

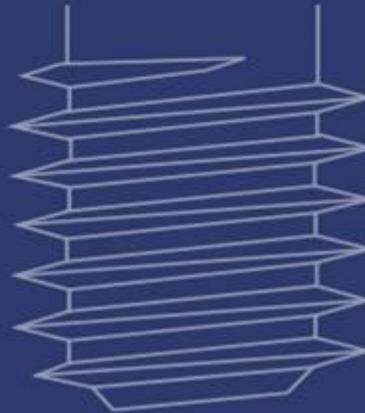
# Time-based competition



# **TONG 3.0**

## Growing a powerful future

Customers in all markets,  
industrial or consumer, are  
increasingly time-sensitive.



2016.10

# Company Profile

- Key Business:

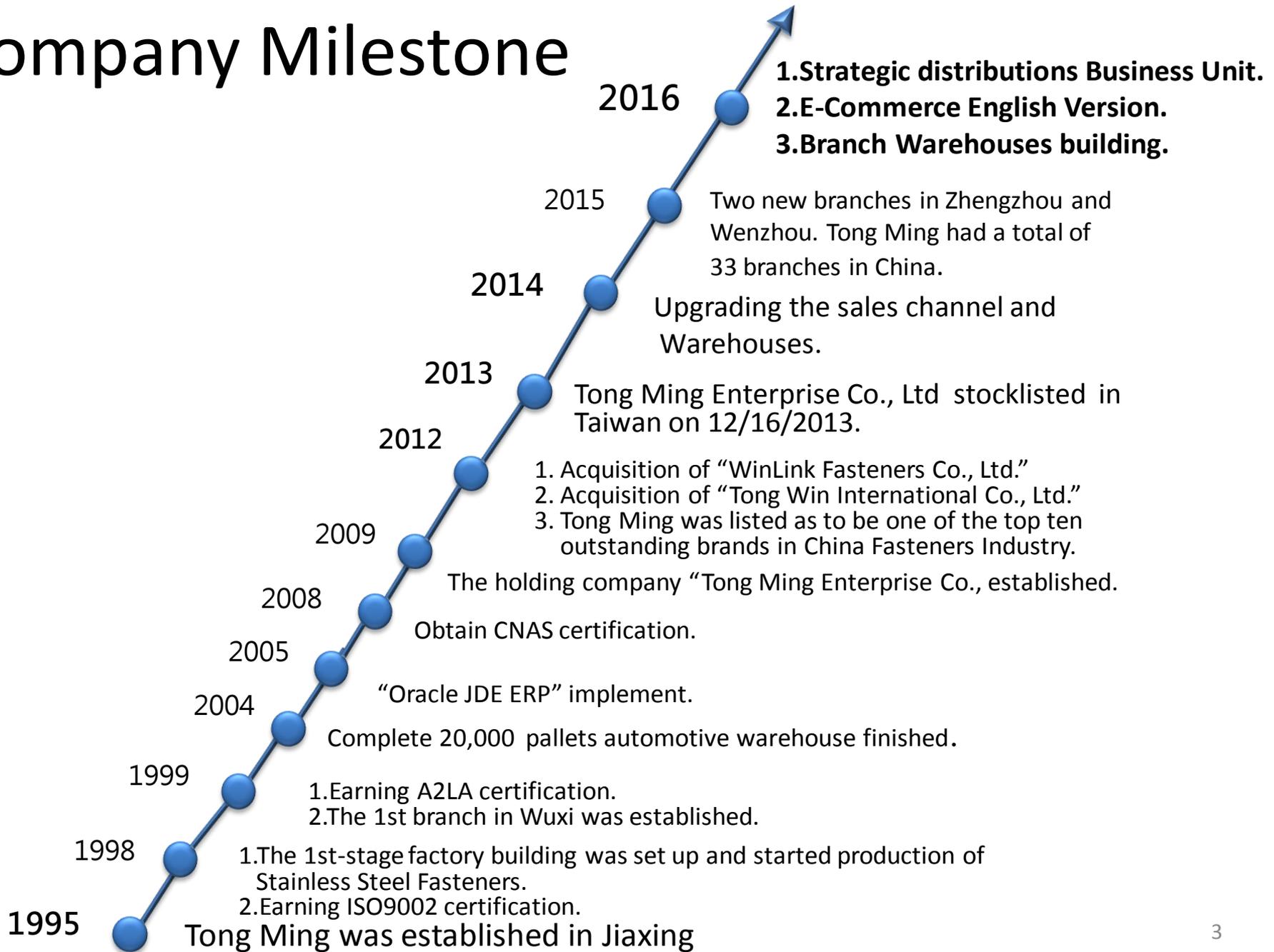
Tong Ming Enterprise Co., Ltd.  
(浙江東明不銹鋼製品股份有限公司)

Winlink Fasteners Co., Ltd.  
(岡山東穎開發股份有限公司)

Tong Win International Co., Ltd.

