

Ningbo Shenglong Group: Going Global with Core Technology

By Jin Lu

Ningbo Shenglong Group Co., Ltd., a national high-tech company founded in 1996, specializes in the design, research, development, manufacturing, and sales of automobile engine oil pumps, transmission oil pumps, vacuum pumps, and camshafts. After years of development, Shenglong's engine oil pump sales are now the highest in China and the third-highest in the world. The company currently has 2,000 employees.

"If we had not seized the opportunity to 'go global', we would still be seven or eight years away from being the international leader in advanced technology," In a recent interview, the company's vice president Huang Hongliang told the correspondent the story behind the company's international expansion.

A Difficult Cross-Border Acquisition

As the leader of the global engine oil pump industry, Shenglong is now in a new phase of development. However, Huang could still vividly recall the hardships faced by the company in the early days.

Huang said that around 2005, the industry saw an influx of competitors. Coupled with the rising costs of raw materials and labor, it meant profit margins shrank significantly.

The whole company was aware that the labor-intensive business model of processing of auto parts would not be sustainable.

"Shenglong had in fact formed a technology-driven development strategy at startup. However, due to the gap between China's auto industry and the rest of the world at that time, companies in China such as ours had to work extra hard to stay ahead of the game," Huang said.

The biggest difficulty arose from the lack of high-end talents and basic research. Take a variable displacement oil pump as an example: the core technology for manufacturing this component was held by overseas competitors for many years. Though Shenglong spent over four years on research, very little progress was made. Seeing the large, high-end markets at home and abroad being monopolized by overseas brands that sold their products at a high price, everyone was very anxious.

Eventually, the company decided that cross-border acquisitions was the most efficient way to catch up. After thorough research, Shenglong set its sights on the Oil Pump Division of BorgWarner Group, a Fortune 500 company based in the United States. Its field of specialization



A Shenglong Group representative introduces products to international visitor.

[Photo provided to Ningbo Times]

and team of engineers were highly compatible with the needs of Shenglong.

However, the quotation was \$100 million, much higher than Shenglong's expectation. Considering the risks, Shenglong postponed the acquisition several times.

Seizing Opportunities in the Midst of the Financial Crisis

The financial crisis of 2008 led to a turning point in Shenglong's acquisition journey. The global storm greatly reduced the market share of BorgWarner's Oil Pump Division. BorgWarner was eager to withdraw funds and wanted to sell the Division as soon as possible.

After a year of negotiations, Shenglong successfully acquired the Oil Pump Division at the low price of \$17.2 million, one-fifth of the original quote and a real bargain for Shenglong.

"The acquisition was very helpful for Shenglong Group's technology development," Huang said. It enabled the company to break foreign competitors' hold on variable displacement fuel pump technology. Using the newly acquired technology, Shenglong could reduce the overall fuel consumption of the vehicle by 2% to 3%. With regular R&D, at least one billion US dollars need to be invested for every one percentage point reduction in fuel consumption.

After the settlement in 2009, Shenglong Group acquired the technology and

market of BorgWarner's Oil Pump Division, forming the new company SLW. Today, SLW's automotive oil pump market share ranks third in the world. After the takeover, the factory's sales and profits have been increasing by more than 30% annually.

Accelerating Global Expansion

After the successful acquisition, Shenglong Group established a manufacturing facility in Oklahoma, USA; an engineering technology center in Detroit, Michigan; and technical service centers in Birmingham, UK and Munich, Germany to accelerate growth in overseas markets.

With a global sales network, good product performance, and competitive

technologies, Shenglong has realized its ambition of global expansion and has become the first-grade supplier of leading international automobile manufacturers such as Ford Motor, General Motors, Jaguar Land Rover, Peugeot Citroen, BMW, etc.

On the factory floor of Shenglong, there is no deafening mechanical roar or the pungent smell of industrial oil. Several automated assembly lines are efficiently churning out products.

"This year, we plan to acquire another factory in Poland to supply top European car companies faster and more conveniently," As Huang talked about the company's roadmap for the future, his voice swelled with pride.



The factory floor of Shenglong Group.

