



# PERWAJA HOLDINGS BERHAD

(Formerly known as Vertical Winners Sdn Bhd)

(Company No: 798513-D)

(Incorporated in Malaysia under the Companies Act, 1965)

PUBLIC ISSUE AND OFFER FOR SALE OF 150,000,000 ORDINARY SHARES OF RM1.00 EACH IN OUR COMPANY COMPRISING:

- (I) RESTRICTED OFFERING OF 101,476,000 ORDINARY SHARES OF RM1.00 EACH BY WAY OF A RENOUNCEABLE RESTRICTED OFFER TO THE ENTITLED SHAREHOLDERS OF KINSTEEL BHD IN DIRECT PROPORTION TO THEIR SHAREHOLDINGS THEREIN AS AT THE ENTITLEMENT DATE (AS DEFINED HEREIN) AT AN ISSUE/OFFER PRICE OF RM2.23 PER ORDINARY SHARE OF RM1.00 EACH;
- (II) OFFERING OF 26,124,000 ORDINARY SHARES OF RM1.00 EACH TO IDENTIFIED INVESTORS AT AN ISSUE PRICE OF RM2.90 PER ORDINARY SHARE OF RM1.00 EACH;
- (III) OFFERING OF 11,200,000 ORDINARY SHARES OF RM1.00 EACH TO ELIGIBLE DIRECTORS AND EMPLOYEES OF KINSTEEL BHD AND ITS SUBSIDIARY COMPANIES AND PERWAJA HOLDINGS BERHAD AND ITS SUBSIDIARY COMPANY ("GROUP") AND PERSONS WHO HAVE CONTRIBUTED TO OUR GROUP'S SUCCESS AT AN ISSUE PRICE OF RM2.90 PER ORDINARY SHARE OF RM1.00 EACH; AND
- (IV) OFFERING OF 11,200,000 ORDINARY SHARES OF RM1.00 EACH TO THE MALAYSIAN PUBLIC AT AN ISSUE PRICE OF RM2.90 PER ORDINARY SHARE OF RM1.00 EACH;

PAYABLE IN FULL ON APPLICATION, IN CONJUNCTION WITH OUR LISTING ON THE MAIN BOARD OF BURSA MALAYSIA SECURITIES BERHAD

PERWAJA HOLDINGS BERHAD | PROSPECTUS



Adviser, Managing Underwriter, Underwriter, Placement Agent and Facility Agent



**RHB Investment Bank Berhad**

(Company No.: 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

*Underwriters*

**Affin Investment Bank Berhad**  
(Company No.: 9999-V)

**AmInvestment Bank Berhad**  
(Company No.: 23742-V)

**OSK Investment Bank Berhad**  
(Company No.: 14152-V)

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE SEE SECTION 5.**

**THIS PROSPECTUS IS DATED 21 JULY 2008**



**OUR DIRECTORS, PROMOTERS (AS DEFINED HEREIN) AND THE OFFERORS (AS DEFINED HEREIN) HAVE SEEN AND APPROVED THIS PROSPECTUS AND WE COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN AND CONFIRM, HAVING MADE ALL REASONABLE ENQUIRIES, THAT TO THE BEST OF OUR KNOWLEDGE AND BELIEF THERE IS NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE OR MISLEADING.**

**RHB INVESTMENT BANK BERHAD, BEING OUR ADVISER, MANAGING UNDERWRITER AND UNDERWRITER ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE INITIAL PUBLIC OFFERING (AS DEFINED HEREIN).**

**THE SECURITIES COMMISSION (“SC”) HAS APPROVED THE ISSUE, OFFER OR INVITATION IN RESPECT OF OUR INITIAL PUBLIC OFFERING AND THAT THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE INITIAL PUBLIC OFFERING. THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT IN OUR COMPANY. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

**BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. OUR ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE INVITATION, OUR COMPANY OR OF OUR SECURITIES.**

**YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007.**

**A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. A COPY OF THIS PROSPECTUS, TOGETHER WITH THE FORMS OF APPLICATION, HAVE ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.**

**THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT [www.bursamalaysia.com](http://www.bursamalaysia.com)**

**THE CONTENTS OF THE ELECTRONIC PROSPECTUS (AS DEFINED HEREIN) AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME. YOU MAY OBTAIN A COPY OF THE ELECTRONIC PROSPECTUS, FROM THE WEBSITE OF RHB BANK BERHAD AT [www.rhbbank.com.my](http://www.rhbbank.com.my). IN ADDITION, YOU MAY ALSO OBTAIN A COPY OF THE ELECTRONIC PROSPECTUS FROM THE WEBSITE OF MALAYAN BANKING BERHAD AT [www.maybank2u.com.my](http://www.maybank2u.com.my) AND THE WEBSITE OF CIMB INVESTMENT BANK BERHAD AT [www.eipocimb.com](http://www.eipocimb.com) AND CIMB BANK BERHAD AT [www.cimbclicks.com.my](http://www.cimbclicks.com.my) VIA HYPERLINK TO THE WEBSITE OF BURSA SECURITIES. THIS PROSPECTUS ENDS ON PAGE 335.**

**THE INTERNET IS NOT A FULLY SECURE MEDIUM. YOUR INTERNET SHARE APPLICATION (AS DEFINED HEREIN) MAY BE SUBJECT TO RISKS IN DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. IF YOU DOUBT THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR ADVISER OR THE ISSUING HOUSE, A PAPER/PRINTED COPY OF THE PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE PAPER/PRINTED COPY OF THIS PROSPECTUS FOR ANY REASON WHATSOEVER, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS WHICH ARE IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC SHALL PREVAIL.**

**IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS "THIRD PARTY INTERNET SITES"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:**

- **WE AND OUR ADVISER DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY TO THE THIRD PARTY INTERNET SITES. ACCORDINGLY, WE ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF OR THE CONTENT OR ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. YOU BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THIRD PARTY INTERNET SITES;**
- **WE AND OUR ADVISER ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY OF THE TERMS OF ANY OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE AND OUR ADVISER ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, INFORMATION, FILE OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND**
- **ANY DATA, INFORMATION, FILE OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR OWN DISCRETION AND RISK. WE AND OUR ADVISER ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.**

**WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF AN INTERNET PARTICIPATING FINANCIAL INSTITUTION, YOU ARE ADVISED THAT:**

- **THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS SITUATED ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT RESPONSIBLE FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION AND SUBSEQUENTLY COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES; AND**
- **WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURE MEDIUM.**

**THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COSTS, YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT ON YOUR OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, AND/OR PROBLEMS OCCURRING DURING DATA TRANSMISSION WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.**

**YOU SHOULD NOT TAKE THE AGREEMENT BY THE UNDERWRITERS TO UNDERWRITE THE PUBLIC ISSUE (AS DEFINED HEREIN) AND OFFER FOR SALE (AS DEFINED HEREIN) AS AN INDICATION OF THE MERITS OF OUR SHARES.**

**THE DISTRIBUTION OF THIS PROSPECTUS, THE PUBLIC ISSUE AND OFFER FOR SALE ARE SUBJECT TO MALAYSIAN LAWS. WE, OUR ADVISERS, THE PROMOTERS AND THE OFFERORS TAKE NO RESPONSIBILITY FOR THE DISTRIBUTION OF THIS PROSPECTUS OUTSIDE MALAYSIA. WE, OUR ADVISERS, THE PROMOTERS AND THE OFFERORS HAVE NOT TAKEN ANY ACTION TO PERMIT A PUBLIC ISSUE OF THE ISSUE SHARES (AS DEFINED HEREIN) AND OFFER FOR SALE OF THE OFFER SHARES (AS DEFINED HEREIN) BASED ON THIS PROSPECTUS OR THE DISTRIBUTION OF THIS PROSPECTUS OUTSIDE MALAYSIA. THIS PROSPECTUS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY THE ISSUE SHARES OR OFFER SHARES IN ANY JURISDICTION OR IN ANY CIRCUMSTANCE IN WHICH SUCH AN OFFER OR INVITATION IS NOT AUTHORISED OR UNLAWFUL. THIS PROSPECTUS SHALL ALSO NOT BE USED TO MAKE AN OFFER OR INVITATION OF THE ISSUE SHARES OR OFFER SHARES TO ANY PERSON TO WHOM IT IS UNLAWFUL TO DO SO. PERSONS WHO MAY BE IN POSSESSION OF THIS PROSPECTUS ARE REQUIRED TO INFORM THEMSELVES OF AND TO OBSERVE SUCH RESTRICTIONS.**

**THIS PROSPECTUS IS PREPARED AND PUBLISHED SOLELY FOR THE PUBLIC ISSUE AND OFFER FOR SALE IN MALAYSIA UNDER THE LAWS OF MALAYSIA. THE ISSUE SHARES/OFFER SHARES ARE ISSUED/OFFERED IN MALAYSIA SOLELY BASED ON THE CONTENTS OF THIS PROSPECTUS. WE, OUR ADVISERS AND THE OFFERORS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION, WHICH IS NOT CONTAINED IN THIS PROSPECTUS.**

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**TENTATIVE TIMETABLE**

The following events are intended to take place on the following tentative dates:

<b>Event</b>	<b>Tentative date / time</b>
Opening date and time of Initial Public Offering (“IPO”)	21 July 2008 at 9.00 a.m.
Commencement date and time of trading for the provisional allotment of Restricted Shares (as defined herein)	23 July 2008 at 9.00 a.m.
Tentative last date and time for:	
• Sale of provisional allotment of Restricted Shares (as defined herein)	29 July 2008 at 5.00 p.m.
• Transfer of provisional allotment of Restricted Shares (as defined herein)	1 August 2008 at 4.00 p.m.
• Closing of applications, acceptance and payment (including excess application in respect of the Restricted Shares)	6 August 2008 at 5.00 p.m.
Tentative date of balloting of applications for the Retail Offer (as defined herein)	8 August 2008
Tentative date of allotment of PHB Shares (as defined herein) to successful applicants	13 August 2008
Tentative listing date	20 August 2008

Applications for the IPO Shares pursuant to the Initial Public Offering will close at the time and date stated above or for such further period(s) as our Directors, Managing Underwriter and the Offerors in their absolute discretion may mutually decide.

