

China's economy to impact Sino Hua-An earnings

Firm not seeing earnings growth due to lacklustre Metallurgical coke industry in China

by K VINOTHARAN

SINO Hua-An International Bhd does not expect earnings growth in 2014 due to the lacklustre Metallurgical coke industry in China.

The producer and supplier of Metallurgical coke's only market is in China where demand for Metallurgical coke is on a decline due to a fall in demand and infrastructural reforms in the Metallurgical coke industry.

On the back of this bleak outlook, its executive chairman Tunku Naquiyuddin Tuanku Ja'afar said the company is not looking to declare any dividends for this year and in the future. However, this will also depend on its profitability going forward and if the industry takes a positive turn.

Furthermore, he stressed the current net profit of RM15.34 million posted in the period ended Dec 31, 2013, is relatively insignificant to justify a dividend payout.

"The net profit (for financial year 2013) earned is relatively low as the Metallurgical coke



Pic by Ismail Che Rus

(From left) Choo with Tunku Naquiyuddin and Liu at the press conference after the company's AGM last Friday

industry ties very closely to the economy of China and the world economy as well.

"The industry that we are in highly depends on China's economy coupled with the global economy. Since China's economy has not been strong due to its ongoing structural and economic reforms, our business has been impacted," he told reporters during the group's AGM in Kuala Lumpur.

The company's ED Cedric Choo Sia Teik said that the

company has in fact considered awarding its shareholders; however, it remains cautious in distributing the group's funds as China's growth is not as robust as in previous decades.

Choo said a dividend payout could materialise if a sustainable turnaround in its business and earnings is achieved.

Choo believed even in the worst case scenario, its business in China would not see a drastic drop as China's econo-

my is not expected to see a severe crash.

The China-based MD of Sino Hua-An Liu Guodong said that the group cannot guarantee a sustainable income for the future year as the company's fortunes are tied to market conditions in China and globally.

"The Chinese government had stressed that there is no time frame as to when these economic reforms will be completed, and as such the group does not foresee a substantial rise in future income," he said.