

Fastener World's Vietnam Investment Tour Report



Vietnam Profile:

1. The Vietnamese population broke the 100 million mark in 2023. The labor population aged 15 to 64 accounted for nearly 70%, of which 21.1% was aged 10 to 24, and 31% was aged 30 to 49. In Q1 2024, the labor population above 15 years old was 51.3 million, an increase of 174,100 people, or 0.34%, which translates to very abundant manpower.
2. High-tech industries are mainly concentrated in North Vietnam, so attention must be paid to the lack of electricity in this region. Local transportation and infrastructure for economic development are being rapidly constructed.
3. In order to protect local agriculture, Vietnam sets higher environmental regulations and requirements than those in Taiwan that should not be taken lightly.
4. According to the CPTPP agreement, 95% of Vietnam's exports to Canada enjoy zero-tariff treatment, and exports to Europe and the U.S. enjoy preferential tariffs. Under the EVFTA agreement, 71% of Vietnam's exports to the EU are tariff-free, and so are 65% of the EU's exports to Vietnam.
5. At present, quite a few Taiwanese fastener manufacturers have set up factories in Vietnam since many years ago. Most of the companies around Ho Chi Minh City are small screw factories focused on production and export. In recent years, Japanese, South Korean, Chinese and Taiwanese companies have gradually concentrated in Hanoi and Haiphong in the north doing domestic sales and export. Wire rods, equipment, surface treatment companies have followed setting up bases in the surrounding area. A local supply chain is taking shape.



Motive for the Vietnam Investment Tour

From the US-China trade war, to COVID-19, Russia-Ukraine war, the dramatic changes in the economic status of China and India, and the rise of Southeast Asian market, the global market landscape has continued to undergo major reshuffles in the past five years, accelerating the overseas expansion of Taiwanese fastener manufacturers to diversify risks, maintain price competitiveness, and **meet customers' expectation for Taiwanese suppliers to have overseas bases. Taiwan's fastener manufacturing costs continue to rise, and so are the costs of labor, land, electricity, and raw materials, forming the motives for Taiwanese fastener manufacturers to set up factories in Vietnam.**

Among many major Taiwanese fastener manufacturers, Sheh Fung Screws has already achieved success with a factory built in Vietnam many years ago. The company has a vision to build this Vietnam factory into a large platform that replicates Taiwan's fastener supply chain. For potential collaborators who want to jointly tap into Vietnam, the company is inviting them to form satellite factories within Sheh Fung Screws's Vietnam plant, where Sheh Fung Screws can provide the manufacturing land, information, capital allocation, and factory construction permit handling, in order to switch from outsourcing to in-plant production and help collaborators connect with the world.



To attain a prosperous future for Taiwanese fastener industry in Vietnam, Sheh Fung Screws President Terry Tu and General Manager Kent Chen strongly supported a multi-month collaboration with Fastener World to arrange for and successfully launch Taiwan fastener business owners' Vietnam investment tour this year. The tour attracted up to 50 participants who were keen to be part of this tour, and there was a lot gained from it. For this achievement, Fastener World must thank Terry and Kent for their strong support.

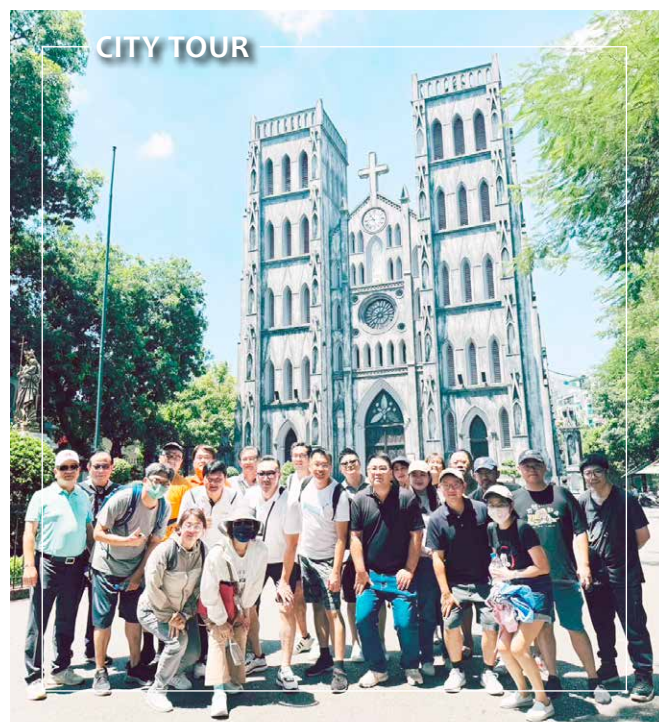
In addition, Fastener World is grateful to President Mr. Chung-Jen Yen of Thread Industrial, as well as Vice President Ms. Ya-Pei Yen and Manager Mr. Yao-Feng Yen based in Thread Industrial's Vietnam plant, as well as the employees there who gave their best to welcome and entertain all the participants.

