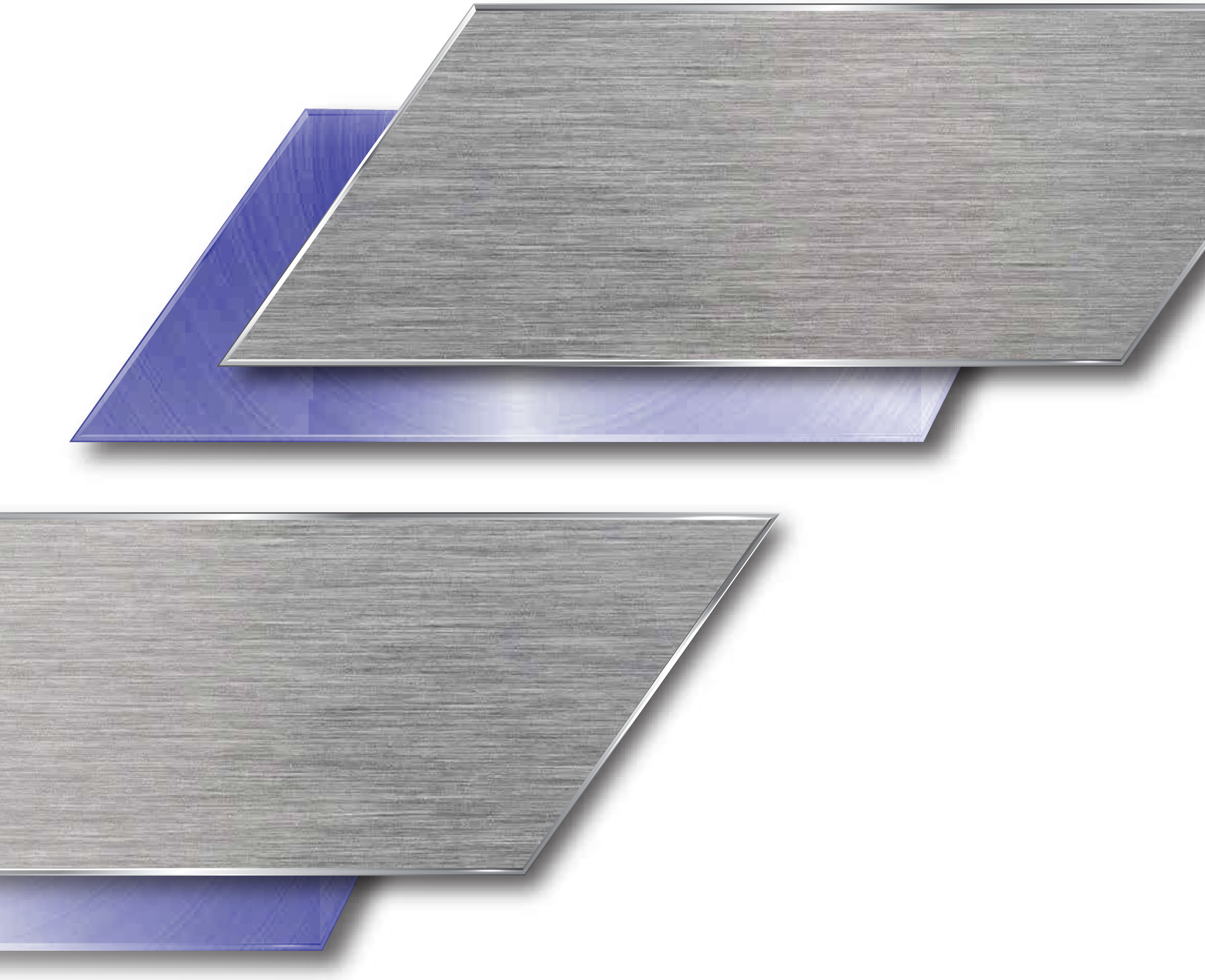
南達 Southern Steel Berhad



Annual Report **2025**

INSIDE THIS REPORT

Company Profile

Southern Steel Berhad ("SSB")

is a public listed company and its shares are traded on the Main Market of Bursa Malaysia Securities Berhad.

SSB is principally an investment holding company and is involved in the manufacturing, sale and trading of steel bars and related products, while the principal activities of its subsidiaries include the manufacturing, sale and trading in billets, steel bars, wire rods, pre-stressed concrete strands, bars and wires, steel pipes, steel wires, and other related products, as well as rental of properties and investment holding.

SSB also has two (2) associated companies that are involved in the manufacturing, sales and trading of steel, wire mesh, concrete wires, cut and bend bars, steel bars and other related products.

VISION

To be a supplier of choice achieving total customer satisfaction and enhancing shareholder value through technology driven products and continuous improvement culture

MISSION

We are committed to deliver sustainable stakeholder value through customer-centric partnerships with innovative products and solutions to co-create values in the industry

Corporate Information

BOARD OF DIRECTORS

Mr. Seah Kiin Peng
Non-Independent Non-Executive Chairman

Mr. Yeoh Choon Kwee
Group Managing Director

Mr. Zhang Cheng
Executive Director

YBhg. Dato' Tan Ang Meng
Independent Non-Executive Director

Ms. Chin Siew Siew
Independent Non-Executive Director

YBhg. Datuk Ir. Rosaline Ganendra
Independent Non-Executive Director

COMPANY SECRETARIES

Ms. Yeow Sze Min
Ms. Low Seow Wei
Ms. Tan Rou Yiing

AUDITORS

KPMG PLT.
Level 18, Hunza Tower,
163E, Jalan Kelawei,
10250 George Town,
Pulau Pinang.
Tel : 04-375 1800
Fax : 04-238 2222

SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium,
Jalan Damanlela, Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan.
Email : info@sshsb.com.my
Tel : 03-2084 9000
Fax : 03-2094 9940

REGISTERED OFFICE

Level 7, Menara Milenium,
Jalan Damanlela, Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan.
Email : info@sshsb.com.my
Tel : 03-2084 9000
Fax : 03-2094 9940

COUNTRY OF INCORPORATION/DOMICILE

A public limited liability company,
incorporated and domiciled in Malaysia

Chairman's Statement

Dear Shareholders,

The financial period under review was marked by challenging conditions in the global and domestic steel markets, with weak demand recovery, elevated raw material costs and intense pricing competition continuing to weigh on industry margins. Despite this, Southern Steel Berhad ("SSB" or "the Group") demonstrated resilience by maintaining stable operations, improving cost efficiency and strengthening its financial footing through prudent capital management. Guided by a clear strategic focus and operational discipline, the Group made notable progress in enhancing competitiveness and positioning itself for sustainable recovery amid a gradually improving economic environment.

FY2025 marked a transformative year for the Group, as we strengthened our foundation for sustainable growth and welcomed a new chapter in the Group's history.

FINANCIAL AND STRATEGIC PROGRESS

For the 15-month financial period ended 30 September 2025, the Group recorded **revenue of RM2.68 billion**, compared to **RM2.25 billion** in the 12-month financial year 2024. The increase was attributable to improved customer engagement and the extended reporting period. The Group recorded a **loss before tax of RM58 million**, consistent with the **RM58 million** in FY2024, as cost-saving initiatives offset the impact of price fluctuations.

During the period, the Group achieved significant milestones:

➢ **Repaid RM601 million in borrowings,** substantially reducing gearing, lowering finance costs, and improving overall financial flexibility;
➢ **Divested 55% of Southern Steel Mesh Sdn. Bhd. ("SSM") to BRC Asia Limited,** allowing SSB to focus on its core upstream business while leveraging BRC's downstream expertise and regional market presence;
➢ **Enhanced operational efficiency** through process optimisation, yield improvement and energy management initiatives, resulting in lower production costs and improved productivity; and
➢ **Reduced overhead expenses** through tighter cost controls, organisational streamlining, and better resource utilisation across operations

These achievements reflect disciplined execution of our strategy and underscore our commitment to sustainable and efficient growth.

COMMITMENT TO SUSTAINABILITY

Sustainability remains central to SSB's strategy. In FY2025 and for 2 years in a row, the Group received a 4-star rating in the FTSE4Good Bursa Malaysia ESG framework, underscoring our continuous progress in responsible operations, workplace safety and governance excellence. The Group remains committed to integrating ESG principles across its operations to create long-term value for stakeholders.

WELCOMING GREEN ESTEEL PTE LTD ('GREEN ESTEEL')

The Board is pleased to welcome Green Esteel as the Group's new major shareholder. Green Esteel brings with it deep industry knowledge, an extensive procurement network and strong operational expertise in steel manufacturing. This association has already delivered tangible benefits through improved raw material competitiveness, enhanced manufacturing efficiency and a renewed drive towards a performance-focused business model.

The Board looks forward to working closely with Green Esteel to accelerate the Group's growth and strengthen its position as a leading steel manufacturer in Malaysia.

APPRECIATION TO HONG LEONG MANUFACTURING GROUP ("HLMG")

On behalf of the Board and management, I wish to record our sincere appreciation to HLMG, the Group's former controlling shareholder, for its decades of stewardship, vision and commitment. HLMG's strong governance and support underpinned SSB's robust risk management and corporate governance frameworks.

OUTLOOK

While the global steel market remains competitive, Malaysia's infrastructure and industrial sectors are expected to support stable demand. The Group will continue to leverage Green Esteel's operational and procurement expertise, strengthen downstream collaborations and uphold sustainability excellence to remain resilient and competitive.

APPRECIATION

On behalf of the Board, I wish to thank our employees, valued customers, business associates, financiers, vendors, shareholders and the Government for their continued trust and support. With a renewed strategic direction and strong shareholder backing, Southern Steel Berhad is well positioned for the next phase of growth and value creation.

SEAH KIIN PENG
Non-Independent Non-Executive Chairman

Management Discussion **and Analysis**

GROUP OVERVIEW

The financial period ended 30 September 2025 ("FY2025") marked a transformational chapter in Southern Steel Berhad's ("SSB" or "the Group") history, underpinned by strategic renewal, operational improvements and strengthened financial resilience.

FY2025 was also a transitional period for the Group's ownership. SSB undertook a major corporate restructuring exercise and ushered in Singapore-based Green Esteel Pte. Ltd. ("Green Esteel") as SSB's new controlling shareholder on 14th January 2025. Green Esteel brings along deep knowledge of the global steel industry, a wide procurement network and extensive operational expertise. This strategic partnership has provided the Group with a competitive edge in raw material sourcing, production efficiency and operational excellence, paving the way for SSB's long-term growth and competitiveness.

Another major breakthrough in FY2025 was the settlement of a long outstanding commercial dispute with Danieli Italy arising from an investment in Southern HRC. After more than 6 years of litigation, subsequent negotiations finally resulted in an amicable resolution. SSB received about RM203 million in cash as part of this important settlement, which allowed SSB to channel its resources and efforts to focus on its core operations.

During the period, SSB made strong progress in restoring its financial health through the repayment of approximately RM601 million in borrowings from receipts brought in from the corporate exercise and the settlement agreement with Danieli Italy. This has significantly strengthened our balance sheet. The Group also completed the divestment of a majority stake in Southern Steel Mesh Sdn. Bhd. ("SSM") to BRC Asia Limited, a regional leader in steel reinforcement solutions, allowing SSB to leverage on BRC's downstream expertise while refocusing on its core steel manufacturing business.

Operationally, the Group continued to pursue production efficiency enhancement and market expansion. The introduction of various new initiatives helped strengthen customers relationships, reduce operational cost and support sales growth. Together, these initiatives reinforce SSB's performance-driven strategy, ensuring agility and resilience in an increasingly competitive steel market.

Management Discussion and Analysis
(Cont'd)

INDUSTRY REVIEW

The global steel industry in 2025 remained volatile, shaped by fluctuating steel and raw material prices, uneven demand recovery and rising energy costs. Geopolitical uncertainties and the ongoing trade war between the United States and China continue to weigh down the industry. Nonetheless, the ASEAN region continued to show steady demand supported by public infrastructure development and industrial growth.

In Malaysia, the steel sector operated in a challenging yet gradually stabilising environment, supported by steady domestic demand and ongoing industrial activity. While margins remained under pressure from high input costs and competition, the New Industrial Master Plan 2030 (NIMP 2030) continued to drive the sector toward value-added, sustainable and technology-driven growth. In line with this national agenda, the Group remained focused on efficiency, sustainability and financial discipline, reinforcing its position as a resilient and forward-looking player in Malaysia's steel industry.

OPERATIONAL REVIEW

Under the stewardship of Green Esteel, SSB intensified its operational improvement programmes. The Group's manufacturing facilities focused on optimising production yield, enhancing energy efficiency and strengthening maintenance and shopfloor discipline. Various energy improvement initiatives and waste reduction projects have also been undertaken in line with the Group's drive for a sustainable operation.

Key operational highlights include:

- Improved procurement efficiency through Green Esteel's global sourcing network, securing raw materials at competitive prices and improving cost position.
- Higher production efficiency and yield, supported by real-time monitoring systems and enhanced process controls.
- Improved product quality and reliability, reinforcing SSB's reputation for consistent performance and delivery.

The Group's focus on efficiency and productivity has translated into measurable gains in operational performance and cost competitiveness, strengthening its ability to respond to market challenges.

FINANCIAL PERFORMANCE REVIEW

SSB changed our financial year-end from June to September in FY2025, covering a 15-month financial period compared to 12 months in FY2024.

The Group recorded a revenue of RM2.68 billion, an increase from RM2.25 billion in FY2024, driven by higher sales volume and an extended reporting period.

The Group recorded a loss before tax of RM58 million, compared to a loss of RM58 million in FY2024, reflecting stablised performance amid challenging market conditions, volatile input prices and higher utility costs.

A key achievement in FY2025 was the significant reduction in debt levels following the repayment of RM601 million in borrowings. The corporate share placement exercise in January 2025 brought in RM380 million in cash while another RM203 million was received from the settlement agreement with Danieli Italy in November 2024. Total borrowings as at 30 September 2025 stood at RM271 million, substantially lower than RM872 million as at 30 June 2024. The reduced debt load translated into lower finance costs, improved gearing and a healthier balance sheet, providing greater flexibility for future strategic initiatives.

Overall, FY2025 marked a period of financial stabilisation and structural strengthening, setting a solid foundation for long-term growth.

STRATEGIC DEVELOPMENTS

Divestment of Southern Steel Mesh (SSM)

The divestment of a 55% majority stake in Southern Steel Mesh Sdn. Bhd. ("SSM") to BRC Asia Limited was successfully completed during the financial period. This transaction represents a key milestone in SSB's strategic portfolio realignment and underscores the Group's commitment to focus on its core upstream and midstream steel manufacturing operations.

Through this divestment, SSB was able to unlock shareholder value from a non-core business segment, enhance capital efficiency, and redeploy resources towards higher-return and strategic initiatives within its main manufacturing operations.

Management Discussion and Analysis
(Cont'd)

STRATEGIC DEVELOPMENTS (cont'd)

Divestment of Southern Steel Mesh (SSM) (cont'd)

Importantly, the transaction established a long-term strategic partnership with BRC Asia, one of the region's leading steel reinforcement solutions providers. This collaboration provides SSB access to BRC Asia's extensive downstream expertise, advanced production technologies and established distribution network in Singapore and the broader Asia-Pacific region.

The partnership is expected to create mutual synergies, including:

- Joint exploration of value-added steel products to cater to the evolving needs of the construction and industrial sectors;
- Potential supply-chain collaboration to improve operational efficiency and market reach; and
- Opportunities to leverage shared technical knowledge and innovation in wire mesh and steel reinforcement solutions.

Overall, the divestment of SSM represents a strategic and forward-looking move that allows SSB to sharpen its operational focus, strengthen its core manufacturing capabilities, and position itself more competitively in the regional steel value chain while continuing to benefit from downstream collaboration with an established industry leader.

Temporary Cessation of Steelmaking operation

In April 2025, the Company temporarily ceased operation at its steelmaking plant. This facility was installed more than 35 years ago, and although it was upgraded over the years and remained functional, the increasing cost made keeping it operational untenable. In line with the New Industrial Master Plan (NIMP) 2030 which seeks to embrace technology and digitalization to drive innovation, enhance productivity and decarbonise the manufacturing sector to achieve net zero by 2050, SSB plans to undertake a major upgrading of its steelmaking facility by incorporating the advanced automation and technology. These initiatives will enable SSB to further reduce energy consumption and greenhouse gas emissions, thereby maintaining its position as a low GHG emitter within iron and steel industry.

In the interim period, SSB will import semi-finished steel billets to be rolled in its two rolling mills to produce steel reinforcement bars and wire rods for the construction and industrial sectors. SSB continues to value-add by constantly improving our rolling mill processes to boost productivity and reduce cost. We are also actively implementing initiatives focused on energy management, water security and waste reduction to strengthen our operational resilience.

SUSTAINABILITY AND ESG EXCELLENCE

Sustainability remains central to SSB's operations and corporate culture. In FY2025, the Group achieved an improved FTSE4Good Bursa Malaysia ESG Score over FY2024 and received a 4-star rating. This reflects our commitment and strong performance across environmental, social and governance dimensions. In addition, SSB is honoured to receive a Gold award by The Edge for the "Most Improved ESG Performance Over Three Years" in the Bursa Malaysia RM300 million to RM800 million market capitalization category.

Key sustainability highlights include:

- Environmental: Reduction in GHG emission intensity, and water usage, increased use of recycled content in steelmaking and continued compliance with applicable water and air emission standards.
- Social: Continuous safety training and employee engagement programmes to foster a resilient workforce.
- Governance: Strengthened oversight by the Board Sustainability Committee, enhanced transparency and improved stakeholder reporting in line with Bursa Malaysia requirements.

SSB continues to expand its portfolio of environmentally friendly products under the Product Eco-Labelling Scheme of SIRIM QAS International and the MyHIJAU Mark, issued by the Malaysian Green Technology and Climate Change Corporation (MGTC). In FY2025, the Group successfully obtained Product Eco-Labelling certificates and MyHIJAU Mark for two steel products of Southern PC Steel (SPC). Additionally, six steel pipe products of Southern Pipe Industry Malaysia (SPIM) were certified with Product Eco-Labelling certificates.

These achievements demonstrate SSB's commitment to responsible operations and align with national sustainability goals outlined in the Steel Industry Roadmap 2025.

APPRECIATION TO HLMG

SSB extends its sincere appreciation to Hong Leong Manufacturing Group for its decades of stewardship and unwavering support. Their strategic leadership, sound governance and commitment to sustainable growth have been instrumental in guiding SSB through periods of challenges as well as transformation. The strong culture and legacy of HLMG built a solid foundation of operational excellence and integrity for SSB, setting the stage for its next phase of growth.

Management Discussion and Analysis
(Cont'd)

OUTLOOK

While the global steel market remains competitive and cyclical, Malaysia's proposed infrastructure development and manufacturing investments are expected to underpin steady domestic demand.

Moving forward, the Group's key priorities include:

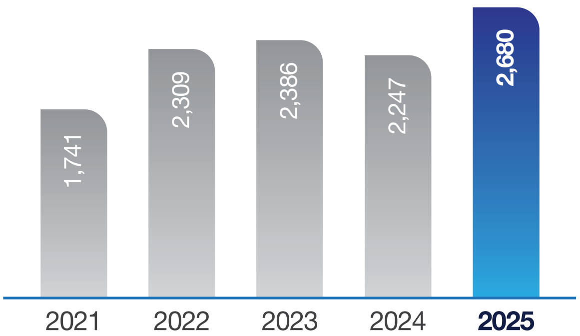
1. Leveraging on Green Esteel's operational and procurement expertise to sustain cost leadership and production efficiency.
2. Strengthening downstream collaboration to expand value-added offerings and market presence.
3. Advancing automation and digitalisation to improve process efficiency and data-driven decision-making.
4. Enhancing ESG performance to maintain strong stakeholder confidence and sustainable long-term growth.

SSB remains confident that its solid operational base, prudent financial management and sustainability-driven strategy will enable it to create enduring value for all stakeholders.

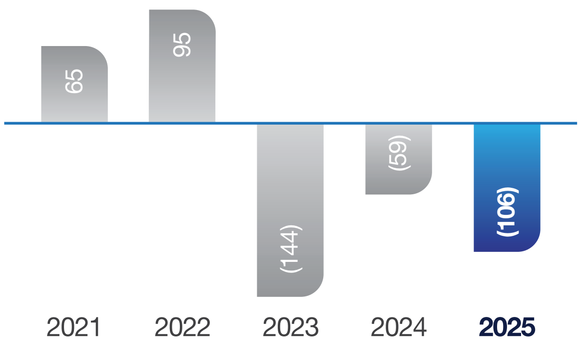
Group Financial **Highlights**

RM'million	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue	1,741	2,309	2,386	2,247	**2,680**
Profit/(Loss) before taxation from continuing operations	65	95	(144)	(59)	**(106)**
Profit/(Loss) from a discontinued operation	(18)	(188)	(6)	1	**48**
Profit/(Loss) before taxation	47	(92)	(149)	(58)	**(58)**
Profit/(Loss) attributable to owners of the Company	48	(95)	(141)	(56)	**(60)**
Exceptional items	-	176	-	-	**-**
Net earning/(loss) per share (sen)	8.04	(15.91)	(23.72)	(9.37)	**(5.44)**
Net dividend per share (sen)	-	-	-	-	**-**
Total equity	732	637	631	574	**891**
Total assets	2,354	1,989	1,927	1,846	**1,411**
Capital expenditure	10	12	14	4	**7**

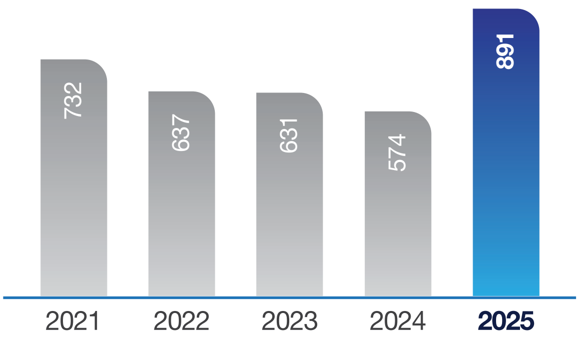
REVENUE
(RM'million)



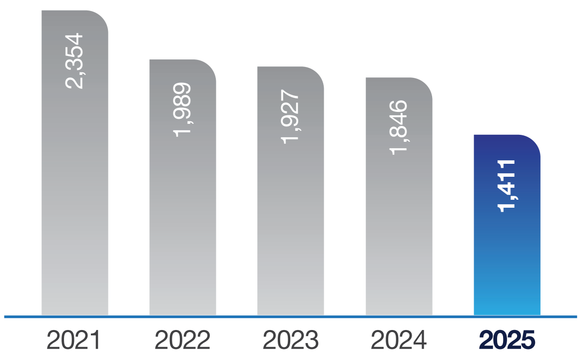
PROFIT/(LOSS) BEFORE TAXATION FROM CONTINUING OPERATIONS
(RM'million)



TOTAL EQUITY
(RM'million)



TOTAL ASSETS
(RM'million)



Sustainability **Statement**

Sustainability Statement
(Cont'd)

1.0 ABOUT THIS REPORT

1.1 Message from Group Managing Director

Dear Stakeholders,

Financial year 2025 marks a pivotal chapter in Southern Steel's journey as we navigate the evolving complexities of our business landscape amid undergoing a major corporate restructuring, resulting in a change of our controlling shareholder to Green Esteel and ushering in a new phase of transformation and strategic direction. We would like to extend our sincere appreciation to the Hong Leong Manufacturing Group for its decades of stewardship, unwavering support and contribution, which laid a strong foundation and culture of excellence for Southern Steel.

As part of this transition, Southern Steel strategically disposed of 55% equity interest in our wholly-owned subsidiary, Southern Steel Mesh to BRC Asia, a market leader in construction steel solutions based in Singapore.

We remain steadfast in our commitment to our core values and responsibilities, guided by the principles of Environmental, Social, Economic and Governance ("ESEG"). The FY2025 Sustainability Report serves as a platform to communicate our progress, performance, and ongoing ESEG commitments to our stakeholders.

Southern Steel is proud to share that our FY2024 Sustainability Report achieved a 4-star rating from FTSE Russell, assessed in accordance with its ESG Ratings Methodology. We are also happy to inform that this is the second year in a row Southern Steel received 4-star for our Sustainability Report. Additionally, we are honoured to receive a Gold award by The Edge for the "Most Improved ESG Performance Over Three Years" in the Bursa Malaysia RM300M to RM800M market capitalization category. These recognitions reflect our persistence and resilience in embedding ESEG principles into our operations. It also marks our evolution from an ESEG beginner to a more matured and confident practitioner. This progress underscores our growing commitment to sustainability and responsible governance.

We attribute this achievement to strong ESEG leadership, continuous dedication, and the unwavering support of our shareholders, board, executive team, and employees. These are vital elements as we continue our sustainability journey.

Our people remain the cornerstone of our success. We are dedicated to fostering a diverse, inclusive, and equitable workplace where every team member feels valued and respected. Building internal ESEG capabilities is a key priority to foster a culture of sustainability and ethics across the Group. Through active learning, knowledge sharing, and collaborating as a team, we aim to accelerate progress and deliver meaningful outcomes.

Our ESEG commitment extend across our value chain. We promote ESEG awareness among our business associates through communication and surveys, and we broaden our social initiatives beyond our workforce to include meaningful contributions to surrounding communities. We continue to support education, health and welfare programs that drive positive change.

As part of our environmental stewardship efforts, we are expanding our portfolio of environmentally friendly products under the Product Eco-Labelling Scheme of SIRIM QAS International and the MyHIJAU Mark, issued by the Malaysian Green Technology and Climate Change Corporation (MGTC).

Our commitment to ESEG is not just a strategic priority, it is a moral imperative. We believe that by integrating ESEG principles into our business strategy, we can create lasting value for our stakeholders and contribute to a better, more sustainable world. Together, we can make a meaningful impact and drive Southern Steel toward a prosperous and responsible future.

Mr. Yeoh Choon Kwee
Group Managing Director

Sustainability Statement
(Cont'd)

1.2 Our Business and Value Chain

Southern Steel Berhad (the "Company"), established in 1963, primarily involved in the manufacturing, selling, and trading of steel related products. The Company and its subsidiaries (the "Group") produce a variety of steel products including billets, wire rods, mild steel round bars, high yield deformed bars, steel pipes, steel welded wire mesh, and prestressed concrete strand and wires. These products find applications in various industries such as construction, infrastructure, manufacturing, and engineering. The Group also operates steel fabrication centres, offering customised cutting and bending services of steel bars for construction needs.

In April 2025, the Company temporarily ceased operation at its steelmaking plant with the aspiration to undertake a major upgrading by incorporating the latest technology which can further reduce the energy consumption and consequently, the greenhouse gas emissions in billet production.

In August 2025, the Company has strategically disposed of a portion of its equity interest in one of its subsidiaries, Southern Steel Mesh (SSM) to BRC Asia, an established steel solutions provider in Singapore. As a result, SSM has ceased to be a wholly-owned subsidiary, with the Company's shareholding reduced from 100% to 45%. The divestment is anticipated to drive SSM's growth by leveraging BRC Asia's industry expertise and market presence, thereby creating long-term value for the Company.

This temporary cessation of steelmaking operation in the Company and divestment of equity interest in SSM have led to the exclusion of steel billets, steel welded wire mesh, and cut and bend steel bars from the Group's portfolio of steel products.

Malaysia is the Group's primary market, with a relatively modest volume of exports to countries such as the United States, Australia, and various nations in South-East Asia.

The Group is located in Malaysia with key business activities as listed below: -

Business activity	Location
Manufacture and sale of steel billet, wire rod, and steel bars	Prai
Manufacture and sale of steel welded pipe	Butterworth Nibong Tebal
Manufacture and sale of prestressed concrete strand and wire	Shah Alam
Manufacture and sale of steel welded wire mesh, and cut and bend bar	Prai, Klang and Rawang

Sustainability Statement
(Cont'd)

The Group relies on various upstream and downstream resources and entities to consistently produce a variety of steel products and supply them to various industries such as construction, infrastructure, manufacturing, and engineering. This includes key raw materials suppliers, transportation, distributors, and customers. The Group's key upstream and downstream value chain and relationships are summarised as below:-

<table>
<tr><th></th><th></th><th>Description</th><th>Geographical location</th></tr>
<tr><td rowspan="6">Upstream value chain</td><td>Material supply</td><td>1. Steel scrap collectors and traders*
2. Steel billet manufacturers
3. Wire rods manufacturers
4. Steel bar manufacturers**
5. Hot rolled coils manufacturers</td><td>Malaysia
Malaysia, China, Indonesia
Malaysia, China
Malaysia
Malaysia, China</td></tr>
<tr><td>Supporting material supply</td><td>6. Alloy and fluxes suppliers*
7. Refractory suppliers*
8. Rolls suppliers
9. Die suppliers</td><td>Malaysia, Singapore, China, India
Malaysia, Asia, Europe
China
Malaysia, China</td></tr>
<tr><td>Energy supply</td><td>10. Electricity energy provider
11. Natural gas supplier</td><td>Malaysia
Malaysia</td></tr>
<tr><td>Water supply</td><td>12. Municipal portable water</td><td>Malaysia</td></tr>
<tr><td>Inbound transportation</td><td>13. Local and international logistic, mainly sea and road transportation</td><td>Malaysia and Global</td></tr>
<tr><td>Technology supply</td><td>14. Plant/equipment supplier</td><td>Malaysia, Europe, China</td></tr>
<tr><td rowspan="6">Own operations</td><td>Product manufacturing</td><td>15. Steel billets manufacturing*
16. Steel bars and wire rod manufacturing
17. Prestressed concrete wire and strand manufacturing
18. Steel welded mesh manufacturing**
19. Steel cut and bend services**
20. Steel pipe manufacturing</td><td>Malaysia
Malaysia
Malaysia
Malaysia
Malaysia
Malaysia</td></tr>
<tr><td>Waste and Pollution management</td><td>21. Handling of non-hazardous and hazardous waste
22. Control and reduce pollutant emissions</td><td>Malaysia
Malaysia</td></tr>
<tr><td>Sourcing</td><td>23. Procure material for production</td><td>Malaysia</td></tr>
<tr><td>Distribution</td><td>24. Products local and international sales
25. Customer complaint and services</td><td>Malaysia
Malaysia</td></tr>
<tr><td>Supporting function</td><td>26. Corporate services such as HR, Finance, Legal & Compliance, Sustainability, IT & Security, etc</td><td>Malaysia</td></tr>
<tr><td>Employees</td><td>27. Health and safety</td><td>Malaysia</td></tr>
<tr><td rowspan="4">Downstream value chain</td><td>Distributors</td><td>28. Distribution of construction products to sites through distributors & agents</td><td>Malaysia, United States, Singapore, Australia, New Zealand, Philippines</td></tr>
<tr><td>Customers & subsidiaries</td><td>29. Distribution of construction and industrial products to subsidiaries and customers</td><td>Malaysia and Global</td></tr>
<tr><td>Outbound transportation</td><td>30. Steel products distribution by road and sea for local and export market</td><td>Malaysia and Global</td></tr>
<tr><td>Waste management</td><td>31. Recycle, reuse, recovery, or disposal of non-hazardous and hazardous waste</td><td>Malaysia</td></tr>
</table>

Note: * *Ceased after March 2025, following temporary cessation of EAF operation*
** *Excluded after July 2025 following the Group's disposal of equity in SSM*

The Group's other business relationships are primarily driven by its investments in associates. It remains steadfast in upholding its core values of excellence, integrity, and innovation. With a strong foundation and forward-looking mindset, the Group positions itself to seize emerging opportunities, navigate challenges and drive sustainable growth in the dynamic business landscape of Malaysia and beyond.

1.3 Memberships and Associations

The Group is affiliated with the following associations and actively engages as senior leaders, representatives, and committee members.

Industry Association	Functions	Key Personnel	Role
Malaysian Iron and Steel Industry Federation (MISIF)	MISIF's primary mission is to assist and support members in carrying out their business efficiently and successfully. One of the major services is representation to government of members' problems and concerns through submission of papers and memoranda, direct meetings and dialogues with the relevant Ministries, departments, or agencies.	Mr Yeoh Choon Kwee Mr Cheong Khai Kong Mr Ooi Peng Yeow	Deputy President II Chairman, Working Committee for Conference & Promotion Vice President I Chairman, Working Committee for Energy & Utilities Council Member Chairman, Working Committee Statistical Review
Malaysia Steel Council (MSC) – Technical Committee [an agency under the Ministry of Investment, Trade and Industry (MITI)]	MSC is a consultative body that addresses key issues and drive the steel industry's development. Its role encompasses strategic planning, policy recommendations, and facilitating collaboration within the steel sector.	Mr Yeoh Choon Kwee Mr Cheong Khai Kong	MISIF representative in MSC Technical Committee MISIF representative in MSC Technical Committee & MSC Working Group
South East Asia Iron and Steel Institute	The Technical Committee ascertains and resolves the technical direction and specific activities of the Institute.	Mr Tang Siew Chuan	Technical Committee Member – Malaysia
Department of Standard Malaysia – Industrial Standards Committee (National Standard Committee)	The Malaysia National Standards Committee (NSC) plays a crucial role in standardizing and accrediting various aspects of Malaysian industry and consumer products to ensure quality, safety, and competitiveness.	Mr Yeoh Choon Kwee Alternate Mr Ong Tong Yew	NSC D - Building, Construction and Civil Engineering

Sustainability Statement
(Cont'd)

1.4 Reporting Boundary

Reporting Entity

This report covers the financial year period from 1 July 2024 to 30 September 2025 ("FY2025"). The entities, assets and operations included in this Sustainability Statement are the same as those included in the Group's 30 September 2025 Financial Statement.

During the reporting period, there have been changes to the controlling shareholder, reporting scope, and financial year-end compared to the previous year. The key changes are as follows:

1. The controlling shareholder of the Group has been changed from Hong Leong Manufacturing Group to Green Esteel Pte Ltd in January 2025.
2. As of 1 April 2025, steelmaking plant at SSB Prai has temporarily ceased operation to undertake a major upgrading. Consequently, the data related to steelmaking is reported up to 31 March 2025.
3. In August 2025, the Group strategically disposed of 55% of its equity interest in its subsidiary, Southern Steel Mesh Sdn Bhd (SSM). As a result, SSM became an associate company of the Group. Accordingly, data for SSM is reported up to 31 July 2025 and SSM is excluded from subsequent identification of sustainability-related and climate-related risk and opportunities in this report.
4. The Group's financial year-end has been changed from 30 June to 30 September, effective FY2025. As a result, FY2025 Sustainability Statement covers a 15-month period.

Additionally, for all selected indicators that have only recently begun to be tracked, the reporting duration will be specified within this report. All initiatives and performance data disclosed herein are derived from our operating manufacturing divisions, as listed below:

Company	Division	Location	Abbreviations	Information considered and included
Upstream:				
Southern Steel Berhad	• Steel bar • Wire rod • Billet*	Prai	SSB	Cover 15-month period of the sustainability information
Downstream:				
Southern Pipe Industry (M) Sdn Bhd	Steel welded pipe	• All sites • Butterworth • Nibong Tebal	• SPIM • SPIM Butterworth • SPIM Nibong Tebal	Cover 15-month period of the sustainability information
Southern Steel Pipe Sdn Bhd	Steel welded pipe	• Butterworth	• SSP	Cover 15-month period of the sustainability information
Southern Steel Mesh Sdn Bhd**	• Wire mesh • Cut & bend bar	• All sites • Prai • Klang • Prai • Rawang	• SSM • SSM Mesh Prai • SSM Mesh Klang • SSM C&B Prai • SSM C&B Rawang	Sustainability information reported up to 31 July 2025
Southern PC Steel Sdn Bhd	Prestressed concrete strand and wire	• Shah Alam	• SPC	Cover 15-month period of the sustainability information

Notes:

* *Data is reported up to 31 March 2025, following temporary cessation of EAF operation*

** *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary*

Reporting Boundary for GHG Emissions

The Group uses the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard (2004) to quantify its GHG emissions, and the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) to disclose Scope 3 emissions. There are 15 Scope 3 categories; the Group will disclose two: Category 7 (Employee Commuting) and Category 6 (Business Travel).

The reporting boundary covers both the organisational and operational boundaries. The Group applies the operational control approach to define its organisational boundary for GHG emissions reporting. Scope 1 covers direct emissions from sources owned or controlled by the Group. Scope 2 covers emissions from purchased electricity, and Scope 3 covers other relevant indirect emissions.

1.5 Reporting Standards

The Group's FY2025 sustainability report has been prepared with reference to the following guidelines and standards:

- Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- Bursa Malaysia's Sustainability Reporting Guide and Illustrative Guide
- FTSE4GOOD Bursa Malaysia ESG Indicators
- ACSR – Illustrative Sustainability Report for the Construction Sector Based on the IFRS (Draft)
- United Nations Sustainable Development Goals (SDGs)
- Global Reporting Initiative (GRI) Standards
- Task Force on Climate-Related Financial Disclosures (TCFD)
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information
- IFRS S2 Climate-Related Disclosures
- IFRS S2 Industry-based Guidance on Implementing Climate-related Disclosures (Iron & Steel Producers)
- Iron & Steel Producers - SASB Sustainability Accounting Standard

This report also reflects the Group's activities in relation to these standards and frameworks:

- ISO 9001 Quality Management System
- ISO 45001 Occupational Health and Safety Management System
- ISO 14001 Environmental Management System
- ISO 37001 Anti-Bribery Management System
- ISO 50001 Energy Management System
- ISO 31000 Risk Management
- ISO 14404 Calculation Method of Carbon Dioxide Emission Intensity from Iron and Steel Production
- Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard (2004)
- GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)
- Other applicable standards

Additionally, the Group conducts its business responsibly and fairly, upholding the corporate values defined in its Code of Conduct and Ethics, which sets high standards of professionalism, ethics, and integrity for all employees.

1.6 Judgement and Measurement Uncertainties

In preparing this report, the Group has exercised judgement, including but not limited to, the identification of sustainability-related and climate-related risks and opportunities, determination of material information for disclosure, and presentation of forward-looking content. The most significant judgement and high degree of measurement uncertainties are outlined as below:

		Description
Judgement	Materiality assessment	The Group exercised significant judgment in identifying sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, determining material information for disclosure, and assessing its potential financial impact and the influence on decisions of primary users. Judgment was also applied in selecting relevant industry-specific SASB metrics that were relevant to the Group's reporting.
	GHG emissions calculation	The Group has applied judgment in selecting the most appropriate calculation methods to quantify Scope 3 GHG emissions, based on the availability and quality of data.
Measurement Uncertainties	Climate related physical risks	Estimating and forecasting the impact of climate-related physical risks involves significant uncertainty due to scenario-based analysis, limited granular data, and the long-time horizons over which such risks may emerge.
	Climate related transition risks	Estimating and forecasting the impact of climate-related transition risks involves significant uncertainty due to evolving regulations, shifting market expectations, scenario-based analysis, limited granular data, and long-time horizons over with a wide range of potential outcomes and financial impacts.
	GHG related metrics	The related disclosed metrics are subject to inherent uncertainty due to reliance on activity data and emission factors provided by third parties.

1.7 Policy and Commitment

Description

Policies are frameworks that guide decision-making processes, establish rules and procedures, and ensure compliance with laws and regulations. The Group believes that policies are important to ensure all activities undertaken in the Group are consistent with our culture, values, and goals. Policies also help to make sure that all employees are on the same page and know what they are expected to do.

Our Approach

The Group has in place a set of policies to ensure consistent practices that meet our business goals and objectives while mitigating unforeseen risks. The Group adopted procedures guided by the Hong Leong Manufacturing Group (HLMG) policies, followed by SSB Group's policies, starting from Q3 of FY2025.

Common policies are communicated and cascaded down to the employees via intranet, e-training portal and notice boards. Key policies are also available on the Group's website for stakeholders and the public to view at any time.

The policies are reviewed and approved by the Group's Management Committee and / or Board of Director at a predefined interval. This review process ensures that the policies remain current and are capable of achieving the desired outcomes.