- Capital amount: NTD 1,680,000 ,000
- Number of employees : 870 persons
- Land occupation: 152,000M<sup>2</sup>

# Company Milestone



# Products & Applications

- Stainless Steel Bolts & Nut & Screw & Construction Fasteners & Stamping of Ipad
- Stainless Steel Drawn Wire
- Special application blue prints parts



- Construction 20%
- Machine assembling 15%
- Transportation equipment 15%
- Telecom transform station 13%
- Energy industry 14%
- Environmental equipment 5%
- Nuclear power equipment 3%
- Marine industry 3%
- Others 12%

# Products & Applications



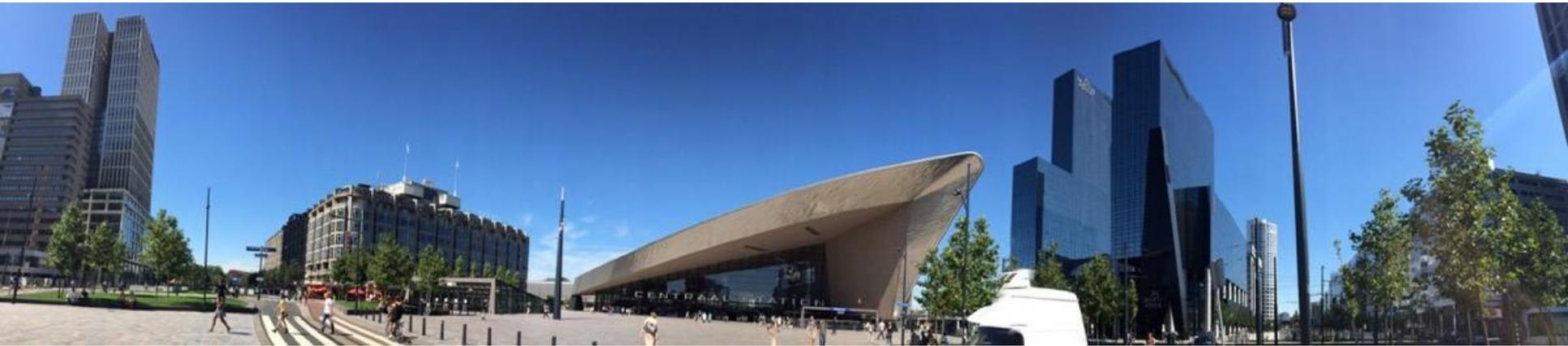
# Products & Applications



# Products & Applications



# Products & Applications



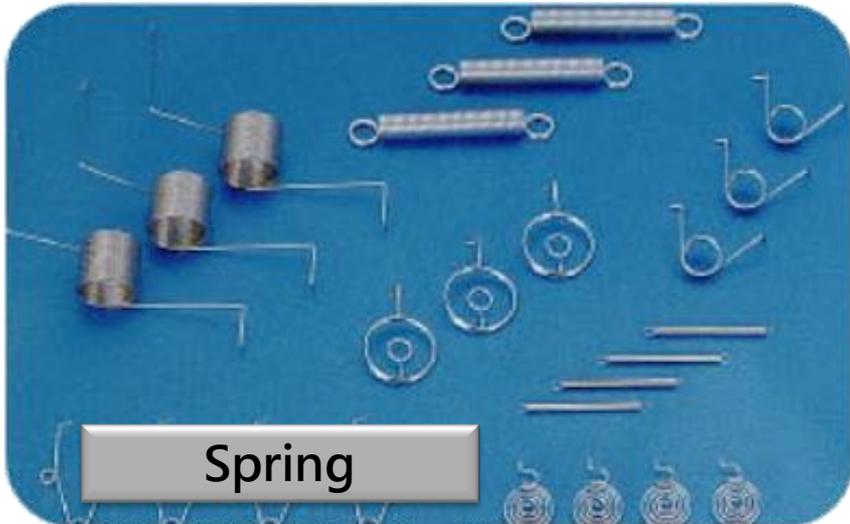
# Products & Applications



Cable



Carrier



Spring



E.P.Q. Products

# Sales For Different Products

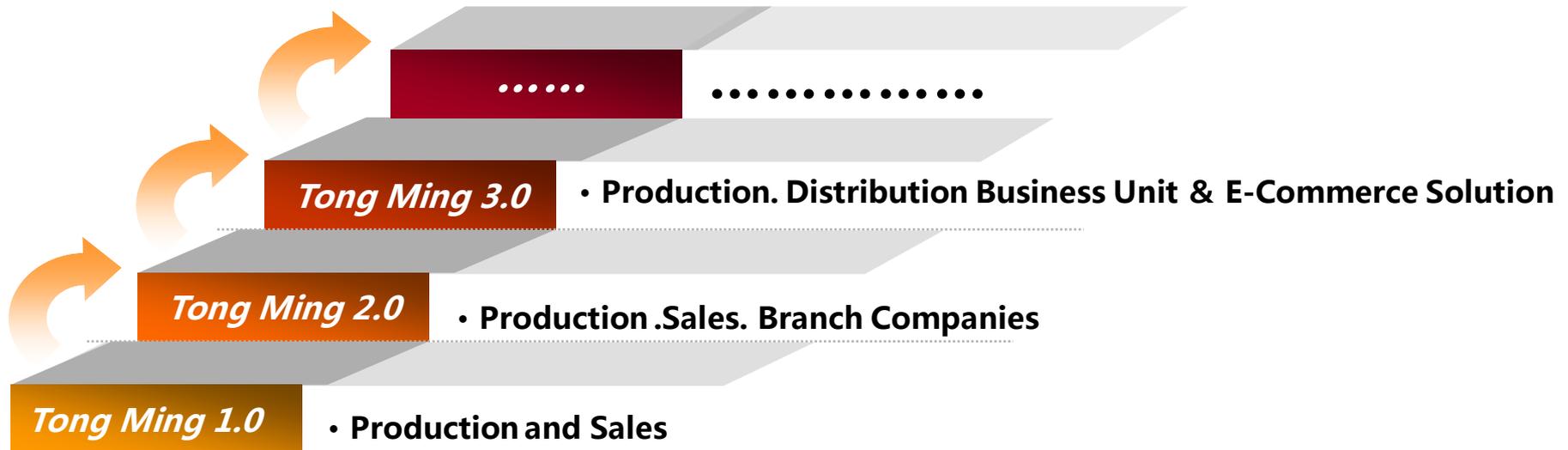
Items	Drawn Wire	Fasteners (Export)	Fasteners (domestic)	Special Parts
Business model	Production By Orders	Production by Orders	Production by Planning	Sub-Contractor
Target Market	Chinese end Users	Importers or Distributors In Overseas	4,000 Distributors	OEM & Distributors In Global Market
Sales (year 2015)	20.37%	24.34%	43.25%	12.04%
Sales (2016 Q1+Q2)	21.35%	23.45%	44.25%	10.95%

