

## MIRA INFORM REPORT

Report No. :	519690
Report Date :	12.07.2018

### IDENTIFICATION DETAILS

Name :	SHE HONG INDUSTRIAL CO., LTD.
Registered Office :	No.6, Road 6, Industrial Area, Taichung Taiwan R.O.C.
Country :	Taiwan
Date of Incorporation :	23.12.1970
Com. Reg. No.:	51321357
Legal Form :	Joint Stock Company
Line of Business :	Manufacturing and Sales of Vertical Machining Center.
No. of Employees :	About 500

### RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23<sup>rd</sup> January 2017)

MIRA's Rating :	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
Payment Behaviour :	No Complaints
Litigation :	Exist

#### NOTES :

Any query related to this report can be made on e-mail : [infodept@mirainform.com](mailto:infodept@mirainform.com) while quoting report number, name and date.

### ECGC Country Risk Classification List

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Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Taiwan	A1	A2

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

### **TAIWAN - ECONOMIC OVERVIEW**

Taiwan has a dynamic capitalist economy that is driven largely by industrial manufacturing, and especially exports of electronics, machinery, and petrochemicals. This heavy dependence on exports exposes the economy to fluctuations in global demand. Taiwan's diplomatic isolation, low birth rate, rapidly aging population, and increasing competition from China and other Asia Pacific markets are other major long-term challenges.

Following the landmark Economic Cooperation Framework Agreement (ECFA) signed with China in June 2010, Taiwan in July 2013 signed a free trade deal with New Zealand - Taipei's first-ever with a country with which it does not maintain diplomatic relations - and, in November of that year, inked a trade pact with Singapore. However, follow-on components of the ECFA, including a signed agreement on trade in services and negotiations on trade in goods and dispute resolution, have stalled. In early 2014, the government bowed to public demand and proposed a new law governing the oversight of cross-Strait agreements, before any additional deals with China are implemented; the legislature has yet to vote on such legislation, leaving the future of ECFA uncertain. President TSAI since taking office in May 2016 has promoted greater economic integration with South and Southeast Asia through the New Southbound Policy initiative and has also expressed interest in Taiwan joining the Trans-Pacific Partnership as well as bilateral trade deals with partners such as the US. These overtures have likely played a role in increasing Taiwan's total exports, which rose 11% during the first half of 2017, buoyed by strong demand for semiconductors.

Taiwan's total fertility rate of just over one child per woman is among the lowest in the world, raising the prospect of future labor shortages, falling domestic demand, and declining tax revenues. Taiwan's population is aging quickly, with the number of people over 65 expected to account for nearly 20% of the island's total population by 2025.

The island runs a trade surplus with many economies, including China and the US, and its foreign reserves are the world's fifth largest, behind those of China, Japan, Saudi Arabia, and Switzerland. In 2006, China overtook the US to become Taiwan's second-largest source of imports after Japan. China is also the island's number one destination for foreign direct investment. Taiwan since 2009 has gradually loosened rules governing Chinese investment and has also secured greater market access for its investors on the mainland. In August 2012, the Taiwan Central Bank signed a memorandum of understanding (MOU) on cross-Strait currency settlement with its Chinese counterpart. The MOU allows for the direct settlement of Chinese renminbi (RMB) and the New Taiwan dollar across the Strait, which has helped Taiwan develop into a local RMB hub.

Closer economic links with the mainland bring opportunities for Taiwan's economy but also pose challenges as political differences remain unresolved and China's economic growth is slowing. President TSAI's administration has made little progress on the domestic economic issues that loomed large when she was elected, including concerns about stagnant wages, high housing prices, youth unemployment, job security, and financial security in retirement. TSAI has made more progress on boosting trade with South and Southeast Asia, however, which may help insulate Taiwan's economy from a fall in mainland demand should China's growth slow in 2018.

Source : CIA

## ***CONTACT POINTS***

Company Name: SHE HONG INDUSTRIAL CO., LTD.  
Supplied Name: SHE HONG INDUSTRIAL CO LTD.  
Trading Address: No.6, Road 6, Industrial Area, Taichung Taiwan R.O.C.  
Supplied Address: NO 6, 6TH ROAD, INDUSTRIAL AREA, TAICHUNG  
Telephone Number: +886-4-2359-2747  
Fax Number: +886-4-2359-2837/ 2358-1793  
E-mail: [public@hartford.com.tw](mailto:public@hartford.com.tw)  
Website: [www.hartford.com.tw/](http://www.hartford.com.tw/)

**Notes:** The exact name and address are as above.

## ***COMPANY IDENTIFICATION DETAILS***

Registered Name: She Hong Industrial Co., Ltd.  
Registered Address: No.6, Road 6, Industrial Area, Taichung Taiwan R.O.C.  
Date of Foundation: 1970-12-23  
Registration Number: 51321357  
Registry: Department of Commerce, Ministry of Economic Affairs,  
R.O.C.  
Registered Capital: NTD 700,000,000 (USD 23,100,000)  
(As of 2018.5, 1 NTD = 0.033 USD)  
Paid-up Capital: NTD 700,000,000 (USD 23,100,000)  
Legal Representatives: Guanling Chen  
Legal Form: Joint Stock Company  
Principal Activities: Manufacturing and sales of vertical machining center, etc.  
Staff: About 500 Employees  
Listed at Stock Exchange: No  
Date of Last Annual Return: 2017-12-19

## ***HISTORY***

Subject was incorporated on 1970-12-23 with registered number 51321357 as Joint Stock Company in Taiwan.