Some of the policies of the Group are as below: -

- Anti-Bribery and Corruption Policy Statement
- Anti-Bribery and Corruption Policy
- Code of Ethics for Company Directors
- Code of Conduct and Ethics for Employees
- Supplier Code of Conduct and Ethics
- Directors' Fit and Proper Policy
- Energy Policy Statement
- Environmental Policy Statement
- Labour Standards Statement
- Occupational Health and Safety Policy Statement
- Quality Policy Statement
- Group Privacy Notice
- Sustainability Policy Statement
- Whistleblowing Policy
- Gifts and Entertainment Policy
- Information Security Policy
- Human Resources Policy
- Finance Policy
- Risk Management Policy
- Self-Declaration Policy
- Tender Policy
- Donation Policy
- Standard Service Level Terms and Conditions

Our Commitment

a) Adherence to Policies

As a responsible steel corporation, the Group has incorporated sustainability into our business strategies and decisions to enhance resilience. We are committed to adhering to our policies, strengthening our foundation through internationally recognised management systems, and keeping up with the pace of sustainable development, in addition to observing the laws of Malaysia and complying with regulatory requirements.

The Group aspires to pursue our sustainability journey by integrating responsible practices in all aspects of our operations to meet our present needs for profitable growth and enhance long-term value of our stakeholders. We take cognisance of the importance of protecting the environment to foster a sustainable future for generations to come.

Our commitment to governance, economy, environmental and social principles is outlined in our Sustainability Policy Statement. The Group also recognises the importance of climate change and aims to contribute to its mitigation by monitoring and reducing our GHG emissions, thereby reducing our environmental footprint, as stated in our Environmental Policy Statement.

b) Support Sustainable Development Goals ("SDGs")

The Group is endeavouring to contribute to achieving a better and more sustainable future for all.

c) Continuously Acquire Sustainability and Climate Related Knowledge

The Group aspires to stay at the forefront of sustainability and climate-related knowledge and skills. We actively send our representatives to attend insightful seminars and webinars hosted by organizations such as the Federation of Malaysian Manufacturers (FMM), the Malaysia Iron and Steel Industry Federation (MISIF), Bursa Malaysia, KPMG Malaysia, and PwC Malaysia.

Sustainability Statement
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d) Participate in Climate Change Mitigations

SSB as the biggest GHG emitter within the Group, also participated and become a part of the global effort to mitigate climate change by:

- Voluntarily contributing data for the feasibility study to upgrade Malaysia Iron and Steel GHG data inventory from tier 1 to tier 2.
- Actively participating in developing value-added applications for waste generated by iron and steel industry in National Circular Economy Council meetings.
- Participating as a working group committee member in developing eco-labelling criteria for ferrous products.
- Signing up as an official supporter of the TCFD since 2023.
- Contributing information via MISIF for the preparation of BTR.

e) Sustainability KPI-Linked Remuneration for GMD and Senior Management

The Group recognises the importance of sustainability factors in shaping our long-term success. We believe that aligning our metrics and targets with executives' remuneration, especially for the senior management, will not only keep us on track for sustainable growth but also demonstrate our commitment to sustainable business practices.

Our Sustainability KPI-linked remuneration aligns the compensation of senior management, including the GMD, with our metrics and targets. The sustainability targets have been adopted as part of their KPIs for the reporting year and are included in their performance evaluation.

f) ESG Targets

The Group affirms its commitment to sustainable steel manufacturing. In alignment with this objective, a set of KPI-linked ESG targets has been established to guide and measure progress across the Group's sustainability initiatives.

No	Topic	Company	Location	Target	Timeframe
1	Response to Climate Change	SSB	Prai	Reduce upstream (SSB) GHG emission intensity (scope 1 + scope 2) by 12% from 0.56 tCO2e/tsteel to 0.49 tCO2e/tsteel	FY2022 to FY2025
2		SPC	Shah Alam	Reduce downstream (SPC) GHG emission intensity (scope 1) by 30% from 0.023 tCO2e/tsteel to 0.016 tCO2e/tsteel	FY2022 to FY2025
3		The Group	All sites	Scope 3 emission. Build data inventory for category 6 – Business travel	FY2024 to FY2025

No	Topic	Company	Location	Target	Timeframe
4	Air Emission	SSB	Prai	Reduce pollutants emission by deploying effective control and monitoring measures to ensure compliance to standard	FY2006 to FY2028
5				Control the emissions rate from the reheating furnace at the level of 30% below the limit stated in the regulations	FY2021 to FY2025
6	Water	SSB	Prai	Reduce water use by 70 megalitres	FY2020 to FY2025
7	Circular Economy and Resources	SSB	Prai	Enhance circularity through maximisation of steel scrap usage in EAF whilst ensuring product quality meets customers' requirement	FY2021 to FY2025
8		SSB	Prai	Recycled content of >85% in steel making	FY2021 to FY2025
9	Waste Management	The Group	All sites	Maximise material circularity by implementing waste recycling, reuse and recovery to minimise resource consumption	FY2021 to FY2025
10		The Group	All sites	Total waste that is directed to disposal at a maximum of 3%	FY2021 to FY2025
11		SSB	Prai	Closing inventory of EAF dust at a maximum of 15mt	FY2021 to FY2025
12	Safety	The Group	All sites	Target LTIR below 1.00	FY2023 to FY2025

1.8 Key Sustainability Highlights

The Group's sustainability highlights for FY2025 reflect the collective efforts and progress made toward building a more sustainable future. While challenges remain, these achievements serve as a source of inspiration and motivation to continue advancing toward a balanced and responsible coexistence with the Earth.

100%
Sites certified to ISO 37001 since year 2021

100%
Sites certified to ISO 14001 and ISO 45001

100%
Declaration rate for half-yearly Gift and Entertainment Declaration exercise

5 times
Anti-Bribery Risk Register assessment

100%
of companies reviewed

Zero
Cost of fines, penalties/settlements related to corruption

Zero
Substantiated complaint on breaches of customer privacy and customer data loss

Sustainability **Statement**
(Cont'd)

Non-Hazardous Steel
SIRIM ECO 032:2020
License No.: EL000245

Non-Hazardous Steel
SIRIM ECO 032:2020
License No.: EL000246

Non-Hazardous Steel
SIRIM ECO 032:2020
License No.: EL000250

MyHijau Mark

2 products of SPC
Certified with SIRIM Eco-Labelling Scheme and attained MyHIJAU Mark

6 products of SPIM
Certified with SIRIM Eco-Labelling Scheme

ESG Assessment
Conducted on 345 vendors

↓20%
Upstream GHG emissions intensity against baseline

↓39%
Downstream (SPC) GHG emissions intensity against baseline

Scope 3
Disclosure for both upstream and downstream employee commuting

50% or lower
than the regulation's air emission limit

1 completed
Water management project

10 completed
Energy saving projects

128kWh (upstream) 395kWh (downstream)
Annualised energy savings per employee

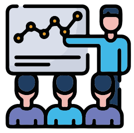
125 Megaliters
Cumulative reduction in water use since FY2020

Zero
Water quality/quantity, standards and regulations non-compliance incident

96.1%
Recycled content used in EAF

0.9%
Waste directed to disposal

Zero
Discrimination, harassment or violation of child labour or forced labour case



15,553 hours
Trainings to employees

1,490 Staff
Trained in health and safety standards

Zero
Fatality case

RM42,852
Community investment

496 employees & 806 hours
Participation in various CSR projects

2,814
No of beneficiaries

3 programs
For the underprivileged

22 Bintangor trees
Planted in conjunction with World Environment Day 2025

2.0 MATERIAL SUSTAINABILITY ISSUES

2.1 Stakeholder Engagement

Description

The Group is committed to fostering trust and confidence through consistent, timely, and meaningful engagement with its stakeholders. It actively seeks to understand stakeholder needs and expectations, values their feedback and concerns, and promotes continuous improvement and collaboration. This commitment is embedded in a structured Stakeholder Engagement process designed to ensure transparency and accountability.

Our Approach

The Group adopts an inclusive, transparent, and responsive approach to stakeholder engagement. Communication is maintained through a variety of channels, including surveys, interviews, site visits, meetings, town halls, and digital platforms. These interactions provide critical insights into stakeholder perspectives, concerns, and aspirations. Feedback is systematically reviewed and integrated into decision-making processes, guiding the Group's sustainability initiatives and reinforcing its commitment to stakeholder-centric development alongside business growth.

Key Stakeholders	Engagement Channels	Areas of Interest or Concerns	Our Response
Board of Directors 	Board meetings	• Strategic directions • Risk management • Financial performance • Sustainability performance	Provide regular updates on strategic and sustainability initiatives, risk management, and financial performance to ensure transparency and accountability.

Sustainability Statement
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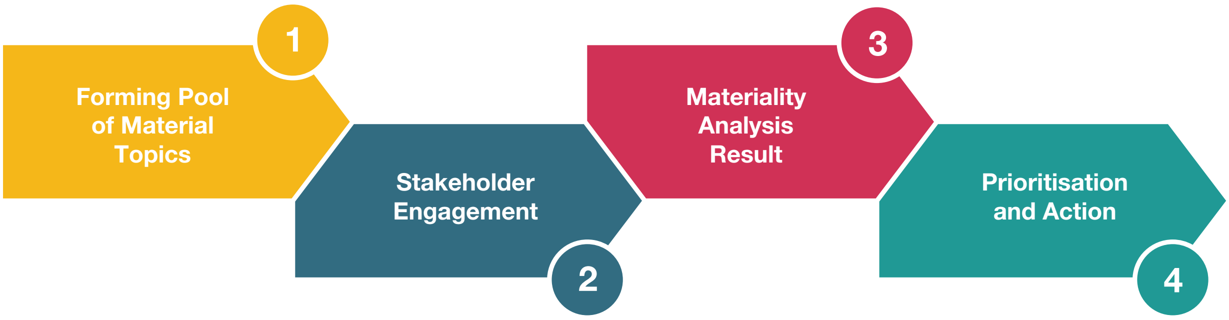
Key Stakeholders	Engagement Channels	Areas of Interest or Concerns	Our Response
Employees	• Corporate announcements • Intranet • Town Hall • Employee engagement events • Workshops and trainings • Meetings • Surveys • Newsletters • Emails • Employees' appraisals	• Job security • Career development • Workplace condition	Support employee growth through training programs, workshops, mentorship, and internal mobility opportunities, reinforced by internal communication. Regular feedback mechanisms are in place to ensure employees' concerns are promptly addressed.
Customers	• Email communications • Phone calls • Virtual meetings • Site visits • Customers' satisfaction survey	• Product quality • Customer service • Sustainability practices	Regularly gather customer feedback to improve service delivery in quality assurance, logistics and distribution, technical support, after sales services and sustainability initiatives.
Suppliers	• Email communications • Phone calls • Meetings • Site visits • Vendor audits • Vendor ESG assessment	• Partnership stability • ESG compliance	Enhance procurement processes, conduct regular audits, and perform ESG assessments to uphold sustainable practices and ensure operational integrity.
Union	• Meetings	• Labour rights • Working conditions • Welfare	Engage in regular dialogue to address labour-related concerns, uphold workplace safety standards, and maintain alignment with labour agreements.
Shareholders	• Annual General Meeting • Annual report • Announcements	• Financial performance • Corporate governance	Deliver clear financial reports, uphold governance, and ensure transparent communication.
Government Agencies & Regulators	• Email communications • Phone calls • Consultations • Dialogues • Audits and inspections	• Compliance • Regulatory updates • Environmental standards	Ensure regulatory compliance and implement measures to reduce environmental impact.
Trade Associations	• Active participation in steel associations • Conferences • Meetings	• Industry best practices • Policy advocacy	Actively participate in industry dialogues, share best practices, and advocate for supportive policies.
Communities	• Events and campaigns	• Community development • Environmental impact • Corporate social responsibility	Organise community development programs, reduce environmental impact and engage in corporate social responsibility initiatives.

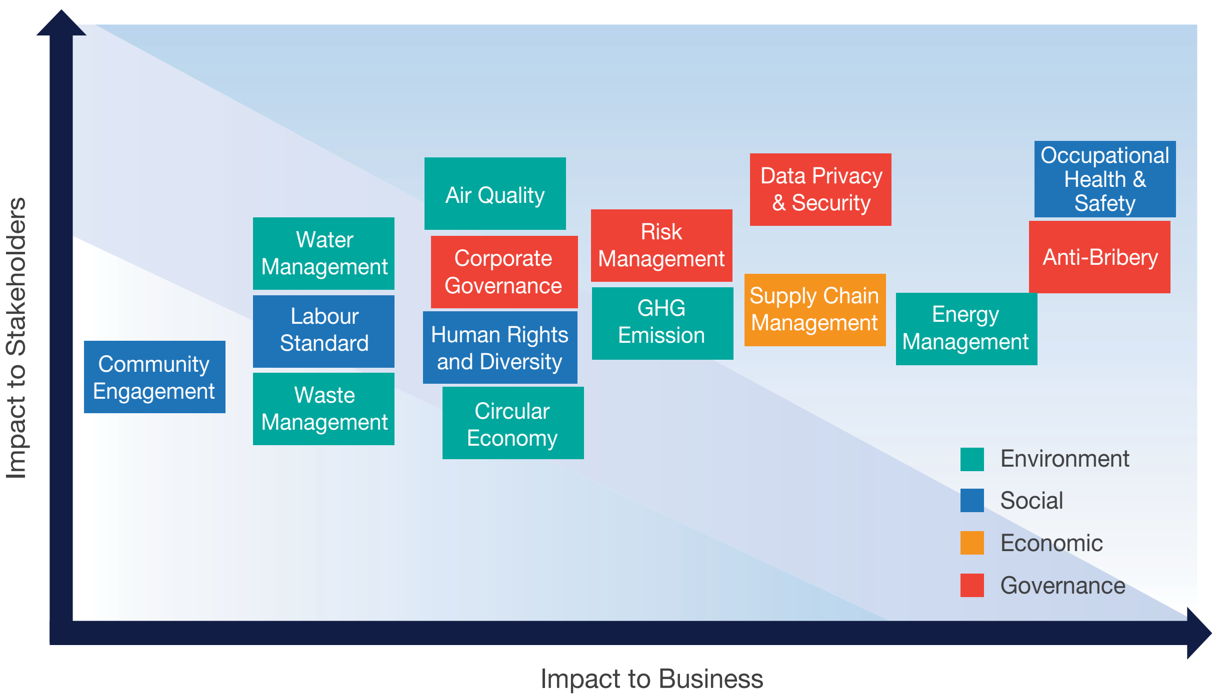
2.2 Materiality Assessment

The Group is committed to progressively enhancing its sustainability practices in line with evolving global expectations. As part of this journey, we are strengthening our understanding of how ESG considerations intersect with our business operations and influence stakeholder interests. In preparation for anticipated reporting standards, including IFRS S1 and S2, we are taking deliberate steps to enhance the comprehensiveness and transparency of our sustainability disclosures.

Our first materiality assessment was conducted for the FY2022 Sustainability Report. Building on that foundation, we completed a refreshed traditional materiality assessment in October 2024. This update has allowed us to sharpen our understanding of the sustainability topics most relevant to our business and stakeholders.

Materiality Analysis Process (October 2024)





The Group is currently in transition from traditional materiality to double materiality. This shift reflects our commitment to not only assess how our business activities impact the environment and social dimensions, but also how sustainability issues impact our business. We continue to develop and refine our approach to identifying and addressing the risks and opportunities that double materiality presents.

Sustainability Statement
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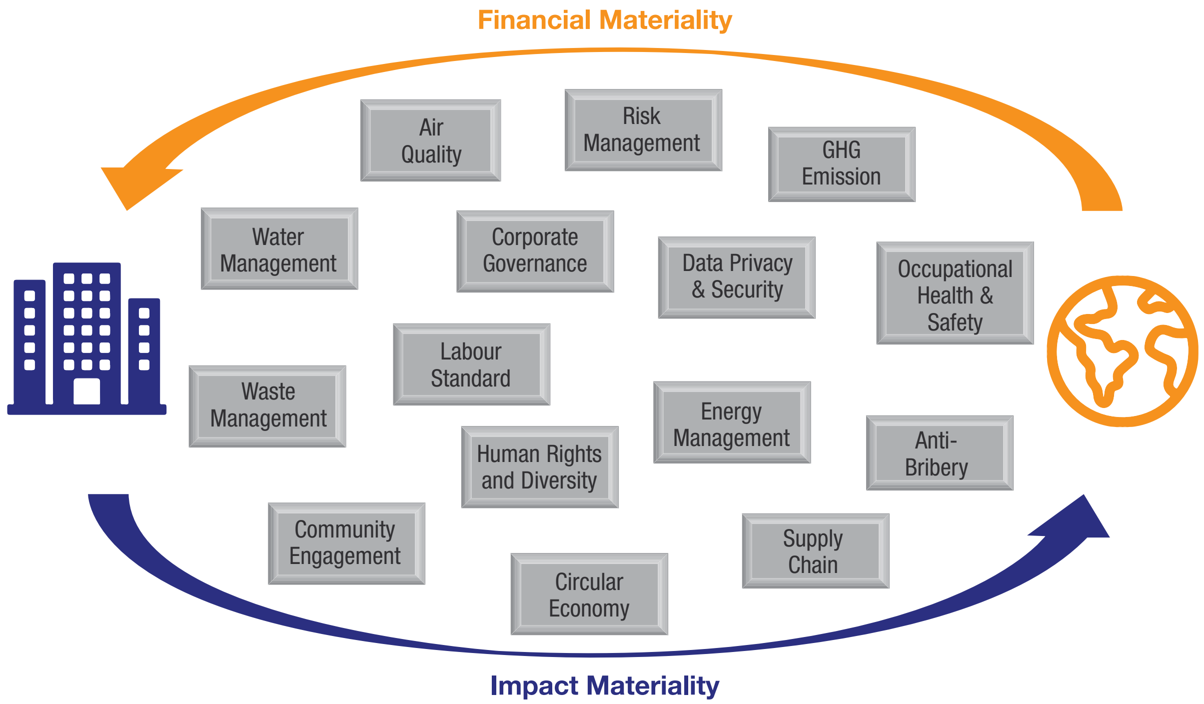
We considered the latest guidance from standard setters to identifying, assessing, and disclosing sustainability-related impacts, risks, and opportunities, including but not limited to:

- GRI 3: Material Topics (2021);
- The ISSB's IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information; and
- ISO 31000 Risk Management – Applying ERM to ESG-related Risks

While the Group continues to enhance its approach to materiality assessment by integrating best practices, the material topics identified since FY2022 have remained largely consistent, with some updates and considerations across the short, medium, and long term. The Group has established a three-year cycle for conducting its double materiality assessment process.



Sustainability Risks and Opportunities Management

The Group has embedded sustainability into its risk management framework, recognising ESG risks as immediate challenges rather than future threats. ESG considerations are integrated into strategic planning and proactively managed to enhance long-term resilience.

The process for identifying material sustainability risks and opportunities is as below: -

a) Identification

The Group identifies sustainability-related risks and opportunities across its value chain, focusing on ESG factors that may reasonably impact cash flow, access to finance, or cost of capital over the short, medium, or long term. Financial impacts are estimated using professional or informed judgment, particularly where forward-looking data cannot be directly quantified.

This process integrates existing risk management and stakeholder engagement outcomes, and relevant industry standards, including the Iron & Steel Producers – SASB Sustainability Accounting Standard. Identified risks are categorised under key material topics such as greenhouse gas emissions, air emissions, energy and water management, waste, workforce safety and health, supply chain, circular economy, ethics and integrity, and data privacy and security.

b) Analysis and Evaluation

Each identified risk and opportunity is assessed based on its likelihood and potential financial impact. This evaluation underpins the prioritisation and supports the development of mitigation strategies and monitoring mechanisms, guided by defined metrics and targets.

c) Treatment and Mitigation

Mitigation measures are established and implemented for material sustainability risks. The Group tracks performance against relevant metrics and targets to ensure effective management and continuous improvement.

Sustainability-related Risks and Opportunities

The table below presents the sustainability-related risks and opportunities identified through materiality assessment. The subsequent chapters on Governance, Environment, Economic and Social aspects will provide detailed disclosure for each material topic.

No	Material Topic	Risk/Opportunity identification & Potential Impact	Summary of management approach	Affected component of the reporting boundary	GRI Indicators	Alignment with SDGs
1	Corporate governance	Non-compliance with new changes in Main Market Listing Requirements and/or practices not aligned with Malaysian Code of Corporate Governance (MCCG) may lead to reputational damage, penalties, and trust deficit from stakeholders.	• Governance and risk oversight through leadership engagement and internal audits	The Group's operation.	GRI 2-9: Governance structure and composition GRI 2-14: Role of the highest governance body in sustainability reporting	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
2	Risk Management	Volatile external issues cascading into internal vulnerabilities, along with ineffective risk management strategies may lead to missed opportunities, financial losses, reputational damage, legal and compliance issues, and operational disruption. Opportunity: To address global market volatility and ESG concern, the Group adopts proactive risk management to strengthen operational resilience, support long term sustainability, and reduce the risk of non-compliance.	• Periodic risk assessments	The Group's operation	GRI 2-12: Role of the highest governance body in overseeing the management of impacts	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

No	Material Topic	Risk/Opportunity identification & Potential Impact	Summary of management approach	Affected component of the reporting boundary	GRI Indicators	Alignment with SDGs
3	Anti-bribery and corruption	Inadequate measures to prevent bribery and corruption within the Group and among its business associates may lead to unethical practices, loss of stakeholder trust, compromised product quality, reputational damage, financial penalties, and potential imprisonment.	• Anti-bribery and Corruption Policy • Supplier code of conduct • Employee code of conduct • ISO 37001 Anti bribery management system	The Group's operation, customers, and suppliers	GRI 205: Anti-corruption 2016 GRI 2-26: Mechanisms for seeking advice and raising concerns 2021	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
4	Data privacy and security	Failure to protect company data, information and records from cyber-attack may result in disruption of operation, data breaches, theft, and loss. Non-compliance with latest data privacy and security regulations and acts may result in penalties, potential legal action, and reputational damage.	• Strengthening cybersecurity through proactive defence measures • Regular review and enforcement of new requirements	The Group's operation, customers, and suppliers	GRI 418: Customer Privacy 2016	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
5	GHG emission	Production processes generate significant amount of greenhouse gases which are regulated under GHG emission-related policies. This may lead to increased cost of carbon tax and potential operational disruptions due to climate related events such as flood and extreme weather change.	• Environmental policy statement includes - GHG emissions. • Quantifies GHG emission and identifies potential reduction in GHG emission • Explore energy saving technology to reduce GHG emissions • Sourcing alternative material • Process optimization and improvement	The Group's operation, customers, and suppliers	GRI 305: Emissions 2016	13 CLIMATE ACTION

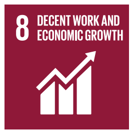
Sustainability Statement
(Cont'd)

No	Material Topic	Risk/Opportunity identification & Potential Impact	Summary of management approach	Affected component of the reporting boundary	GRI Indicators	Alignment with SDGs
6	Air quality	Non-compliance with clean air regulation due to emissions exceeding permissible limit. This may lead to adverse health effect for employees and surrounding community, reputational damage for the Group, potential legal action, financial penalties, and operational disruptions.	Periodical emission monitoring as part of ongoing commitment to improve air quality	The Group's operation	GRI 305: Emissions 2016	13 CLIMATE ACTION
7	Energy management	Inefficient use of energy resources by the Group will lead to energy wastage, increase operational cost, and elevated GHG emissions. Non-compliance with latest energy regulations and act may result in penalties, potential legal action, and reputational damage. Interruption of energy supply by energy provider affects operation, resulting in production losses and higher operating costs Opportunity: To shift to a low-carbon economy, the Group adopts robust energy management practices that deliver energy saving, improving operational resilience and cost efficiency.	• Group Energy Policy Statement • Energy Management System • Group Energy Management Committee • Energy saving projects • Power disruption procedures	The Group's operation	GRI 302: Energy 2016	7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION

Sustainability **Statement**
(Cont'd)

No	Material Topic	Risk/Opportunity identification & Potential Impact	Summary of management approach	Affected component of the reporting boundary	GRI Indicators	Alignment with SDGs
8	Water management	High and uncontrolled water consumption in production processes strain local water resources, while water supply disruptions hinder operation, leading to production losses and increase cost. Discharging untreated industrial effluent may incur fines and / or imprisonment. Opportunity: With increased emphasis on responsible water stewardship, the Group continues to implement water management plans that drive water saving.	• Environmental policy statement includes water • Water management plan	The Group's operation	GRI 303: Water and Effluent 2018	6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
9	Circular economy	Improper management and handling of internal scraps lead to loss of confidence from sustainability-conscious customers, reduced potential revenue and additional costs incurred from disposal.	• Scrap handling and management	The Group's operation and customers	GRI 301: Material 2016	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
10	Waste Management	Non-compliance with scheduled waste management regulatory requirement by the Group or its suppliers may result in penalties, legal action, reputational damage, and operational disruptions affecting both parties.	• Supplier code of conduct and ethics • Supplier qualification screening • Waste management • Practice recycle, reuse and recover	The Group's operation and supplier	GRI 306: Waste 2020	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Sustainability Statement
(Cont'd)

No	Material Topic	Risk/Opportunity identification & Potential Impact	Summary of management approach	Affected component of the reporting boundary	GRI Indicators	Alignment with SDGs
11	Supply chain management	Interruption in material supply chain arises due to suppliers' non-compliance with ESG related regulations, geopolitical tensions, or raw material scarcity. These disruptions can also be attributed by internal inefficiencies and declining supplier quality. This may lead to operational disruptions, increase logistic cost, reputational damage and prolong interruptions that ultimately affect products delivery to customers	• Supplier code of conduct and ethics • Supplier qualification screening • Supplier ESG survey	The Group's operation and suppliers	GRI 2-6: General Disclosure on organisation's activities, value chain, and other business relationships 2021	
12	Workforce health and safety	Safety and health of workers and contractors are not fully protected, and taxing lifestyle due to rising heat and poor air quality at workplace, lack of competence, spreading disease such as pandemic, high-risk operation and stress. This will result in potential accident, fatality, operational disruption, regulatory non-compliance, increased medical cost, legal action, low morale, and reputational damage Opportunity: Given the inherently high-risk nature of operations, the Group remains committed to prioritizing employee health and safety, reducing the likelihood of accidents and fatalities while increasing productivity.	• Safety and health policy statement • Safety and health campaign • ISO 45001 Safety and Health Management System. • OSH compliance • Risk management, hazard identification • Employee participation and engagement • Safety and health training • Sports Day	The Group's operation and suppliers	GRI 403: Occupational Health and Safety 2018	 

Sustainability **Statement**
(Cont'd)

No	Material Topic	Risk/Opportunity identification & Potential Impact	Summary of management approach	Affected component of the reporting boundary	GRI Indicators	Alignment with SDGs
13	Labour standards	Failure to adhere to labour standards by suppliers, the Group and its employees may result in operational disruptions, reputation damage, legal action and penalties, increase accident rate, high turnover, and low workforce morale.	• Supplier code of conduct and ethics • Supplier qualification screening and due diligent • The Group's Labour Standard Policy Statement • The Group's people strategies in cultivating Group's core value, employee engagement, learning and development	The Group's operation and suppliers	GRI 401: Employment 2016 GRI 402: Labor / Management Relations GRI 404: Training and Education 2016	4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH
14	Human rights	Compromise the fundamental rights and entitlements of all individuals, including foreign workers, regardless of their identity or circumstances constitutes a violation of human right. Such action may lead to potential reputational damage, economic consequences such as declining sales, reduced productivity and quality, increase in operational cost, as well as legal fines and penalties.	• Continuous oversight on compliance and transparent reporting channels • Strengthening workplace safety through employee involvement and engagement	The Group's operation and suppliers	GRI 404: Training and Education 2016 GRI 405: Diversity and Equal Opportunity	8 DECENT WORK AND ECONOMIC GROWTH

No	Material Topic	Risk/Opportunity identification & Potential Impact	Summary of management approach	Affected component of the reporting boundary	GRI Indicators	Alignment with SDGs
15	Community engagement	Opportunity: Recognising communities as an integral part of our business ecosystem, the Group maintains long-standing engagement and investment programs that raise awareness, strengthen corporate reputation, and attract opportunities from ESG-conscious customers.	• Fostering a culture of community involvement, social inclusion and youth development through various social and environmental initiatives, and support for youth career growth	The Group's operation and local communities	GRI 413: Local Communities 2016	

Climate Related Risk and Opportunities Management

The Group conducts climate-related risk and opportunity assessments in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and IFRS S2, applying its existing risk management framework to identify and evaluate potential climate-related issues.

The process for identifying material climate change risks and opportunities is as below:

a) Identification

Using the TCFD and IFRS frameworks, along with insights from international steel industry reports, the Group identified 11 transition risks, 2 physical risks, and 3 opportunities that may materially affect cash flow, access to finance, or cost of capital over the short, medium, or long term.

Risks are categorized as follows:

- Transition Risks: Policy and legal, technology, market, and reputational risks.
- Physical Risks: Acute (e.g., extreme weather events) and chronic (e.g., long-term climate shifts).

Opportunities include:

- Access to sustainable financing,
- Enhancing environmental performance,
- Developing climate-aligned products and services.

This assessment is integrated into the Group's existing risk management processes and aligned with the SASB Industry Standard for Iron & Steel Producers. The identified risks and opportunities are mapped to key material topics, including greenhouse gas (GHG) emissions, energy management, water security, and supply chain management.

Sustainability **Statement**
(Cont'd)

b) Analysis and Evaluation

Each identified risk and opportunity is assessed using a metric that evaluates both likelihood and consequence. This process determines the level of risk or opportunity and guides the prioritization of risks, mitigations, and monitoring efforts.

c) Treatment and Mitigation

Treatment and mitigation strategies are developed to reduce the likelihood or impact of each risk.

- Treatment: Avoid, reduce, transfer, or accept the risk.
- Mitigation: Implement adaptation measures (e.g. flood defences, energy efficiency upgrades)

d) Prioritisation of Risks

After mitigation strategies are outlined, the Group focuses resources on significant and major material risks, particularly those with the potential to impact its operations or strategic objectives, and ensures that scenario analysis is applied where it adds the most value.

e) Scenario Analysis

The Group strengthen its climate-related risk management approach by conducting scenario analysis on significant and major risks. These analyses help evaluate the Group's exposure under different climate scenarios, providing insights that guide the identification of risks that warrant immediate attention. This enables the Group to anticipate potential implications, assess impacts, and develop strategies to enhance long-term resilience.

Scenario analysis is guided by the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA). The Group considers both internal operational characteristics and external factors such as market and political dynamics.

Scenario	Description	Assessed for
IPCC RCP 8.5/4°C	The 'business-as-usual' scenario represents a high-emissions future with significant increases in global average temperature, as no concerted effort are made to reduce emissions.	Physical risks
IEA SPS	A scenario which reflects current policy settings based on a sector-by-sector and country-by-country assessment of the energy-related policies that are in place as of the end of August 2023, as well as those that are under development. The scenario also takes into account the currently planned manufacturing capacities for clean energy technologies.	Transition risks and opportunities

The Group monitors performance against established metrics and targets to ensure effective risk management and continuous improvement.

The identified sustainability and climate-related risks and opportunities are incorporated into SSB's Integrated Management System Risk and Opportunity Register.

Climate-related Risks and Opportunities

The tables below outline the identified climate-related risks and opportunities. We assess our resilience to climate impacts and develop corresponding strategies and management approaches to address them.

a) Transition Risks

Type	No	Risk / Opportunity identification & potential impact	Time-line	Summary of management approach	Affected component of the reporting boundary
Policy and Legal	1	Introduction of carbon pricing mechanisms will lead to increased operating cost and reduced profitability. Company may also require a certification or third party verified GHG emissions.	SM, L	• Continuous monitoring of announcements related to new policies and regulations on carbon emissions • Promptly communicate all relevant update and announcements to the Sustainability Steering Committee (SSC) for review • Enhance carbon pricing readiness by familiarising the Group with carbon accounting practices and implementing them • Consider third party certification or verification to validate product sustainability	The Group's operation, customers, and suppliers
	2	Enhanced reporting obligation increases the risk of litigation and non-compliance to Bursa's listing requirement. New reporting standard such as IFRS S1 and S2 will require robust verification on data such as GHG emissions.	SM	• Continuous monitoring on Bursa announcement to stay informed of regulatory changes • Attend training and briefing to build internal capability and understand new reporting standards • Conduct internal due diligence to verify data completeness and accuracy • Conduct gap analysis to ensure alignment with emerging standards • Regular updates to SSC to support informed decision-making and strategic oversight	The Group's operation
	3	Introduction of new laws and regulations will increase compliance requirements due to regulations such as EECA which will require a company to conduct energy audit.	SM	• Continuous monitoring of government announcement to stay informed of regulatory changes and enforcement timelines • Regular update to SSC to ensure strategic alignment and oversight • Increase competency of competent person through training	The Group's operation

Sustainability Statement
(Cont'd)

Type	No	Risk / Opportunity identification & potential impact	Time-line	Summary of management approach	Affected component of the reporting boundary
Technology	4	Substitution to greener products / services to reduce our emissions can disrupt existing operations.	SM	• Under comparable condition, prefer local vendor to reduce transportation-related emissions • Conducting ESG survey on vendors to promote alignment in sustainability effort • Quantify scope 3 GHG emissions to identify key emission sources and formulate reduction strategies	The Group's operation and suppliers
	5	Cost to transition to lower emissions technology will require high capital investment.	SM, L	• Explore incentives, grants and tax breaks to offset capital expenditures associated with low-emission technologies • Pursue green financing options that support sustainable investments with favourable terms • Only consider market-proven technologies to reduce the risk of investment	The Group's operation
Market	6	Uncertainty in market signals can lead to flawed business strategies which can cause missed opportunities or losses	SM	• Engage with customers to know the preferences and requirements, ensuring business strategies aligned with market requirement • Enhance readiness for market supply by maintaining good ESG practices	The Group's operation and customers.
	7	Increased cost of raw materials due to tight supply such as steel scrap will affect company's profit margin	SM, L	• Explore the feasibility of using alternative materials to reduce dependency • Purchase billets from other steel mills to ensure supply continuity and manage cost fluctuations effectively	The Group's operation and suppliers
	8	Increased cost of energy due to carbon tax affecting the electricity tariff will increase the company's and entire value chain's cost	SM, L	• Implement process optimization to improve operational efficiency and reduce energy consumption • Implement energy saving projects to reduce energy use • Invest in energy saving technologies to reduce energy intensity and support long-term cost saving	The Group's operation, customers, and suppliers

Type	No	Risk / Opportunity identification & potential impact	Time-line	Summary of management approach	Affected component of the reporting boundary
	9	Change of customer preference towards favouring low-emission steel will increase the pressure to transition to greener technologies	SM, L	• Monitor and control SSB GHG emissions to align with customer expectations • Look into green product certification such as SIRIM Eco-Label and MyHIJAU Mark to validate the environmental credentials of products	The Group's operation and customers.
Reputation	10	Stigmatization of sector due to hard-to-abate status of the steel industry	SM	• Position SSB as a green and sustainable steel manufacturer through transparent communication of its environmental initiatives and achievements • Increase SSB score in FTSE Russell ESG ratings by strengthening ESG practices	The Group's operation and customers.
	11	Increased stakeholder concerns or negative stakeholder feedback over climate disclosures will increase scrutiny towards the organization sustainability practices. This increases potential litigation on any non-compliances which can lead to reputational damage and loss of trust	SM, L	• Communicate SSB's commitment to sustainability to build stakeholder confidence and counter sector-related stigma • Increase SSB score in FTSE Russell ESG ratings by strengthening ESG practices to reduce the risk of non-compliance	The Group's operation and customers.

Note: Highlighted rows are risks with significant and above ratings.

Sustainability Statement
(Cont'd)

b) Physical Risks

Type	No	Risk / Opportunity Identification & Potential Impact	Time-line	Summary of management approach	Affected component of the reporting boundary
Acute	1	Increased severity and frequency of extreme weather events such as flood can cause negative effects such as disruption of operation and supply chain. Some suppliers may relocate to further areas to evade flooding	SM, L	• All existing production lines in SSB Perai are built above ground level to mitigate flood-related disruptions and safeguard operational continuity • Quantify GHG emission and identify potential reduction in GHG emission, contributing to broader climate resilience	The Group's operation, customers, and suppliers
Chronic	2	Rising sea level can potentially affect our insurance premium and increase the possibility of permanent flooding of sites near to the sea	L	• Plant mangrove trees to improve the nearby forest's ability to serve as a natural coastal barrier • Installed flap gate at SPIM to prevent water in-flow during high tides to reduce risk of permanent flooding	The Group's operation

c) Opportunities

Type	No	Risk / Opportunity identification & Potential Impact	Time-line	Summary of management approach	Affected component of the reporting boundary
Sustainable Financing	1	Improved access to capital with participation in sustainable financing can reduce the CAPEX and OPEX for green transition while upgrading the company's machineries and technology	SM	• Timely plan the transition to low carbon emissions technologies, ensuring alignment with sustainability goals and capital efficiency	The Group's operation
Environmental Performance	2	Lower embedded emissions by improving energy efficiency and utilization of green energy will increase our appeal to customers preferring green product and reduce our dependency on fossil fuel energy	L	• Capitalise on relatively low emissions profile to penetrate green market • Explore the use of renewable energy sources to reduce reliance on fossil fuel	The Group's operation

Type	No	Risk / Opportunity identification & Potential Impact	Time-line	Summary of management approach	Affected component of the reporting boundary
Products and Services	3	Increased demand for lower emissions steel can increase the demand for our products	SM, L	• Capitalise on relatively low emissions profile to penetrate the green market	The Group's operation

Timeline: SM = short to medium (until 2035), L = long term (until 2050)

d) Insights of Scenario Analysis

Following are the insights from scenario analysis conducted on significant and major climate-related risks. The outcomes indicate that the previously developed management approaches and mitigations measures are consistent with, and aligned to, the strategic direction of the analysis.

Risk	Scenario	Scenario Implications	Potential Impacts	Strategy
Introduction of carbon pricing mechanisms	SPS	Malaysia and export destinations implement carbon pricing and CBAM enforcement	• Increased production cost due to embedded CO2 • Competitiveness risk for exports to CBAM markets	• Implement carbon accounting • Consider EPD certification
Cost to transition to lower emissions technology	SPS	Steel industry is expected to decarbonise to contribute to national net zero aspirations	• CAPEX required to improve technologies and machines	• Explore green financing
Uncertainty in market signals	SPS	Emerging demand for green steels is expected under this scenario but uncertain if customers are willing to pay for price premiums	• Competitive disadvantage versus regional peers that delay transition and offer cheaper steel	• Maintain good ESG practices • Engage with customers

There are a range of uncertainties and judgements that need to be made when modelling different scenarios and their climate-related impacts. The significant areas of uncertainty considered in the Group's assessment includes the timing, scope, and pricing structure of the forthcoming carbon pricing mechanisms in Malaysia and other jurisdictions which will be implementing measures such as the EU Carbon Border Adjustment Mechanism (CBAM). The lack of clarity on regulatory design and enforcement timelines poses challenges in forecasting future costs and assessing long-term competitiveness impacts.

3.0 GOVERNANCE

3.1 Sustainability Governance Structure and Approach

Description

The Group affirms that good governance underpins sustainable business and long-term resilience. Its governance structure, framework, policies, and commitments aspire to foster a culture of integrity, accountability, transparency, and efficiency, while upholding the rule of law and aligning with the best interest of shareholders and stakeholders.

