

Tools



February 2010 US\$395

Essential sourcing intelligence for buyers

China manufacturer profiles

Detailed profiles of 26 suppliers with verified manufacturing and export credentials

Product & price trends

Prices and specifications of 81 top-selling export products

Supply centers & market trends

Coverage of leading and emerging supply centers, plus insight into capacity, output and R&D

global sources

40
YEARS

Quality Buyers
Verified Suppliers

www.globalsources.com

www.ChinaSourcingReports.com

TOOLS

Supplier capability in China

EXECUTIVE SUMMARY

China's tools industry is gearing itself to face an uncertain business environment. While suppliers generally expect 2010 to yield better results than 2009, a number believe that exports will not revert to precrisis levels until the next two to three years.

With this outlook, manufacturers and trading companies alike remain keen on keeping their price advantage over foreign counterparts. The strategy is becoming harder to sustain, however, since the outlay for stainless steel and other key raw materials are again on the rise. In fact, for many companies, reductions are unlikely in the months ahead should these and other cost drivers climb. Per-unit margins are already down to less than 10 percent due to price cuts implemented in early 2009.

Besides rising expenses, makers are preparing to face continued appreciation of the yuan against the US dollar and other currencies, which will similarly put pressure on prices. Moreover, this will raise the quotes of China-made tools overseas, even with companies not implementing any adjustments.

Suppliers' capability to offer stable prices is also in jeopardy. When there is little or no fluctuation in the exchange rate, the validity of quotas can be longer than two months. Otherwise, quotes can only be fixed for 30 days or less.

Facing these challenges, the following are some of the key trends we see in China's tools industry as suppliers aim for better margins and overall competitiveness.

- To mitigate the effects of cost increases and the exchange rate on prices, companies will continue to move the sales mix toward differentiated, higher-value models. Most will focus on the DIY segment, but a number are also expanding their selections of professional tools.

- Upcoming releases are expected

to come in more colors, particularly with regard to handles. Upgrades in ergonomics, environmental friendliness and durability are also anticipated.

- Some makers will be offering more models under in-house brands to differentiate themselves further. The strategy, however, is limited mainly to those operating on a large scale.

- Eastern Europe, Central and South America, Africa, the Middle East and the Asia-Pacific region will become important export destinations for many companies. Even so, the EU and North America are projected to remain key markets.

- For additional savings that will insulate them against cost fluctuation suppliers are adjusting operations to achieve greater efficiency and reduce defects. Further, a number are using forward contracts and other instruments to mitigate foreign exchange risk.

The report covers the major products of the industry, namely hand and powered implements, garden tools and water-distribution devices, and tool storage systems.

The categories are discussed in separate sections. For each, details on the different types offered line, their common features and key price determinants are provided.

The latest trends in materials and designs are also discussed. Information on the supplier base and key hubs can likewise be found.

The Industry Overview elaborates on issues affecting production and exports. It also identifies the common strategies manufacturers are employing to cope with challenges and enhance overall competitiveness.

To reflect the industry structure, the majority of the suppliers featured in this report are local, privately owned enterprises. Fifty percent are based in Guangdong, Zhejiang and Jiangsu provinces, which are the primary sources of tools in China.

In this report

- 26 in-depth company profiles
- 81 top-selling export products
- Supplier demographics
- Supplier survey
- Industry statistics & charts

METHODOLOGY

To produce this report, Global Sources surveyed a wide range of suppliers. Rather than focus simply on high-profile makers, we compiled a representative sample of large, midsize and emerging manufacturers. All profiled companies are export-oriented professional suppliers that may or may not be clients of Global Sources.

The selection of suppliers is designed to reflect the composition of the industry in China in terms of geographic spread, business type and company ownership.

For in-depth company profiles, our research teams interviewed senior executives and export managers who discussed their recent performance and provided R&D, production and export forecasts for the next 12 months. The interviews were done in person, by phone or e-mail.

In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials, including their production and export statistics, and a breakdown of exports by product type and market. Our production checklist details the product-specific manufacturing capability of each supplier.

All profiled suppliers participated in a survey designed to provide insight into product and price trends, and challenges facing the industry. All survey questions are single choice. Results were calculated based on the actual number of valid responses to each question.

CONTENTS

INDUSTRY OVERVIEW	7
Supplier summary	
Main production centers	
Supplier demographics	
Production & exports	
Hand tools	10
Power tools	14
Garden tools	18
Water-distribution systems	22
Tool storage	24
Supplier survey	26
Export prices, export sales, target markets, capital expenditure, challenges, capability, R&D focus	
SUPPLIER PROFILES	29
Supplier locations	
Industry composition	
Top 20 exporters	
Supplier matrix	
Production checklist	
Supplier profiles	
PRODUCT GALLERY	91
Top-selling export products	

Copyright 2010 Trade Media Limited. All rights reserved. Reproduction in whole or in part in any form or medium without express written permission of Trade Media Holdings Limited and Trade Media Limited is prohibited.