Should we decide to extend the closing date and time for application of the Initial Public Offering to any later date, we will announce such extension in widely circulated English and Bahasa Malaysia newspapers within Malaysia. If the closing date of the application is extended, the dates for the allotment of the IPO Shares and our Listing will be extended accordingly.

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## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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All references to “our Company” and “PHB” in this Prospectus are to Perwaja Holdings Berhad (formerly known as Vertical Winners Sdn Bhd), while references to “our Group” is to our Company and our subsidiary company. References to “we”, “us”, “our” and “ourselves” are to our Company and our Group or any member of our Group, as the context requires. Unless the context otherwise requires, references to “Management” are to our Directors and key management personnel as at the date of this Prospectus and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Any discrepancies in the tables between the amounts listed and the totals in this Prospectus are due to rounding.

Certain acronyms, technical terms and other abbreviations used are defined in “Definitions” and “Glossary of Technical Terms”. Words denoting the singular only shall include the plural and vice versa. Reference to persons shall include companies and corporations.

All references to dates and times are references to dates and times in Malaysia.

This Prospectus includes statistical data provided by various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by publicly available sources. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from the independent market research report by Vital Factor Consulting Sdn Bhd and Economic Report 2007/2008. We believe that the statistical data and projections cited in this Prospectus are useful in helping you understand the major trends in the industry in which we operate. However, neither ourselves nor our advisers have verified these figures.

We and our advisers do not make any representation as to the correctness, accuracy or completeness of such data. You should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third-party projections, including the projections from the independent market research report by Vital Factor Consulting Sdn Bhd and Economic Report 2007/2008, cited in this Prospectus are subject to uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved.

The information on our website, or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

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## **FORWARD-LOOKING STATEMENTS**

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This Prospectus includes forward-looking statements which include all statements other than those of historical facts, including among others, those regarding our Group's financial position, business strategies, plans and objectives of our Management for future operations. Some of these statements can be identified by words that have a bias towards or are forward-looking such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other important factors beyond our Group's control that could cause the actual results, performance or achievements of our Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Group's present and future business strategies and the environment in which our Group will operate in the future.

Among the important factors that could cause our Group's actual results, performance or achievements to differ materially from those in forward-looking statements are those in Section 5 – "Risk Factors", Section 13 – "Historical Financial Information" and Section 14 – "Management Discussion And Analysis Of Past Operating Results And Financial Position". Due to these and other uncertainties, we cannot assure you that the forward-looking statements included in this Prospectus will be realised.

The forward-looking statements in this Prospectus are based on information available to us as at the date of this Prospectus. We expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statements contained in this Prospectus to reflect any change in our expectations with regard thereto or any change events, conditions or circumstances on which any such statements are based.

You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forecast that are contained herein.

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**DEFINITIONS**

*Unless the context otherwise requires, the following definitions shall apply throughout this Prospectus:*

Acquisition of PSSB	: Acquisition by PHB of 100% equity interest in PSSB comprising 1,216,180,704 ordinary shares of RM1.00 each for a total purchase consideration of RM966,253,600 to be satisfied wholly by the issuance of 499,999,998 new Shares at an issue price of RM1.93 per Share
Act	: Companies Act, 1965 and any amendments thereto
ADA	: Authorised Depository Agent
Application	: Application for the IPO Shares by way of OAF, Application Forms, Electronic Share Application or Internet Share Application
Application Form(s)	: Printed application form(s) for the application of the PHB Shares, under the Special Offer, Pink Form Offer and Retail Offer, accompanying this Prospectus
ATM	: Automated teller machine
Authorised Financial Institution(s)	: The authorised financial institutions participating in the Internet Share Applications, with respect to payments for the IPO Shares
BLR	: Base Lending Rate
Board	: Board of Directors of PHB
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd ( <i>Company No.: 165570-W</i> )
Bursa Securities	: Bursa Malaysia Securities Berhad ( <i>Company No.: 635998-W</i> )
CAGR	: Compounded annual growth rate
CDS	: Central Depository System
CDS Account(s)	: Account(s) established for a depositor by Bursa Depository for the recording of deposits or withdrawals of securities and for dealings in such securities by the depositor
CMSA	: Capital Markets & Services Act 2007, and any amendments thereto
Code	: Malaysian Code on Take-Overs and Mergers, 1998 as amended by the Malaysian Code on Take-Overs and Mergers (Amendment) 2004 and any amendments thereto from time to time
EBITDA	: Earnings before interest, taxation, depreciation and amortisation
ECBSB	: Equal Concept Sdn Bhd ( <i>Company No.: 253231-K</i> )
Electronic Prospectus	: Copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/or an electronic storage medium, including but not limited to CD-ROMs or floppy diskettes
Electronic Share Application	: Application for the 11,200,000 Shares under the Retail Offer through a Participating Financial Institution's ATM
Entitlement Date	: At 5.00 p.m. on 18 July 2008, being the time and date which the Entitled Shareholders must be registered in the Record of Depositors to be entitled to the Restricted Shares

**DEFINITIONS (Cont'd)**

Entitled Shareholders	:	Shareholder(s) of Kinsteel (save and except for the Promoters and their related parties and Excluded Parties) who must be registered in the Record of Depositors of Kinsteel on the Entitlement Date
EPS	:	Earnings per share
Excluded Party/(ies)	:	Person(s) who are excluded from the Restricted Offer as set out in Section 4.4.1 of this Prospectus
FIC	:	Foreign Investment Committee
Flotation Scheme	:	The Acquisition of PSSB, ICULS Placement, Public Issue, Offer for Sale and Listing, collectively
Foreign Addressed Shareholder(s)	:	The Entitled Shareholder(s) who do not have a registered address in Malaysia as stated in Kinsteel's Record of Depositors as at the Entitlement Date
FYE	:	Financial year(s) ended/ending
GDP	:	Gross domestic product
Government	:	Government of Malaysia
Gurun Assets	:	Assets located in Gurun, Kedah comprising a beam and section mill, bar and wire rod mill and a piece of vacant land in Gurun, Kedah that was acquired by Perfect Channel Sdn Bhd, a 51% subsidiary of Kinsteel from Maju pursuant to the Strategic Alliance
ICULS	:	4% 10-year Irredeemable Convertible Unsecured Loan Stocks of nominal value of RM0.10 each issued by PHB pursuant to the ICULS Placement
ICULS Placement	:	Placement of 156,123,000 ICULS by PHB to Kinsteel at an issue price of RM0.10 per ICULS
Internet Participating Financial Institution(s)	:	The institutions participating in the Internet Share Applications, namely RHB Bank Berhad, CIMB Investment Bank Berhad, CIMB Bank and Malayan Banking Berhad
Internet Share Application(s)	:	The application(s) for the 11,200,000 Shares under the Retail Offer through an online share application service provided by the Internet Participating Financial Institutions
Initial Public Offering/ IPO	:	Initial public offering of PHB Shares comprising the Public Issue and Offer for Sale
IPO Price	:	RM2.90 per PHB Share, being the price payable for each PHB Share under the Special Offer, Pink Form Offer and Retail Offer
IPO Share(s)	:	150,000,000 PHB Shares to be made available for application under the Restricted Offer, Special Offer, Pink Form Offer and Retail Offer
Issue Share(s)	:	60,000,000 new Shares to be issued pursuant to the Public Issue
Kinsteel	:	Kinsteel Bhd ( <i>Company No.: 210470-M</i> )
Kinsteel Group	:	Kinsteel and its subsidiary companies
Kinsteel Share(s)	:	Ordinary share(s) of RM0.20 each in Kinsteel
Kin Kee	:	Kin Kee Holdings Sdn Bhd ( <i>Company No.: 362624-T</i> )

**DEFINITIONS (Cont'd)**

Latest Practicable Date	:	30 May 2008
LAT	:	Loss after taxation
LBT	:	Loss before taxation
LIRA(E)	:	Italian Lira(e)
Listing	:	Admission of PHB to the Official List of Bursa Securities and the listing of and quotation for the entire enlarged issued and paid-up share capital of PHB of RM560,000,000 comprising 560,000,000 Shares on the Main Board of Bursa Securities
Listing Requirements	:	Listing Requirements of Bursa Securities
LPS	:	Loss per share
Maju	:	Maju Holdings Sdn Bhd ( <i>Company No.: 40444-V</i> )
Maju Group	:	Maju and its subsidiary companies
Managing Underwriter	:	RHB Investment Bank
Market Day	:	Any day on which Bursa Securities is open for the trading of securities
MDTCA	:	Ministry of Domestic Trade and Consumer Affairs
MIDFCCS	:	MIDF Consultancy & Corporate Services Sendirian Berhad ( <i>Company No.: 11324-H</i> )
MITI	:	Ministry of International Trade and Industry
MOF	:	Ministry of Finance
MTN	:	Medium term notes
MMTN	:	Up to RM400 million nominal value of 10-year Murabahah MTN programme issued by PSSB
NBV	:	Net book value
NPO	:	Notice of provisional offer
NTA	:	Net tangible assets
OAF	:	The Offer Acceptance Form, being the printed application form for the application of the Restricted Shares, accompanying this Prospectus
Offerors	:	Kinsteel and ECSB collectively
Offer for Sale	:	Offer for sale by the Offerors of the Offer Shares to be allocated in the manner set out in Section 4.4 of this Prospectus
Offer Shares	:	90,000,000 Shares to be offered for sale by the Offerors pursuant to the Offer for Sale
Participating Financial Institution(s)	:	Participating financial institution(s) for Electronic Share Application as listed in Section 20.3.5 of this Prospectus