Sustainability **Statement**
(Cont'd)

Governance Structure

The Group has a well-established governance structure led from the top, with clear accountabilities for continual implementation of sustainability initiatives and efforts to address sustainability-related risks and opportunities (SROs) and climate-related risks and opportunities (CROs) in an integrated and strategic manner. These efforts aim to support the Group's long-term strategy and sustainable growth, while strengthening stakeholders' trust that the Group is working towards building strategic resilience and agility to deliver a sustainable future to the shareholders and stakeholders. An overview of the Group's sustainability governance structure is set out as below:-

BOD – Quarterly status review and approval.

BARMC – Oversight on ESG internal assurance, financial control, risk management, internal processes control and governing body for ethics and integrity.

SSC – Assess and implement strategies, quarterly status follow-up and review.

STI – Develop and manage the implementaion of sustainability and climate related strategies.

SWC – Strategies and initiative execution and status update.

The Board of Directors has oversight on the Group's sustainability and climate related matters. On a quarterly basis, the Board reviews and approves:

- Broad strategies, including those related to ESG considerations.
- Strategic initiatives to ensure alignment with long-term value creation and ESG principles.
- The adequacy of processes for identifying, assessing, and managing sustainability and climate related risks and opportunities.

The BARMC (Board Audit and Risk Management Committee) is the Board committee that maintains oversight on ESG internal assurance, financial control, risk management, internal processes control and also acts as Governing Body of Anti-Bribery and Corruption Management System ("ABCMS"). It provides the Board with quarterly updates, including assessment of the adequacy of the Group's sustainability governance.

The Board of Directors regularly engages third-party experts to provide briefings and specific training on sustainability and climate-related matters. This ensures that the Board members possess the necessary skills, competencies, and knowledge to effectively oversee the identification and mitigation of sustainability and climate related risk and opportunities.

The programmes and forums are listed in Corporate Governance Overview Statement, Risk Management and Internal Control, Board Leadership and Effectiveness, Part E – Commitment in annual report.

The Sustainability Steering Committee (SSC), chaired by the Group Managing Director (GMD) and supported by the Chief Financial Officer (CFO) as deputy, comprises senior Heads of Department from key operational areas. The GMD also assumes the role of Chief Sustainability Officer (CSO), providing strategic leadership and supporting the Board in its oversight of sustainability and climate-related governance. The CSO reports the progress and developments to the Board on a quarterly basis, in areas including the Company's sustainability and climate related risks and opportunities, policies, ESG strategies, priorities, measures, targets and performance.

The GMD, assisted by the Sustainability, Technology and Innovation Department (STI), steers the sustainability and climate related strategies of the Group. The SSC considers sustainability risks and opportunities in its business activities across the value chain, focusing on environment, social and governance (ESG) aspects that could reasonably be expected to impact the cash flow, access to finance, or cost of capital over the short, medium, or long term. The SSC formulates and reviews the strategies, manages processes, initiatives, targets, and performances in relation to sustainability and climate related matters.

The SSC together with STI, work closely to integrate sustainability considerations in day-to-day operations and ensure effective implementation of sustainability strategies and plans. The SSC also oversees the implementation of the Group's sustainability initiatives and climate related strategies to ensure that key metrics targets are being monitored.

The SSC is assisted by the SWC, comprising key staff of the operating companies as nominated by the SSC. The SWC's reporting duties include provision of information, collection of feedback from stakeholders, addressing material sustainability issues and driving initiatives approved by the SSC. The STI coordinates with and provides support to SWC on management of material metrics and targets, and consolidates sustainability report and data from SWC to SSC.

The General Manager of STI regularly reports to and seeks guidance from CSO and SSC. The department is responsible for developing and managing the implementation of the Group's sustainability and climate related strategies. The responsibilities of sustainability department include but not limited to:

- Reviewing and reporting the progress of strategies implementation to CSO and SSC.
- Following up the development of carbon related policies such as CBAM, carbon tax and National Decarbonisation Roadmap.
- Embedding sustainability into existing operational practices.
- Leading corporate sustainability reporting and identifies areas for improving operational improvement.
- Delivering ESG (non-financial) data reporting and performance management.

3.2 Risk Management

Description

The Group recognises that effective risk management is essential in the steel industry, given its exposure to global market volatility, and ESG concerns. Risk management helps in calculating the uncertainties and predicts their impact, thus enabling the Group to make strategic decisions. Risk management also provides the Group the opportunities to proactively manage the unexpected by mitigating or minimising the impacts of risk rather than reacting to them. The effectiveness of risk management is crucial for the Group's resilience, financial stability, and long-term sustainability.

Risk Management Structure

The Board is responsible for overseeing and maintaining sound risk and opportunity management within the Group to ensure smooth business operations. The BARMC, a subcommittee of the Board, is entrusted with maintaining a sound risk management system, reviewing, and presenting the company's risk management and audit report. Meanwhile, the GMD, as the chairman of the SSC, is responsible for reporting the progress of activities related to the Group's ESG, sustainability- and climate-related risks and opportunities to the Board on a quarterly basis.

The BARMC comprises directors from the Board, with its chairman being an Independent Non-Executive Director. The CFO, Head of Internal Audit, GMD, and senior management may attend committee meetings by invitation to provide information and clarification on agenda items.

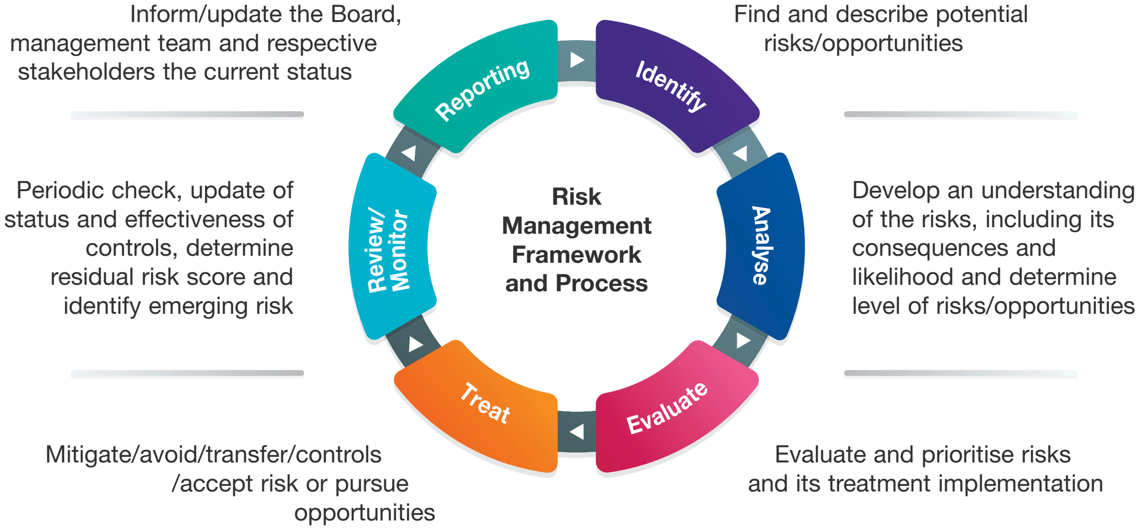
Sustainability **Statement**
(Cont'd)

Risk Management Framework and Process

The Group is certified to several risk-based ISO Management Systems such as ISO 9001, ISO 14001, ISO 45001, and ISO 37001. One of the key requirements in these management systems is managing risks. The audits by certification bodies benefit the Group, whereby they assist in ensuring that the management systems have been properly implemented and maintained, as well as identifying opportunities for improvements and potential risks that may have been missed out.

The Group adopts ISO 31000 Risk Management as its risk management framework to improve the identification of opportunities and threats, and effectively allocates and uses resources for risk treatment. The management is accountable for the effective internal control and implementation of risk management within the Group whilst the Internal Audit Department ("IAD") and Sustainability department facilitates the maintenance of the risk management framework on an ongoing basis. The IAD applies appropriate auditing standards in assessing the integrity and effectiveness of internal controls, and compliance with the established policies and procedures.

The Group's risk management is a continuous process designed to proactively identify, assess, and respond to risks and opportunities. As illustrated below, this process enables timely management of factors that may affect the achievement of our operational objectives and strategic goals, including long-term sustainability goals.



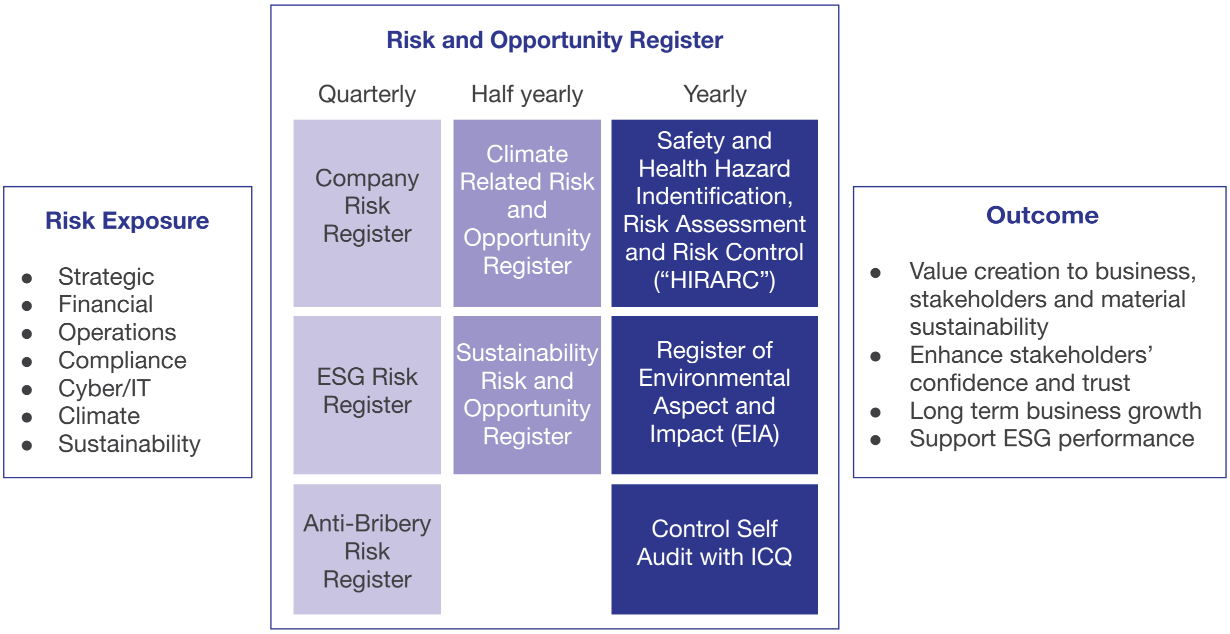
Risk Rating Matrix

The Group integrates sustainability-related risks and opportunities and climate-related risks and opportunities into its risk management framework. A customised risk rating matrix has been established to assess and determine risk levels based on the likelihood of occurrence and the potential financial impact. The revenue of preceding financial year is used as basis for assessing financial impact.

		Impact				
		Negligible (<0.1% of revenue)	Low (0.1% - <0.5% of revenue)	Medium (0.5% - <1.0% of revenue)	High (1.0% - <2.0% of revenue)	Extreme (≥2.0%)
Likelihood	Almost Certain (Monthly)	Minor (2)	Significant (3)	Major (4)	Severe (5)	Severe (5)
	Likely (Quarterly)	Minor (2)	Minor (2)	Significant (3)	Major (4)	Severe (5)
	Moderate (Annually)	Trivial (1)	Minor (2)	Significant (3)	Major (4)	Severe (5)
	Unlikely (Once per 2-5 yr)	Trivial (1)	Trivial (1)	Minor (2)	Significant (3)	Major (4)
	Rare (Less than once per 5 yr)	Trivial (1)	Trivial (1)	Minor (2)	Significant (3)	Major (4)

Risk and Opportunity Register

The Risk and Opportunity registers of the Group are as below:



Approach to Non-Compliance

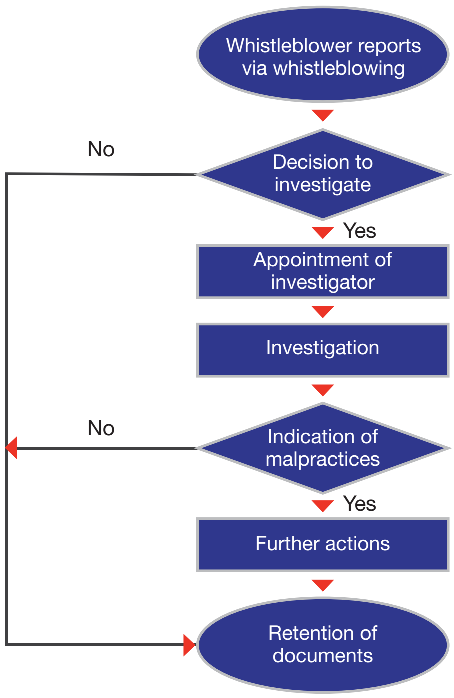
The Group recognises that non-compliance can expose it to legal, financial, and reputational risks. To address this, the Group adopts a proactive approach as outlined in Section 3.3: Ethics and Integrity, specifically under the Anti-Bribery and Corruption (ABC) Policy and the Whistleblowing Policy. These policies are designed to help identify and mitigate risks before they escalate.

The Whistleblowing Policy encourages individuals to raise genuine concerns regarding improper or wrongful conduct involving the Group through designated whistleblowing channels. Whistleblowers are protected from adverse employment actions and, where feasible and permitted by law, their identities will be kept confidential.

The procedures for investigating non-compliance are summarised in the flow chart displayed on the right. The number of non-compliance incidents is reported in Section 3.3: Ethics and Integrity, under the Whistleblowing Policy.

The Group has an established process requiring all employees to self-declare their compliance with the Company's Code of Conduct and the Anti-Bribery Corruption Policy. The Human Resources department reviews the declarations and identifies any instances of non-compliance for further action.

Whistleblowing Investigation Procedures



Sustainability Statement
(Cont'd)

Major ESG catastrophic events

ESG catastrophic events refer to severe incidents that significantly impact a company's performance, reputation, and stakeholder trust due to failures in ESG areas. Such events can adversely affect a business's financial condition, operational results, access to capital markets, and borrowing costs.

The Group has identified a list of risks that may potentially lead to major ESG catastrophic events, based on its Risk and Opportunity Registers and historical data. These risks include:

- Spreading of infectious diseases (e.g., pandemics or endemics)
- Impact of climate change (e.g., flood)
- Cyber-attacks (e.g., ransomware)

To address these risks, the Group has established control measures aimed at mitigating their potential impact and ensuring business resilience.

3.3 Ethics and Integrity

Description

The Group firmly believes that ethics and integrity are the cornerstones of a trustworthy and reputable business. These values are essential not only for building trust but also for ensuring long-term success, boosting employee morale and productivity, strengthening customer relationships, attracting investors and strategic partners, and maintaining compliance with laws and regulations.

We are committed to conducting our business with integrity, accountability, and transparency. These principles form the foundation of our corporate culture and our way of doing business.

Business Model and Value Chain

The Group acknowledges that ethical business conduct and integrity are essential across the entire value chain, from raw material sourcing and production to sales, distribution, and supporting functions. Upholding these principles is critical to maintaining stakeholder trust and long-term sustainability.

The Group is committed to principled leadership and responsible governance. The Board of Directors of the Group is fully committed to upholding the Code of Ethics for Company Directors. In alignment with this, the management team and all employees of the Group adhere to the Group's Code of Conduct and Ethics, demonstrating a shared commitment to ethical business practices and integrity in all aspects of our operations.

BARMC is the governing body for the Group's Anti-Bribery and Corruption Management System, overseeing policy approval and implementation. The ABCMS Compliance Function Officer is responsible for ensuring the system's effectiveness and alignment with its objectives.

The Group is certified under ISO 37001 Anti-Bribery Management System, clear expectations have been established for all stakeholders to act in a manner that is lawful, ethical, and honest, in alignment with the Group's anti-bribery and corruption policy. This certification also reflects the Group's strong commitment to integrity and reinforces our stance on promoting transparency and accountability in all business dealings.

Strategy and Decision Making

The Group has established a structure framework which is built on policies, code of conduct, procedures and promotional activities to effectively prevent, detect and respond to bribery and corruption risks. This framework supports the Group's commitment to ethical business practices and compliance with ISO 37001 standards.

1. Policies

   Anti-Bribery and Corruption Policy

   The Group is committed to conducting its business ethically in compliance with applicable anti-bribery and corruption laws in every country where we operate. We do not condone any form of bribery and corruption.

   Stakeholders are encouraged to report any bribery and corruption related concern or suspicion to the Head of Internal Audit or Head of Human Resources as outlined in the policy.

   Whistleblowing Policy

   The Group promotes and supports a culture where people including employees, contractors, joint ventures, parties working with the Group, external stakeholders and members of the public feel comfortable to raise genuine and legitimate concerns regarding inappropriate conduct and behaviour.

   Employees and staff are strongly encouraged to speak up if they become aware of any improper or wrongful act involving the Group.

   To facilitate this, the Group has published a Whistleblowing Policy along with Whistleblower Form to enable whistleblowers to report concerns. Anonymous reporting is accepted; however, complaints that are found to be frivolous, vexatious, or an abuse of the process will be disregarded.

   The Group is also committed to protecting the confidentiality of people, including whistleblowers who make genuine and legitimate disclosures from adverse employment actions to the extent permitted by law.

   To support this commitment, the Group has established a Whistleblowing Communications Plan and Investigation Procedures, which outlined the methods for communicating the Whistleblowing Policy to employees and the investigation procedures in response to reported non-compliance.

   Gifts and Entertainment Policy

   The Group adopts a strict "No Gift Policy", under which all employees are prohibited from giving or receiving gifts and entertainment, except as expressly permitted by the policy.

   In September 2025, the policy was updated to clearly define thresholds for festive gifts, permitted entertainment, and customer function gifts. It also outlines the required approval levels based on employee categories. This policy is designed to regulate the giving and receiving of gifts and prevent any form of undue influence.

   Effective from 1st January 2021, all employees are required to submit a half-yearly declaration regarding the giving and/or receipt of gifts and entertainments.

   Self- Declaration Policy

   The Group has implemented a Self-Declaration Policy applicable to management and high-risk departments, including but not limited to Procurement, Sales and Marketing and Finance. Under this policy, individuals in these departments are required to annually confirm their compliance with the Group's Code of Conduct and Ethics, as well as the Anti-Bribery and Corruption Policy. They must also disclose any actual or potential conflicts of interest involving companies or businesses that have dealings with any of the Group's operating entities. These annual declarations help ensure that the information remains current, accurate, and transparent.

   Donation Policy

   The Group's Donation Policy was updated in September 2025 to ensure that all corporate donations are made in a transparent, accountable, and ethical manner. The policy governs contributions to charities, non-profit organizations, and causes that serve the greater good.

To uphold neutrality and ethical standards, the Group maintains a strict prohibition on all forms of political contributions.

Refer to FY2025 Annual Report page 113 for Community Engagement details on donation.

2. Codes

<u>Code of Ethics for Company Directors</u>

The Group's Code of Ethics sets clear standards and guidelines for directors, promoting accountability, transparency, and ESG-driven sustainability. All Board members must formally acknowledge and comply with these standards.

<u>Group Code of Conduct and Ethics</u>

Applies to all employees, promoting integrity, accountability, and lawful conduct.

3. Procedures

<u>Conflict of Interest</u>

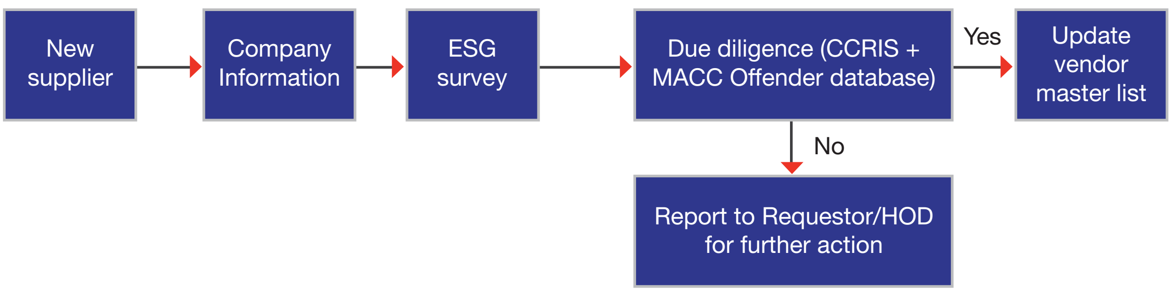
The Group aims to avoid any potential conflicts of interest during the tendering and recruitment processes. Members of the tender committee are required to self-declare any potential conflicts of interest with participating tenderers. Similarly, during recruitment interviews, candidates must disclose if they have any family members or relatives currently employed by the Group.

Refer to FY2025 Annual Report page 134 for Statement of Declaration by the Board members.

<u>Due Diligence</u>

The Group is committed to conducting due diligence prior to engaging with potential vendors, contractors, and employees. This process is essential to uphold our standards of integrity and to mitigate bribery and corruption risks.

As part of our vendor and contractor screening, the Group refers to the Malaysian Anti-Corruption Commission (MACC) Offender Database to verify whether any directors of potential vendors or contractors have a history of bribery or corruption. For potential employees, the Group engages third-party service providers to perform comprehensive background checks before issuing employment offers.



<u>ABCMS Risk Mitigation and Control Measures</u>

The Group has implemented a range of procedures designed to reduce major or significant bribery and corruption risks to minor or trivial levels. These controls help prevent misconduct such as bribery, false claims, fraud, and abuse of power. Examples of key procedures and policies include:

- Tender Procedure – Ensures transparency and fairness in procurement.
- Recruitment Procedure – Promotes integrity and prevents nepotism or bias.

4. Promotional and Awareness Activities

Annual ABCMS Awareness Program

In FY2025, the operating companies within the Group conducted various programs to promote a culture of integrity and reinforce the understanding of anti-bribery and corruption principles.

- SSB – Anti-bribery and corruption video making competition
  Encouraged creative engagement and raise awareness among employees.

- SPC and SSM – Anti-bribery and corruption talk by MACC
  Featured insights and guidance from MACC, enhancing understanding of legal and ethical expectations.

- SPIM/SSP – Banner design competition
  Fostered a culture of creativity and raise awareness in the workplace.

SSB

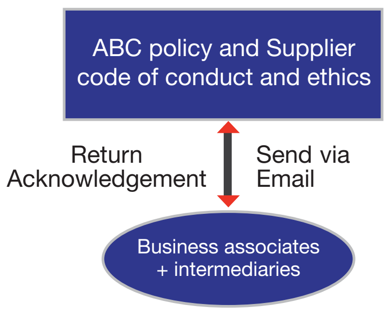
SSM and SPC

SPIM/SSP

Communication of ABC Policy to Business Associates and Intermediaries

The Group actively communicates its Anti-Bribery and Corruption Policy to business associates and intermediaries, including contractors, via email. In addition, suppliers and contractors are provided with the Suppliers' Code of Conduct and Ethics, reinforcing our expectations for ethical behaviour and compliance.

To ensure understanding and commitment, the Group actively engages with business associates and intermediaries to obtain their formal acknowledgement of key policies. The previously established target was successfully achieved and concluded in FY2024, with a cumulative response rate exceeding 90% across the Group.



Despite the completion of this target, the Group continues to communicate these policies to all newly onboarded business associates and intermediaries to maintain consistent awareness and compliance.

Training

The Group continues to enhance employees' understanding of ABCMS and related policies through structured training programs.

All existing employees will undergo refresher training once in every three years via e-training and evaluation portal. The current training cycle commenced in FY2025 and will conclude in FY2027.

The contents of the refresher training include:

- Overview of Anti-Bribery Management System
- Anti-Bribery and Corruption Policy Statement
- Anti-Bribery and Corruption Policy
- Whistleblowing Policy
- Gifts and Entertainment Policy
- Applicable Laws of Malaysia
- Certification on ISO 37001
- Definition of bribery, forms of bribery, causes, and negative effects of bribery and corruption

All the newly recruited employees undergo an onboarding program that includes ABCMS awareness while face to face classroom refresher training is organised specifically for foreign workers to ensure effective understanding.

Compliance Monitoring and Audits

The Group adopts a proactive approach to identify, maintain, and review ABCMS risks on a quarterly basis to ensure adherence and identify areas for improvement. As part of the ABCMS risk assessment process, each respective risk owner is responsible for establishing a mitigation plan to address identified risks, with particular focus on high or significant risks.

Financial Effect

The Group assesses the financial implications of anti-bribery and corruption matters in relation to sustainability-related risks and opportunities.

The Group is exposed to certain SRO factors that may lead to reputational damage and potential financial penalties. This includes inadequate governance measures to prevent bribery and corruption within the Group and among the business associates.

Nevertheless, as the Group has implemented a structure framework to adequately prevent, detect and respond to bribery and corruption risks within the Group, the current and anticipated financial impacts are anticipated to be low.

Resilience of the Group's Strategy and Business Model

The Group considers its current approach and the measures implemented are adequate for consistently meeting regulatory requirements and upholding strong governance practices. These measures support ethical business conduct and integrity across the entire value chain, contributing to long-term resilience of the Group's strategy and operation.

Metrics and Targets

ISO 37001 Anti-Bribery Management System

100% of the operating companies in the Group are certified to ISO 37001 Anti-Bribery Management System.

ABCMS Risk Assessment

In FY2025, all operating companies within the Group successfully conducted ABCMS risk assessments, demonstrating our commitment to continuous improvement and effective risk management in combating bribery and corruption.

	FY2023	FY2024	FY2025
% of operations that underwent corruption risk assessment	100%	100%	100%

Notes:

1) FY2025 covers a 15-month period due to a change in the financial year-end from June to September.
2) SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.

Gifts and Entertainment Declaration

The Group's declaration rate is presented in the table below. Employees on extended hospitalisation leave during the declaration period were excluded from the reporting.

Financial year	FY2023 1st half	FY2023 2nd half	FY2024 1st half	FY2024 2nd half	FY2025 1st half	FY2025 2nd half
Declaration rate (%)	100%	100%	100%	100%	100%	100%

Notes:

1. FY2025 covers a 15-month period due to a change in the financial year-end from June to September.
2. SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.

Whistleblowing Disclosure

In FY2025, the Group received two whistleblowing disclosures through its reporting channels. Both cases were investigated thoroughly, and appropriate disciplinary actions were taken accordingly.

	FY2023	FY2024	FY2025
Number of confirmed claims or incidents of non-compliance (corruption)	0	0	2
Staff disciplined or dismissed due to non-compliance with anti-corruption policies	0	0	2
Cost of fines, penalties, or settlements in relation to corruption (RM)	0	0	0

Notes:

1. FY2025 covers a 15-month period due to a change in the financial year-end from June to September.
2. SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.

Training

	FY2023	FY2024	FY2025
Management	100%	100%	59.8%
Executive and above	100%	100%	76.9%
Non-executive	100%	100%	59.3%

Notes:

1. *FY2023: Gift and Entertainment Policy + Whistleblowing Policy Refresher Training.*
2. *Onboarding ABCMS Program + ISO 37001 Anti-Bribery Management System Refresher Training.*
   - *1st cycle FY2022 – FY2024*
   - *2nd cycle FY2025 – FY2027*
3. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
4. *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*

3.4 Data Privacy and Security

Description

The Group recognises the critical role of personal data in business operations and treats stakeholder concerns regarding the collection, use, and storage of personal data with utmost importance.

In light of increasing digitalisation, the importance of data privacy and cybersecurity cannot be trivialised. Cyber threats, whether internal or external, pose significant risks to operational continuity, financial stability, and stakeholder trust.

Business Model and Value Chain

The Group recognises that data privacy and security are critical across its entire business model and value chain, including operations and interactions with business associates, such as suppliers and customers.

Data privacy and security are embedded into the Group's core operations through a structured governance framework. Oversight is provided by BARMC, with integration into corporate policies and the Group's risk management framework. This includes the use of secure technologies and infrastructure, ongoing employee training and awareness programs, and established protocols for incident response and recovery.

Across the value chain, the Group ensures secure handling of personal data, including customer and supplier information. Controls are in place to manage data transfers and sharing, in compliance with applicable data protection regulations.

The Group remains vigilant in safeguarding its data and digital infrastructure to maintain operational resilience, mitigate sustainability-related risks, and uphold stakeholder trust. These efforts support long-term value creation and reinforce the resilience of the Group's business model.

Strategy and Decision Making

BARMC holds oversight responsibility for data privacy and security across the Group. Data governance is integrated into corporate policies and the Group's sustainability risks and opportunities management framework.

A Data Protection Officer (DPO) has been appointed to respond and investigate complaints related to breaches of customer privacy or data loss. These concerns can be submitted through the Group's website, ensuring accessibility of reporting mechanism.

Personal data is managed in strict accordance with the Southern Steel Group Privacy Notice and is guided by Malaysia's Personal Data Protection Act (PDPA) and other applicable regulations, reflecting the Group's commitment to responsible data governance.

The Group has implemented a comprehensive cybersecurity strategy, guided by best practices, and benchmarked against the ISO/IEC 27001:2022 Standard and its 2024 amendment. This strategy is designed to defend against cybercrime and protect critical systems and sensitive information from digital threats. Through continuous vigilance and proactive measures, the Group aims to uphold the integrity, confidentiality, and availability of its digital assets.

To support this strategy, the Group continues to implement key initiatives that enhance the protection of company data, information, and records, including:

- A robust policy framework
- Ongoing employee training and awareness programs
- Deployment of secure technologies and infrastructure
- Established protocols for incident response and recovery

Key Initiatives	Description
Policy framework	Adhered to the following governance documents: Policies ● 16 information security policies implemented to safeguard digital assets and ensure compliance. ● 11 policies developed in alignment with the COBIT 5 framework, supporting governance and management of enterprise IT. Procedures ● 2 operational procedures established for Job Request and Account Requisition.
Ongoing employee training and awareness programs	Several cybersecurity awareness initiatives have been implemented across the Group to strengthen digital resilience, enhance awareness of cyber threats, and foster a security-conscious culture that reinforces the Group's overall cyber defence posture: ● Targeted email communications are regularly used to guide end users in identifying potential threats and responding appropriately. ● Phishing simulations and testing are conducted periodically to evaluate and strengthen user vigilance. ● Cybersecurity briefings are incorporated into the onboarding program for all new employees to instil foundational awareness from day one.
Deployment of secure technologies and infrastructure	1. Customer data is securely maintained within the Group's Enterprise Resource Planning (ERP) system. Access to this data is strictly governed by authorization protocols, ensuring that only authorised personnel can retrieve or manage sensitive information.
	2. Engaged a certified cybersecurity technical body to: ● Conduct Vulnerability Assessment and Penetration Testing (VAPT) to identify and remediate security vulnerabilities across IT systems, networks, and applications.
	3. Strengthening endpoint security through the following measures: ● Deployed Endpoint Protection, Detection, and Response (EPDR) solutions across all IT-managed computers and Windows servers to proactively detect and mitigate threats. ● Enforced strict controls on unauthorized software usage through regular compliance checks, ensuring adherence to approved software policies. ● Scheduled and consistently applied security patching for all IT-managed computers and servers to address vulnerabilities and maintain system integrity.

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Key Initiatives	Description
Deployment of secure technologies and infrastructure (cont'd)	4. Enhance application security through the following measures: • Secure access to applications is enabled through the use of Virtual Private Network (VPN) technology. • Multi-Factor Authentication (MFA) is enforced for all email and VPN users to strengthen identity verification and prevent unauthorized access. • Password aging controls are applied to ensure regular password updates, reducing the risk of credential compromise. • User authorization levels are periodically reviewed to maintain appropriate access rights and prevent privilege misuse.
Established protocols for incident response and recovery.	Engaged a certified cybersecurity technical body to: • Provide 24/7 cybersecurity monitoring and incident response through their Security Operations Center (SOC), ensuring continuous detection, analysis, and response to potential threats.

Financial Effect

The Group assesses the financial implications of data privacy and security within the context of its sustainability-related risks and opportunities.

The Group recognises that failure to safeguard company data, information and records could lead to increased operational costs, reputational damage, and potential financial penalties. These risks may arise from data breaches, loss of customer trust or regulatory non-compliance.

However, given the Group's established policy framework and strategic initiatives to ensure data privacy and security—including governance oversight, secure infrastructure, employee training, and incident response protocols—the current and anticipated financial impacts are assessed to be low.

This proactive approach supports operational resilience and helps mitigate financial risks associated with data privacy and cybersecurity threats.

Resilience of the Group's Strategy and Business Model

The Group considers its current approach and controls to be adequate in meeting regulatory requirements and safeguarding data and digital infrastructure across its entire value chain. These measures contribute to operational resilience by reducing exposure to data-related risks, including cyber threats, privacy breaches, and regulatory non-compliance.

By embedding data privacy and security into its governance, technology, and risk management frameworks, the Group enhances its ability to maintain business continuity, protect stakeholder interests, and support long-term value creation.

Metrics and Targets

The Group has established a dedicated reporting channel on its website for stakeholders to raise concerns or complaints related to breaches of customer privacy.

	FY2023	FY2024	FY2025
Substantiated complaints concerning breaches in customer privacy or data loss	0	0	0

Notes:

1) FY2025 covers a 15-month period due to a change in the financial year-end from June to September.
2) SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.

3.5 Management Systems

Description

The Group believes that ISO management systems are crucial for sustainable development because they provide a structured framework for improving governance, environmental and social performance, enhancing efficiency, and aligning with global sustainability goals. The management systems foster a culture of continuous improvement and integrate sustainability into core business strategies to achieve long-term economic viability while minimising negative impacts on the planet and society.

Our Approach

The Group implements various ISO management systems with clearly defined objectives to enhance operational excellence, ensure compliance, and support continuous improvement.

ISO 9001 Quality Management System	To consistently provide products and services that meet customer and regulatory requirements, enhance customer satisfaction, and promote continuous improvement.
ISO 14001 Environmental Management System	To establish, maintain, and improve environmental management to enhance environmental performance, fulfil compliance obligations, and achieve environmental objectives.
ISO 45001 Occupational Health and Safety Management System	To proactively manage and improve occupational health and safety (OH&S) risks, ultimately aiming to prevent work-related injuries, illnesses, and fatalities.
ISO 50001 Energy Management System	To improve energy performance, reduce energy use and costs, and enhance sustainability through the establishment and continual improvement of energy management practices.
ISO 37001 Anti-Bribery Management System	To foster a culture of ethical business practices to prevent, detect, and respond to all forms of bribery, while supporting compliance with applicable anti-bribery laws and voluntary commitments.
ISO/IEC 17025 Testing and calibration laboratories	To demonstrate laboratories' competency to generate valid, reliable results, thereby promoting confidence and facilitating international acceptance of the work done.
ISO 30001 Risk management — Guidelines	To achieve organisational objectives, improve decision-making, and enhance stakeholder confidence and trust through effective risk management.

Sustainability Statement
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Our Initiatives

The status of ISO management systems implementation across the Group is as follows:

Management System	SSB 1 site	SPIM/SSP 3 sites	SPC 1 site	SSM 4 sites	% certified
ISO 9001 Quality Management System	Certified	Certified	Certified	Certified	100%
ISO 14001 Environmental Management System	Certified	Certified	Certified	Certified	100%
ISO 45001 Occupational Health and Safety Management System	Certified	Certified	Certified	Certified	100%
ISO 50001 Energy Management System	Adopted	Adopted	Adopted	Adopted	-
ISO 37001 Anti-Bribery Management System	Certified	Certified	Certified	Certified	100%
ISO/IEC 17025 Testing and calibration laboratories	Accredited	-	Accredited	-	-
ISO 30001 Risk management — Guidelines	Adopted	Adopted	Adopted	Adopted	-

The Group undergoes annual internal and external audits for certified management systems, conducted by both internal auditors and accredited external auditors. These audits ensure effective implementation and support continuous improvement. For adopted (non-certified) management systems, internal audits are conducted to verify implementation and drive ongoing improvement efforts.

In term of training and awareness, a structured onboarding program is in place for newly recruited staff and contractors, which includes Management Systems Awareness Training and briefings to ensure they are well-informed before commencing work. For existing employees, periodic refresher training is conducted to reinforce long-term knowledge retention and sustain a strong culture of continuous improvement and compliance.

In supporting of the Environmental Management System, the Group consistently sends its Environmental Competent Persons to external trainings and seminars to stay updated on the latest environmental developments.

Our Performance

Our dedication to environmental stewardship paid off, as most companies within the Group maintained zero environmental fines and penalties for FY2025. However, one company incurred a single fine due to non-compliance with labelling of scheduled waste.

	FY2023	FY2024	FY2025
Total cost of environment fines and penalties (RM)	0	0	1,000

Notes:

1) *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
2) *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*

4.0 ENVIRONMENT

4.1 Greenhouse Gas Emissions

Description

Greenhouse gas (GHG) emissions are the main driver of climate change, which is an issue of concern that needs immediate attention and mitigation actions by all stakeholders. Iron and steel industry, as a hard-to-abate sector, is one of the significant contributors of GHG emissions and has been urged to adopt decarbonisation strategies to reduce their overall environmental footprint.

Business Model and Value Chain

The Group is cognisant of the potential implications arising from its GHG emissions. The Group's reliance on electricity as an Electric Arc Furnace (EAF) steel manufacturer and Malaysia's high Grid Emission Factor (GEF) contributes substantially to its GHG emissions. The forthcoming introduction of a carbon pricing mechanism may directly affect the Group through taxation and indirectly via increased electricity tariffs. However, the impact is expected to be significantly less compared to that on Blast Furnace steel operators. The Group is also working to reduce its GHG emissions through process optimisations and technology upgrades.

Across the value chain, the Group is observing a growing demand from customers for lower carbon steel products to support their own decarbonization goals. The inability to demonstrate meaningful reductions in emissions could limit the Group's access to export markets that enforce carbon border adjustment mechanisms, and may also affect relationships with buyers who prioritise sustainable sourcing. The Group is also expecting that investors, lenders, and regulators will place greater emphasis on emission performance, which could influence access to capital and compliance obligations.

Strategy and Decision Making

The Group apprehends the importance of controlling GHG emissions in mitigating climate change and aspires to contribute by monitoring and reducing our environmental footprint as stated in our environmental policy statement.

The Group continues its effort to enhance and keep abreast the knowledge and skills of our employees in climate related matters by sending representatives to attend relevant seminars / webinars hosted by International Financial Reporting Standards (IFRS), Malaysia Iron and Steel Industry Federation (MISIF), Bursa Malaysia, PwC Malaysia, etc.

As the largest GHG emitter within the Group, SSB actively participates in global efforts to mitigate climate change. One of its key contributions is the consistent provision of data for Malaysia's Biennial Transparency Report (BTR). The BTR, submitted every two years to the United Nations Framework Convention on Climate Change (UNFCCC), includes the National Inventory Report (NIR), updates on progress toward Nationally Determined Contributions (NDCs), relevant policies and measures, and other climate-related information.

SSB has signed up to be an official supporter for TCFD since 2023. Following the disbandment of TCFD, the Group adopted its recommendations, comprising 4 pillars, namely Governance, Strategy, Risk Management and Metrics and Targets as the foundation for transitioning to IFRS S1 and S2.

Low Carbon Transition Plan

In FY2024, the Group drafted its low carbon transition plan based on prevailing circumstances and best available information, data, and assumptions. Among these is the recognition that electric arc furnace technology is currently considered the greener option among iron and steel making technologies, offering significantly lower carbon emissions. Globally, EAF currently is the preferred option for decarbonisation strategy.

