



**TONG 4.0**

Growing a powerful future



2017.11

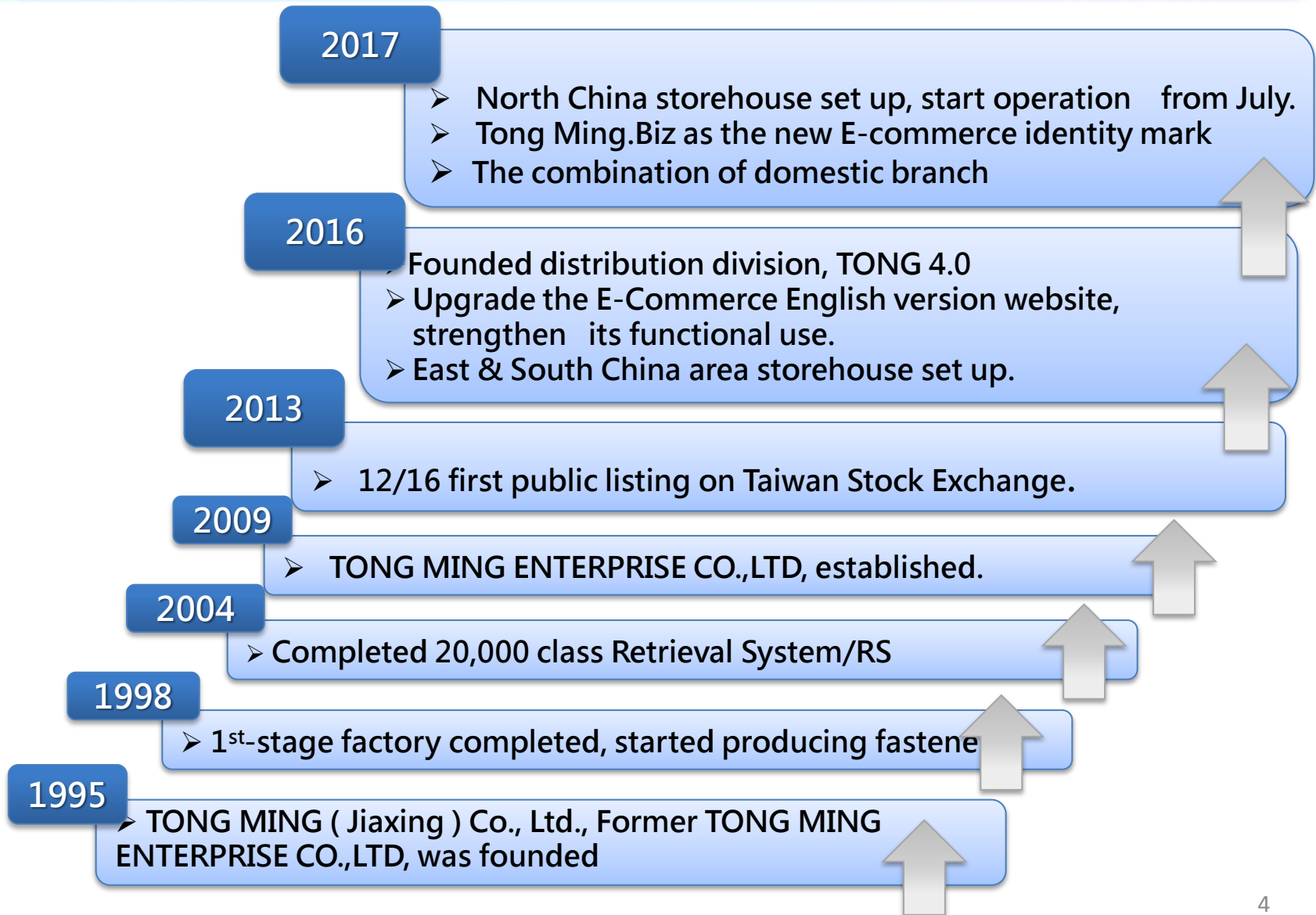


# Disclaimer

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# Company Milestone



# Regional Storehouses



■ North China storehouse-Tianjin

Area: 2,000 m<sup>2</sup>

Inventory Capacity: 600 tonne

■ East China storehouse-Jiaxing

Area: 6,000 m<sup>2</sup>

Inventory Capacity: 3,500 tonne

■ South China storehouse-Foshan

Area: 2,700 m<sup>2</sup>

Inventory Capacity: 650 tonne

West-north branch:  
Xi'an.



East-north branch:  
Harbin, Qingdao,  
Dalian. 3 in total.

North China branch:  
Beijing, Jinan,  
Shenyang, Tianjin,  
Shijiazhuang. 6 in total.

West-south branch:  
Chongqing.

East China branch:  
Hangzhou, Wuhan, hangsha,  
Taizhou, Shaoxing Shanghai-  
Songjiang, Wenzhou, Wuxi,  
Nanjing, Xinghua, hangzhou,  
Suzhou, Kunshan, Hefei,  
Yangzhou. 15 in total.

South China branch:  
Guangzhou, Shenzhen,  
Zhongshan, Zhongshan,  
Foshan, Dongguan. 6 in total.

# Product and Application



- Stainless Steel Fasteners:  
Screws 、 Nuts 、  
Construction Hardware 、  
Stamping parts
- Stainless Steel Wires

Tiny, but stays all around.

