Registration No. 198001012163 (65949 - T)

14. Borrowings

	2024 RM'000	2023 RM'000
Current (unsecured)		
Trade financing	25,388	7,100

The unsecured banking facilities are held against a negative pledge over all the assets of the Company.

14.1 Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1.7.2022 RM'000	Draw-down RM'000	Repayment RM'000	At 30.6.2023/ 1.7.2023 RM'000	Draw-down RM'000	Repayment RM'000	At 30.6.2024 RM'000
Trade financing	5,544	74,477	(72,921)	7,100	165,184	(146,896)	25,388

15. Revenue

	Note	2024 RM'000	2023 RM'000
Revenue from contracts with customers			
- Sale of goods		515,490	498,030
- Sub-contract service		8,790	9,130
Total revenue	15.1	524,280	507,160

15.1 Disaggregation of revenue

	2024 RM'000	2023 RM'000
Primary geographical markets		
Malaysia	508,460	497,464
Singapore	4,050	6,866
Australia	11,440	2,830
New Zealand	330	-
	524,280	507,160
Major products		
Wire mesh, cut and bend bars and related products	509,569	491,623
Others	14,711	15,537
	524,280	507,160
Timing and recognition		
At a point in time	524,280	507,160

Registration No. 198001012163 (65949 - T)

15. Revenue (continued)

15.2 Nature of goods and services

The following information reflects the typical transactions of the Company:

Nature of goods and services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in conside-ration	Obligation for returns or refund	Warranty
Wire mesh and cut and bend.	Revenue for local sales is recognised at a point in time when the goods are delivered and accepted by the customers. Revenue for export sales is recognised in accordance with International shipping terms.	Credit period of 14 to 30 days from invoice date/end of the month, where applicable.	Early payment rebates are given to customers, where applicable.	The Company allows returns for the exchange with new goods, where there are defects.	Not applicable.
Sub-contract service.	Revenue is recognised when service is performed.	Credit period of 14 days from invoice date.	Not applicable.	Not applicable.	Not applicable.

The Company applies the practical expedient on the exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

16. Finance costs

	2024 RM'000	2023 RM'000
Borrowings	1,409	181
Others	17	10
	1,426	191

Registration No. 198001012163 (65949 - T)

17. Profit/(Loss) before taxation

Profit/(Loss) before taxation is arrived at after charging/(crediting):

	2024 RM'000	2023 RM'000
Auditors' remuneration	65	57
Personnel expenses		
- Salaries and other expenses	28,385	26,775
- Contribution to Employees' Provident Fund	2,189	2,142
- Retirement benefits	438	428
- Share-based payments	(100)	100
	30,912	29,445
Realised loss on foreign exchange	211	43
Expenses arising from leases		
Expenses relating to short-term leases	810	873
Expenses relating to leases of low-value assets	18	18

18. Tax expense

	2024 RM'000	2023 RM'000
Current taxation		
- Current year	383	-
- Prior year	-	(3)
	383	(3)
Deferred taxation		
- Current year	687	(230)
- Prior year	4	173
	691	(57)
	1,074	(60)

Registration No. 198001012163 (65949 - T)

18. Tax expense (continued)

The reconciliation of income tax applicable to profit/(loss) before taxation at the statutory income tax rate to income tax at the effective tax rate of the Company is as follows:

	2024 RM'000	2023 RM'000
Profit/(Loss) before taxation	5,793	(2,686)
Taxation at Malaysian statutory tax rates of 24%	1,390	(645)
Non-deductible expenses	138	89
Effect of deferred tax assets not recognised	-	326
Recognition of previously unrecognised deferred tax assets	(326)	-
Others	(132)	-
	1,070	(230)
Under provision in prior year	4	170
	1,074	(60)

19. Other comprehensive income for the year

	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
2024			
Item that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit liability	549	(132)	417
2023			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of land	7,000	(700)	6,300
Revaluation of right-of-use assets	5,208	(1,250)	3,958
	12,208	(1,950)	10,258

20. Related parties

20.1 For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

The Company has related party relationship with its holding companies and the major shareholders (Hong Leong Company (Malaysia) Berhad ("HLCM") and Hong Bee Hardware Company, Sdn Bhd ("HBH")) of the holding company.

Registration No. 198001012163 (65949 - T)

20. Related parties (continued)

Significant transactions with related parties are as follows:

	2024 RM'000	2023 RM'000
Transactions with immediate holding company		
Sale of goods	26,904	41,221
Sub-contract service	8,790	9,130
Purchase of goods	354,470	427,232
Rental expenses	576	576
Management fees expenses	1,523	1,567
Transactions with related companies		
Purchase of goods	-	77
Rental expenses	-	65
Transactions with related parties		
Sale of goods - Subsidiary of HLCM	1,333	1,013
Sale of goods - HBH	18,769	18,181
Rental expenses - Subsidiary of HLCM	18	18

Significant balances with related parties at the reporting date are disclosed in Note 8 and Note 13.

The above transactions have been carried out on commercial terms consistent with the usual business practices and policies of the SSB Group.

20.2 Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all the Directors of the Company.

There are no transactions with any key management personnel during the financial year.

Registration No. 198001012163 (65949 - T)

21. Financial instruments

21.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Financial assets measured at amortised cost ("FAAC"); and
(b) Financial liabilities measured at amortised cost ("FLAC").

	Carrying amount RM'000	FAAC/ (FLAC) RM'000
2024		
Financial assets		
Trade and other receivables (excluding deposits and prepayments)	39,561	39,561
Cash and cash equivalents	13,363	13,363
	52,924	52,924
Financial liabilities		
Borrowings	(25,388)	(25,388)
Trade and other payables	(19,574)	(19,574)
	(44,962)	(44,962)
2023		
Financial assets		
Trade and other receivables (excluding deposits and prepayments)	34,906	34,906
Cash and cash equivalents	18,330	18,330
	53,236	53,236
Financial liabilities		
Borrowings	(7,100)	(7,100)
Trade and other payables	(39,611)	(39,611)
	(46,711)	(46,711)

Registration No. 198001012163 (65949 - T)

21. Financial instruments (continued)

21.2 Net gains and losses arising from financial instruments

	2024 RM'000	2023 RM'000
Net (losses)/gains arising on:		
Financial assets measured at amortised cost	527	527
Financial liabilities measured at amortised cost	(1,404)	(173)
	(877)	354

21.3 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(a) Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from the individual characteristics of each receivables and cash and cash equivalents. There are no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Company assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Registration No. 198001012163 (65949 - T)

21. Financial instruments (continued)

21.3 Financial risk management (continued)

(a) Credit risk (continued)

Trade receivables (continued)

Exposure to credit risk and credit quality

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Company. The Company uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due which are deemed to have higher credit risk are monitored individually.

The exposure of credit risk for trade receivables, net of impairment losses, as at the end of the reporting period by geographic region was:

	2024 RM'000	2023 RM'000
Malaysia	38,910	31,994
Singapore	167	2,846
	39,077	34,840

Expected credit loss ("ECL") assessment for trade receivables as at 30 June

The Company uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of insignificant balances outstanding.

To measure the expected credit losses, trade receivables have been grouped based on credit risk and days past due.

Where a trade receivable has a low credit risk, it is excluded from the allowance matrix and its ECL is assessed individually by considering historical payment trends and financial strength of the receivable.

Registration No. 198001012163 (65949 - T)

21. Financial instruments (continued)

21.3 Financial risk management (continued)

(a) Credit risk (continued)

Trade receivables (continued)

Expected credit loss ("ECL") assessment for trade receivables as at 30 June (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 June.

	Gross carrying amount RM'000	Loss allowance RM'000	Net carrying amount RM'000
2024			
Not past due	38,401	-	38,401
Past due 1 – 30 days	609	-	609
Past due 31 – 60 days	67	-	67
Past due more than 120 days	246	(246)	-
	39,323	(246)	39,077
2023			
Not past due	31,478	-	31,478
Past due 1 – 30 days	3,362	-	3,362
Past due more than 120 days	246	(246)	-
	35,086	(246)	34,840

Movements in the allowance for impairment in respect of trade receivables

There is no movement in the allowance for impairment in respect of trade receivables during the year. The balance of allowance for impairment of trade receivables is as follows:

	2024 RM'000	2023 RM'000
Balance at 1 July/30 June	246	246

Registration No. 198001012163 (65949 - T)

21. Financial instruments (continued)

21.3 Financial risk management (continued)

(a) Credit risk (continued)

Trade receivables (continued)

Movements in the allowance for impairment in respect of trade receivables (continued)

The allowance account in respect of trade receivable is used to record impairment losses. Unless the Company is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the trade receivables directly.

Other receivables

Expected credit loss of other receivable is determined individually after considering the financial strength of the other receivable. Based on management's assessment, the probability of the default of these receivables is low and hence, no loss allowance has been made.

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

Cash and cash equivalents of the Company are placed with licensed financial institutions as disclosed in Note 9 to the financial statements.

Exposure to credit risk and credit quality

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

The Company considers that their cash and cash equivalents have low credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arise principally from their various payables and borrowings.

Registration No. 198001012163 (65949 - T)

21. Financial instruments (continued)

21.3 Financial risk management (continued)

(b) Liquidity risk (continued)

The Company actively manages their operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall liquidity management, the Company maintains sufficient levels of cash to meet their working capital requirements.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rates per annum %	Contractual cash flows RM'000	Under 1 year RM'000
2024				
Non-derivative financial liabilities				
Borrowings	25,388	4.60 – 5.31	25,487	25,487
Trade and other payables	19,574	-	19,574	19,574
	44,962		45,061	45,061
2023				
Non-derivative financial liabilities				
Borrowings	7,100	4.20	7,100	7,100
Trade and other payables	39,611	-	39,611	39,611
	46,711		46,711	46,711

Registration No. 198001012163 (65949 - T)

21. Financial instruments (continued)

21.3 Financial risk management (continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Company's financial position or cash flows.

(i) Currency risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the Company. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Euro ("EUR") and Singapore Dollar ("SGD").

Risk management objectives, policies and processes for managing the risk

Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts, on a case by case basis.

Exposure to foreign currency risk

The Company's exposure to foreign currency (a currency other than the functional currency of the Company) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in		
	USD	EUR	SGD
	RM'000	RM'000	RM'000
2024			
Trade and other receivables	-	-	167
Trade and other payables	(208)	(10)	-
2023			
Trade and other receivables	-	-	2,846
Trade and other payables	(208)	(1)	-

Registration No. 198001012163 (65949 - T)

21. Financial instruments (continued)

21.3 Financial risk management (continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Currency risk sensitivity analysis

A 5% (2023: 5%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) profit or loss before taxation by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	2024 RM'000	2023 RM'000
USD	10	(10)
EUR	1	-
SGD	(8)	142

A 5% (2023: 5%) weakening of the RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

(ii) Interest rate risk

Risk management objectives, policies and processes for managing the risk

The Company manages their interest rate exposure by maintaining available lines of fixed and floating rate borrowings. The investments in deposits with licensed banks are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Company's significant interest-earning and interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2024 RM'000	2023 RM'000
Fixed rate instruments		
Financial assets	12,415	12,415
Financial liabilities	(25,388)	(7,100)
	(12,973)	5,315

Registration No. 198001012163 (65949 - T)

21. Financial instruments (continued)

21.3 Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

21.4 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate fair values due to the relatively short-term nature of these financial instruments. Accordingly, the fair value and fair value hierarchy levels have not been presented for these instruments.