**DEFINITIONS (Cont'd)**

PAT	:	Profit after taxation
PBT	:	Profit before taxation
PE Multiple	:	Price earnings multiple
PHB / Company	:	Perwaja Holdings Berhad (Formerly known as Vertical Winners Sdn Bhd) (Company No.: 798513-D)
PHB Group/ Group	:	PHB and its subsidiary company namely, PSSB
Pink Form Offer	:	Offer of 11,200,000 IPO Shares at the IPO Price per IPO Share to the eligible Directors and employees of Kinsteel Group and PHB Group and persons who have contributed to our Group's success
PKK	:	Perniagaan Kin Kee Sdn Bhd (Company No.: 157540-V)
Promoters	:	Kinsteel, Kin Kee, PKK, ECSB, Maju, Tan Sri Dato' Pheng Yin Huah, Dato' Hong Thian Hock and Tan Sri Abu Sahid bin Mohamed who are the promoters of PHB collectively
Proposed Capital Reduction	:	Proposed reduction of PSSB's entire share premium account and part of its issued and paid-up share capital to eliminate its entire accumulated losses
Proposed Exemption	:	Proposed exemption under Part II of the Code to Kinsteel from the obligation to undertake a mandatory general offer for the remaining PHB Shares not held by Kinsteel and its parties acting in concert upon conversion of the ICULS held by Kinsteel
PSSB	:	Perwaja Steel Sdn Bhd (Company No.: 187922-H)
PTSB	:	Perwaja Terengganu Sdn Bhd (Company No.: 83868-X)
Public Issue	:	Public issue by the Company of the Issue Shares to be allocated in the manner set out in Section 4.4 of this Prospectus
R&D	:	Research and development
Restricted Offer	:	Renounceable restricted offer of 101,476,000 Restricted Shares to the Entitled Shareholders in direct proportion to their respective shareholdings in Kinsteel as at the Entitlement Date, at the Restricted Offer Price per IPO Share
Restricted Offer Price	:	RM2.23 per PHB Share, being the price payable for each Restricted Share
Restricted Share(s)	:	101,476,000 IPO Shares reserved for the Restricted Offer
Retail Offer	:	Offer of 11,200,000 IPO Shares at the IPO Price per IPO Share to Malaysian public
QA	:	Quality assurance
RHB Investment Bank	:	RHB Investment Bank Berhad (Company No.:19663-P)
RM and sen	:	Ringgit Malaysia and sen, respectively
ROC	:	Registrar of Companies
SC	:	Securities Commission

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**DEFINITIONS (Cont'd)**


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SC Guidelines	:	Policies and Guidelines on Issue/Offer of Securities issued by the SC and includes any amendments thereto from time to time
Share(s) / PHB Share(s)	:	Ordinary share(s) of RM1.00 each in PHB
Special Offer	:	Offering of 26,124,000 PHB Shares at the IPO Price per IPO Share to identified investors as set out in Section 4.4.2 of this Prospectus
Strategic Alliance	:	Strategic alliance between Kinsteel and the respective Maju group of companies via the acquisition by Kinsteel of a 51% equity interest in PSSB (for a total consideration of RM197.6 million) as well as 51% interest in a beam and section mill, bar and wire rod mill and a piece of vacant land in Gurun, Kedah through Perfect Channel Sdn Bhd, a 51% subsidiary of Kinsteel from the respective Maju group of companies as announced by Kinsteel on 7 October 2005 and completed on 6 September 2006
TNB	:	Tenaga Nasional Berhad ( <i>Company No.: 200866-W</i> )
Underwriting Agreement	:	Underwriting Agreement dated 25 June 2008 entered into between PHB, the Offerors, the Managing Underwriter and Underwriters
Underwriters	:	RHB Investment Bank, Affin Investment Bank Berhad ( <i>Company No.: 9999-V</i> ), AmInvestment Bank Berhad ( <i>Company No.: 23742-V</i> ) and OSK Investment Bank Berhad ( <i>Company No.: 14152-V</i> ), collectively
US	:	United States of America
USD	:	United States Dollar
Vital Factor	:	Vital Factor Consulting Sdn Bhd ( <i>Company No.: 266797-T</i> )
Vital Factor Report	:	Independent Market Research Report by Vital Factor dated 26 June 2008

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## GLOSSARY OF TECHNICAL TERMS

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*The following technical terms are extracted from Vital Factor's Independent Market Research Report and shall apply throughout this Prospectus:*

- CBI : Cold briquetted iron is produced by pressing, cold bonding and briquetting of DRI fines and a binding agent at a temperature below 650°C. Cold briquetted iron has essentially the same chemical composition as DRI.
- DRI Plant : Direct reduced iron plant
- DRI : Iron in its natural state primarily exists in the form of iron oxide (more commonly known as iron rust), which is iron combined with oxygen from the atmosphere. Direct Reduced Iron (DRI) is the technical term for iron that has undergone a chemical reaction known as "reduction" whereby the oxygen is removed from iron oxide to leave behind pure iron.
- The reduction process typically utilises a gas mixture that is rich in hydrogen and carbon monoxide, where the hydrogen and carbon monoxide are made to bond with the oxygen in iron oxide to form water and carbon dioxide respectively, leaving behind the DRI.
- HBI : Another type of DRI formed into the shape of bricks, chunks or small ingots (briquettes). HBI has essentially the same chemical composition as DRI but with a lower surface area to volume ratio compared to DRI.
- Scrap iron : Scrap iron refers to recycled iron and steel material that is generally re-melted and recast into new steel materials.
- Semi-finished Long Steel Products : Semi-finished long steel products are intended for further processing to produce long steel products. Examples of semi-finished long steel products include blooms, billets and beam blanks.
- tonne(s) : Metric tonne(s)

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## 1. CORPORATE DIRECTORY

### DIRECTORS

Name	Designation	Address	Occupation	Nationality
Tan Sri Abu Sahid bin Mohamed	Chairman	No. 1001 Jalan Bukit Ledang Off Jalan Duta 50480 Kuala Lumpur	Company Director	Malaysian
Tan Sri Dato' Pheng Yin Huah	Managing Director	A-5188, Lorong Kubang Buaya 80 25250 Kuantan Pahang Darul Makmur	Company Director	Malaysian
Henry Pheng Chin Guan	Chief Executive Officer	A-5188, Lorong Kubang Buaya 80 25250 Kuantan Pahang Darul Makmur	Company Director	Malaysian
Tan Sri Mohd Bakri bin Haji Omar	Independent Non-Executive Director	55 Jalan SS22/31 Damansara Jaya 47400 Petaling Jaya	Company Director	Malaysian
Dato' Abu Talib bin Mohamed	Non-Independent Non-Executive Director	21 Jalan 16/6 46350 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Dato' Mohamed Fuad bin Yon	Non-Independent Non-Executive Director	No. 55 Jalan Kenyalang 11/8 Bayu Damansara Section 11 Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Datuk Lim Chaing Cheah	Non-Independent Non-Executive Director	Unit No. 2005, Summervilla Condominium Jalan Wangsa Baiduri 47500 Subang Jaya Selangor Darul Ehsan	Company Director	Malaysian
Dato' Md Sharif bin Shamsuddin	Independent Non-Executive Director	No. 15, Lorong IM 5/7 Bandar Indera Mahkota 25200 Kuantan Pahang Darul Makmur	Company Director	Malaysian
Dato' Siew Mun Chuang	Independent Non-Executive Director	No. 22 Changkat Semantan 1 Semantan Villas, Bukit Damansara 50490 Kuala Lumpur	Company Director	Malaysian
Shamsudin @ Samad bin Kassim	Independent Non-Executive Director	No. 53 Jalan SS3/53 Kelana Jaya 47300 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian

**1. CORPORATE DIRECTORY (Cont'd)**

<b>Name</b>	<b>Designation</b>	<b>Address</b>	<b>Occupation</b>	<b>Nationality</b>
Pheng Chin Huat	Non-Independent Non-Executive Director	No. 29, Jalan BU 11/1A Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Pheng Chin Shiun	Non-Independent Non-Executive Director	No. 35, Jalan BU 11/1A Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Shamsudin @ Samad bin Kassim	Chairman	Independent Non-Executive Director
Tan Sri Mohd Bakri bin Haji Omar	Member	Independent Non-Executive Director
Dato' Siew Mun Chuang	Member	Independent Non-Executive Director
Dato' Abu Talib bin Mohamed	Member	Non-Independent Non-Executive Director

**COMPANY SECRETARIES** : Yeap Kok Leong  
(MAICSA No. 0862549)  
No. 11 Jalan 2/149G  
Taman Sri Endah  
57000 Kuala Lumpur  
Tel: (603) 4047 3838

Chan Lai Choon  
(MAICSA No. 0809269)  
No. 71 Persiaran Zaaba  
Taman Tun Dr Ismail  
60000 Kuala Lumpur  
Tel: (603) 2772 8988

**REGISTERED OFFICE AND HEAD/ MANAGEMENT OFFICE** : Level 31 Maju Tower  
1001 Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel: (603) 2772 8988  
Fax: (603) 2772 8973  
E-mail: [info@perwaja.com.my](mailto:info@perwaja.com.my)  
Website: [www.perwaja.com.my](http://www.perwaja.com.my)

**PRINCIPAL BANKERS** : RHB Bank Berhad  
Level 10, Tower One  
RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur  
Tel: (603) 9287 8888

**1. CORPORATE DIRECTORY (Cont'd)**

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OCBC Bank (Malaysia) Berhad  
Menara OCBC  
18 Jalan Tun Perak  
50050 Kuala Lumpur  
Tel: (603) 2034 5034

Kuwait Finance House (Malaysia) Berhad  
Level 18, Tower 2, MNI Twins  
11 Jalan Pinang  
P.O. Box 10103  
50704 Kuala Lumpur  
Tel: (603) 2055 7777

Standard Chartered Bank Malaysia Berhad  
Level 13, Menara Standard Chartered  
30 Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel: (603) 2117 7777

Deutsche Bank (Malaysia) Berhad  
Level 18-20, Menara IMC  
8 Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel: (603) 2053 6788

- AUDITORS AND REPORTING ACCOUNTANTS** : Horwath  
(Chartered Accountants AF1018)  
Level 16 Tower C, Megan Avenue II  
12 Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel: (603) 2166 0000
- LEGAL ADVISER FOR THE FLOTATION SCHEME** : Jeff Leong, Poon & Wong  
A-11-3A, Level 11, Megan Avenue II  
Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel: (603) 2166 3225
- INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS** : Vital Factor Consulting Sdn Bhd  
75C & 77C Jalan SS22/19  
Damansara Jaya  
47400 Petaling Jaya  
Selangor Darul Ehsan  
Tel: (603) 7728 0248
- FINANCIAL ADVISER** : ZJ Advisory Sdn Bhd  
Suite 22B, 22nd Floor  
Wisma Denmark  
No. 86 Jalan Ampang  
50450 Kuala Lumpur  
Tel: (603) 2032 2328
- TRUSTEE** : Equity Trust (Malaysia) Berhad  
Suite 27-03, 27th Floor,  
Menara Keck Seng  
203 Jalan Bukit Bintang  
55100 Kuala Lumpur  
Tel: (603) 2145 6828

