

# TFTA Visits China Automotive Fastener Companies (Year 2014)

by William Liao, president of Fastener World Inc.

## Introduction

**U**nder Chairman Bill Chen's call, Taiwan Fastener Trading Association (TFTA) formed a delegation for a 6-day visit to China's largest automotive fastener show (of over 656 exhibitors) and 6 companies producing automotive fasteners and peripheral equipment. Full gratitude is dedicated to president Chi-Hung Chen of Gwo Lian Machinery, general manager London Yan of Cowin Fastech, president Lien-Kum Juam of Hung Li Machinery, president Chi-Li Chu of Yeswin Machinery, president Chih-Sheng Chow of Eagle Metalware, and president Yung-Shuh Yang of Sanyung Electric Furnace for their hospitality in this journey. They offered full factory tour, elaborating the current status and future of China's automotive fastener industry, along with business patterns, and corporate history. The delegates felt the courtesy and benefited a lot from the journey. At the end of the journey, the delegates visited GM's car assembly plant in Shanghai (annual capacity: 7 million units) and learned more about the application of automotive fasteners.

Many Taiwanese entrepreneurs in China say that the local automotive industry is booming with over 20 million units of cars produced annually, and therefore fastener demand in the next decade looks optimistic. In addition to Taiwan, automotive fastener suppliers in Europe, US, Korea, Japan, and local China all increase production

scale because they look forward to the automotive fastener market. Automotive fasteners are the top products used by the market. The value of manufactured automotive fasteners in replacement for

imported ones is up to over USD 1 billion. The scale of peripheral market is even bigger. Some people in the industry point out investing in the domestic market is way better than investing in the export market and China doesn't have a suitable environment for export sales.

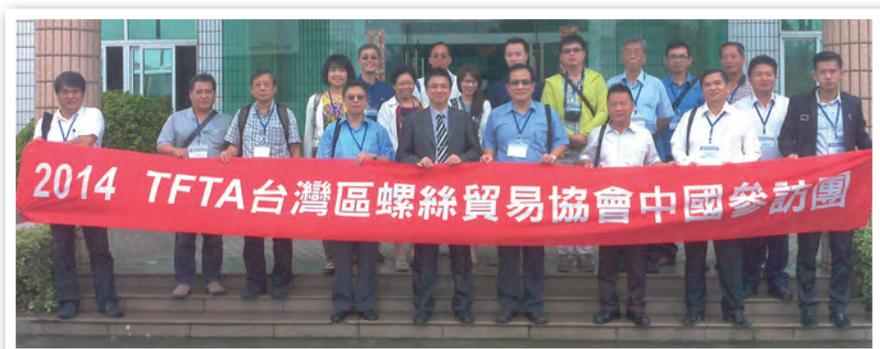
Last but not the least, I'd like to thank again for the hospitality of the aforesaid presidents. My gratitude for president Jin-Fang Hong of Sumon Industrial, Jih-Sheng Chen of Taiwan RDP, and general manager Chan-Fei Hu of Chun Zu (Shanghai). The journey was arranged by Chi-Hung Chen of Gwo Lian Machinery, led by TFTA founder James Su, and came to a perfect ending. It is a little exhausting but worth it.

## About the Visit

TFTA arranged for the following tour:

- Fastener Expo Shanghai
- Gwo Lian Machinery Industry Co., Ltd. (Jiaxing)
- Zhejiang Cowin Fastech Co., Ltd.
- Hung Li Machinery Industrial Co., Ltd.
- Zhejiang Yeswin Machinery Co., Ltd.
- Ching Chan Optical Technology Co., Ltd.
- Eagle Metalware Co., Ltd.
- Jiashan Sanyung Electric Furnace Industry Co., Ltd.
- Car assembly plant of General Motors (Shanghai)

Refer to our exhibition reviews in this edition. Below I will introduce the 6 automotive fastener plants we visited during the tour.



## Gwo Lian (Jiaxing)

Gwo Lian specializes in R&D and production of wire drawing machines and peripheral equipment. Including wire releasing equipment, non-pickling wire rod rust removing equipment, hole mold drawing machine, roller type wire drawing machine, coiler, etc. The company can deal with high/mid/low carbon steel, bronze, stainless steel, alloy steel, etc.



President Chi-Hung Chen (Gwo Lian)



Gwo Lian accumulates advanced techniques and experience from servicing global major plants, and over the years it focuses on R&D, precision production, environmental protection, and quality fastening. It works hard to satisfy domestic and overseas clients, reduce client's costs, and gain higher profit and added value,

President Chi-Hung Chen says the Jiaxing plant spans around 13,000m<sup>2</sup>. 80% of the machines produced in the plant use components imported from Taiwan. 80% of the machines are sold in China and 20% are sold to overseas market. The headquarters in Taiwan introduces techniques and components from Europe, US, and Japan. So far Gwo Lian's products have been sold to 36 countries. The company has developed multiple patented products. Its wire drawing equipment can cope with 1,500 wires per minute. This is the highest speed within the industry.