22. Dividend

After the end of the reporting period, the following dividend was declared by the Directors. The dividend will be recognised in the subsequent financial year.

	Sen per share	Total amount RM'000	Date of payment
First interim single tier dividend for the financial year ending 30 June 2025	13.00	3,045	31 July 2024

23. Capital management

The Company's objectives when managing capital are to maintain a strong capital base and safeguard the Company's ability to continue as a going concern so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The was no changes in the Company's approach to capital management during the financial year.

Southern Steel Mesh Sdn. Bhd.
(Registration No. 198001012163 (65949 - T))
(Incorporated in Malaysia)

Statement by Directors pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 5 to 42 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 June 2024 and of its financial performance and cash flows for the financial year then ended.

The Board,

.....
Yeoh Choon Kwee

.....
Tan Teck Heng

30 September 2024

Southern Steel Mesh Sdn. Bhd.
(Registration No. 198001012163 (65949 - T))
(Incorporated in Malaysia)

Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

I, Tan Teck Heng, the Director primarily responsible for the financial management of Southern Steel Mesh Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 5 to 42 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed, Tan Teck Heng, MIA 16615, at George Town in the State of Penang on 30 September 2024.

.....
Tan Teck Heng

Before me:

PESURUHJAYA SUMPAH
No: P 125
Nama: GOH SUAN BEE
01-01-2022–31-12-2024
MALAYSIA

20 Lebuh King
Georgetown
10200 Pulau Pinang

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388
Fax +60 (3) 7721 3399
Website www.kpmg.com.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF SOUTHERN STEEL MESH SDN. BHD.

(Registration No. 198001012163 (65949 - T))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Southern Steel Mesh Sdn. Bhd., which comprise the statement of financial position as at 30 June 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 5 to 42.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2024, and of its financial performance and its cash flows for the year then ended in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

KPMG PLT, a limited liability partnership under Malaysian law and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

KPMG

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.

KPMG

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Lim Su Ling
Approval Number: 03098/12/2025 J
Chartered Accountant

Petaling Jaya

Date: 30 September 2024

VALUATION CERTIFICATE

Laurel Cap
Trust | Integrity | Expertise

Laurelcap Sdn. Bhd.
200801005326 (806610-U)
SUITE E-6-2, E-7-2, W-6-1 & W-7-1,
Subang Square,
Jalan SS 15/4G, 47500 Subang Jaya,
Selangor Darul Ehsan, MALAYSIA.
+603-5637 0233
+603-5638 0233
www.laurelcap.com.my
laurelcap@laurelcap.com.my

VALUATION CERTIFICATE

Date : 4 March 2025
Our Ref Nos. : LC/VAL/25/019491/NG, LC/VAL/25/019448/SRH & LC/VAL/25/019445/SLY

PRIVATE & CONFIDENTIAL

THE BOARD OF DIRECTORS
SOUTHERN STEEL BERHAD ("SSB")
2723, Lorong Perusahaan 12,
Prai Industrial Estate,
13600 Prai, Penang

Dear Sirs,

VALUATION CERTIFICATE OF: -

A) **AN INDUSTRIAL COMPLEX ERECTED WITH TWO SINGLE STOREY DETACHED FACTORY WITH A DOUBLE STOREY OFFICE ANNEXED, ONE SINGLE STOREY DETACHED FACTORY AND OTHER ANCILLARY BUILDINGS BEARING POSTAL ADDRESS 2482 & 2489, LORONG PERUSAHAAN 12, KAWASAN PERUSAHAAN PERAI, 13600 PERAI, PULAU PINANG ALL OF WHICH HELD UNDER TITLE NOS. HS(D) 31359, LOT NO. PT 1466 & HS(D) 41665, LOT NO. PT 1407, MUKIM 01, DISTRICT OF SEBERANG PERAI TENGAH, STATE OF PULAU PINANG ("PENANG PROPERTY");**

B) **AN INDUSTRIAL COMPLEX ERECTED WITH THREE SINGLE STOREY DETACHED FACTORY BUILDINGS, ONE FOUR STOREY OFFICE BUILDING, ONE DOUBLE STOREY ENGINEERING AND MAINTENANCE BLOCK, TWO GUARD HOUSES, ONE TENAGA NASIONAL BERHAD SUBSTATION AND ONE REFUSE CHAMBER BEARING POSTAL ADDRESS LOT 69501, BATU 5 ½, JALAN KAPAR, 42100 KLANG, SELANGOR DARUL EHSAN ALL OF WHICH ARE HELD UNDER TITLE NO. GERAN MUKIM 18814, LOT NO. 69501, TEMPAT OF BATU 5 ½, KAPAR, MUKIM OF KAPAR, DISTRICT OF KLANG, STATE OF SELANGOR DARUL EHSAN ("KAPAR PROPERTY"); AND**

C) **AN INDUSTRIAL COMPLEX ERECTED WITH THREE SINGLE STOREY DETACHED FACTORY BUILDINGS, ONE DOUBLE STOREY OFFICE BUILDING AND OTHER ANCILLARY BUILDINGS BEARING POSTAL ADDRESS LOT. 77A, KAWASAN PERINDUSTRIAN GEBENG, JALAN GEBENG 1/6, 26080 KUANTAN, PAHANG DARUL MAKMUR HELD UNDER TITLE NO. HS(D) 45, LOT NO. PT 16403, BANDAR OF GEBENG, DAERAH OF KECIL GEBENG, STATE OF PAHANG DARUL MAKMUR ("KUANTAN PROPERTY")**

ALL OF WHICH ARE REFERRED TO AS THE "SUBJECT PROPERTIES"

We refer to the instructions by **SSB** to provide an opinion on the **Market Value** of the abovementioned Subject Properties for the purpose of submission to Bursa Malaysia Securities Berhad ("**Bursa Securities**") and for the inclusion in the circular to shareholders of SSB in respect of the proposed disposal of 12,883,562 existing ordinary shares in Southern Steel Mesh Sdn Bhd, a wholly-owned subsidiary of SSB ("**SSM**"), representing approximately 55.0% equity interest in SSM, by SSB to BRC Asia Limited ("**Proposed Disposal**").

The Subject Properties were inspected on 28 February 2025, 4 March 2025 and 27 February 2025. The material date of valuation is the latest date of inspection i.e. 28 February 2025, 4 March 2025 and 27 February 2025.

The Valuation had been carried out in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards (MVS) issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia and with the necessary professional responsibility and due diligence.

VALUATION CERTIFICATE (CONT'D)

Laurel Cap
Trust | Integrity | Expertise

The basis of valuation adopted is the **Market Value** which is defined in Standard 4 of the Malaysian Valuation Standards [Market Value Basis of Valuation] to be "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The Valuation Certificate should be read in conjunction with the full Report (Ref Nos: LC/VAL/25/019491/NG, LC/VAL/25/019448/SRH & LC/VAL/25/019445/SLY), prepared by Laurelcap Sdn Bhd in relation to the Proposed Disposal which detailed the basis under which the valuations have been prepared.

(A) (i) IDENTIFICATION OF THE PENANG PROPERTY

Address:	2482 & 2489, Lorong Perusahaan 12, Kawasan Perusahaan Perai, 13600 Perai, Pulau Pinang
Interest To Be Valued:	**PT 1466** Leasehold for 60 years. Term expiring on 23 January 2045. Leaving an unexpired term of approximately 20 years as at the date of valuation **PT 1407** Leasehold for 60 years. Term expiring on 13 May 2043. Leaving an unexpired term of approximately 18 years as at the date of valuation
Type of Property:	An industrial complex erected with two single storey detached factory with a double storey office annexed, one single storey detached factory and other ancillary buildings (i.e. one guard house, two Tenaga Nasional Berhad ("**TNB**") Substations and one pump room)
Date of Inspection:	28 February 2025
Date of Valuation:	For the purpose of this valuation exercise, the material date of valuation is 28 February 2025, which is the latest date of inspection of the Penang Property
Beneficiary Owner:	Brisk Steel Products Sdn Bhd (1/1 share) *(SSM was formerly known as Brisk Steel Products Sdn Bhd)*
Title Particulars:	Title Nos. HS(D) 31359, Lot No. PT 1466 and HS(D) 41665, Lot No. PT 1407
Mukim/District:	Mukim 01, District of Seberang Perai Tengah, State of Pulau Pinang
Tenure:	Leasehold for 60 years
Category of Land Use:	"Perusahaan/Perindustrian"
Express Condition:	i) The subsequent proprietor registered after the Penang Development Corporation shall within two years from the date of alienation or within such further term as may be approved by the State Authority erect a factory building or buildings on the land hereby alienated in accordance with the plan approved by the local authority and shall maintain the building or buildings so erected to the satisfaction of the State Authority. ii) The subsequent proprietor registered after the Penang Development Corporation shall treat, dispose of, or cause to be treated and disposed of trade effluents in a manner to the satisfaction of the State Authority. iii) The subsequent proprietor registered after the Penang Development Corporation shall pay and discharge all taxes, rates, assessments and charges whatsoever which may be payable for the time being in respect of the land hereby alienated or any part thereof, levied by the Majlis Perbandaran Seberang Perai. iv) The subsequent proprietor registered after the Penang Development Corporation shall ensure that 30% of the employees engaged in the business for which the land is hereby alienated shall be Malays.

VALUATION CERTIFICATE (CONT'D)

Laurel Cap
Trust | Integrity | Expertise

Restriction in Interest:	i) The land hereby alienated shall not be transferred, charged, leased, sub-leased or otherwise in any manner dealt with or disposed of without the written sanction of the State Authority. ii) The land hereby alienated shall not be subdivided.
Endorsements:	**PT 1466** "Pajakan sebahagian tanah kepada Tenaga Nasional Berhad bagi tempoh masa selama 30 tahun mulai dari 24 Januari 1995 dan berakhir pada 23 Januari 2025" vide Presentation No. 0799SC1995022993, No. Jilid 9 No. Folio 181 dated 21 December 1995 **PT 1407** "Pajakan sebahagian tanah kepada Tenaga Nasional Berhad bagi tempoh masa selama 30 tahun mulai dari 18 Jun 1992 dan berakhir pada 17 Jun 2022" vide Presentation No. 0799SC1993010077, No. Jilid 7 No. Folio 130 dated 19 July 1993
Land Area:	

Lot No.	Square metres ("sq. m.")	Acres
PT 1466	11,302.00	2.79
PT 1407	4,180.00	1.03
Total	(1)**15,482.00**	**3.82**

Note:-
(1) We have noted a discrepancy in land area of approximately 4.37% between the Title Document and the Certified Plan bearing Reference No. PA 20938. For the purpose of this Valuation, we have adopted the surveyed land area of 15,482.00 sq. m. as stated in the Certified Plan as the definitive land area of the Penang Property.

