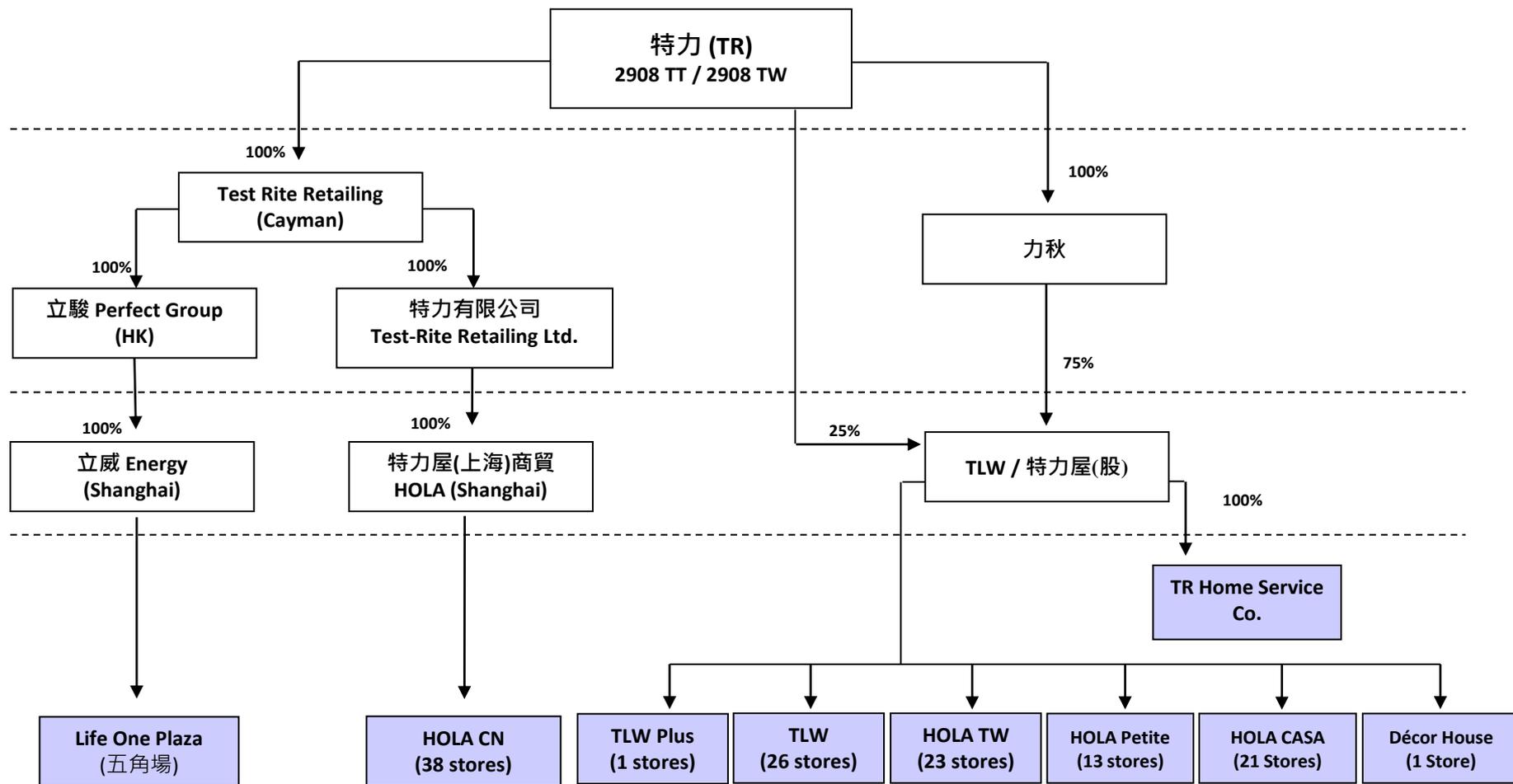


Store #	2006A	2007A	2008A	2009A	2010A	2011A	2012A	2013A	2014A
TLW	21	22	22	22	23	23	24	26	26
HOLA TW	11	12	13	13	18	20	21	22	23
Total	32	34	35	35	41	43	45	48	49
HOLA CN	7	9	14	18	27	28	31	33	35