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**1. CORPORATE DIRECTORY (Cont'd)**

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<b>PAYING AGENT</b>	:	Bank Negara Malaysia
<b>ISSUING HOUSE</b>	:	MIDF Consultancy and Corporate Services Sendirian Berhad Level 8, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Tel: (603) 2173 8888
<b>SHARE REGISTRAR FOR THIS RESTRICTED OFFER ONLY</b>	:	Tenaga Koperat Sdn Bhd 20 <sup>th</sup> Floor, Plaza Permata Jalan Kampar Off Jalan Tun Razak 50400 Kuala Lumpur Tel: (603) 4047 3883
<b>SHARE REGISTRAR OF PHB</b>	:	Mega Corporate Services Sdn Bhd Level 15-2, Faber Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur Tel: (603) 2692 4271
<b>ADVISER, MANAGING UNDERWRITER, UNDERWRITER, PLACEMENT AGENT AND FACILITY AGENT</b>	:	RHB Investment Bank Berhad Level 10, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel: (603) 9287 3888
<b>UNDERWRITERS</b>	:	Affin Investment Bank Berhad 27 <sup>th</sup> Floor, Menara Boustead 69, Jalan Raja Chulan, 50200 Kuala Lumpur Tel: (603) 2142 3700  AmInvestment Bank Berhad 22 <sup>nd</sup> Floor, Bangunan AmBank Group No. 55 Jalan Raja Chulan 50200 Kuala Lumpur Tel: (603) 2078 2633/44/55  OSK Investment Bank Berhad 20 <sup>th</sup> Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel: (603) 2333 8333
<b>LISTING SOUGHT</b>	:	Main Board of Bursa Securities

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## 2. INFORMATION SUMMARY

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**THIS FOLLOWING INFORMATION SUMMARY SETS OUT THE SALIENT INFORMATION CONTAINED IN THIS PROSPECTUS. YOU SHOULD READ AND UNDERSTAND THIS SECTION TOGETHER WITH THE FULL TEXT OF THIS PROSPECTUS BEFORE YOU DECIDE WHETHER TO INVEST IN OUR COMPANY.**

### 2.1 OUR HISTORY AND BUSINESS

Our Company was incorporated in Malaysia under the Act as a private limited company on 6 December 2007 under the name Vertical Winners Sdn Bhd. On 21 December 2007, our company changed its name to Perwaja Holdings Sdn Bhd. Our company was subsequently converted into a public limited company on 28 December 2007.

We were incorporated as an investment holding company to facilitate our Listing. Our wholly-owned subsidiary, PSSB, is principally involved in the manufacturing and trading of DRI and semi-finished long products (steel billets, beam blanks and blooms). According to the Vital Factor Report, PSSB is currently the only producer of DRI in Malaysia.

Our Group's steel manufacturing business was originally initiated by the Government under the 1<sup>st</sup> Industrial Master Plan as part of its efforts to rationalise the steel industry and to reduce the country's dependence on imported steel. As a result thereof, PTSB was incorporated in 1982, with Heavy Industry Corporation Malaysia (a Japanese consortium led by Nippon Steel Corporation) and Lembaga Tabung Amanah Warisan Negeri Terengganu as its shareholders, to operate a sponge iron and billet making plant.

In 1990, under the Government's directive, a restructuring exercise of the Perwaja group of companies was commissioned. Following the restructuring exercise, PTSB became the ultimate holding company of Perwaja group of companies and all of its assets were transferred to PSSB.

In response to the Government's intention to privatise the Perwaja group of companies, Maju submitted a proposal in 1996 to which the Government had in principle accepted Maju's proposal subject to further terms and conditions.

However, with the onset of the Asian financial crisis in mid 1997, the Government had deferred the privatisation of PSSB and meanwhile, Maju was tasked to manage PSSB, implement a restructuring scheme and develop a strategic business plan on behalf of the Government.

In 2000, the Government revived the privatisation process and Maju was subsequently asked to submit a revised offer. Upon receipt of all the relevant approvals by January 2003, the privatisation exercise was completed and Maju became the ultimate holding company of PSSB via ECSB.

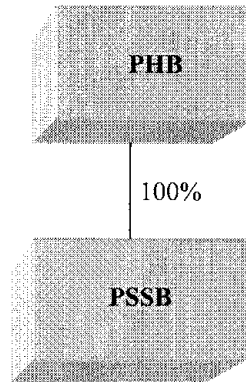
On 7 October 2005, Kinsteel entered into a strategic alliance agreement with ECSB, to acquire *inter-alia*, 51% equity interest in PSSB. Upon completion of the Strategic Alliance in September 2006, PSSB became a 51% subsidiary of Kinsteel with the remaining 44% and 5% equity interest owned by ECSB and Maju respectively.

As part of the Flotation Scheme, on 30 January 2008, PHB had entered into a sale and purchase agreement with Kinsteel, ECSB and Maju to acquire the entire issued and paid-up share capital of PSSB comprising 1,216,180,704 ordinary shares of RM1.00 each for a total purchase consideration of RM966,253,600 to be satisfied by the issuance of 499,999,998 new PHB Shares at an issue price of RM1.93 per PHB Share. The purchase consideration for the Acquisition of PSSB was arrived at after a 1.3 times multiple over the audited NTA of PSSB as at 30 September 2007 of RM743.272 million.



## 2. INFORMATION SUMMARY *(Cont'd)*

The following chart depicts the corporate structure of our Group:



Please refer to Section 6 – “Information on our Group” of this Prospectus for detailed information on our Group and our business operations.

### 2.2 COMPETITIVE STRENGTHS AND ADVANTAGES

We believe that our Group’s competitive strengths and advantages are as follows:

- (i) Integrated producer of DRI and semi-finished long steel products.
- (ii) Flexibility in meeting changing demand and supply conditions.
- (iii) High capacity utilisation enabling our Group to achieve economies of scale.
- (iv) Logistic synergies.
- (v) Secured long term supply of iron ore.
- (vi) Overseas market coverage.
- (vii) Product quality.

Please refer to Section 7.9 – “Competitive Strengths And Advantages” of this Prospectus for further information.

### 2.3 FINANCIAL INFORMATION

#### 2.3.1 Historical Financial Information

The following table sets out the summary of the proforma consolidated income statements for the past 3 FYE 31 December 2007 and the 4 month period ended 30 April 2007 and 2008, which have been prepared based on the assumption that the current structure of our Group has been in existence throughout the financial years/period under review. The proforma consolidated income statements are presented for illustrative purposes only and you should read it together with the accompanying notes and assumptions included in the Historical Financial Information as set out in Section 13, the Accountants’ Report as set out in Section 16 and the Management Discussion and Analysis of Past Operating Results and Financial Condition as set out in Section 14 of this Prospectus.

## 2. INFORMATION SUMMARY (Cont'd)

	<----- Proforma Group ----->				
	FYE 31.12.2005	FYE 31.12.2006	FYE 31.12.2007	4 month period ended 30.04.2007*	4 month period ended 30.04.2008
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,062,572	1,182,092	1,693,007	505,485	661,436
Gross profit	14,791	168,102	251,511	71,527	133,677
Other income	26,550	27,543	37,159	562	6,952
Selling and distribution expenses	(13,578)	(24,240)	(19,339)	(7,092)	(4,854)
Administrative expenses	(76,236)	(40,118)	(40,742)	(8,519)	(18,421)
Results from operating activities	(48,473)	131,287	228,589	56,478	117,354
Finance costs	(54,653)	(34,826)	(66,003)	(14,900)	(22,685)
(LBT)/PBT	(103,126)	96,461	162,586	41,578	94,669
Taxation	-	110,000	-	-	-
(LAT)/PAT	(103,126)	206,461	162,586	41,578	94,669
Assumed number of Shares in issue ('000) <sup>2</sup>	(C) 500,000	500,000	500,000	500,000	500,000
(LPS)/EPS (sen)					
-Gross	(A)/(C) (20.6)	19.3	32.5	24.9 <sup>^</sup>	56.8 <sup>^</sup>
- Net	(B)/(C) (20.6)	41.3	32.5	24.9 <sup>^</sup>	56.8 <sup>^</sup>

Notes:

\* Unaudited and included for the purposes of comparison only

<sup>^</sup> Annualised to 12 months for comparison purposes only

1. The proforma consolidated financial results were prepared based on the audited consolidated financial statements of PHB for the period beginning 6 December 2007 (being the date of incorporation) to 30 April 2008 and PSSB for the past 3 FYE 31 December 2007 and the 4 month period ended 30 April 2008

2. Based on the issued and paid-up capital of 500,000,000 PHB Shares immediately prior to the IPO.

### 2.3.2 Proforma Consolidated Balance Sheets

The following table sets out the summary of the proforma consolidated balance sheets which has been prepared for illustrative purposes only, based on our Company's audited financial statements as at 30 April 2008, to show the effects of the Flotation Scheme and the utilisation of the proceeds arising from the Public Issue and ICULS Placement on the assumption that the transactions were completed and all ICULS were converted on 30 April 2008. You should read the proforma consolidated balance sheets together with the accompanying notes and assumptions included in the Reporting Accountants' Letter on the Proforma Consolidated Financial Information as disclosed in Section 13.5 and the Management Discussion and Analysis of Past Operating Results and Financial Condition as set out in Section 14 of this Prospectus.