# Product and Application

- Solar Power Industry



# Product and Application



# Product and Application



这些组件又通过1000个工程桩支撑的“浮体”漂在水面上

# Product and Application

- High-Speed Rail



# Product and Application



# Product and Application



# Product and Application

- New energy automobile battery



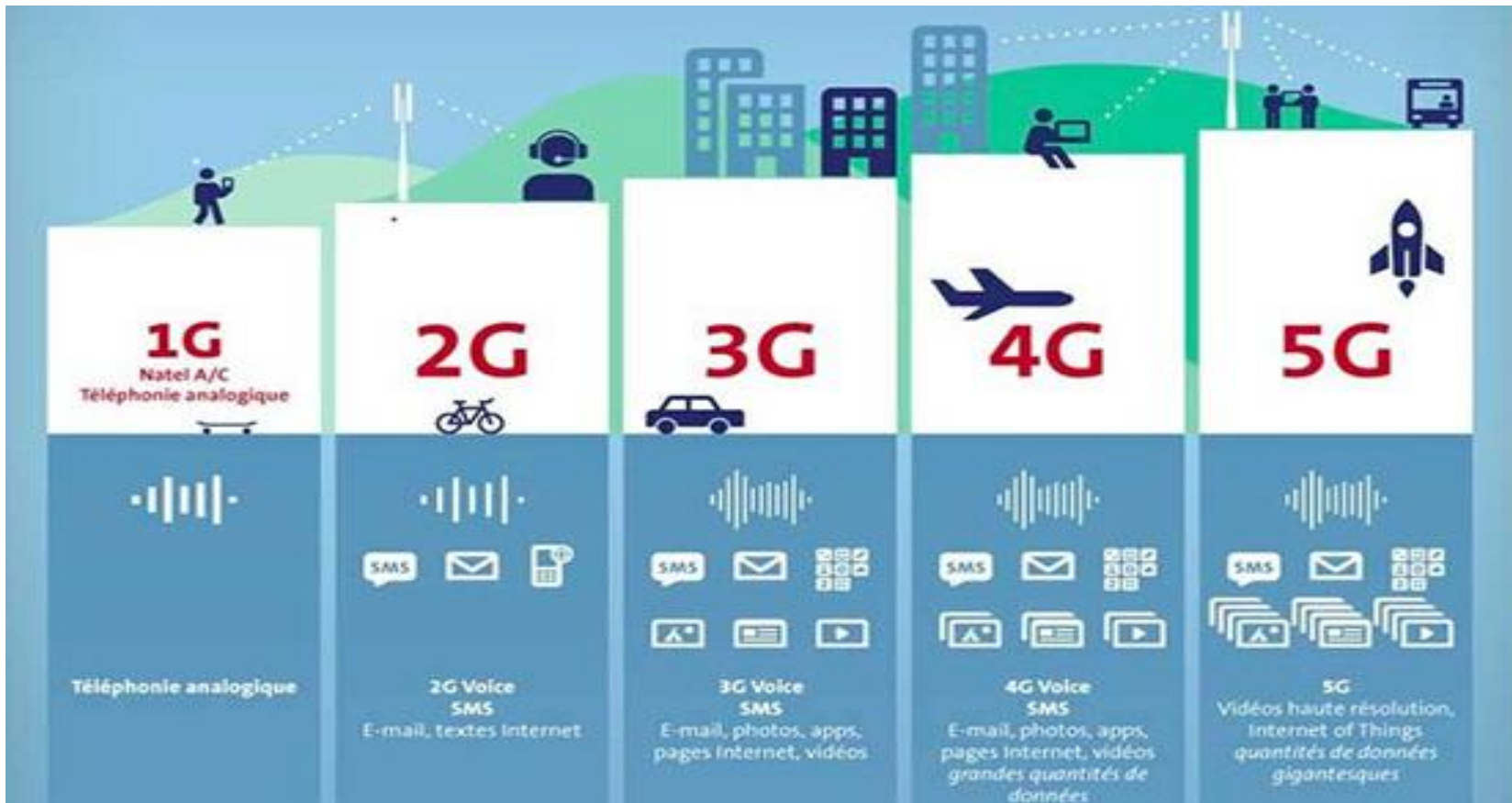
# Product and Application



- New energy automobile battery

# Product and Application

- 5G base station



# Product and Application

**TONG** 東明



- **Industrial impact**

The supply of secondary markets will be getting declined, and the regulations will be getting strict.