[Photo provided to Ningbo Times]

SPOTLIGHT

Dance Opera *Mulan*: Behind the Scenes

By Gou Wen

The touring dance opera *Mulan* recently returned to its home city of Ning-

bo, to the excitement of local audiences, before embarking on a new tour.

On previous tours, *Mulan* travelled to Chongqing, Chengdu and many other

cities across China. It has proven popular with audiences everywhere, often receiving three or even more curtain calls after each performance.

As a classic historical figure in China, *Mulan* represents women's bravery and the spirit of patriotism.

The story of *Mulan* has been adapted into many films and animated features. The dance opera *Mulan* is yet another successful adaption that speaks to the timelessness of the figure.

Behind the success is the dedication of the cast members. Hao Ruoqi, the actress who plays *Mulan* in the dance opera, shared with us the hardships of rehearsal. In the first five months, each scene had to be practiced over and over again; every little detail needed to be worked on. It was a harsh but memorable time for her.

At one point, she had considered giving up due to the stress. Hoping to make the character *Mulan* truly come alive on stage, the directors demanded high-caliber acting from the cast. Fur-

thermore, many difficult martial arts moves are incorporated in the choreography. Instead of being overwhelmed by the challenges, Hao decided to embrace and overcome them.

Another notable character in the dance opera is General Wei. To Xia Tian, the actor who plays General Wei, although his is only a supporting role, the character helps *Mulan* grow up quickly during life in the military. In fact, Xia Tian joined the Ningbo Song Dance Theatre just to be able to play this role. In the past, he was often cast as the typical "handsome young guy". But now he wants to try new roles, preferably more mature characters that embody heroism, just like the ones that he loved seeing in movies as a child.

In his view, "the spirit of *Mulan*" today can be interpreted as confidence, independence, and strength—qualities that many people still aspire to.

Working alongside the lead actors is the supporting cast. Though they do not

get as much recognition, their contribution to the show's success is indispensable.

Xia Linglin plays several roles in *Mulan*, including the challenging role of a soldier. She has played other roles before *Mulan*, such as a matchmaker, which was also hard because she was required to speak Ningbo dialect very fast and fluently on stage. Through constant practice, she was able to bring the role to life. Such experience laid the foundation for her great performance today.

There are many other nameless cast members toiling behind the scenes. Without them, the glowing success of the dance drama would not be possible.

INFO&TIPS

Summer Fishing Moratorium Starts in East China Sea

By Dong Na

Beginning in May, the East China Sea is closed for fishing. 4,026 fishing boats in Ningbo are observing the longest-ever summer fishing moratorium of four and a half months.

Of Ningbo's fishing fleet, 2,544 vessels are in Xiangshan, 906 are in Fenghua, 280 are in Ninghai, and 296 are scattered across other counties.

From May 8th to August 1st, the city's aquatic product wholesale markets, farmers' markets, supermarkets, restaurants and other fishery-related businesses are prohibited from selling 8 kinds of chilled or live aquatic goods, including the hairtail, large yellow croaker, small yellow croaker, silver pomfret, mackerel, Gazami crab, dragon head fish, mantis shrimp, as well as other illegal catches.

In the week before the fishing ban, the daily sales volume of aquatic products in the Ningbo Aquatic Products Wholesale Market exceeded 550 tons, an increase of more than 100 tons compared with early April. Correspondingly, the price of aquatic products rose rapidly. The average price of many types of seafood is 20% to 30% higher than in early April. Some prices even doubled, such as in the case of the swimming crab.

At present, the Ningbo Aquatic Products Wholesale Market has 6,000 tons of frozen seafood in storage, sufficient to meet consumer demand for the coming months. The catch of freshwater fish and farmed seafood is expected to increase to make up for the supply gap during the fishing ban.

The summer fishing moratorium this year will have stricter, better-implemented regulations. A series of new rules have been launched at the provincial level. The locations and operations of fishing boats will be monitored more closely. For the first time in recent years, special enforcement measures were initiated before the May Day holiday.

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Scenes from *Mulan*. [Photo provided to Ningbo Times]