Gross Floor Area ("GFA"):	About 7,705.31 sq. m. (82,940.00 square feet ("**sq. ft.**"))
Location:	The Penang Property is situated along Lorong Perusahaan 12 within Kawasan Perusahaan Perai, 13600 Perai, Pulau Pinang. It is located approximately 21 kilometres south-east of George Town and about 10 kilometres south-west of Bukit Mertajam. The surrounding developments are predominantly industrial in nature, comprising detached factories due to its Free Industrial Zone status. The Penang Property is situated in Perai Free Industrial Zone Phase 1, south of North-South Expressway and Penang Bridge. The Penang Port comprising five cargo and container terminals, which are located in Butterworth and Perai with the furthest being the North Butterworth Container Terminal about 11.00 kilometres due north-west and the closest being the Perai Bulk Cargo Terminal about 6.00 kilometres north-west of the Penang Property.
Description of the Penang Property:	The Penang Property is a rectangular shaped parcel of land encompassing a land area of 15,482.00 sq. m. (3.82 acres). It has a direct frontage of approximately 113.06 metres (370.95 feet) onto Lorong Perusahaan 12 and an average depth of about 137.14 metres (449.96 feet). The physical terrain of the Penang Property is generally flat and levelled with the frontage road. The Penang Property boundaries are demarcated with chain link fencing. The main entrance is secured with a metal auto gate with plastered brick wall. The internal road of the industrial compound is of cement screed.

VALUATION CERTIFICATE (CONT'D)

Laurel Cap
Trust | Integrity | Expertise

Description of the Penang Property (continued):

Constructed on Lot No. PT 1466 and PT 1407 are:

1. one single storey detached factory ("**Factory A**") with a double storey office annexed ("**Office A**") (collectively referred to as "**Block A**");
2. one single storey detached factory ("**Factory B**") with a double storey office annexed ("**Office B**") (collectively referred to as "**Block B**");
3. one single storey detached factory ("**Block C**"); and
4. other ancillary buildings (i.e. one guard house, two TNB substations and one pump room).

As at the material date of valuation, we have noted that the awning extensions at the front of Block A and both the front and side of Block C, two storage sheds, car park shed and motorcycle shed (which are located along the internal road of the southern side of the Penang Property) were not indicated in the approved building plans of the Penang Property. The aggregated estimated built-up area of these awning extensions is approximately 6,200 sq. ft.. Given that these awning extensions were not indicated in the approved building plans, we have excluded the extensions in determining and arriving at the Market Value of the Penang Property.

As the original Approved Building Plans and Certificate of Fitness for Occupation ("**CFO**") were misplaced, we have relied on the available Approved Extension Building Plans and CFOs issued in respect of the Approved Extension Building Plans in arriving at the Market Value of the Penang Property.

During the course of our inspection, we have been informed by SSM that the factories and office buildings on the Penang Property were constructed and completed at different periods of time and have undergone multiple extensions throughout the years. However, we were unable to confirm the exact completion dates of the buildings. Thus, for the purpose of this valuation exercise, we have assumed that the buildings were completed 2 years after the commencement of the lease (which is approximately in the Year 1983 and Year 1985). This assumption is consistent with management of SSM's input and is within the range of the age of the buildings disclosed in the annual reports of SSB (which states that the age of the buildings is at least 37 years old).

The Penang Property had obtained several Approved Extension Building Plans and Certificates of Fitness for Occupation ("**CFOs**"). Below is a chronology of extensions and CFOs.

Building	Reference No.	Date
Block C Approved Building Plan	Bil(1A)dlm.MPSP (40)I/5-31/720 Bil(1B)dlm.MPSP (40)I/5-31/720 Bil(1C)dlm.MPSP (40)I/5-31/720	7 September 1988
Block A Approved Extension Building Plan	Bil(1A)dlm.MBSP(40)I/5-31/910 Bil(1B)dlm.MBSP(40)I/5-31/910 Bil(1C)dlm.MBSP(40)I/5-31/910	26 December 1989
Block B Approved Extension Building Plan	MBSP/40/I/5-31/1549	12 September 2003
CFO Block B Extension	140/I/2003	21 October 2003

Laurel Cap
Trust | Integrity | Expertise

Description of the Penang Property (continued):	Verbal inquiries with the Building Department of Majlis Bandaraya Seberang Perai ("**MBSP**") confirmed that the Penang Property was constructed in accordance with applicable building guidelines and are approvable by the local council. Notwithstanding the fact that the original Approved Building Plans and CFOs have been misplaced, the buildings are considered approvable, as they comply with relevant building guidelines and are supported by the existence of Approved Building Plan and Approved Extension Building Plans. Accordingly, Block A, Block B and Block C have been considered in determining the Market Value of the Penang Property. During the course of our inspection, we have noted that the Block A, Block B and Block C are presently owner occupied. Generally, Block A, Block B and Block C are in a fair state of decorative repair and maintenance.
Planning Details:	Verbal enquiries with the planning department of MBSP revealed that Penang Property is situated within an area designated for industrial use.

(A) (ii) METHOD OF VALUATION FOR THE PENANG PROPERTY

In arriving at the Market Value of the Penang Property, we have adopted the **Cost Approach** and **Income Approach by way of "Investment Method"**.

Cost Approach (Primary Approach of Valuation)

The Cost Approach involves the valuation of the land by comparison with evidence of values of comparable land and adding to its current replacement cost of the building(s) less depreciation, if necessary. The current replacement cost involves the construction cost, financial charges, advertising charges, professional fees, other incidental expenses and developer's profit.

To determine the value of the land, the analysed apportion value attributed to the land is adopted using the Comparison Approach to determine the value of the land by comparing recent transactions and sales evidences involving other similar properties in the vicinity as a yardstick. Where dissimilarities exist, adjustments are made.

In the absence of recent comparable vacant industrial land transactions in Penang, we have alternatively identified three most suitable and recent transactions relating to industrial complex (comprising land together with factory buildings erected thereon) within the vicinity. For the purpose of deriving the market value attributable to the land component only, we have apportioned the overall transacted prices of the comparable transactions by excluding the estimated value of the buildings based on our external inspections and assessments of the comparables

The recent transactions of industrial properties within the vicinity which are pertinent to substantiate a value indication for the Penang Property are reviewed and these transactions are listed as below.

COMPARABLES	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Source	Jabatan Penilaian dan Perkhidmatan Harta Malaysia ("**JPPH**")	JPPH and announcement on Bursa Securities	JPPH
Description	Single storey detached factory cum single storey office building	Single storey detached factory cum single storey office building	Single storey detached factory cum double storey office building
Address	2413, Lorong Perusahaan 10, Kawasan Perusahaan Perai, Pulau Pinang	Lot 2496, Lorong Perusahaan Baru 2, Kawasan Perusahaan Perai, Pulau Pinang	2528, Lorong Perusahaan 6, Kawasan Perusahaan Perai, Pulau Pinang
Distance from the Penang Property	Approximately 1.40 kilometres north-west of the Penang Property	Approximately 3.50 kilometres north-west of the Penang Property	Approximately 5.60 kilometres north-west of the Penang Property

VALUATION CERTIFICATE (CONT'D)

Laurel Cap
Trust | Integrity | Expertise

COMPARABLES	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Title Particulars	HS(D) 41625, PT 2714, Mukim 01, District of Seberang Perai Tengah, State of Pulau Pinang	HS(D) 30937, PT 2995, Mukim 01, District of Seberang Perai Tengah, State of Pulau Pinang	HS(D) 41625, PT 2714, Mukim 01, District of Seberang Perai Tengah, State of Pulau Pinang
Transaction Date	3 April 2023	1 August 2023	24 October 2024
Vendor	Rawak Sdn Bhd & Offshore Industries Sdn Bhd	Incline Dynamics Sdn Bhd	NA(1)
Purchaser	S3 Generation Sdn Bhd	NationGate System Sdn Bhd	NA(1)
Tenure	Leasehold for 60 years. Term expiring on 3 August 2036. Leaving an unexpired term of approximately 13 years at the date of transaction	Leasehold for 60 years. Term expiring on 18 September 2049. Leaving an unexpired term of approximately 26 years at the date of transaction	Leasehold for 60 years. Term expiring on 19 April 2049. Leaving an unexpired term of approximately 25 years at the date of transaction
Land Area	119,660.30 sq. ft. (11,116.713 sq. m. or 2.75 acres)	188,386.97 sq. ft. (17,501.5768 sq. m. or 4.32 acres)	118,091.09 sq. ft. (10,970.93 sq. m. or 2.71 acres)
Estimated GFA	71,000.00 sq. ft. (6,596.06 sq. m.)	97,773.83 sq. ft. (9,083.41 sq. m.)	91,000.00 sq. ft. (8,454.11 sq. m.)
Consideration	RM8,700,000.00	RM23,800,000.00	RM19,733,332.00
Price per sq. ft. ("/sq. ft.")	**RM39.48/sq. ft.**	**RM60.94/sq. ft.**	**RM76.94/sq. ft.**
Adjustments	General adjustments are made for time and various factors inclusive of location, size, shape, terrain and tenure		
Adjusted Price/sq. ft.	**RM53.89/sq. ft.**	**RM54.39/sq. ft.**	**RM65.40/sq. ft.**

Note:-

(1) The details of vendor/purchaser were not available in JPPH data.

Land Value

We have applied the Comparison Approach in deriving the industrial land value for the Cost Approach by identifying three relevant land transactions within the vicinity, and adjustment for time and various factors, including but not limited to, location, size, shape, terrain and tenure.

After making adjustments for time factor to Comparables 1, 2 & 3, it is noted that the land price transactions were hovering between RM41.45/sq. ft. and RM76.94/sq. ft. Further adjustments were made to reflect the difference in other factors as stated above, to arrive at a final adjusted value of RM53.89/sq. ft. to RM65.40/sq. ft. The only adjustment made to the comparables were due to the difference in tenure (-15.00% to +30.00%).

Taking into consideration of the differences between the Penang Property and the comparables, we have placed greater emphasis on Comparable 2 due to the following characteristics: -

a) the median adjusted price/sq. ft.;
b) one of the least net adjustments made between the comparables; and
c) the land area is most similar to the Penang Property compared to the other comparables.

With Comparable 2 as the most suitable comparable, we have adopted the rate of **RM54.00/sq. ft.** as the industrial land value for Cost Approach which amounts to **RM8,999,005.39**.

