
Kinsteel to invest proceeds from Perwaja listing

Sunday, 27 Jul, 2008

It is reported that Kinsteel Bhd will be able to reap up to MYR 97 million cash raised from the proposed listing of Perwaja Holdings Bhd.

Mr Henry Pheng CEO of Perwaja Steel Sdn Bhd said that it would not undertake a capital repayment exercise for its shareholders, as the proceeds raised would be use to develop its downstream steel mills and other capacity expansion activities.

Mr Peng said that based on the initial public offering price of MYR 2.90 per share, the listing of Perwaja Holdings will give the company a market capitalization of MYR 1.6 billion, which is one of the largest IPO exercise among the country's listed steel millers.

Mr Pheng who is also the son of Kinsteel's managing director Tan Sri Pheng Yin Huah, said that post listing of Perwaja Holdings, there would be no changes to the shareholding structure of Kinsteel's major shareholders. He said that "Kinsteel will still own 37% in Perwaja after the listing, which will allow the company to reap high returns from Perwaja's operations."

He added that Kinsteel would have the option to up its stake in Perwaja Holdings to 51% by converting its irredeemable convertible unsecured loan stock of 10 sen a piece.

Mr Pheng also said that "We do not plan to convert them to stocks immediately, as we can do that within 10 years' time."

For more news visit at www.steelguru.com