Southern Steel Berhad (5283-X)
A Member of the Hong Leong Group

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-first Annual General Meeting of Southern Steel Berhad (the "Company") will be held at the Training Room B, Level 1, Southern Steel Berhad, 2723 Lorong Perusahaan 12, Prai Industrial Estate, 13600 Prai, Penang on Tuesday, 22 October 2013 at 10.00 a.m. in order:

1. To lay before the meeting the audited financial statements together with the reports of the Directors and Auditors thereon for the financial year ended 30 June 2013.
2. To approve the payment of Director fees of RM238,192.00 for the financial year ended 30 June 2013 (2012: RM319,071.04) to be divided amongst the Directors in such manner as the Directors may determine. **(Resolution 1)**
3. To re-elect the following retiring Directors:
   (a) YBhg Datuk Kwek Leng San **(Resolution 2)**
   (b) Mr Chow Chong Long **(Resolution 3)**
   (c) Dr Kwa Lay Keng. **(Resolution 4)**
4. To pass the following motion as an Ordinary Resolution:
   "**THAT** YM Raja Dato' Seri Abdul Aziz bin Raja Salim, a Director who retires in compliance with Section 129 of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting." **(Resolution 5)**
5. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

SPECIAL BUSINESS

As special business, to consider and, if thought fit, pass the following motions:

6. **Ordinary Resolution**
   - Authority To Directors To Issue Shares
   "**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time and from time to time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **(Resolution 7)**
7. **Ordinary Resolution**
   - Proposed Shareholders' Mandate On Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Hong Leong Company (Malaysia) Berhad ("HLCM") And Persons Connected With HLCM
   "**THAT** approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature referred to in Section 2.3(A) of Part A of the Circular to Shareholders dated 30 September 2013 with HLCM and persons connected with HLCM ("Hong Leong Group") provided that:
   (a) such transactions are undertaken in the ordinary course of business, on commercial terms which are not more favourable to the Hong Leong Group than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders; and
   (b) such approval, unless revoked or varied by the Company in a general meeting, shall continue in force until the conclusion of the next Annual General Meeting of the Company;
   AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution." **(Resolution 8)**
8. **Ordinary Resolution**
   - Proposed Shareholders' Mandate On Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Su Hock Company Sdn Bhd ("Su Hock") And Its Subsidiary
   Proposed ordinary motion is the same as Ordinary Resolution 8 above except that (a) the recurrent related party transactions are referred to in Section 2.3(B) of Part A of the Circular to Shareholders dated 30 September 2013; and (b) the Related Party is "Su Hock and its subsidiary". **(Resolution 9)**
9. **Ordinary Resolution**
   - Proposed Shareholders' Mandate On Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Hong Bee Hardware Company, Sdn Berhad ("Hong Bee Hardware") And Hong Bee Engineering Sdn Bhd ("Hong Bee Engineering")
   Proposed ordinary motion is the same as Ordinary Resolution 8 above except that (a) the recurrent related party transactions are referred to in Section 2.3(B) of Part A of the Circular to Shareholders dated 30 September 2013; and (b) the Related Party is "Hong Bee Hardware and Hong Bee Engineering". **(Resolution 10)**
10. **Ordinary Resolution**
    - Proposed Shareholders' Mandate On Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Cheah Hong Inn Sdn Bhd ("Cheah Hong Inn")
    Proposed ordinary motion is the same as Ordinary Resolution 8 above except that (a) the recurrent related party transactions are referred to in Section 2.3(B) of Part A of the Circular to Shareholders dated 30 September 2013; and (b) the Related Party is "Cheah Hong Inn". **(Resolution 11)**
11. **Ordinary Resolution**
    - Proposed Shareholders' Mandate On Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Kim Company Sdn Bhd ("Kim Co")
    Proposed ordinary motion is the same as Ordinary Resolution 8 above except that (a) the recurrent related party transactions are referred to in Section 2.3(B) of Part A of the Circular to Shareholders dated 30 September 2013; and (b) the Related Party is "Kim Co". **(Resolution 12)**
12. **Ordinary Resolution**
    - Proposed Shareholders' Mandate On Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Bekaert Southern Wire Pte Ltd ("BSWPL") And Its Subsidiaries
    Proposed ordinary motion is the same as Ordinary Resolution 8 above except that (a) the recurrent related party transactions are referred to in Section 2.3(B) of Part A of the Circular to Shareholders dated 30 September 2013; and (b) the Related Party is "BSWPL and its subsidiaries". **(Resolution 13)**
13. **Ordinary Resolution**
    - Proposed Shareholders' Mandate On Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Steel Industries (Sabah) Sdn Bhd ("SIS")
    Proposed ordinary motion is the same as Ordinary Resolution 8 above except that (a) the recurrent related party transactions are referred to in Section 2.3(B) of Part A of the Circular to Shareholders dated 30 September 2013; and (b) the Related Party is "SIS". **(Resolution 14)**
14. **Ordinary Resolution**
    - Proposed Termination Of The Existing Executive Share Option Scheme
    "**THAT**, subject to the passing of Resolution 16 below, approval be and is hereby given for the Company to terminate the existing executive share option scheme of the Company which was established on 8 October 2008 ("Proposed Termination"); AND THAT the Directors of the Company be and are hereby authorised to give effect to the Proposed Termination with full power to assent to any condition, modification, variation and/or amendment in any manner as may be required by the relevant authorities and to do all such acts and things as they may consider necessary or expedient in relation to the Proposed Termination." **(Resolution 15)**
15. **Ordinary Resolution**
    - Proposed Establishment Of An Executive Share Scheme Of Up To 10% Of The Issued And Paid-up Ordinary Share Capital (Excluding Treasury Shares) Of The Company
    "**THAT**, subject to the passing of Resolution 15 above and the requisite approvals being obtained, the Directors of the Company be and are hereby authorised:
    (a) to establish and administer an executive share scheme ("Scheme"), which comprises an executive share option scheme and an executive share grant scheme, for the benefit of eligible executives and/or Directors of the Company and its subsidiaries ("Eligible Executives") under which options to subscribe for/purchase ordinary shares of RM1.00 each (unless otherwise adjusted) in the Company ("Shares") and/or grants of Shares without any consideration payable by the Eligible Executives will be offered to them in accordance with the provisions of the bye-laws referred to in Part B of the Circular to Shareholders dated 30 September 2013 ("Bye-Laws");
    (b) from time to time to issue and allot such number of new Shares ("New Shares") and/or to transfer existing Shares ("Transferred Shares") to Eligible Executives upon exercise of the options and/or vesting of Shares pursuant to grants under the Scheme, provided that the aggregate number of Shares comprised in any options and/or grants (whether in exercised and/or unexercised options, outstanding and/or completed grants and unexpired offers pending acceptances) under all executive share schemes established by the Company which are still subsisting does not exceed 10% of the total issued and paid-up ordinary share capital (excluding treasury shares) of the Company at any point in time during the existence of the Scheme and that the New Shares shall, upon issuance and allotment, rank pari passu in all respects with the existing issued and paid-up ordinary share capital of the Company, except that the New Shares will not rank for any dividend, right, entitlement or distribution ("Rights") in respect of which the record date precedes the allotment date of the New Shares; and for Transferred Shares, such shares shall be transferred together with all Rights in respect of which the record date is on or after the transfer date; and such New Shares and Transferred Shares will be subject to all the provisions of the Articles of Association of the Company relating to transfer, transmission and otherwise;
    (c) to make the necessary applications to Bursa Malaysia Securities Berhad and to take whatever necessary actions at the appropriate time or times for permission to deal in and for listing of and quotation for the New Shares which may from time to time be issued and allotted pursuant to the Scheme; and
    (d) to modify and/or amend the Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Bye-Laws, to assent to any condition, modification, variation and/or amendment that may be required by the relevant authorities, and to do all such acts and enter into all such transactions, arrangements, agreements or undertakings, impose such terms and conditions or delegate such part of their powers as may be necessary or expedient in order to give full effect to the Scheme." **(Resolution 16)**
16. **Ordinary Resolution**
    - Proposed Allocation Of Options And Grants To YBhg Dato' Dr Tan Tat Wai
    "**THAT**, subject to the passing of Resolutions 15 and 16 above, authority be and is hereby given to the Directors of the Company, from time to time, to offer to YBhg Dato' Dr Tan Tat Wai, the Group Managing Director of the Company, options to subscribe for/purchase such number of ordinary shares of RM1.00 each (unless otherwise adjusted) in the Company ("Shares") and/or grants comprising such number of Shares under the executive share scheme as they shall deem fit PROVIDED THAT not more than 10% of the Maximum Aggregate, the "Maximum Aggregate" being defined in the Bye-Laws as an amount equivalent to 10% of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company at any one time, are allotted to him if he, either singly or collectively through persons connected with him, holds 20% or more of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company subject always to such terms and conditions and/or any adjustment which may be made in accordance with the provisions of the Bye-Laws." **(Resolution 17)**
17. **Ordinary Resolution**
    - Proposed Allocation Of Options And Grants To Mr Chow Chong Long
    "**THAT**, subject to the passing of Resolutions 15 and 16 above, authority be and is hereby given to the Directors of the Company, from time to time, to offer to Mr Chow Chong Long, the Deputy Group Managing Director of the Company, options to subscribe for/purchase such number of ordinary shares of RM1.00 each (unless otherwise adjusted) in the Company ("Shares") and/or grants comprising such number of Shares under the executive share scheme as they shall deem fit PROVIDED THAT not more than 10% of the Maximum Aggregate, the "Maximum Aggregate" being defined in the Bye-Laws as an amount equivalent to 10% of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company at any one time, are allotted to him if he, either singly or collectively through persons connected with him, holds 20% or more of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company subject always to such terms and conditions and/or any adjustment which may be made in accordance with the provisions of the Bye-Laws." **(Resolution 18)**
18. **Special Resolution**
    - Proposed Amendments To The Articles Of Association Of The Company
    "**THAT** the deletions, alterations, modifications, variations and additions to the Articles of Association of the Company as set out in Appendix VI of the Circular to Shareholders dated 30 September 2013 be and are hereby approved." **(Resolution 19)**
19. To consider any other business of which due notice shall have been given.