- **The change of market**  **product**  
**price**



New exhaust gas treatment



New exhaust gas treatment



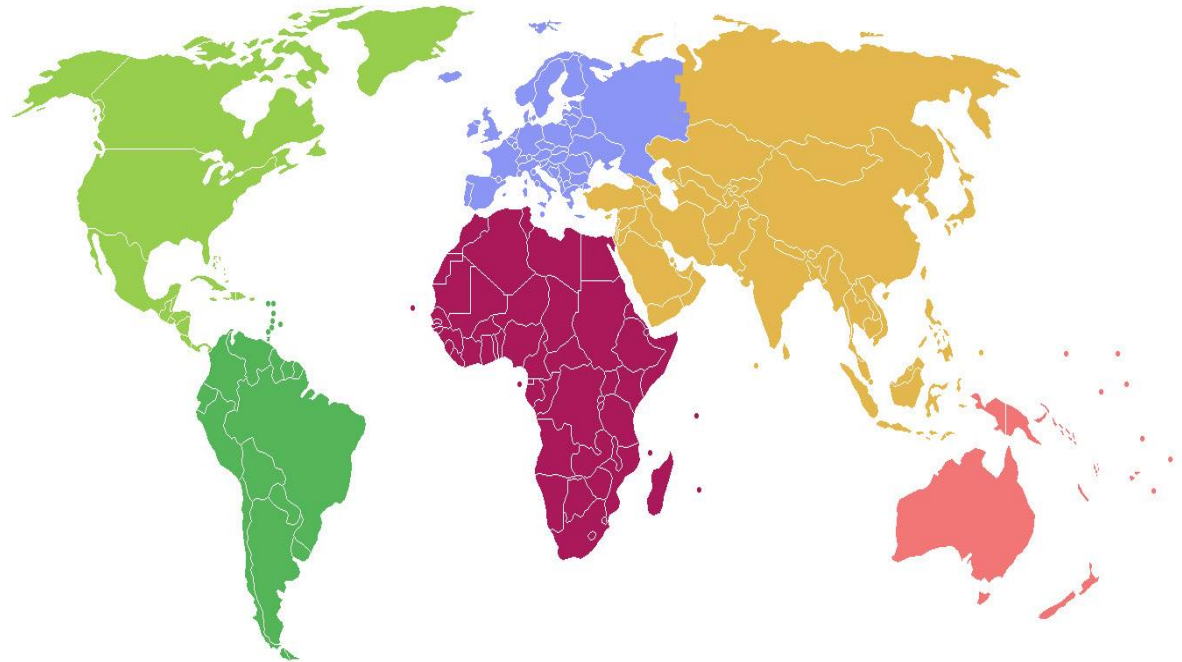
Wire placement area<sub>21</sub>



Disposal material area

# The change of international market

- Regional cooperation
- Expand the platform



# Sales Analysis & Target Market

Items	Stainless Steel Wires	Fasteners (Export)	Fasteners (Domestic Sale)	Niche Products
Business model	Made-To-Orders	Made-To-Orders	Built to Stock	High-Class Customer orientation services
Customers	Chinese end - factories	Mainly Export	5,000+ Dealers	For High-end product demanders
Revenue Percentage ( year2016)	20.73%	20.64%	46.14%	12.49%
Revenue Percentage ( 1-9M 2017)	20.92%	18.18%	46.33%	14.57%

- ◆ For Taiwanese manufacturers, manufacturing is not a big problem ◦
- ◆ Use the general economic thinking to make decisions ◦
- ◆ Use the individual economic thinking to design the network.
- ◆ Procurement maximization, sales minimized.
- ◆ No industry is a traditional industry, only the traditional model ◦
- ◆ Strengthen the company, then increase the number of customers.

# False & True Double Engine

## 5,000 Dealers

- Refine transaction
- Spread the risk
- Disperse industry
- Elongating the competitive frontlines

## Manufacturing capacity

- Expand the scope
- Elasticity enhancement
- Performance improvement

## Strategic outsourcing

- Product diversity
- Strategic partner

# High Efficiency In Production

- Production forming machine: 253 set
- Qualified production line design
- Advanced production equipment
- Specific control on the production mold
- Defective rate: under 3‰
- High-efficiency logistic process
- Promote eco-friendly production mode



Number of customers:  
export:338  
domestic:5,000



Number of product  
items: 31,478 kinds



Yearly production ton:  
close to 65,000ton



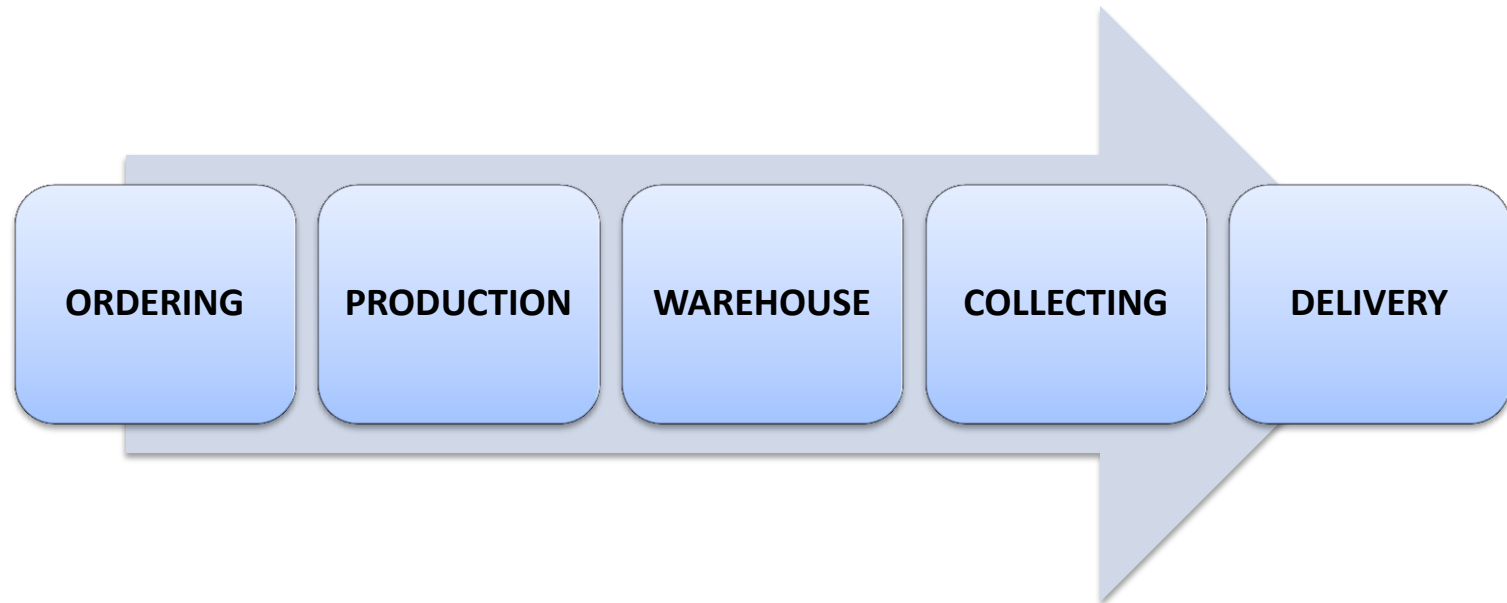
Shipment per single  
day over 6,000+ orders



