

MIRA INFORM REPORT

Report No. :	536245
Report Date :	31.10.2018

IDENTIFICATION DETAILS

Name :	CATHAY INDUSTRIES AUSTRALASIA PTY LTD
Registered Office :	1/103 Vanessa Street Kingsgrove, New South Wales 2208
Country :	Australia
Date of Incorporation :	05.01.1998
Legal Form :	Australian Proprietary Company
Line of Business :	The subject operates in the manufacture of synthetic iron oxides for the colour industry
No. of Employees :	33

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd 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 :	Slow but Correct
Litigation :	Clear

NOTES :

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

ECGC Country Risk Classification List

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Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
Australia	A1	A1

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

AUSTRALIA - ECONOMIC OVERVIEW

Australia is an open market with minimal restrictions on imports of goods and services. The process of opening up has increased productivity, stimulated growth, and made the economy more flexible and dynamic. Australia plays an active role in the WTO, APEC, the G20, and other trade forums. Australia's free trade agreement (FTA) with China entered into force in 2015, adding to existing FTAs with the Republic of Korea, Japan, Chile, Malaysia, New Zealand, Singapore, Thailand, and the US, and a regional FTA with ASEAN and New Zealand. Australia continues to negotiate bilateral agreements with Indonesia, as well as larger agreements with its Pacific neighbors and the Gulf Cooperation Council countries, and an Asia-wide Regional Comprehensive Economic Partnership that includes the 10 ASEAN countries and China, Japan, Korea, New Zealand, and India.

Australia is a significant exporter of natural resources, energy, and food. Australia's abundant and diverse natural resources attract high levels of foreign investment and include extensive reserves of coal, iron, copper, gold, natural gas, uranium, and renewable energy sources. A series of major investments, such as the US\$40 billion Gorgon Liquid Natural Gas Project, will significantly expand the resources sector.

For nearly two decades up till 2017, Australia had benefited from a dramatic surge in its terms of trade. As export prices increased faster than import prices, the economy experienced continuous growth, low unemployment, contained inflation, very low public debt, and a strong and stable financial system. Australia entered 2018 facing a range of growth constraints, principally driven by the sharp fall in global prices of key export commodities. Demand for resources and energy from Asia and especially China is growing at a slower pace and sharp drops in export prices have impacted growth.

Source : CIA

COMPANY NAME AND ADDRESS

REGISTERED NAME CATHAY INDUSTRIES AUSTRALASIA PTY LTD
ACN: 081 186 174
ABN: 23 081 186 174

Summary Panel

Established 1998
Incorporated 1998
Line of Business manufacture of synthetic iron oxides
Status Trading
Chief Executive Officer SPACKMAN, STEVEN LEO

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EXECUTIVE SUMMARY

Cathay Industries Australasia P/L

	As at 31 Dec 2017	As at 31 Dec 2016	Change (%)
Revenue	\$45,882,151.00	\$32,700,791.00	40.31%
Profit b/tax	(\$185,559.00)	\$132,122.00	-240.45%
Profit a/tax	(\$132,262.00)	\$89,754.00	-247.36%
Net Profit Margin	-0.29%	0.27%	-0.56%

During fiscal 2017, the subject recorded Net Cashflows from operating activities totalling \$321,442.

As at 31 December 2017 the subject recorded Working Capital of \$8,271,070 and a current ratio of 1.6 to 1 indicating satisfactory liquidity levels.

Net Assets totalled \$8,693,759 as at 31 December 2017. At this date, nil intangibles were recorded at this time.

CORPORATE SEARCH

Company Type Australian Proprietary Company

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Incorporation Date:	05 Jan 1998
Incorporation State:	Victoria
Registered Office	1/103 VANESSA Street KINGSGROVE, New South Wales 2208 Australia
Number of Shares Issued:	5573
Paid Capital:	\$4,681,320
Shareholders	CATHAY PIGMENTS HOLDINGS LIMITED – Number of Shares: 5573
Directors	YU, KWAN PING Appointment Date: 01 Jul 2008 Date of Birth: 26 Dec 1953 Gender: Unknown Address: Resident Overseas: Yes SPACKMAN, STEVEN LEO Appointment Date: 01 Jul 2008 Date of Birth: 19 Jun 1964 Gender: Male Address: 30 NORMA Avenue EASTWOOD, New South Wales 2122 Australia Resident Overseas: No YU, KWAN YAU Appointment Date: 27 Apr 2006 Date of Birth: 07 Aug 1952 Gender: Unknown Address: Resident Overseas: Yes
Secretary	DANNY SUCCAR Appointment Date: 01 Jul 2008

SECURITY INTERESTS

Effective 30 January 2012 the Personal Property Securities Register (PPSR) was introduced to give the different Commonwealth, State and Territory laws and registers regarding security interests in personal property under one national system.