# Market State

- Tong Ming is the largest stainless steel fasteners manufacturer in China which has best marketing scope.
- Tong Ming could produce 25,000 kinds of Fasteners which the widest products application coverage in the world.
- Tong Ming is the only one who owns production line, private brand and distribution channel system , and keep up-grade the business model.
- Tong Ming has internationalized purchasing strategy and maintains the competitive advantage of global market.
- Distribution BU was announced in 2016.

# Strong Past & Powerful Future

- Tong Ming is the largest stainless steel fasteners & wire manufacturer in China. In domestic market, 33 branches companies are established in the main cities of China. And we have two trading companies, which are developing special application parts in Taiwan.
- We have own the highest efficient production, the largest products coverage, and the largest market share.
- Tong Ming is the only one maker in global market, which owns production line, brand name, and distribution channel system.
- We will keep upgrading our competitive advantage points in order to extend our growth power and profit result.



# Our Win Strategies

- Exchange rate can be hedged by purchasing & sales models.
- Active based distribution model can break the sales ceiling.
- The switch of E-commerce applications to country-wide , the replacement rate is reaching 70% .
- Deeper partner relationship.
- Offer stronger logistic system for customers and create relationship-oriented demand.
- Quick Response.

# High Efficiency In Production

- Large numbers of forming machines and rolling machines: 256sets for rolling
- Well-designed production line
- Good production facilities
- Precise controlling on production tools
- Low defective parts rate: under 0.3%
- High efficacy of logistic process