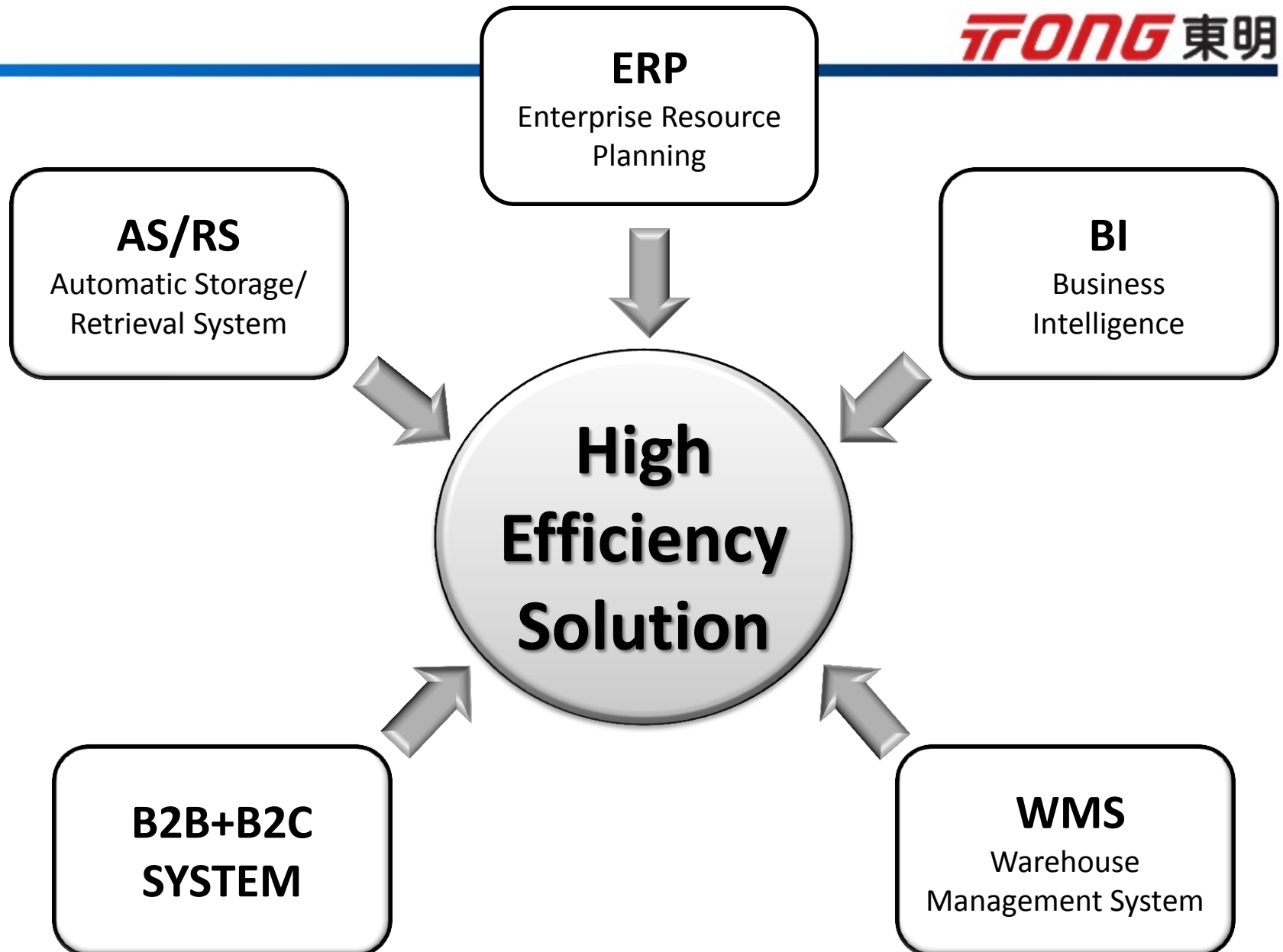
decrease acid-cleaning  
rate

# Preparing For The Future

Year	2015		2016		2017/1-9		2017(Expect)	
Products	Capacity	Output	Capacity	Output	Capacity	Output	Capacity	Output
Fasteners	36,000	33,366	46,800	39,223	40,000	33,121	52,800	44,500
Fasteners %	58%	61%	66%	64%	67%	66%	66%	65%
Drawn Wire	26,000	21,564	24,000	22,302	20,000	17,116	27,200	23,500
Drawn Wire %	42%	39%	34%	36%	33%	34%	34%	35%
Amount	62,000	54,930	70,800	61,525	60,000	50,237	80,000	68,000