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**2. INFORMATION SUMMARY (Cont'd)**

		(A)	(B)	(C)	(D)
	As at 30 April 2008	After the Acquisition of PSSB and Proposed Capital Reduction <sup>1</sup>	After (A) and ICULS Placement	After (B) and Public Issue and Offer for Sale	After (C) and Conversion of ICULS
	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	-	1,575,164	1,575,164	1,575,164	1,575,164
Current assets	#	613,183	628,795	741,306	1,178,451
Less: Current liabilities	7	761,248	766,112	716,112	711,248
Net current assets / (Net current liabilities)	(7)	(148,065)	(137,317)	25,194	467,203
Non current liabilities	-	544,654	544,654	544,654	544,654
Shareholders' funds	(7)	882,445	893,193	1,055,704	1,497,713
Number of Shares in issue ('000)	^	500,000	500,000	560,000	716,123
Net asset/NTA (RM'000)	(7)	882,445	893,193	1,055,704	1,497,713
Net Asset/NTA per Share (RM)	(3,500)	1.76	1.79	1.89	2.09

*Notes:*

# RM 2

^ 2 Shares of RM1.00 each

1. As per Kinsteel's announcement dated 30 April 2008, our Company had, on even date, submitted an application to the SC to implement the Flotation Scheme and PSSB's Proposed Capital Reduction exercise in parallel and independent of each other. Please refer to Section 6.5 for further details on the Proposed Capital Reduction.

**2.3.3 Dividend Policy**

It is the policy of our Directors to recommend dividends to allow shareholders to participate in the profits of our Group as well as retaining adequate reserves for our future growth.

Our Directors have considered the general principles that they currently intend to apply when recommending dividends for approval by our shareholders or when declaring any interim dividends. In determining the size of any dividend, we will take into account a number of factors, including our operating cash flow requirements, debt servicing and financing commitments, and future expansion plans.

In the future, any dividends declared and paid on PHB Shares will depend primarily on the following factors:

- (i) the availability of adequate distributable reserves and our cash flows, which will be substantially dependent on the receipt of dividends and distributions from PSSB or any other future subsidiaries;
- (ii) covenants and other restrictions contained in PSSB's current financing arrangements which limit PSSB's, and in turn, our ability to declare and pay dividends. For a description of certain of these restrictions, see Section 5 – "Risk Factors";
- (iii) our Group's existing debt servicing and financial commitments;
- (iv) our Group's future prospects and their impact on our cashflows and the availability of adequate distributable reserves; and

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**2. INFORMATION SUMMARY (Cont'd)**


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(v) our projected levels of capital expenditure and other investment plans.

Notwithstanding the above, our Directors have full discretion to propose the waiver of any future dividend payment as and when deemed necessary, if it is in the best interest of our Company.

Please refer to Section 15 of this Prospectus for further information on factors which affect our dividend policy.

**2.4 SUMMARY OF THE IPO**

- IPO Size : Offering of 150,000,000 IPO Shares comprising the Offer for Sale of 90,000,000 Offer Shares by the Offerors and Public Issue of 60,000,000 Issue Shares by us.
- Restricted Offer : Offering of 101,476,000 Restricted Shares, subject to reallocation, by way of a renounceable restricted offer to the Entitled Shareholders in direct proportion to their respective shareholdings in Kinsteel as at the Entitlement Date, at the Restricted Offer Price.
- Special Offer : Offering of 26,124,000 IPO Shares by way of placement to identified investors, at the IPO Price.
- Pink Form Offer : Offering of 11,200,000 IPO Shares, subject to reallocation, to the eligible Directors and employees of Kinsteel Group and PHB Group and persons who have contributed to our success of PHB Group, at the IPO Price.
- Retail Offer : Offering of 11,200,000 IPO Shares, subject to reallocation, to the Malaysian public, namely Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions, at the IPO Price.
- Reallocation : Any Restricted Shares not subscribed for by the Entitled Shareholders pursuant to the Restricted Offer shall first be made available for excess application at the Restricted Offer Price and thereafter any unsubscribed Restricted Shares remaining shall be made available for application by the Malaysian public in the event of an over-subscription under the Retail Offer at the IPO Price.

The IPO Shares allocated to the eligible Directors and employees of Kinsteel Group and our Group and persons who have contributed to the success of our Group shall also be reallocated to the Malaysian public at the IPO Price in the event of an over-subscription under the Retail Offer and under-subscription under the Pink Form Offer.

Any Restricted Shares/IPO Shares reallocated to the Retail Offer not taken up by the Malaysian public shall then be made available for application by the identified investors under the Special Offer at the IPO Price.

IPO Price : RM2.90 per Share

Restricted Offer Price : RM2.23 per Share

## 2. INFORMATION SUMMARY (Cont'd)

Use of Proceeds : We intend to utilise the gross proceeds from the Public Issue of RM173.5 million in the following manner:

<b>Purpose</b>	<b>RM'000</b>
Part repayment of bank borrowings	50,000
Working capital	112,511
Estimated listing expenses	11,000
	<u>173,511</u>

The Offer for Sale is expected to raise gross proceeds of approximately RM193.5 million which will accrue entirely to the Offerors.

Please see Section 4 of this Prospectus for detailed information on the IPO.

### 2.5 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risks and investment considerations, including but not limited to the risks listed below:

#### **Risk relating to our industry and our business:**

- (i) Our Group's performance is dependent on the domestic manufacturing and construction industries.
- (ii) Our operating results may be adversely affected by an increase in the price of iron ore or any shortages in the supply of iron ore.
- (iii) Our operating results may be adversely affected by an increase in the price of scrap iron.
- (iv) Our operating results may be adversely affected by an increase in the price of electricity or material interruptions in the supply of electricity.
- (v) Our operating results may be adversely affected by an increase in the price of natural gas or material interruptions in the supply of natural gas.
- (vi) Availability of substitutes could reduce the demand for our products.
- (vii) Unexpected equipment failures and catastrophic events may lead to production curtailments or shutdowns.
- (viii) Dependency on our principal customers for our Group's sales revenue.
- (ix) Dependency on major suppliers for raw materials/consumables.
- (x) Our Group is exposed to risks related to foreign exchange fluctuation.
- (xi) Cost of environmental and workplace safety compliance may adversely affect our operations.
- (xii) Risk associated with future expansion.
- (xiii) Risk of explosion.
- (xiv) No assurance that our insurance coverage would be adequate.

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**2. INFORMATION SUMMARY (Cont'd)**

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- (xv) Significant fluctuation in interest rates could impact the financial performance of our Group.
- (xvi) Restrictive covenants under credit facilities agreements could adversely affect our ability to operate our business.
- (xvii) Our Group is dependent on key management and personnel.
- (xviii) Our Group have ongoing legal proceedings.
- (xix) Our Group undertakes a number of transactions with related parties.
- (xx) Control of existing substantial shareholders may limit your ability to influence the outcome of decisions requiring the approval of shareholders.
- (xxi) Ability to pay dividends.

**Risk relating to the IPO:**

- (i) No prior market for our Shares.
- (ii) Delay or failure in our Listing.
- (iii) The performance of our Shares is subject to capital market risks.
- (iv) The sale and the possible sale of a substantial number of our Shares in the public market following the IPO could adversely affect the price of our Shares.

**Other risks:**

- (i) Our Group and our business operations are subject to political and economic risks.
- (ii) Forward-looking statements.

Please refer to Section 5 of this Prospectus for detailed discussion on the risks in investing in our Group.

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### 3. INTRODUCTION

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This Prospectus is dated 21 July 2008.

We have registered a copy of this Prospectus together with the NPO/OAF and Application Form with the SC. We have also lodged a copy of this Prospectus, together with the NPO/OAF and Application Forms with the Registrar of Companies. Neither the SC nor the Registrar of Companies takes no responsibility for its contents.

We have received the SC's approvals on 31 March 2008 and 25 June 2008 for the IPO. An application shall be made to Bursa Securities within three (3) market days of the issuance of this Prospectus for admission to the Official List of the Main Board of Bursa Securities for our entire enlarged issued and paid-up share capital, including the IPO Shares which are the subject of this Prospectus, failing which any allotment made subsequent to the Applications pursuant to the Prospectus shall be void and we shall repay without interest, all the monies received from the Applications.

Our entire enlarged issued and paid-up share capital will be admitted to the Official List of the Main Board of Bursa Securities and official quotation will commence after the receipt of confirmation from Bursa Depository that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of Application for the IPO Shares will be conditional upon permission being granted by Bursa Securities to deal in and for the quotation of the entire enlarged issued and paid-up share capital of our Company on the Main Board of Bursa Securities. Accordingly, monies paid in respect of any Application accepted from the IPO will be returned without interest if the aforesaid permission is not granted within six (6) weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC) provided that our Company is notified by or on behalf of Bursa Securities within the aforesaid time frame. If such monies are not repaid within 14 days after the corporation becomes liable to repay it, the provision of sub-section 243(2) of the Capital Markets and Services Act 2007 shall apply accordingly.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed our Shares as a prescribed security. Therefore, we will deposit the IPO Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository. We will not issue share certificates to successful applicants.

Persons applying for the Shares must have a CDS Account.

Pursuant to the Listing Requirements of Bursa Securities, at least 25% of our issued and paid-up share capital must be in the hands of 1,000 public shareholders holding not less than 100 Shares each upon completion of the IPO. We expect to meet the public shareholding requirement at the point of Listing. If we do not meet the said requirement, we may not be allowed to proceed with the Listing. In such an event, we will return in full, without interest, all monies paid in respect of all applications.

You should rely only on the information contained in this Prospectus. We, our Advisers and the Offerors have not authorised anyone to provide you with information that is different from those contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, represent or imply that there has been no material change in our affairs since the date of this Prospectus.

This Prospectus does not constitute and may not be used for the purpose of an offer to sell or invitation to buy any IPO Shares in any jurisdiction or circumstances in which such offer or invitation is not authorised or lawful, or to any person to whom it is unlawful to make such offer or invitation.