Finally, Fastener World would like to say thank-you to President Kenny Huang of Tycoons Group Enterprise— a long successful enterprise in the wire business in Southeast Asia, Thailand, and Vietnam— for his dinner gala and hospitality. Kenny invited the President of The Council of Taiwanese Chambers of Commerce in Vietnam as well as the tour participants to join in the fest in a Michelin-starred, most high-priced restaurant in Ho Chi Minh City. Fine wine and cuisines were shared, and everyone was having a great time.

During the tour in Vietnam, Fastener World observed that Vietnam now looks like China back in 1995 with factories set up everywhere and developing rapidly. Vietnam has very low costs of manpower and land, while its manpower is abundant. In addition to Taiwan CSC and China's wire rod plants, Vietnam's two major local steel plants (Viet Nam Steel Corporation and Formosa Ha Tinh Steel Corporation) have completed construction and begun to supply sufficient fastener materials. Many participants of the tour told us that Taiwan's fastener industry chain is well suited to take root in the highly inclusive Vietnamese market. We anticipate for Taiwanese fastener companies to invest in Vietnam.



There are five major highlights of this visit, including visiting a visit to Fastener Fair Vietnam, visits to five Vietnamese companies, briefings at three Vietnamese industrial zones, and post-tour interviews with several participants. The following articles will focus on these highlights to provide readers with an in-depth and comprehensive analysis report on the Vietnamese market.





Post-show Analysis — Fastener Fair Vietnam

Investment opportunities in Southeast Asia are expected to grow

Fastener Fair Vietnam 2024, a three-in-one hybrid show, combining Vietnam Manufacturing Expo, Vietnam Material Handling, and the Fastener Pavilion, was held at ICE Hanoi from August 7 to 9. According to the exhibitor list released by the show organizer, there were a total of 145 exhibitors, of which 44 were fastener and related exhibitors, accounting for 30%.

Fastener World brought four manufacturers representing Taiwanese high-quality fasteners and services to exhibit in the show, including A-Stainless International, Taiwan Kodai, Ching Chan Optical Technology, and Uni-Protech Industrial. There were other companies visiting the show independently, including Spec Products Corp., San Yung Electric Heat Machine, Shyeh Mennq Development, Shin-Mone Screw, Accuvision Technology, and so on. From here, we can see that in addition to Thailand, Vietnam has also become a part of Taiwan's popular investment destinations in Southeast Asia in the past three years.



Fastener World's exhibitor said that in addition to fastener product exhibitors, most of the others were machinery manufacturers. Although this was not a very large exhibition, it attracted a good number of crowds. Visitors came from a wide range of fields, providing exhibitors with business opportunities to develop new industry fields. Among the visitors to Fastener World's booth, in addition to buyers looking for industrial fasteners, there were purchasing representatives from local large hardware stores looking for sources to purchase fasteners. This means that household fastener products also have business opportunities in Vietnam.

The Vietnamese market has experienced an upward V-turn since the pandemic, and such growth potential is expected to continue this year.





INTERACTING WITH INDUSTRY PROFESSIONALS



RED SAND DUNE TRIP IN MUI NE



HA LONG BAY TRIP IN NORTH VIETNAM



Fastener World Leads Taiwan Companies to Visit Sheh Fung's Vietnam Factory

Fastener World organized a Vietnam investment delegation consisting of more than 40 reps from Taiwan fastener companies to visit Sheh Fung Screws' Factory in Vietnam on Aug. 5th.