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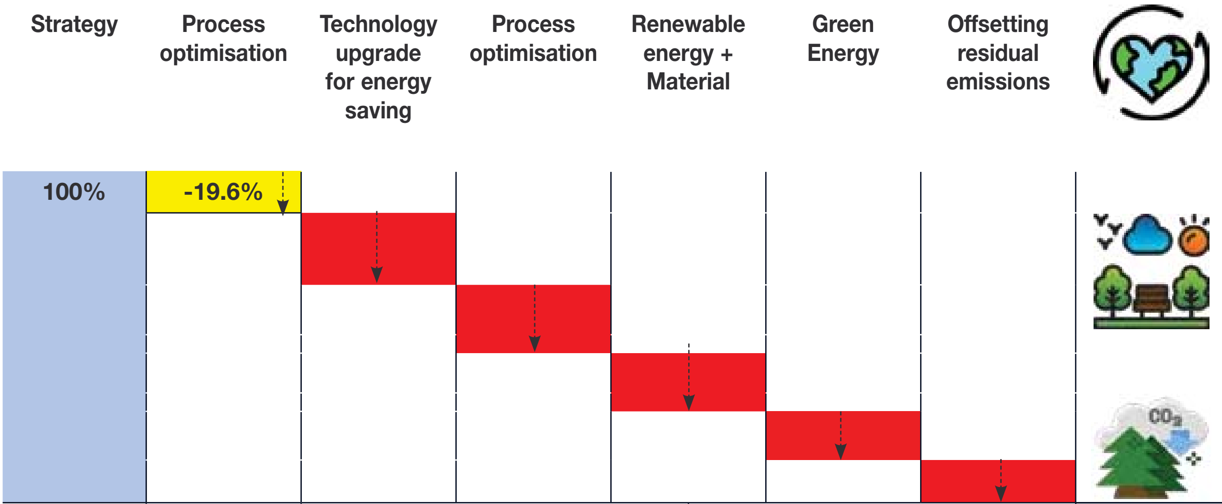
The low carbon transition plan was reviewed in FY2025. As part of this process, the Group has temporarily suspended operations at its EAF plant, recognising that EAF technology has significantly evolved over recent decades, particularly in term of efficiency and energy consumption. The Group will continue to closely monitor technological advancements to determine the most appropriate options in due course.

Low Carbon Transition Plan

Potential reduction	Scope 1+2	Scope 1+2	Scope 1+2	Scope 1+2+3	Scope 2	
Strategy	1 Process optimisation	2 Technology upgrade for energy saving	3 Process optimisation	4 Renewable energy + Material	5 Green Energy	6 Offsetting residual emissions



FY2022 (Baseline)	FY2025 (Actual)	FY2026 – FY2035	FY2036 – FY2050
	Short to medium term (until 2035)		Long term (until 2050)

The planned strategies of the Group under its Low Carbon Transition Plan remain largely intact, except for the timeline to review technology upgrade options aimed at energy saving and efficiency. This review has been brought forward from long-term horizon (FY2036-FY2050) to short- to medium-term (FY2026-FY2035), in recognition of the evolving landscape of EAF technology in energy-saving. The Group aims to pursue its transition in line with the revised implementation phases, subject to appropriate timing and industry dynamics. Annual reviews will be conducted to assess progress and incorporate any necessary updates or changes. The key focus areas include:

a) Technology upgrade
b) Process optimisation
c) Alternative material
d) Renewable energy
e) Green energy
f) Offsetting residual emissions

Disclaimer:

This Low Carbon Transition Plan is intended to align The Group's business model in regard to The Group's climate commitment to reduce its carbon footprint. This Low Carbon Transition Plan contains forward looking statements which may include but not limited to future events, trends, plans or expectations relating to The Group's business, results of operations, performance, and strategies. Such forward looking statements are based on current circumstances and currently available information, data, and assumptions, and are not a representation or guarantee of future performance or developments. This Low Carbon Transition Plan is subject to continuous review according to evolving policies, acts and regulations and is not intended to have any legal binding effect although The Group has every intention to use reasonable efforts to abide by the same in good faith. As such, The Group shall not be responsible or liable in any manner, whether at law or in equity, for any loss or damage whatsoever, howsoever arising (whether for breach of contract, tort (including negligence), misrepresentation, warranties, indemnity, statutory or strict liability) arising from or in connection with The Group's forward looking Statement and Low Carbon Transition Plan, or for any loss or damage (whether direct or indirect, consequential, incidental, special or exemplary damages), howsoever incurred or suffered by any person (whether direct or indirect), arising from or in connection with The Group's forward looking Statement and Low Carbon Transition Plan.

Financial Effects

At present, The Group is unable to quantify the financial impact of its GHG emissions. However, the Government of Malaysia has announced the introduction of a carbon pricing mechanism for the iron and steel sector, and the energy sector in 2026. The implementation is expected to affect the Group's operations directly via taxing mechanism and indirectly through increased electricity tariff, increased cost of materials and increased compliance requirements. The Group anticipates that the financial implications could be significant, although the extent remains highly uncertain, as the carbon pricing mechanism is expected to influence the entire value chain of the iron and steel industry.

Climate Resilience

The Group believes its current measures are reasonably effective in addressing potential impacts from its GHG emissions and continue to pursue efforts to reduce emissions across its operations. These efforts include, but are not limited to:

- Quantification and monitoring of GHG emissions
- Process optimization and energy saving projects

The Group will closely monitor forthcoming government announcements on the carbon pricing mechanism and align its strategies accordingly to ensure compliance and resilience.

Our GHG Emissions

Summary of GHG Emissions

The Group is accountable for the GHG emissions from all upstream and downstream companies under the operational control consolidation method. During this reporting cycle, several corporate developments have influenced the total emissions reported for FY2025. This includes the extension of financial year by an additional quarter (3 months) to 30 September 2025, the temporarily suspended EAF plant operations, and the strategic disposal one of its subsidiaries, SSM. These factors have contributed to variations in the Group's overall emissions profile for FY2025.

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The GHG emission of The Group are summarized in the tables below:

Metrics	Unit	FY2023	FY2024	FY2025
Scope 1 GHG Emissions				
Upstream	tCO_2e	94,213	82,825	103,907
Downstream	tCO_2e	3,060	2,917	3,274
Total	**tCO_2e**	**97,273**	**85,742**	**107,181**
Scope 2 GHG Emissions				
Upstream (location-based)	tCO_2e	247,521	198,752	168,944
Downstream (location-based)	tCO_2e	24,629	27,749	30,871
Total	**tCO_2e**	**272,150**	**226,501**	**199,815**
Scope 3 GHG Emissions				
Category 7 – Employee Commuting				
Upstream	tCO_2e	856	815	874
Downstream	tCO_2e	628	617	639
Category 8 – Business Travels				
Upstream	tCO_2e	-	-	53
Downstream	tCO_2e	-	-	114
Total	**tCO_2e**	**1,484**	**1,432**	**1,680**

Notes:

1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
2. *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*
3. *Methodology for FY2023 and FY2024 is ISO14404 while methodology for FY2025 is GHG Protocol.*

The Group is still expanding its Scope 3 GHG emission and plannings are in place to include more categories in future reporting. In the meantime, The Group has identified that it does not have emissions in the following categories:

- Category 11 – Use of Sold Products
- Category 14 – Franchises

<u>Methodology, Inputs and Assumptions</u>

The Group calculates its Scope 1, Scope 2 and Scope 3 GHG emissions using the indirect measurement method, as direct measurement is currently unavailable. In FY2025, The Group standardised all GHG emission calculations in alignment with the GHG Protocol framework. Upstream emissions, previously calculated using ISO14404, have been transitioned to the GHG Protocol. This alignment serves as a preparatory step toward adopting IFRS S1 and S2, and supports readiness for potential future implementation of a carbon pricing mechanism.

For Scope 1 emissions, The Group has determined that direct emission from Fire Suppressant System and Air Conditioning are immaterial, contributing less than 0.5% of total emissions. Accordingly, these sources have been excluded from material reporting.

The Group calculates its Scope 2 GHG emissions using the location-based method as we do not possess contractual instrument for market-based method. In order to calculate our location-based emissions, the Group applies the Grid Electricity Emission Factor of Peninsular Malaysia, as published by Suruhanjaya Tenaga (ST). The most recent GEF is used to calculate the emission of the current reporting year.

The Group acknowledges that ST revises the published GEF but in line with common reporting practices, we do not retrospectively adjust previous published inventories when updated emission factors are released after the reporting cycle in order to avoid frequent restatement of historical data and ensure consistency in reporting.

	Grid Emission Factor (Gg CO_2e/GWh)				
	2018	2019	2020	2021	2022
Peninsular (revised)	0.797	0.753	0.821	0.757	0.774
Peninsular (before revision)	0.807	0.780	0.832	0.758	-

Note:

1. *Grid Emission Factor (GEF) in Malaysia. Data provided by Malaysia's Energy Commission (Suruhanjaya Tenaga).*

The Grid Electricity Emission Factor ("GEF") used for our report is tabulated as below:

Sustainability report	FY2023	FY2024	FY2025
Grid Emission Factor (Gg CO_2e/GWh)	0.780	0.758	0.774

For Scope 3 emissions, the Group utilises the distance-based method to calculate both Category 7 – Employee Commuting and Category 8 – Business Travels.

Global Warming Potential (GWP) Values

The Group applies the GWP values based on a 100-year time horizon from the Intergovernmental Panel on Climate Change (IPPC) Sixth Assessment Report (AR6) to convert constituent gases into CO_2 equivalent values. These represent the most recently published GWP values by IPCC.

Common chemical name	Chemical formula	GWP values for 100-year time horizon		
		AR4	AR5	AR6
Major Greenhouse Gases				
Carbon dioxide	CO_2	1	1	1
Methane - non fossil	CH_4	25	28	27
Methane - fossil	CH_4	N/A	30	29.8
Nitrous oxide	N_2O	298	265	273
Nitrogen trifluoride	NF_3	17,200	16,100	17,400
Sulphur hexafluoride	SF_6	22,800	23,500	24,300

Metrics and Targets

As part of our commitment to support government policy such as New Industrial Master Plan (NIMP) 2030, The Group has established a few GHG emission reduction targets. These targets comprise of Scope 1, Scope 2 and Scope 3 targets at different time horizons.

No	Company	Location	Target	Timeframe
1*	SSB	Prai	Reduce upstream (SSB) GHG emission intensity (Scope 1 + 2 emissions) by 12% (0.56 to 0.49) by FY2025	FY2022 to FY2025 (Short to medium term)
2	SPC	Shah Alam	Control Scope 1 GHG emission intensity to lower than 0.015 tCO_2/tsteel	FY2022 to FY2025 (Short to medium term)
3	The Group	All sites	Build data inventory for Scope 3 Category 6 – Business Travel	FY2024 to FY2025 (Short term)

* *This target is calculated using ISO14404*

Performance against the GHG Emission Targets

The Group previously set three GHG emission targets, all of which reached their respective target years within this reporting cycle. The Group's performance against these targets is listed below:

Targets	Location	Unit	Baseline Year			Target Year	Status
Upstream			FY2022	FY2023	FY2024	FY2025	
Reduce upstream (SSB) GHG emission intensity (Scope 1 + 2 emissions) by 12% (0.56 to 0.49) by FY2025	Prai	tCO_2e/ tsteel	0.56	0.46	0.51	0.45	Achieved
Downstream			FY2022	FY2023	FY2024	FY2025	
Reduce downstream (SPC) GHG emission intensity (Scope 1) by 30% (0.023 to 0.016) by FY2025	Shah Alam	tCO_2e / tsteel	0.023	0.020	0.011	0.014	Achieved
The Group						FY2025	
Build data inventory for Scope 3 Category 6 – Business Travel	All sites	tCO_2e	-	-	-	167	Achieved

Notes:

1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
2. *Upstream target emission intensity is calculated up to March 2025 due to the temporary suspension of EAF operations.*

The Group will be looking to establish new targets for FY2026 onwards to replace these targets which have been accomplished.

4.2 Air Emissions

Description

The iron and steel industry is a heavy industrial sector where air pollution remains a significant environmental concern. Its production processes emit particulate matter and various gases. Under the Environmental Quality (Clean Air) Regulations 2014, it is mandatory to ensure that these emissions remain within the permissible limits.

Business Model and Value Chain

Emissions are inherent to the processes within iron and steel industry. As an environmentally responsible corporation, the Group has expressed its commitment to fulfil environment compliance obligations across both upstream and downstream operations.

The Group identified internal air emitting processes and determined that 56% of its sites fall under the scope of the Environmental Quality (Clean Air) Regulations. This coverage will increase to 100% following the disposal of equity in SSM.

Company	SSB	SPIM & SSP	SPC
Process	Steel making and hot rolling	Steel pipe galvanising	Wire rod mechanical descaling

The Group previously focus on its largest emitter and disclosing emission data solely for SSB. With expanded monitoring, the Groups now maintains a broader oversight across 100% of its operations.

Over the years, proactive measures have been implemented to keep emissions within permissible limits, contributing to the protection of air quality and public health.

The current and anticipated effect on the Group's operations and value chain is minor, and the Group remains in compliant with the applicable regulatory requirements.

Strategy and Decision Making

The Group demonstrates its commitment to environmental compliance through its Environmental Policy Statement, which emphasises continual improvement to enhance environmental performance.

In alignment with the Environmental Quality (Clean Air) Regulations 2014, the Group conducted a groupwide assessment to identify sources of air pollutant emissions and define key monitoring parameters. Specifically, this is in reference to:

a) Third Schedule, Regulation 13, Table B – Production and Processing of Ferrous Metals (Iron and Steel Mills).
b) Second Schedule, Regulation 13, Table I, No. 2 - Combustion emissions from fuel burning equipment and incinerators not covered by the First Schedule.
c) Environmental Quality (Industrial effluent) Regulations 2009, Fifth Schedule, Standard B.

A summary of the relevant requirements is listed as below.

Company	Location	Sources of pollutants	Pollutants limit value (mg/m³)			Environmental Quality (Industrial effluent) Regulations 2009, Fifth Schedule, Standard B
			Isokinetic dust particulate (PM)	Nitrogen dioxides (NO_x)	Sulphur dioxides (SO_x)	
SSB	Prai	Chimneys	50	500	500*	N/A
SPIM & SSP	Butterworth	Scrubber	N/A	N/A	N/A	See 3.5
		Chimney	150	N/A	N/A	N/A
SPIM	Nibong Tebal	Scrubber	N/A	N/A	N/A	See 3.5
		Chimney	150	N/A	N/A	N/A
SPC	Shah Alam	Chimney	150	N/A	N/A	N/A

Notes:

1. *The Group has determined that 56% of its sites are subject to compliance with the Environmental Quality (Clean Air) Regulations 2014. This coverage will increase to 100% following the disposal of equity in SSM.*
2. ** Voluntarily adopt limit value for sinter plant for monitoring. No limit value specified for electric arc furnace and rolling mill.*

All sites subject to these regulations are equipped with air pollution control installations to ensure compliance. Additionally, the Group appoints certified competent personnel to supervise and maintain operations that emit pollutants, ensuring optimal performance and adherence to environmental standards.

It is the practice of the Group to engage accredited laboratories to conduct isokinetic stack and air emission measurements. These assessments are performed at predetermined intervals, with results continuously monitored to maintain compliance with the Clean Air Regulations.

Volatile Organic Compounds (VOCs) are not listed in Table B – Production and Processing of Ferrous Metals (Iron and Steel Mills) under the Environmental Quality (Clean Air) Regulations 2014 for Electric Arc Furnaces and Rolling Mill and therefore are not among the pollutants required to be monitored for iron and steel mills.

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Financial Effect

The Group assesses the financial implications of air emissions in relation to sustainability-related risks and opportunities. At present, both current and anticipated financial impact are considered negligible. The risk of non-compliance with clean air regulations, such as emissions exceeding permissible limits is rated as trivial, as the Group has implemented proactive measures across the short-, medium-, and long-term to minimise pollutant emissions.

All air pollution control systems are well maintained, and emissions are monitored periodically to ensure compliance. Based on current performance and anticipated regulatory developments, the Group has concluded that the financial effect of air emissions is minor.

Resilience of the Group's Strategy and Business Model

The Group considers its current approach and the measures implemented are adequate for consistently meeting applicable air emission regulations. In the event that existing technologies become insufficient to ensure compliance, the Group will evaluate and adopt the latest available technologies to maintain adherence to environmental standards.

This proactive stance supports the resilience of the Group's strategy and business model by ensuring continued regulatory compliance and reinforcing our commitment to environmental stewardship.

Metrics and Targets

The Group has implemented a range of proactive measures across the short, medium, and long term to minimise pollutant emissions. These efforts have enabled the Group to consistently meet regulatory requirements.

Company	Sites (%)	Location	Target	Time frame
The Group	56	Prai, Nibong Tebal, Shah Alam, Butterworth	Reduce pollutants emission by deploying effective control and monitoring measures to ensure compliance to standard	FY2006 to FY2028
SSB	11	Prai	Control the emissions rate from the reheating furnace at the level of 30% below the limit stated in the regulations	FY2021 to FY2025

Company	Location	Environmental care investment	Purpose	Year
SPC	Shah Alam	Installed dust collector bag filter for mechanical descaling	Capture dust and particulate matter to improve air quality	2012
		Upgraded dust collector bag filter for mechanical descaling		2021
SPIM & SSP	Butterworth	Installed scrubber and chimney	Remove harmful gases, vapours, or particulates to improve air quality	2009
SPIM	Nibong Tebal	Installed scrubber and chimney	Remove harmful gases, vapours, or particulates to improve air quality	2000

Company	Location	Environmental care investment	Purpose	Year
SSB	Prai	Installed bag filter dust collector	Capture dust and particulate matter to improve air quality	1991
		Installed additional bag filter dust collector		2011
		Convert the reheating furnace fuel from medium fuel oil to natural gas in rolling mills	Use cleaner fuel with reduced pollutants emissions	2006 and 2007
		Installed Continuous Emission Monitoring System (CEMS) in steel making plant	Enable continuous monitoring	2013
		Installed wind breaker netting at ladle slag storage area	To contain ladle furnace dust within the storage area to minimise fugitive dust in the environment	2022

The reheating furnaces in SSB's hot rolling mills emit pollutants as a result of fuel combustion. The conversion from medium fuel oil to cleaner natural gas has kept pollutant levels consistently well below regulatory limits.

The Continuous Emission Monitoring System (CEMS) installed at the steelmaking plant samples, analyses, and records pollutant levels every three minutes. This real-time data is visualized both at the plant and by the Department of Environment, enabling continuous monitoring in compliance with regulatory requirements. The pollutant concentration trends allow the plant's certified competent personnel to proactively analyse, predict, and plan maintenance activities for the baghouse dust removal and collection system.

The rate of key pollutant emission as illustrated shows that from FY2021 to FY2024, SSB is able to maintain pollutants emissions rate at below 70% of the regulatory limit set under Environmental Quality (Clean Air) Regulations 2014. SSB will retain the same target until FY2025.

Target of SSB Prai	Pollutants	Limit value (mg/m^3)	70% of limit value (mg/m^3)	Maximum value (mg/m^3)				
				Target time frame				
				FY2021	FY2022	FY2023	FY2024	FY2025
Control the emissions rate from the chimneys at the level of 30% below the limit stated in the regulations	Isokinetic dust particulate (PM)	50	35	17.7	0.8	14.2	2.1	1.1
	Nitrogen dioxides (NO_x)	500	350	133	26	23.7	23.7	23.7
	Sulphur dioxides (SO_x)	500	350	86	5.7	3.0	3.7	6.9

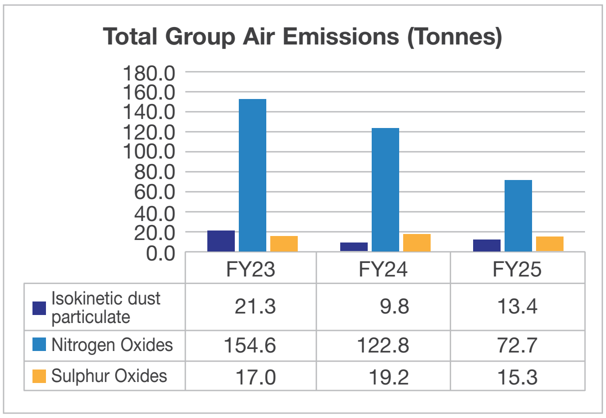
Note:

1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*

Sustainability Statement
(Cont'd)

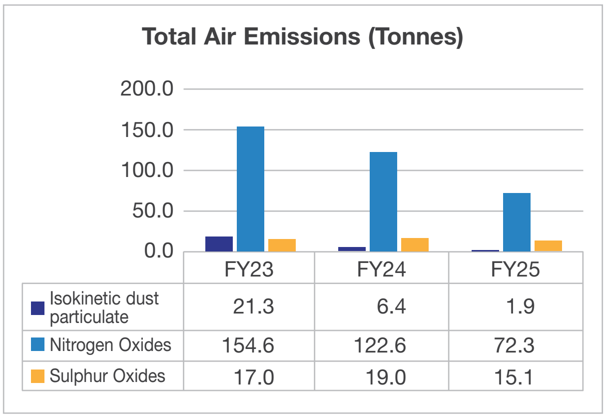
The total significant air emissions of the Group are illustrated below:

Group



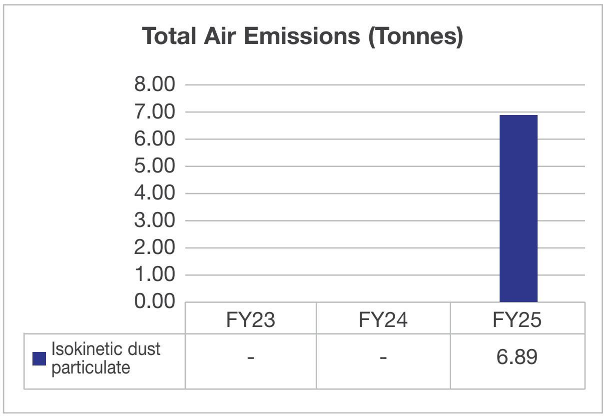
	FY23	FY24	FY25
Isokinetic dust particulate	21.3	9.8	13.4
Nitrogen Oxides	154.6	122.8	72.7
Sulphur Oxides	17.0	19.2	15.3

SSB



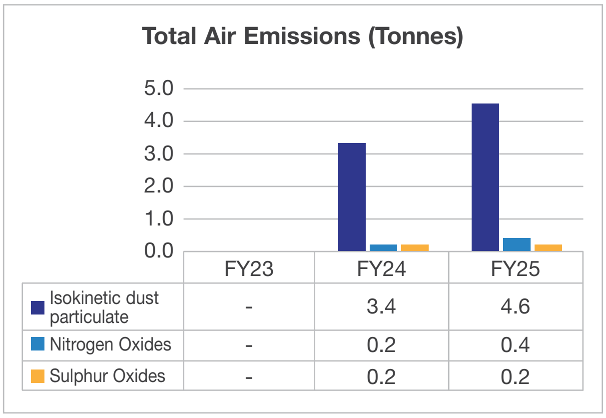
	FY23	FY24	FY25
Isokinetic dust particulate	21.3	6.4	1.9
Nitrogen Oxides	154.6	122.6	72.3
Sulphur Oxides	17.0	19.0	15.1

SPIM/SSP Butterworth & SPIM Nibong Tebal



	FY23	FY24	FY25
Isokinetic dust particulate	-	-	6.89

SPC



	FY23	FY24	FY25
Isokinetic dust particulate	-	3.4	4.6
Nitrogen Oxides	-	0.2	0.4
Sulphur Oxides	-	0.2	0.2

Note:

FY2025 covers a 15-month period due to a change in the financial year-end from June to September.

4.3 Energy Management

Description

The iron and steel industry is among the most energy-intensive industrial sectors, accounting for approximately 7% of global man-made greenhouse gas emissions. With rising energy costs and escalating climate concerns, efficient energy management is critical for minimising environmental impact, enhancing operational efficiency, and reducing production costs.

Business Model and Value Chain

The Group relies on several key non-renewable energy sources: electricity, natural gas, diesel, and coke. All energy inputs are sourced locally, except for coke, which is imported from various countries in Asia. Electricity and natural gas are the primary energy sources consumed in large volumes across the operations, particularly at SSB, SPIM & SSP, and SPC.

Electricity is procured through the national grid, while natural gas is supplied via a dedicated pipeline—both from sole providers. Diesel, in contrast, is readily available from multiple vendors. This reliance on single-source suppliers for electricity and gas introduces a significant risk to production continuity in the event of supply disruptions caused by climate-related events, regulatory changes, or infrastructure failures.

The Group transitioned from medium fuel oil to natural gas to improve energy efficiency and reduce emissions. While natural gas supply is generally stable, the April 2025 pipeline fire in Putra Heights led to temporary supply limitations. However, through coordinated efforts across all operating plants, the impact on operations was minimal.

According to the Malaysia Energy Statistics Handbook 2023 by the Energy Commission, the System Average Interruption Duration Index (SAIDI) for Peninsular Malaysia was 0.84 in 2022, indicating a generally reliable electricity supply. Nonetheless, as the national grid remains heavily dependent on fossil fuels, electricity costs are expected to rise, increasing the Group's exposure to energy price volatility.

Given the critical role of energy in our operations, any disruption in supply can significantly affect the Group's value chain. To mitigate these risks, the Group is actively exploring energy efficiency initiatives, and strategies to enhance energy resilience.

Strategy and Decision Making

The Group's Energy Policy statement demonstrates the commitment to improving energy efficiency, performance, and consumption, while ensuring compliance with the applicable laws, regulations, and other relevant requirements.

In line with this commitment, the Group has reviewed the requirements under the Energy Efficiency and Conservation Act (EECA) 2024. Based on our assessment, the following companies within the Group fall within the regulatory scope of the EECA, which applies to large energy consumers with annual energy consumption exceeding 21,600 gigajoules.

Company	SSB	SPIM & SSP	SPIM	SPC	SSM	SSM	SSM	Coverage
Location	Prai	Butterworth	Nibong Tebal	Shah Alam	Prai	Klang	Rawang	
Regulated by EECA	Yes	Yes	Yes	Yes	No	No	No	56%
Implement EnMs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	100%

Notes:

1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
2. *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*

The Group has a total of 4 Registered Energy Manager (REM) Type 2 stationed at SSB Prai and SPC Shah Alam. The designated REM is responsible for submitting annual Energy Efficiency and Conservation Report to Energy Commission, in accordance with regulatory requirements.

Additionally, 100% of the companies within the Group have implemented an Energy Management System (EnMS), demonstrating a consistent and structured approach to energy governance. To further strengthen our energy oversight, the Group has established an Energy Management Committee tasked with promoting efficient energy use and ensuring compliance with EECA 2024.

The Group recognises that reducing energy consumption directly lowers reliance on fossil fuels and contributes to the mitigation of GHG emissions. In alignment with our climate-related goals, we acknowledge the strategic importance of dedicated energy management practices.

To support our transition toward a low-carbon economy, the Group is committed to a proactive and structured energy management approach, which includes:

- Monitoring and reporting energy usage across all operations to ensure transparency and accountability.
- Implementing energy-saving projects to enhance energy efficiency.
- Reducing energy intensity through continuous process improvements and optimisation.
- Staying informed on advancements in energy-saving technologies to guide investment decisions and ensure alignment with best practices.

Sustainability Statement
(Cont'd)

These initiatives form part of our broader climate transition plan, which aims at reducing GHG emissions in line with national climate targets while improving operational resilience and cost efficiency.

Financial Effect

The Group assesses the financial implications of energy management in relation to sustainability-related risks and opportunities and climate-related risks and opportunities. Given the energy-intensive nature of our operations, the Group is exposed to several factors that may result in increased operational and compliance costs, including:

- Energy supply interruptions from energy providers may results in production losses, equipment breakdowns, elevated maintenance and repair costs, and delays in delivering finished products to key customers.
- Inefficient energy use contributes to energy wastage, higher operational costs, and elevated GHG emissions, which may affect our environmental performance.
- Introduction of new laws and regulatory changes such as implementation of EECA 2024, introduce new compliance requirements, including mandatory energy audits and reporting obligations.
- Rising energy cost, particularly due to carbon tax affecting the electricity tariff, are expected to increase the Group's operating expenses and impact the cost structure across the entire value chain.

As the Group's business model relies heavily on electricity and natural gas, these risks pose significant financial implications. The Group anticipates that both current and anticipated financial impact will be material. The implementation of mitigation strategies which includes enhancing energy efficiency, and adopting best practices in energy management is important for energy resilience and long-term continuity.

Resilience of the Group's Strategy and Business Model

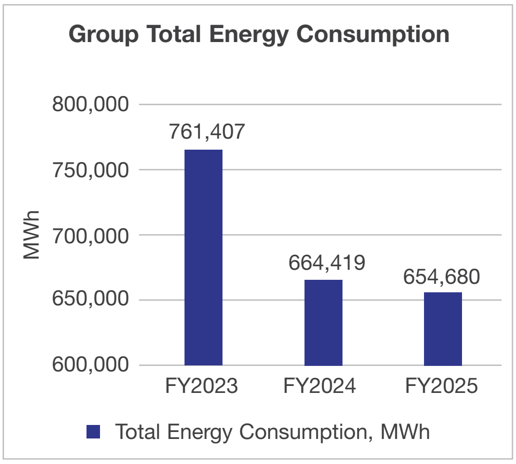
The Group considers its current strategy, business model, structured and proactive approach to energy management sufficient to address the SRO and CRO in ensuring regulatory compliance and contributing to the reduction of electricity and natural gas consumption.

While the Group has no direct control over potential supply interruptions of electricity and natural gas, it acknowledges this as a risk. However, based on current assessments, the supply of both utilities remains reasonably stable, and no immediate significant disruptions are anticipated.

Metrics and Targets

The Group refers to 2006 IPCC Guidelines for National Greenhouse Gas Inventories (net calorific value of diesel oil) to calculate the diesel consumption in steel production, and ISO 14404 Calculation Method of Carbon Dioxide Emission Intensity from Iron and Steel Production (energy consumption factor of EAF coal) to calculate coke consumption in steel production. Both references are internationally recognised with credible net calorific value and energy consumption factors.

The total energy consumption (electricity, natural gas, diesel, and coke) of the Group is as shown below:



Energy Resources	Related Sites (%)	Energy Consumption, MWh FY2023	FY2024	FY2025
Electricity	100	355,236	304,223	258,159
Natural Gas	33	311,410	276,136	346,534
Diesel	11	1,281	1,066	1,740
Coke	11	93,480	82,994	48,247
	Total	**761,407**	**664,419**	**654,680**

Notes:

1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
2. *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*

The Group's total energy consumption is primarily driven by its upstream operations, with SSB's EAF steelmaking and hot rolling identified as the most energy-intensive processes. In contrast, energy consumption in downstream operations is significantly lower, accounting for approximately 8.2% of the Group's total energy usage in FY2025.

Over the years, the Group has progressively invested in Energy Management System (EMS) to support its facilities in optimizing electricity usage, avoiding excessive maximum demand, and identifying opportunities for energy efficiency improvements. EMS is a computer-aided platform that enables real-time visualization and monitoring of electrical power consumption across key production equipment and machinery. These efforts contribute to reducing environmental impact and enhancing operational sustainability.

The EMS in the Group is listed as below:

No	Topic	Company	Location	Target	Implemented
1	Energy management system	SSB	Prai	Optimisation of electrical energy consumption, avoidance of high maximum demand and identification of energy improvement opportunities	FY1999 to FY2025
2		SPC	Shah Alam		FY2024 to FY2025

As outlined in the topic of Response to Climate Change, the Group set a specific target in FY2023 for SPC to reduce natural gas consumption, aiming to lower its Scope 1 GHG emission intensity by 30% from FY2022 to FY2025. Through various energy improvement projects, SPC achieved more than 30% reduction by FY2025.

The Group's effort in energy management for both upstream (SSB) and downstream (SSM, SPC, SPIM & SSP) operations are as below:

	Operations	FY2022	FY2023	FY2024	FY2025
Annualised energy savings per employee (kWh/ employee)	Upstream operations	176	1,924	1,515	128
	Downstream operations	*	1,288	680	395

Notes:

1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
2. *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*
3. ** Energy saving projects of downstream were not captured in the past*

The Group has actively executed 10 energy projects in FY2025. The list of projects and respective energy savings achieved are as below:

Project	Company	Location	Description	Estimate/ Actual savings in kWh per month
LED High Bay Lighting	SSB	Prai, Penang	Upgrade high bay lighting at furnace area to intermediate plant. Replacing 12 units of 400W sodium bay light with 200W LED fixtures equipped with a timer control system	864
Inverter Control	SSB	Prai, Penang	Upgrade 11kw CCM blower by replacing DOL starter to inverter	1,246
LED Spotlight for crane	SSB	Prai, Penang	To replace scrap crane 1&2 (400W) spotlight by using (200W) LED spotlight (Each crane 4-unit spotlight)	1,152

The Group has actively executed 10 energy projects in FY2025. The list of projects and respective energy savings achieved are as below: (cont'd)

Project	Company	Location	Description	Estimate/ Actual savings in kWh per month
LED Flood Light for SMP2 Crane	SSB	Prai, Penang	To replace Mercury/Metal Hide Light (1000W) with LED (300W)	2,016
LED Flood Light for SMP2 Crane	SSB	Prai, Penang	To replace Mercury/Metal Hide Light (400W) with LED (300W)	288
Inverter Control	SPC	Shah Alam, Selangor	Upgrade 37kW Circulation 'star delta' starter to inverter control (CT4)	12,024
Inverter Control	SPC	Shah Alam, Selangor	Upgrade 15kW Circulation 'star delta' starter to inverter control (CT4)	5,162
LED High Bay Lighting	SPIM	Butterworth, Penang	Replacement of (400W) Mercury Vapor High Bay Bulb with (80W) LED Bulb (TM4 Area, 64Pcs)	5,039
Solar Lighting	SSM	Prai, Penang	Installation of 10 units of solar (200W) flood light at facility area	3,900
Solar Lighting	SSM	Prai, Penang	Installation of 10 units of solar (200W) flood light at facility area	3,900
			Total	**35,591**

Notes:

1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
2. *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*

4.4 Water Security

Description

The iron and steel industry consumes significant amount of water, specifically in its upstream operations. Water is primarily used for the cooling of products, processes, and equipment, as well as for rinsing of products and other auxiliary purposes.

Business Model and Value Chain

The Group acknowledges that Malaysia is endowed with abundant water resources. However, without coordinated efforts to enhance water security, long-term degradation of water quality and ecosystems may occur, posing risks to environmental sustainability.

In FY2022, The Group referred to projection by National Water Research Institute Malaysia to identify potential water stress. In FY2025, the Group conducted a reassessment of water-related risk using the tool provided by World Resources Institute's Aqueduct Water Risk Atlas across its operations. The assessment revealed that all current operation sites are located in areas of low water stress. However, 3 sites - SSM Klang, SSM Rawang and SPC Shah Alam are projected to face low to medium water stress by year 2030.

<table>
<tr><th rowspan="2">No.</th><th rowspan="2">Company</th><th rowspan="2">Location</th><th colspan="2">Current</th><th colspan="2">2030 Projection</th></tr>
<tr><th>Basic Water Stress</th><th>Sites</th><th>Basic Water Stress (*pes)</th><th>Sites</th></tr>
<tr><td>1</td><td>SSB</td><td>Prai</td><td>Low (<10%)</td><td rowspan="8">100%</td><td>Low (<10%)</td><td rowspan="5">67%</td></tr>
<tr><td>2</td><td>SPIM & SSP</td><td>Butterworth</td><td>Low (<10%)</td><td>Low (<10%)</td></tr>
<tr><td>4</td><td>SPIM</td><td>Nibong Tebal</td><td>Low (<10%)</td><td>Low (<10%)</td></tr>
<tr><td>5</td><td rowspan="4">SSM</td><td>Prai</td><td>Low (<10%)</td><td>Low (<10%)</td></tr>
<tr><td>6</td><td>Prai</td><td>Low (<10%)</td><td>Low (<10%)</td></tr>
<tr><td>7</td><td>Klang</td><td>Low (<10%)</td><td>Low-medium (10-20%)</td><td rowspan="3">33%</td></tr>
<tr><td>8</td><td>Rawang</td><td>Low (<10%)</td><td>Low-medium (10-20%)</td></tr>
<tr><td>9</td><td>SPC</td><td>Shah Alam</td><td>Low (<10%)</td><td>Low-medium (10-20%)</td></tr>
</table>

Notes:

1. *Source: World Resources Institute, Aqueduct Water Risk Atlas, accessed on 26 June 2025.*
2. ** pes = Pessimistic. "Pessimistic" scenario (SSP5 RCP8.5) represents a future where temperatures increase up to 3.3°C to 5.7°C by 2100.*

The Group relies primarily on municipal potable water for its operation. While the facilities are located in regions classified as low water stress, any disruption in municipal supply could pose a risk to operational continuity. To mitigate this, the Group has implemented several proactive measures to strengthen long term water security.

Strategy and Decision Making

The Group believes that effective communication can promote more responsible water consumption by helping individuals move from a lack of awareness about water security issues to adopting efficient water usage practices. This support efforts to mitigate the risk of high and uncontrolled water consumption in production process, which may strain local water resources.

The Group communicates its commitment to conserve and used water efficiently through its Environmental Policy Statement, promoting the adoption of reclaim, recycle, and retreat approach to secure water supply and reduce potential future water stress. The message is shared with employees and the public via the intranet, website, internal trainings, and meetings.

The Group has conducted a comprehensive assessment of its water withdrawal, consumption, and discharge across all operational sites. This analysis was performed by location, source, and discharge destination, and the resulting data is presented in the Metrics and Targets section of this report.

As part of its ongoing water stewardship efforts, the Group evaluates this data and identifies SSB and SPIM as priority sites for implementing long-term water management strategies. These sites were selected based on factors such as volume and intensity of water use and operational criticality.

Sustainability **Statement**
(Cont'd)

<table>
<tr><th colspan="7">Identify Sites for Water Management Plan</th></tr>
<tr><th>Company</th><th>Location</th><th>Sites in Group</th><th>Water consumption</th><th>Current water stress</th><th>Projected water stress by 2023</th><th>Priority</th></tr>
<tr><td>SSB</td><td>Prai</td><td rowspan="3">44%</td><td rowspan="3">≥90%</td><td rowspan="3">Low (<10%)</td><td rowspan="3">Low (<10%)</td><td>High</td></tr>
<tr><td>SPIM & SSP</td><td>Butterworth</td><td>Medium</td></tr>
<tr><td>SPIM</td><td>Nibong Tebal</td><td>Medium</td></tr>
<tr><td rowspan="4">SSM</td><td>Prai</td><td rowspan="5">56%</td><td rowspan="5">≤10%</td><td rowspan="5">Low (<10%)</td><td>Low (<10%)</td><td>Low</td></tr>
<tr><td>Klang</td><td>Low-medium (10-20%)</td><td>Low</td></tr>
<tr><td>Prai</td><td>Low (<10%)</td><td>Low</td></tr>
<tr><td>Rawang</td><td>Low-medium (10-20%)</td><td>Low</td></tr>
<tr><td>SPC</td><td>Shah Alam</td><td>Low-medium (10-20%)</td><td>Low</td></tr>
</table>

Financial Effect

The Group assesses the financial implications of water security in relation to SRO. Based on historical data, the financial impact of water supply disruptions on operations has been low.

Potential risks of water supply disruptions include production losses and increased operational cost. These risks are considered minor, as the Group has implemented proactive measures across the short-, medium-, and long-term to secure water availability. These measures include reclaiming, recycling, and retreating water as part of its water management strategy.

All the recycled water treatment plants are well maintained, and water quality is regularly monitored to ensure a backup supply for production processes in the event of potable water supply disruption. These measures help mitigate operational risks and reduce dependency on municipal water sources.

The Group remains compliant with the applicable regulatory requirements and continue to monitor water related risk as part of its broader environmental and operational risk management.

Resilience of the Group's Strategy and Business Model

The Group considers its current approach and measures implemented are sufficient to minimise potential operational interruptions arising from both anticipated and unexpected water stress. To further strengthen water security, the Group is actively exploring additional strategies to reduce reliance on municipal potable water supply.

One such initiative is the planned implementation of a rainwater harvesting system, which will serve as an alternative water source and enhance the Group's resilience to supply disruptions. This initiative complements existing water recycling and treatment systems already in place across operational sites.

In FY2025, there were no incidents of non-compliance with water quality or quantity permits, standards, or regulatory requirements, reflecting the effectiveness of the Group's water management practices.