**You should rely on your own evaluation to assess the merits and risks of the IPO and an investment in us. If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser before applying for our IPO Shares.**

#### 4. DETAILS OF THE IPO

##### 4.1 OPENING AND CLOSING OF APPLICATIONS

Applications for our IPO Shares will be accepted from 9.00 a.m. on 21 July 2008 and will be closed at 5.00 p.m. on 6 August 2008 or for such further period or periods as our Directors, Managing Underwriter and the Offerors in their absolute discretion may mutually decide. **Late applications will not be accepted.**

##### 4.2 IMPORTANT TENTATIVE DATES

The following events are intended to take place on the following tentative dates:

Event	Tentative date / time
Opening date and time of Initial Public Offering	21 July 2008 at 9.00 a.m.
Commencement date and time of trading for the provisional allotment of Restricted Shares	23 July 2008 at 9.00 a.m.
Tentative last date and time for: <ul style="list-style-type: none"> <li>• Sale of provisional allotment of Restricted Shares</li> <li>• Transfer of provisional allotment of Restricted Shares</li> <li>• Closing of applications, acceptance and payment (including excess application in respect of the Restricted Shares)</li> </ul>	29 July 2008 at 5.00 p.m. 1 August 2008 at 4.00 p.m. 6 August 2008 at 5.00 p.m.
Tentative date of balloting of applications for the Retail Offer	8 August 2008
Tentative date of allotment of PHB Shares to successful applicants	13 August 2008
Tentative listing date	20 August 2008

Applications for the IPO Shares pursuant to the Initial Public Offering will close at the time and date stated above or for such further period(s) as our Directors, Managing Underwriter and the Offerors in their absolute discretion may mutually decide.

Should we decide to extend the closing date and time for application of the Initial Public Offering to any later date, we will announce such extension in widely circulated English and Bahasa Malaysia newspapers within Malaysia. If the closing date of the application is extended, the dates for the allotment of the IPO Shares and our Listing will be extended accordingly.

##### 4.3 SHARE CAPITAL

	RM
<i>Authorised share capital</i>	
2,000,000,000 ordinary shares of RM1.00 each	<u>2,000,000,000</u>
<i>Issued and fully paid-up as at the date of this Prospectus</i>	
500,000,000 ordinary shares of RM1.00 each	500,000,000
<i>To be issued pursuant to the Public Issue</i>	
60,000,000 new ordinary shares of RM1.00 each	60,000,000
<i>Enlarged issued and paid-up share capital upon Listing on the Main Board</i>	
560,000,000 ordinary shares of RM1.00 each	<u>560,000,000</u>



#### 4. DETAILS OF THE IPO (Cont'd)

The IPO Price and Restricted Offer Price of RM2.90 and RM2.23 per Share respectively, is payable in full on application.

There is only one class of shares in PHB, being ordinary shares of RM1.00 each, all of which rank *pari passu* with each other. The IPO Shares will, upon allotment and issue, rank equally in all respects with the other existing issued and paid-up ordinary shares of our Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment of the IPO Shares.

Subject to any special rights attaching to any shares which may be issued by our Company in the future, the holders of ordinary shares in the Company shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by our Company as dividends and other distributions. Similarly, if our Company is liquidated, its shareholders shall be entitled to the whole of any surplus, in accordance with our Articles of Association.

At every general meeting the Company, each shareholder shall be entitled to vote in person or by proxy or by attorney, and on a show of hands, every person who is present who is a shareholder or representative or proxy or attorney to a shareholder shall have one vote, and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary share held. A proxy may but need not be a member of the Company.

#### 4.4 DETAILS OF THE IPO

The IPO, comprising an offering of 90,000,000 IPO Shares under the Offer for Sale and 60,000,000 IPO Shares under the Public Issue, shall be allocated in the following manner, subject to the terms and conditions of this Prospectus:

##### 4.4.1 Restricted Offer

101,476,000 Restricted Shares representing approximately 18.12% of our enlarged issued paid-up share capital are available for application by the Entitled Shareholders in direct proportion to their respective shareholdings in Kinsteel as at the Entitlement Date, at the Restricted Offer Price per IPO Share payable in full upon application.

##### Excluded Parties

This Prospectus together with the accompanying documents, will not be registered under any applicable securities legislation of any jurisdiction except Malaysia and the Restricted Offer will not be offered or deemed to be offered for subscription in any country other than Malaysia. Accordingly, this Prospectus and the accompanying documents relating to the Restricted Offer will not be sent to the Foreign Addressed Shareholders.

The Restricted Shares are available for application by the Entitled Shareholders, except for Excluded Parties, being persons who are:

- (a) Foreign Addressed Shareholders;
- (b) located in jurisdictions outside Malaysia in which acceptance of the entitlement under the Restricted Offer would result in the contravention of the laws of such jurisdiction (whether in the absence of any necessary consent and/or compliance with any registration of other legal requirements or for any other reason); or
- (c) in the opinion of the Directors of PHB (on the advice of their legal counsel), would be necessary or expedient to be excluded from participating in the Restricted Offer by reason of legal or regulatory requirements.

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#### 4. DETAILS OF THE IPO (*Cont'd*)

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Notwithstanding the above, any offer or issue of shares in connection with the Restricted Offer, is made and valid in Malaysia only.

The Foreign Addressed Shareholders or Excluded Parties will have no rights or claims whatsoever against our Company, the Offerors, Promoters, Advisers, Managing Underwriter, Underwriters, any of their respective directors or any other persons involved in the IPO in respect of their rights entitlements or any proceeds in respect of the Restricted Offer and they shall not accept any responsibility and liability in the event that any acceptance/excess application under the Restricted Offer is or becomes illegal, unenforceable, voidable or void or shall contravene the laws in such countries or jurisdictions.

Foreign shareholders are advised that they shall be solely responsible to seek their own advice as to the laws of any jurisdiction to which they may be subject. Your participation in the IPO shall be based on your warranty to us that you may lawfully so participate without us, the Offerors, Promoters, Advisers, Managing Underwriter, Underwriters, any of their respective directors, or any other persons involved in the IPO being in breach of the laws of any jurisdiction.

Each Entitled Shareholder accepting all or part of the Restricted Shares offered to him/her will be deemed to have represented that he/she and/or the beneficial owner of those Kinsteel Shares in respect of which the Restricted Shares are accepted, is not an Excluded Party.

##### **Renunciation and entitlement basis**

The Restricted Offer is RENOUNCEABLE. Entitled Shareholders who apply for the Restricted Shares will first be allocated the Restricted Shares (in direct proportion to their shareholding in Kinsteel as at the Entitlement Date) PROVIDED THAT such Entitled Shareholders have remitted the required application monies for the Restricted Shares in accordance with the procedures for application and acceptance set out in Section 20 of this Prospectus.

##### **Fractional entitlement**

In determining an Entitled Shareholder's entitlement to the Restricted Shares, any fractional entitlement of the Restricted Shares shall be disregarded. Fractional entitlements, if any, shall be dealt with in such manner as our Board in its absolute discretion deems fit or expedient and in the best interest of the Company.

##### **Excess application**

Any Restricted Shares provisionally offered to the Entitled Shareholders which are not accepted, not validly taken up and those remaining not provisionally offered under the Restricted Offer, will be made available to the Entitled Shareholders and/or renounees who have applied for the excess Restricted Shares.

##### **Basis of allotment of excess Restricted Shares**

Our Board reserves the rights to allot the excess Restricted Shares applied for in a fair and equitable basis and in such manner as they deem fit and expedient and in the interest of our Company. As such, it is the intention of our Board to allot the excess Restricted Shares in the following priority:

- (i) firstly, to minimise the incidence of odd lots; and
- (ii) secondly, for allocation to applicants who applied for excess Restricted Shares at the Restricted Offer Price, on a pro-rata basis calculated based on the entitlement as at the Entitlement Date and the quantum of excess Restricted Shares applied for.

Any Restricted Shares that remain unsubscribed subsequent to the above shall be made available for application by the Malaysian public in the event of an over-subscription under the Retail Offer at the IPO Price. Any Restricted Shares reallocated to the Retail Offer not taken up by the Malaysian public shall then be made available for application by the identified investors under the Special Offer at the IPO Price.

#### 4. DETAILS OF THE IPO (Cont'd)

##### Underwriting

All 101,476,000 Restricted Shares are fully underwritten by the Underwriters.

##### 4.4.2 Special Offer

26,124,000 IPO Shares representing 4.67% of our enlarged issued and paid-up share capital are available for application at the IPO Price per IPO Share, by way of placement to identified investors.

The IPO Shares for allocation by the identified investors pursuant to the Special Offer will not be underwritten, as irrevocable undertakings have been obtained from the respective investors to subscribe for the IPO Shares.

##### 4.4.3 Pink Form Offer

11,200,000 IPO Shares representing approximately 2.0% of our enlarged issued and paid-up share capital are available for application at the IPO Price per IPO Share by the eligible Directors and employees of Kinsteel Group and PHB Group and persons who have contributed to our Group's success as follows:

##### Allocation of IPO Shares

A total of 2,263 persons are eligible for the IPO Shares pursuant to the Pink Form Offer, comprising the following:

Category	Number of person	Aggregate number of IPO Shares allocated
Directors of Kinsteel Group and our Group	19	3,700,000
Eligible employees of Kinsteel Group and our Group	2,134	6,714,000
Persons who have contributed to the success of our Group	110	786,000
<b>Total</b>	<b>2,263</b>	<b>11,200,000</b>

##### Criteria of allocation

The IPO Shares are allocated to the directors and eligible employees of Kinsteel Group and our Group, based on, *inter-alia*, the following criteria as approved by our Board:

- at least eighteen (18) years old;
- category, position and seniority;
- length of service;
- employees who joined Kinsteel Group/PHB Group on or before 1 June 2008; and
- other factors deemed relevant by our Board.

The criteria of allocation for the IPO Shares to be allocated to persons who have contributed to the success of our Group, is based on their contribution to our Group, as approved by our Board. The persons who have contributed to the success of our Group include business contacts, consultants and dealers, which have developed strategic alliances with and/or contributed to the business development of our Group.