When the delegation arrived in Phan Thiet City, Sheh Fung kindly invited them to join a grand welcome dinner on the same night. The atmosphere was cordial and lively, and Sheh Fung President Terry Tu, General Manager Kent Chen, and important senior executives, who attached great importance to the visit, attended to warmly welcome the delegation. In order to make every guest feel at home, during the dinner, Sheh Fung also specially assigned their company staff at each table to interact and exchange business cards with the visiting guests and share with the guests all



kinds of experience in setting up factories in Vietnam in a relaxing atmosphere, making every guest feel Sheh Fung's heartfelt preparations and strong hospitality.



The day after the welcome dinner, the delegation took a bus to Sheh Fung's factory and the Industrial Park for a visit and listening to detailed briefings. Sheh Fung is a professional manufacturer of construction screws in Taiwan, with more than 50 years of experience in innovative R&D and dominating the industry with its unique painting technology. Sheh Fung's one-stop process planning, systematic and data-based management, and successful transformation of industrial intelligence have also won the favor and recognition of many international supply chain partners. Sheh Fung spent NT\$1.2 billion on establishing a new factory in Phan Thiét City of Southern Vietnam, which occupies an area of 20 hectares and has been officially put into operation since January 2024, hoping to replicate the success of its Taiwan HQ to the new factory in Vietnam and capitalize on the advantages of the local raw material supply chain and Vietnam's production hinterland, so as to make Sheh Fung's future development in Southeast Asia and the global market more flexible and competitive. (More details on the factory visit will be released in future Fastener World issues.)

In addition to the factory visit, the delegation also met with the management rep of the Industrial Park where Sheh Fung's factory is located today. The rep of the Industrial Park, Sheh Fung's Sales Assistant VP Rita Su, and KPMG rep successively briefed the guests in detail about the outline of the Industrial Park, Sheh Fung's valuable experience in setting up a Vietnam factory, and the solutions to tax problems and problems Taiwanese companies may encounter if they want to set up factories in Vietnam. The rep of the Industrial Park hoped that the visit and the informative presentations would help the guests have a comprehensive understanding of setting up factories in Vietnam and market development, and more importantly, stimulate the strong desire of more Taiwanese manufacturers to invest in Vietnam, and hoped that with more Taiwanese manufacturers coming to invest in Vietnam, an important industry cluster of fasteners, similar to the "Screw Industry Cluster" of Gangshan (Kaohsiung, Taiwan), could be created in Vietnam, thus achieving mutual benefits and a win-win situation. At the meeting, Sheh Fung's staff on-site also prepared delicious desserts and exquisite souvenirs to make every guest feel their hospitality.



Some Taiwanese companies joining the delegation told Fastener World that the visit to Sheh Fung's factory and the Industrial Park was very fruitful for them, and they also learned a lot from their valuable experience in setting up factories and investing in Vietnam through the briefing. They are very grateful to all Sheh Fung's staff for their generous arrangement and hospitality, and also look forward to the next few days of the visit to have a fuller understanding of the Vietnamese market.

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Fastener World Leads Taiwan Companies to Visit Thread Industries (Vietnam)

On August 6th, a delegation of more than 40 people from Fastener World Vietnam Investment Delegation visited the plant of Taiwan's leading nut, bolt and small screw manufacturer, Thread Industries, in Dai Dan Industries Zone, Binh Duong Province (Vietnam). General Manager Ya Pei Yen, Manager Yao Feng Yen and the key management team of Thread Industries warmly welcomed the delegation at the entrance.

During the visit, the representatives of Thread Industries not only guided the delegation to see the internal planning and actual operation of the plant, but also prepared rich presentation material to introduce the process of Thread Industries' establishment in Vietnam and related experience as well as the investment status of the industrial zone in which Thread Industries is located to the visiting Taiwanese guests. After that, the delegation also visited the local industrial zone and listened to the presentation made by the representative of the industrial zone. The interaction between on-stage and off-stage was very lively, and the guests were able to gain valuable information about the investment environment, market situation and potential expansion opportunities in the region.