Metrics and Targets

Water Withdrawal

<table>
<tr><th rowspan="2">Water Stress</th><th rowspan="2">Company</th><th rowspan="2">Location</th><th rowspan="2">Water Source</th><th colspan="3">Water Withdrawal (Megalitres)</th></tr>
<tr><th>FY2023</th><th>FY2024</th><th>FY2025</th></tr>
<tr><td rowspan="19">100% of sites located in low water stress.

Projected low to medium water stress by 2030 at SPC Shah Alam, SSM Klang and SSM Rawang</td><td>SSB</td><td>Prai</td><td rowspan="8">Municipal potable water (100%)</td><td>717</td><td>658</td><td>653</td></tr>
<tr><td>SPIM & SSP</td><td>Butterworth</td><td>206</td><td>151</td><td>82</td></tr>
<tr><td>SPIM</td><td>Nibong Tebal</td><td>24</td><td>21</td><td>18</td></tr>
<tr><td rowspan="4">SSM</td><td>Prai</td><td rowspan="4">32</td><td rowspan="4">32</td><td rowspan="4">42</td></tr>
<tr><td>Klang</td></tr>
<tr><td>Prai</td></tr>
<tr><td>Rawang</td></tr>
<tr><td>SPC</td><td>Shah Alam</td><td>20</td><td>34</td><td>45</td></tr>
<tr><td colspan="3">Total water withdrawal from Municipal potable water</td><td>999</td><td>895</td><td>840</td></tr>
<tr><td>SSB</td><td>Prai</td><td rowspan="8">Surface water, groundwater, used quarry water, external wastewater, harvested rainwater, seawater and water extracted from the sea or the ocean</td><td rowspan="8">-</td><td rowspan="8">-</td><td rowspan="8">-</td></tr>
<tr><td>SPIM & SSP</td><td>Butterworth</td></tr>
<tr><td>SPIM</td><td>Nibong Tebal</td></tr>
<tr><td rowspan="4">SSM</td><td>Prai</td></tr>
<tr><td>Klang</td></tr>
<tr><td>Prai</td></tr>
<tr><td>Rawang</td></tr>
<tr><td>SPC</td><td>Shah Alam</td></tr>
<tr><td colspan="3">Total water withdrawal from (Surface water, groundwater, used quarry water, external wastewater, harvested rainwater, seawater and water extracted from the sea or the ocean)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td colspan="3">Grand Total water withdrawal (Megalitres)</td><td>999</td><td>895</td><td>840</td></tr>
</table>

Notes:

1. *The water withdrawal covers 100% of the sites in the Group.*
2. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
3. *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*

Sustainability Statement
(Cont'd)

Water Consumption

Water Stress	Company	Location	Total Water Consumption (Megalitres)		
			FY2023	FY2024	FY2025
100% of sites located in low water stress region Projected low to medium water stress by 2030 at SPC Shah Alam, SSM Klang and SSM Rawang	SSB	Prai	717	658	653
	SPIM & SSP	Butterworth	202	148	77
	SPIM	Nibong Tebal	21	18	16
	SSM	Prai	32	32	42
		Klang			
		Prai			
		Rawang			
	SPC	Shah Alam	20	34	45
Total water consumption (Megalitres)			**992**	**890**	**833**
Water withdrawals/consumption (%)			**100.7**	**100.6**	**100.9**

Notes:

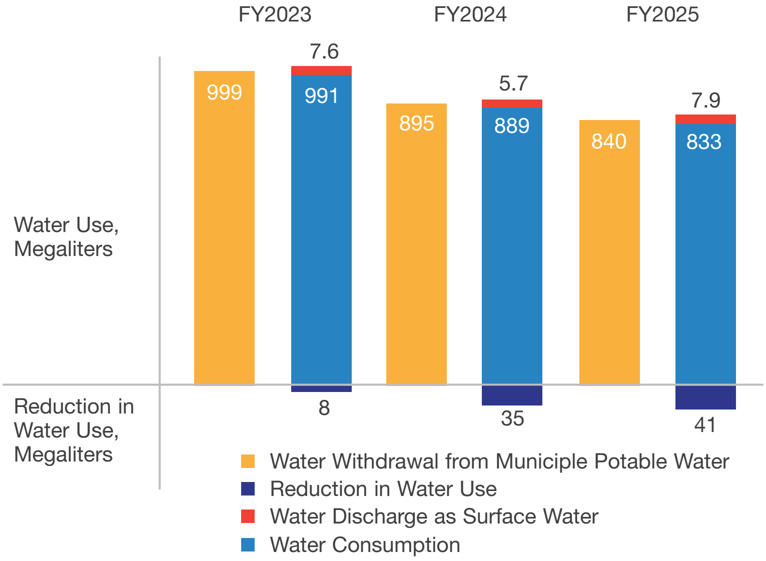
1. *The water withdrawal covers 100% of the sites in the Group.*
2. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
3. *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*

Water Discharge

Company	Location	Discharge Destination	Water Discharge (Megalitres)		
			FY2023	FY2024	FY2025
SSB	Prai	-	-	-	-
SPIM & SSP	Butterworth	Surface water into river	4.5	2.9	5.2
SPIM	Nibong Tebal		3.1	2.8	2.7
SSM	Prai	-	-	-	-
	Klang				
	Prai				
	Rawang				
SPC	Shah Alam	-	-	-	-
Total surface water discharge			**7.6**	**5.7**	**7.9**
SSB	Prai	Ocean, subsurface/well, off-site water treatment, beneficial or other use	-	-	-
SPIM & SSP	Butterworth				
SPIM	Nibong Tebal				
SSM	Prai				
	Klang				
	Prai				
	Rawang				
SPC	Shah Alam				
Total Discharge (ocean, subsurface/well, off-site water treatment, beneficial or other use)			**-**	**-**	**-**
Grand Total Discharge			**7.6**	**5.7**	**7.9**

Notes:

1. *The water withdrawal covers 100% of the sites in the Group.*
2. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
3. *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*



Notes:

1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
2. *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*

Water Management Plan

The long-term water management plan of SSB is to progressively set up closed loop Recycled Water Treatment Plant (RWTP). SSB collaborated with the water treatment specialist to design and build closed loop RWTP to treat, recycle and reuse the processed water in steel making plant and hot rolling mills.

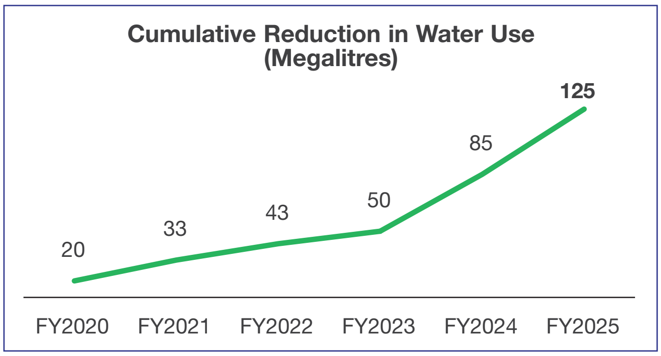
Company	Location	Project	Operation	Year
SSB	Prai	Recycled Water Treatment Plant ("RWTP")	Steel making	2007
			Steel bar hot rolling	2009
			Wire rod hot rolling	2023

In FY2023, SSB invested RM3 million to build its third closed loop RWTP for wire rod hot rolling operation. This initiative enables SSB to further conserve precious water resources while reducing operational costs. The RWTP has been fully operational since Q1 FY2024.

Additionally, SSB collaborates and works with water treatment contractor to treat process water for continuous circulation, ensuring its effective reuse within operation.

The Group has set the target for SSB to reduce water use by 70 Megalitres from FY2020 to FY2025. The cumulative reduction in water use at the end of FY2025 is 125 Megalitres.

The target of 70 Megalitres from FY2020 to FY2025 is worked out to be an average reduction of approximately 2.0% per year of SSB's total water consumption.



Sustainability **Statement**
(Cont'd)

Water Stress	Company	Location	Target	Year	Water Consumption	Reduction in Water Consumption	
					Megalitres	Megalitres	%
Located in water stress state (region) in Malaysia. Projected Low water stress by 2030	SSB	Prai	Average reduction of 2% per year from FY2020 to FY2025	2020	689	20	2.9
				2021	685	13	1.9
				2022	742	10	1.3
				2023	717	8	1.1
				2024	658	35	5.3
				2025	653	41	6.2
						Average per year	**3.1**

Note:

1. FY2025 covers a 15-month period due to a change in the financial year-end from June to September.

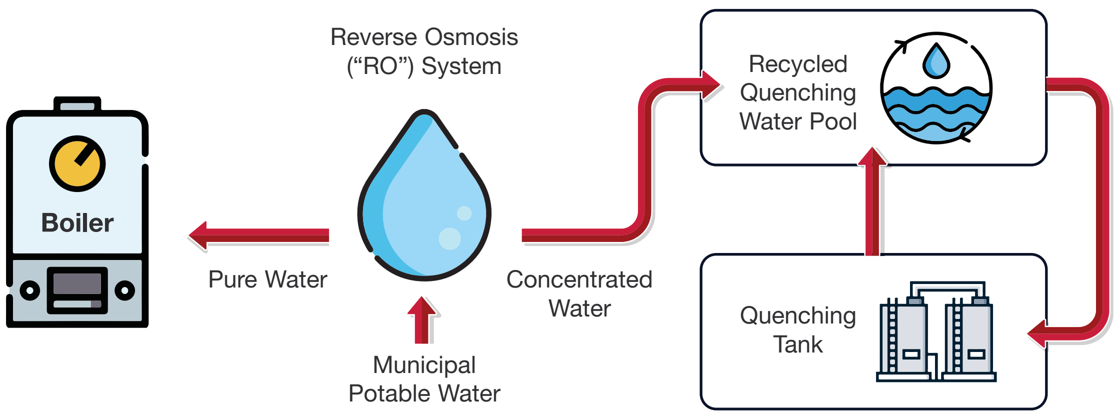
Company	Location	Project	Operation	Year
SPIM	Nibong Tebal	Recycled Quenching Water Pool	Auto Galvanizing	2025

In SPIM Nibong Tebal, the Auto Galvanising Line is equipped with a quenching tank that rapidly cools hot galvanised pipes using water. To enhance operational efficiency and reduce water consumption, the system incorporates a closed-loop water recycling process. In this system, heated water from the quenching tank is directed to a recycling pool, where it is cooled and then mixed with concentrated water from the Reverse Osmosis (RO) system. The blended water is subsequently recirculated back to the quenching tank.

By effectively utilising RO concentrate, the system significantly reduces dependence on fresh municipal potable water. The closed-loop system was fully operational in FY2025 and has successfully contributed to measurable water savings.

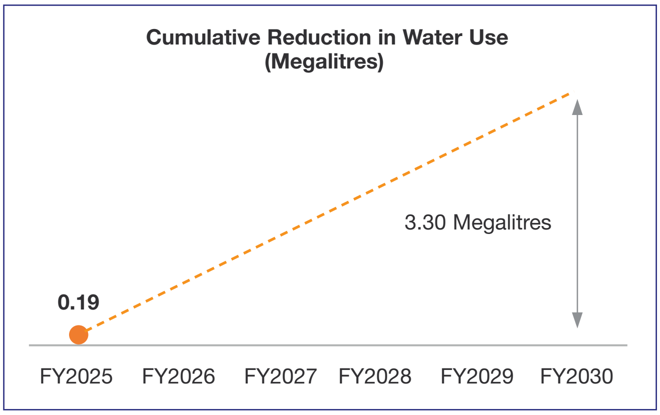
This water recycling system reflects the Group's commitment to innovation and environmentally friendly industrial practices. It ensures high-quality production while conserving water resources and reducing operational costs.

SPIM Auto Galvanising Line - Water Recycling System



The Group has set the target for SPIM Nibong Tebal to reduce water use by 3.30 Megalitres from FY2025 to FY2030. The cumulative reduction in water use at the end of FY2025 is 0.19 Megalitres.

The target of 3.30 Megalitres from FY2025 to FY2030 is worked out to be an average reduction of approximately 2.6 % per year of SPIM Nibong Tebal's total water consumption.



Water Stress	Company	Location	Target	Year	Water Consumption	Reduction in water Consumption	
					Megalitres	Megalitres	%
Located in water stress state (region) in Malaysia. Projected Low water stress by 2030	SPIM	Nibong Tebal	Average reduction of 2.6% per year from FY2025 to FY2030	2025	16	0.19	1.2
						Average per year	**1.2**

Note:

1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*

4.5 Water (Effluent)

Description

Specific operations within iron and steel manufacturing—such as pickling, descaling, cooling, and rinsing, generate wastewater laden with a variety of pollutants, including heavy metals, suspended solids, hydrocarbons, and chemical reagents. Effective effluent treatment is essential to remove these contaminants, ensuring adherence to environmental discharge standards and facilitating the recycling or reuse of treated water within industrial processes.

Business Model and Value Chain

In Malaysia, water effluent treatment is regulated primarily by the Environmental Quality Act (EQA) 1974 and its related regulations, particularly the Environmental Quality (Industrial Effluent) Regulations 2009. These regulations govern the discharge of wastewater from industrial and other sources, aiming to protect water resources from pollution. A competent person certified by Department of Environment (DOE) is required to supervise the industrial effluent treatment system.

The Group has identified that, among all operational units, the pipe manufacturing processes at SPIM and SSP facilities are the primary sources of effluent generation. The effluent originates predominantly from two streams: process wastewater and spent coolant.

The current and anticipated effect of effluent generation on the Group's operations and value chain is assessed to be minor. The Group remains in compliant with the applicable regulatory requirements and the competent person continues to monitor the treatment of effluent.

Strategy and Decision Making

The Group recognises that regulatory compliance is essential to preventing water pollution and safeguarding natural resources. As part of its environmental management strategy, SPIM and SSP have appointed competent persons certified by the DOE to oversee effluent treatment systems.

At both SPIM and SSP, effluent generated from process wastewater and spent coolant is treated onsite in accordance with the Environmental Quality (Industrial Effluent) Regulations 2009, Standard B. Following treatment, the effluent is discharged as surface water into drainage systems and subsequently into nearby rivers, in line with regulatory requirement.

Financial Effect

The Group assesses the financial implications of water (effluent) in relation to Environmental Quality (Industrial Effluent) Regulations 2009. The risk of non-compliance is considered negligible (trivial), as effluent treatment is conducted in accordance with regulatory standards prior to discharge. As a result, the Group has determined that the current financial effect of water effluent is negligible.

Resilience of the Group's Strategy and Business Model

The Group considers its current approach and implemented measures are adequate for managing effluent related risks. These practices are embedded within its operational procedures and environmental management systems. Given the negligible risk and stable regulatory environment, the Group intends to maintain its current strategy and treatment practices, which it considers resilient against likely changes in environmental regulations or operational conditions.

Metrics and Targets

The amount of treated water (effluent) discharged is tabulated below: -

<table>
<tr><th rowspan="2">Company</th><th rowspan="2">Location</th><th rowspan="2">Treatment Quality</th><th rowspan="2">Discharge destination</th><th rowspan="2">Source of effluent</th><th colspan="3">Water (effluent) discharged, Megalitres</th></tr>
<tr><th>FY 2023</th><th>FY 2024</th><th>FY 2025</th></tr>
<tr><td rowspan="2">SPIM & SSP</td><td rowspan="2">Butterworth</td><td rowspan="3">Onsite treatment to comply to standard B, Environmental Quality (Industrial Effluent) Regulation 2009</td><td rowspan="3">Surface water into river</td><td>Waste-water</td><td>4.5</td><td>2.9</td><td>3.5</td></tr>
<tr><td>Spent coolant</td><td>0.9</td><td>0.9</td><td>1.7</td></tr>
<tr><td>SPIM</td><td>Nibong Tebal</td><td>Waste-water</td><td>3.1</td><td>2.8</td><td>2.7</td></tr>
<tr><td colspan="5">Total</td><td>8.5</td><td>6.6</td><td>7.9</td></tr>
</table>

Note:

1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*

The quality of the treated water (effluent) is as below: -

Treated water (effluent) for wastewater - SPIM and SSP Butterworth

Parameter	Result (mg/L)			Standard B, Fifth Schedule Environmental Quality (Industrial Effluent) Regulations 2009
	FY2023	FY2024	FY2025	
Biochemical Oxygen Demand	22	30	14	< 50 mg/L
Chemical Oxygen Demand	72	101	39	< 200 mg/L
Suspended Solids	7	13	6	< 100 mg/L
Zinc	0.29	0.30	0.17	< 2.0 mg/L
Iron	0.32	0.75	0.41	< 5.0 mg/L

Note:

1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*

Treated water (effluent) for spent coolant – SPIM and SSP Butterworth

Parameter	Result (mg/L)			Standard B, Fifth Schedule Environmental Quality (Industrial Effluent) Regulations 2009
	FY2023	FY2024	FY2025	
Biochemical Oxygen Demand	16	7	9	< 50 mg/L
Chemical Oxygen Demand	43	16	20	< 200 mg/L
Suspended Solids	16	3	2	< 100 mg/L
Zinc	0.28	0.18	0.18	< 2.0 mg/L
Iron	0.35	0.44	0.18	< 5.0 mg/L

Note:

1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*

Treated Water (Effluent) for wastewater – SPIM Nibong Tebal

Parameter	Result (mg/L)			Standard B, Fifth Schedule Environmental Quality (Industrial Effluent) Regulations 2009
	FY2023	FY2024	FY2025	
Biochemical Oxygen Demand	7	4	4	< 50 mg/L
Chemical Oxygen Demand	28	27	16	< 200 mg/L
Suspended Solids	0	3	1	< 100 mg/L
Zinc	0.18	0.50	0.34	< 2.0 mg/L
Iron	0.25	0.62	0.24	< 5.0 mg/L

Note:

1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*

Sustainability Statement
(Cont'd)

4.6 Circular Economy and Resources

Description

The circular economy is a key initiative outlined in Malaysia's New Industrial Master Plan 2030. Its core principle is to minimise waste and maximise resource efficiency by keeping materials in use for as long as possible through strategies such as reuse, recovery, remanufacturing, and recycling. In the context of the steel industry, adopting circular economy practices can significantly reduce environmental impacts. Steel recycling plays a vital role in advancing circularity within the iron and steel sector.

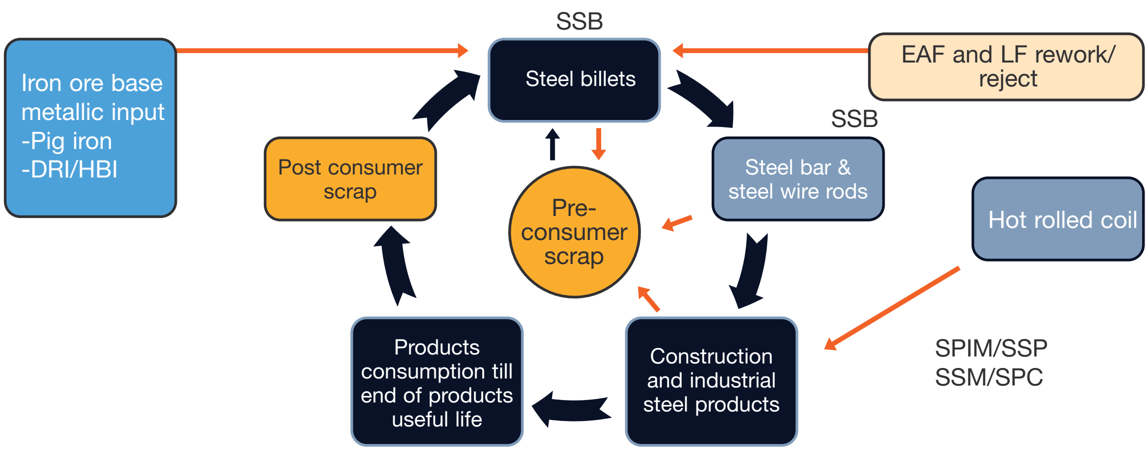
Business Model and Value Chain

The Group is a well-established producer and distributor of steel products, utilising EAF and hot rolling technology in its upstream operations.

Steel scrap serves as the primary input for EAF steelmaking at SSB, where substantial quantities of both pre- and post-consumer scrap are recycled. These materials are transformed into semi-finished billets, which are subsequently hot rolled into steel bars and wire rods for use in the construction and industrial sectors.

- Pre-consumer scrap is generated during billet casting, hot rolling, and downstream processing. This material is fully recovered and recycled within SSB's EAF operations.
- Post-consumer scrap originates from construction and industrial products at the end of their life cycle. It is collected and reintegrated into the production process, enhancing resource efficiency, and reducing emissions.

This closed-loop system significantly reduces the Group's dependence on virgin raw materials and contributes to lowering carbon emissions associated with steel production. The Group's role in advancing steel circularity is illustrated in the figure below.



Strategy and Decision Making

The Group has an Environmental Policy statement which demonstrates its commitment to enhance circularity through recycling and/or reusing steel scrap generated internally within the Group as a steel making resource and promote circular economy by maximising the use of steel scrap as a key resource in steel making and reduce reliance on natural resources.

As part of a major upgrade initiative, SSB's EAF operations have been temporarily suspended since April 2025. Consequently, the Group has paused the direct use of steel scrap in its production process during this period.

Despite this temporary suspension, the Group remains committed to advancing circularity. All pre-consumer scrap generated within its operations continues to be systematically collected and responsibly transferred to external recyclers. This ensures the scrap remains within the recycling loop, supporting resource efficiency and contributing to emissions reduction.

This approach not only aligns with global circular economy efforts but also enhances the economic value of the Group's operations through responsible resource management.

Financial Effect

Adopting circular economy practices in steelmaking can significantly reduce environmental impacts, particularly through lower emissions compared to conventional Blast Furnace–Basic Oxygen Furnace (BF-BOF) methods that rely on virgin ore. This approach helps slow down the depletion of natural resources and reduces pollution across air, water, and land.

The Group also recognises that the impact of circular economy adoption is closely tied to national policies and market dynamics. As the world transitions to a lower carbon economy, the price of steel scrap is expected to increase, which will be disadvantageous to EAF steel mills without counterbalance initiatives from the government and market. Key initiatives include the implementation of carbon pricing mechanisms such as carbon tax, stimulating demand for low-emission steel, and ensuring the effectiveness of strategic frameworks like the Malaysia Steel Industry Roadmap 2035. These elements are expected to influence the cost-benefit balance and long-term financial viability of circular practices within the Group's operations.

The Group estimates that the current financial effect is negligible until we resume our steelmaking plant operations.

Resilience of the Group's Strategy and Business Model

The Group considers its current approach and implemented measures to be sufficient in sustaining support for circular economy practices. These efforts are designed to balance both the costs and benefits to the Group, while maintaining operational efficiency and environmental responsibility.

The Malaysia's New Industrial Master Plan 2030 and the recently launched Malaysia Steel Industry Roadmap 2035 is expected to further strengthen the Group's resilience by providing a structured framework that manage over capacity, supports circularity, low-carbon transition, and sustainable growth. This alignment with national policy enhances the Group's ability to adapt to evolving regulatory, market, and environmental expectations.

Metrics and Targets

Based on the circularity economy model of the Group, the material consumption of the Group is tabulated as below:

Operation	Type	Raw Material	Unit	FY 2023	FY 2024	FY2025
Upstream	Renewable	Steel and Metallic	mt	717,881	612,480	886,388
	Non-renewable	Fuel	mt	33,254	29,570	30,432
Downstream	Renewable	Hot rolled long and flat steel	mt	184,062	206,090	177,100
	Non-renewable	Fuel	mt	885	729	962

Notes:

1. *FY2025 covers a 15-month period due to a change in the financial year end-end from June to September.*
2. *SSM Data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*

SSB strives to enhance circularity through maximisation of steel scrap usage in EAF by setting quantitative target to use 85% steel scrap for steel making from FY2021 to FY2025.

In Q4 of FY2024, SSB has reviewed the target of using > 85% steel scrap for steel making from FY2021 to FY2025. SSB has determined that the use of recycled content will facilitate future benchmarking.

Topic	Company	Location	Target	Timeframe	
Circular Economy and Resource	SSB	Prai	To use > 85% of steel scrap for steel making	FY2021 to FY2025	Existing
			Recycled content of >85% in steel making	FY2021 to FY2025	Revised

The recycled content of SSB is computed as below:

% Recycled content = 100 x (Pre and Post consumer scrap) / (scrap + iron ore base materials)

	FY 2023	FY2024	FY2025
Recycled content (%)	91.4	94.7	96.1

Note:

1. *In FY2025, the recycled content is calculated up to March 2025 due to temporary suspension of EAF operation.*

4.7 Waste Management

Description

Waste management is one of the most important environmental protection strategies. The goal of waste management is to reduce the total amount of waste that is directed to disposal and minimise the environmental burden through value creation, hence supporting sustainable development and the transition towards circular economy.

Business Model and Value Chain

The Group's manufacturing processes generate both co-products and wastes materials. In line with our commitment to resource efficiency, the Group focuses on maximising the recycling, reuse, and recovery of these materials to minimize environmental impact.

In Malaysia, hazardous waste is defined as any waste falling within the categories of waste listed in the First Schedule of the Environment Quality (Scheduled Wastes) Regulations 2005.

The Group identifies the waste or co-product generated based on their characteristic and potential to adversely affect public's health and environment and categorised into:

- Hazardous waste (herein referred to as Scheduled waste)
- Non-hazardous waste.

The scheduled waste is then classified according to the First Schedule (Regulation 2) (Environment Quality (Scheduled Wastes) Regulations; 2005).

The type of scheduled waste generated by the Group is listed according to the scheduled waste code, as below:

Scheduled waste code	Waste/Co-Product	Scheduled waste code	Waste/Co-Product
SW104	EAF dust, zinc ash, zinc dross	SW404	Clinical waste
SW204	Sludge	SW409	Contaminated container
SW305	Spent lubrication oil	SW410	Contaminated glove, rag, and filter
SW306	Spent hydraulic oil	SW417	Waste paint
SW307	Spent mineral oil - water emulsion	SW418	Off spec paint
SW311	Waste oil/sludges	SW427	Mineral sludge
SW312	Waste oil/oil residue		

The Group takes steps to ensures our scheduled waste is properly stored, labelled, and disposed through licenses contractors in compliance with the environmental regulations. Non-hazardous waste, such as metal scraps and slags are sent for recycling or reuse where feasible.

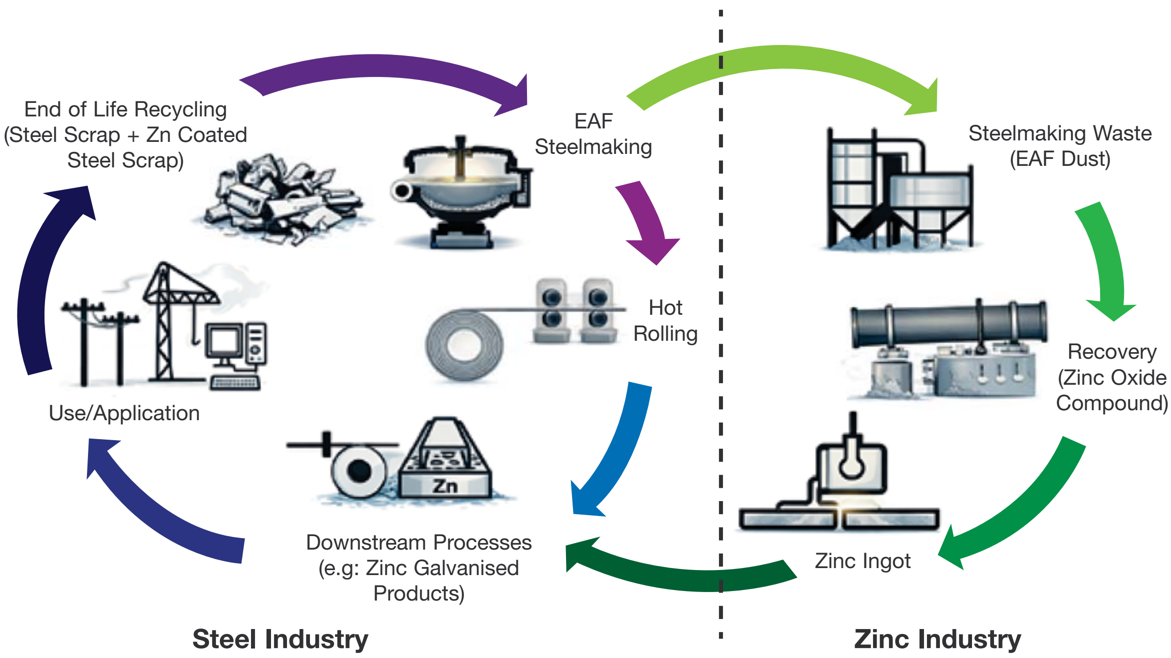
Strategy and Decision Making

The Group affirms its commitment to waste management through its Environmental Policy Statement, which promote the principles of reduce, reuse and recycling.

Scheduled Waste Disposal

The Group remains committed to complying with the Environment Quality (Scheduled Waste) Regulations, 2005 and seek opportunities to go beyond regulatory requirements where feasible. In addition, the Group aims to enhance the resource value of co-product or waste through research and development, collaboration with external parties, and initiatives that promote recycling and reuse of both scheduled and non-hazardous waste and co-product. The efforts of the Group thus far are as elaborated below:

a) The steel making plant of SSB generates EAF dust, a co-product under the classification of Scheduled Wastes Code, SW104. EAF dust has a high zinc compound which can be recovered. SSB has collaborated and developed a local licensed recycler, which is nearby to us to recycle the EAF dust and extract valuable zinc compound which is then processed into zinc ingot for industrial application. The flow of zinc-containing EAF dust from steelmaking to the zinc recovery industry, and back to the steel industry, creates an industrial ecology of zinc and steel.



b) Zinc ash and zinc dross generated by SPIM is another co-product classified under the Scheduled Wastes Code, SW104. SPIM disposes zinc ash and zinc dross to licensed collectors and recyclers monthly for recycling into products, such as zinc ingot. According to the First Schedule of the Environment Quality (Scheduled Waste) Regulations, 2005, the maximum scheduled waste quantity that can be stored at premises is 20mt and the storage duration should not exceed 180 days.

c) The Group engages external licensed contractors to collect the waste as part of our obligation to comply with the regulatory requirement. The licensed contractors will treat the scheduled wastes in the following manner:

Activity	Scheduled Waste Code
Reuse	SW409, SW410
Recycling	SW109, SW204, SW206, SW305, SW306, SW307, SW311, SW312
Other recovery operations	SW104, SW110, SW204, SW408, SW417, SW418, SW427
Incineration	SW404, SW416, SW417, SW418
Secured landfill	SW204, SW427

Non-Hazardous Waste Disposal

The Group believes that effective management of waste helps reduce the volume of waste entering the general waste stream, thereby reducing potential environmental impacts. Concerted effort is made to reduce waste through reuse, recycling and recovery wherever possible, supported by research and development and collaboration with external parties. The initiatives of the Group in waste management to date are outlined below:

a) The steel making plant in SSB generates EAF slag in its steel scrap melting process. EAF slag is a non-metallic co-product, which is classified as a non-scheduled waste. EAF slag is used as an alternative to rock fragments, which is commonly used as an aggregate for landfill and replacement of granite aggregate. The strategy of SSB is to treat EAF slag in-house to recover the metallic waste before further processing the slag for intended applications. The metallic waste recovered will then be reused in EAF as an input material for steel making. The in-house treatment and processing process reduces the need for external transportation and hence, reduces carbon emissions. Currently, 100% of the treated EAF slag is used as alternative rock fragments.

b) The steel making plant in SSB also generates ladle furnace slag and used refractory material, a non-metallic co-product that forms during steel refining process at ladle furnace. Ladle furnace slag is used for soil conditioning while used refractory material is crushed for reuse in EAF to improve the refractory wall lining protection of the EAF. The mixture of ladle furnace slag with used refractory materials can be disposed to bricks maker to produce cement bricks.

c) The general waste in the Group is further segregated according to 3R (Reduce, Recycle and Reuse) prior to final disposal. Old newspapers, shredded paper, magazines, malfunctioning computers, and electrical appliances are amongst the items that are being segregated before disposal as general waste.

Financial Effect

The Group is exposed to sustainability risk related to non-compliance with scheduled waste management requirements, which may arise from either the Group own operations or those of its appointed vendors. Such non-compliances can be penalised by the relevant authorities which will lead to additional costs.

The Group also discovers opportunities where effective waste management contributes positively to the Group's financial performance by reducing disposal costs, generating revenue from recyclable and recoverable materials, and improving overall resource efficiency. The Group estimates that the current financial impact from waste management is low but anticipated to be more apparent when the steelmaking plant resumes operation.

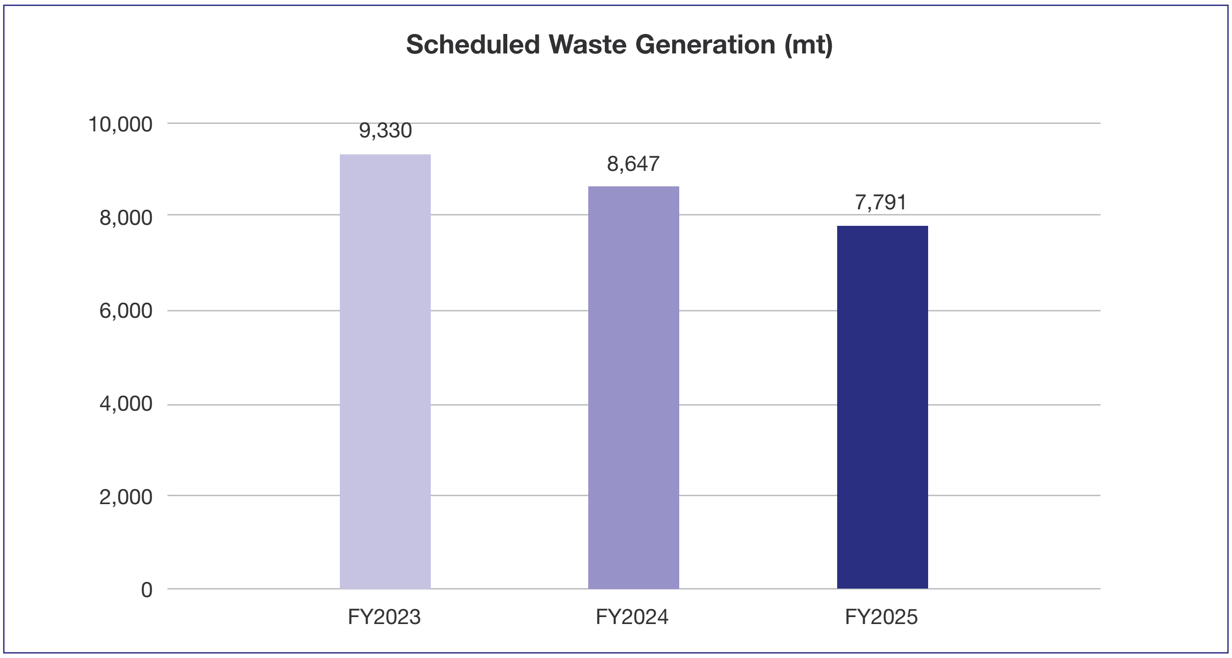
Resilience of the Group's Strategy and Business Model

The Group considers its current approach and implemented measures are sufficient to manage waste generated from production processes efficiently. Current strategy and business model minimises the amount of waste directed to disposal, support material circularity and create value for the Group. Looking ahead, the Group aims generate additional value through further exploration and applied research.

Metrics and Targets

Scheduled Waste Generation

The Group's scheduled waste generation is as listed below:



Notes:

1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
2. *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*

Sustainability Statement
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Summary of Group's Waste Management

Site		Non-hazardous Waste (mt)			Scheduled Waste (mt)		
		FY2023	FY2024	FY2025	FY2023	FY2024	FY2025
100% of sites. (SSB at Prai, SPIM & SSP at Butterworth, SPIM at Nibong Tebal, SSM at Prai, Klang and Rawang, SPC at Shah Alam)	**Total**	**98,472**	**112,136**	**57,795**	**9,330**	**8,647**	**7,791**
	Waste diverted from disposal	98,006	111,618	57,343	9,253	8,468	7,730
	Waste directed to Disposal	466	518	452	77	179	61
	Total Waste diverted from disposal	**98,006**	**111,618**	**57,343**	**9,253**	**8,468**	**7,730**
	Onsite Recovery (Other)	0	0	0	0	0	0
	Onsite Recycling	21,847	14,904	0	0	13	139
	Onsite Reused	0	0	0	0	0	0
	Offsite Recovery (Other)	3,119	6,220	7,305	8,934	8,116	7,318
	Offsite Recycling	73,040	90,494	50,038	293	305	273
	Offsite Reused	0	0	0	26	34	0
	Total Waste directed to disposal	**466**	**518**	**452**	**77**	**179**	**61**
	Onsite Disposal (Other)	0	0	0	0	0	0
	Onsite landfill	0	0	0	0	0	0
	Onsite Incineration	0	0	0	0	0	0
	Offsite Disposal (Other)	0	0	0	0	0	0
	Offsite landfill	466*a	518	452*b	64	166	54
	Offsite Incineration	0	0	0	13	13	7

Notes:

1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
2. *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*

*a *General waste data was captured with exclusion of SSM Rawang and SSM Klang due to incomplete weight data.*
*b *General waste data was captured with exclusion of SSM Rawang due to incomplete weight data.*

Targets

In line with the Group's approach to maximise material circularity by implementing waste recycling, reuse and recovery to minimise resource consumption, the Group has set a target to avoid waste that is directed to disposal at maximum of 3%. For FY2025, the total waste directed to disposal is 0.9%.

Site	Target	Value (%)		Actual (%)		
		Limit	Group's limit	FY2023	FY2024	FY2025
The Group (100% of sites)	Control total waste that is directed to disposal at a maximum of 3% though no threshold was set in the regulations	No threshold	3	0.5	0.6	0.9

Notes:

1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
2. *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*

The Group has also identified a few targets at the operating company level. SSB seeks to accomplish beyond regulatory requirements in terms of storage quantity of EAF dust. SSB collaborated with a long-term local licensed recycler and spent approximately RM1.2 million to modify the EAF dust collection facility in the 4th quarter of FY2019. The modification enabled the loading of generated EAF dust directly onto the trucks for the licensed recycler to collect for subsequent recycling in their plant. The collaboration and investment enabled SSB to set the target for closing inventory of EAF dust at a maximum of 15mt, which is 25% lower than the limit stated in the regulation.

Site	Target	Value (mt)		Maximum value (mt)		
		Limit	75% of limit	FY2023	FY2024	FY2025
SSB	Reduce the inventory of scheduled waste, EAF dust to the level of 25% below the limit stated in the regulations	20	15	0	0	0

Notes:

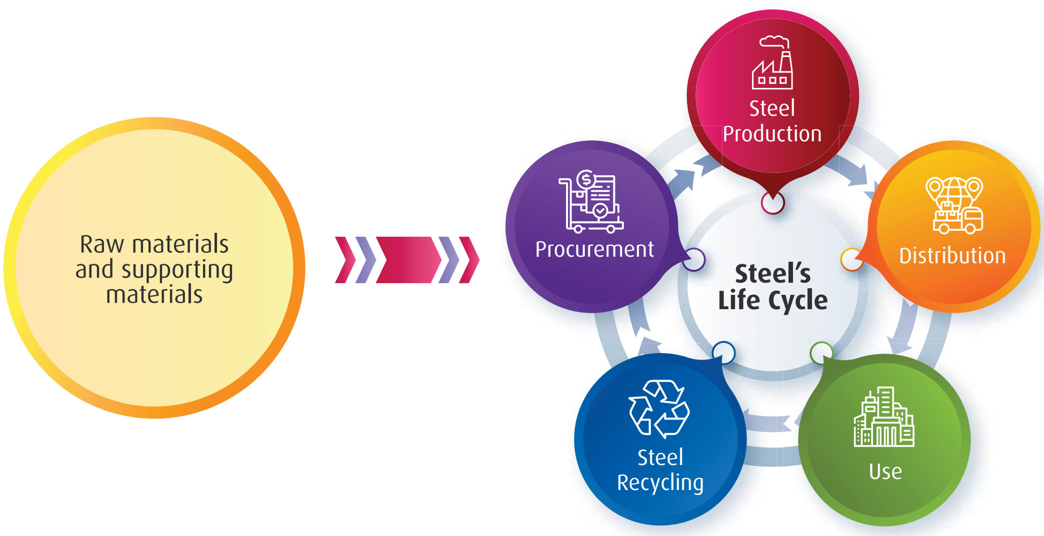
1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
2. *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*

5.0 ECONOMIC

5.1 Life Cycle Analysis

Life Cycle Analysis (LCA) is a systematic methodology for assessing the environmental impact of a product, process, or service throughout its entire life cycle. LCA enables the Group to understand and manage the environmental consequences of its operational activities, aligning with the Group's Sustainability Policy Statement and stakeholder expectations.