As a result of PPS Reform a number of existing Commonwealth, State and Territory personal property security registers will close. Interests registered on existing security interest registers will be migrated to the

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national PPS Register. Subsequently Registered Charges are no longer lodged with the Australian Securities and Investments Commission (ASIC).

Please contact us should you require a search of the PPSR.

BUSINESS STRUCTURE

TRADING ADDRESS	103 Vanessa St KINGSGROVE, NSW 2208
TELEPHONE	(612) 9150 6666
FACSIMILE	(612) 9150 6677
WEBSITE	www.cathayindustries.com.au
EMAIL	dannys@cathayindustries.com.au
BRANCHES	DANDENONG SOUTH, VIC LOGANHOLME, QLD
CONTROLLED ENTITY	CATHAY INDUSTRIES NZ P/L
HOLDING ENTITY	CATHAY PIGMENTS HOLDINGS LIMITED – British Virgin Islands
ULTIMATE HOLDING ENTITY	CATHAY PIGMENTS (HOLDINGS) LTD – Hong Kong
BANK	ANZ BANKING GROUP
EMPLOYEES	33

BACKGROUND

The subject was incorporated in Victoria on 5 January 1998 to commence operations under the current style as a new venture.

OPERATIONS

The subject operates in the manufacture of synthetic iron oxides for the colour industry

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The Group was originally formed from an amalgamation of four international Iron Oxides companies and has since grown through acquisitions and new members joining the group.

The group also manufactures Organic Pigments and Dyestuffs by joint ventures, toll manufacturing and technological agreements with producers spread out in the Shanghai, Zhejiang, Jiansu, Hebei and Shenyang provinces, with state-of-the-art plants for the manufacturing of Food Dyes and Pigment Dispersions in Jia Ding (Shanghai province) and Shekou (Shenzhen).

Activities are conducted from premises located at the above listed trading address.

ADVERSE

A search of on 25 October 2018 failed to trace any litigation listed against the subject at that date.

FINANCES

During the current investigation contact with the subject's financial controller was unable to be established. Despite messages being left, no reply has been received.

Below is a summary of the subject's income results for the past two financial years.

Cathay Industries Australasia P/L

	As at 31 Dec 2017	As at 31 Dec 2016	Change (%)
Revenue	\$45,882,151.00	\$32,700,791.00	40.31%
Profit b/tax	(\$185,559.00)	\$132,122.00	-240.45%
Profit a/tax	(\$132,262.00)	\$89,754.00	-247.36%
Net Profit Margin	-0.29%	0.27%	-0.56%

The result for the year included \$573,670 of additional one-off expenses, predominantly due to the transition period relating to the new supplier contract. The result for the year was after exchange losses of \$126,174 (2016: \$17,420) and redundancy costs of \$39,003 (2016: \$nil) and other one-off expenses totalling \$195,679 (2016 - \$nil).

A review of the operations of the company during the financial year and the results of those operations found that the changes in market demand and competition have seen an increase in sales of 40.3% to \$45,882,151. The increase in sales has contributed to an increase in the company's gross profit of 0.3% to \$7,263,800.

During fiscal 2017, the subject recorded Net Cashflows from operating activities totalling \$321,442.

As at 31 December 2017 the subject recorded total current assets of \$22,127,768. They included cash of \$3,914,632, receivables of \$8,699,176 and inventories of \$9,157,315.