Selling space(m ²)	2006A	2007A	2008A	2009A	2010A	2011A	2012A	2013A	2014A
TLW	91,756	93,938	93,938	93,938	89,727	87,966	88,711	92,060	92,071
HOLA TW	36,919	40,073	43,541	43,541	50,349	53,995	51,780	53,117	53,162
Total	128,675	134,011	137,479	137,479	140,076	141,961	140,491	145,177	145,233
HOLA CN	25,593	32,595	46,442	51,506	59,481	60,116	63,686	62,848	64,860

Avg. selling space(m ²)	2006A	2007A	2008A	2009A	2010A	2011A	2012A	2013A	2013A
TLW	4,369	4,270	4,270	4,269.9	3,901	3,824	3,696	3,541	3,541
HOLA TW	3,356	3,339	3,349	3,349	2,797	2,700	2,466	2,414	2,311
Total	4,021	3,942	3,928	3,928	3,417	3,301	3,122	3,025	2,964
HOLA CN (RMB)	4,298	6,443	6,567	8,717	10,760	12,892	12,201	12,934	12,849

Holding structure of TR Retail Group



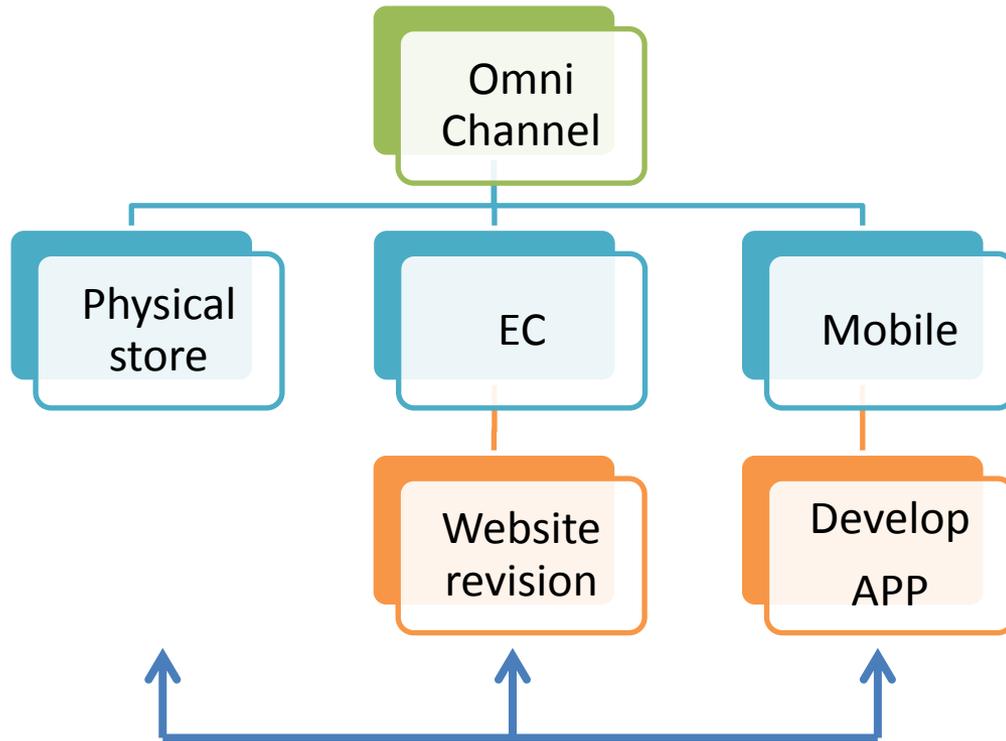
Store # are as of March 31st, 2015

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.