The Group is committed to minimising the environmental impact of its steel products throughout their entire life cycle—from raw material extraction to end-of-life recycling. Life cycle considerations are integrated into product and system design to ensure sustainability at every stage. Through life cycle analysis, the Group evaluates how its products are manufactured, distributed, used, and recycled, enabling effective management of environmental impacts and supporting long-term sustainable development.



Sustainability Statement
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Life cycle phase	The Group's Practices	Environment impact considerations	Material topic
Procurement	• Perform periodical ESG assessment	• Drive the building of a network of environmentally responsible suppliers	Supply Chain Management
Steel production	• Maximise recycling rates in steelmaking* • Process improvement and optimization	• Reduce GHG emission • Reduce energy consumption • Efficient water used • Minimise direct waste disposal • Effective pollution control	GHG Emissions, Energy Management Water Security, Water (Effluent) Waste Management, Air Emissions
Distribution	• Use approved transporters for local delivery • Optimise delivery scheduling	• Reduce transportation- related GHG emission	Supply Chain Management
Use	• Offer steel bar cut & bend and cut-to-length services	• Minimise steel scrap generation at construction sites	Circular Economy and Resources
Steel recycling	• Recycle significant steel scrap in EAF steelmaking at SSB	• Steel products are 100% recyclable • Advance the global circular economy • Preserve natural resources	Circular Economy and Resources

*Note: * Steelmaking operations are temporarily suspended for major technology upgrades.*

5.2 Supply Chain Management

Description

The Group views effective supply chain management as essential for staying agile amid Malaysia's changing economic conditions. We aim to ensure a stable, cost-efficient supply of materials and services while delivering quality products on time to meet the customers' expectation and products' specifications.

Our Business Model and Value Chain

The Group operates a range of efficient steel manufacturing facilities, encompassing both upstream and downstream activities across multiple locations. Our value chain begins with strategic sourcing of raw materials, including steel scrap, steel billets, wire rods and steel coils from local and international market, followed by in-house production that prioritises on operation efficiency, resource optimisation and continuous improvement to meet customers' requirements.

Our finished products include wire rods, reinforcement bars (rebar), steel wire mesh, customised cut and bend steel bars, steel pipes, prestressed concrete strand and prestressed concrete wire. These are distributed through customer-focused logistics designed to deliver value through reliability, cost effectiveness, and consistent product performance. To further enhance customer satisfaction, we provide technical support services after sales.

Our business model is built on operational excellence, reliable product quality, and effective sourcing management. These pillars support our commitment to long-term value creation for stakeholders and contribute to our broader sustainability objectives.

Strategy and Decision Making

The Group recognises that ESG factors are essential for sustaining long-term business resilience and strengthening stakeholder trust. In line with this commitment, sustainability principles have been embedded across key stages of our supply chain.

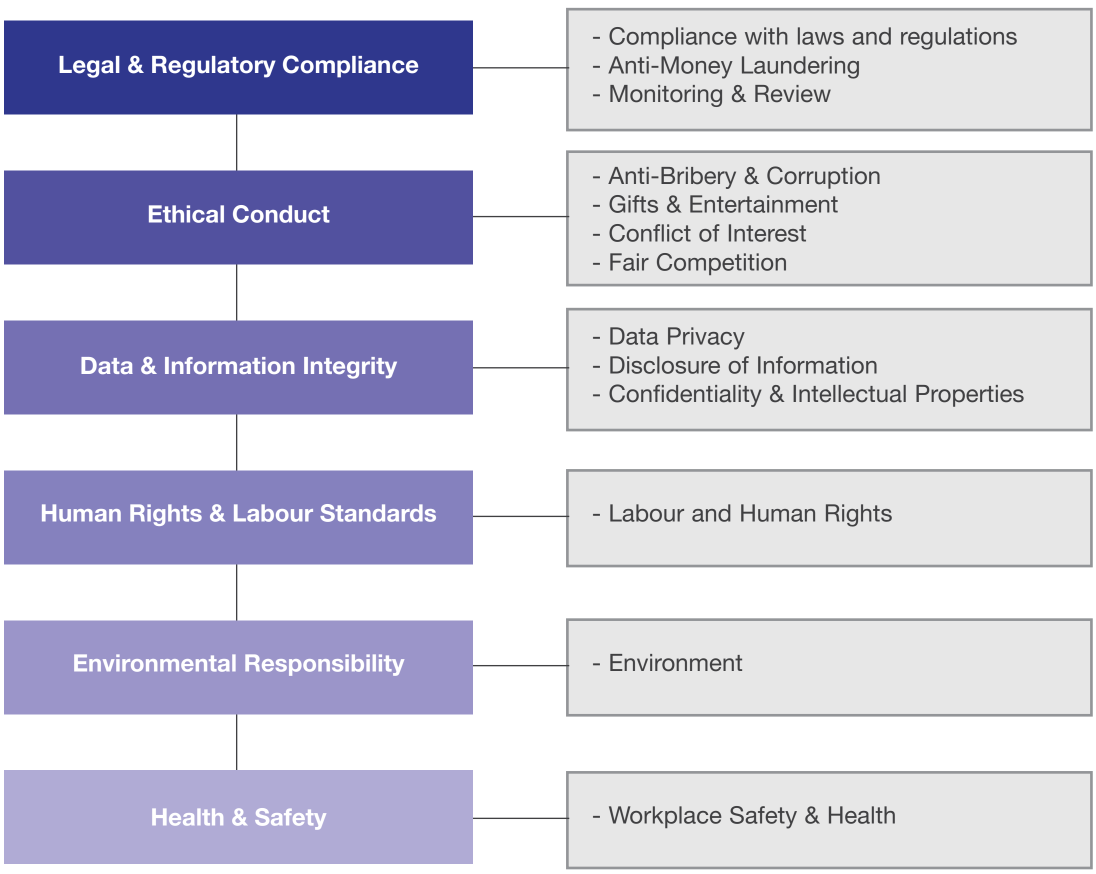
This includes the establishment of a Supplier Code of Conduct and Ethics, which outline our expectations on responsible business practices, and the implementation of a structured ESG assessments within the supplier management. These measures enable our suppliers to uphold standards that are consistent with the Group's sustainability values, fostering ethical conduct, environmental responsibility, and social accountability throughout the supply network.

<u>Supplier Code of Conduct and Ethics</u>

Our suppliers continue to play a vital role in driving the Group's sustainability values. We actively engage our suppliers to uphold the expectations outlined in our Supplier Code of Conduct and Ethics.

We have reviewed and updated our Supplier Code of Conduct and Ethics to include the prohibition of child labour under our expectation on Labour and Human Rights. This enhancement reflects our ongoing dedication to advancing responsible sourcing and the promotion of sustainable and ethical practices throughout our supply chain.

Supplier Code of Conduct and Ethics



Supplier Due Diligence, Performance and ESG Assessment

To ensure the suitability and reliability of suppliers within our supply chain, all prospective vendors are required to undergo due diligence process before supplying any materials or services to the Group. This exercise serves to verify the authenticity, capability, and compliance of suppliers with the Group's standards and requirements.

The Group also conducts an annual assessment of supplier performance based on key evaluation criteria, including:

- Product Application, Quality, and Technical Support
- Delivery Performance
- Service Standards
- Packaging and Labelling

Following the evaluation, suppliers are rated as Good, Satisfactory, or Poor. Suppliers rated "Poor" are formally notified of their areas of weakness and are required to take corrective actions to improve their performance.

In line with our commitment to ESG principles, the Group continued its Vendor ESG Assessment in FY2025. This initiative encourages suppliers to evaluate and enhance their practices in areas such as environmental stewardship, social responsibility, economic impact, and governance. It also enables the Group to gauge suppliers' level of ESG awareness and engagement, supporting the development of a more responsible and resilient supply chain.

Supporting Local Procurement

The Group continues to recognise the value of local procurement and seeks opportunities to engage with domestic suppliers where feasible. While supply availability and cost competitiveness remain important considerations, strengthening collaboration with local vendors is an ongoing focus within our broader supply chain strategy.

Financial Effect

The Group assesses the financial implications of supply chain management in relation to sustainability-related risks and opportunities and climate-related risks and opportunities.

The Group is exposed to several SRO and CRO factors that may result in increased operational and compliance costs, including:

- Supply chain disruptions due to supplier non-compliance with ESG related regulations, geopolitical tensions, raw material scarcity, declining supplier quality, or the increasing severity and frequency of extreme weather events such as floods.
- Introduction of carbon pricing mechanisms, which may affect procurement and production costs.
- Rising energy costs driven by carbon taxes impacting electricity tariffs.

As the Group's business model relies heavily on the procurement of raw materials from both local and international markets, it is particularly vulnerable to these risks. Furthermore, as a company operating within a hard-to-abate industry, which is among the sectors expected to be subjected to carbon tax mechanisms. In this context, the Group anticipates that both current and anticipated financial impact is significant.

Resilience of the Group's Strategy and Business Model

The Group's strategy and business model are designed to remain resilient by continuously assessing and adapting supply chain management practices to address identified CRO and SRO. This approach supports long-term viability and competitiveness while managing ESG risks.

Our supply chain strategy incorporates proactive measures to meet stakeholder expectations for ethical sourcing, and compliance with environmental and regulatory requirements. The Group has also diversified its supplier base to reduce dependency on high-risk sources and strengthen ESG engagement with suppliers.

In addition, we regularly review supply chain performance and metrics to identify areas for improvement. These efforts enable the Group to remain agile and responsive to emerging risks and opportunities, reinforcing the resilience of our business model in a dynamic operating environment.

Metrics and Targets

The Group monitors and reports key sustainability metrics across its supply chain to evaluate performance, track progress, and guide strategic decisions. We assess and disclose the following supply chain-related sustainability indicators:

- Vendor ESG Assessment
  Response rate of suppliers assessed and verified for ESG awareness and understanding.

- Procurement Spending Ratio
  Proportion of procurement spend on local and overseas

Vendor ESG Assessment

The Group extended invitations to both existing and new suppliers to participate in the ESG Assessment. Of the 157 existing suppliers invited, 157 responded, resulting in an impressive 100% response rate. All 188 new suppliers responded, achieving a 100% response rate. The summary of assessment participation is as follows:

Supplier Category	No. of Invited Suppliers	No. of Response	Response Rate
Existing	157	157	100%
New	188	188	100%

Notes:

1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
2. *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*

Findings from the Vendor's ESG Assessment indicate significant opportunities for improvement across all key sustainability dimensions. Both existing and new suppliers exhibit limited awareness in key areas such as environmental responsibility, social impact, and economic practices. However, existing suppliers demonstrate a strong understanding of governance standards, while new suppliers show a moderate level of comprehension. The summarised assessment results are as follows:

Key Focus	Key Survey Items	Existing Supplier	New Supplier
Environment	Environment policies, climate change mitigation, waste and pollution measures	Low	Low
Social	Social, safety and health policies	Low	Low
Economic	Green product certification (MyHIJAU / Eco-Label / Green Certification)	Low	Low
Governance	Board oversight on sustainability, governance policies and management system certifications	Good	Moderate

Notes:

1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
2. *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*
3. *0–49% → Low (poor awareness), 50–69% → Moderate, 70–84% → Good, 85–100% → High/Excellent.*

Sustainability **Statement**
(Cont'd)

Procurement Spending Ratio

The Group's spending on local suppliers and overseas suppliers is listed as below:

Supplier	Spending (%)		
	FY2023	FY2024	FY2025
Local	80	77	60
Overseas	20	23	40

Notes:

1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
2. *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*

5.3 Product and Quality

Description

The Group upholds responsible industrial practices as part of its ongoing commitment to sustainability. With a core focus on manufacturing a diverse range of steel products, the Group plays a vital role in supporting both the construction and industrial sectors. Its main offerings include:

- Steel bars for structural reinforcement in construction
- Wire rods for use in construction and various industrial applications
- Steel pipes designed for fluid transport and structural purposes in both construction and industry applications
- Pre-stressed concrete steel wire and strand for infrastructure projects
- Steel mesh for concrete reinforcement
- Custom-cut and bent steel bar services, tailored to meet specific construction requirements, promoting efficient resource utilisation and minimise material waste

Note: Effective 31 July 2025, steel mesh and custom-cut and bent steel bar services are no longer part of the Group's product portfolio following the strategic disposal of Southern Steel Mesh.


Wire Rod


Steel Bar


Deformed Bar in Coil


Steel Mesh


Cut and Bend Products


Pre-stressed Concrete Wire


Pre-stressed Concrete Strand


Steel Pipes (ULTRAGAL)


Conduit Pipe (Smartube)

Our Approach

The Group adopts a range of ISO management systems and operates accredited testing and calibration laboratories, each with clearly defined objectives to enhance operational excellence, ensure compliance, and support continuous improvement. To strengthen the credibility of its products and services, the Group ensures that its steel products consistently meet both local and international quality standards. These certifications reaffirm its unwavering commitment to delivering high-quality steel solutions while advancing sustainability across all operations.

Our Initiatives

The Group maintains 48 products licensed under the Product Certification Scheme of SIRIM QAS International, and other recognised product certification bodies, demonstrating its commitment to quality assurance and regulatory compliance.

Company	Main Products	Product Certification
SSB	Wire rod Rebar	1. Hot Rolled Ribbed Weldable Reinforcing Steel (MS 146:2014) 2. Hot Rolled Plain Round Steel Bars for The Reinforcement of Concrete (MS 146:2006) 3. Hot Rolled Weldable Steel for Reinforcement of Concrete (BS 4449:2005+A3:2016) 4. Hot Rolled Plain Steel Bars for the Reinforcement of Concrete (BS 4449:1997) 5. Hot Rolled Steel Wire for the Reinforcement of Concrete Products (straight) (MS 144:2014) 6. Hot Rolled Steel Wire for the Reinforcement of Concrete Products (decoiled) (MS 144:2014) 7. Hot Rolled Deformed Steel Bars for the Reinforcement of Concrete (CS 2:2012) 8. Hot Rolled Ribbed Weldable Reinforcing Steel (SS 560:2016) 9. Low Carbon Steel Wire Rods (JIS G3505:2004) 10. Hot Rolled Deformed Steel Bars for Reinforcement of Concrete (MS 146:2014) 11. Hot Rolled Plain Round Steel Bars for the Reinforcement of Concrete (MS 144:2014) 12. General Purpose Wire Rod (MS ISO 16120-2:2020) 13. Hot Rolled Steel Wire for the Reinforcement of Concrete Products (coil) (MS 144:2014) 14. Reinforcing Bar Manufactured to AS/NZS 4671 (AS/NZS 4671:2019)
SSM (Mesh & Cut and Bend)	Steel Mesh Cut and Bend Products	15. Cold Worked Steel Wire for Reinforcement of Concrete Products (Prai) (MS 144:2014) 16. Steel Fabric for Reinforcement of Concrete (Prai) (MS 145:2014) 17. Cold Worked Ribbed Weldable Reinforcing Steel (Prai) (MS 146:2014) 18. Steel Fabric for Reinforcement of Concrete (Klang) (MS 145:2014) 19. Cold Worked Ribbed Weldable Reinforcing Steel (Klang) (MS 146:2014) 20. Weldable Reinforcing Steel Fabric (MS EN 10080:2014) 21. Cut and Bend of Bar for Reinforcement of Concrete (MS 1438:1998) 22. Steel Reinforcing Mesh Manufacture to AS/NZS 4671 (AS/NZS 4671:2019) 23. Reinforcing Bar Manufactured in coil to AS/NZS 4671 (AS/NZS 4671:2019) 24. Processing and distribution of carbon steel bars (AS/NZS 4671:2019)

Sustainability **Statement**
(Cont'd)

Company	Main Products	Product Certification
SPIM	Steel Pipes Conduit Pipes	25. Rigid Steel Conduit for Cable Management (MS 61386-21:2010) 26. Welded Steel Pipe (Bare) (MS 863:2010) 27. Screwed And Socketed Steel Tubes and Tubulars and for Plain End Steel Tubes Suitable for Welding or for Screwing to BS 21 Threads (MS 863/EN10255) 28. Cold Formed Welded Structural Hollow Sections of Non-alloys Steel (MS EN 10219/BS EN 10219) 29. Welded Steel Pipe (Hot Dip) (MS 863: 2010) 30. Non-Alloy Steel Tube for Water and Sewerage (SPAN TS 21827: Part 2: 2013) 31. Carbon Steel Tube for General Structural Purpose (JIS G3444: 2015) 32. Welded Steel Pipe (BS EN 10255: 2004, MS 863: 2010) 33. Steel Conduit and Fittings for Electrical Wiring (BS 31:1940) 34. Steel Tube for Metal Scaffolding (EN39) 35. Structural Steel Hollow Section (AS 1163/JIS G3466) 36. Electrical Intermediate Metal Conduit-steel (ANSI/UL 1242) 37. Electrical Metallic Tubing-steel (ANSI/UL 797) 38. Cold-formed Welded, Carbon Steel Structural Tubing in Rounds and Shapes (ASTM A500) 39. Pipe, Steel, Black and Hot-dipped, Zinc-coated, Welded (ASTM A53) 40. Carbon Steel Tube for Machine Structural Purpose (JIS G3445) 41. Carbon Steel Square Pipe for General Structural Purpose (JIS G3466) 42. Carbon Steel Pipe for Ordinary Piping (JIS G3452) 43. Rigid Steel Conduit (JIS C8305)
SPC	Pre-stressed Concrete Wire Pre-stressed Concrete Strand	44. Prestressing Steel - Cold-drawn Wire (MS 1138 Part 2:2007) 45. Steel Strand, Uncoated Seven-Wire for Prestressed Concrete (ASTM A416/A416M-12a) 46. Steel Strand, Uncoated Seven-Wire for Prestressed Concrete (MS 1138 Part 4:2007) 47. Strand for the Prestressing of Concrete (BS 5896:2012) 48. Steel Prestressing Materials (AS/NZS 4672:2007)

The Group continues to expand its portfolio of environmentally friendly products under the Product Eco-Labelling Scheme of SIRIM QAS International and the MyHIJAU Mark, issued by the Malaysian Green Technology and Climate Change Corporation (MGTC).

In FY2025, the Group successfully obtained Product Eco-Labelling certificates and MyHIJAU Mark for two steel products of SPC. Additionally, six steel pipe products of SPIM were certified with Product Eco-Labelling certificates.

Company/Products	Location	SIRIM Eco-Label	*Malaysia MyHIJAU Mark
SSB Wire Rod: • Low Carbon Mesh and Drawing Quality Bar: • Deformed bar in straight length • Plain bar in straight length	Prai	SIRIM ECO-LABEL **Non-Hazardous and Non-Radioactive Steel SIRIM ECO 032:2020 License No.: EL000202**	**MyHP00226/22**
SSM Mesh Products: • Purpose made fabric • Square mesh • Structural mesh • Long mesh • Wrapping mesh	Klang & Prai	SIRIM ECO-LABEL **Non-Hazardous Steel SIRIM ECO 032:2020 License No.: EL000245 License No.: EL000250**	**MyHP00432/23 MyHP00433/23**
SSM (Cut and Bend) Cut and bend shape products: • Deformed bar wire grade B500B of MS146 • Round bar Grade 250 of MS144	Rawang	SIRIM ECO-LABEL **Non-Hazardous Steel SIRIM ECO 032:2020 License No.: EL000246**	**MyHP00431/23**
SPC PC Steel: • PC Strand (steel strand, uncoated seven-wire for prestressed concrete) • PC Wire (Prestressing steel, cold-drawn wire)	Shah Alam	SIRIM ECO-LABEL **Non-Hazardous Steel SIRIM ECO 032:2020 License No.: EL000321**	**MyHP00486/24**
SPIM Products: • Carbon Steel Tubes for Ordinary Uses, Water Piping and Structural Purposes • Steel Conduit for Electrical Wiring • Steel Conduit for Cable Management • Steel Pipes for Water and Sewerage • Cold Formed Welded Structural Hollow Section, Square and Rectangular • Carbon Steel Tubes for General Structural Purposes and Scaffolding	Butterworth	SIRIM ECO-LABEL **Non-Hazardous and Recyclable Steel SIRIM ECO 032:2020 License No.: EL000393**	

Note:

** Malaysia MyHIJAU Mark Directory: https://www.myhijau.my/directory/category.*

6.0 SOCIAL

6.1 Occupational Health and Safety

Description

Occupational health and safety are important aspects of the steel industry due to the potential risks involved in manufacturing processes. Maintaining a strong safety culture helps to manage these risks and supports compliance with regulatory, operational, and reputational standards.

Business Model and Value Chain

Occupational health and safety (OHS) are integrated into the Group's business model and operational practices, reflecting their importance in maintaining a resilient and responsible value chain. OHS considerations apply to employees, contractors, and other stakeholders, and are embedded in plant operations, equipment maintenance, standard operating procedures, and contractor onboarding.

The Group adopts ISO 45001-certified management systems, supported by safety and health committees, and overseen by both management and the Board. These systems form part of the Group's broader risk management framework and support compliance with regulatory requirements.

Risk controls are applied across both on-site and contracted workforces, consistent with industry practices. The Group continues to strengthen its OHS systems to address emerging risks and align with evolving stakeholder expectations and regulatory developments.

Strategy and Decision Making

As a socially responsible steel corporation, the Group places the highest priority on protecting the health and safety of its employees, contractors, and other stakeholders.

The Board of Directors has oversight into the health and safety matters of the Group, with the Group Managing Director (GMD) responsible for reporting to the Board. The GMD is supported by the SSC OSH Working Committee which comprises safety managers and/or safety officers from all the operating companies within the Group. The Committee leads initiatives in:

- OSH compliance
- Adopting and maintaining ISO 45001 Occupational Health and Safety Management System certification
- Risk management, hazard identification, and risk assessment
- Employee participation and engagement
- Safety and health training
- Safety and health performance

The Group affirms that clear and consistent communication is vital to fostering a strong health and safety culture among employees, contractors, and other stakeholders at the workplace. Our OSH Policy Statement reflects our commitment to providing a safe and healthy working environment, while continuously improving workplace health and safety performance.

To effectively manage OHS, the Group employs a hybrid approach that combines both top-down and bottom-up strategies. This ensures leadership-driven direction and employee engagement in identifying risks, implementing controls, and promoting a safety-first mindset throughout the Group.

<u>OSH Compliance</u>

The Group keeps abreast of the latest legal requirements for health and safety and works diligently to comply with the requirements.

ISO 45001 Occupational Health and Safety Management System

The Group recognises that obtaining the ISO 45001 Occupational Health and Safety Management System certification (formerly OHSAS 18001) is foundation to a systematic approach OSH management. Accordingly, the Group adopts the ISO 45001 as a guideline for establishing and maintaining its health and safety systems.

Risk Management, Hazard Identification and Risk Assessment

All the operating companies in the Group have established their respective registers, as stated below as part of their compliance to the requirement of ISO 45001 and Department of Occupational Safety and Health ("DOSH"):

- Social Risk and Opportunity Register
- Hazard Identification, Risk Assessment and Risk Control ("HIRARC")
- Chemical Health Risk Assessment ("CHRA").

The Group applies risk management for all the existing operating companies, including potential new projects. For chemical health risk assessment, each operating company will appoint a competent CHRA assessor to perform the assessment at an interval of every 5 years.

As part of the risk mitigation, the Safety and Health Committee of the Group has established safety visual standards for common facilities and processes within the Group. The safety officers within the Group conduct an annual audit verification on the implementation of safety visual standards to ensure standardisation of health and safety practices within the Group.

Employee Participation and Engagement

The Group strives to safeguard employees' well-being beyond adhering just to safety regulations. The Group endeavours to instil a culture of total involvement in health and safety by encouraging employee participation and engagement.

Management and the employees, including union and non-union representatives actively participate in the safety committee meetings conducted quarterly to ensure meticulous management of health and safety matters. Additionally, each operating company is required to report monthly OSH performance updates to the GMD.

To further support of employee health and well-being, the Group collaborates with PERKESO, a government body, to perform health screening for targeted age groups. These screenings help detect and prevent non-communicable diseases, such as diabetes and high blood pressure, contributing to a healthier workforce.

Safety and Health Training

The Group prioritises training as a key driver of health and safety excellence. Regular trainings help fostering a safety-conscious culture that improves overall business operations and employee well-being.

Safety and Health Performance

Safety and health performance is a key measure of the effectiveness of the Group's strategy implementation. Strong performance in this area enhances employee morale, retention, and productivity, while also strengthening the Group's reputation and ensuring compliance with legal and regulatory requirements.

By maintaining high safety and health standards, the Group contributes to overall economic value creation and supports its long-term success.

Financial Effect

The Group assesses the financial implications of health and safety in relation to sustainability-related risks and opportunities (SRO). Historically, the financial impact of health and safety risks and disruptions was considered high, particularly during the operation of the steelmaking plant. With the steelmaking operations currently ceased, the current and anticipated financial impact is assessed to be low.

In the event of disease outbreaks such as pandemics or endemics, the Group has established control measures across all operations to minimise the spread of illness, drawing from experience during the COVID-19 pandemic. However, the anticipated financial impact could be extreme if a nationwide movement control order is implemented by the Government, potentially affecting operations, workforce availability, and supply chains.

Operating within the context of heavy industry, the Group is exposed to various potential risks despite strict regulatory oversight by the Department of Occupational Safety and Health (DOSH) and the implementation of proactive strategies. These risks include:

- Production losses
- Legal and compliance costs
- Reputational damage
- Loss of human asset

Such risks may arise from workplace accidents, fatalities, hazards, employee incompetency, and poor safety mindset or attitude. However, in the absence of steelmaking operations, these risks are considered minor.

The Group continues to monitor and manage health and safety risks as part of its broader environmental and operational risk management framework, ensuring ongoing alignment with regulatory requirements.

Resilience of the Group's Strategy and Business Model

The Group's strategies are designed to remain resilient by continuously assessing and integrating health and safety practices to address identified sustainability-related risks and opportunities (SRO). This includes the use of both leading and lagging indicators to monitor and manage OSH performance.

- Leading indicators—such as safety training participation, and proactive hazard identification, enable early detection of potential risks and help foster a strong safety culture.
- Lagging indicators—such as lost time incidents, and regulatory non-compliances—provide insights into historical performance and areas requiring improvement.

This dual approach supports the Group's long-term health and safety objectives, enhances operational resilience, and contributes to effective management of ESG risks across its business model.

Metrics and Targets

<u>ISO 45001 Occupational Health and Safety Management System</u>

All the sites in the Group are certified with ISO 45001. This reflects our persistence in pursuing our duty of care in the health and safety of our people.

	FY2025
Sites in the Group certified with ISO 45001	100%

<u>Employee Participation and Engagement</u>

The Group track safety observation report (SOR), safety training records and Lost-Time Injury Frequency Rate (LTIFR). The Group encourages its employees to report any potential safety hazard in their workplace by filing a Safety Observation Report ("SOR"). SOR is also used by management during Gemba Walk to communicate and discuss health and safety subjects with the employees. In addition, the employees also contribute and implement safety related Kaizen ideas that further improve the health and safety of their working environment.

The below shows the results of SOR raised and number of safety Kaizens recorded:

	FY2025
SOR raised by management	707
SOR raised by employees	778
Number of Safety Kaizen	81

Notes:

1. *The value above covers 100% of the sites in the Group.*
2. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
3. *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*

Safety and Health Training

In FY2023, the Group set a target to achieve 100% training coverage for all staff over a three-year period (FY2023 to FY2025). By the end of FY2025, this target was successfully achieved.

Description	FY2025
Number of staff trained in health and safety standards	1,490 (100% of total employees)

The following are some of the major training programs conducted during the financial year:

No	Training module	Purpose
1	Hazard Identification, Risk Assessment, and Risk Control (HIRARC) Training	To train employees in the systematic approach of identifying hazards, assessing associated risks, and implementing appropriate control measures to ensure a safe workplace environment.
2	Basic Occupational First Aid, CPR with AED Training	To equip employees with the essential knowledge and practical skills to perform effective resuscitation, enabling them to respond confidently and competently in workplace emergencies such as cardiac arrest or respiratory failure.
3	Chemical Spillage Training	To equip employees with the needed skills for emergency response and preparedness during chemical spillages.
4	Working at Heights Training	To ensure that all employees who are required to work at heights have adequate knowledge to do so in compliance with the safety regulations.
5	Crane Operation Safety Training	To ensure that crane operators operate cranes safely and competently, in compliance with legal and site-specific safety standards.

Safety and health performance

Lost Time Incident Rate

The Group's safety performance is measured and evaluated using Lost Time Incident Rate ("LTIR").

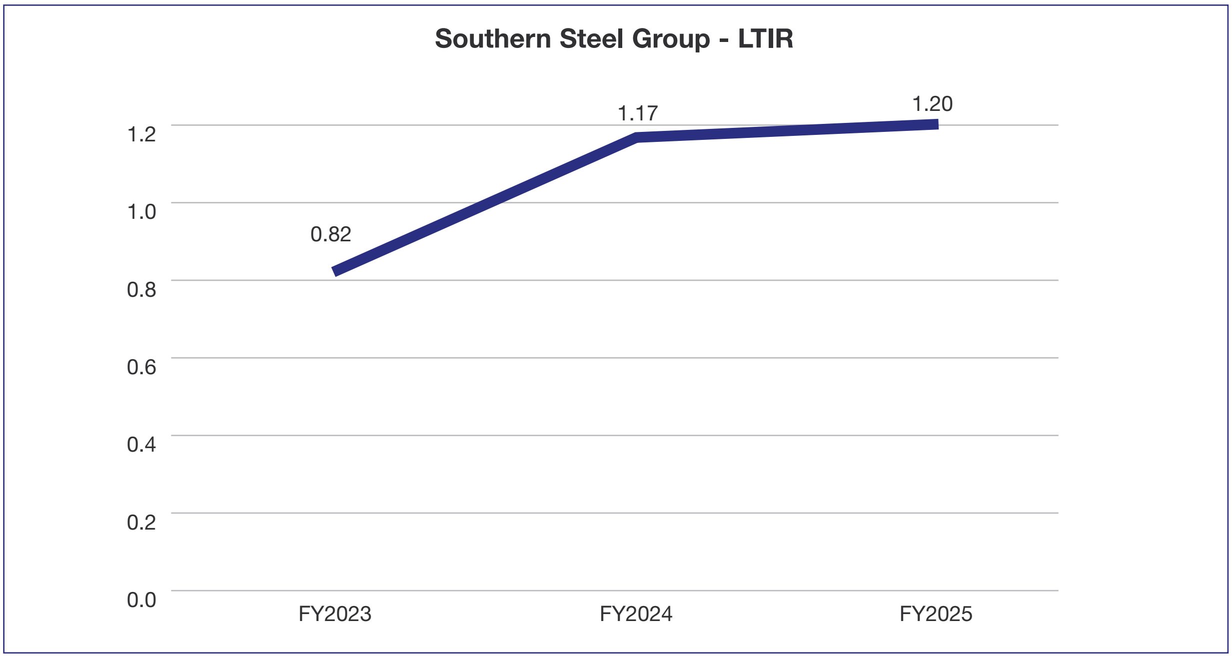
LTIR = (LTI in the financial year / total work hours of employees) x 200,000.

Note: LTI (Lost time injuries) is defined as "any work-related injury or illness that results in an employee being unable to perform their regular duties and requires them to take time off from work".

The Group's LTIR target is as below:

Company	Location	Target	Timeframe
The Group	All sites (100%)	LTIR below 1.00	FY2023 to FY2025

The chart below shows the LTIR performance of the Group, which covers 100% of the operating companies (sites):



Notes:

1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
2. *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*

The Group has seen a minor setback from the previous financial year. In FY2025, the Group achieved 1.20 as compared to 1.17 in FY2024. However, the group has achieved a zero-fatality financial year through vigorous and diligent efforts to improve the Group's safety standards.

Company	Location	Description		FY2023	FY2024	FY2025
The Group	All sites (100%)	Employee	Number of fatalities	0	1	0
		Contractor		0	0	0

Notes:

1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
2. *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*

The Group will continue to emphasise and encourage employees to participate in identifying and mitigating unsafe conditions and practices in the workplace.

The Group continues to strive to meet our slogan of zero accidents and zero fatalities.




6.2 Diversity and Inclusion

Description

Workforce diversity is increasingly recognised as a key driver of innovation, resilience, and success in today's globalised and interconnected world. The Group continues its focus to fostering a diverse and inclusive workplace, where unique perspectives, experiences, and talents are valued and leveraged to strengthen collaboration and performance.

Business Model and Value Chain

The Group has cultivated a workforce that reflects a diverse mix of ethnic origins, gender, and nationalities, aiming to promote inclusiveness and equal opportunities. We believe that a diverse workforce not only broadens the talent pool but also foster innovation, which is critical to maintaining long-term competitiveness across our value chain.

While certain roles within the steel manufacturing environment have traditionally been filled by specific demographics due to the nature of work, the Group is confident that greater inclusion will enhance team performance and problem-solving capabilities, both on the production floor and within management.

We continue to invest in building a workplace culture that embraces diversity and promotes equal opportunity for all employees, thereby strengthening our human capital, which is essential to the success of our business model.

Strategy and Decision Making

Promoting ethnic diversity requires ongoing efforts and initiatives to eliminate biases and provide equal opportunities to foster a culture of inclusivity across the organisation. The Group will continue to embrace the diverse backgrounds of our workforce and advancing gender diversity at both the departmental and group levels.

Sustainability **Statement**
(Cont'd)

While the current composition reflects a higher proportion of male employees, attribute in part to the nature of our industry, the Group is intensifying our efforts to source, attract, and develop qualified female talent particularly for executive and above-level appointments and critical technical roles. These areas have historically seen lower female participation in the applicant pool.

By focusing on balanced representation and inclusive leadership development, the Group aims to strengthen diversity and build a more resilient organisation.

The Group embraces the cultural richness of our employee as a core element of our inclusion strategy. We promote cultural awareness and employee engagement through initiatives such as celebrating multi-ethnic festive seasons including Chinese New Year, Hari Raya Aidilfitri, and Deepavali. These celebrations reflect our inclusive workplace culture and reinforce a sense of belonging among employees. By strengthening engagement and retention, these efforts contribute to operational continuity and reinforce the Group's strategic resilience.

<u>Celebration of Multi-Ethnic Festive Seasons</u>

Deepavali Celebrations

Chinese New Year Celebrations


Hari Raya Celebrations





Financial Effects

The Group assesses the financial implications of diversity and inclusion in relation to SROs.

While the Group considers diversity and inclusion a strategic opportunity, it recognises potential risks that could lead to:

- Legal liabilities
- Reputational damage
- Reduced productivity and quality
- Increased operational costs

These risks may arise from violations of fundamental rights, such as unequal treatment or discrimination based on identity, race, nationality, age, or other circumstances—particularly affecting vulnerable groups including foreign workers.

To date, the Group has not experienced any incidents related to such risks. Based on current assessments, the financial impact is considered negligible, and the risk rating is trivial. Nonetheless, the Group remains vigilant and committed to upholding equal opportunity and fair treatment across its operations to prevent future risks and strengthen its social license to operate.

Sustainability **Statement**
(Cont'd)

Resilience of the Group's Strategy and Business Model

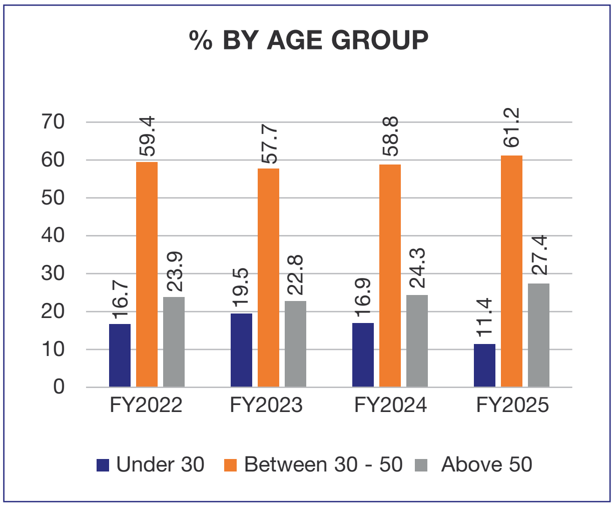
The Group's strategy and business model are designed to remain resilient by continuously assessing and adapting to sustainability-related risks and opportunities (SROs), including those related to diversity and inclusion. Our approach integrates inclusive practices that support long-term viability, competitiveness, and the ability to attract and retain talent in a dynamic operating environment.

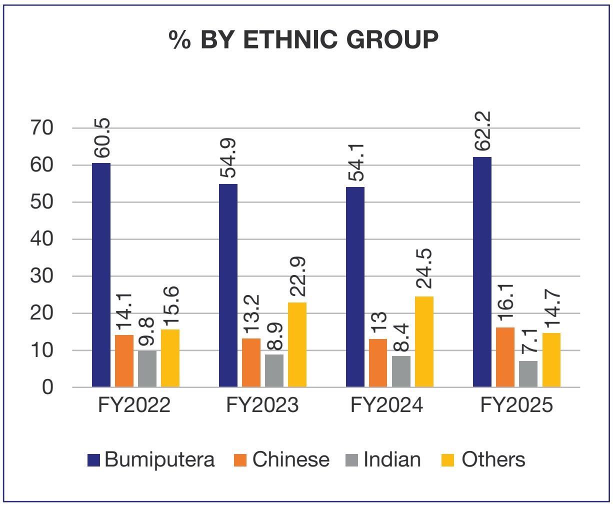
The resilience of the Group is built upon a diverse workforce that is productive, empowered, and motivated. We recognise that diversity enhances adaptability, fosters innovation, and strengthens collaboration, a key attribute that supports long-term business sustainability.

The celebration of multi-ethnic festive seasons contributes to a cohesive and inclusive workplace culture, reinforcing our commitment to social sustainability and organisational resilience.

Metrics and Targets

Diversity & inclusion are measured using metrics such as percentage of age group, ethnicity, and gender at various categories.



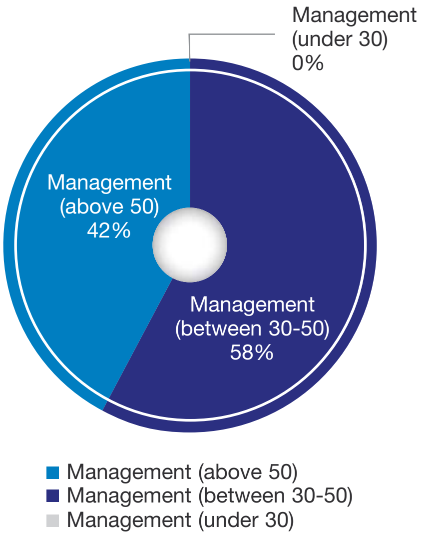


Notes:

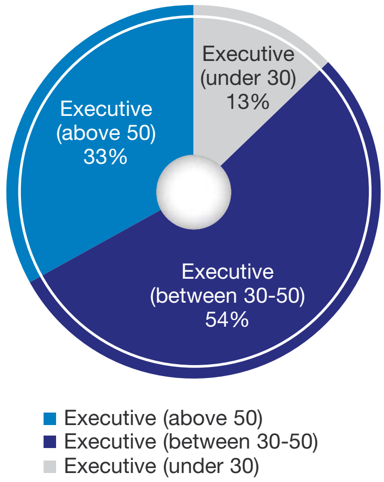
1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
2. *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*

Generally, the Group's mix of employees in different age groups remained constant and healthy over the years. Our employee age information for FY2025 is categorised into different employee categories to understand more regarding our employee age demographic.