Customers  
Export : 295  
Domestic : 4,000

Product  
25,000 Items

Annual output  
65,000 MT

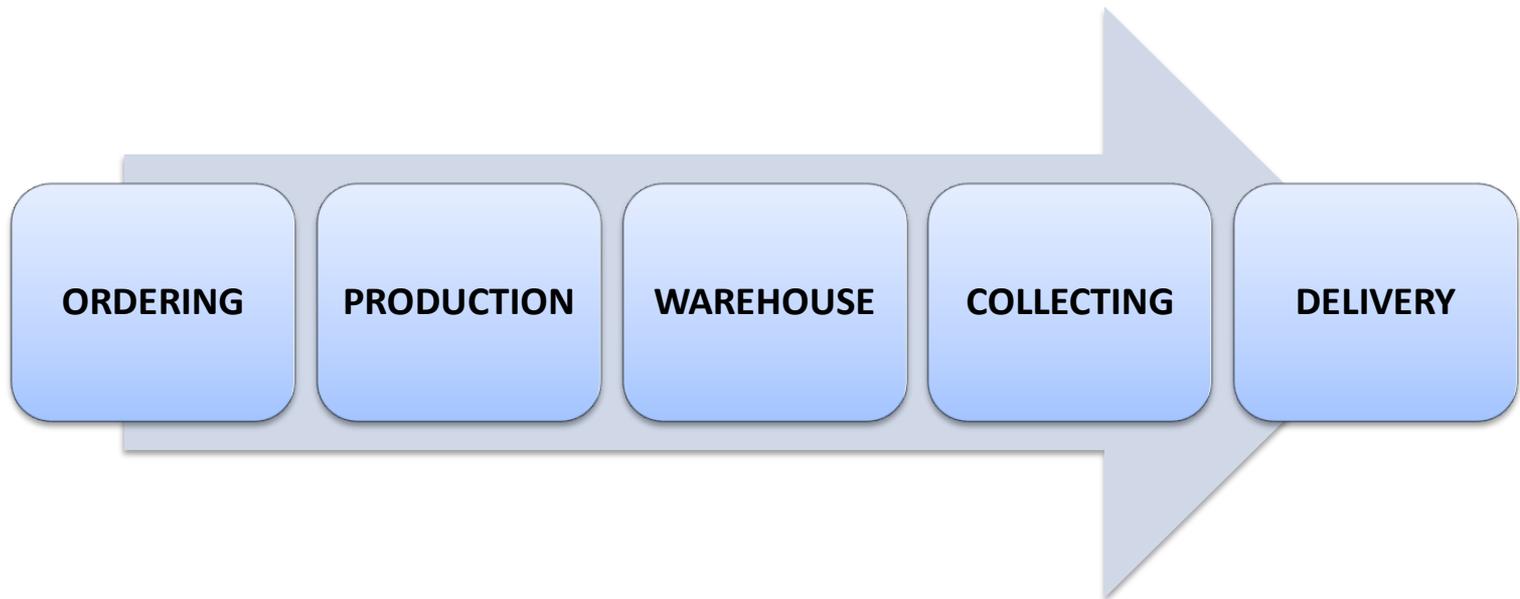
Orders/Day  
6,000 Items



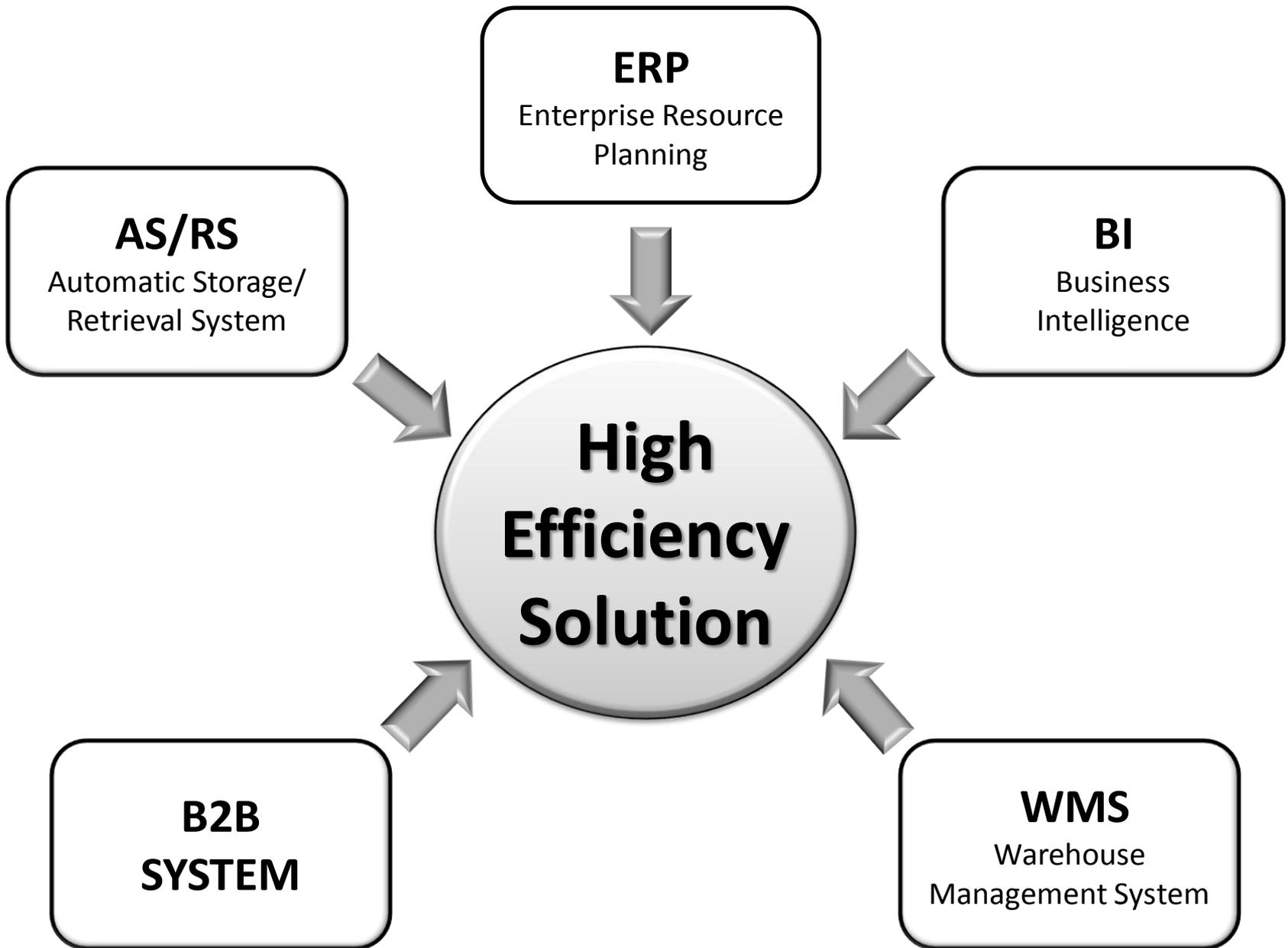
# A Keep Moving Logistic Model

- 25,000 items products
  - ✓ special blue print items
  - ✓ high value-adding parts out sourcing
  - ✓ 33 branch companies
  - ✓ 4,000 distributors
- High value adding logistic
  - ✓ Automatic warehouse = 19,198 PL
  - ✓ Flat warehouse = 8,221 PL
  - ✓ Shelf warehouse = 8,064 PL
  - ✓ Flat Port = 40 partition
  - ✓ Branch warehouse = 2 location

# Strong Logistic



- 25,000 items + 7,000MT inventory + shortage rate less 5% + idle rate less 3% = 6,000 ~ 7,000 orders/day