Established in 1987, Thread Industries has been investing in Vietnam for more than 20 years, and has obtained a number of certificates including IATF 16949, ISO9001 and TAF. Currently, Thread Industries has two plants in Binh Duong Province (Vietnam), one of which is the Dai Dan plant with an area of 40,000 square meters, which mainly produces nuts, bolts and small screws for export to advanced countries such as Japan, Europe and America. Adhering to the business philosophy of integrity, practicality and innovation, and the management principle of sustainable management and pursuit of excellence, Thread Industries is looking at the international market and marketing all over the world, and expects to become an outstanding manufacturer and supplier of fasteners for the construction, industrial, and automotive industries.





Tycoons Holds a Banquet to Welcome Fastener World Vietnam Investment Delegation

On Aug. 5, President Kenny Huang of Tycoons Group Enterprise, a leading carbon steel fastener manufacturer in Taiwan, hosted a reception dinner in Ho Chi Minh City to welcome the Fastener World Vietnam Investment Delegation from Taiwan.



In addition to inviting representatives of many well-known Vietnamese construction companies to attend the dinner, a number of guests from Taiwan fastener industry were also invited to meet and exchange with the delegation. President Kenny Huang also flew to attend the dinner to welcome the delegation to Vietnam. In an atmosphere of fine wine & food and relaxed networking, President Huang and the guests toasted each other by raising their glasses and wished the delegation a successful visit.

Tycoons Group Enterprise, established in 1980, specializes in the production of spheroidized wire rods and screws as well as the development of a wide range of construction screws and automotive fasteners, and is currently one of the listed companies on the TWSE. With the ISO9001:2015 and CE certificates such as EN14566 and EN14592, world-class flexible mass production scale, integration and division of labor in the group, and a working environment that pursues sustainable development, Tycoons Group also has overseas factories in China, Thailand and Vietnam, in addition to its headquarters in Taiwan. Adhering to the business philosophy of "Innovation, Transcendence, Quality, and Customer Satisfaction", and through the integration of upstream and downstream resources, and consistent vertically integrated technology, Tycoons has been well recognized by its customers around the world.



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Fastener World Leads Taiwan Companies to Visit AMA Group

On August 8, Fastener World Vietnam Investment Delegation made the third stop of its visit to the Bac Ninh factory of AMA Group, a leading manufacturer with rich mechanical engineering and machining expertise in Vietnam, in the hope of gaining a better understanding of the management and operation of local Vietnamese enterprises by observing one of the representative manufacturing plants in the country.

AMA Group Bac Ninh Branch sent a number of executives to warmly welcome the delegation and led them to visit various areas of its factory and introduced their main products. AMA also prepared a detailed presentation to introduce the history of the company, the development of AMA, and its main service targets.

AMA Group specializes in serving many industry sectors, including automation, CNC processing machinery, die casting, casting, plastic injection molding, sheet metal fabrication, fasteners, traffic safety equipment. At present, the Group has large-scale production bases in Hanoi, Vinh Phuc Province and Bac Ninh City. Its production lines have been not only equipped with modern equipment, but also have complied with the quality management systems of ISO 9001:2015 and IATF 16949:2016, fully satisfying the strict requirements of global customers. Stringent management and excellent product quality have made AMA Group a long-term partner of several well-known manufacturers such as Panasonic (Japan), Samsung and LG (S. Korea), and VINFAST (Vietnam).



Fastener World Leads Taiwan Companies to Visit Brother Fasteners Vietnam

On August 9, Fastener World Vietnam Investment Delegation's factory visit came to the final stop - Brother Fasteners Vietnam, which is also the second local Vietnamese enterprise visited by this delegation.

In addition to a tour of the factory's internal operations, the delegation also listened carefully to a corporate presentation prepared by a representative of Brother Fasteners. Moreover, New Best Wire Industrial, a major wire rod manufacturer in Taiwan that has a cooperative relationship with Brother Fasteners, also took this opportunity to come and give a presentation to the guests.



After the meeting, Mr. William Liao, President of Fastener World, presented a trophy to Brother Fasteners for their kindness and hospitality.