## ***CORPORATE STRUCTURE***

### **Factories**

1  
Address: No.6, Road 6, Industrial Area, Taichung Taiwan R.O.C.  
Date of Foundation: 1981-7-15

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***SHE HONG INDUSTRIAL CO., LTD. - 519690***

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Date of Registration: 1985-9-9  
Factory Registration Number: 99669169  
Factory Manager: Guanling Chen  
Status: In Production  
Date of Last Annual Return: 2012-3-27  
Major Products: 291 metal processing machinery  
2

Name: The 3rd Factory  
Address: No. 3. Jingke North Road, Wenshan Li, Nantun District, Taichung City, Taiwan, R.O.C.

Date of Registration: 2010-4-8  
Factory Registration Number: 99720656  
Factory Manager: Guanling Chen  
Status: In Production  
Date of Last Annual Return: 2016-9-14  
Major Products: 291 metal processing machinery  
292 other special machinery

**Note:** It is introduced that subject also has a factory in Thailand, but we cannot find any relevant information from any sources.

**Sales Office**

Address: No.3 JingKe N. Rd., Nantun Dist., Taichung City 40852 Taiwan  
Telephone Number: +886-4-2350-1980

**Related Company**

Name: Hartford Motors Co., Ltd  
Address: No.3 JingKe N. Rd., Nantun Dist., Taichung City 40852 Taiwan  
Principal Activities: Manufacturing and sale of motor cycles, etc.  
Tel: +886-4-2359-9218  
Fax: +886-4-2359-3673

***SHAREHOLDERS***

Major Shareholders

Name	Subscription Shares
Guanjun Chen	118,412
Shu You	132,535
Pinwan Chen	118,412
Jianzhi Chen	85,909

## **MANAGEMENT INFORMATION**

### Core Management

#### Directors

1

Name Guanjun Chen  
Position Board Chairman

2

Name Shu You  
Position Director

3

Name Pinwan Chen  
Position Director

4

Name Jianzhi Chen  
Position Supervisor

### Personnel Structure

Total Employees About 500 Employees

## **OPERATION INFORMATION**

### Offices & Factories

Add Headquarters  
No.6, Road 6, Industrial Area, Taichung Taiwan R.O.C.

### Production Information

Subject is engaged in manufacturing of vertical machining center, etc.  
Subject has two factories in Taichung, Taiwan (about 70,000 square meters) and one factory in Thailand for production.  
It is introduced that subject's annual production capacity of CNC machine is about 2,400 units.  
Subject obtained the certification of ISO 9002 and AS9100.

### Purchase Information

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The registered activities of subject:

Business Code	Details
--	Manufacturing, processing, and sales of automobile, motor, and machine element
--	Manufacturing, processing, and sales of ironmongery
--	Manufacturing, processing, and sales of all kinds of machinery and hardware tool
ZZ99999	Besides licensed business, all other business items those are not banned or restricted.

Subject purchases its components and raw materials mainly in Taiwan and from Japan and Germany, etc.

Sales Information

Subject is engaged in sale of vertical machining center, etc.

Subject's major products are Multi-Surface Double Column machining center, Vertical machining center, Horizontal machining center, 5 Axis Vertical Machining Center, Special Purpose machining center, Double column machining center, Moving Crossbeam Machining Center, Precision Boring & Milling, etc.

The major sales regions cover Taiwan, The Mainland of China, Southeast Asia, Middle East, Africa, Europe, America and Australia, etc.

The general delivery lead time of subject for 5 axis vertical machining center is about 120 days.

It is introduced that subject has an agent in Dongguan City, the Mainland of China.

Subject has its own brand "Hartford"

Some of subject's customers are Pratt Whitney, General Electric, Toyota, Honda, I.A.I and etc.

Import and export right:

Import right	Yes
Export right	Yes

***SETTLEMENTS***

Purchase

**Domestic Purchase**

Products	Components and raw materials
Payment Terms	Cash, T/T and etc

**Import**

Products	Components and raw materials
Payment Terms	L/C, T/T, etc.

Sales

**Domestic Markets**

Product	Vertical machining center, etc.
Selling Terms	Cash, T/T and etc

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**Export**

Product Vertical machining center, etc.  
Selling Terms L/C, T/T, etc.

## ***FINANCIAL INFORMATION***

Subject has no obligations to disclose its financial statements to the third party according to the relevant policy in Taiwan and the only source from which we can obtain the information is the subject itself.

Subject's relevant staff declined to disclose its financials citing the grounds of company's confidentiality; from other sources we could not obtain such information, either.

## ***BANKERS***

Subject declined to disclose its bank details; from other source we could not obtain the relevant information, either.

## ***PUBLIC RECORD***

### Mortgage

No chattel mortgage record of subject has been found within the recent 3 months.

### Lawsuits

1  
Trial Number: 2012, Zhonglaojian,54  
Date of Trial: 2012-12-26  
Reason: Severance pay  
Claimant: Yuhui Chen  
Defendant: She Hong Industrial Co., Ltd.

2  
Trial Number: 2012, Zhongbu,1225  
Date of Trial: 2012-7-16  
Reason: Severance pay  
Claimant: Yuhui Chen  
Defendant: She Hong Industrial Co., Ltd.

3  
Trial Number: 2008,Zhonglaojian,17  
Date of Trial: 2008-7-23  
Reason: Make sure the employment relationship exists  
Claimant: She Hong Industrial Co., Ltd.



**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.82
UK Pound	1	INR 91.34
Euro	1	INR 80.79
TWD	1	INR 2.24

**Note :** Above are approximate rates obtained from sources believed to be correct

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	PRA
<b>Report Prepared by :</b>	DNS

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**RATING EXPLANATIONS**

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)