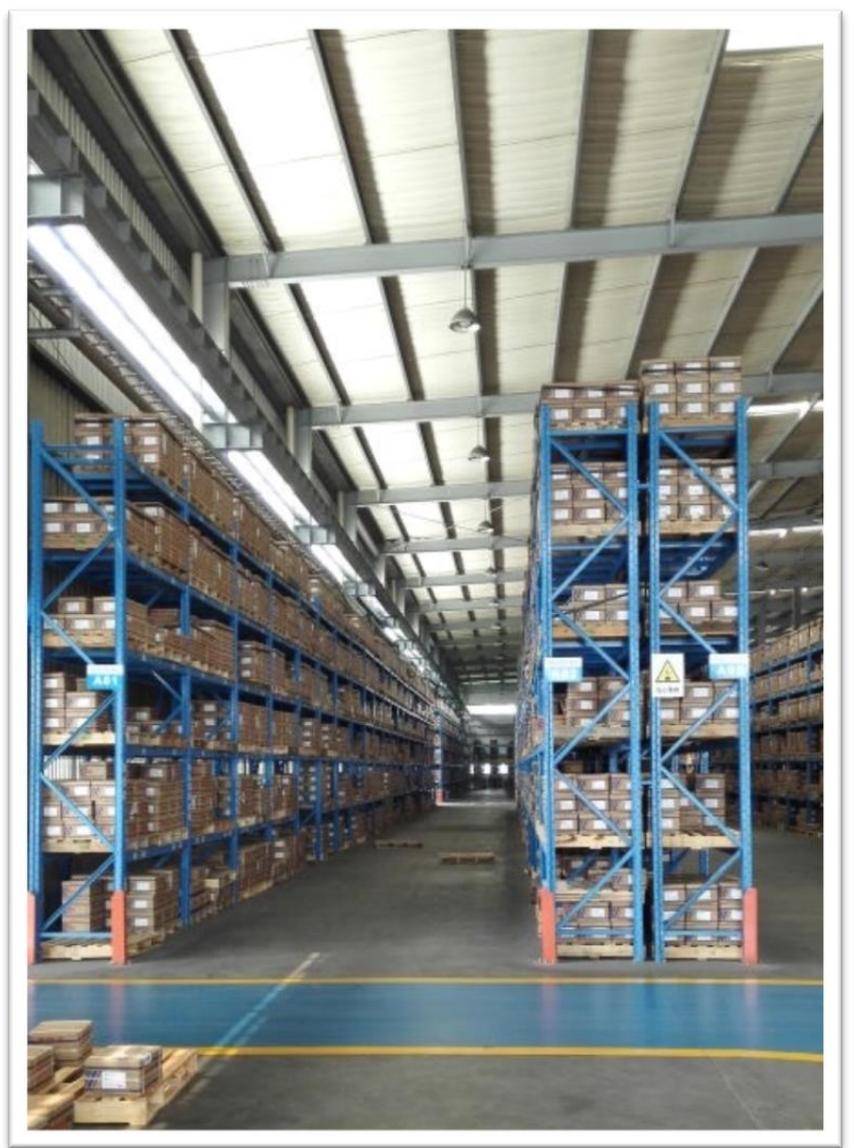
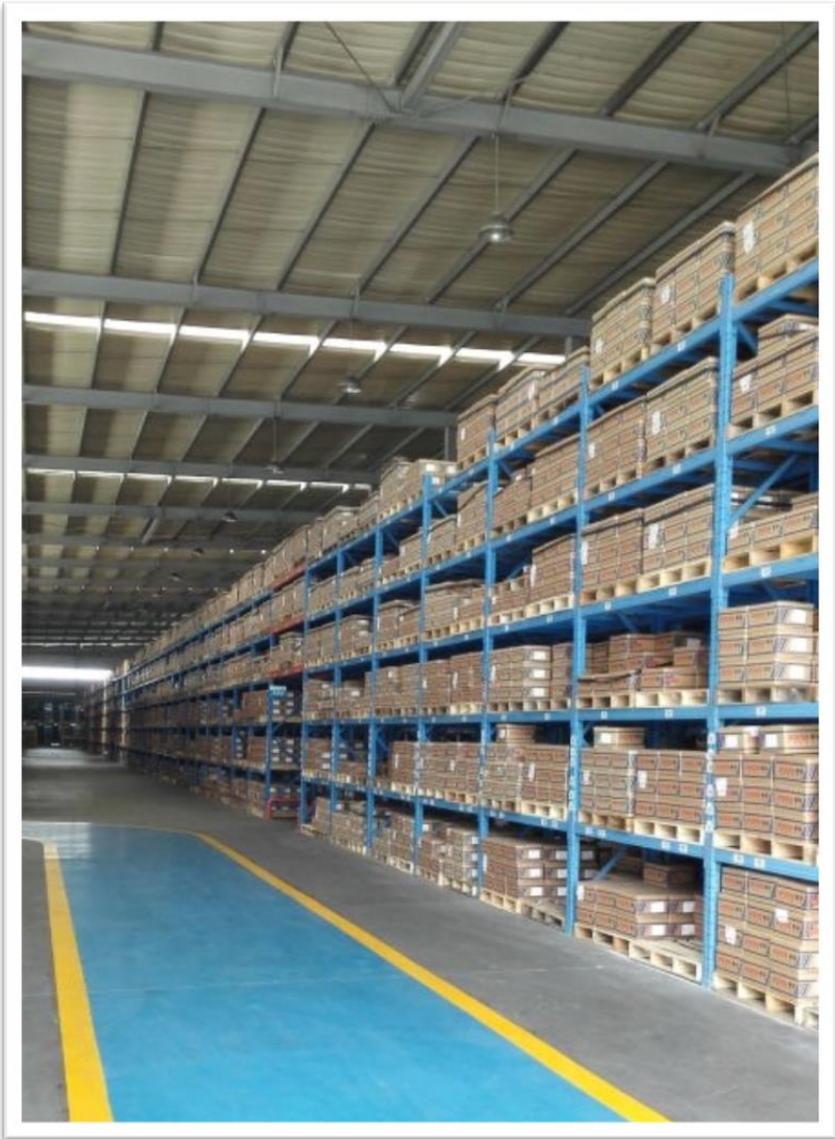