Published by Publishers Representatives Limited (on behalf of Trade Media Limited)
4th Floor, Century Yard, Cricket Square, Elgin Avenue, P.O. Box 32322 SMB, George Town, Grand Cayman, Cayman Islands
c/o 22/F Vita Tower, 29 Wong Chuk Hang Road, Aberdeen, Hong Kong

ISBN 978-988-18627-8-5

Disclaimer: Any recommendation contained in this report may not be suitable for all investors or businesses. Moreover, although the information contained in this report is obtained from sources believed to be reasonably reliable, the accuracy or completeness of such information cannot be guaranteed. The author and the publisher of this report (and the publisher's affiliates, agents, sales representatives and service contractors) do not make any representation or warranty whatsoever (whether express or implied) in relation to any of the contents of this report (including any information, opinion, recommendation or conclusion contained in this report) (collectively, "Contents"), whether as to the accuracy, completeness, quality, fitness, suitability or reliability of such Contents (or any portion thereof) or otherwise, and shall not be liable under any circumstances whatsoever for any error, omission, defect or deficiency in, or for any use of or reliance on, such Contents (or any portion thereof).

All product images are provided by the companies interviewed and are for reference purposes only. Those product images featuring products with trademarks, brand names or logos are not intended for sale. Products that are not the specific topics of editorial articles are shown for illustrative and/or demonstrative purposes only. We, our affiliates, and our affiliates' respective directors, officers, employees, representatives, agents or contractors, do not accept and will not have any responsibility or liability for product images (or any part thereof) which infringe on any intellectual property or other rights of a third party.

INDUSTRY OVERVIEW

Tool suppliers in China generally have a better outlook for 2010 compared with 2009, with a large number of companies expecting stronger sales amid signs of key economies recovering. In Global Sources' latest survey, several are anticipating at least 10 percent growth in export revenue.

Nonetheless, several believe that markets still need time to bounce back from the financial crisis. These companies project demand will revert to precrisis levels only in the next two to three years.

For greater competitiveness amid the uncertain business environment, manufacturers, regardless of their outlook, are keen on keeping prices lower than those of domestic and overseas counterparts. To this end, most plan to maintain current quotes, as reductions are no longer possible without risking profitability. This is because, in the interest of encouraging orders during the financial crunch, makers generally cut their charges by at least 5 percent compared with 2008 figures. The strategy brought per-unit margins down to less than 10 percent, and some enterprises even operated at breakeven points to stay in business.

Sustaining their price advantage may prove all the more challenging in coming months due to rising raw material costs. After a steady downswing from end-2008, rates for

key production inputs began going up in the last quarter of 2009.

Stainless steel, commonly used for blades, is now at \$3,000 per ton from about \$2,800 in July last year. Zinc and aluminum alloys adopted in tool handles surged 30 percent to \$2,900 and \$2,500.

Copper, a key material in electrical devices, currently goes for \$3.40 per pound. The cost of the material is up 36 percent from its rate in July.

The export tax rebate, raised 4 percentage points in April 2009 from 5 percent previously, is projected to provide little relief. Competing for orders amid the market contraction, most suppliers already passed the savings onto clients in the form of price cuts.

Consequently, among lines such as hammers and wrenches that use a large amount of raw materials, higher quotes are expected for every additional \$50 in the per-ton rate of key manufacturing inputs. For utility knives and other products requiring less material, the pressure will be lighter.

Another threat to the industry's price advantage is continued appreciation of the yuan against the US dollar and other currencies, as this will force companies to raise quotes to protect against exchange rate losses. Further, China-made tools will become more expensive overseas, even with suppliers

Supplier summary

Suppliers surveyed	26
Export sales	\$350.1mn
Export ratio	65%
OEM business	62%
Capacity utilized	54%
Annual R&D spending	\$31.8mn
Full-time employees	8,679

Data: All surveyed suppliers

not implementing any price hike.

The industry's capability to offer stable quotes is also at risk. When the fluctuation is minimal, the validity of prices can be longer than two months. Otherwise, quotes are only applicable for one month or less.

Product strategies

To ensure their ability to offer stable and competitive prices, many suppliers are working toward an optimal sales mix that will mitigate the effects of raw material costs and the exchange rate on operations. These makers are paying more attention to R&D, aiming to offer differentiated models for which a premium can be charged. Several also seek to develop units whose performance will be at a par with upscale versions made in the US and Europe.