#### 4. DETAILS OF THE IPO (Cont'd)

##### Details of allocation to the Directors of Kinsteel Group and PHB Group

The details of the IPO Shares which are allocated to the directors of Kinsteel Group and our Group, are as follows:

Name	Designation	Number of Pink Form Shares
Tan Sri Abu Sahid Bin Mohamed	Chairman of Kinsteel and PHB	500,000
Dato' Md Sharif bin Shamsuddin	Deputy Chairman of Kinsteel and Independent Non-Executive Director of PHB	150,000
Tan Sri Dato' Pheng Yin Huah	Managing Director of Kinsteel and PHB	500,000
Henry Pheng Chin Guan	Chief Executive Officer of Kinsteel and PHB	300,000
Dato' Hong Thian Hock	Executive Director of Kinsteel	150,000
Dato' Lew Choon	Executive Director of Kinsteel	150,000
Datin Hong Cheng Guat	Executive Director of Kinsteel	150,000
Datuk Lim Chaing Cheah	Non-Independent Non-Executive Director of PHB	150,000
Dato' Pheng Chin Kiat	Executive Director of Kinsteel	150,000
Dato' Abu Talib Bin Mohamed	Non-Independent and Non-Executive Director of Kinsteel and Non-Independent Non-Executive Director of PHB	150,000
Dato' Mohamed Fuad bin Yon	Non-Independent and Non-Executive Director of Kinsteel and Non-Independent Non-Executive Director of PHB	150,000
Kamaruddin bin Koskani Abdul Hamid	Independent Non-Executive Director of Kinsteel	150,000
Pheng Chin Huat	Non-Independent and Non-Executive Director of Kinsteel and Non-Independent Non-Executive Director of PHB	150,000
Dato' Rahadian Mahmud bin Tan Sri Dato' Seri Haji Mohammad Khalil	Independent Non-Executive Director of Kinsteel	150,000
Shamsudin @ Samad bin Kassim	Independent Non-Executive Director of Kinsteel and Independent Non-Executive Director	150,000
Chong Hoi Sheong @ Chong Hoi Cheong	Independent Non-Executive Director of Kinsteel	150,000
Pheng Chin Shiun	Alternate Director of Kinsteel and Non-Independent Non-Executive Director of PHB	150,000
Dato' Siew Mun Chuang	Independent Non-Executive Director of PHB	150,000
Tan Sri Mohd Bakri bin Haji Omar	Independent Non-Executive Director of PHB	150,000

#### 4. DETAILS OF THE IPO (Cont'd)

##### **Under-subscription of the IPO Shares**

Any IPO Shares which are not subscribed for by the eligible Directors and employees of Kinsteel Group and PHB Group and persons who have contributed to the success of PHB Group will be made available for application under the Retail Offer.

##### **Underwriting**

All the aforesaid Directors, namely Tan Sri Abu Sahid Bin Mohamed, Dato' Md Sharif bin Shamsuddin, Tan Sri Dato' Pheng Yin Huah, Henry Pheng Chin Guan, Dato' Hong Thian Hock, Dato' Lew Choon, Datin Hong Cheng Guat, Datuk Lim Chaing Cheah, Dato' Pheng Chin Kiat, Dato' Abu Talib Bin Mohamed, Dato' Mohamed Fuad bin Yon, Kamaruddin bin Koskani Abdul Hamid, Pheng Chin Huat, Dato' Rahadian Mahmud bin Tan Sri Dato' Seri Haji Mohammad Khalil, Shamsudin @ Samad bin Kassim, Chong Hoi Sheong @ Chong Hoi Cheong, Pheng Chin Shiun, Dato' Siew Mun Chuang and Tan Sri Mohd Bakri bin Haji Omar have given their irrevocable written undertakings to subscribe for the IPO Shares allocated to them under the Pink Form Offer as tabulated above.

The remaining 7,500,000 IPO Shares under the Pink Form Offer are fully underwritten by the Underwriters.

##### **4.4.4 Retail Offer**

11,200,000 IPO Shares, representing approximately 2.0% of our enlarged issued and paid-up share capital, are available for application at the IPO Price per IPO Share by Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

All 11,200,000 IPO Shares under the Retail Offer are fully underwritten by the Underwriters.

There is no minimum subscription amount to be raised from the IPO.

##### **4.4.5 Reallocation**

Any Restricted Shares not subscribed for by the Entitled Shareholders pursuant to the Restricted Offer shall first be made available for excess application at the Restricted Offer Price and thereafter any unsubscribed Restricted Shares remaining shall be made available for application by the Malaysian public in the event of an over-subscription under the Retail Offer at the IPO Price.

The IPO Shares allocated to the eligible Directors and employees of Kinsteel Group and our Group and persons who have contributed to the success of our Group shall also be reallocated to the Malaysian public at the IPO Price in the event of an over-subscription under the Retail Offer and under-subscription under the Pink Form Offer.

Any Restricted Shares/IPO Shares reallocated to the Retail Offer that are not taken up by the Malaysian public shall then be made available for application by the identified investors under the Special Offer at the IPO Price.

#### **4.5 PURPOSES OF THE IPO**

The main purposes of the IPO are as follows:

- (i) to achieve listing status for our Company;
- (ii) to enable us to gain recognition and corporate stature through our listing status and further enhance our corporate reputation and assist us in expanding our customer base;

#### 4. DETAILS OF THE IPO (Cont'd)

- (iii) to enable us to access the capital market for cost effective capital raising in order to give us the financial flexibility to pursue growth opportunities; and
- (iv) to provide an opportunity for the investing community, including the Malaysian public, the eligible Directors and employees of Kinsteel Group and PHB Group and persons who have contributed to the success of our Group to participate in our continuing growth by way of equity participation.

#### 4.6 BASIS OF ARRIVING AT THE IPO PRICE AND RESTRICTED OFFER PRICE

Our Directors, Offerors, Advisers and Managing Underwriter have determined and agreed on the IPO Price of RM2.90 per PHB Share after taking into consideration, *inter-alia*, the following factors:

- (i) the market capitalisation of PHB upon listing;
- (ii) our Group's financial performance and operating history as outlined in Sections 13 and 14 of this Prospectus;
- (iii) the overview of the industry and prospects and future plans of our Group, details of which are set out in Sections 7 and 8 of this Prospectus; and
- (iv) our proforma consolidated NTA per Share as at 30 April 2008 of RM1.89 after taking into account the Flotation Scheme and utilisation of proceeds arising from the Public Issue and ICULS Placement, details of which are set out in Section 13 of this Prospectus.

The Restricted Offer Price is derived from the IPO Price, based on the formula below:

$$((RO - OFS + (OFSP / IPO Price)) \times IPO Price) / RO = Restricted Offer Price$$

Whereby:

RO	=	101,476,000 number of Restricted Shares
OFS	=	90,000,000 number of Offer Shares
OFSP	=	Proceeds of RM193,500,000 attributable to the Offerors under the Offer For Sale

Based on the IPO Price of RM2.90 and the formula above, the Restricted Offer Price is calculated as approximately RM2.23 which is at a discount of RM0.67 or 23.1% to the IPO Price, illustrated as follows:

$$\frac{[ 101,476,000 - 90,000,000 + \frac{193,500,000}{2.90} ] \times 2.90}{101,476,000} = RM2.23$$

You should note that the market price of our Shares upon and subsequent to our Listing is subject to the vagaries of market forces and other uncertainties. **You are reminded to consider carefully the risk factors as set out in Section 5 of this Prospectus and form your own views on the valuation of the IPO Shares before deciding to invest in the IPO Shares.**

#### 4.7 MARKET CAPITALISATION

Our total market capitalisation will amount to RM1.624 billion upon the listing of and quotation for our enlarged issued and paid-up share capital on the Main Board of Bursa Securities comprising 560,000,000 Shares at the IPO Price of RM2.90 per Share.

#### 4. DETAILS OF THE IPO (Cont'd)

##### 4.8 USE OF PROCEEDS

We expect to receive gross proceeds of approximately RM173.5 million from the Public Issue during the FYE 31 December 2008 and we intend to use the proceeds within 12 months from the date of this Prospectus, as set forth below:

	<b>RM'000</b>
Part repayment of bank borrowings <sup>1</sup>	50,000
Working capital <sup>2</sup>	112,511
Estimated listing expenses <sup>3</sup>	11,000
<b>Total</b>	<u>173,511</u>

Notes:

1. Part repayment of bank borrowings

We propose to use RM50.0 million of the proceeds to repay borrowings. We expect the repayment of our trade financing facilities to be completed by the fourth quarter of the financial year 2008. Assuming for a period of 12 months and based on a 12-month prevailing interest rate, we expect an interest savings of approximately RM4.3 million per annum.

The proposed repayment of bank borrowings are as follows:

<b>Borrowings</b>	<b>RM'000</b>
RHB Bank Berhad	<u>20,000</u>
OCBC Bank (Malaysia) Berhad	<u>10,000</u>
Kuwait Finance House (Malaysia) Berhad	<u>10,000</u>
Standard Chartered Bank Malaysia Berhad	<u>10,000</u>
<b>Total</b>	<u>50,000</u>

The actual amount of borrowings outstanding upon our Listing may vary as we continue to service/repay our bank borrowings as and when they fall due and/or to drawdown other short-term facilities in our ordinary course of business. Nonetheless, we will use any funds remaining after repayment of our borrowings as working capital.

2. Working capital

An aggregate of RM112.5 million of the proceeds from the Public Issue will be utilised to meet part of the Group's working capital requirements such as purchase of raw materials and spare parts, which will improve the Group's liquidity and fund its operating expenses.

Additional proceeds (if any) as a result of the reallocation of the Restricted Shares (which are under-subscribed under the Restricted Offer at the Restricted Offer Price) and subsequently made available for application under the Retail Offer and Special Offer at the IPO Price, shall be used for working capital purposes.

3. Estimated listing expenses

Our Company will bear the entire listing expenses and fees incidental to the Listing of approximately RM11.0 million as follows:

	<b>RM'000</b>
Professional advisory fees	6,000
Fees to authorities and issuing house	590
Advertising and printing costs	680
Brokerage, underwriting fees and placement fee	3,150
Issuing house's fees and disbursements	150
Other incidental charges	430
	<u>11,000</u>

#### 4. DETAILS OF THE IPO (Cont'd)

*The Offerors will bear all other expenses such as brokerage, underwriting commission, stamp duty, registration and share transfer fees relating to the Offer Shares.*

*If the actual listing expenses are higher than estimated, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.*

Our Company will not receive any proceeds from the Offer for Sale. The gross proceeds from the Offer for Sale amounting to approximately RM193.5 million will be accrued entirely to the Offerors.

#### 4.9 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEES

We will bear the brokerage relating to the Shares under the Retail Offer at 1.0% of the IPO Price in respect of successful applications bearing the stamp of either RHB Investment Bank, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or MIDFCCS. Brokerage with respect to the Offer Shares shall be borne by the Offerors.