Strategy - Omni Channel



圖資文優化
及時存貨
補貨與退貨優化

EC sales as a % of total sales in FY2014:

- TLW: NT\$ 351.9 mn, 3.2% of TLW sales
- HOLA TW: NT\$ 189.2 mn, 3.1% of TLW sales
- HOLA CN: RMB \$1,288.1K, 0.26% of sales (June ~ December, 2014)

TLW Omni-Channel

http://www.i-house.com.tw/



The screenshot shows the TLW website interface. At the top, there's a navigation bar with '特力屋' (TLW) logo and '註冊 | 登入'. Below it, a search bar and a '熱門' (Hot) section with categories like '省水、吊椅、沙發床、PRO特選、VERY超值、惡魔機、LED燈泡'. A large yellow banner for '2015/3/6(五)~3/31(三) 全站消費滿萬送千點' is prominent. Below this are several smaller promotional boxes: '消費送千元', '54折起', '絕版品出清', '現折\$800', and '省水專區'. A '網站商品類別' (Website Product Categories) sidebar is on the left. The main content area features a grid of product listings with images, prices, and '立即兌換' (Redeem Now) buttons. At the bottom, there's a '店長熱情推薦' (Store Manager's Passionate Recommendation) section with four staff members and their respective products.

- Sales totaled NT\$ 351.9 mn in FY2014, +11.0%YoY
- Have ~15,000 SKUs online
- TLW store have 30,000~40,000 SKUs in average
- Sales per ticket: NT\$ 2,825
- Transaction: 129,615
- TLW physical store CC: 7,194,528
- AVT: NT\$ 1,453.72

HOLA TW Omni-Channel

http://www.hola.com.tw/

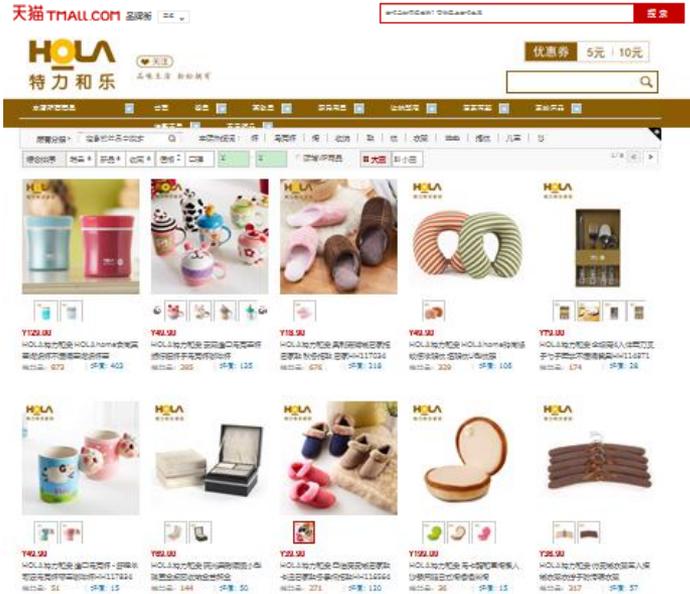


- Sales totaled NT\$ 189.2 mn in FY2014, +35.3%YoY
- Have ~10,000 SKUs online now
- HOLA store have 30,000~40,000 SKUs in average
- Sales per ticket: NT\$ 2,357
- Transaction: 80,263
- HOLA TW physical store CC: 3,679,890
AVT: NT\$ 1,712.42