**Automatic warehouse**



**Flat warehouse**



**Flat warehouse**



Shelf warehouse



**Flat Port**



 浙江东明

Branch warehouse





# Advantage On Material Purchasing

	Tong Ming	Other
Purchase Scale	<ul style="list-style-type: none"> <li>• Material-purchasing volume: 5,500 MT per month</li> </ul>	<ul style="list-style-type: none"> <li>• Small purchase volume</li> </ul>
Source	<p>Oversea</p> <ul style="list-style-type: none"> <li>• Walsin Lihwa (Taiwan)</li> <li>• NSSC (Japan)</li> </ul> <p>Domestic (China)</p> <ul style="list-style-type: none"> <li>• Bao Steel</li> <li>• Yong Xing Special Stainless Steel</li> <li>• Tsing Shan Holding Group</li> </ul>	<ul style="list-style-type: none"> <li>• Limit material source</li> </ul>

# Preparing For The Future

Year	2013		2014		2015		2016	
Products	Capacity	Output	Capacity	Output	Capacity	Output	Capacity	2016 Q1+Q2 Output
Fasteners	36,000	32,602	36,000	32,349	36,000	33,366	23,400	19,039
Fasteners %	58%	59%	58%	59%	58%	61%	66%	63%
Drawn Wire	26,000	22,238	26,000	22,656	26,000	21,564	12,000	11,394
Drawn Wire %	42%	41%	42%	41%	42%	39%	34%	37%
Amount	62,000	54,840	62,000	55,005	62,000	54,930	35,400	30,433

Jiaxing	Harbin
Zhongshan	Chongqing
Tianjin	Changzhou
Beijing	Shenzhen
Taizhou	Shaoxing
Shijiazhuang	Huizhou
Hefei	Yangzhou
Xi'an	Wuxi
Foshan	Xiamen
Kunshan	Guangzhou
Hangzhou	Xinghua
Dongguan	Jinan
Shanghai	Shenyang
Songjiang	Shenyang
Wuhan	Suzhou
Changsha	Dalian
Qingdao	Zhengzhou
Nanjing	Wenzhou



# Our Location

The main production based in located in Jiaxing. There are 33 branches, which offer service to 4000 distributors.

# Nickel Price

## January, 2013 -SEP, 2016

\* Net Profit For The Period (NTD/1,000)



# Financial Result

- Consolidated Statement of Income for year 2011-2015
- Statement of Income for 2016 Q1 & Q2
- Our performance reflects our strategy in sales channel.  
Keep growing with profitable result.

# 2011-2015 Statement Of Income

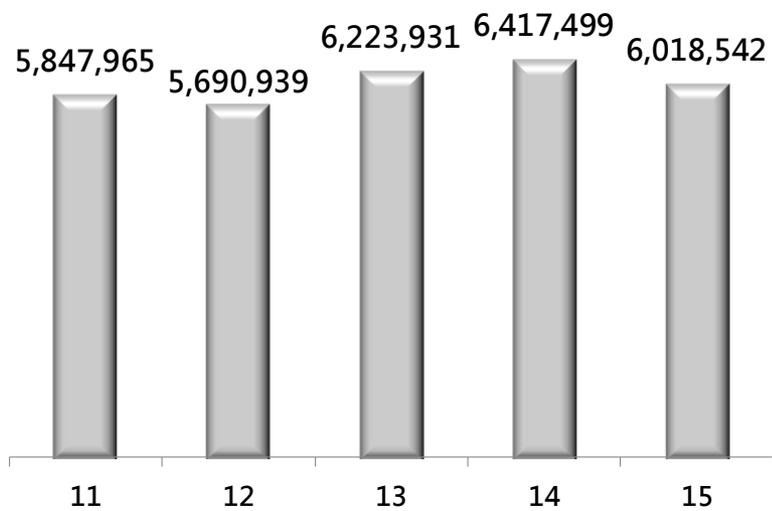
Items	2011	2012	2013	2014	2015
Sales	5,847,965	5,690,939	6,223,931	6,417,499	6,018,542
Gross Profit	521,975	588,087	792,959	1,135,203	814,159
Net Operating Income	174,192	188,658	326,718	660,921	321,117
Profit Before Income Tax From Continuing Operations	130,136	178,197	292,131	652,640	323,110
Net Profit For The Period	90,674	163,225	240,795	516,122	237,283
Earnings Per Share (NTD)	0.61	1.08	1.56	3.05	1.42

# Statement Of Income For 2016 Q1 & Q2

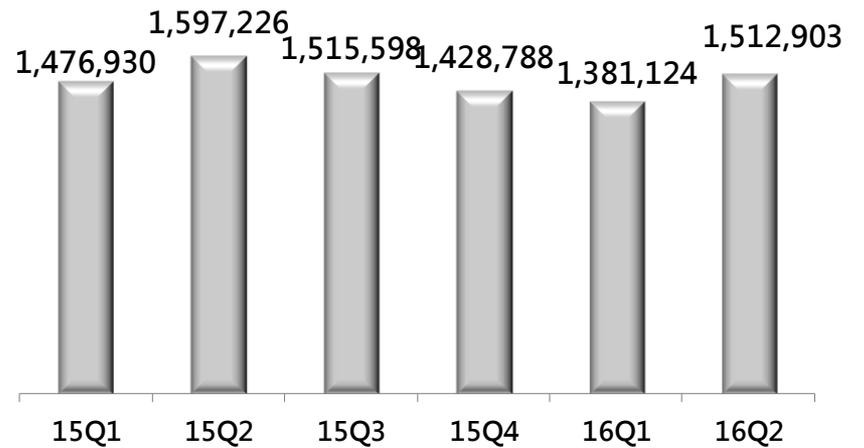
Items	2016 Q1	2016 Q2	2016 Q1+Q2
Sales	1,381,124	1,512,903	2,894,027
Gross Profit	211,832	260,119	471,951
Net Operating Income	92,327	123,772	216,099
Profit Before Income Tax From Continuing Operations	92,481	126,254	218,735
Net Profit For The Period	74,174	100,516	174,690
Earnings Per Share (NTD)	0.44	0.60	1.04