Brother Fasteners Vietnam, established in 2017 and headquartered in Bac Ninh, with a factory area of more than 2,000 square meters, specializes in the production of a wide range of screws, bolts, nuts and industrial components. The company mainly serves domestic and foreign customers in the automobile, motorbike, bicycle, home appliance, electric/electronic equipment and related peripheral industries, and has recently begun to aim at the development of products for the aerospace industry. The company continues to provide customers with high quality products and actively invests in expanding its factories in the hope of gaining access to the supply chain of more domestic and overseas manufacturers. The professional service attitude and responsiveness as well as the excellent quality have made the company quickly become a professional fastener manufacturer in Vietnam which is recognized and trusted by a wide range of customers.

WELCOME TAIWANESE ENTERPRISES TO VISIT AND WORK AT BROTHER VIETNAM



Visiting Industrial Parks

TASECO Dong Van 3 Industrial Park

The planned TASECO Dong Van 3 Industrial Park is oriented as a multi-industry industrial park located in North Vietnam with a future external transportation network connecting Hanoi and neighboring provinces. With its large-scale and synchronous infrastructure, TASECO Industrial Park is an ideal destination for companies looking for sustainable development and high profitability. **The 223-hectare park, with 166.89 hectares of land specifically for industrial use, will have a complete technical infrastructure, including a fully independent rainwater drainage system, comprehensive water supply and sewage treatment systems, and an adequate & stable power supply.**