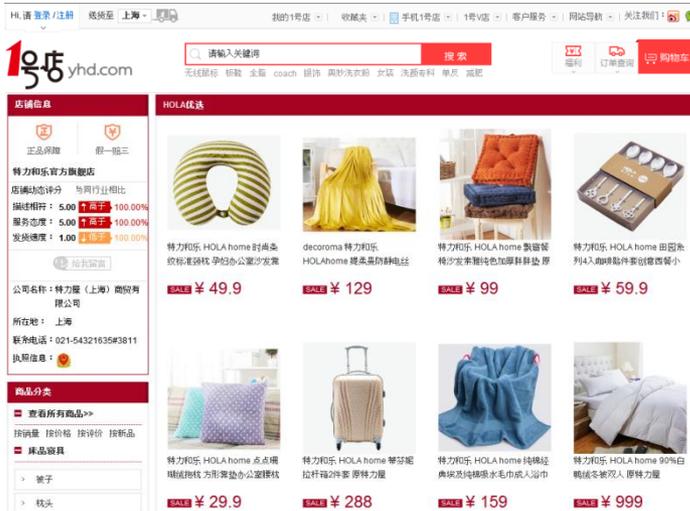
The screenshot shows the HOLA TW website homepage. At the top, there's a navigation bar with the HOLA logo, user login options, and a promotional banner for a 2015 New Year sale (2015/1/5-3/31) offering up to 2000 NT\$ off. Below the navigation is a search bar and a main promotional banner for mobile shopping, announcing a new online platform and offering a 900 NT\$ discount. The main content area features a grid of product categories and promotional banners. On the left, there's a 'Daily Special' section with a 62% discount on bath balls and a promotion for a mobile app. Below this is a 'All Site Categories' section with various product categories like bedding, kitchenware, and home decor. The right side of the page shows a grid of featured products with their prices and promotional tags. At the bottom, there are more promotional banners for food and drinks, home goods, and a 'Big Package' sale.

HOLA CN Omni-Channel

http://holahome.taiwan.tmall.com/



- Communicate promotional events with customers by WeChat every week
- Revenues totaled \$1,288.1K RMB (June ~ December, 2014)
- Have ~300 SKUs online
- Sales per ticket: RMB \$ 268
- Transaction: 4,663
- HOLA CN physical store
CC: 3,679,890
AVT: RMB\$ 328



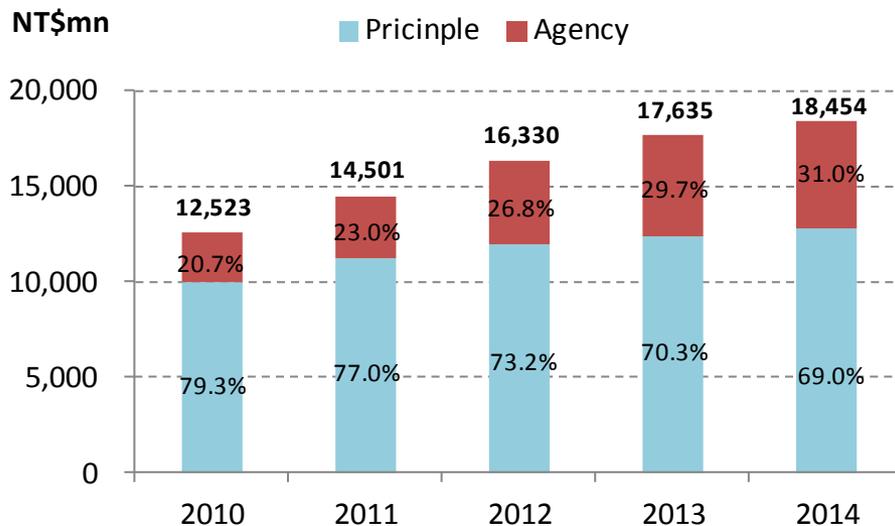
在线活动 在线参与活动, 享受互动乐趣及特别优惠 	电子杂志 精美图片及生活提案, 丰富的促销资讯 	微博关注 关注新浪官方微博, 获取最新资讯及家居知识 	微信互动 扫描微信帐号, 参与您产生不一样的互动体验 
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Trading Overview – FY2014