Laurel Cap
Trust | Integrity | Expertise

Building Value

In determining the value of the buildings, current estimates on construction costs to build similar buildings are adopted. Necessary adjustments are then made depending on the physical, functional and economical obsolescence. The breakdown of construction costs is obtained from the JUBM Group Cost Hand Book 2024 and Building Cost Information Services Malaysia (BCISM) Costbook 2024 as set out below:-

Sources	Construction Cost Range (RM) - Penang	
Range	Minimum (RM)	Maximum (RM)
JUBM Group Cost Hand Book 2024 (Based on heavy duty flatted factories and warehouses)	1,990.00/sq. m. (184.88/sq. ft.)	2,455.00/sq. m. (228.08/sq. ft.)
JUBM Group Cost Hand Book 2024 (Based on average standard offices, high rise)	2,490.00/sq. m. (231.33/sq. ft.)	2,920.00/sq. m. (271.27/sq. ft.)
BCISM Cost Hand Book 2024 (Based on light duty factories)	1,590.00/sq. m. (147.71/sq. ft.)	2,090.00/sq. m. (194.17/sq. ft.)
BCISM Cost Hand Book 2024 (Based on warehouses)	1,900.00/sq. m. (176.51/sq. ft.)	2,660.00/sq. m. (247.12/sq. ft.)
BCISM Cost Hand Book 2024 (Based on 3-storey offices, owner operated)	1,640.00/sq. m. (152.36/sq. ft.)	3,230.00/sq. m. (300.07/sq. ft.)

From the above analysis, we have adopted the following construction costs for the buildings:

Buildings	Construction Cost - Adopted
Open sided factory:- i) Factory A	RM130.00/sq. ft.
Partially enclosed factories:- i) Factory B; and ii) Factory C	RM135.00/sq. ft.
Double storey office buildings:- i) Office A; and ii) Office B	RM150.00/sq. ft.
Other ancillary buildings (one guard house, two TNB substations and one pump room)	RM75.00/sq. ft.

Income Approach by way of "Investment Method"

In the Income Approach by way of "Investment Method", the Market Value is derived from an estimate of the Market Rental, which means the estimated amount for which an interest in real property should be leased/tenanted on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. Outgoings or operating expenses, such as repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annual rental income is capitalised at an appropriate current market yield to arrive at its indicative Market Value.

Due to the lack of sufficient meaningful concluded rental transactions within the vicinity, we have hence relied on recently posted asking rentals of the similar properties within the vicinity in order for us to determine the Market Rental Value of the Subject Property under the Income Approach by way of the "Investment Method". We noted that the recent asking rentals of the similar properties within the vicinity exhibit a consistent value pattern, thereby enhancing the reliability of the information adopted in our valuation.

Laurel Cap
Trust | Integrity | Expertise

Recent asking rental prices of detached factories within the neighbourhood which are pertinent to substantiate a value indication for the Penang Property are reviewed and these asking rentals are listed as follows.

Address	GFA	Monthly Asking Rental	Date
Rental 1: Kawasan Perusahaan Perai, Pulau Pinang - (Source: iProperty.com)	155,000.00 sq. ft.	RM300,000.00	January 2025
Rental 2 Kawasan Perusahaan Perai, Pulau Pinang - (Source: iProperty.com)	60,639.00 sq. ft.	RM139,469.00	January 2025
Rental 3 Kawasan Perusahaan Perai, Pulau Pinang - (Source: iProperty.com)	78,000.00 sq. ft.	RM124,800.00	February 2025

In determining the Rental Value of Block A, Block B and Block C, we have analysed all of the comparables and found that the asking rental/sq. ft. for those detached factories ranges from RM1.60/sq. ft. to RM2.30/sq. ft.

In arriving at the Rental Value of Block A, Block B and Block C, we have taken into consideration each aspect of the comparable(s) in terms of location, size, building condition and asking prices discount. Adjustments were made to reflect the difference for other factors as stated above, to arrive at the asking rental between RM1.57/sq. ft. to RM2.07/sq. ft.. The total adjustments between the comparable ranges from -19.00% to 0.00%. The adjustment made is due to the difference in size (+1.00%), building condition (-10.00% to +10.00%) and asking price discount (-10.00%).

In reconciling our opinion of Rental Value of Block A, Block B and Block C, we have placed greater emphasis on Rental 3 due to the following factors: -

a) It is the median adjusted price/sq. ft.; and
b) It is the least net adjustments made between the comparables.

With Rental 3 as the most suitable comparable, we have adopted the rental rate of **RM1.60/sq. ft.**. The total Annual Rental Value under the Income Approach by way of "Investment Method" amounts to **RM1,569,792.00 (RM130,816.00/month)**.

Yield

We have analysed the net yield of the industrial factories that transacted in the surrounding area in year 2023 and 2024, which ranged from 5.99% to 7.97% with an average net yield of about 7.02%. This yield was derived by analysing the existing transaction from the surrounding areas which obtained from JPPH. The estimated monthly rentals were adopted based on the surrounding rental analysis. From the estimated rental rates, it is then divided by the respective transacted prices to calculate individual net yields. These individual net yields were then averaged to arrive at the final net yield. In adopting the capitalisation rate of 7.00% for this valuation exercise is a fair reflection in arriving the Market Value of the Penang Property.

Void

We have taken into consideration a void allowance of 5% in arriving the Market Value for the possible future vacancies and rent-free periods. Industry standards reveal that it takes about two months to rent out an industrial property in Penang for a tenancy period of 3 years on average. Hence, the void period would be two months over thirty-six months which amounts to 5.55%. Therefore, we have adopted 5% as a fair and reasonable rate in arriving at the Market Value using the Income Approach by way of "Investment Method".

LaurelCap
Trust | Integrity | Expertise

(A) (iii) RECONCILIATION OF VALUE FOR PENANG PROPERTY

Method of Valuation	Derivation of Value	Adopt
Cost Approach	RM11,500,000.00	RM11,500,000.00
Income Approach by way of "Investment Method"	RM11,000,000.00	

From the above valuation approaches, we have concluded that the best approach in arriving at the Market Value of the Penang Property is the Cost Approach. This approach is the most suitable in this instance because it is more of a reflection of the brick-and-mortar value and the Penang Property is purpose built for a specific industry. On hind sight, the Income Approach by way of "Investment Method" is only suitable to serve as a secondary approach (cross check), due to the dearth of actual data of rental or lease of factory in Perai, Pulau Pinang to establish a more accurate rental rate and yield. In addition, the rental rates and yields in the area are volatile and hence difficult to establish a consistent pattern of values as most of the industrial properties in the surrounding area are mostly owner occupiers.

As such, the information available may skew or cause inaccuracy in deriving the Market Value of the Penang Property thus we have adopted the value derived using the Cost Approach.

(B) (i) IDENTIFICATION OF THE KAPAR PROPERTY

Address:	Lot 69501, Batu 5 ½, Jalan Kapar, 42100 Klang, Selangor Darul Ehsan
Interest To Be Valued:	Grant in perpetuity
Type of Property:	An industrial complex erected with three single storey detached factory buildings, one four storey office building, one double storey engineering and maintenance block, two guard houses, one TNB substation and one refuse chamber
Date of Inspection:	4 March 2025
Date of Valuation:	For the purpose of this valuation exercise, the material date of valuation is 4 March 2025, which is the date of inspection of the Kapar Property
Beneficiary Owner:	Southern Steel Mesh Sdn Bhd (1/1 share)
Titles Particulars:	Geran Mukim 18814, Lot No. 69501
Tempat/Mukim/ District:	Tempat of Batu 5 ½, Kapar, Mukim of Kapar, District of Klang, State of Selangor
Tenure:	Grant in perpetuity
Category of Land Use:	"Industri"
Express Condition:	"Perusahaan"
Restriction in Interest:	Nil
Endorsements:	1. "Pajakan Seluruh Tanah Kepada Lembaga Letrik Negara Tanah Melayu bagi tempoh selama 30 tahun mulai dari 1 September 1984 dan berakhir pada 31 Ogos 2014" vide Presentation No. 011SC3239/1986; No. Jilid 1 No. Folio 91 dated 16 December 1986. 2. "Kelulusan serahbalik sebahagian tanah seluas lebih kurang 6,106.00 meter persegi cukai tanah dipinda kepada RM3,211.00" vide Presentation No. 011N549/2008 dated 5 December 2008.(1)

VALUATION CERTIFICATE (CONT'D)

Laurel Cap
Trust | Integrity | Expertise

Endorsements (continued):	3. "Pajakan sebahagian tanah kepada Tenaga Nasional Berhad bagi tempoh selama 30 tahun mulai dari 7 September 2015 dan berakhir pada 6 September 2045" vide Presentation No. 011SC10429/2015 dated 9 October 2015.(2) **Notes:-** (1) The gross land area of the Kapar Property before the land surrender was approximately 37,286.00 sq. m.. After surrendering approximately 6,106.00 sq. m. for purposes of road widening, the net land area of the Kapar Property is approximately 31,180.00 sq. m.. We have hence adopted the latter in our valuation computation in arriving at the Market Value of the Kapar Property. (2) The leased land to TNB is located at the front of the Kapar Property with an approximate land area of 430.00 sq.m. During the course of our inspection, we have noted that SSM has access to certain areas within the TNB substation as SSM was granted possession of keys only to designated rooms within the TNB Substation.
Land Area:	31,180.00 sq. m. (approximately 7.70 acres or 335,621.52 sq. ft.)
GFA:	About 25,449.42 sq. m. (273,937.59 sq. ft.) *The gross floor area of the Kapar Property is based on the on-site measurement. The on-site measurements were carried out in accordance with the "Uniform Method Of Measurements Of Buildings" Section 8.2.2 (f) by the Royal Institution of Surveyors Malaysia (RISM) as required by the Malaysian Valuation Standards (Standard 8 – Inspection and Referencing of property).*
Location:	The Kapar Property is situated on the 5 ½ mile along Jalan Kapar in Klang, Selangor. It is located approximately 46.00 kilometres south-west of Kuala Lumpur City Centre and about 8.20 kilometres north-west of Klang town. The surrounding developments are predominantly industrial in nature, comprising of detached factories, warehouses, mechanical workshops, scrap metal yards and vacant lands. The Kapar Property is situated directly opposite the factory of BSSB Furniture Sdn Bhd whilst further towards the north-west direction are factories and warehouses belonging to many established manufacturing companies such as Soflex Rubber & Urethane Sdn Bhd, Jaya Nets Sdn Bhd, Cyclepoly Sdn Bhd and SMPC Industries Sdn Bhd. The Econsave Hypermarket in Klang Utama and the Aeon Big Hypermarket are located approximately 788.00 metres and 5.40 kilometres due south-east of the Kapar Property respectively.
Description of the Kapar Property:	The Kapar Property was originally three (3) adjoining parcels of land identified as Lot 6047, 6048 and 6049 which have since been amalgamated and subsequently, a small part of the land was surrendered for road widening in December 2008. The gross land area of the Kapar Property before the land surrender was approximately 37,286.00 sq. m. After surrendering about 6,106.00 sq. m. for purposes of road widening, the net land area of the Kapar Property is approximately 31,180.00 sq. m. (7.70 acres). The Kapar Property is a rectangular shaped parcel of land, has a direct frontage of approximately 182.24 metres (597.93 feet) onto Jalan Kapar and an average depth of about 167.12 metres (548.32 feet). The physical terrain of the Kapar Property is generally flat and levelled with the frontage road. The Kapar Property's boundaries are demarcated with high steel mesh fencing topped with barb wires, whilst the main entrance is secured with a metal sliding gate. The internal road and compound of the industrial lot is of cement screed. Concrete drains are constructed along the boundaries of the Kapar Property.