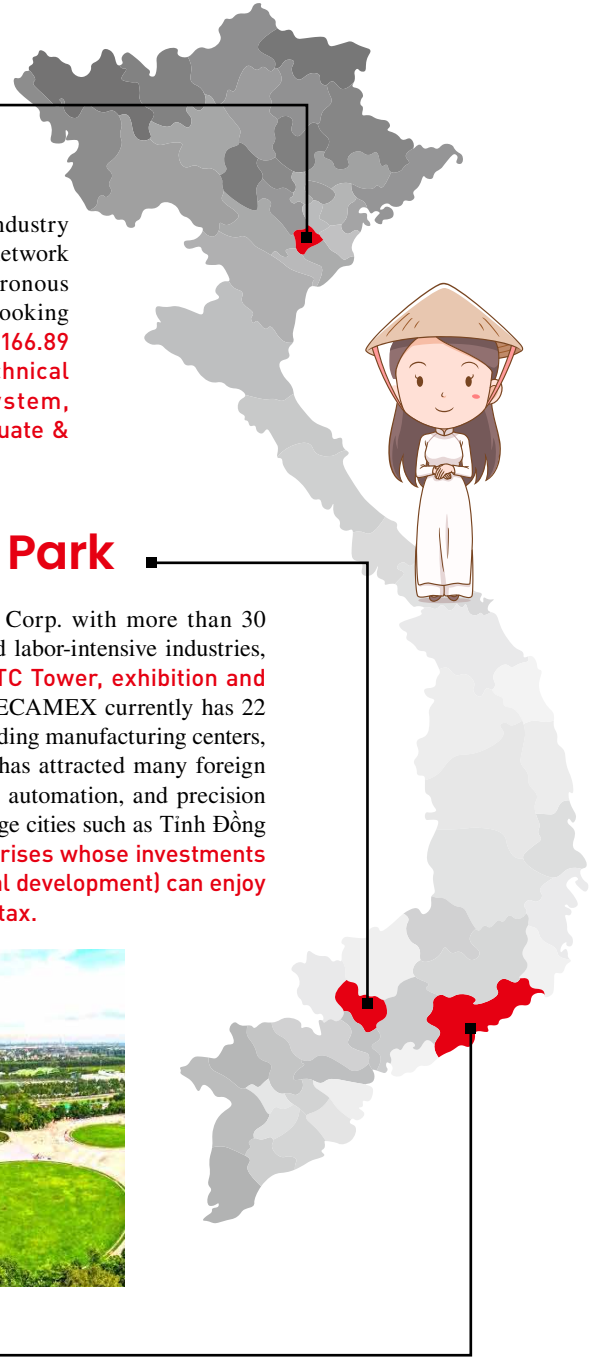
Binh Duong Technology Industrial Park

Binh Duong Technology Industrial Park is developed by BECAMEX IDC Corp. with more than 30 years of experience in developing industrial parks, attracting high value-added and labor-intensive industries, and **surrounded by a complete service and trade ecosystem, including WTC Tower, exhibition and conference centers, five-star hotels, shopping centers, and dining areas.** BECAMEX currently has 22 industrial parks in 14 provinces of Vietnam. Binh Duong itself is one of Vietnam's leading manufacturing centers, with a population of 2.8 million people, and a well-developed infrastructure that has attracted many foreign investors, including large factories in the electronics, raw materials & equipment, automation, and precision instruments industries, as well as modern logistics infrastructure that connects to large cities such as Tỉnh Đồng Nai, Ho Chi Minh City and Tỉnh Bà Rịa - Vũng Tàu. **It is understood that enterprises whose investments are planned to be located in industrial parks (except for areas with good social development) can enjoy a two-year tax exemption and a four-year 50% reduction in corporate income tax.**



Ham Kiem II Industrial Park

Ham Kiem II Industrial Park developed by Bita's Company is located in Binh Thuan, Vietnam, which is 12 km from Phan Thiet City and 187 km from Ho Chi Minh City, with good access to the surrounding roads. It is also the first location for Sheh Fung Screws to invest and set up a factory in Vietnam. **The Park consists of 433 hectares of land for industrial use and 31.2 hectares of multi-function and services zones, with well-planned roads, electricity & water supply and wastewater treatment systems. In addition, the Park also allows manufacturers whose processes include electroplating to invest and set up factories, creating a one-stop service lines.** For enterprises investing and setting up factories in the Park, they will be exempted from corporate income tax for the first 2 years, then enjoy a preferential tax rate of 8.5% for the next 4 years, and then 17% for the subsequent 4 years (the current general corporate income tax rate in the region is 20%).





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Bi-Mirth President Thomas Shih:

The factories of Sheh Fung, Thread Industries (Vietnam) and the local Vietnamese enterprises we visited this time are all very large in scale. Their well-established automated production lines and factory operation models can also serve as references for us when we need to plan new production lines in the future. However, the cost of land in industrial zones is getting higher and higher. If we've got the opportunity to invest in Vietnam or other places in the future, not only is it important to understand the local market conditions and investment environment, but adequate capital is also a prerequisite.

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Wellfly President James Su:

Due to geopolitics and the influence of “requirements for extra factories overseas” as well as the consideration of anti-dumping and favorable tax rates, I think investing in Vietnam will be the future trend. At Fastener Fair Vietnam, I saw that there were lots of Chinese exhibitors. Many Chinese and S. Korean companies set up factories in North Vietnam, so Taiwanese companies wanting to maintain their competitiveness must pay attention to this trend. The atmosphere of foreign investment in Vietnam is very vibrant and many investors are export oriented. When more infrastructure is completed in the future, it'll definitely bring more opportunities and benefits.

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Ching Chan Optical President Alex Wu:

We had originally arranged to attend Fastener Fair Vietnam and go to TASECO Dong Van 3 Industrial Park to sign a contract to set up a factory, so when we heard the opportunity to go with Fastener World's Vietnam investment delegation, we joined at once. We've been observing the Vietnamese market for 2+ decades, and noticed many Taiwanese and Chinese enterprises have set up factories there. No matter it is due to the cheap land cost or the “requirement for overseas factories” caused by the U.S. tariffs on China, all of them are trying to get more orders. At this stage, Vietnam's land and labor costs are still much lower than those in Taiwan and China. Considering the labor-intensive and high-pollution nature of fastener manufacturing, I think Vietnam is really worth investing in, and several of the companies we visited this time have demonstrated good results. Many of our customers have invested in Vietnam and continue to grow, and as their equipment supplier, it's important for us to provide localized service. Vietnam also enjoys preferential tariffs for exports to many countries, has a young labor force of 100+ million, and low land costs, which is definitely more advantageous than Taiwan.