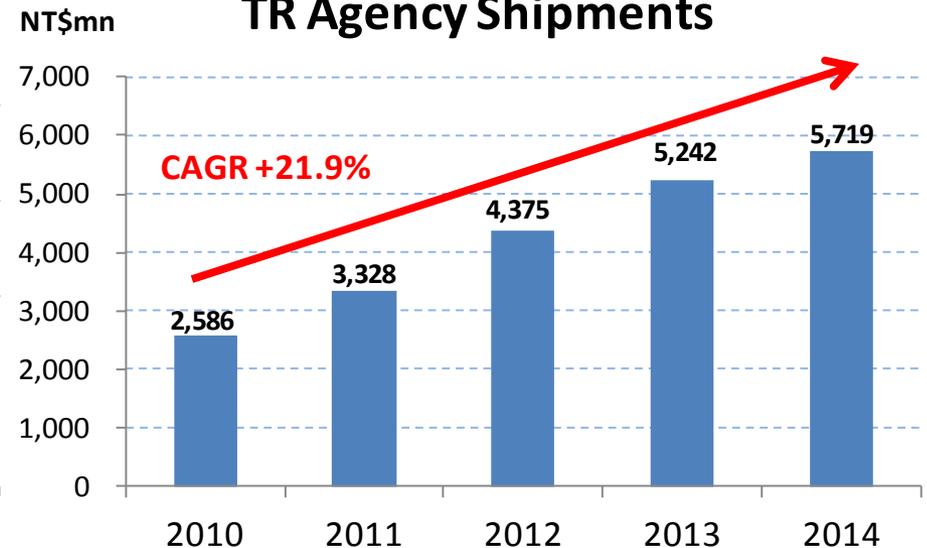


- Principle trading shipments totaled NT\$ 12.73 bn, +2.8% YoY for FY2014 and accounted for 69.0% of total shipments
- Agency business shipments totaled NT\$ 5.72 bn, +9.1% YoY for FY2014, accounted for 31.0% of total shipments
- Commission revenue total NT\$ 255 mn, +7.1% YoY for FY2014, accounted for 2.0% of total trading sales