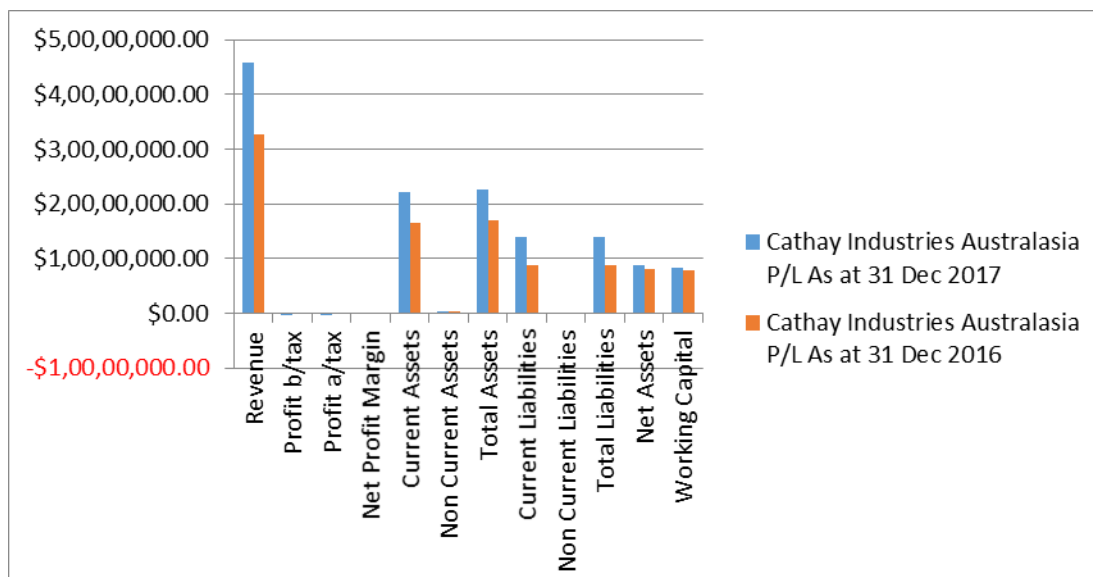
Current liabilities at the same date totalled \$13,856,698 and included payables of \$9,586,885 and borrowings of \$3,902,364.

As at 31 December 2017 the subject recorded Working Capital of \$8,271,070 and a current ratio of 1.6 to 1 indicating satisfactory liquidity levels.

Net Assets totalled \$8,693,759 as at 31 December 2017. At this date, the subject further recorded a debt to equity ratio of 1.6 to 1. Nil intangibles were recorded at this time.

Cathay Industries Australasia P/L

	As at 31 Dec 2017	As at 31 Dec 2016	Change (%)
Revenue	\$45,882,151.00	\$32,700,791.00	40.31%
Profit b/tax	(\$185,559.00)	\$132,122.00	-240.45%
Profit a/tax	(\$132,262.00)	\$89,754.00	-247.36%
Net Profit Margin	-0.29%	0.27%	-0.56%
Current Assets	\$22,127,768.00	\$16,613,085.00	33.19%
Non Current Assets	\$467,563.00	\$400,121.00	16.86%
Total Assets	\$22,595,331.00	\$17,013,206.00	32.81%
Current Liabilities	\$13,856,698.00	\$8,696,292.00	59.34%
Non Current Liabilities	\$44,874.00	\$115,013.00	-60.98%
Total Liabilities	\$13,901,572.00	\$8,811,305.00	57.77%
Net Assets	\$8,693,759.00	\$8,201,901.00	6.00%
Working Capital	\$8,271,070.00	\$7,916,793.00	4.48%
Current Ratio	1.60	1.91	-16.41%
Debt to Equity	1.60	1.07	48.84%



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<http://www.miraglobalcheck.com>
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TRADE SURVEY

During the current investigation, details pertaining to the subject's suppliers were not provided.

A trade survey on the subject was subsequently unable to be conducted.

Trade payment records from further sources in the past 4 months have traced the following data for the subject.

Total Owing: \$23,205

Total Past Due: \$15,681

Average Late Payment Days: 10

All Industries Late Payment Days: 8

Within terms: \$7,523

1 – 30 days past due: \$15,681

31 – 60 days past due: \$0

61 – 90 days past due: \$0

91+ days: \$0

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 73.57
UK Pound	1	INR 94.18
Euro	1	INR 83.71
AUD	1	INR 52.47

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

INFORMATION DETAILS

Analysis Done by :	NIY
Report Prepared by :	SDA

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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)

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