Laurel Cap
Trust | Integrity | Expertise

Description of the Kapar Property (continued):

Constructed on Lot 69501 is:

1. three single storey detached factory buildings ("**Factory 1**", "**Factory 2**" and "**Factory 3**" respectively);
2. one four storey office building detached to Factory 1 ("**Office**");
3. one double storey engineering and maintenance block annexed to Factory 2 ("**E&M Block**");
4. two guard houses ("**Guard House(s)**");
5. one TNB substation; and
6. one refuse chamber ("**Refuse Chamber**").

During the course of our inspection, we have been informed by SSM that Factory 1, Factory 2, Factory 3 and the Office were constructed and completed at different periods of time. Factory 3 and the Office were completed in 1994, whilst Factory 1 and Factory 2 was in 2002 and 1987 respectively.

As the original approved building plans and CFO were misplaced ("**Misplaced Plans and CFO**"), we have relied on information provided by the senior management of SSM to determine the construction years of the respective buildings. Given that the management team has long-standing and direct involvement with the operations in SSM, we consider this source to be credible for the purpose of our valuation exercise.

Due to the Misplaced Plans and CFO, SSM had resubmitted the drawings to the local council, the chronology of events are as follows:-

Year	Chronology of events
2008	• SSM resubmitted the drawings to the local council as the original approved building plans and CFO were misplaced. • On 4 December 2008, SSM obtained the approval from the building department of MBDK (Ref No. J/U 59/2008) for "Cadangan Jalan Dan Saliran Bagi Sebuah Kilang Satu Tingkat Dengan Pejabat Empat Tingkat Yang Sedia Ada" ("**Approved Plan**")).
2009	• On 13 January 2009, SSM obtained the approval for "Cadangan Sebuah Kilang Satu Tingkat Dengan Pejabat Empat Tingkat Yang Sedia Ada" vide Plan No. BGN5/2009, with reference to building plan MPK/BGN P0216-08(1) ("**Approved Building Plan**"). • The amendment to the layout plan from a three-storey office to a four-storey office was approved by the planning department of MBDK at a One Stop Centre vide Bil 18/2008 dated 18 September 2008 and certified as an approved plan by the local council Bil. MPK/KU/127/2008 reference Surat Bil. (9)dlm.MPK/PB 121/2003(3K) dated 22 January 2009 ("**Amended Layout Plan**").
2011	SSM obtained the CFO on 31 January 2011 with a Reference No. MPK/BGN P0216-08

Note:-

(1) We were only provided with an incomplete set of the Approved Building Plan, which did not include the detailed plans for Factory 1 and the Office.

In view of the Misplaced Plans and CFO, we had hence relied on the on-site measurements as a reasonable and necessary basis to determine the GFA of the Subject Property in our valuation.

During the course of our inspection, the existing buildings (i.e. Factory 1, Factory 2, Factory 3 and E&M Block) are generally consistent with the layout shown in the Approved Plan and Approved Building Plan, save for the Office which was observed to be a four storeys structure instead of three storeys. We also noted that the description stated in the CFO is consistent with the conditions observed during the course of our inspection.

Laurel Cap
Trust | Integrity | Expertise

Description of the Kapar Property (continued):	The on-site measurements were benchmarked against the Amended Layout Plan and revealed a variation of only approximately 5.75%, which we consider minimal and not material. This supports the reliability of the on-site measurements, which we deemed to be a reliable reflection of the current built-up area. We wish to highlight that the additional (fourth) floor of the Office was constructed subsequent to the issuance of the Approved Building Plan referred to in the CFO. Accordingly, we are only able to confirm that the buildings observed on-site was constructed dimensionally in accordance with the Approved Building Plan as referred to in the CFO for the following buildings: - a) Factory 1, Factory 2 and Factory 3; b) E&M Block; and c) the three storey Office building. Based on verbal inquiries made with the building department from MBDK, the Subject Property appears to have been constructed in accordance with applicable building regulations and no new CFO/Certificate of Completion and Compliance ("**CCC**") for the Subject Property was required to be issued. In addition, during the course of our inspection, we are of the view that the structures of the Subject Property are generally consistent with what would be considered approvable by the local authority. During the course of our inspection, we have noted that the Factory 1, Factory 2, Factory 3 and the Office are presently owner occupied. Generally, Factory 1, Factory 2, Factory 3 and the Office are in a fair state of decorative repair and maintenance.
Planning Details:	Verbal enquiries with the planning department of MBDK revealed that the Kapar Property is situated within an area designated for industrial use.

(B) (ii) METHOD OF VALUATION FOR THE KAPAR PROPERTY

In arriving at the Market Value of the Kapar Property, we have adopted the **Cost Approach** and **Income Approach by way of "Investment Method"**.

Cost Approach (Primary Approach of Valuation)

The Cost Approach involves the valuation of the land by comparison with evidence of values of comparable land and adding to its current replacement cost of the building(s) less depreciation, if necessary. The current replacement cost involves the construction cost, financial charges, advertising charges, professional fees, other incidental expenses and developer's profit.

To determine the value of the land, the analysed apportion value attributed to the land is adopted using the Comparison Approach to determine the value of the land by comparing recent transactions and sales evidences involving other similar properties in the vicinity as a yardstick. Where dissimilarities exist, adjustments are made.

The recent transactions of the vacant industrial lands within the vicinity which are pertinent to substantiate a value indication for the Kapar Property are reviewed and these transactions are listed as overleaf:

VALUATION CERTIFICATE (CONT'D)

Laurel Cap
Trust | Integrity | Expertise

COMPARABLES	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Source	JPPH	JPPH	JPPH
Description	Vacant industrial land	Vacant industrial land	Vacant industrial land
Address	Lot 4953, Jalan Teratai, Off Jalan Bunga Raya, Klang, Selangor Darul Ehsan	Lot 6495, Lorong Abd Manan, Phuar Teck Seng Industrial Park, Klang, Selangor Darul Ehsan	PT 87824, PL 6102, Jalan Abdul Manan/ Jalan Haji Salleh, Klang, Selangor Darul Ehsan
Distance from the Kapar Property	Approximately 11.00 kilometres north-east of the Kapar Property	Approximately 5.00 kilometres north of the Kapar Property	Approximately 8.00 kilometres north-east of the Kapar Property
Title Particulars	Entry Mukim Registry 8378, Lot 4953, Mukim of Kapar, District of Klang, State of Selangor	Certified of title 26643, Lot 6495, Mukim of Kapar, District of Klang, State of Selangor	HSD 169728, PT 87824, Mukim of Kapar, District of Klang, State of Selangor
Transaction Date	19 August 2024	17 November 2023	18 March 2024
Vendor	NA(1)	Top Glove Sdn Bhd	Uptown Promenade Sdn Bhd
Purchaser	NA(1)	HML Development Sdn Bhd	Tan Jian Jong
Tenure	Grant in perpetuity	Grant in perpetuity	Grant in perpetuity
Land Area	130,684.51 sq. ft. (12,140.89 sq. m. or 3.00 acres)	444,583.12 sq. ft. (41,302.78 sq. m. or 10.21 acres)	135,280.69 sq. ft. (12,567.88 sq. m. or 3.11 acres)
Consideration	RM12,415,075.00	RM40,485,520.00	RM12,300,000.00
Price/sq. ft.	**RM95.00/sq. ft.**	**RM91.06/sq. ft.**	**RM90.92/sq. ft.**
Adjustments	General adjustments are made for time and various factors inclusive of location, size, shape, terrain, improvement and tenure		
Adjusted Price/sq. ft.	**RM99.75/sq. ft.**	**RM105.18/sq. ft.**	**RM95.47/sq. ft.**

Note:-
(1) The details of vendor/purchaser were not available in JPPH data.

Land Value

We have applied the Comparison Approach in deriving the industrial land value under the Cost Approach by identifying three relevant land transactions within the vicinity, and adjustment for time and various factors, including but not limited to location, size, shape, terrain, improvement and tenure.

After making adjustments for time factor to Comparables 1, 2 & 3 to reflect the moderate appreciation rate of properties over time, we noted that the land price transactions were hovering between RM90.92/sq. ft. and RM95.62/sq. ft. Further adjustments were made to reflect the difference in other factors as stated above, to arrive at a final adjusted value of RM95.47/sq. ft. to RM105.18/sq. ft. The total adjustments between the comparables ranges from 5.00% to 10.00%. The adjustments made to the comparables were due to the difference in size (-5.00%) and improvement (+10.00%).

Taking into consideration of the differences between the Kapar Property and the comparables, we have placed greater emphasis on Comparable 2 due to the following characteristics: -

a) It is located closest to the Kapar Property between the comparables; and
b) The land area is more similar in size to the Kapar Property than the other comparables.

With Comparable 2 as the most suitable comparable, we have adopted the rate of **RM105.00/sq. ft.** as the industrial land value for the Cost Approach which amounts to **RM35,240,259.60**.

Laurel Cap
Trust | Integrity | Expertise

Building Value

In determining the value of the buildings, current estimates on construction costs to build similar buildings are adopted. Necessary adjustments are then made depending on the physical, functional and economical obsolescence. The breakdown of construction costs is obtained from the JUBM Group Cost Hand Book 2024 and Building Cost Information Services Malaysia (BCISM) Costbook 2024 as set out below:-

Sources	Construction Cost Range (RM) – Kuala Lumpur	
Range	**Minimum (RM)**	**Maximum (RM)**
JUBM Group Cost Hand Book 2024 (Based on heavy duty flatted factories and warehouses)	1,980.00/sq .m. (183.95/sq. ft.)	2,340.00/sq .m. (217.39/sq. ft.)
JUBM Group Cost Hand Book 2024 (Based on average standard offices, high rise)	2,745.00/sq .m. (255.02/sq. ft.)	3,630.00/sq .m. (337.24/sq. ft.)
BCISM Cost Hand Book 2024 (Based on light duty factories)	1,590.00/sq .m. (147.71/sq. ft.)	2,090.00/sq .m. (194.17/sq. ft.)
BCISM Cost Hand Book 2024 (Based on warehouses)	1,900.00/sq .m. (176.51/sq. ft.)	2,660.00/sq .m. (247.12/sq. ft.)
BCISM Cost Hand Book 2024 (Based on 3-storey offices, owner operated)	1,640.00/sq .m. (152.36/sq. ft.)	3,230.00/sq .m. (300.07/sq. ft.)