# Financial Review

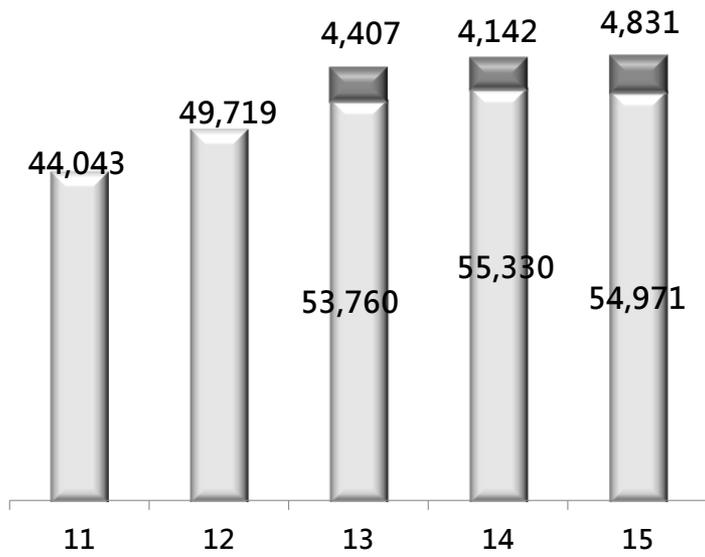
- 2011-2015 five-year sales  
2015 Q1 ~ 2016 Q2 Sales
- 2011-2015 five-year sales quantities  
2015 Q1 ~ 2016 Q2 sales quantities
- 2011-2015 five-year gross profit margin  
2015 Q1 ~ 2016 Q2 gross profit margin
- 2011-2015 five-year operating profit ratio  
2015 Q1 ~ 2016 Q2 operating profit ratio
- 2012-2016 Q2 sales allocation and gross profit margin



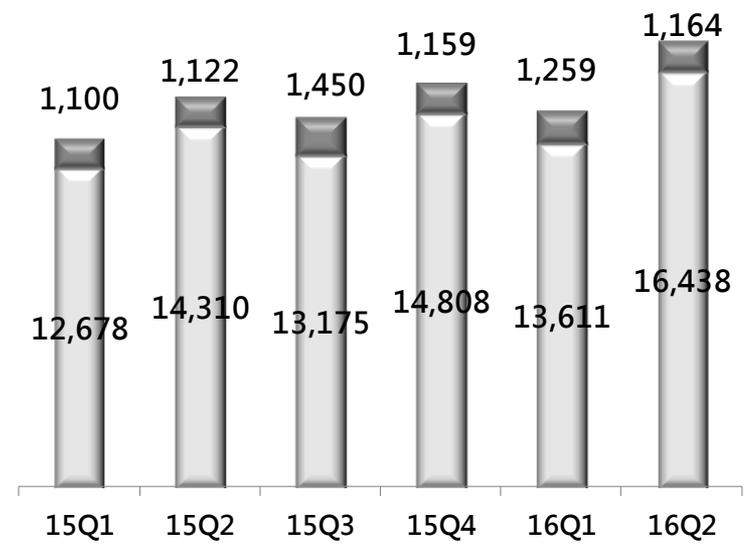
11 ~ 15 five-year sales(NTD/1,000)



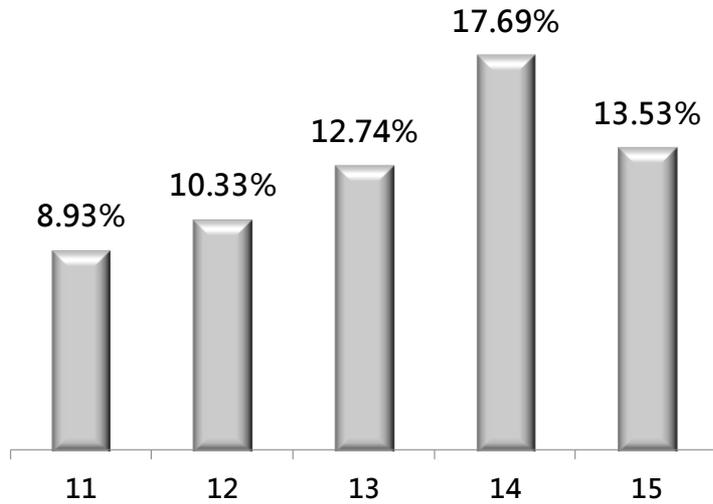
2015 ~ 2016Q2 sales(NTD/1,000)