- 31,478 items + 8,000MT inventory + shortage rate less than 5% + idle rate less than 3% = 6,000 ~ 7,000 orders/day





North China area warehouse



South China area warehouse



East China area warehouse  
Head Office domestic warehouse



East China area warehouse  
Head Office domestic warehouse



East China area warehouse  
Head Office domestic warehouse





Office



Office

# Nickel Price

January, 2013 -Nov, 2017



**InfoMine.com**

# A year trend of nickel prices

Nickel Price  
Nov, 2016 -Nov, 2017



**InfoMine.com**

- ◆ 2012-2016 five-year sales  
2017 Q1 ~ 2017 Q3 Sales
- ◆ 2012-2016 five-year sales quantities  
2016 Q1 ~ 2017 Q3 sales quantities
- ◆ 2012-2016 five-year gross profit margin  
2016 Q1 ~ 2017 Q3 gross profit margin
- ◆ 2012-2016 five-year operating profit ratio  
2016 Q1 ~ 2017 Q3 operating profit ratio
- ◆ 2013-2017 Q3 sales allocation and gross profit margin
- ◆ Profitable Growth
- ◆ Dividend Policy

# Statement Of Income



NTD/1000

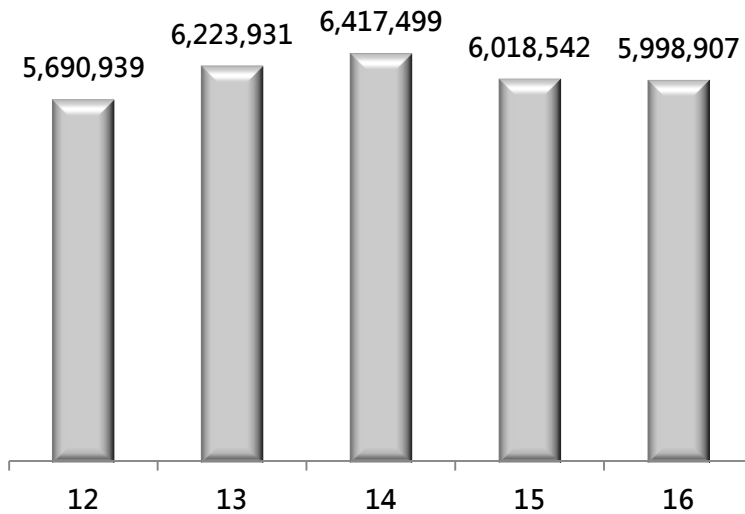
Items	2012	2013	2014	2015	2016
Sales	5,690,939	6,223,931	6,417,499	6,018,542	5,998,907
Gross Profit	588,087	792,959	1,135,203	814,159	1,094,823
Net Operating Income	188,658	326,718	660,921	321,117	603,005
Profit Before Income Tax From Continuing Operations	178,197	292,131	652,640	323,110	597,791
Net Profit For The Period	163,225	240,795	516,122	237,283	467,632
Earnings Per Share (NTD)	1.08	1.56	3.05	1.42	2.78