From the above analysis, we have adopted the following construction costs for the buildings:

Buildings	Construction Cost - Adopted	
	Main Floor Area	**Ancillary Floor Area**
Factory 1 Factory 2 Factory 3	RM130.00/sq. ft.	RM65.00/sq. ft.
Office	RM150.00/sq. ft.	-
E&M Block	RM150.00/sq. ft.	-
Guard houses	RM75.00/sq. ft.	-
Refuse Chamber	RM75.00/sq. ft.	-
TNB substation	RM75.00/sq. ft.	-

Income Approach by way of "Investment Method"

In the Income Approach by way of "Investment Method", the Market Value is derived from an estimate of the Market Rental, which means the estimated amount for which an interest in real property should be leased/tenanted on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. Outgoings or operating expenses, such as repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annual rental income is capitalised at an appropriate current market yield to arrive at its indicative Market Value.

Rental prices of detached factories within the neighbourhood which are pertinent to substantiate a value indication for the Kapar Property are reviewed and these rentals are listed below: -

Address	GFA	Monthly Asking Rental	Date
Comparable 1 No. 3344, Jalan Keretapi Lama, Batu 7, Kampung Perepat, 42200 Kapar, Selangor Darul Ehsan - (Source: JPPH)	57,400.00 sq. ft.	RM58,000.00	1 January 2023

Laurel Cap
Trust | Integrity | Expertise

Address	GFA	Monthly Asking Rental	Date
Comparable 2 Lot 833, Jalan Haji Sirat, Kampung Batu Belah, 42100 Klang, Selangor Darul Ehsan - (Source: JPPH)	125,991.00 sq. ft.	RM176,667.00	8 December 2023
Comparable 3 Lot 6516 & 6517, Lorong Haji Abd Manan, Btu 5 3/4, 42100 Klang, Selangor Darul Ehsan - (Source: JPPH)	107,671.00 sq. ft.	RM158,665.00	19 June 2024

In determining the Rental Value of the industrial building (i.e. Factory 1, Factory 2, Factory 3, the Office and the E&M Block), we have analysed all of the comparable(s) and found that the rental/sq. ft. for those detached factories ranges from RM1.01/sq. ft. to RM1.47/sq. ft.

In arriving at the Rental Value of the industrial building (i.e. Factory 1, Factory 2, Factory 3, the Office and the E&M Block), we have taken into consideration each aspect of the comparable(s) in terms of location, size and building specification. Adjustments were made to reflect the difference for other factors as stated above, to arrive at the rental between RM0.97/sq. ft. to RM1.13/sq. ft. The total adjustments between the comparables ranges from -4.00% to -23.00%. The adjustment made is due to the difference in size (-4.00% to -2.00%) and building specification (-20.00%).

In reconciling our opinion of Rental Value of the industrial building (i.e. Factory 1, Factory 2, Factory 3, the Office and the E&M Block), we have placed greater emphasis on Comparable 1 due to the following factors:-

a) Comparable 1 has the same characteristic as the Kapar Property which is an open sided factory with office annexed; and
b) Comparable 1 has the least adjustment among the comparables.

Given that Comparable 1 as the most suitable comparable, we have adopted the rental rate of **RM0.97/sq. ft.**. The total Annual Rental Value under the Income Approach by way of "Investment Method" amounts to **RM2,948,826.19 (RM245,735.52/month)**.

Yield

We have analysed the net yield of the industrial factories that transacted in the surrounding area in year 2024, which ranged from 4.45% to 5.77%, with an average net yield of about 5.01%. This yield was derived by analysing the existing transaction from the surrounding areas which obtained from JPPH. The estimated monthly rentals were adopted based on the surrounding rental analysis. From the estimated rental rates, it is then divided by the respective transacted prices to calculate individual net yields. These individual net yields were then averaged to arrive at the final net yield. In adopting the capitalisation rate of 5.00% for this valuation exercise is a fair reflection in arriving the Market Value of the Kapar Property.

Void

We have taken into consideration a void allowance of 5.00% in arriving the Market Value for the possible future vacancies and rent-free periods. Industry standards reveal that it takes about two months to rent out an industrial property in Selangor for a tenancy period of 3 years on average. Hence, the void period would be two months over thirty-six months which amounts to 5.55%. Therefore, we have adopted 5.00% as a fair and reasonable rate in arriving at the Market Value using the Income Approach by way of "Investment Method".

Laurel Cap
Trust | Integrity | Expertise

(B) (iii) RECONCILIATION OF VALUE FOR KAPAR PROPERTY

Method of Valuation	Derivation of Value	Adopt
Cost Approach	RM48,000,000.00	RM48,000,000.00
Income Approach by way of "Investment Method"	RM49,000,000.00	

From the above valuation approaches, we have concluded that the best approach in arriving at the Market Value of the Kapar Property is the Cost Approach. This approach is the most suitable in this instance because it is more of a reflection of the brick-and-mortar value and the Kapar Property is purpose built for a specific industry. On hind sight, the Income Approach by way of "Investment Method" is only suitable to serve as a secondary approach (cross check), due to the dearth of transaction for an open-side facility in Kapar, Klang to establish a more accurate rental rate and yield. In addition, the rental rates and yields in the area are volatile and hence difficult to established a consistent pattern of values as most of the industrial and commercial properties in the surrounding area are mostly owner occupiers and not for investment.

As such, the information available may skew or cause inaccuracy in deriving the Market Value of the Kapar Property thus we have adopted the value derived using the Cost Approach.

(C) (i) IDENTIFICATION OF THE KUANTAN PROPERTY

Address:	Lot. 77A, Kawasan Perindustrian Gebeng, Jalan Gebeng 1/6, 26080 Kuantan, Pahang Darul Makmur
Interest To Be Valued:	Leasehold for 66 years. Term expiring on 5 February 2052. Leaving an unexpired term of approximately 27 years as at the date of valuation
Type of Property:	An industrial complex erected with three single storey detached factory buildings, one double storey office building and other ancillary buildings (i.e. one single storey canteen, pump house, schedule waste storage, engineering workshop, guard house and TNB substation)
Date of Inspection:	27 February 2025
Date of Valuation:	For the purpose of this valuation exercise, the material date of valuation is 27 February 2025, which is the date of inspection of the Kuantan Property
Beneficiary Owner:	Southern Steel Mesh Sdn Bhd (1/1 share)
Titles Particulars:	Title No. HS(D) 45 (formerly known as HS(D) 7702), Lot No. PT 16403
Tempat/ Mukim/District:	Bandar of Gebeng, Daerah of Kecil Gebeng, State of Pahang
Tenure:	Leasehold for 66 years
Category of Land Use:	"Perusahaan/Perindustrian"
Express Condition:	"Tanah ini hendaklah digunakan untuk Tapak Industri sahaja"
Restriction in Interest:	"Tanah ini tidak boleh dipindahmilik, dipajak, digadai melainkan dengan kebenaran bertulis daripada YAB Menteri Besar Pahang"
Endorsement:	Nil
Land Area:	40,468.60 sq. m. (approximately 435,604.01 sq. ft.)

Laurel Cap
Trust | Integrity | Expertise

GFA:	About 15,991.48 sq. m. (172,132.40 sq. ft.)
Location:	The Kuantan Property is situated along Jalan Gebeng 1/6 within Kawasan Perindustrian Gebeng, 26080 Kuantan, Pahang Darul Makmur. It lies approximately 20.80 kilometres north-east of Kuantan city centre and about 7.90 kilometres south-west of Kuantan Port respectively. The surrounding developments within Kawasan Perindustrian Gebeng comprise a mixture of residential, commercial and industrial properties, consisting of apartments, terraced houses, detached houses, shop houses, shop-offices, semi-detached factories and detached factories. The Institut Latihan Perindustrian Kuantan is located approximately 850 metres south-west of the Kuantan Property, whilst the Balok Makmur Mosque is sited about 2.20 kilometres south-east of the Kuantan Property. Other prominent landmarks located within the vicinity are SK Balok Makmur and TMG Mart Gebeng, both of which are located about 5.00 kilometres south-west of the Kuantan Property.
Description of the Kuantan Property:	The Kuantan Property is a rectangular shaped parcel of land encompassing a provisional land area of approximately 40,468.60 sq. m. (435,604.01 sq. ft. /10.00 acres). It has a direct frontage of approximately 250.567 metres (822.110 feet) onto Jalan Gebeng 1/6 and an average depth of approximately 161.508 metres (529.861 feet). The physical terrain of the Kuantan Property is generally flat and lies slightly above the frontage road. The site boundaries are demarcated with corrugated metal sheets. The main entrance is secured with a metal auto gate with plastered infill brick wall and chain-link fencing. The internal road of the industrial compound is cement screed. Constructed on Lot No. PT 16403 is: 1. three single storey detached factory buildings ("**Kilang 1**", "**Kilang 2**" and "**Kilang 3**" respectively); 2. one double storey office building detached to Kilang 1 ("**Office**"); and 3. other ancillary buildings (i.e. one single storey canteen ("**Canteen**"), pump house, schedule waste storage, engineering workshop, guard house and TNB substation). We have been made to understand that SSM had only obtained the building approval plans vide Reference No. MPK/R/B: PTK/69/2013 dated 2 June 2016 and subsequently obtained the CCC for the buildings (i.e. Kilang 1, Kilang 2, Kilang 3, Office and other ancillary buildings) vide Reference No. LJM/P/00007 dated 25 July 2022 issued by Majlis Bandaraya Kuantan ("**MBK**"). During the course of our inspection, we have noted that the Kuantan Property is presently vacant and unattended for prolonged period, resulting in lack of maintenance. There was evidence of leakage in Kilang 3, and the overall condition of the buildings necessitates repair.
Planning Details:	Verbal enquiries with the planning department of MBK revealed that the Kuantan Property is situated within an area designated for industrial use.

(C) (ii) METHOD OF VALUATION FOR THE KUANTAN PROPERTY

In arriving at the Market Value of the Kuantan Property, we have adopted the **Cost Approach** and **Income Approach by way of "Investment Method"**.

Cost Approach (Primary Approach of Valuation)

The Cost Approach involves the valuation of the land by comparison with evidence of values of comparable land and adding to its current replacement cost of the building(s) less depreciation, if necessary. The current replacement cost involves the construction cost, financial charges, advertising charges, professional fees, other incidental expenses and developer's profit.

VALUATION CERTIFICATE (CONT'D)

Laurel Cap
Trust | Integrity | Expertise

To determine the value of the land, the analysed apportion value attributed to the land is adopted using the Comparison Approach to determine the value of the land by comparing recent transactions and sales evidences involving other similar properties in the vicinity as a yardstick. Where dissimilarities exist, adjustments are made.

The recent transactions of the vacant industrial lands within the vicinity which are pertinent to substantiate a value indication for the Kuantan Property are reviewed and these transactions are listed as follows.

