Uptrend in China market for metal coke

Metallurgical coke industry is on a rebound based on convincing evidence, says Sino Hua-An

by JOHN GILBERT

SINO Hua-An International Bhd (SIB), the producer of metallurgical coke and related byproducts for the steel industry, foresees an uptrend in the Chinese market this year as demand is expected to be positive.

MD Liu Guodong said based on a slew of economic data gathered by the company, there is convincing evidence that a sustainable upturn and restoration of the metallurgical coke industry is returning.

"Currently, the demand for metallurgical coke in China is at a balancing point and there is no oversupply at the moment. However, the oversupply of steel in the country has caused the price of metallurgical coke to drop.

"The steelmakers in China are producing more than the demand in China and this has triggered the overpricing for metallurgical coke," he said after the company's AGM in Kuala Lumpur yesterday.

He said if the steelmakers do not overproduce, the situation would be better, both for the steelmakers and for companies like SIB.

SIB, through its China-based wholly owned subsidiary Linyi Yehua Coking Co Ltd, produces metallurgical coke and its byproducts namely coal gas, tar, ammonium sulfate, crude benzene, coal slime and middlings.

SIB's current production capacity of metallurgical coke is 1.8 million tonnes per annum, which contributes 79% of the company's revenue, while its byproducts contribute about 21%.

Touching on the first-quarter results for this year, ED Cedric Choo Sia Teik said the company made a profit of RM3.3 million against a revenue of RM334 million.

He foresees headwinds and challenges for the remainder of this year. "Our balance sheet is still robust, with total assets about RM700 million, shareholders fund about RM635 million and more importantly, we still consistently manage to have zero borrowings."

Pic by Hafzi Mohamed

SIB executive chairman Tunku Naquiyuddin Tuanku Ja'afar *(left)* and Liu at the media briefing after the AGM in Kuala Lumpur