We will pay the Underwriters an underwriting commission of 1.6% of the value of the total underwritten IPO Shares / Restricted Offer Shares at RM2.90 / RM2.23 per Share, respectively. We will pay the Placement Agent a placement commission of 0.5% and 1.6% of the value of the total number of IPO Shares to be placed out under the Special Offer in respect of placees identified by our Group and the placement agent, respectively. Underwriting commission with respect to the Offer Shares shall be borne by the Offerors.

We will also be paying our Managing Underwriter a management fee of 0.5% of the IPO Price / Restricted Offer Price multiplied by the number of underwritten IPO Shares / Restricted Offer Shares.

#### 4.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into an Underwriting Agreement dated 25 June 2008 with the Offerors, Managing Underwriter and Underwriters for the underwriting of 120,176,000 Shares under the IPO.

The salient terms (including escape clauses) of the Underwriting Agreement, amongst others, are as follows:

- (i) the Underwriters severally agree to underwrite the underwritten Shares in the proportions set out in the Underwriting Agreement according to the terms and conditions in the Underwriting Agreement;
- (ii) If on the closing date of the IPO or any other date as may be agreed by the parties, the Underwritten Shares have not been applied for, the Underwriters are bound to apply for such number of the Underwritten Shares which have not been applied for in the proportions set out in the Underwriting Agreement;
- (iii) the conditions precedent to the Underwriting Agreement include, but is not limited to, the following:
  - (a) there having been no material adverse change in our and PSSB's financial condition and business operations, nor occurrence or discovery of any event, circumstance or fact which may render inaccurate, untrue or incorrect which makes any of the representations and warranties contained in the Underwriting Agreement untrue and incorrect;
  - (b) the satisfaction of the Managing Underwriter and the Underwriters that we have complied and that the IPO is in compliance with the policies, guidelines and requirements of Bursa Securities and/or the SC; and



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**4. DETAILS OF THE IPO (Cont'd)**

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- (c) all Shares pursuant to the Special Offer have been fully taken-up and will be fully subscribed for by the identified investors.
- (iv) if the Managing Underwriter and/or the Underwriters fail to make the application for the underwritten shares and remittance thereof, we shall be at liberty to irrevocably make such application on its behalf and the defaulting Underwriter declares that such application shall be as good, valid and effectual as if the same has been applied for by the defaulting Underwriter. In such an event, we shall be entitled to have recourse to all remedies against the defaulting Underwriter.
- (v) the Underwriters has a right to terminate the Underwriting Agreement if :
  - (a) any warranty, representation or undertaking given by us in the Underwriting Agreement is breached;
  - (b) there is withholding of information of a material nature from the Underwriters, which, if capable of remedy, is not remedied and which, in the opinion of the Underwriters, would have a material adverse effect on the business or operations of the Group, the success of the IPO or the distribution or sale of the IPO Shares;
  - (c) there shall have occurred, happened or come into effect any material and adverse change to our or the Group's business or financial condition;
  - (d) there shall have occurred, happened or come into effect any of the following circumstances, which would have a material adverse effect on and/or materially prejudice our and/or the Group's business or operations, the success of the IPO, or the distribution or sale of the IPO Shares, or which has or is likely to make the Underwriting Agreement incapable of performance:
    - (1) any material or prospective change in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or
    - (2) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriters (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);
  - (e) there is failure on our and/or the Offerors' part to perform any obligations in the Underwriting Agreement; or
  - (f) any of the conditions precedent in the Underwriting Agreement are not fulfilled by the closing date of the IPO.
- (vi) if the conditions of the stock market in Malaysia deteriorates to the extent that the Kuala Lumpur composite index falls to a level below 1000 points and remains below 1000 points for five (5) consecutive Market Days and is below 1000 points on the closing date of the IPO, the Underwriters may then terminate the Underwriting Agreement.

If we breach any warranty, representation or undertaking in the Underwriting Agreement before the date of Listing, the Underwriters may withdraw from their obligations under the Underwriting Agreement.

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**4. DETAILS OF THE IPO (Cont'd)**

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The Underwriting Agreement may also be terminated in the event that the approval of Bursa Securities for our admission on the Official List of Bursa Securities or for the listing of and quotation for the entire issued and paid-up share capital of our Company on the Main Board of Bursa Securities is withdrawn or procured but subject to conditions not acceptable to or the Underwriters.

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## 5. RISK FACTORS

**BEFORE INVESTING IN OUR SHARES, YOU SHOULD PAY PARTICULAR ATTENTION TO THE FACT THAT WE, AND TO A LARGE EXTENT OUR ACTIVITIES, ARE SUBJECT TO LEGAL AND REGULATORY REQUIREMENTS, AND THE BUSINESS ENVIRONMENT IN MALAYSIA. OUR BUSINESS IS SUBJECT TO A NUMBER OF FACTORS, MANY OF WHICH ARE OUTSIDE OUR CONTROL. PRIOR TO MAKING AN INVESTMENT DECISION, YOU SHOULD CAREFULLY CONSIDER THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW TOGETHER WITH THE REST OF THE INFORMATION IN THIS PROSPECTUS.**

**THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ARE NOT AN EXHAUSTIVE LIST OF THE CHALLENGES THAT WE CURRENTLY FACE OR THAT MAY DEVELOP IN THE FUTURE THAT MAY HAVE A SIGNIFICANT IMPACT ON THE CURRENT AND FUTURE PERFORMANCE OF OUR GROUP. ADDITIONAL RISKS, WHETHER KNOWN OR UNKNOWN, MAY IN THE FUTURE HAVE A MATERIAL ADVERSE EFFECT ON OUR GROUP OR OUR SHARES.**

### 5.1 RISKS RELATING TO OUR INDUSTRY AND OUR BUSINESS

#### 5.1.1 Our Group's performance is dependent on the domestic manufacturing and construction industries

PSSB produces DRI, steel billets, beam blanks and blooms, which are primary steel products. These products are used to manufacture a range of downstream steel products, the demand for which is determined primarily by the domestic construction and manufacturing industries. As a result, demand for our steel products is sensitive to the general economic conditions in Malaysia, which are driven by factors beyond our control. The Malaysian economy, the construction and manufacturing industry; and the steel industry are cyclical in nature. Any downturn in the Malaysian economy in general or in any of these industries specifically could reduce our sales volume and selling prices, thereby adversely affecting our financial performance.

However, we seek to minimise our dependence on the domestic steel market by exporting to the international steel market. For the FYE 31 December 2007 and the 4 month period ended 30 April 2008, 17.9% and 11.5% of our Group's total sales were derived from sales in overseas markets, respectively.

#### 5.1.2 Our operating results may be adversely affected by an increase in the price of iron ore or any shortages in the supply of iron ore

We use iron ore as the main feedstock for the production of DRI. As such, an increase in the price of iron ore may have an adverse impact on our operating results. For the FYE 31 December 2007 and the 4 month period ended 30 April 2008, purchases of iron ore accounted for 39.6% and 31.0% of our total purchases respectively.

Iron ore is an internationally traded commodity whose price is largely determined by annual negotiations between major purchasers and major iron ore producers. As such, all manufacturers of primary iron in the forms of DRI and billets will be equally affected by any increase in the price of iron ore. In addition, as DRI and billets are upstream products, any increase in the price of raw materials is commonly passed on to customers.

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**5. RISK FACTORS (Cont'd)**

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We also depend upon reliable sources of large quantities of imported iron ore for our production process. A shortage of the supply of iron ore may result in our inability to operate our production facilities at full capacity or if the shortage is severe, it may interrupt our operations. Although we have not experienced any supply interruptions of iron ore, we cannot guarantee that the supply of iron ore will not suffer from any shortage in the future. To mitigate this risk, our Group has entered into long-term supply contracts for iron ore with some of our suppliers which provide us with the right to purchase a specified quantity of iron ore from our suppliers each year, at a price that is determined periodically. As the purchase price under these contracts will fluctuate according to the then prevailing market price and hence, will be subject to further negotiations with our suppliers, we cannot fully guarantee that the supply arising from these contracts will not be subject to interruptions. Our Group currently has long-term contracts for the supply of 1.39 million tonnes of iron ore, with an option for an additional 0.29 million tonnes. Our Group's long-term contracts for the supply of iron ore expire in 2010 and 2011. For the financial year ended 31 December 2007 and the 4 month period ended 30 April 2008, our Group purchased only 1.4 million and 0.3 million tonnes of iron ore respectively. If there is a requirement to purchase more iron ore than what is provided for in our long term contracts we can negotiate for more supply from our existing suppliers, or purchase iron ore from new suppliers.

**5.1.3 Our operating results may be adversely affected by an increase in the price of scrap iron**

Our Group produces semi-finished long steel products in the form of billets and beam blanks using either all scrap iron, all DRI, or some combination of scrap iron and DRI as the feedstock. For the financial year ended 31 December 2007 and the 4 month period ended 30 April 2008, purchases of scrap iron accounted for 20.7% and 22.9% of our total purchases respectively. As such, an increase in the price of scrap iron may have an adverse impact on our operating results.

In mitigation, as a producer of DRI we can substitute scrap iron with DRI if the price of scrap iron is higher than DRI. However, scrap iron is also an internationally traded commodity whose price is subjected to global market prices. As such, any increase in the price of scrap iron will likely affect other users of the scrap iron, whereby increase in price can be passed to our customers. In addition, the lifting of the price control of billets of the type sold locally by our Group on 12 May 2008 will improve our ability to pass on price increases to our customers in Malaysia.

**5.1.4 Our operating results may be adversely affected by an increase in the price of electricity or material interruptions in the supply of electricity**

Our Group uses large quantities of electricity to heat our electric arc furnaces and DRI reactor. Purchases of electricity accounted for 11.4% and 9.3% of our total purchases for the financial year ended 31 December 2007 and the 4 month period ended 30 April 2008 respectively. Currently we obtain electricity at a relatively competitive cost. An increase in the price of electricity may have an adverse impact on our operating results. There is a risk that the price of electricity supplied to end-users in Malaysia (including our Group) may increase in-line with the increase in price of crude oil. We depend on the national power supplier, TNB to meet our daily electricity needs for our steel production. Although there has been no material interruptions to date, we cannot assure that the supply of electricity to our production facilities, which is to certain extent beyond our control, will not be subject to interruptions that may affect our operating results adversely in the future.