# Statement Of Income

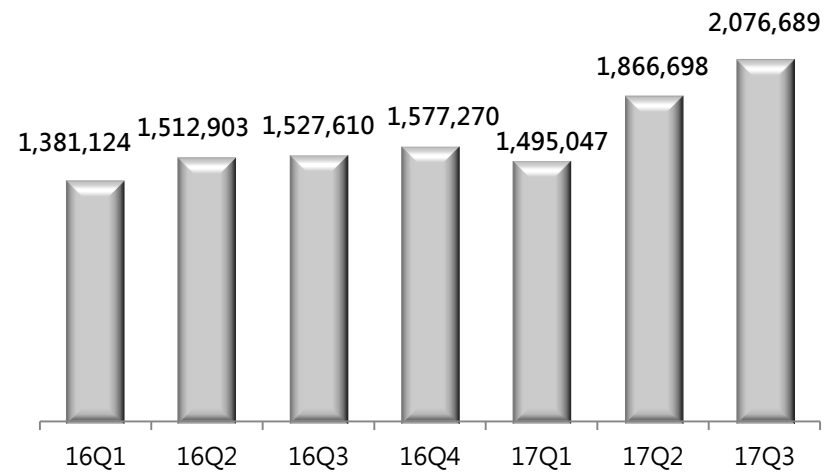


NTD/1000

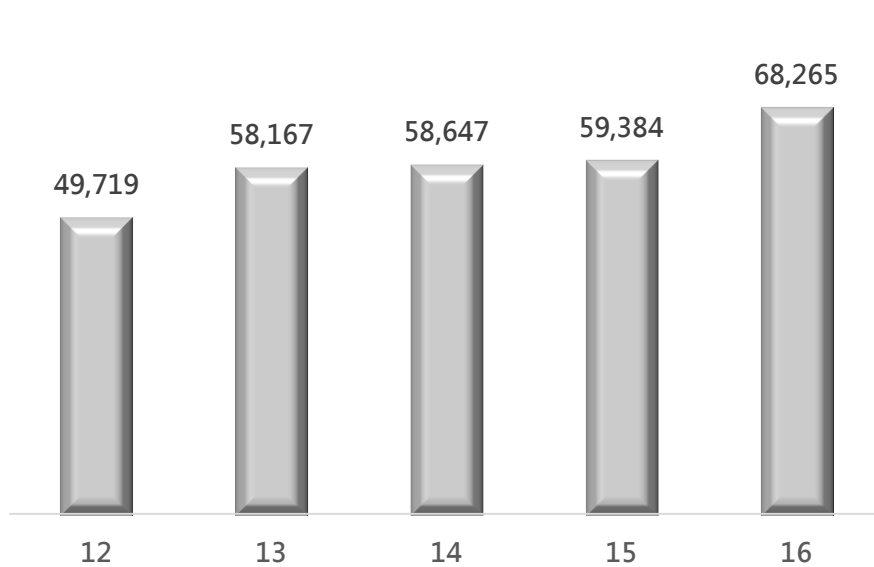
Items	2017Q1	2017 Q2	2017 Q3
Sales	1,495,047	1,866,698	2,076,689
Gross Profit	315,115	254,235	446,510
Net Operating Income	196,110	131,726	317,836
Profit Before Income Tax From Continuing Operations	198,510	124,515	293,007
Net Profit For The Period	146,669	88,292	212,132
Earnings Per Share (NTD)	0.87	0.52	1.26



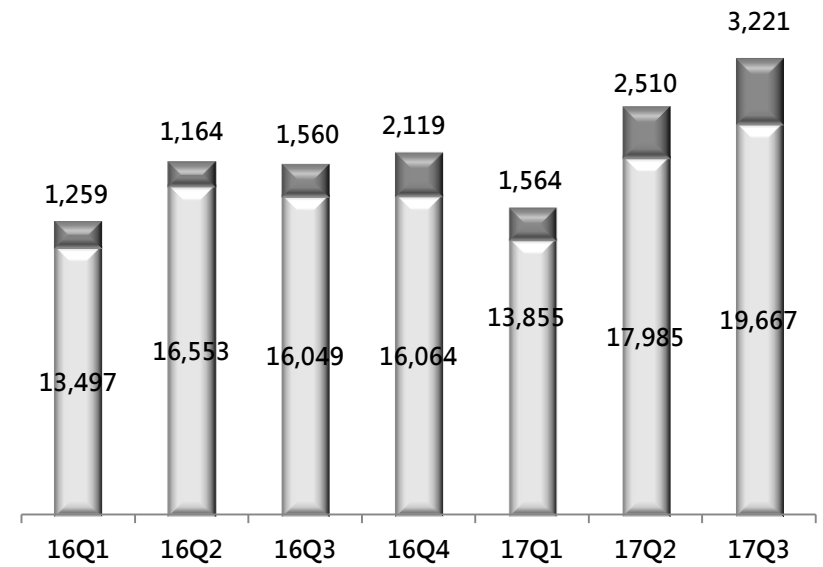
12 ~ 16 five-year sales(NTD/1,000)



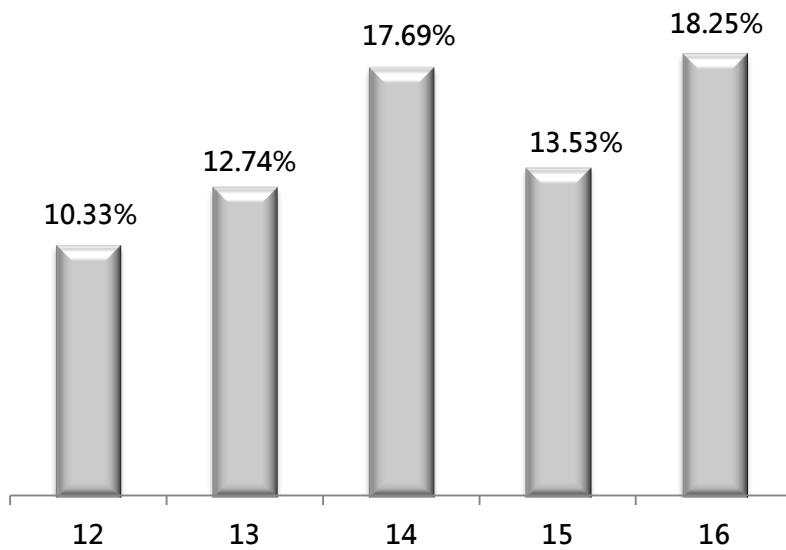
2016Q1 ~ 2017Q3 sales(NTD/1,000)



