

## MIRA INFORM REPORT

Report No. :	523482
Report Date :	04.08.2018

### IDENTIFICATION DETAILS

Name :	CATHAY PACIFIC STEEL CORPORATION
Registered Office :	F. P. Felix Avenue, Cainta, Rizal
Country :	Philippines
Financials (as on) :	2015
Date of Incorporation :	20.11.1987
Legal Form :	Private. Limited Liability
Line of Business :	Subject company engage primarily in the business of manufacturing, milling, concentrating, smelting and processing of steel products
No. of Employees :	484

### RATING & COMMENTS

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

MIRA's Rating :	A
-----------------	---

Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
Payment Behaviour :	Slow but Correct
Litigation :	Clear

#### 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.

**DISCLAIMER :** This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

**ECGC Country Risk Classification List**

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Philippines	A2	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

### PHILIPPINES - ECONOMIC OVERVIEW

The economy has been relatively resilient to global economic shocks due to less exposure to troubled international securities, lower dependence on exports, relatively resilient domestic consumption, large remittances from about 10 million overseas Filipino workers and migrants, and a rapidly expanding services industry. During 2017, the current account balance fell into the negative range, the first time since the 2008 global financial crisis, in part due to an ambitious new infrastructure spending program announced this year. However, international reserves remain at comfortable levels and the banking system is stable.

Efforts to improve tax administration and expenditures management have helped ease the Philippines' debt burden and tight fiscal situation. The Philippines received investment-grade credit ratings on its sovereign debt under the former AQUINO administration and has had little difficulty financing its budget deficits. However, weak absorptive capacity and implementation bottlenecks have prevented the government from maximizing its expenditure plans. Although it has improved, the low tax-to-GDP ratio remains a constraint to supporting increasingly higher spending levels and sustaining high and inclusive growth over the longer term.

Economic growth has accelerated, averaging over 6% per year from 2011 to 2017, compared with 4.5% under the MACAPAGAL-ARROYO government; and competitiveness rankings have improved. Although 2017 saw a new record year for net foreign direct investment inflows, FDI to the Philippines has continued to lag regional peers, in part because the Philippine constitution and other laws limit foreign investment and restrict foreign ownership in important activities/sectors - such as land ownership and public utilities.

Although the economy grew at a rapid pace under the AQUINO government, challenges to achieving more inclusive growth remain. Wealth is concentrated in the hands of the rich. The unemployment rate declined from 7.3% to 5.7% between 2010 and 2017; while there has been some improvement, underemployment remains high at around 17% to 18% of the employed population. At least 40% of the employed work in the informal sector. Poverty afflicts more than a fifth of the total population but is as high as 75% in some areas of the southern Philippines. More than 60% of the poor reside in rural areas, where the incidence of poverty (about 30%) is more severe - a challenge to raising rural farm and non-farm incomes. Continued efforts are needed to improve governance, the judicial system, the regulatory environment, the infrastructure, and the overall ease of doing business.

2016 saw the election of President Rodrigo DUTERTE, who has pledged to make inclusive growth and poverty reduction his top priority. DUTERTE believes that illegal drug use, crime and corruption are key barriers to economic development. The administration wants to reduce the poverty rate to 17% and graduate the economy to upper-middle income status by the end of President DUTERTE's term in 2022. Key themes under the government's Ten-Point Socioeconomic Agenda include continuity of macroeconomic policy, tax reform, higher investments in infrastructure and human capital development, and improving competitiveness and the overall ease of doing business. The administration sees infrastructure shortcomings as a key barrier to sustained economic growth and has pledged to spend \$165 billion on infrastructure by 2022. Although the final outcome has yet to be seen, the current administration is shepherding legislation for a comprehensive tax reform program to raise revenues for its ambitious infrastructure spending plan and to promote a more equitable and efficient tax system. However, the need to finance rehabilitation and reconstruction efforts in the southern region of Mindanao following the 2017 Marawi City siege may compete with other spending on infrastructure.