COMPARABLES	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Source	JPPH	JPPH	JPPH
Description	Vacant industrial land	Vacant industrial land	Vacant industrial land
Address	PT24993, Jalan Gebeng 2/13, Off Jalan Gebeng 2/1, Kuantan, Pahang Darul Makmur	Lot 110291 - Lot 110298, Lot 110300 & Lot 110301, Kawasan Perindustrian Gebeng, Kuantan, Pahang Darul Makmur	Gebeng, KM32 Jalan Taman Kemaman, Kawansan Perindustrian Gebeng, Kuantan, Pahang Darul Makmur
Distance from the Kuantan Property	Approximately 4.70 kilometres north-east of the Kuantan Property	Approximately 9.30 kilometres north-east of the Kuantan Property	Approximately 9.70 kilometres north-east of the Kuantan Property
Title Particulars	HS(D) 59689, PT 24993, Mukim of Sungai Karang, District of Kuantan, State of Pahang	PN 28543 to PN 28548 (Lot 110291 to Lot 110296), PN 28552 (Lot 110297), PN 28551 (Lot 110298), PN 28549 (Lot 110300), PN 28550 (Lot 110301), Mukim of Sungai Karang, District of Kuantan, State of Pahang	PN 28530, Lot 110338, Mukim of Sungai Karang, District of Kuantan, State of Pahang
Transaction Date	7 October 2024	19 December 2023	3 July 2023
Vendor	NA(1)	Asas Panorama Sdn Bhd	Asas Panorama Sdn Bhd
Purchaser	NA(1)	MCKILP Development Sdn Bhd	Industrial Concrete Products Sdn Bhd
Tenure	Leasehold for 99 years. Term expiring on 16 June 2118. Leaving an unexpired term of approximately 94 years at the date of transaction	Leasehold for 66 years. Term expiring on 25 May 2065. Leaving an unexpired term of approximately 42 years at the date of transaction	Leasehold for 66 years. Term expiring on 22 May 2066. Leaving an unexpired term of approximately 43 years at the date of transaction
Land Area	237,096.42 sq. ft. (22,026.79 sq. m. or 5.44 acres)	830,338.01 sq. ft. (77,140.28 sq. m. or 19.06 acres)	1,182,952.60 sq. ft. (109,898.98 sq. m. or 27.16 acres)
Consideration	RM7,300,000.00	RM12,780,282.00	RM19,066,244.00
Price/sq. ft.	**RM30.79/sq. ft.**	**RM15.39/sq. ft.**	**RM16.12/sq. ft.**
Adjustments	General adjustments are made for time and various factors inclusive of location, size, shape, terrain, improvement and tenure		
Adjusted Price/sq. ft.	**RM20.94/sq. ft.**	**RM15.68/sq. ft.**	**RM17.09/sq. ft.**

Note:-

(1) The details of vendor/purchaser were not available in JPPH data.

Laurel Cap
Trust | Integrity | Expertise

Land Value

We have applied the Comparison Approach in deriving the industrial land value for the Cost Approach by identifying three comparable land transactions within the vicinity, and adjustment for various factors, including but not limited to size, improvement and tenure.

After making adjustments for time factor to Comparables 1, 2 & 3, it is noted that the land price transactions were hovering between RM16.16/sq. ft. and RM30.79/sq. ft. Further adjustments were made to reflect the difference in other factors as stated above, to arrive at a final adjusted value of RM15.68/sq. ft. to RM20.94/sq. ft.. The total adjustments between the comparables range from -32.00% to +1.00%. The adjustments made to the comparables were due to the difference in size (-5.00% to +10.00%), improvement (+10.00%) and tenure (-37.00% to -18.00%).

Taking into consideration of the differences between the Kuantan Property and the comparables, we have placed greater emphasis on Comparable 2 due to the following characteristics: -

a) One of the comparables with the least net adjustments made of -3.00%; and
b) It is within the same development scheme with the Kuantan Property.

With Comparable 2 as the most suitable comparable, we have adopted the rate of **RM15.00/sq. ft.** as the industrial land value for the Cost Approach which amounts to **RM6,534,060.15**.

Based on JPPH transaction data from the year 2023 to 2025, vacant industrial lands within Kawasan Perindustrian Gebeng were transacted within the range of RM12.04 to RM30.79 per square foot. In determining the Market Value of the Subject Property, we have adopted recent comparable transactions, with due consideration given to key factors such as land size, remaining leasehold tenure and location. These criteria were critical in our selection process to ensure that the adopted comparables are the most similar, reliable and reflective of the current Market Value of the Subject Property. The relevance and appropriateness of these comparables have been supported through our adjustment computations based on land size, tenure and location.

Building Value

In determining the value of the buildings, current estimates on construction costs to build similar buildings are adopted. Necessary adjustments are then made depending on the physical, functional and economical obsolescence. The breakdown of construction costs is obtained from the JUBM Group Cost Hand Book 2024 and Building Cost Information Services Malaysia (BCISM) Costbook 2024 as set out below:

Sources	**Construction Cost Range (RM) – Pahang**	
Range	**Minimum (RM)**	**Maximum (RM)**
JUBM Group Construction Cost Hand Book 2024 (Based on light duty flatted factories)	1,560.00/sq. m. (144.93/sq. ft.)	2,035.00/sq. m. (189.06/sq. ft.)
JUBM Group Construction Cost Hand Book 2024 (Single storey conventional factory of structural steel work)	1,455.00/sq. m. (135.17/sq. ft.)	2,090.00/sq. m. (194.17/sq. ft.)
BCISM Cost Book 2024 (Based on light duty factories)	1,590.00/sq. m. (147.71/sq. ft.)	2,090.00/sq. m. (194.17/sq. ft.)
BCISM Cost Book 2024 (Based on 3-storey offices, owner operated)	1,640.00/sq. m. (152.36/sq. ft.)	3,230.00/sq. m. (300.07/sq. ft.)

We have adopted the following construction costs for the buildings:

Buildings	**Construction Cost - Adopted**	
	Main Floor Area	**Ancillary Floor Area**
Kilang 1, Kilang 2 and Kilang 3	RM130.00/sq. ft.	RM65.00/sq. ft.
Office	RM150.00/sq. ft.	RM75.00/sq. ft.
Other ancillary buildings (Canteen, pump house, schedule waste storage, engineering workshop, guard house and TNB substation)	RM75.00/sq. ft.	

Laurel Cap
Trust | Integrity | Expertise

In addition to standard depreciation, we have included a further deduction of RM5,552,612.43 due to the poor physical condition of the buildings. These buildings have vacant for years with minimal maintenance, such as occasional grass cutting. As a result, their current condition is significantly more deteriorated.

To justify this additional deduction, we engaged a professional Quantity Surveyor to provide an independent estimate of the repair costs required to bring the buildings back to a useable condition. It is important to note that these figures represent repair costs, not the cost of full refurbishment or reconstruction. From the Quantity Surveyor's Construction Cost Opinion Report, the repair rate for Kilang 1 and Kilang 2 is at RM28.00/sq. ft. whilst Kilang 3 is at RM51.66/sq. ft.. The difference in rate is due to Kilang 3 is in poorer condition which warranting a higher repair rate due to more extensive works required.

Income Approach by way of "Investment Method"

In the Income Approach by way of "Investment Method", the Market Value is derived from an estimate of the Market Rental, which means the estimated amount for which an interest in real property should be leased/tenanted on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. Outgoings or operating expenses, such as repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annual rental income is capitalised at an appropriate current market yield to arrive at its indicative Market Value.

Due to the lack of sufficient meaningful concluded rental transactions within the vicinity, we have hence relied on recently posted asking rentals of the similar properties within the vicinity in order for us to determine the Market Rental Value of the Subject Property under the Income Approach by way of the "Investment Method". We noted that the recent asking rentals of the similar properties within the vicinity exhibit a consistent value pattern, thereby enhancing the reliability of the information adopted in our valuation.

Recent asking rental prices of detached factories within the neighbourhood which are pertinent to substantiate a value indication for the Kuantan Property are reviewed and these asking rentals are listed below:

Address	GFA	Monthly Asking Rental	Date
Rental 1: Semambu Industrial Park, 25350 Kuantan, Pahang Darul Makmur - (Source: iProperty.com)	103,440.00 sq. ft.	RM120,000.00	February 2025
Rental 2: Gebeng Industrial Park, 26100 Kuantan, Pahang Darul Makmur - (Source: iProperty.com)	50,000.00 sq. ft.	RM60,000.00	February 2025
Rental 3: Gebeng Kuantan, Kawasan Industri Gebeng, 26100 Balok, Pahang Darul Makmur - (Source: iProperty.com)	70,000.00 sq. ft.	RM70,000.00	February 2025

In determining the rental value of the Kilang 1, Kilang 2, Kilang 3 and the Office, we have analysed all of the above comparables and noted that the asking rental/sq. ft. for those detached factories ranges from RM1.00/sq. ft. to RM1.20/sq. ft..

In arriving at the rental value of Kilang 1, Kilang 2, Kilang 3 and the Office, we have taken into consideration each aspect of the comparables in terms of location, size and asking rental discount. Adjustments were made to reflect the difference for other factors as stated above, to arrive at the asking rental between RM0.79/sq. ft. to RM0.94/sq. ft.. The total adjustments between the comparables ranges from -22.00% to -21.00%. The adjustments made were due to the difference in size (-2.00% -1.00%), inadequate maintenance (-10.00%) and asking price discount (-10.00%).

Laurel Cap
Trust | Integrity | Expertise

In reconciling our opinion of the rental value of Kilang 1, Kilang 2, Kilang 3 and the Office, we have placed greater emphasis on Rental 3 as it is one of the comparables with the least net adjustments made and within the same development scheme with the Kuantan Property.

With Rental 3 as the most suitable comparable, we have adopted the rental rate of **RM0.80/sq. ft.**. The total Annual Rental Value under the Income Approach by way of "Investment Method" amounts to **RM1,604,630.50 (RM133,719.21/month)**.

Yield

We have analysed the net yield of industrial factories that transacted in the surrounding area in year 2022 to 2024, which ranged from 5.67% to 10.11%, with an average net yield of about 7.52%. In adopting the capitalisation rate of 7.50% for this valuation exercise is fair reflection in arriving the Market Value of the Kuantan Property.

Void

We have taken into consideration a void allowance of 10% in arriving the Market Value for the possible future vacancies and rent-free periods. Industry standards reveal that it takes about four months to rent out an industrial property in Kuantan for a tenancy period of 3 years on average. Hence, the void period would be four months over thirty-six months which amounts to 11.11%. Therefore, we have adopted 10% as a fair and reasonable rate in arriving at the Market Value using the Income Approach by way of "Investment Method".

