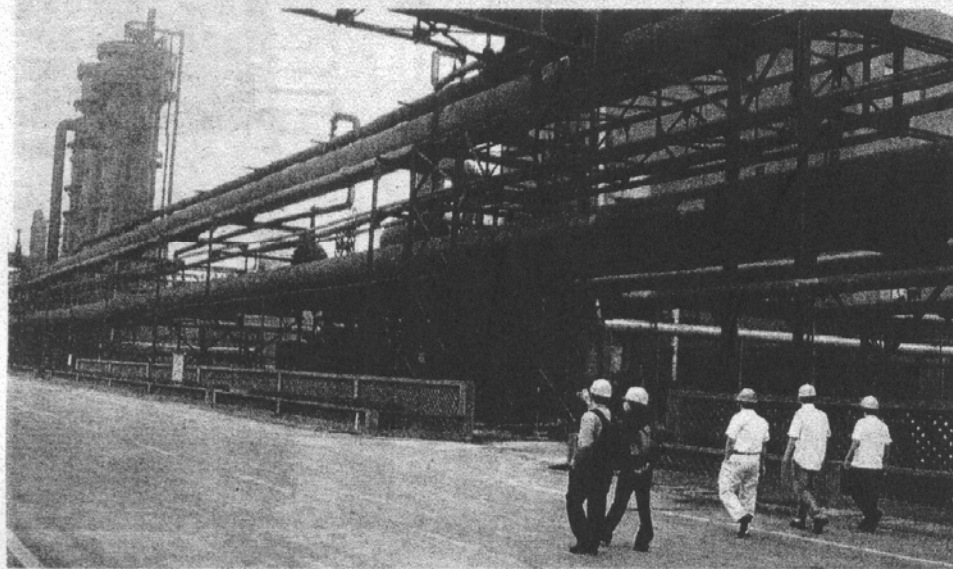


Sino Hua-An eyes more foreign funds

But none of major shareholders keen to sell stakes



Sino Hua-An International Bhd's plant in China

By LEE KIAN SEONG
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Metallurgical coke producer Sino Hua-An International Bhd (Sino Hua-An) plans to bring in foreign institutional investors to boost the level of its foreign shareholdings.

Executive director Cedric Choo Sia Teik says the company has approached private equity and asset management arms in investment banks from the Western and Asian regions.

"The investors want to (be sure) where the business and industry (are headed) before proceeding with the acquisition," he tells *StarBizWeek* in an interview.

"The deal will take up a block of our shares from the market but

not through our major shareholders," he says, adding that none of the major shareholders are keen to sell their shares.

Foreign spread in Sino Hua-An have dropped to 8% from 20% previously, causing the share price to fall, Choo says, adding that it is unlikely for investors to come in now due to the uncertain market conditions.

Nevertheless, the company will continue to try and entice them, he says.

Sino Hua-An's share price closed at 24.5 sen yesterday, compared to its initial public offering price of RM1.

Choo says the company has also put its acquisition and secondary listing plans on hold due to a slump in China's steel market and the weaker market sentiment.

Sino Hua-An deferred its proposed acquisition of a 49% equity stake in Linyi Jiangxin Steel Co steel plant in Shandong Province in August last year, worth an estimated RM500mil, as well as plans for a secondary listing, either Hong Kong or Singapore.

Sino Hua-An will concentrate on improving its existing core business for now, Choo says.

Asked on the possibility of setting up a plant in Malaysia, Choo says the company will observe the performance of the local steel industry before making any decisions.

The coke that the company produces is one of the key raw materials in steel manufacturing, hence its sales are linked to the steel industry.

On Sino Hua-An's financial

SINO HUA-AN SEEKS FOREIGN INVESTORS

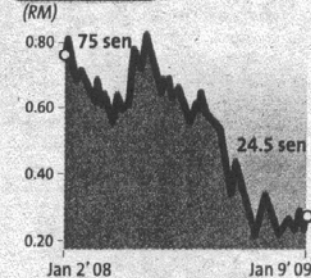
Move aimed at improving its credibility and share price performance.

We have approached foreign investors to have equity participation in Sino Hua-An



Cedric Choo Sia Teik
Executive Director

Share price

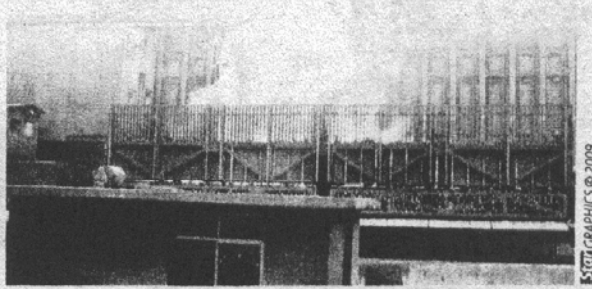


Substantial shareholders

Shareholders	Direct and indirect shareholdings (%)
Tunku Naquiyuddin Ibni Tuanku Ja'afar (via Rock Point Alliance Sdn Bhd)	28.2
Liu GuoDong	15.9
Rise Business Inc (the company owned by Zhu QingHua)	9.1

*The figures were as at Oct 31, 2008

*Source: Sino Hua-An, company data



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performance, Choo says this year is expected to be better than last year. But all depends on the performance of the steel industry and China's rollout of construction projects under their economic stimulus plan worth US\$586bil.

"We will like to maintain our 30% dividend payout policy but we have to balance it with our cashflow requirement and working capital," he says.

Sino Hua-An's net cash position as at September was about RM65mil with zero gearing.

Its performance for FY08 is expected to be lower than FY07 due to the slump in the steel

industry and the current economic crisis.

"The price margin for our business has been squeezed tremendously and that is slowly unwinding from August to October but things have changed gradually from November onwards," Choo says.

Demand for its products is expected to improve in the first quarter as global stockpiles diminish, he adds.

Sino Hua-An's coke products are consumed in China only and the unprecedented slowdown in the steel industry in the last six months has resulted in excess supplies.