TR Trading Shipments



TR Agency Shipments

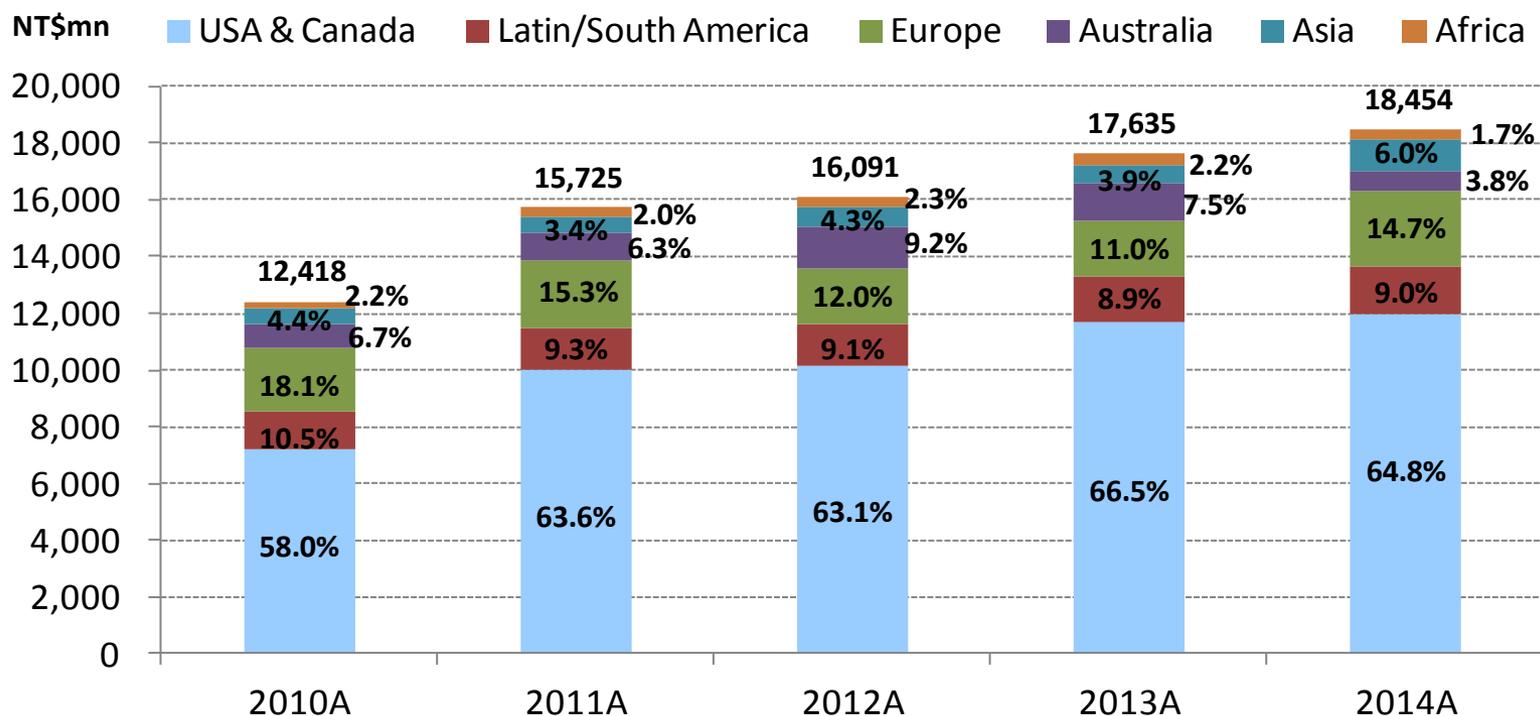


Trading Overview – FY2014



- Trading consolidated shipments breakdown by region
 - Europe shipment increased 39.9% YoY, accounted for 14.7% of total shipment, +3.7ppt in 2014
 - Shipment for North America increased 2.0% YoY, accounted for 64.8% of total shipment, -1.7ppt in 2014