At most companies, the focus is still on DIY implements, primarily because of the large investment required to develop and manufacture professional tools. With effects of the economic crunch still lingering, a number find such expenditure risky because they might not attract the necessary volume of orders to support operations. Further, despite the dip in orders last year, demand from the DIY sector remains considerable, as many consumers are opting to do home maintenance and remodeling work themselves.

Even so, there are a number of suppliers expanding or moving more into professional tools. Attracting such enterprises is the possibility of better margins, since price competition in the sector is less intense. In fact, models

Major customers

Company

Ningbo Vertak	Auchan, Carrefour (France)
Qingdao Motoline	Monotaro (Japan)
Shandong Huada	Sears (US)
Sichuan Bright	Aldi (Germany), B&Q (UK)
SKT	Einhell (Germany)
Suzhou Xindadi	TTI (Germany), Carrefour (France), Home Depot (US)
Yongjia	Home Depot (US), Task (Canada)
Zhejiang Dongsan	Argos, Einhell, Homebase, Tesco (UK)
Zhejiang Mader	Argos, Tesco (UK), Ozito (Australia), Sears (Canada)

Data: All surveyed suppliers

China East Fujian Wuyi Electric Machinery Co. Ltd

China East Fujian Wuyi exported \$4.5 million worth of power and garden tools, and water-distribution systems in 2009. One-fourth of shipments carried the in-house MDJ brand, while almost half were covered by OEM contracts. ODM orders accounted for the rest.

The Asia-Pacific region was the top destination, absorbing 40 percent of products sent abroad. Other markets included the Middle East, the EU, North and South America, and Africa.

China East Fujian Wuyi manufactures tools in a 5,000sqm factory with a monthly capacity of

25,000 units. The plant has facilities for molding, plastic injection, drilling and hardness testing.

Fifteen of the company's 250 full-time employees perform QC following ISO 9001 guidelines. Another 15-member team handles R&D, which receives an annual allocation of more than \$300,000.

Founded in 1998, China East Fujian Wuyi also offers massage equipment, fuel pumps and portable power generators. It plans to raise capital expenditure by up to 50 percent in coming months.

Company facts

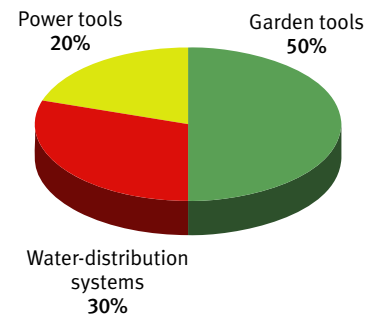
Year established	1998
Business type	Manufacturer
Company ownership	Mainland China-owned
Head office location	Ningde (Fujian)
Number of factories	1
Factory location(s)	Ningde (Fujian)
Total factory area	5,000sqm
No. of full-time employees	250
No. of R&D/design staff	15
No. of QC staff	15
Annual sales (all products)	\$7.7mn
Annual R&D spending	\$328,950
ISO certification	Yes

Sales & output: Tools

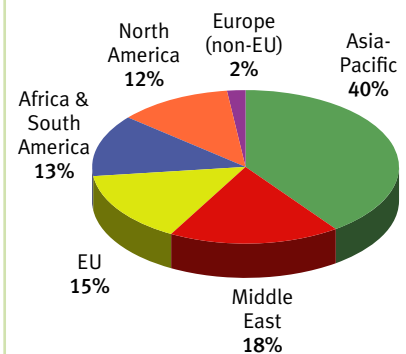
Annual sales	\$6.9mn
Share of total sales	90%
Annual export sales	\$4.5mn
Total monthly capacity	25,000 pieces
Average monthly output	13,000 pieces
Capacity utilized	52%
Average monthly exports	10,000 pieces
Export ratio	77%
OEM % of exports	48%
ODM % of exports	27%
OBM % of exports	25%
Other products made	Massage belts, chairs, cushions & pillows; fuel pumps; portable power generators

Profile

Products made



Export markets



Contact details

Business contact

MIAO Rui'an

Phone

(86-593) 638-2766

Fax

(86-593) 638-6551

E-mail

mra@wuyi-motor.com

fz@wuyi-motor.com

URL

www.wuyi-motor.com

www.globalsources.com/

wuyi-motor.co

Address

53 Xinhua North Road, Fu'an, Ningde, Fujian, China

Capability

Production checklist

Makes molds in-house	Yes
Makes motors in-house	No
Salt-spray testing	No
Rockwell, Vickers hardness testing	Yes
Plastic-injection machines	8
Drilling machines	55
Punching machines	—
RoHS compliance	No

Exports by product

Hand tools	—
Power tools	20%
Garden tools	50%
Water-distribution systems	30%
Tool storage	—