## Zhejiang Cowin Fastech



General Manager London Yang (Zhejiang Cowin)(left)

The company was established in 2011 with a first stage investment of USD 30 million, spanning 86,700m<sup>2</sup>. The plant is located in Ganyau Industrial City in Jiashan County, and specializes in R&D, production and sales of high-end fasteners and precision parts. The company imported dozens of new equipment exclusively for high strength non-standard bolts, the automotive industry, and mechanical engineering. The company sits in the central area of Jiangsu, Zhejiang and Shanghai near all levels of clients. Shenjiahu highway is adjacent to the company, so traffic and transport is



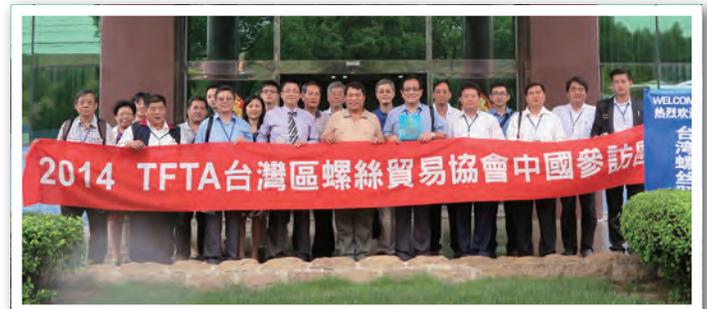
convenient, offering advantage in real-time shipment.

Chite Enterprises (Taiwan) is a major shareholder of Zhejiang Cowin Fastech. Chite cooperates and integrates with its

affiliates to provide all clients with the best fastening solutions. In the future, Zhejiang Cowin Fastech will invest a total of USD 85 million to expand the plant to 220,000 m<sup>2</sup>, and increase capacity to 2,400 tons of high quality fasteners per month.

Zhejiang Cowin Fastech mainly sells fasteners domestically. General Manager London Yang sets his goal for "Top automotive fastener maker" and "The 1st automotive plant to have acquired Taiwan Excellence Awards". The company goes green and aims for becoming a "blessed company" that connects clients, shareholders, suppliers, and employees. The company has 60 fastener forming machines and has marvelous production capability. It has also acquired critical certificates like TS 16949, ISO 16001, A2LA, and SHSAS 18001.

## Hung Li Machinery



Hung Li produces heat treatment facilities and anti-pollution equipment. It takes an enormous market share in the heat treatment industry. Based on the spirit of research advancement, it has been improving surface treatment technology to ensure product quality since 1985. In 1989, it developed electroplating equipment called PP rollers which acquires multiple patents and contributes a lot to semi-conductors, computers, automobiles, fasteners, hardware, sanitary wares, and sporting accessories. The rollers' durability is admired by domestic and overseas clients. As the business expanded with good reputation, Hung Li discovered the lack of human resource and land area. Therefore, it built the 2nd plant in 1991, the 3rd plant in 1996, and the 4th plant in Zhejiang in 1997. The total area of all plants combined is 60 thousand m<sup>2</sup>. The company hopes to develop products of higher quality and precision technology, and offer the industry better equipment and service.

Hung Li's sales cover the whole world including Japan, Korea, Hong Kong, China, Singapore, Thailand, Indonesia, Philippines, Malaysia, Vietnam, Sri Lanka, Turkey, Iran, Ghana, South Africa, Jordan, Germany, Netherlands, Mexico, Brazil, Argentina, etc.



President Lien-Kum Juam (Hung Li) (left)



In regard to the market trend, chairman Lien-Kum Juam (Taiwanese Chamber of Commerce in Jiashan) thinks the business opportunity of automotive fasteners will be huge within this decade. If you plan to tap into this market and make investment, it is better to focus on the local

sales rather than to export to other countries through China. If you export automotive fasteners in China, you will have to deal with problems like tax, appreciated exchange rate, high labor cost, and conditions of material processing. For Taiwanese equipment makers in China, they face problems such as knockoff equipment, price-cutting competition from machines made in china, and increased labor cost. These indicate that Chinese investment environment for foreigners is not as what it was anymore.

### Zhejiang Yeswin Machinery

Zhejiang Yeswin is a joint venture invested by Taiwanese Lian Shyang Industries Co., Ltd. and Yeou Heuy Machine Co., Ltd. It was established in 1997 with the total investment of USD 8 million. On the net floor of 100 acres, it has started to operate since the yearend of 1999. Its location in northern Zhejiang offers the convenience of transport. Major products are multi-station cold forging machines, pneumatic 4 spindles tapping machines, and non-standard cold forged parts, most of which are sold domestically. Its annual revenue is nearly RMB0.3 billion.

Lian Shyang Industries, with 30 years of experience and technical development, is a well-known Taiwanese manufacturer of cold forming machines. Yeswin possesses superior manufacturing techniques inherited from Lian



President Chi-Li Chu (Zhejiang Yeswin)(left)

Shyang and provides customers with various quality outstanding forming machines including 5 dies/ 6 dies high speed bearing nut forming machines, 6 dies/ 7 dies long cold forging machines, 3 dies/ 4 dies bolt formers (basic, long, super long), nut formers, bolt formers, electric chain hoist, etc. These sets of equipment can be used to produce fasteners, auto parts, hand tool components, construction hardware, non-standard parts like nuts, plugs, socket wrenches, sleeve anchors, etc. as well as process materials including low-to-medium carbon steel, stainless steel, low alloy steel, copper, aluminum alloy. It can also redesign machines for customers that suit their actual demand in production.

