

Liyang Car Seat Interview

X was able to interview Mr. Gu A Fu, the Vice General Manager of Liyang Car Seat Adjuster Factory ("Liyang"). Below is Gu's business card.



During a long conversation, he informed us of the following.

Gu has been working in this factory for 21 years. This factory produces adjustors, slide rails, shock absorber, fine blanking parts and framework of care seat etc. In terms of adjustors, they mainly produce **manual adjustor**. Their capacity was more than 600 Million units in total (equal 100 Million sets since each car will use 4 adjustors and 2 slide rails.).

Because more and more cars will use motorized adjustors, Liyang planned to develop adjustors with motor. There are not many micro-motor manufacturers in China and Tech-Full is one of them.

In 2007, Gu visited HRBN Tech Full and took a tour in the production line. After he was satisfied with the quality of HRBN's micro-motor, he decided to purchase micro motors from

HRBN to develop motorized adjustors. **In 2007 and 2008, each year he had purchased 3500 – 4500 micro motors from HRBN and the price of each micro motor was close to RMB80 (US\$ 12.3) [IE TOTAL RMB320,000 IN 2008 AND 2009 AVG.] . However his company did not successfully enter motorized adjustor market. After 2009, he only purchased close to 1000 micro motor yearly and the price of micro motor was close to RMB93 (US\$ 14.3).**

It is not possible HRBN sold **USD 22.32 Million** micro motor products to them.

Business Plan

X was able to obtain Liyang's 2011's business plan. Below Liyang's customers list was abstracted. Today X got 10 successful interviews. They confirmed Liyang main products are manual adjustor and Liyang nearly did not produce motorized adjustors.

No	Customer	2010 Sales (x10,000 sets)	2011Sales (x10,000 sets)	2012Sales (x10,000 sets)	2013 Sales (x10,000 sets)	2014Sales (x10,000 sets)	2015 Sales (x10,000 sets)	Subtotal
1	Hafei Auto Seats Factory	16.8	21.41	21.8	23.45	26.2	26.2	136
2	Changchun Faway Johnson Controls	20.6	27.55	26.88	22	19.6	19.6	136
3	Changchun Sihuan John Controls	5	12.3	14	15.5	17.2	17.2	81
4	Shenyang Jinbei Johnson	12.8	16	17.2	18	18	18	100
5	Dandong Shuguang	2	4.64	5.7	6.6	8.9	4.5	32
6	Wuhu Johnson	10.7	10.5	8.2	10	10	10.5	60
7	Hefei Johnson	5.6	12.5	12	13.5	15.7	13.2	73
8	Wuhu Lear	5.4	5	5	5	4.5	4	29
9	Liuzhou Wuling	1.6	0	0	0	0	0	2
10	Liuzhou Yunhe	3.2	7.7	6	5	5	5	32
11	Hu'nan Changfeng	0.43	0.4	0.14	0	0	0	1
12	Xiamen King-long	6.6	7	6.5	6	6	6	38
13	Wuxi Chengchang	10.5	14.6	14	14	14	15	82
14	Beijing Guanghua Rongchang	14.76	16	15	15.5	18	18	97
15	Beijing Johnson	0.96	1	0.8	0.8	0.6	0.5	5
16	Baoding Yixin	5.3	22.6	25	27	28.5	30.5	139
17	Jingdezhen Longdi	7.8	8	6	6	5	5	38

18	Wuhan Wan Hine	1.8	4.9	6.7	8	8.2	8	38
19	Chongqing Qingling	5.23	6.6	5.6	5.8	5.8	2	31
20	Kaifeng Quanxing	1.2	2.34	2	2.5	2.5	2.5	13
21	Wuhu Chery	4.2	17.5	22.5	23.5	23	23	114
22	Chongqing Yanfeng Johnson	5.4	36.5	33	33	33	31	172
23	Zhejiang Johnson	0.3	11.43	12	13	15	15.5	67
24	Chongqing Chinabase	0	3.75	5	6	9	12	36
25	Shanghai Yanfeng Johnson	0	10.6	15	20	20	20	86
26	Other products series	8.3	15.1	42.4	54.23	100.4	145.3	366
	Subtotal	156.48	295.92	328.42	354.38	414.1	452.5	2001.8

1. **Wuhu Johoson Yunhe Automobile Seats Co., Ltd./ 芜湖江森云鹤汽车座椅有限公司**

(Mr. Yue, Purchase Department, 0553-59362720)

Mr. Yue said that his company bought about 100,000 sets of seat angle controllers/Adjustor from the subject company annually and nearly all of them were manual ones.

2. **Hefei Johnson Yunhe Automobile Seats Co., Ltd./合肥云鹤江森汽车座椅有限公司**

(Mr. Zhao, Purchase Department, 0551-3872271)

Mr. Zhao released that the subject company in Liyang City is a supplier of seat angle controllers/Adjustor of his company and the products his company bought were mostly manual ones.

3. **Hu'nan Changfeng Automobile Sofa Co., Ltd./湖南长丰汽车沙发有限责任公司**

(Purchase Department, 0746-8456019-3303)

An employee from Hu'nan Changfeng said that his company established business relationship with the subject company. but the monthly purchase stays low, with only about tens of products, all of which are manual ones. He said his company would not

cooperate with the subject company in the future due to low quality.

4. Xiamen King-long Automobile Seats Co., Ltd./厦门金龙汽车座椅有限公司
(Purchase Department, 0592-6661677)

The subject company in Liyang City has been offering seat angle controllers to Xiamen King-long and all products are **manual instead of motor-driven ones.**

5. Beijing Guanghua Rongchang Automobile Parts Co., Ltd./北京光华荣昌汽车部件有限公司
(Purchase Department, 010-89774863)

An employee from Beijing Guanghua Rongchang released that his company purchased a large number of angle controllers from the subject company and all products bought were **manual ones.** His company is **not engaged in motor-driven seats.**

6. Baoding Yixin Automotive Parts Company Limited./保定亿新汽车配件有限公司
(Purchase Department, 0312-2192562)

Liyang Automobile Seat Angle-controller General Plant offers seat angle controllers/Adjustor to Baoding Yixin, with the annual purchase exceeding **50,000 sets, most of which are manual ones.**

7. Wuhan Wan Hine Motor Parts Co., Ltd./武汉万兴汽车零部件制造有限公司
(Purchase Department, 027-84473578)

Liyang Automobile Seat Angle-controller provides seat angle controllers to Wuhan Wan Hine, but the exact number was unknown. Almost all auto seats produced by Wuhan Wan Hine are **controlled manually.**

8. Chongqing Qingling Automobile Seats Co., Ltd./重庆庆铃汽车座椅有限公司
(Mr. Huang, 023-68608854)

Mr. Huang released that some automobile seat angle controllers/Adjustor were bought from Liyang, all of which were **controlled manually.** Annual purchase stayed around 80,000 sets.

9. Quanxing Industrial (Kaifeng) CO., Ltd./全兴工业（开封）有限公司
(Purchase Department, 0378-25266820)

Liyang Automobile Seat Angle-controller General Plant offers angel controllers and slide rails to Quanxing Industrial. Annual purchase exceeds 15,000 sets and angel controllers bought were all **controlled manually.**

10. Zhejiang Johnson Heda Automobile Seats Co., Ltd./浙江江森鹤达汽车座椅有限公司

(Purchase Department, 0576-82956001)

Zhejiang Johnson Heda purchases at least 5,000 sets of angle controllers from the subject company annually and **all of them are manual ones.**

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