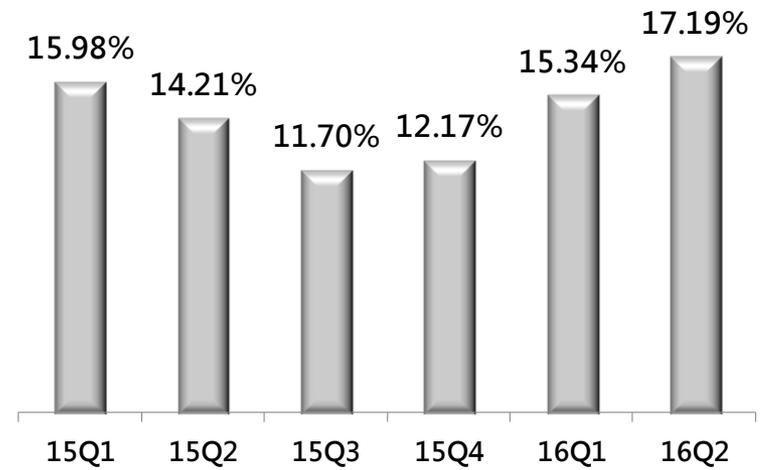
11 ~ 15 five-year sales QTY(ton)



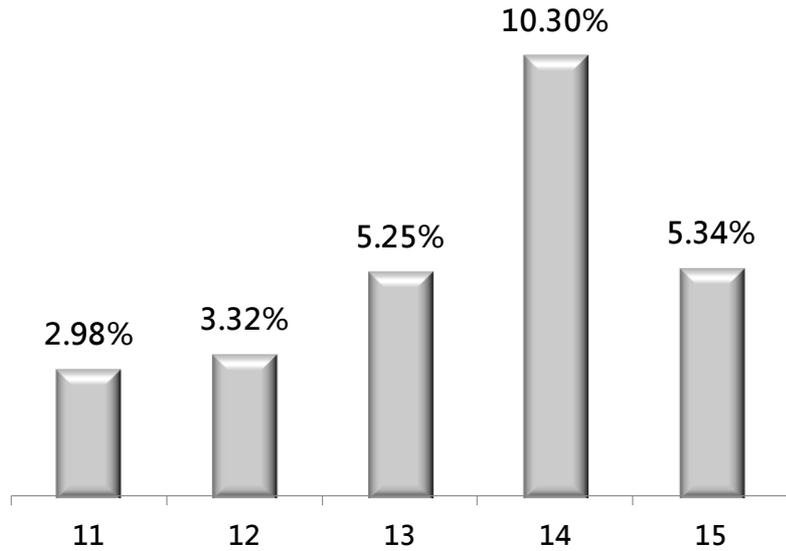
15Q1 ~ 16Q2 sales QTY(ton)



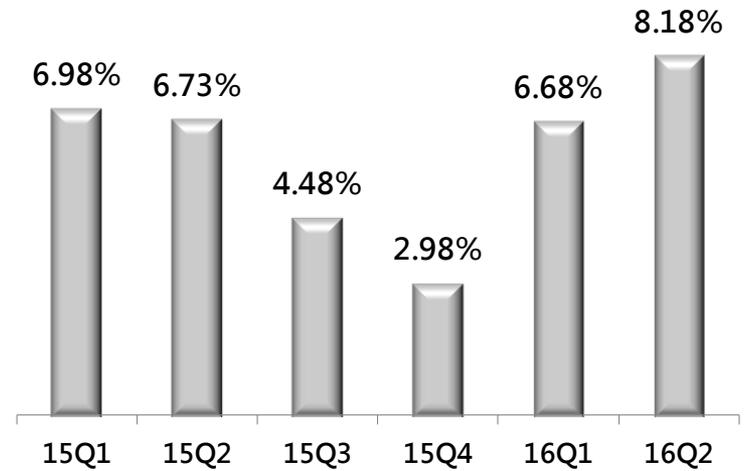
11 ~ 15 five-year gross profit margin



15Q1 ~ 16Q2 gross profit margin



11 ~ 15 five-year operating profit ratio



15Q1 ~ 16Q2 operating profit ratio

## Sales allocation

NTD/1000;%

Items	2012		2013		2014		2015		2016 Q1+Q2	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Fasteners	3,699,500	65.01	3,525,171	56.64	3,719,433	57.96	3,659,555	60.80	1,756,101	60.68
Drawn Wire	1,744,351	30.65	1,670,988	26.85	1,643,490	25.61	1,225,770	20.37	617,886	21.35
Other	247,088	4.34	381,685	6.13	422,404	6.58	408,885	6.79	203,115	7.02
Special Parts	0	0.00	646,087	10.38	632,172	9.85	724,332	12.04	316,925	10.95
Sum	5,690,939	100.00	6,223,931	100.00	6,417,499	100	6,018,542	100	2,894,027	100

## Gross profit margin

NTD/1000;%

Items	2012		2013		2014		2015		2016 Q1+Q2	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Fasteners	522,923	14.13	500,853	14.21	778,625	20.93	580,278	15.86	353,061	20.10
Drawn Wire	41,879	2.40	108,914	6.52	165,150	10.05	60,938	4.97	35,429	5.73
Other	23,284	9.42	120,013	31.44	128,648	30.46	98,895	24.19	48,693	23.97
Special Parts	0	0.00	63,179	9.78	62,780	9.93	74,048	10.22	34,768	10.97
Sum	588,087	10.33	792,959	12.74	1,135,203	17.69	814,159	13.53	471,951	16.31

# Profitable Growth

1. The extending of multiple channels → upgrade distribution model .
2. Keep deeper in the market , make the information gap smaller.
3. Overseas → open inventory sales for European market.
4. Spreading sales into different levels markets globally.