TR Trading Shipments by Region

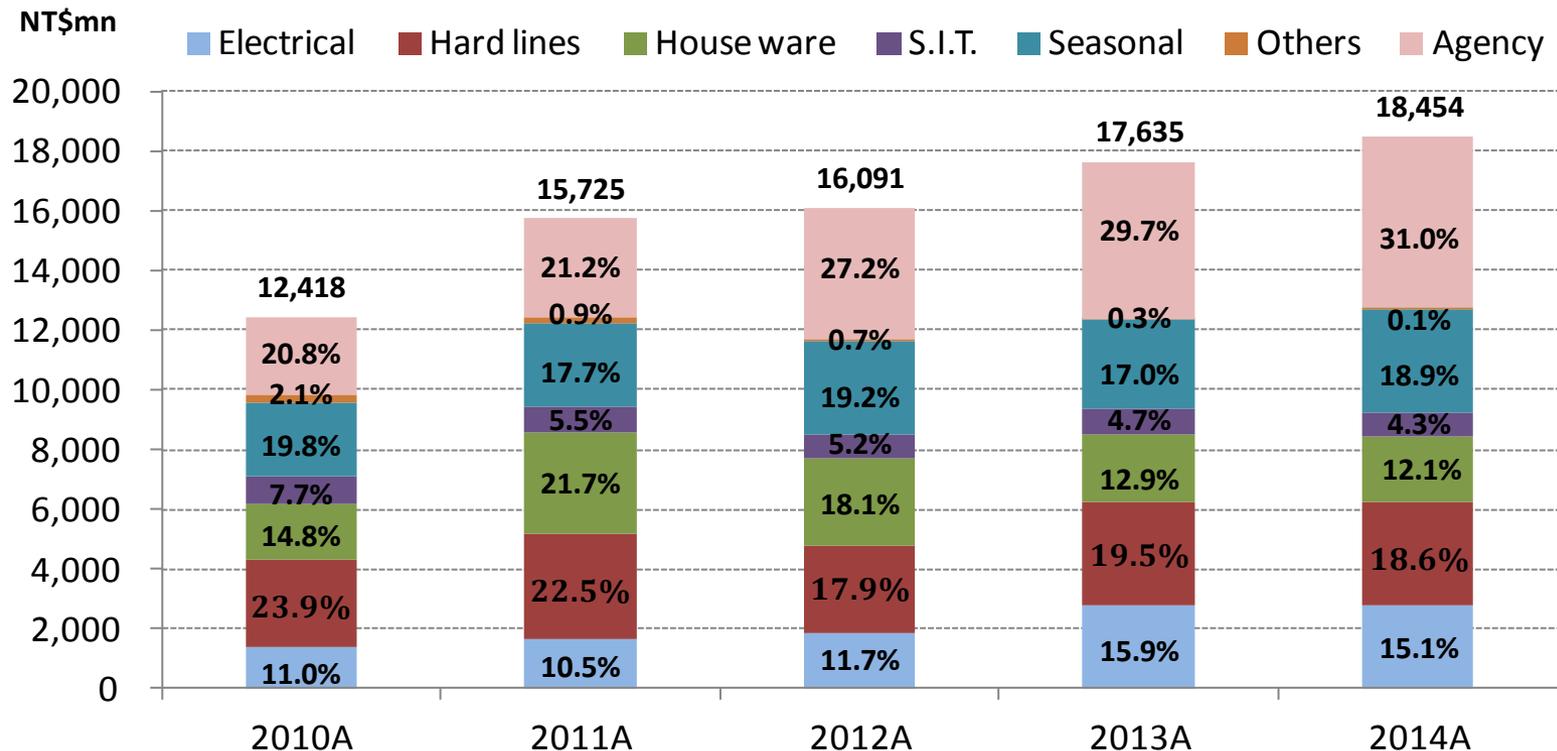


Trading Overview – FY2014



- 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 31.0% of total shipments for FY2014

TR Trading Shipments by Categories



Test Rite FY2014 Consolidated Balance Sheet



Test Rite International Co., Ltd. (2908) – Consolidated (IFRS Based) Consolidated Balance Sheet for FY2014 (IFRS Based)

(NT\$ mn)	FY2013	FY2014		FY2013	FY2014
Total cash and cash equivalents	2,418.4	2,316.1	Short-term borrowings	2,256.7	2,749.8
Total current financial assets at fair value through profit or loss	352.0	1,053.6	Short-term notes and bills payable	10.0	80.0
Current bond investment without active market, net	166.1	158.7	Accounts and Notes Payable	5,467.0	5,895.9
Accounts & Notes Receivable	2,759.4	3,110.6	Other Payable	1,831.2	1,382.3
Other Receivable	455.6	411.1	Current tax liabilities	105.4	87.2
Total inventories	5,154.3	5,696.0	Total advance receipts	603.4	464.7
Total prepayments	563.6	385.4	Total long-term liabilities, current portion	300.0	500.0
Other current financial assets	0.3	1.7	Other Current Liability	230.8	207.7
Other Current Assets	141.6	60.9			
Total current assets	12,011.3	13,194.2	Total Current Liabilities	10,804.5	11,367.7

Test Rite FY2014 Consolidated Balance Sheet



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

Consolidated Balance Sheet for FY2014 (IFRS Based)

(NT\$ mn)	FY2013	FY2014		FY2013	FY2014
Non-current financial assets at cost, net	71.8	71.1	Long-term bank loans	5,227.6	5,662.5
Prepayments for investments	0.0	44.4	Accrued pension liabilities	123.4	125.1
Non-current bond investment without active market, net	50.0	50.0	Other Non-Current Liability	423.6	404.7
Total property, plant and equipment	6,208.1	6,048.1	Total non-current liabilities	5,774.6	6,192.3
Goodwill and Intangible Assets	2,419.3	2,473.0	Total liabilities	16,579.1	17,560.0
Deferred tax assets	1,089.2	1,182.0			
Total other non-current assets	1,522.5	1,858.1	Capital	5,219.6	5,139.6
Total Non-Current Assets	11,360.9	11,726.8	Total capital surplus	694.5	678.8
			Total retained earnings	1,580.1	1,733.4
			Total other equity interest	-2.4	29.8
			Treasury shares	-729.1	-248.2
			Total equity attributable to owners of parent	6,762.7	7,333.5
			Non-controlling interests	30.5	27.5
			Total equity	6,793.2	7,361.0
Total assets	23,372.2	24,920.9	Total Liabilities & Equity	23,372.2	24,920.9



家的大小事
一輩子都是特力的事!

Thank you!



Test Rite Group 特力集團