Source : CIA

## **COMPANY NAME**

CATHAY PACIFIC STEEL CORPORATION  
(Doing business under the name & style of CAPASCO)

## **ANTECEDENT INFORMATION**

Company: CATHAY PACIFIC STEEL CORPORATION  
Address: F. P. Felix Avenue, Cainta, Rizal  
Country: Philippines  
Service Type: Normal

## **FINDINGS**

We conducted research and verification on CATHAY PACIFIC STEEL CORPORATION. Hereunder our report, viz:

**LEGAL ENTITY - Private. Limited Liability**

**VERIFICATION WITH SECURITIES & EXCHANGE COMMISSION (SEC): CATHAY PACIFIC STEEL CORPORATION (Doing business under the name & style of CAPASCO)**

**REGISTRATION** – (Per General Information Sheet filed on May 03, 2016)

Certificate No. : 0000146425  
Date : November 20, 1987  
c) Term : Fifty (50) years  
d) Corp. Tax No. : 000 090 225 000  
e) Type of Organization : Stock Corporation  
f) Email : capasco.mail@gmail.com  
Address : F. P. Felix Avenue, Cainta, Rizal  
Telephone Nos. : 655 2271 / 633 8033 / 0917 835 3973  
Fax No. : 655 2280 / 633 8048  
No. of Officers & Supervisors : 20

**DISCLAIMER** : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

No. of Rank & File Employees : 484

**PRIMARY PURPOSE** : Manufacturing steel products

**(Note: Currency in Philippine Peso, unless otherwise specified)**

## **CAPITALIZATION**

	<u>No. of Shares</u>	<u>Par Value/share</u>	<u>Amount</u>
Authorized Capital Stock :			
Common -	100,000,000	P10.00	- <u>1,000,000,000.</u> vvvvvvvvvvvvvv
Subscribed & Paid Up -	34,059,400	P10.00	- <u>340,594,000.</u>

## **SHAREHOLDERS/DIRECTORS/OFFICERS**

<u>Name/Nationality/Designation</u>	<u>Amount Paid-Up</u>
1.Olivia T. Ng - Chairperson	17,029,700.
2.Pacita O. Chua - Co-Chairperson	54,495,040.
3.David O. Chua - President	4,257,430.
4.Anthony O. Chua - Treasurer	4,257,420.
5.Michael T. Ng - Corporate Secretary	16,736,800.
6.Paterno Ong Hong - Senior Vice President	6,811,880.
7.BENGOLD HOLDINGS INC.	102,178,200.
8.Jose Balonan	27,247,520.
9.Pedro Balonan	20,435,640.
10.Evelyn Balonan	9,059,800.
11.Fe Tan	3,405,940.
12.Rosario Balonan	3,405,940.
13.Jefrey T. Ng	24,175,350.
14.James L. Uy	6,811,880.
15.Ronald L. Uy	6,811,880.
16.John T. Ng, Jr.	16,736,790.
17.Oliver James T. Ng	16,736,790.
<b>TOTAL</b>	<b><u>340,594,000.</u></b>

(\*) All Filipinos

## **BUSINESS ACTIVITY**

Subject company engage primarily in the business of manufacturing, milling, concentrating, smelting and processing of steel products. Considered a leading manufacturer of long steel and rebar, high beam. Has 3 manufacturing plant sites in Cainta, Rizal & Novaliches, Quezon City, Metro Manila. Established in 1973, incorporated in 1987, with 3 modern manufacturing plants strategically located in Quezon City, Taguig City, and province of Cainta, Rizal. To satisfy the requirements of the construction industry for high quality steel bars, CAPASCO relies on its fully-automated billet shop and rolling mills to produce plain and deformed round bars that conform to ASTM and Philippine Standards.

Cathay Group of Companies

1. Cathay Land Inc. - Real Estate
2. Cathay Metal Corp. - Manufacturer & marketing of iron, steel and other kinds of metal products
3. Cathay Pacific Steel Corp. (CEPASCO)- Manufacturer & supplier of long steel products
4. Eurotiles Industrial Corp. - Manufacturer of superior ceramic tiles
5. Federal Hardware Builders Center - Home building store
6. PC Express - Computer retailers

Email Address: cepasco@compass.com.ph

Telephone No. 63-2 633 8033

Executive/Admin Office address: 25/F Galeria Corp. Center, Ortigas Avenue corner EDSA, Pasig, Metro Manila

Business/office address: 171 F. P Felix Avenue, Brgy. Sto. Domingo, Cainta, Rizal.