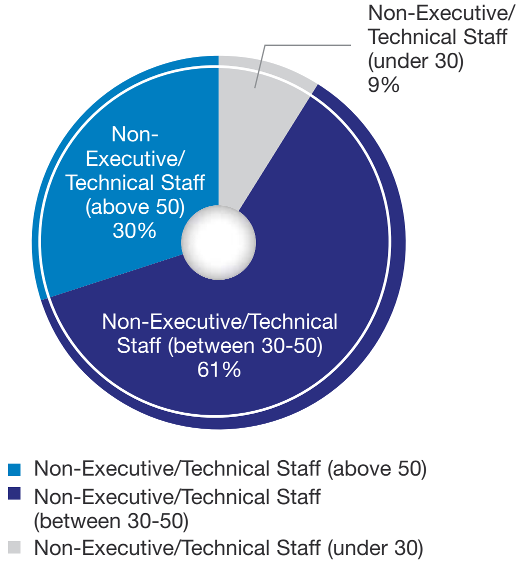
% OF AGE GROUP BY MANAGEMENT CATEGORY



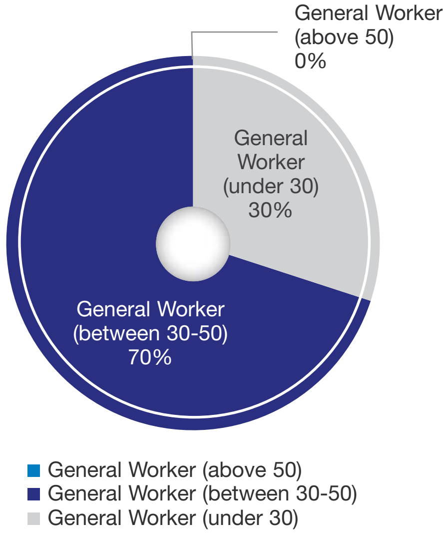
% OF AGE GROUP BY EXECUTIVE CATEGORY



% OF AGE GROUP BY NON-EXECUTIVE/TECHNICAL STAFF CATEGORY



% OF AGE GROUP BY GENERAL WORKER CATEGORY



Notes:

1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
2. *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*

Sustainability **Statement**
(Cont'd)

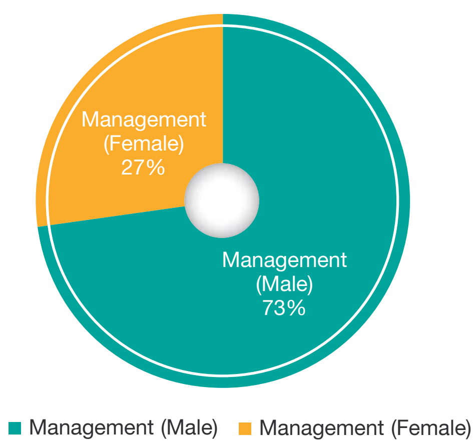
Employees by Gender	FY2023	FY2024	FY2025
Male (All levels)	90%	90%	89%
Female (All levels)	10%	10%	11%

Notes:

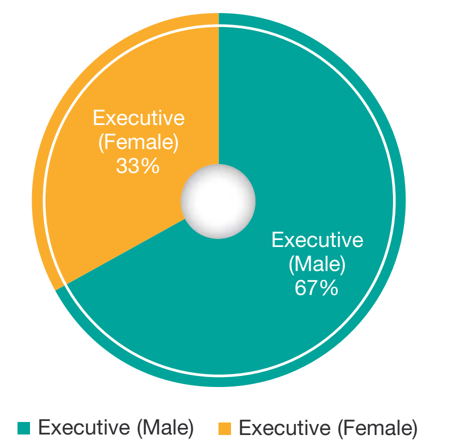
1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
2. *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*

Employee gender information for FY2025 is categorised into different employee categories to understand more regarding our employee gender demographic.

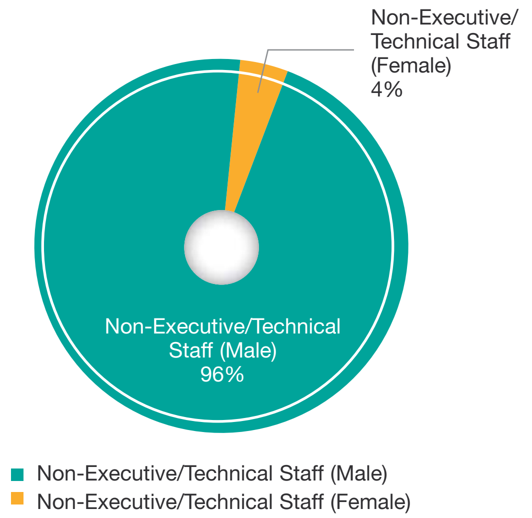
% OF GENDER GROUP BY MANAGEMENT CATEGORY



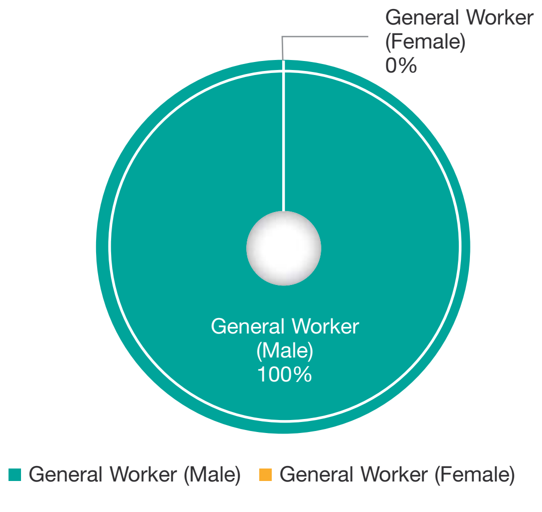
% OF GENDER GROUP BY EXECUTIVE CATEGORY



% OF GENDER GROUP BY NON-EXECUTIVE/TECHNICAL STAFF CATEGORY



% OF GENDER GROUP BY GENERAL WORKER CATEGORY



Notes:

1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
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The age group and gender group covering the Board of Directors are reported as below.

Percentage of Directors by Gender and Age Group	Boundary	Unit	FY2023	FY2024	FY2025
i) Gender Group					
Male	Group	%	66.7	66.7	66.7
Female	Group	%	33.3	33.3	33.3
ii) Age Group					
Below 30	Group	%	-	-	-
Between 30-50	Group	%	-	-	33.33
Above 50	Group	%	100	100	66.67

Notes:

1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September.*
2. *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*

6.3 Labour Practices, Employee Engagement and Basic Human Rights

Description

Labour practices, employee engagement, and basic human rights are essential for creating a safe, fair, and inclusive workplace. They support employee well-being, drive productivity, and help ensure compliance with legal and ethical standards, contributing to long-term business sustainability.

Business Model and Value Chain

The Group recognises that respecting labour practices, engaging employees, and upholding basic human rights are essential to fostering well-being, building a resilient, ethical, and sustainable business, and supporting long-term value creation and business continuity.

We promote a respected and inclusive workplace across our operations and value chain, extending these principles to suppliers and contractors. The Group upholds basic human rights principles including fair treatment, non-discrimination, equal opportunity, and the prohibition of child labour, as outlined in our Supplier Code of Conduct and Ethics.

In cultivating our Group's core value to support a healthy and sustainable workforce, the Group invests in structured training and development programmes that enhance employee capabilities and promote continuous learning - key drivers of operational efficiency and innovation. Contractors working on-site also receive basic briefings to ensure alignment with our workplace standards and values.

Strategy and Decision Making

The Group refers to Universal Declaration of Human Rights (UDHR), International Labour Organisation (ILO) and United Nations Guiding Principles on Business and Human Rights to guide its commitment to inclusive labour practices, respect for basic human rights, and the cultivation of a supportive and diverse work environment.

The Group believes in treating every employee with dignity, fairness, and respect, while fostering an environment that supports continuous learning and personal growth. Our commitment to inclusive labour practices and basic human rights is embedded in our codes and policies, aligned with legal requirements, reinforced by the Group's core value. This commitment is further supported by proactive employee engagement initiatives, quarterly foreign worker engagement programmes, and a structured learning and development program. The Group also has mechanisms in place to address concern related to labour practices and human rights.

Sustainability **Statement**
(Cont'd)

Code and Policies

Our codes and policies listed below outline inclusive labour practices and embed basic human rights practices into daily operations, governance, and stakeholder relationships. They are aligned with our broader ESG strategy and support long-term value creation across our workforce and value chain.

- Code of Conduct and Ethics for Directors
- Sustainability Policy Statement
- Labour Standards Statement
- Code of Conduct and Ethics for employees
- Occupational Health and Safety (OHS) Policy Statement
- Supplier Code of Conduct and Ethics

The board of Directors is expected to observe Code of Conduct and Ethics for Directors, which emphasis transparency, integrity, accountability, corporate liability, and sustainability. This commitment supports leadership responsibility in promoting fair labour practices and respecting basic human rights across the Group's operations.

Our sustainability policy statement reflects our commitments to environmentally responsible practices, community well-being, and ethical business practices. It addresses, directly or indirectly, access to clean water, air, and a healthy environment, all of which are recognised as basic human rights.

The Group is committed to upholding the principles outlined in its Labour Standards Statement, communicated in both English and Malay to employees and stakeholders, including business partners. These principles reflect our core values of dignity, fairness, and respect, and guide our efforts to foster an inclusive and diverse work environment that supports employee rights and well-being.

Our commitment to basic human rights is also embedded in the Group's Code of Conduct and Ethics, which applies to all employees. We believe that every individual deserves to be treated with respect and fairness, and we are dedicated to fostering a respectful and inclusive workplace that upholds these values.

The Group places strong emphasis on fair working conditions. We strive to maintain a workplace free from harassment and unlawful discrimination based on race, religion, gender, age, sexual orientation, disability, nationality, gender identity and expression, colour, ethnicity, political affiliation, union membership, covered veteran status, protected genetic information or marital status. These principles are reflected in our hiring and employment practices, including promotions, rewards, and access to training.

We also promote a healthy work-life balance by striving to eliminate excessive working hours, ensuring employees have sufficient rest and time to engage in personal and family life.

The Group has taken measures to prevent child labour and forced labour, support a living wage and enable employee representatives to engage meaningfully with company management. We provide oversight and resources to uphold human rights across relevant functions and in our day-to-day operations.

As part of our effort to promote corporate responsibility beyond our operations, we extend the principles of basic human rights to our supply chain. Our Supplier Code of Conduct and Ethics prohibits all forms of forced, abusive, and illegal labour. Suppliers are expected to treat all their employees, whether permanent or contractual, with fairness and respect, and to do their best to foster a working environment free from discrimination and harassment. They are required to comply with all applicable labour laws and regulations, including those related to minimum age, minimum wages and benefit, working hours, and provident/retirement fund contributions.

Legal Alignment

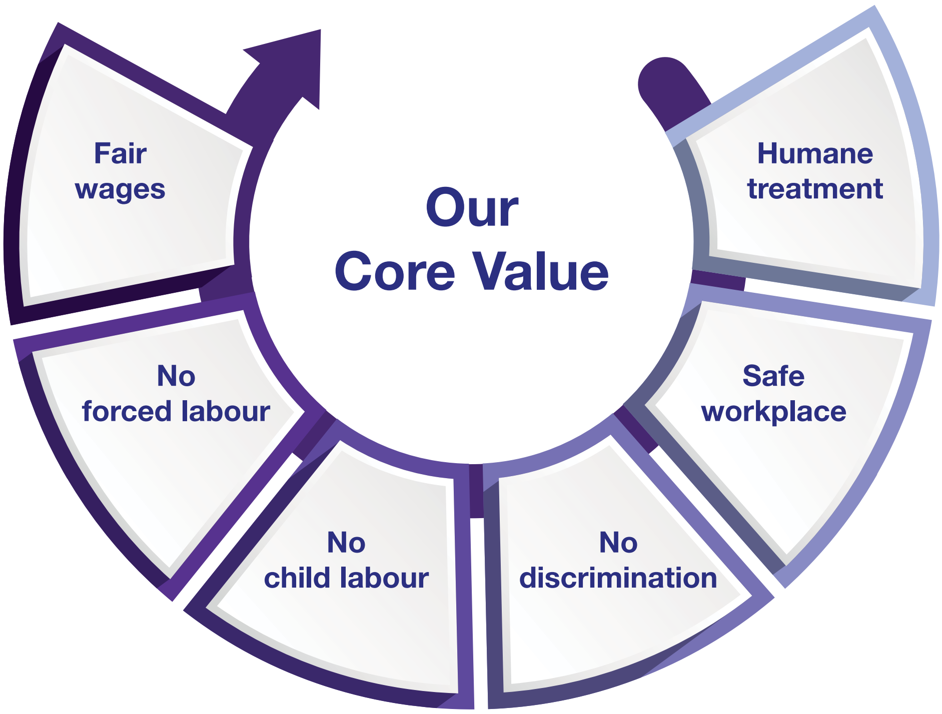
Our approach is guided by the relevant laws in Malaysia. These laws form the foundation of our employment policies. Key laws guiding our labour practices include:

- Employment Act 1955 (Act 265)
- Industrial Relations Act 1967
- Holidays Act 1951 (Act 369)
- Children and Young Persons (Employment) Act 1966 (Act 350)
- Employment (Termination and Lay-Off Benefits) Regulations 1980
- Minimum Wages Order 2022

The Group also respects the rights of workers to associate freely, join or not join labour unions, seek representation, and join workers' councils in accordance with local laws.

Cultivating the Group's Core Values

To support a healthy and sustainable workforce, the Group upholds its core values and promotes best practices across all levels of the organisation. We expect our leaders and managers to embody the Group's core values of honesty, integrity, and respect for people. These values are integral to our decision-making and daily operations.



Employee Engagement

The Group is committed to fostering a highly engaged workforce to enhance operational efficiency, quality, and innovation. Strategic initiatives are in place to keep employees motivated, involved, and empowered to perform at their best.

Employee engagement is integrated into both operational and non-operational activities. On the shop floor, workers participate in daily meetings with plant management to raise concerns and propose solutions. They also contribute to joint improvement teams focused on enhancing operational performance.

Non-operational engagement includes weekly department meetings, town halls, and company events that promote communication, collaboration, and feedback. The Group also adopts the 5S system, with active participation from all employees to drive continuous improvement in productivity, quality, cost, delivery, safety, and morale.

a) Sports Activities

In February 2025, the Group participated in the Hong Leong Group's Annual Sports Tournament in Kampar, Perak, featuring events such as football, badminton, volleyball, table tennis, tug of war and athletics. Employees competed enthusiastically, and winners were awarded medals by senior management.

b) 5S Activities

Since 2012, the Group has implemented the 5S system across office and plant environments to promote a conducive workplace and continuous improvement. In FY2025, all operating companies successfully sustained their 5S performance through internal audits.

<u>Foreign Worker Engagement</u>

To enhance the well-being of our foreign workers, the Group has introduced a quarterly hostel competition aimed at promoting safe, clean, and comfortable living conditions. This initiative encourages continuous improvement in accommodation standards and fosters a sense of pride and ownership among workers. The competition is evaluated based on key criteria, including:

- Cleanliness and organisation
- Health and safety compliance
- Implementation of 5S principles
- Kaizen (continuous improvement) efforts

Once the competition result has finalised, the foreign workers will be engaged. The results will then be shared with the foreign workers highlighting the good efforts and the conditions that need to be improved.

As part of the prize-giving activities, the Human Resources team organises grocery shopping trips for the winning foreign workers, adding a meaningful and practical reward to the initiative.

This programme not only supports the physical well-being of our foreign workers but also fosters a sense of pride, ownership, and community within their living environments.



<u>Mechanisms to Address Labour and Human Rights Issues</u>

The Group has established 2 channels to address labour and human rights issues promptly and effectively.

a) Whistleblowing Channel

The Group has established oversight responsibility and allocated resources to address concerns on any improper conduct or wrongful act involving the Group, including those related to labour practices and basic human rights. Accountability for this oversight is assigned to the Chairman of the BARMC.

Employees may raise any concern on any improper conduct or wrongful act involving the Group that is committed, including but not limited to:

- Any criminal offences, including fraud, corruption, bribery, and blackmail
- Any failure to comply with legal or regulatory obligations
- Any improper conduct which would be a disciplinary offence
- Any gross mismanagement of company affairs
- Any act or omission which jeopardises the health and safety of any employee of SSB Group or any member of the public.

Upon receiving a report, the Group initiates a confidential and impartial investigation. All findings are documented and reviewed by the BARMC, followed by appropriate decision-making.

Sustainability Statement
(Cont'd)

b) Grievances Mechanism

The Group has taken actions to address any forms of discrimination faced by employees, including but not limited to race, religion, gender, age, sexual orientation, disabilities, or nationality. To support this, we have established an internal grievance channel that enables employees to report their concerns.

Employees may submit their grievance by completing the Grievance Form, which is available on the company's intranet. The responsibility for reviewing and resolving grievances lies with the Immediate Supervisor, Manager, and the Human Resource Department, depending on the nature and severity of the issue.

This mechanism ensures that all grievances are handled promptly, fairly, and confidentially, in alignment with the Group's commitment to inclusive labour practices and respect for human rights.

Learning and Development

Our training procedures aligns development programs with the broader organisational goals, while also addressing the individual development needs of employees. This approach supports the Group's strategy of building a learning organisation and sustaining a robust talent pipeline.

Additionally, the Group conducts development analyses to understand the needs of our employees. This process helps identify knowledge and skill gaps within the organisation, considering external factors such as industry and regulatory changes, employee expectations, future organisational needs, and the latest innovations and technological advancements.

Below is a summary of the personal development training programs attended by employees in FY2025 to enhance their abilities and individual skills:

Managerial Trainings

- The Effective Change Mgt Tech in VUCA
- Key Updates And Changes For Corporate Accountant in Budget 2025
- Managing Problematic Employee & How To Conduct Domestic Inquiry
- Personal Coaching For Senior Managers
- Personal Coaching For General Managers
- Practical Payroll & Tax Computation Workshop
- The Domestic Inquiry Procedure, Investigation And Prosecution
- Cost Cutting Measure On Manpower
- Managing Poor Performance And Disciplinary Issues

Technical Trainings

- Overhead Crane OPRB & Rigging
- Working At Height Level 1
- Introduction To Hydraulic System
- Elect Supply Act & Regulations
- 5S VS Plant
- Upskilling-rolling Process
- Grid-connected User
- Electrical Engineering For Non-electrical Engineers
- Machine Learning For Data Analytical In Factory Ind. 4.0
- Registered Energy Manager Training Course Type 1-REMTC T1
- Boiler Driver
- Concept And Procedure For Establishment Of An Energy Management System (ENMS)
- MNSC - FMM Seminar On Using Intercoms Effectively To Reduce Logistics Costs
- ISO/IEC 17025:2017 - Measurement Uncertainty For Calibration And Testing Laboratoty
- Procedure To Load Coil - OJT Briefing
- Surface Treatment & Coating For Steel
- Scheduled Waste Awareness Briefing
- Safety Briefing "Forklift Safety & Maintenance Checklist Implementation"
- Scheduled Waste Refresher Briefing & OJT Briefing
- Bag Filter Dust Collector Performing Monitoring As A Tool For Preventive Culture
- Safe Handling Of Forklift Truck (Intensive Program)
- Safety Briefing "Crane Wire Rope"
- Safety Briefing "Scheduled Waste Management"

Non-Technical Trainings

- Procurement & Inventory Mgt
- Basic Occupational First Aid
- Jerayawara Dasar Gaji Progresif
- Sustainable Smart Manufacturing
- GHG Inventory (MISIF)
- Empowering Construction Work Design
- Conducting Domestic Inquiry
- The Combat Of Web Application
- Web Security Online
- Run & Gun Network Penetration Test
- Emp Act 1955, Termination & Dismissal
- Radiation Safety Refresher
- Amendment of Emp Act
- AI Hands on HR Application
- Multi Tasking & Time Management
- Pengurusan Buangan Terjadual Lestari
- Kursus Keselamatan Kebakaran
- Safety And Health Conferrence
- Sourcing Skills & Development Saving Plan
- Innovating NRG-SHE OSH Conference 2025
- Product Introduction, Certification And Standard And How To Identify SPIM Product
- Sales Training-Credit Application
- Employment Act 1955: Terminatin Dismissal And Guidelines To Domestic Inquiry Process
- 55 VS Plant & KAIZEN
- Lead Auditor Course ISO14001 & ISO45001:2018
- Northern Region HR Conference

Financial Effect

The Group assesses the financial implications of labour practices and human rights in relation to SRO. The exposure to these SROs may result in financial impacts, including:

- Non-compliance by the Group, its employees, or suppliers with established labour standards.
- Compromising or violations of fundamental rights and entitlements of individuals, including foreign workers, regardless of identity or circumstances.

Such issues may lead to potential reputational damage, economic consequences such as declining sales, reduced productivity and quality, increase in operational costs, and potential legal fines or penalties.

Based on historical data, the Group anticipates that both current and anticipated financial impact are negligible. This is due to the integration of effective labour practices and respect for basic human rights into our business model, supported by the Group's Labour Standards Statement and Codes of Conduct for employees and suppliers.

These practices help mitigate risks related to fraud, litigation, violations of workers' rights, and operational disruptions. They also strengthen stakeholder trust and contribute to long-term business sustainability.

Strong labour relations within the Group support lower employee turnover, reducing recruitment and training costs while enhancing institutional knowledge and operational continuity.

Resilience of the Group's Strategy and Business Model

The Group's labour and human rights strategies are designed to ensure compliance with Malaysian employment laws and supported by internal codes and policies such Group's Labour Standards Statement, and the Code of Conduct and Ethics. These practices contribute to employee well-being, engagement, and retention which are key factors in maintaining a stable and resilient workforce.

By fostering a supportive work environment and consistently applying inclusive labour practices, the Group enhances its ability to retain talent and reduce operational risks. This commitment extends to the welfare of foreign workers employed in our operations, ensuring their basic rights and well-being are respected throughout their employment lifecycle.

The Group also applies inclusive practices and engages with contractors, suppliers, and other stakeholders. This approach contributes to stable, resilience, predictable operations, supporting long-term value creation across the Group's value chain.

Collectively, these efforts reinforce the resilience of the Group's business model, enabling sustainable growth and long-term value creation.

Metrics and Targets

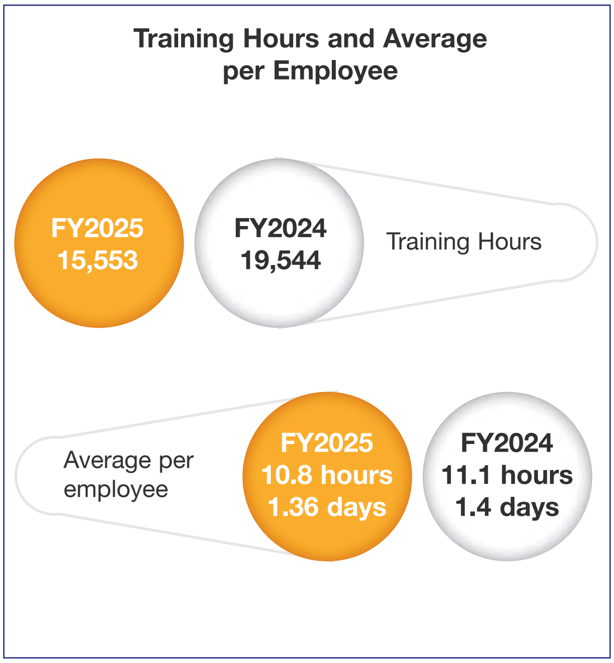
<u>Training and Development</u>

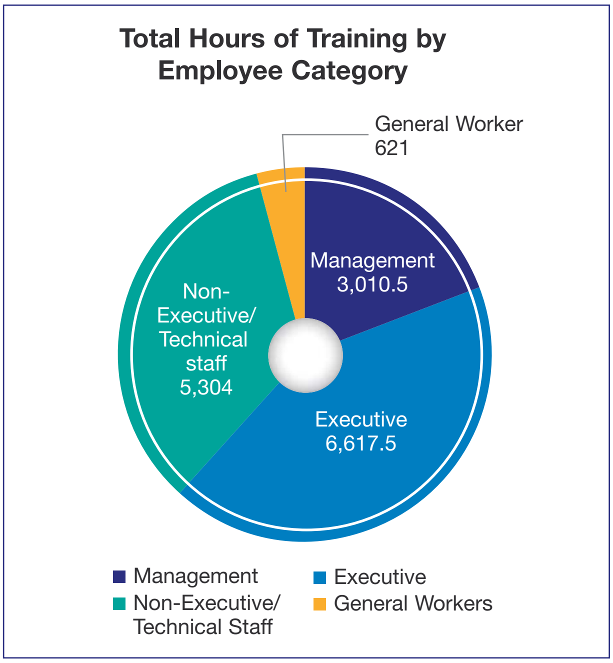
In FY2025, the Group recorded a total of 15,553 training hours, averaging 10.8 hours or 1.36 days of training per employee. This reflects our ongoing commitment to employee development and capability building.

We continue to prioritise learning and development as a strategic effort to enhance service quality, strengthen skillsets, and ensure a steady pipeline of talent for both current and future business needs.

Training hours are tracked by employee category to support informed decision-making on resource allocation and to ensure that employees are equipped with the necessary skills to perform their roles effectively.

Sustainability Statement
(Cont'd)





Notes:

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2. *SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*

<u>Discrimination and Harassment</u>

In FY2025, there were no reported incidents related to discrimination, harassment, child labour or forced labour.

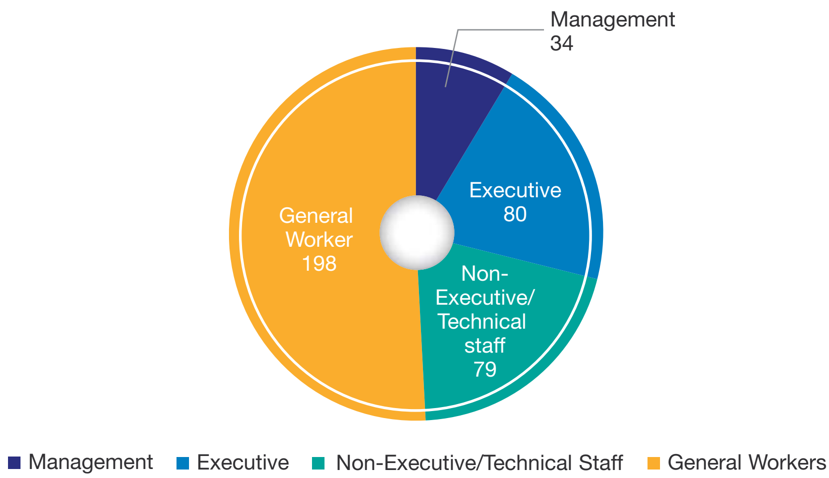
<u>Employee Turnover Rate</u>

In April 2025, SSB temporarily ceased operation at its steelmaking plant to undertake a major technological upgrading aimed at reducing energy consumption and greenhouse gas emissions in billet production. Following the cessation, a Voluntary Separation Scheme (VSS) was offered to employees and supporting staff of steelmaking plant, resulting in a notable increase in voluntary turnover. This including contractor/temporary staff. The full-time staff turnover rate is 27.3% for FY2025 as compared to 7.5% in FY2024. Despite this transition, the Group continue to monitor employee retention rates, recognising their importance in maintaining a stable and productive workforce.

The ratio of permanent staff to temporary staff for FY2025 stands at 75.2%:24.8%, no changed from the previous financial year. The Group employs 3 staff with disabilities. We remain committed to fostering a supportive and engaging work environment, with a focus on skills development, learning opportunities, and employee well-being to retain and grow our talent.

The total number of employee turnovers by category is tracked to identify trends and patterns across specific groups. This analysis supports the enhancement of retention strategies and strengthens workforce planning and labour practices.

Total Number of Employee Turnover by Employee Category



Notes:

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6.4 Community Engagement

Description

Recognising that communities are an integral part of the business ecosystem, the Group is committed to deliver shared value by contributing meaningfully to the communities in which it operates. Through purposeful engagement and investment, the Group support a more inclusive and sustainable future.

Business Model and Value Chain

The Group believes that every initiative, regardless the scale, can create meaningful impact. It strives to embed community engagement across its value chain, reinforcing the Group's commitment to sustainable business practices and a better shared future for communities, people, and the planet.

To cultivate a sense of social responsibility, the Group encourages employees to actively participate in community initiatives. These efforts are supported through structured community investments, including contributions in the form of cash, time, in-kind support, and management resources.

Sustainability Statement
(Cont'd)

The Group's community engagement model is built on 3 strategic pillars:

Focus area	Objective	Example of Contribution
Social Wellbeing and Development	Support the underprivileged groups and youth for sustainable livelihood and improved quality of life	• Orphanage and old folks home festive program • Blood donation campaign
Education	Empower local youth to realise their potential, develop, and nurture future talent	• Graduate development program • Internship program • Sponsoring sports equipment to primary school
Environment	Protect the environment and promote biodiversity conservation	• Tree planting • E-waste collection program • 3R waste collection

These initiatives are prioritised in communities where the Group operates, ensuring relevance, impact, and long-term value creation.

Strategy and Decision Making

The Group's community strategy is designed to support social wellbeing, educational empowerment, and environment stewardship. It focuses on targeted investment in education, health, and local environmental improvements, with the aim of delivering long-term shared value to the communities in which the Group operates.

Heart-to-Heart (H2H) Club

Established since 1995, the Group's H2H club serves as a primary vehicle for community outreach. It plays a role in:

- Promoting social wellbeing and development, especially for the underprivileged groups.
- Driving environmental initiatives.

H2H operates under the following guiding principles:

- Local Focus: Carrying out community works in locations where the Group has operational presence.
- Collaborative Approach: Performing community works in partnership with non-profit based organisations.
- Employee Engagement: Encouraging participation to instil compassion and volunteerism, benefiting the less fortunate elderly, youth and children, both within and beyond the Group.
- Environmental Responsibility: Activities support the Group's waste management strategy—reduce, reuse, recycle, and recover, to minimise environmental impact.

Talent Development and Succession Planning

The Group aims to prioritising local employment and nurturing local talent, particularly in the critical operational areas. The education programs and activities are designed not only to support individual growth but also to align with the Group's succession planning strategy. This ensures a steady pipeline of well-prepared, skilled professionals who are ready to contribute to the long-term success of the Group.

Financial Effect

The Group assesses the current and anticipated financial implications of community engagement in relation to SRO.

The Group viewed community engagement as an opportunity, not a risk. While the financial investment is modest, the long-standing commitment has fostered a culture of social responsibility among employees and strengthened relationships with local communities. These efforts have:

- Enhanced the Group's corporate reputation.
- Created business opportunities with ESG-conscious customers.
- Supported employee engagement and retention.
- Reduced potential operational disruptions (e.g., protests, complaints), which could otherwise lead to financial losses.

Resilience of the Group's Strategy and Business Model

The Group's strategy and business model are designed to remain resilient through ongoing evaluation and adaptation in response to SRO.

The Group's community engagement strategy is both adaptive and responsive, ensuring long-term value creation for both the business and the communities it serves. Key elements include:

- Local focus: Prioritising initiatives in areas where the Group operates.
- Talent development: Aligning education programs with succession planning to build a pipeline of skilled professionals.

These efforts contribute to the Group's strategic resilience by strengthening stakeholder relationships, enhancing operational stability, and supporting long-term success.

Metrics and Targets

FY2025 Community Investment				
Amount invested (RM)	Voluntary total employee participation	Total time spent by employee (hour)	No of beneficiaries	Proceeds from E-waste and 3R waste disposal (RM)
42,852	496	806	2,814	4,462

Notes:

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FY2025 Community Investment Program			
Focus area	Program	Output	Outcome
Social Wellbeing and Development	1) Orphanage and old folks home festive program	• 3 homes visited. • 66 orphans and 30 old folks engaged • 37 employees volunteered	• Social inclusion • Improved well-being • Social Interaction
	2) Blood donation campaign	• 257 donors successfully donated blood. • Estimated 771 lives potentially saved. • Strengthen partnership with local hospitals • 35 employees as volunteers to organise the campaign	• Lives saved • Emergency readiness of hospitals • Increase awareness of importance of blood donation

Sustainability Statement
(Cont'd)

FY2025 Community Investment Program				
Focus area	**Program**		**Output**	**Outcome**
Social Wellbeing and Development (cont'd)	3)	Fasting month "Bubur Lambuk" distribution	• 1,300 packs of "bubur lambuk" distributed to employees, families, and communities • 17 employees volunteered	• Strengthen bond between the company, its employees, their families, and the community • Promote empathy and respect for religious practices
Education	4)	Graduate development program	• 1 new GDP enrolled • 5 GDPs completed their program in FY25 • 4 retained as full-time employees	• Enhance skills and competencies • Accelerate career readiness • Increase local talent pipeline
	5)	Internship program	• 11 interns hosted • Increased collaboration with local universities and technical institutes	• Skill development • Career exposure • Academic enhancement • Increase local talent pipeline
	6)	Academic Excellence Award	• 1 child of employee awarded	• Boost self-esteem and confidence
	7)	Donate sports equipment to school	• Ping pong tables, high jump mats, basketball nets and other sports items unit were donated to 1 school • 566 students and teachers gained access to the new sports equipment	• Support youth development through sports • Enable students access to variety of sports
Environment	8)	Tree planting	• 22 Bintangor trees were planted at coastal area	• Increase carbon sequestration • Reduce coastal erosion
	9)	E-waste collection program	• RM2,200 of collection via selling of e-waste collected from employees through 1 campaign	• Resource recovery • Reduction in pollution • Reduce carbon footprint
	10)	3R waste collection	• 4,162kg of shredded paper recycled • Equivalent to estimated saving of 70 trees, 110,284 litres of water, and 17,480kWh of energy	• Resource conservation through recycling • Reduce carbon footprint

Notes:

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Here are some snapshots of the activities carried out in FY2025:

Orphanage and Old Folks Home Program

The Group is dedicated to supporting the underprivileged, aiming to foster sustainable livelihood and improve quality of life. As part of its community engagement efforts, the Group visits orphanages and old folks' homes, contributing through:

- Cash donations
- Provision of food and essential supplies
- Organising recreational and social activities for residents

These visits reflect the Group's commitment to social responsibility and demonstrate how small acts of kindness can bring joy and comfort to those who have faced significant hardships. The emotional connection and positive impact observed during these engagements reinforce the Group's belief in building compassionate and inclusive communities.

The Group's approach aligns with the principles outlined in the United Nations Convention on the Rights of the Child, which affirms every child's right to:

- The best possible health care
- Access to clean water and nutritious food
- A safe and clean-living environment
- Opportunities for education, play, and recreation

By upholding these values, the Group contributes to the adequate standards of living and wellbeing for children and elderly individuals in its communities.





Sustainability Statement
(Cont'd)

Blood Donation Campaigns

The Group recognises that donating blood is one of the most valuable gifts an individual can offer to save lives. As part of its commitment to public health and social responsibility, the Group organises blood donation campaigns in collaboration with government hospitals. These campaigns aim to:

- Raise awareness about the importance of blood supply to save lives.
- Encourage voluntary participation among employees.
- Support national healthcare systems through reliable blood supply contributions.

To honour the generosity of participating employees, the Group provides refreshments, tokens of appreciation, and lucky draw prizes during each campaign. These gestures reflect the Group's gratitude and help foster a culture of volunteerism and care within the organisation.

In addition to donating blood, employees benefit from mini health screenings and blood disease checks conducted by the collaborating hospital before and after donation. These health services not only ensure donor safety but also promote positive mental wellbeing, as many participants report a sense of fulfilment and emotional uplift from contributing to a life-saving cause.

Date	Participating Organisations	H2H participants/ helpers	Blood donors	Organ Pledge Donors	Collaborative participants (hospital staff)
Sep 2024	Hospital Pulau Pinang	10	115	0	15
Jan 2025	Hospital Tengku Ampuan Rahimah Klang	15	47	0	11
Apr 2025	Hospital Pulau Pinang	10	95	1	15

Graduate Development Program ("GDP") and Internship Program

The Group aims to prioritise local employment and nurture local talent, particularly in critical operational areas. Through educational investment, it creates meaningful employment opportunities that support sustainable livelihoods, succession planning, and regional socio-economic growth.

GDP

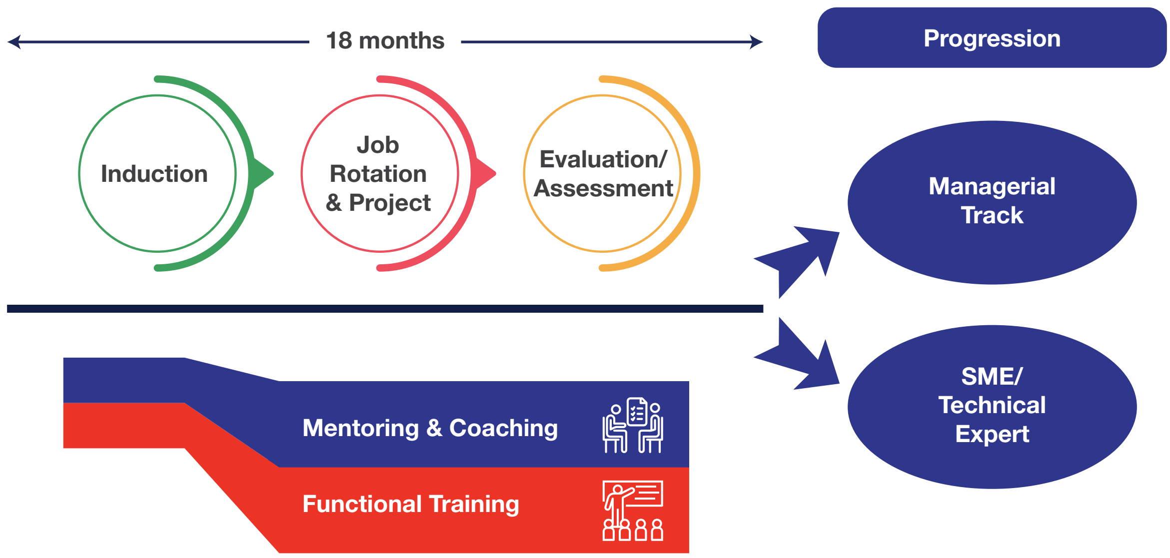
The Group provides unwavering support for local youth, helping them realise their potential and nurturing their talents for long-term career success. The GDP is an 18-month structured initiative designed to prepare fresh graduates for the professional world and equip them with the skills and capabilities needed to thrive. Key highlights of the program are:

- Structured Curriculum: Combines formal training, mentorship, and hands-on experience
- Cross-functional Exposure: Participants work on real-world projects across various departments to gain broad operational insights
- Leadership Development: Tailored to groom graduates for future leadership and subject matter expert roles within the organisation
- Performance Assessment: Participants are evaluated throughout the program to track progress and readiness for future roles

At the end of the program, successful participants are offered career opportunities that match their skills and aspirations, while fulfilling the Group's operational needs. This approach supports the Group's strategy for:

- Talent pipeline development
- Succession planning
- Local employment and community investment

The GDP reflects the Group's commitment to building a resilient and future-ready workforce, contributing to both business sustainability and regional socio-economic development.