Exports by market

North America	12%
European Union	15%
Europe (non-EU)	2%
Asia-Pacific	40%
Middle East	18%
Africa & South America	13%

Survey

- **Export prices**
Stayed the same
- **Export sales**
Increase more than 20%
- **Target market**
European Union
- **Capital expenditure**
Increase up to 50%
- **Major challenge**
Price competition
- **Export capability**
Reduce production cost
- **R&D focus**
More eco-friendly products

Popular export models



Garden tool

Model	CG-260B
MOQ	100 units
Packaging	Carton
Delivery	20 days
Price	•

Description: Brush cutter; gasoline-powered; 0.75kW; 6,000rpm no-load speed; steel blade, sand-blasted; plastic head cover; aluminum handle, powder-coated; 1,750mm; CE



Garden tool

Model	CG-TD40
MOQ	100 units
Packaging	Carton
Delivery	20 days
Price	•

Description: Brush cutter; gasoline-powered; 1.25kW; 6,000rpm no-load speed; steel blade, sand-blasted; plastic head cover; aluminum handle bar, powder-coated; 1,800mm; CE



Garden tool

Model	WYB-XJ260
MOQ	100 units
Packaging	Carton
Delivery	20 days
Price	•

Description: Brush cutter; gasoline-powered; 0.75kW; 6,000rpm no-load speed; steel blade, sand-blasted; plastic head cover; aluminum handle, powder-coated; 1,500mm; CE

• Information not disclosed

PRODUCT GALLERY

Hand tools



Jason
 (profile page 42)
Model: 101180
MOQ: 150 pieces
Packaging: Carton
Delivery: 45 days
Price: •
Description: Bench vise; cast steel; powder-coated; >50HRC; 4, 5 or 6in



Nortools
 (profile page 52)
Model: T9111
MOQ: 50 sets
Packaging: Blow-molded case
Delivery: 45 days
Price: •
Description: Tap and die set; steel alloy; 70 hand taps, M2 to M18; 35 round dies, M2 to M18; two die holders; two tap wrenches; one ratchet tap wrench



Nortools
 (profile page 52)
Model: T9440
MOQ: 200 sets
Packaging: Blow-molded case
Delivery: 45 days
Price: •
Description: Tap and die set; HSS; 21 hand taps, M3 to M12; seven round dies, M3 to M12; one die holder, tap wrench, pitch gauge and screwdriver; seven twist drills



Nortools
 (profile page 52)
Model: T9442
MOQ: 50 sets
Packaging: Metal case
Delivery: 45 days
Price: •
Description: Tap and die set; HSS; 21 hand taps, M3 to M12; seven round dies, M3 to M12; five die holders; two tap wrenches; seven twist drills; one pitch gauge, screwdriver



Pro-Starter
 (profile page 54)
Model: PST2553
MOQ: 1,000 sets
Packaging: Color box
Delivery: 35 days
Price: \$4.80
Description: 39-piece tool set; includes slip-joint pliers, magnetic bit driver and holder, screwdriver bits, hex keys, precision screwdrivers, claw hammer, plastic cutter, scissors and measuring tape; carbon or CrV steel tools; polished or chrome-plated; 48 to 55HRC; GS, CE



Qingdao Motoline
 (profile page 56)
Model: MT1810
MOQ: 1,000 pieces
Packaging: Carton
Delivery: 45 days
Price: \$1.80
Description: Adjustable wrench; carbon steel; chrome-plated finish; for light-duty applications; 10in; CrV steel quick-release version available; TÜV, GS

• Information not disclosed

Yes! I'd like to order the full version of the following China Sourcing Reports

For faster service, order online at www.ChinaSourcingReports.com/pdfts

A Please send me

	Report Title:	US\$
1)		
2)		
3)		
4)		
5)		

Total amount US\$

B Please send my reports by

- E-mail (PDF format) Air courier (printed copy)

C My contact details

Mr Mrs Ms _____
Family Name Given Name

Job Title _____

Company Name _____

Address _____

City _____ State/Province _____

Country _____ Postal/Zip Code _____

E-mail _____

Tel _____ Fax _____

Mobile/Cell Phone _____

For faster service, order online at
www.ChinaSourcingReports.com/pdfts

For other inquiries

E-mail: service@globalsources.com
 Telephone Hotline: (65) 6547-2800

D My payment method

- US\$ check/bank draft payable to **GLOBAL SOURCES**,
 drawn on a US bank located in the USA

- Please debit my credit card



Amount (US\$) _____

Card No. _____

Expiry Date _____

Signature _____ Date _____

E Return this form by

Fax North and South America (1-480) 951-4197
 Worldwide (65) 6547-2888

Mail Global Sources, c/o Media Data Systems Pte Ltd
 Raffles City PO Box 0199, Singapore 911707

Thank you for your order.