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Hu Pao General Manager Bill Wang:

During my visit to the industrial parks in North & South Vietnam, I observed that Vietnam is a favorable investment environment and potential market for the fastener industry, while North Vietnam has also formed important industrial clusters. Vietnam not only has an abundant labor force, but also has signed FTAs with advantages of regional economic integration. This visit helped us understand the situation of Vietnamese fastener industry, demand and competition, policies, regulations and incentives, establish contacts with local enterprises and governments, evaluate cooperation opportunities, understand the land and factory costs, and possibilities of setting up local production or sales network, as well as helping us formulate marketing strategies. I also noticed that both Taiwanese and Vietnamese fastener factories there need one-stop manufacturing processes, which is valuable info for our future investment evaluation. Vietnam values Taiwanese investment, but manufacturers also need to manage their relationships with local government and organizations. This visit helped us assess the opportunities and challenges in Vietnam and prepare for possible future investments.

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A-Stainless Sales Manager Angie Lu:

The visit this time helped me learn more about the differences in production models between Vietnam and Taiwan. Vietnam has sufficient labor supply, and I was surprised that the factories there have done a very good job in automated production and AI technology, which is worthwhile for Taiwanese manufacturers to learn from and include in their future production lines or investment references.

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Chiang Shin Fasteners G.M. James Lee:

Thread Industries (Vietnam), and Sheh Fung Screws I visited this time have developed very maturely in Vietnam by taking advantage of the country's land and labor force, specializing in their own industries and laying out their business globally, which are good examples of SOP of overseas investment for Taiwanese companies. Local Vietnamese enterprises have adopted a multi-industry model to satisfy domestic demand. The Vietnamese market is very large with several opportunities to develop.

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PPG Business Director Julia Lin:

Fastener World's visit to Vietnam was really well-arranged and successful, not only helping me understand the differences between the operation of Taiwanese factories there and local enterprises, but also providing me with the opportunity to learn about the Vietnamese market, the conditions for setting up factories, and to communicate with the delegation members. In particular, Sheh Fung Screws arranged local staff to answer questions from the delegation in a timely manner, which was very rewarding and impressive.

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Dunfa President Kenneth Ko:

Fastener World has planned this trip perfectly. I listened to the presentations by reps from Taiwanese-invested factories and industrial parks, which helped me understand more about the investment environment (especially regulations and taxes) and other important information. I also observed the differences and strengths and weaknesses of the investment environment in South and North Vietnam, which is very helpful for us to make market selection and investment evaluation in the future. We hope that Fastener World will organize similar visits to more countries/markets.

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MAC Precision Sales Director Willis Tung:

Vietnamese fastener industry has continued to make progress in automation upgrades in recent years. Although the overall market development is still immature, I believe that Vietnam is still a good target for overseas investment and establishment of factories in the future due to the signing of trade agreements with various countries and sufficient labor force.

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Ben Yuan G.M. Peter Chen:

One-stop service is a very important key for manufacturers to enter Vietnam. We've seen a lot of well-planned factories in Vietnam, which can be used as reference cases for our future overseas development.

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Nova. Fastener Ms. May Chen:

In Vietnam, because of the long distance between different factories, it is necessary to consider setting up one-stop production lines, especially those for electroplating and heat treatment.

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Ho Hong Works Manager Bill Wang:

I'm satisfied with the arrangement and itinerary of this visit. Not only did we have the opportunity to see more Taiwanese-invested worker-friendly factories with good ventilation and sufficient lighting in Vietnam, but we also noticed the motivation and efficiency of local employees in their work.

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Asia Technical Services Manager Michael Wu:

The factory planning and automated production lines of Taiwanese factories I visited this time are quite modern, which is significantly different from the traditional practices of local factories in Vietnam. The briefings by manufacturers and presentations by the reps of industrial parks about the investment environment and various incentives for overseas investment were also very clear, helping me better understand the Vietnamese market.

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L&W Fasteners Sales Director Gary Lin:

The local factories in Vietnam I visited made me realize the operation and trend of the fastener industry in Vietnam, which is relatively small in scale but continues to expand due to its close proximity to the market and its ability to provide corresponding products according to customers' needs. In addition, I also saw that the factories invested by Taiwanese leading manufacturers are not only large-scale and well-organized, but also have sets of equipment to deal with the main production process of fasteners, which will be especially attractive to customers from Europe and the U.S. ■

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