It has recently devoted to the production of 13 sets of multi-station cold forging machines and has cumulative experience in developing products. Products manufactured include sleeve anchors, sleeves, furniture screws, automotive nuts, high-strength flange locknuts. It is able to process parts with diameters from 8mm to 28mm and up to 65mm in length. Its machines are mostly used to process fasteners applied to automotive, machinery, and defense industries.

### Ching Chan Optical Technology



Ching Chan Optical Technology Co., Ltd. (former Ching Chan Machinery Co.,Ltd.) was established in 1992 and is headquartered in Kaohsiung, Taiwan. In the beginning the company focused on the development of various vibratory feeders and related machines for screws and nuts. With the insistence on technological innovation and quality upgrade, the team of the company

devoted to the research of screws & nuts sorting equipment and successfully developed the new-generation CCD image sorting machine. In order to further enhance the quality of products, it sets up a division for outsourced screw sorting and tests the quality of its products by putting them in long-term practice with continuous development and improvement. Ching Chan follows spirit of professional design, innovative research, technological development, and advancement of quality to offer high precision and high quality sorting and inspection equipment to fastener manufacturers and expands business worldwide always with a customer-centric belief, which has been widely recognized and admired. Many well-known fastener companies are now Ching Chan's customers.





Delegation at Ching Chan Optical Technology

### History of Ching Chan

- 2000.04 Development of screw image sorting machines.
- 2004.10 Began selling PS-1500-C2 image sorting machines to fastener factories.
- 2005.03 Successful development of PS-1500-C3 screw image sorting machines with 3 cameras detecting head cracks and marks.
- 2009.04 New product demo of PSC conveyor image sorting machines, PSE conveyor image sorting machines, PSE eddy current sorting machines, PSG glass dial image sorting machines, PSD long screw (250mm) image sorting machines.
- 2011.05 Release of PQA-C first article inspection machines, PSC-3500 conveyor image sorting machines, PSG-6500 dual-glass dial image sorting machines which have been distributed by local agents in Germany, Japan, S. Korea, USA, and Brazil.

So far it has developed inspection machines of over 60 kinds, certified or patented in Taiwan, Europe, and Japan. Its self-developed inspection software can help customers customize their inspection. Many well-known automotive fastener manufacturers use machines from the company.

### Eagle Metalware



President James Su (Wellfly)(left) and President Chih-Sheng Chow (Eagle Metalware)

Eagle Metalware is a specialized fastener manufacturer that combines production, R&D, and sales together and is one of the manufacturers for Grade 12.9 high-strength screws. It has two major

manufacturing bases in Dongguang and Kunshan (each has hundreds of advanced fastener manufacturing systems on the net floor of over 50,000 sqm). With the advanced ERP management system, it can produce EG branded standard/non-standard high-strength bolts and high-class expansion bolts according to DIN, ANSI, ASME, ISO, GB, and JIS standards, which are widely used in high speed rail, automobiles, machinery, molds & dies, electronics, and construction and are sold to Europe, America, Japan, and Southeast Asia.

On Nov. 8, 2003, Eagle Metalware finished the construction of its first manufacturing base in Dongguang with the annual capacity up to 20 thousand tons; in June 2011 it finished another manufacturing base in Kunshan with the annual capacity of 30 thousand tons.



Now its Grade 12.9 fastener business takes the lead across China.



In order to guarantee the highest quality of every "EG" fastener, it has installed the entire set of fastener quality inspection machine compliant with standards required by the National Testing Laboratory

to monitor all process from raw material procurement to deliveries of finished products. The company has been certified by ISO9001:2008 and TS 16949. In order to satisfy customers' demand, it set up modern warehouses and delivery systems in southern, eastern, and northern China. The inventory is kept above 70,000 tons. So far with the complete marketing system, it has had 58 sales braches in China as well as sales networks in Asia, Europe, and America.

In addition, Eagle pays much more attention to nearly 80,000 direct users, distributors, hardware shops in domestic sales and offers one-stop purchasing service to the largest manufacturer or the smallest supplier, making customers enjoy the service with the best price and quality. Its Grade 12.9 fasteners and bolts represent up to 60% of the total domestic market share in China. The domestic sales also represent 92% of the annual revenue of the company while the rest of sales are in export.

President Chow confidently said that the company plans to set up 100 sales branches and the 3rd manufacturing base by the end of 2015. After that, Eagle will become the largest fastener manufacturer in the world with products and service for automobiles, high speed rail, vessels, and aerospace and the annual production will be 100 thousand tons.

Last but not the least, President Chow appreciated the support and assistance of Taiwanese fastener industry, as 100% of its equipment and operation management were introduced from Taiwan, which impressed the visitors a lot.