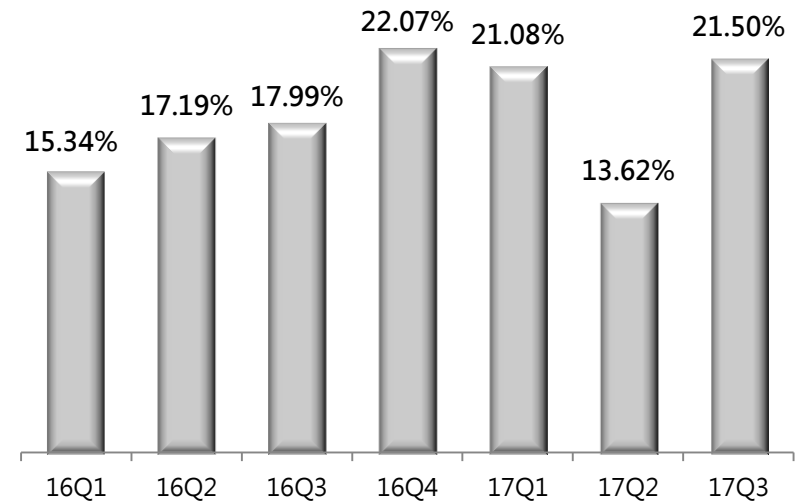
12 ~ 16 five-year sales QTY(ton)



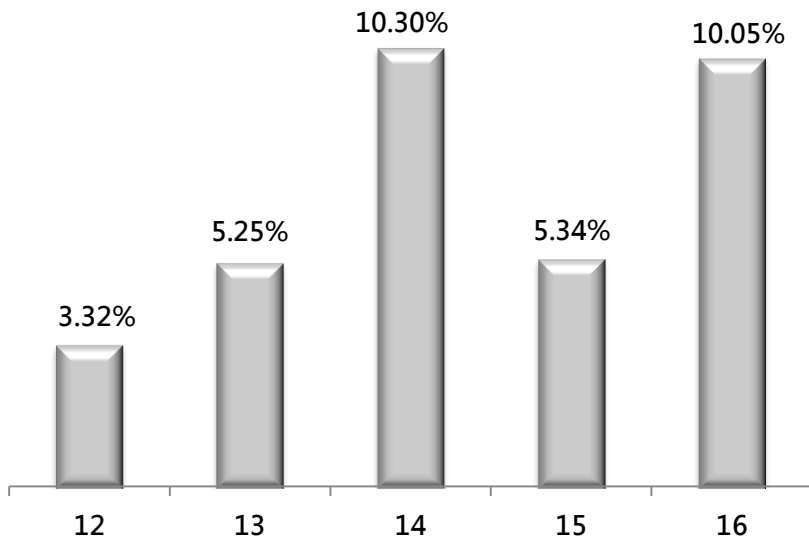
16Q1 ~ 17Q3 sales QTY(ton)



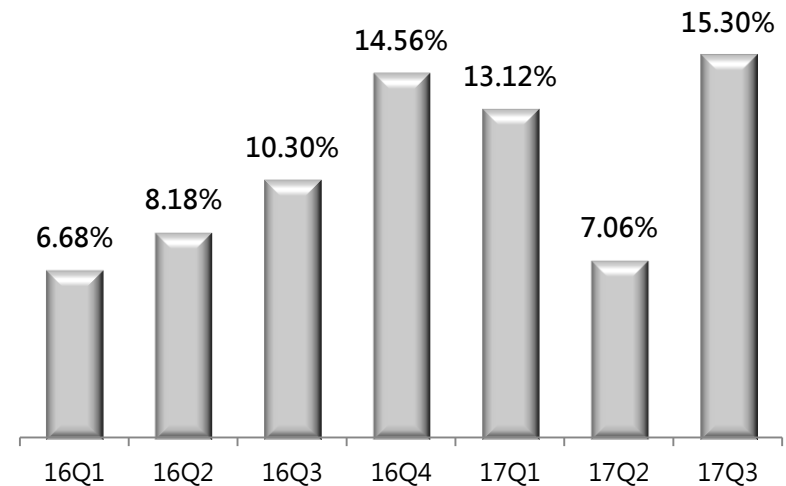
12 ~ 16 five-year gross profit margin



16Q1 ~ 17Q3 gross profit margin



12 ~ 16 five-year operating profit ratio



16Q1 ~ 17Q3 operating profit ratio

## Sales allocation

NTD/1000;%

Items	2013		2014		2015		2016		2017/1-9	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Fasteners	3,525,171	56.64	3,719,433	57.96	3,659,555	60.80	3,583,150	59.73	3,151,587	57.95
Drawn Wire	1,670,988	26.85	1,643,490	25.61	1,225,770	20.37	1,243,669	20.73	1,317,627	20.92
Other	381,685	6.13	422,404	6.58	408,885	6.79	422,843	7.05	356,572	6.56
Special Parts	646,087	10.38	632,172	9.85	724,332	12.04	749,245	12.49	792,648	14.57
Sum	6,223,931	100.00	6,417,499	100	6,018,542	100	5,998,907	100	5,438,434	100