## **FINANCIAL CONDITION**

(Audited Financial Statement for years 2015 & 2014, as compiled)

### **Balance Sheet**

	2015	2014
<b>Assets</b>		
<b>Current Assets</b>		
Cash & Cash equivalent	449,185,130.	318,423,196.
Receivables	132,862,774.	120,463,184.
Inventories	997,232,881.	896,018,708.
Other Current Assets	<u>171,183,530.</u>	<u>163,731,312.</u>
<b>Total Current Assets</b>	<u>1,750,464,315.</u>	<u>1,498,636,400.</u>
<b>Non - Current Assets</b>		
Property, Plant & Equipment	759,076,473.	610,470,617.
Deferred Tax Assets	5,271,039.	4,371,039.

**DISCLAIMER** : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

Other Non Current Assets	<u>16,907,783.</u>	<u>14,463,892.</u>
<b>Total Non-Current Assets</b>	<u>781,255,295.</u>	<u>629,305,548.</u>
<b>TOTAL ASSETS</b>	<u><b>2,531,719,610.</b></u>	<u><b>2,127,941,948.</b></u>
	vvvvvvvvvvvvvvvv	vvvvvvvvvvvvvvvv
<b>Liabilities &amp; Stockholder's Equity</b>		
<b>Current Liabilities</b>		
Accounts & Other Payables	861,550,458.	944,516,667.
Acceptance Payable	922,698,817.	470,281,699.
Other Current Liabilities	<u>52,234,186.</u>	<u>29,388,116.</u>
<b>Total Current Liabilities</b>	<u>1,836,483,461.</u>	<u>1,444,186,482.</u>
<b>Non – Current Liabilities</b>		
Retirement Benefit Obligation	17,570,127.	14,570,127.
Advances from Affiliates	<u>250,000.</u>	<u>250,000.</u>
<b>Total Non - Current Liabilities</b>	<u>17,820,127.</u>	<u>14,820,127.</u>
<b>TOTAL LIABILITIES</b>	<u>1,854,303,588.</u>	<u>1,459,006,609.</u>
<b>Stockholder's Equity</b>		
Capital Stock	340,594,000.	340,594,000.
Retained Earnings	<u>336,822,022.</u>	<u>328,341,339.</u>
<b>Total Stockholder's Equity</b>	<u>677,416,022.</u>	<u>668,935,339.</u>
<b>TOTAL LIABILITIES &amp; STOCKHOLDER'S EQUITY</b>	<u><b>2,531,719,610.</b></u>	<u><b>2,127,941,948.</b></u>
<b>Sales</b>	<u><b>6,155,974,894.</b></u>	<u><b>5,098,218,958.</b></u>
<b>Gross Profit</b>	314,427,012.	276,830,835.
Selling & Administrative Expenses	( 238,823,823.)	( 203,035,310.)
Operating Profit	75,603,189.	73,795,525.
Other Income / Charges	( 17,772,497.)	( 29,030,346.)
Profit Before Tax	<u>57,830,692.</u>	<u>44,765,179.</u>
<b>Profit</b>	<u><b>40,549,497.</b></u>	<u><b>31,338,576.</b></u>

## **OTHER INFORMATION**

### **(Brief Profile)**

#### **DAVID O. CHUA**

He obtained his Bachelor of Science in Financial Services Management, Honors from St. Mary's College of California, U.S.A. and his Masters in Business Administration from the J.L. Kellogg School of Management (Northwestern University) & Hong Kong University of Science and Technology (HKUST) Graduate School of Management.

**DISCLAIMER** : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

He is the President of Cathay Pacific Steel Corporation (CAPASCO) and Asia Pacific Capital Equities and Securities Corporation. He is a Director of the Philippine Stock Exchange (PSE), Vice Chairman of the Advisory Board of the Metropolitan Bank and Trust Company (Metrobank), Trustees of the University of the East (UE) and the University of the East Ramon Magsaysay Memorial Medical Center (UERMMMMC). He is also a Member of the Boards of Publicly listed Crown Equities Inc., Nihao Mineral and Resources Inc., Dizon Coper and Silver Mines Inc., and a Director of Auto Nation Group Inc., the official distributor of Mercedes Benz in the Philippines.

Currently he is actively involved with several professional, social and civic organizations. Also business interest with several companies.

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.79
UK Pound	1	INR 89.52
Euro	1	INR 79.67
PHP	1	INR 1.29

**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>	KET

**DISCLAIMER :** This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

**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)