(C) (iii) RECONCILIATION OF VALUE FOR THE KUANTAN PROPERTY

Method of Valuation	Derivation of Value	Adopt
Cost Approach	RM12,100,000.00	RM12,100,000.00
Income Approach by way of "Investment Method"	RM11,500,000.00	

From the above valuation approaches, we have concluded that the best approach in arriving at the Market Value of the Kuantan Property is the Cost Approach. This approach is the most suitable in this instance because it is more of a reflection of the brick-and-mortar value and the Kuantan Property is purpose built for a specific industry. On hind sight, the Income Approach by way of "Investment Method" is only suitable to serve as a secondary approach (cross check), due to the dearth of actual data of rental or lease in Kuantan to establish a more accurate rental rate and yield. In addition, the rental rates and yields in the area are volatile and hence difficult to establish a consistent pattern of values as most of the industrial and commercial properties in the surrounding area are mostly owner occupiers and not for investment.

As such, the information available may skew or cause inaccuracy in deriving the Market Value of the Kuantan Property thus we have adopted the value derived using the Cost Approach.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

Laurel Cap
Trust | Integrity | Expertise

VALUATION CONCLUSION

Having taken into consideration all the relevant and pertinent factors, we are of the opinion that the **Market Value** of the grant in perpetuity and leasehold interest of the Subject Properties, in their existing physical conditions with vacant possession and subject to their titles being free from encumbrances, good, marketable and registrable is as follows: -

No.	Subject Properties	Date	Market Value	
1.	**Penang Property**	**28 February 2025**	**RM11,500,000.00**	**(Ringgit Malaysia: Eleven Million Five Hundred Thousand Only)**
2.	**Kapar Property**	**4 March 2025**	**RM48,000,000.00**	**(Ringgit Malaysia: Forty Eight Million Only)**
2.	**Kuantan Property**	**27 February 2025**	**RM12,100,000.00**	**(Ringgit Malaysia: Twelve Million One Hundred Thousand Only)**

The above Report and Valuation has been carried out by Sr Stanley Toh Kim Seng,
For and on behalf of Laurelcap Sdn. Bhd.

LAURELCAP SDN. BHD. STANLEY TOH V-927 E-2303 200801005326 (806610-U)

Sr STANLEY TOH KIM SENG
BSc (Hons) Estate Management,
MRISM, MRICS, MPEPS, MMIPFM, ICVS, MBVAM
Registered Valuer (V-927)

Note : This Report was peer reviewed by Mr Tan San Yew (Peer Reviewer) (V-607) from Laurelcap Sdn Bhd

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board, and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading.

Notwithstanding the above, all information relating to BRC was obtained from BRC or based on publicly available information. Therefore, the responsibility of our Board is limited to ensuring that such information is accurately reproduced in this Circular.

2. CONSENT AND CONFLICT OF INTEREST

2.1 Principal Adviser

UOBKH, being the Principal Adviser for the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

UOBKH has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in its capacity to act as the Principal Adviser to our Company for the Proposed Disposal.

2.2 Independent Adviser

SCA, being the Independent Adviser for the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, its IAL and all references thereto in the form and context in which they appear in this Circular.

SCA has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in its capacity to act as the Independent Adviser to our Company for the Proposed Disposal.

2.3 Independent Valuer

Laurelcap, being the Independent Valuer for the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, its Valuation Certificate and all references thereto in the form and context in which they appear in this Circular.

Laurelcap has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in its capacity to act as the Independent Valuer to our Company for the Proposed Disposal.

3. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, our Board is not aware of any other material commitments incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial results or position of our Group:-

	RM'000
Property, plant and equipment:-	
Contracted but not provided for	3,677

4. CONTINGENT LIABILITIES

Save as disclosed below, as at the LPD, our Board is not aware of any other contingent liabilities incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial results or position of our Group:-

(i) Southern Steel Rod Sdn Bhd ("**SSR**"), a wholly-owned subsidiary of our Company, is presently engaged in a tax dispute with the Ministry of Finance concerning its entitlement to exemptions under the Income Tax (Exemption) (No. 17) Order 2005 and investment tax allowance ("**ITA**") pursuant to the Promotion of Investments Act 1986. SSR applied for the ITA on 19 December 2014, which the Malaysian Investment Development Authority (MIDA) approved for the period from 13 March 2014 to 12 March 2019. However, SSR did not utilise the incentive and subsequently sought to surrender it unsuccessfully between 2020 and 2022. On 20 September 2022, the Inland Revenue Board ("**IRB**") issued additional assessments for the Years of Assessment 2016 to 2018, disallowing export-related tax exemptions and imposing liabilities totaling RM15,467,273.60. SSR petitioned the Ministry of Finance under Sections 127(3A) and 135 of the Income Tax Act 1967 to intervene, but upon receiving no response, filed for judicial review on 3 October 2022. Our Board, relying on the advice from the legal counsel, is of the view that SSR's exemptions were validly accrued and disputes the IRB's assessments as erroneous in law.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, during normal business hours between Monday and Friday (except public holidays) from the date of this Circular up to and including the date of our forthcoming EGM:-

(i) the constitution of each of our Company and SSM;

(ii) the audited consolidated financial statements of our Group for the past 2 financial years up to and including the FYE 30 June 2024 and the unaudited consolidated financial statements of our Group for the 9-month FPE 31 March 2025;

(iii) the audited financial statements of SSM for the past 2 financial years up to and including the FYE 30 June 2024;

(iv) the SPA and SHA;

(v) the valuation reports and Valuation Certificate in relation to the SSM Properties; and

(vi) the letters of consent and declarations of conflict of interest referred to in **Section 2** of this **Appendix VII**.

南達 Southern Steel Berhad

(Registration No.: 196301000443 (5283-X))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Extraordinary General Meeting ("**EGM**") of Southern Steel Berhad ("**SSB**" or the "**Company**") will be held at Level 4, Southern Steel Mesh Sdn Bhd, Batu 5, 1/2 Miles, Jalan Kapar, 42100 Klang, Selangor Darul Ehsan on Thursday, 7 August 2025 at 2.00 p.m., or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modification the following resolution:-

ORDINARY RESOLUTION

PROPOSED DISPOSAL OF 12,883,562 EXISTING ORDINARY SHARES IN SOUTHERN STEEL MESH SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF SSB ("SSM"), REPRESENTING APPROXIMATELY 55.0% EQUITY INTEREST IN SSM, BY SSB TO BRC ASIA LIMITED ("BRC" OR THE "PURCHASER") FOR A TOTAL CASH CONSIDERATION OF RM61.05 MILLION ("PROPOSED DISPOSAL")

"**THAT**, subject to the approvals from the relevant regulatory authorities and/or third parties being obtained for the Proposed Disposal, approval be and is hereby given to the Company to undertake the Proposed Disposal in accordance with the terms and conditions stipulated in the conditional share purchase agreement dated 22 April 2025 entered into between SSB and BRC (salient terms of which are set out in **Appendix I** of the circular to shareholders of SSB dated 18 July 2025 in relation to the Proposed Disposal ("**Circular**"));

THAT, the board of directors of the Company ("**Board**") be and is hereby authorised to utilise the proceeds arising from the Proposed Disposal for the purposes as set out in the Circular, and the Board be and is hereby authorised with full powers to vary the manner and/or purposes of utilisation of such proceeds in such manner as the Board may deem fit, necessary, expedient and in the best interest of the Company, subject to the approval of the relevant parties and/or authorities (where required);

AND THAT, the Board be and is hereby authorised to do all acts, deeds and things and to execute, sign and deliver or cause to be delivered, for and on behalf of the Company, all such documents as it may consider necessary and/or expedient in the best interest of the Company in order to implement, finalise and give full effect to and complete the Proposed Disposal with full power to assent to any terms, conditions, modifications and/or amendments in any manner as may be required by any relevant authorities and/or parties and as the Board may deem necessary and expedient to finalise, implement and give full effect to the Proposed Disposal."

By Order of the Board

YEOW SZE MIN (SSM PC No.: 201908003120) (MAICSA 7065735)
LOW SEOW WEI (SSM PC No.: 202008000437) (MAICSA 7053500)
TAN ROU YIING (SSM PC No.: 202508000303) (MAICSA 7072411)
Company Secretaries

Kuala Lumpur
18 July 2025

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 30 July 2025 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 2 proxies to attend, participate, speak and vote in his stead. A proxy may but need not be a member of the Company. A member who is an authorised nominee may appoint not more than 2 proxies in respect of each securities account it holds. A member who is an exempt authorised nominee for multiple beneficial owners in 1 securities account ("**Omnibus Account**") may appoint any number of proxies in respect of the Omnibus Account.*

(3) Where 2 or more proxies are appointed, the proportion 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 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or lodged electronically via email at info@sshsb.com.my, not less than 48 hours before the time appointed for holding of the meeting or adjourned meeting.

(5) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in this Notice will be put to a vote by way of a poll.

南達 Southern Steel Berhad

(Registration No.: 196301000443 (5283-X))

FORM OF PROXY

I/We, _____

NRIC/Passport/Registration No. _____ Tel No. _____

of _____

_____ Email address _____

being a member of **SOUTHERN STEEL BERHAD** ("**the Company**"), hereby appoint _____

_____ NRIC/Passport No. _____

of _____

Tel No. _____ Email address _____

*and/or _____ NRIC/Passport No. _____

of _____

Tel No. _____ Email address _____

*or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at Level 4, Southern Steel Mesh Sdn Bhd, Batu 5, 1/2 Miles, Jalan Kapar, 42100 Klang, Selangor Darul Ehsan on Thursday, 7 August 2025 at 2.00 p.m. and at any adjournment thereof.

My/Our proxy/proxies is/are to vote on a poll as indicated below with an "X":-

Resolution		FOR	AGAINST
ORDINARY RESOLUTION	Proposed Disposal		

In the event 2 proxies are appointed, please fill in the ensuing table:-

Name of proxies	% of shareholdings to be represented

*delete where not applicable

Dated this _____ day of _____ 2025

Number of shares held: _____

CDS Account No.: _____

_____

Signature(s)/Common Seal of Member

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 30 July 2025 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.

(2) If you wish to appoint other person(s) to be your proxy, insert the name(s) and address(es) of the person(s) desired in the space so provided.

(3) If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.

(4) A proxy may but need not be a member of the Company.

*(5) 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 2 proxies to attend, participate, speak and vote in his stead. A proxy may but need not be a member of the Company. A member who is an authorised nominee may appoint not more than 2 proxies in respect of each securities account it holds. A member who is an exempt authorised nominee for multiple beneficial owners in 1 securities account ("**Omnibus Account**") may appoint any number of proxies in respect of the Omnibus Account.*

(6) Where 2 or more proxies (for a member who is an exempt authorised nominee) are appointed, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointments shall be invalid.

(7) In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its duly authorised officer or attorney.

(8) The Form of Proxy must be deposited at the registered office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or lodged electronically via email at info@sshsb.com.my, not less than 48 hours before the time appointed for holding of the meeting or adjourned meeting.

(9) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in the Notice of Extraordinary General Meeting will be put to a vote by way of a poll.

1st Fold Here

AFFIX
STAMP

The Company Secretaries
SOUTHERN STEEL BERHAD
(Registration No.: 196301000443 (5283-X))
Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan

2nd Fold Here

Fold This Flap For Sealing