## Gross profit margin

NTD/1000;%

Items	2013		2014		2015		2016		2017/1-9	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Fasteners	500,853	14.21	778,625	20.93	580,278	15.86	784,083	21.88	705,238	22.38
Drawn Wire	108,914	6.52	165,150	10.05	60,938	4.97	124,488	10.01	141,188	12.41
Other	120,013	31.44	128,648	30.46	98,895	24.19	112,694	26.65	109,349	30.67
Special Parts	63,179	9.78	62780	9.93	74,048	10.22	73,558	9.82	60,085	7.58
Sum	792,959	12.74	1,135,203	17.69	814,159	13.53	1,094,823	18.25	1,015,860	18.68

# Executive and operational vision

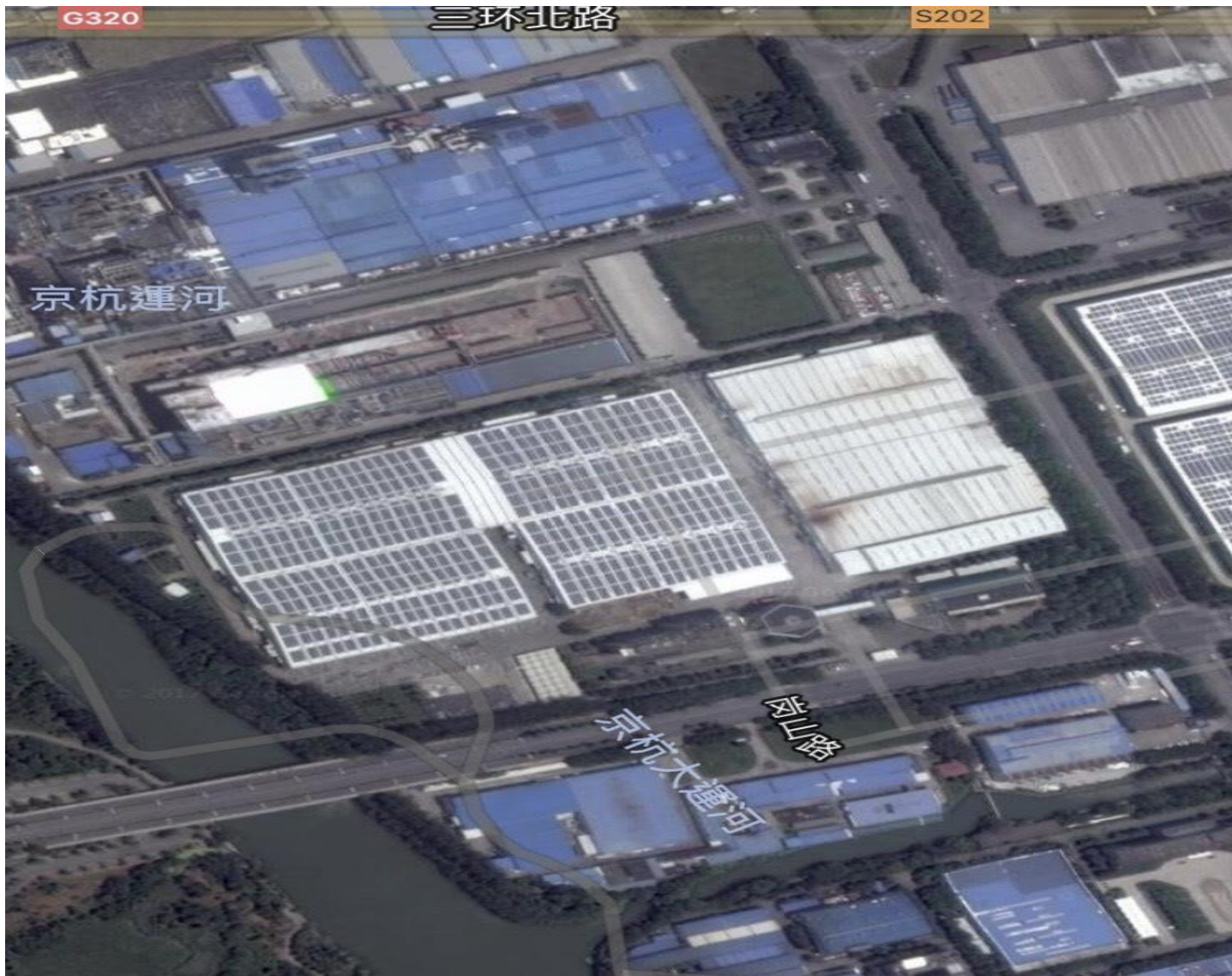


- ◆ The synergistic effect of access is becoming stronger ◦
- ◆ The sales function of branch will be consolidated one by one and reducing the need of manpower to improve the efficiency of delivery ◦
- ◆ E-commerce, the improvement of regional warehouses and the continuous development of new products and sales models.
- ◆ Growth momentum: the quality of the market demand, the establishment of nominal ◦
- ◆ Stock is an extension of opportunity

# Dividend Policy

- Maintain High interest rate and raise Return On Equity.
- Stable, mainly cash dividend.

Items/Year	14	15	16	17/1-9
Return on equity(%)	14.84	6.61	13.32	12.58
Cash dividend(NTD)	2.2	1	2	?
Earnings Per Share(NTD)	3.05	1.42	2.78	2.65
Interest Rate(%)	72.13	70.42	71.94	?



**Tong Ming area  
152,000 square  
meters**