By Order of the Board

Joanne Leong Wei Yin
Lee Wui Kien
Company Secretaries

Kuala Lumpur
30 September 2013

Notes

1. For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 14 October 2013 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.
2. Save for a member who is an exempt authorised nominee, a member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member who is an authorised nominee may appoint not more than two proxies in respect of each securities account it holds. A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("Omnibus Account") may appoint any number of proxies in respect of the Omnibus Account.
3. Where two or more proxies are appointed, the proportions of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointments shall be invalid
4. The Form of Proxy must be deposited at the Registered Office of the Company at Level 9, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time of the meeting or adjourned meeting.

Explanatory Notes

1. Resolution 7 - Authority To Directors To Issue Shares
   The proposed ordinary resolution, if passed, will give a renewed mandate to the Directors of the Company to issue ordinary shares of the Company from time to time provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being ("Renewed Mandate"). The Renewed Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.
   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 29 October 2012 and which will lapse at the conclusion of the Fifty-first Annual General Meeting.
   The Renewed Mandate will enable the Directors to take swift action in case of, inter alia, a need for corporate exercises or in the event business opportunities or other circumstances arise which involve the issue of new shares, and to avoid delay and cost in convening general meetings to approve such issue of shares.
2. Resolutions 8 to 14 - Proposed Shareholders' Mandate On Recurrent Related Party Transactions Of A Revenue Or Trading Nature ("Proposed Shareholders' Mandate")
   The proposed ordinary resolutions, if passed, will empower the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the SSB Group, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to and/or from the public and are not, in the Company's opinion, detrimental to the minority shareholders of the Company.
3. Executive Share Scheme
   a. Resolution 15 - Proposed Termination Of The Existing Executive Share Option Scheme ("Existing ESOS")
      The proposed ordinary resolution, if passed, will empower the Company to terminate the Existing ESOS prior to its expiry ("Proposed Termination").
   b. Resolution 16 - Proposed Establishment Of An Executive Share Scheme ("Proposed ESS")
      The proposed ordinary resolution, if passed, will allow the Company to establish the Proposed ESS which comprises an executive share option scheme and an executive share grant scheme of up to 10% of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company for the benefit of eligible executives and/or Directors of the Company and its subsidiaries ("Eligible Executives") and to provide an opportunity for Eligible Executives to participate in the equity of the Company, and from time to time, to issue and allot such number of new ordinary shares of RM1.00 each (unless otherwise adjusted) in the Company ("Shares") and/or to transfer existing Shares to Eligible Executives pursuant to their exercises of the options and/or vesting of the Shares under the Proposed ESS.
   c. Resolution 17 - Proposed Allocation Of Options And Grants To YBhg Dato' Dr Tan Tat Wai ("Proposed Allocation To YBhg Dato' Dr Tan")
      The proposed ordinary resolution, if passed, will allow the Directors of the Company to offer and to grant to YBhg Dato' Dr Tan Tat Wai, the Group Managing Director of the Company, options to subscribe for/purchase such number of Shares and/or grants comprising such number Shares under the Proposed ESS.
   d. Resolution 18 - Proposed Allocation Of Options And Grants To Mr Chow Chong Long ("Proposed Allocation To Mr CL Chow")
      The proposed ordinary resolution, if passed, will allow the Directors of the Company to offer and to grant to Mr Chow Chong Long, the Deputy Group Managing Director of the Company, options to subscribe for/purchase such number of Shares and/or grants comprising such number Shares under the Proposed ESS.
   e. Resolution 19 - Proposed Amendments To The Articles of Association Of The Company ("Proposed Amendments")
      The proposed special resolution, if passed, will enable the Company to align the Articles of Association of the Company with the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and to enhance administrative efficiency of the Company.
4. Re-appointment Of YM Raja Dato' Seri Abdul Aziz Bin Raja Salim ("YM Raja Aziz")
   The Board has undertaken an annual assessment on the independence of all its independent Directors including YM Raja Aziz who is seeking for re-appointment pursuant to Section 129 of the Companies Act, 1965 at the forthcoming Fifty-first Annual General Meeting. The annual assessment has been disclosed in the Statement on Corporate Governance, Risk Management and Internal Control of the Company's Annual Report.

Detailed information on the Proposed Shareholders' Mandate, Proposed Termination, Proposed ESS, Proposed Allocation To YBhg Dato' Dr Tan, Proposed Allocation To Mr CL Chow and Proposed Amendments are set out in the Circular to Shareholders dated 30 September 2013 which is despatched together with the Company's Annual Report.