Internship Program

The Group offers internship opportunities to tertiary students, providing them with valuable exposure to the steel industry while fulfilling the industrial training requirements of their academic disciplines. These internships serve as a platform to:

- Bridge academic learning with real-world experience
- Introduce students to core operations and industry practices
- Support local talent development and career readiness

Sustainability Statement
(Cont'd)

Promising interns who demonstrate potential are often offered career opportunities within the Group upon graduation, contributing to a sustainable talent pipeline and reinforcing the Group's commitment to local employment and succession planning.

Fresh Graduate

Graduate Development Program

Tertiary students

Internship program

Career opportunities with the Group

Tree Planting

The Group believes that biodiversity conservation and environmental protection are essential for the survival of future generations. As part of its sustainability efforts, SSB organised a tree planting event in June 2025 in conjunction with World Environment Day.

This year's event was especially meaningful as it was held outside company premises, at the edge of a mangrove swamp—a critical ecosystem. A total of 22 Bintangor trees were planted, chosen for their ecological compatibility, dense canopy, and strong root systems that help:

- Prevent coastal erosion
- Provide habitat for biodiversity
- Strengthen mangrove ecosystem resilience

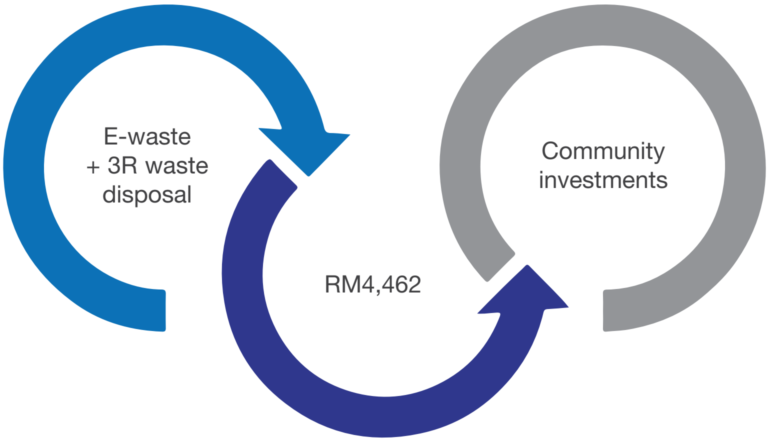
By planting native species like Bintangor, the Group ensures its restoration efforts are sustainable and beneficial to the natural environment, reaffirming its commitment to environmental stewardship.

E-Waste and 3R Waste Collection

E-waste is a broken, non-working or old/obsolete electric electronic appliance, such as television, computer, air conditioner, washing machine and refrigerator. The environment will be polluted if the disposal of e-waste is not properly managed. This will then affect human's health and endanger life.

The Group recognises that e-waste is becoming a global issue, thus in our effort to protect the environment, the Group introduces E-Waste Collection Program on top of the normal 3R waste collection practice. The Group encourages our employees to send e-wastes, including e-waste of their neighbourhoods, to the Group.

The collected e-waste is then disposed to the licensed e-waste collectors whilst 3R waste is via 3R waste collectors. The proceeds from the disposals are channelled to H2H as part of the community engagement programs.



7.0 PERFORMANCE DATA TABLE

Southern Steel Berhad

BMLR Transition Period

Date & Time: 2025-12-30_08:37:57

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Bursa (Anti-corruption)	Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category (Management)	Percentage	59.80	100% by FY2027	Internal	3 years for 1 cycle
Bursa (Anti-corruption)	Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category (Executive)	Percentage	76.90	100% by FY2027	Internal	3 years for 1 cycle
Bursa (Anti-corruption)	Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category (Non-executive)	Percentage	59.30	100% by FY2027	Internal	3 years for 1 cycle
Bursa (Anti-corruption)	Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100%	Internal	
Bursa (Anti-corruption)	Bursa C1(c) Confirmed incidents of corruption and action taken	Number	2	—	Internal	
Bursa (Community/Society)	Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	42,852.00	—	No assurance	
Bursa (Community/Society)	Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	2,814	—	No assurance	
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Age Group by Employee Category (Management Under 30)	Percentage	0.00	—	Internal	

This report was generated on the Bursa Malaysia CSI Platform on 2025-12-30_08:37:57

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Southern Steel Berhad

BMLR Transition Period

Date & Time: 2025-12-30_08:37:57

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Age Group by Employee Category (Management Between 30-50)	Percentage	58.00	—	Internal	
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Age Group by Employee Category (Management Above 50)	Percentage	42.00	—	Internal	
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Age Group by Employee Category (Executive Under 30)	Percentage	13.00	—	Internal	
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Age Group by Employee Category (Executive Between 30-50)	Percentage	54.00	—	Internal	
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Age Group by Employee Category (Executive Above 50)	Percentage	33.00	—	Internal	
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Age Group by Employee Category (Non-executive Under 30)	Percentage	9.00	—	Internal	

This report was generated on the Bursa Malaysia CSI Platform on 2025-12-30_08:37:57

Southern Steel Berhad

BMLR Transition Period

Date & Time: 2025-12-30_08:37:57

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Age Group by Employee Category (Non-executive Between 30-50)	Percentage	61.00	—	Internal	
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Age Group by Employee Category (Non-executive Above 50)	Percentage	30.00	—	Internal	
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Age Group by Employee Category (General Workers Under 30)	Percentage	30.00	—	Internal	
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Age Group by Employee Category (General Workers Between 30-50)	Percentage	70.00	—	Internal	

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Southern Steel Berhad
BMLR Transition Period

Date & Time: 2025-12-30_08:37:57

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Age Group by Employee Category (General Workers Above 50)	Percentage	0.00	—	Internal	
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Gender Group by Employee Category (Management Male)	Percentage	73.00	—	Internal	
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Gender Group by Employee Category (Management Female)	Percentage	27.00	—	Internal	
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Gender Group by Employee Category (Executive Male)	Percentage	67.00	—	Internal	
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Gender Group by Employee Category (Executive Female)	Percentage	33.00	—	Internal	
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Gender Group by Employee Category (Non-executive Male)	Percentage	96.00	—	Internal	

This report was generated on the Bursa Malaysia CSI Platform on 2025-12-30_08:37:57

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Southern Steel Berhad
BMLR Transition Period

Date & Time: 2025-12-30_08:37:57

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Gender Group by Employee Category (Non-executive Female)	Percentage	4.00	—	Internal	
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Gender Group by Employee Category (General Workers Male)	Percentage	100.00	—	Internal	
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category - Gender Group by Employee Category (General Workers Female)	Percentage	0.00	—	Internal	
Bursa (Diversity)	Bursa C3(b) Percentage of directors by gender and age group (Male)	Percentage	66.70	—	Internal	
Bursa (Diversity)	Bursa C3(b) Percentage of directors by gender and age group (Female)	Percentage	33.30	—	Internal	
Bursa (Diversity)	Bursa C3(b) Percentage of directors by gender and age group (Under 30)	Percentage	0.00	—	Internal	
Bursa (Diversity)	Bursa C3(b) Percentage of directors by gender and age group (Between 30-50)	Percentage	33.30	—	Internal	
Bursa (Diversity)	Bursa C3(b) Percentage of directors by gender and age group (Above 50)	Percentage	66.70	—	Internal	

This report was generated on the Bursa Malaysia CSI Platform on 2025-12-30_08:37:57

Southern Steel Berhad

BMLR Transition Period

Date & Time: 2025-12-30_08:37:57

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Bursa (Energy management)	Bursa C4(a) Total energy consumption	Megawatt	654,680.00	—	No assurance	Actual unit is megawatt-hour (MWh)
Bursa (Health and safety)	Bursa C5(a) Number of work-related fatalities	Number	0	—	Internal	
Bursa (Health and safety)	Bursa C5(b) Lost time incident rate ("LTIR")	Rate	1.20	1.00	Internal	
Bursa (Health and safety)	Bursa C5(c) Number of employees trained on health and safety standards	Number	1,490	—	Internal	

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Southern Steel Berhad

BMLR Transition Period

Date & Time: 2025-12-30_08:37:57

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Bursa (Labour practices and standards)	Bursa C6(a) Total hours of training by employee category (Management)	Hours	3,011	—	Internal	
Bursa (Labour practices and standards)	Bursa C6(a) Total hours of training by employee category (Executive)	Hours	6,618	—	Internal	
Bursa (Labour practices and standards)	Bursa C6(a) Total hours of training by employee category (Non-executive)	Hours	5,304	—	Internal	
Bursa (Labour practices and standards)	Bursa C6(a) Total hours of training by employee category (General Workers)	Hours	621	—	Internal	
Bursa (Labour practices and standards)	Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	24.80	—	Internal	
Bursa (Labour practices and standards)	Bursa C6(c) Total number of employee turnover by employee category (Management)	Number	34	—	Internal	
Bursa (Labour practices and standards)	Bursa C6(c) Total number of employee turnover by employee category (Executive)	Number	80	—	Internal	
Bursa (Labour practices and standards)	Bursa C6(c) Total number of employee turnover by employee category (Non-executive)	Number	79	—	Internal	
Bursa (Labour practices and standards)	Bursa C6(c) Total number of employee turnover by employee category (General Workers)	Number	198	—	Internal	

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Southern Steel Berhad

BMLR Transition Period

Date & Time: 2025-12-30_08:37:57

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Bursa (Labour practices and standards)	Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	—	Internal	
Bursa (Supply chain management)	Bursa C7(a) Proportion of spending on local suppliers	Percentage	60.00	—	Internal	
Bursa (Data privacy and security)	Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	—	Internal	
Bursa (Water)	Bursa C9(a) Total volume of water used	Megalitres	833.00000	—	No assurance	

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Sustainability Statement
(Cont'd)

8.0 STATEMENT OF ASSURANCE

In strengthening the credibility of Southern Steel Berhad's (SSB) Sustainability Statement, the following selected common sustainability matters were subjected to an internal review by the Group Internal Audit department:

No.	Common Sustainability Matters	Common Indicators	Scope
(a)	Anti-Corruption	(i) Percentage of employees who have received training on anti-corruption by employee category (ii) Percentage of operation assessed for corruption-related risks (iii) Confirmed incidents of corruption and action taken	SSB Group's * operations in Malaysia
(b)	Diversity	(i) Percentage of employees by gender and age group, for each employee category (ii) Percentage of directors by gender and age group	
(c)	Health and Safety	(i) Number of work-related fatalities (ii) Lost time incident rate (iii) Number of employees trained on health and safety standards	
(d)	Supply Chain Management	(i) Proportion of spending on local suppliers	
(e)	Data Privacy & Security	(i) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	
(f)	Labour Practices & Standards	(i) Total hours of training by employee category (ii) Percentage of employees that are contractors or temporary staff (iii) Total number of employee turnover by employee category (iv) Number of substantiated complaints concerning human rights violations	

Notes:

* *SSB Group comprises:*
- *SSB;*
- *Southern Steel Mesh Sdn Bhd;*
- *Southern PC Steel Sdn Bhd;*
- *Southern Pipe Industry (Malaysia) Sdn Bhd; and*
- *Southern Steel Pipe Sdn Bhd.*

1. *FY2025 covers a 15-month period due to a change in the financial year-end from June to September. SSM data is reported up to 31 July 2025, following the Group's disposal of equity in the subsidiary.*

9.0 LOOKING FORWARD

As we move forward, the Group remains committed to strengthening our Environmental, Social, Economic and Governance (ESEG) practices. We recognise that our role goes beyond achieving business objectives to contributing positively to the environment, society and our industry.

We continue to take practical steps to improve the sustainability of our operations by managing our environmental impacts responsibly. Our focus includes reducing emissions, improving energy efficiency and minimising waste. These efforts reflect our aim to operate responsibly while supporting progress toward a more sustainable future.

We also value our people and strive to maintain a safe, inclusive and supportive workplace. The Group continues to encourage employee development and engagement, while contributing to the well-being of the communities around us through various initiatives.

We are mindful of the importance of good governance in supporting long-term success. Our governance framework helps ensure that our decisions are made with integrity, accountability and transparency.

Moving ahead, we will continue to strengthen our ESEG efforts, work closely with our stakeholders and pursue steady progress to create positive and meaningful outcomes for all.

Profile of
Board of Directors

MR. SEAH KIIN PENG
Non-Executive Chairman/Non-Independent
Age 49 | Male | Singaporean

Mr. Seah Kiin Peng ("**Mr. Seah**") holds a Bachelor of Science and a Master of Science in Management, both from the London School of Economics and Political Science, United Kingdom.

Mr. Seah brings extensive leadership experience from BRC Asia Limited Group ("**BRC Asia Group**"), a subsidiary of Green Esteel Pte. Ltd. ("**Esteel**"), the major shareholder of Southern Steel Berhad ("**SSB**"), where he has served as Chief Executive Officer ("**CEO**") and Executive Director since 2010. He played a key role in steering the BRC Asia Group through challenging market conditions and led the successful S$200 million acquisition of Lee Metal Group Ltd. in 2018. Under his leadership, BRC Asia Group achieved record financial performance, with its market capitalisation surpassing S$1 billion. He was named Best Chief Executive Officer at the Singapore Corporate Awards 2023.

Prior to joining BRC Asia Group, Mr. Seah was General Manager of a consortium in the shipping industry and began his career with the Singapore Foreign Service.

Mr. Seah was appointed to the Board of Directors ("**Board**") of SSB as a Non-Independent Non-Executive Director on 24 January 2025 and was subsequently redesignated as Non-Independent Non-Executive Chairman effective 24 February 2025. He does not sit on any Board committee of SSB.

Mr. Seah does not hold any directorships in other public companies and/or listed issuers in Malaysia.

MR. YEOH CHOON KWEE
Group Managing Director/Non-Independent
Age 57 | Male | Singaporean

Mr. Yeoh Choon Kwee ("**Mr. Yeoh**") graduated from Nanyang Technological University with a Bachelor of Electrical and Electronics Engineering (Honours). He also holds a Master of Business Administration from Nanyang Business School, Singapore.

Mr. Yeoh has over 30 years of experience in the steel industry. He began his career in 1993 as an Applied Research and Development Engineer with NatSteel Limited ("**NatSteel**"), Singapore. He subsequently held various operational and management roles in Singapore and overseas. In 2005, he served as the Managing Director of a leading pre-stressed concrete wires company in Thailand. Concurrently, he was also the Managing Director of a newly established joint venture with a Japanese publicly listed company in the steel wire business. In 2013, he returned to Singapore to lead the Building Solutions business of NatSteel.

Mr. Yeoh joined SSB and its subsidiaries ("**the Group**") in December 2017 as Managing Director of SSB, a position he held until August 2021. During his tenure, he brought commercial discipline, professionalised sales management, and drove a focus on the digitalisation agenda within the business divisions under his management. He was appointed as the Group Managing Director of SSB on 27 August 2021. He does not sit on any Board committee of SSB.

Mr. Yeoh is a Director of the Malaysian Iron & Steel Industry Federation.

MR. ZHANG CHENG

Executive Director/Non-Independent
Age 37 | Male | Singaporean

Mr. Zhang Cheng ("**Mr. Zhang**") graduated from Dalian Maritime University, China, with a Bachelor of Transportation Engineering and Management.

Mr. Zhang has over 13 years of experience in the steel raw materials industry, with a strong track record across the value chain, including iron ore mining, metallurgical coal trading, smelting, and steel manufacturing. His expertise spans both technical and commercial aspects of the business, with particular emphasis on strategic market development and supply chain optimisation.

He began his career as a Commodity Trader with Prosperity Steel United Singapore Pte. Ltd. in 2012 and subsequently served as Associate Directors, Coal & Metal Mining, at HIS Markit, Singapore, in 2019.

Since 2022, Mr. Zhang has been actively driving low-carbon and green steel initiatives at Esteel as Head of Commercial and Metallic Trading, focusing on emerging technologies such as natural gas and hydrogen-based steelmaking, electric arc furnace (EAF) operations, and the trading of environmentally sustainable metallics, including Hot Briquetted Iron (HBI), charcoal-based pig iron, and scrap. He has demonstrated strong leadership in identifying growth opportunities, enhancing market penetration, and aligning business strategies with global sustainability trends. His ability to navigate complex market dynamics and deliver measurable results has contributed to successful outcomes in both established and emerging markets.

Mr. Zhang was appointed to the Board of SSB as a Non-Independent Non-Executive Director on 24 January 2025 and was subsequently redesignated as Executive Director in 17 April 2025. He does not sit on any Board committee of SSB. He plays a pivotal role in advancing sustainable transformation within the Group through his strategic vision and operational acumen.

Mr. Zhang does not hold any directorships in other public companies and/or listed issuers in Malaysia.

YBHG. DATO' TAN ANG MENG

Non-Executive Director/Independent
Age 69 | Male | Malaysian

YBhg. Dato' Tan Ang Meng ("**Dato' Tan**") is a Certified Public Accountant and was admitted to the membership of the Malaysian Institute of Certified Public Accountants in 1980.

Dato' Tan started his career in 1975 with PricewaterhouseCoopers, Kuala Lumpur, in the audit division and subsequently joined UMW Holdings Berhad in 1981 as Group Accountant. In 1983, he joined Guinness Malaysia Berhad as Financial Controller and Deputy Company Secretary. Following the merger between Guinness Malaysia Berhad and Malayan Breweries (Malaya) Sdn. Bhd., he was transferred to Asia Pacific Breweries Ltd. in 1991, where he served within the Group until 2001. In March 2001, he was appointed as CEO of Fraser & Neave Holdings Berhad, a position he held until his retirement in November 2010.

Dato' Tan was appointed to the Board of SSB on 12 May 2021. He is the Chairman of the Board Audit & Risk Management Committee and the Remuneration Committee and a member of the Nominating Committee of SSB.

Dato' Tan is a Director of GLM REIT Management Sdn. Bhd., the Manager of Tower Real Estate Investment Trust, which is listed on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

Profile of Board of Directors
(Cont'd)

MS. CHIN SIEW SIEW
Non-Executive Director/Independent
Age 61 | Female | Malaysian

Ms. Chin Siew Siew ("**Ms. Chin**") graduated from the University of Arkansas, United States of America with a Bachelor of Science in Computer Science.

Ms. Chin has more than 30 years of information technology (IT) management experience. She started her career in programming and progressed to leadership roles in multinational corporations. Her last 23 years of working experience were with IBM where she served as the Country Chief Digital Officer and as the ASEAN Services Leader for IBM Multivendor Business before retiring in 2019. At IBM Malaysia, her accomplishments included transforming businesses for small and medium-sized enterprises ("**SMEs**") and leveraging on digital technologies for business growth. In support of the SMEs, she led the establishment of a Centre of Digital Excellence as the hub and developed relevant connections with start-ups, investment partners, technology partners, and government stakeholders in the country. Her experience and exposure extended beyond Malaysia to ASEAN countries where she held several leadership roles in the Global Technology Services group, driving the execution of IBM's strategic initiatives across the region.

Ms. Chin was appointed to the Board of SSB on 1 July 2022. She is the Chairperson of the Nominating Committee and also a member of the Board Audit & Risk Management Committee and the Remuneration Committee of SSB.

Ms. Chin is an Independent Non-Executive Director of Kenanga Investment Bank Berhad, a company listed on the Main Market of Bursa Securities. She is also an Independent Non-Executive Director of AIG Malaysia Insurance Berhad, a public company.

YBHG. DATUK IR. ROSALINE GANENDRA
Non-Executive Director/Independent
Age 63 | Female | Malaysian

YBhg. Datuk Ir. Rosaline Ganendra ("**Datuk Ir. Rosaline**") graduated from Imperial College London, United Kingdom, with a Bachelor of Science in Civil Engineering and is a Professional Engineer with Practising Certificate (PEPC) registered with the Board of Engineers Malaysia (BEM). She has also obtained memberships and fellowships in various professional associations.

Datuk Ir. Rosaline has more than 30 years of project management experience spanning across 23 countries. She started her career in 1985 with Ganendra Ahmad & Associates, where she served as Principal-In-Charge. Subsequently, from April 1994 to April 2019, she served as Executive Director, Project Director and Quality Director of Minconsult Sdn. Bhd., a leading Malaysian engineering consultancy firm. Throughout her long tenure in the engineering consultancy industry, she managed and oversaw some of Malaysia's largest engineering projects, playing an integral role in the nation's development. She also served as a Director of the Construction Industry Development Board from 2016 to 2018.

Datuk Ir. Rosaline was appointed to the Board of SSB on 1 March 2023. She is a member of the Board Audit & Risk Management Committee, Nominating Committee and Remuneration Committee of SSB.

Datuk Ir. Rosaline is a Director of Aquawalk Group Berhad, which is listed on the ACE Market of Bursa Securities.

Notes:

1. ***Family Relationship with Director and/or Major Shareholder***
   Save as disclosed above, none of the Directors has any family relationship with any other Director and/or major shareholder of SSB.
2. ***Conflict of Interest or Potential Conflict of Interest***
   Save as disclosed above, none of the Directors has any conflict of interest or potential conflict of interest, including interests in any competing businesses with SSB or its subsidiaries.
3. ***Conviction of Offences***
   Save as disclosed above, none of the Directors has been convicted of any offences (excluding traffic offences) within the past five (5) years and no public sanctions or penalties were imposed by the relevant regulatory bodies during the financial period ended 30 September 2025.
4. ***Attendance of Directors***
   Details of each Director's attendance at Board meetings are disclosed under the "Corporate Governance Overview Statement, Risk Management and Internal Control" section of the Company's 2025 Annual Report.

Profile of Senior Management

MR. DAVID TING KIUN HUA

Chief Financial Officer, Southern Steel Berhad ("SSB")
Age 53 | Male | Malaysian

Mr. David Ting Kiun Hua ("**Mr. David**") holds a Bachelor of Science in Biochemistry from the University of Oregon, United States, and a Master of Accountancy from Charles Sturt University, Australia. He is a Fellow member of CPA Australia and a member of the Malaysia Institute of Accountants.

Mr. David began his career in sales and marketing with a French pharmaceutical company before transitioning into finance upon obtaining his professional accounting qualification. Since then, he has built a distinguished career in financial management, spanning a diverse range of industries, including renewable energy, healthcare, technology, manufacturing, and financial services.

Mr. David has led major initiatives in mergers and acquisitions, corporate restructuring, financial planning and analysis, and investor relations. In addition, Mr. David has played a key role in driving operational improvements, implementing enterprise-wide ERP systems, and leading cross-border finance teams across Malaysia, Indonesia, Singapore, and Australia.

Mr. David was appointed as the Chief Financial Officer of SSB on 4 July 2025.

Mr. David does not hold any directorships in other public companies and/or listed issuers in Malaysia.

Notes:

1. ***Family Relationship with Director and/or Major Shareholder***
   Save as disclosed above, none of the Senior Management has any family relationship with any Director and/or major shareholder of SSB.
2. ***Conflict of Interest***
   Save as disclosed above, none of the Senior Management has any conflict of interest or potential conflict of interest, including interests in any competing businesses with SSB or its subsidiaries.
3. ***Conviction of Offences***
   Save as disclosed above, none of the Senior Management has been convicted of any offences (excluding traffic offences) within the past five (5) years and no public sanctions or penalties were imposed by the relevant regulatory bodies during the financial period ended 30 September 2025.
4. *The profiles of Mr. Yeoh Choon Kwee and Mr. Zhang Cheng are disclosed under the "Profile of Board of Directors" section of the Company's 2025 Annual Report.*

Corporate Governance Overview Statement, **Risk Management And Internal Control**

"Corporate Governance is the process and structure used to direct and manage the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholder value, whilst taking into account the interests of other stakeholders."

~ Finance Committee on Corporate Governance (1999)

The Board of Directors ("**Board**") of Southern Steel Berhad ("**the Company**") is pleased to present this statement with an overview of the corporate governance ("**CG**") practices of the Company and its subsidiaries ("**the Group**") which supports the three (3) key principles of the Malaysian Code on Corporate Governance ("**MCCG**"), namely Board Leadership and Effectiveness, Effective Audit and Risk Management, and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

The CG Report 2025 of the Company in relation to this statement is published on the Company's website at www.southsteel.com ("**Website**").

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

A. Roles And Responsibilities Of The Board

The Board assumes responsibility for effective stewardship and control of the Company and has established terms of reference ("**TOR**") to assist in the discharge of this responsibility.

In discharging its responsibilities, the Board has established functions which are reserved for the Board and those which are delegated to management. The key roles and responsibilities of the Board are set out in the Board Charter, which is reviewed annually by the Board and published on the Website. The key roles and responsibilities of the Board broadly cover reviewing and approving corporate policies and broad strategies, overseeing and evaluating the conduct of the Group's businesses, identifying principal risks and ensuring the implementation of appropriate systems to manage those risks, and reviewing and approving key matters such as financial results, investments and divestments, acquisitions and disposals, and major capital expenditure.

The day-to-day business of the Group is managed by the Group Managing Director ("**GMD**") who is assisted by the management team. The GMD and his management team are accountable to the Board for the performance of the Group. In addition, the Board delegates certain of its responsibilities to Board Committees, which operate within clearly defined TOR primarily to support the Board in the performance of its duties and responsibilities.

To discharge its oversight roles and responsibilities more effectively, the Board has delegated the independent oversight over, inter alia, internal and external audit functions, internal controls and risk management to the Board Audit & Risk Management Committee ("**BARMC**"). The Nominating Committee ("**NC**") is delegated the authority to, inter alia, assess and review Board, Board Committees and Chief Executive appointments and/or re-elections, and assess and evaluate the performance of the Board, Board Committees and Chief Financial Officer ("**CFO**"). The Remuneration Committee ("**RC**") assists the Board in reviewing and recommending matters relating to the remuneration of Directors and senior management ("**SM**"). Although the Board has granted such authority to Board Committees, the ultimate responsibility and the final decision rest with the Board. The Chairpersons of Board Committees report to the Board on matters dealt with at their respective Board Committee meetings. Minutes of Board Committee meetings are also tabled at Board meetings.

There is a clear division of responsibilities between the Chairman of the Board and the GMD. This division of responsibilities between the Chairman and the GMD ensures an appropriate balance of roles, responsibilities and accountability.

The Chairman leads the Board and ensures its smooth and effective functioning.

Corporate Governance Overview Statement, **Risk Management And Internal Control**
(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

A. Roles And Responsibilities Of The Board (cont'd)

The GMD is responsible for formulating the vision and recommending policies and the strategic direction of the Group for approval by the Board, implementing the decisions of the Board, initiating business ideas and corporate strategies to create competitive edge and enhancing shareholder wealth, providing management of the day-to-day operations of the Group and tracking compliance and business progress.

Independent Non-Executive Directors ("**ID**" or "**IDs**") are responsible for providing insights, unbiased and independent views, advice and judgment to the Board and bring impartiality to Board deliberations and decision-making. They also ensure effective checks and balances on the Board. There are no relationships or circumstances that could interfere with or are likely to affect the exercise of IDs' independent judgment or their ability to act in the best interest of the Company and its shareholders.

The Board recognises that strong sustainability governance is fundamental to long-term business resilience and stakeholder value creation. The Board provides strategic oversight of the Group's sustainability direction and ensures that environmental, social and governance ("**ESG**") considerations are effectively embedded across the Group's operations, strategy and risk management. In line with its commitment to responsible steel manufacturing and the transition towards low-carbon operations, the Board has established a Sustainability Steering Committee ("**SSC**"), chaired by the GMD and comprising SM members, to drive and monitor the implementation of sustainability initiatives across the Group. The SSC reports quarterly to the Board on key ESG developments, progress against the Group's sustainability roadmap and targets, including carbon emission reduction, resource efficiency, safety and community engagement.

The Board also oversees the Group's compliance with Bursa Malaysia Securities Berhad ("**Bursa Securities**")'s enhanced sustainability disclosure requirements and its alignment with the International Sustainability Standards Board ("**ISSB**")'s IFRS S1 and IFRS S2 frameworks. The Board is pleased to announce that the Company achieved a **FTSE4Good ESG Rating score of 4.40** for the financial year 2025, reflecting continuous improvement in its sustainability practices and governance. The Group continues to operate in a sustainable manner and seeks to contribute positively to the well-being of stakeholders. The Group takes a progressive approach in integrating sustainability into its businesses as set out in the Sustainability Statement which forms part of the Annual Report.

The Board observes the Company's Code of Ethics for Company Directors ("**Director Code**"), as adopted by the Board. The Director Code will be reviewed as and when necessary by the Board and published on the Website.

B. Board Composition

The Board currently comprises six (6) Directors, three (3) of whom are IDs. The profiles of the members of the Board are set out in the "Profile of Board of Directors" section of the Annual Report.

The Company is guided by the Policy on Board Composition adopted by the Company and the Main Market Listing Requirements of Bursa Securities ("**MMLR**") in determining its Board composition. The policy includes the following:-

- The Board shall determine the appropriate size of the Board to enable an efficient and effective conduct of Board deliberation.
- The Board shall have a balance of skills and experience to commensurate with the complexity, size, scope and operations of the Company and shall have an appropriate balance of IDs comprising at least half of the Board.
- The Board shall comprise at least one (1) woman Director.
- Board members should have the ability to commit time and effort to carry out their duties and responsibilities effectively.

Corporate Governance Overview Statement, **Risk Management And Internal Control**
(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

B. Board Composition (cont'd)

The Company has in place a Board Diversity Policy. The Board recognises the merits of Board diversity in adding value to collective skills, perspectives and strengths to the Board. The Board will consider appropriate targets in Board diversity including gender, ethnicity and age balance on the Board and will take the necessary measures to meet these targets from time to time as appropriate. Currently, there are two (2) women Directors, representing 33% of women participation, on the Board, which is in line with the Board Diversity Policy and MCCG's target of 30% women participation on Board.

Based on the review of the Board composition in November 2025, the Board is of the view that the current size and composition of the Board are appropriate and effective for the control and direction of the Group's strategy and business. The composition of the Board also fairly reflects the investment of shareholders in the Company.

C. Board Committees

Board Committees have been established by the Board to assist in the discharge of its duties.

- BARMC

  The composition of the BARMC and a summary of its activities in the discharge of its functions and duties for the financial period from 1 July 2024 to 30 September 2025 ("**FY 2025**") are set out in the "Board Audit & Risk Management Committee Report" section of the Annual Report.

  The TOR of the BARMC is published on the Website.

- NC

  The NC was established on 29 April 2013 and its TOR is published on the Website.

  The composition of the NC is as follows:-

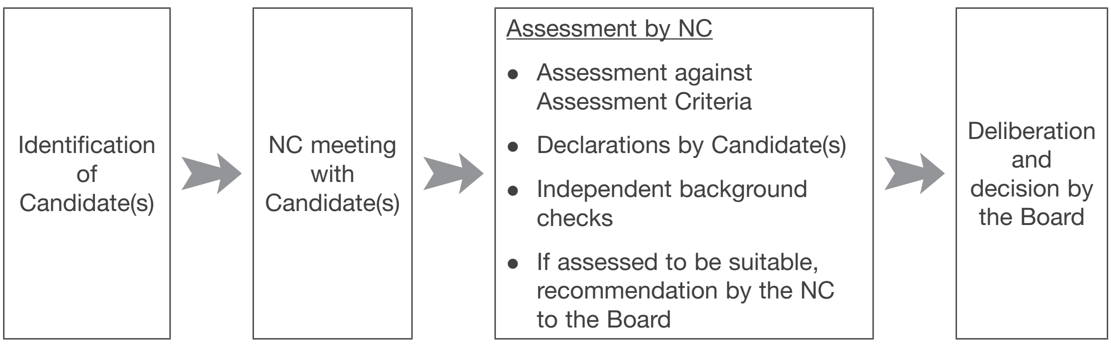
  Ms. Chin Siew Siew
  Chairperson, Independent Non-Executive Director

  YBhg. Dato' Tan Ang Meng
  Member, Independent Non-Executive Director

  YBhg. Datuk Ir. Rosaline Ganendra
  Member, Independent Non-Executive Director

  (i) New Appointments

  The nomination, assessment and approval process for new appointment of Directors, in accordance with the Directors' Fit and Proper Policy, shall be as follows:-



Corporate Governance Overview Statement, **Risk Management And Internal Control**

(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

C. Board Committees (cont'd)

- NC (cont'd)

(i) New Appointments (cont'd)

All candidates to the Board are assessed by the NC prior to their appointments, taking into account the assessment criteria, inter-alia, the candidates' character and integrity, the strategic and effective fit of the candidates for the Board, the overall desired Board composition including Board diversity and the required mix of skills, expertise, knowledge and experience in the industry, market and segment to enhance the Board's overall effectiveness and having regard to the candidates' attributes, qualifications, management, leadership, business experience, independence, conflict of interest or potential conflict of interest and time commitment, before they are recommended to the Board for approval. The Company maintains a pool of potential Board candidates from internal and external introductions, recommendations and independent sources with Director databases in its search for suitable Board candidates.

In evaluating any new appointment of SM, the Company is guided by the Group's Recruitment Policy where all potential candidates are given equal opportunity regardless of gender, race, and religion and/or whether or not one has disability. SM positions are awarded based on qualifications, experience and potential.

In the case of Chief Executive, the NC will take into account the candidate's knowledge and experience in the industry, market and segment.

(ii) Re-elections

The assessment and approval process for re-election of Directors as set out in the Directors' Fit and Proper Policy are as follows:-

<u>Assessment by NC</u> • Assessment against Assessment Criteria • Declarations • If assessed to be suitable, recommendation by the NC to the Board	➔	Deliberation and decision by the Board

The Directors will be evaluated on the effectiveness of their performance in the discharge of duties and responsibilities, including, inter-alia, contribution to Board deliberations, time commitment as well as the Annual Board Assessment (as defined below) results, fit and proper declaration and assessment in respect of their probity, competence, personal integrity, reputation, qualifications, skills, experience and financial integrity, contributions during the term of office, attendance at Board meetings, and for IDs, their continued independence.

(iii) Removal

For removal of Directors, the Company shall carry out such removal in accordance with the provisions of the Companies Act 2016 ("**Act**") and any other relevant regulatory requirements. The NC may recommend to the Board the removal of a Director who is ineligible, disqualified, incapacitated or who has failed in the discharge of fiduciary duties.

Corporate Governance Overview Statement, **Risk Management And Internal Control**
(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

C. **Board Committees** (cont'd)

- NC (cont'd)

(iv) Board Committee Appointments

The nomination, assessment and approval process for appointments to Board Committees ("**Board Committee Appointments**") is as follows:-

Identification of Directors for Board Committees membership

→

Assessment by NC
- Assessment against Assessment Criteria
- If assessed to be suitable, recommendation by the NC to the Board

→

Deliberation and decision by the Board

In line with the Directors' Fit and Proper Policy, the assessment for Board Committee Appointments will be based on the Directors' potential contributions and value-add to the Board Committees with regard to Board Committees' roles and responsibilities.

In addition, a formal evaluation process has been put in place to assess the effectiveness of the Board as a whole, Board Committees as a whole and the contribution and performance of each individual Director, Board Committee member, Chief Executive and CFO on an annual basis ("**Annual Board Assessment**").

For newly appointed Chairman, Directors, Chief Executive and CFO, the Annual Board Assessment will be conducted at the next annual assessment exercise following the completion of one (1) year of service.

For management succession planning, it has been embedded in the Group's process over the years to continuously identify, groom and develop key talents from within the Group. The Group also has a talent development programme to identify, retain and develop young high potential talents.

The NC meets at least once in each financial year and additional meetings may be called at any time as and when necessary. Recommendations and decisions may also be taken by way of Circular Resolutions.

During FY 2025, the NC met once and the attendance of the NC members was as follows:-

Members	Attendance
Ms. Chin Siew Siew	1/1
YBhg. Dato' Tan Ang Meng	1/1
YBhg. Datuk Ir. Rosaline Ganendra	1/1

Corporate Governance Overview Statement, **Risk Management And Internal Control**

(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

C. Board Committees (cont'd)

- NC (cont'd)

(iv) Board Committee Appointments (cont'd)

The NC discharged its duties in accordance with its TOR during FY 2025. The NC considered and reviewed the following:-

- revised NC Charter;
- Board Diversity Policy and revised policies on Board Composition, Independence of Directors, Directors' Training and Directors' Fit and Proper;
- NC Report for inclusion in the Company's Annual Report;
- performance of the Board, Board Committees, each individual Director, each Board Committee member and the CFO;
- composition of the Board and Board Committees;
- mix of skills, professional qualification, experience and other qualities of Directors including gender, ethnicity and age balance;
- independence of IDs and their tenure;
- training undertaken by Directors and recommendation of training programmes for Directors;
- re-election of Directors; and
- appointment of new Directors and CFO.

Subsequent to FY 2025, the NC has evaluated the performance of the Board, Board Committees, each individual Director, and each Board Committee member by benchmarking their performance against their respective TOR and assessment criteria, through the annual assessment conducted for FY 2025.

The NC was satisfied that they have continued to operate effectively in discharging their duties and responsibilities. They have also fulfilled their responsibilities and are suitably qualified to hold their positions. Having reviewed the Board composition, the NC was satisfied that the current Board comprises a good mix of skills and that the current size and composition of the Board are appropriate and effective in discharging its functions.

The NC took cognisance of the merits of Board diversity, including gender, ethnicity and age balance on the Board and will take the necessary measures to meet these targets from time to time as appropriate.

- RC

The RC was established on 9 May 2005 and its TOR are published on the Website.

The composition of the RC is as follows:-

YBhg. Dato' Tan Ang Meng
Chairman, Independent Non-Executive Director

Ms. Chin Siew Siew
Member, Independent Non-Executive Director

YBhg. Datuk Ir. Rosaline Ganendra
Member, Independent Non-Executive Director

The RC meets at least once in each financial year and additional meetings may be called at any time as and when necessary. Recommendations and decisions may also be taken by way of Circular Resolutions.

Corporate Governance Overview Statement, **Risk Management And Internal Control**
(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

C. Board Committees (cont'd)

- RC (cont'd)

During FY 2025, two (2) RC meetings were held and the attendance of the RC members was as follows:-

Members	Attendance
YBhg. Dato' Tan Ang Meng	2/2
Ms. Chin Siew Siew	2/2
YBhg. Datuk Ir. Rosaline Ganendra	2/2

The RC discharged its duties in accordance with its TOR during FY 2025. The RC reviewed and recommended the following for Board's approval:-

- RC Charter;
- Directors' and Board Committees' fees and other benefits;
- Bonuses and increments of the employees, SM and GMD;
- Remuneration package of the CFO; and
- RC Report for inclusion in the Company's Annual Report.

The Group's remuneration scheme for Executive Directors ("**EDs**") and SM is linked to performance, service seniority, experience and scope of responsibility and is periodically benchmarked to market/industry surveys conducted by human resource consultants. Performance is measured against profits and targets set in the Group's annual plan and budget.

The level of remuneration of Non-Executive Directors reflects the scope of responsibilities and commitment undertaken by them, industry benchmark as well as complexity of the Group's businesses.

The RC, in assessing and reviewing the remuneration packages of EDs and SM, ensures that a strong link is maintained between their rewards and individual performance, based on the provisions in the Group's Human Resources Manual, which are reviewed from time to time to align with market/industry practices.

The fees of Directors are recommended by the RC and endorsed by the Board for approval by the shareholders of the Company at its Annual General Meeting ("**AGM**").

The detailed remuneration of each Director is set out in the CG Report which is published on the Website.

The Group's total compensation philosophy is designed to promote a high performing culture, align with corporate values and maintain vertical and horizontal equity. The rewards strategy focuses on providing a competitive remuneration and benefits package, as well as ample career progression opportunities for employees.

The rewards framework focuses on a balanced and right pay mix to achieve the desired long term business performance. The framework includes base pay, cash allowances, performance-based variable pay, long term incentives, benefits and other employees' programmes.

The rewards framework ensures that employees are paid competitively against the industry and talent market the Company is operating in, delivered via a combination of cash and non-cash elements such as shares or share-linked instruments.

Key performance indicators and key results areas of employees are measured and tracked diligently to ensure strong alignment of employee output to the overall business strategy and direction of the Company.

Corporate Governance Overview Statement, **Risk Management And Internal Control**
(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

D. Independence

The Board takes cognisance of the provisions of the MCCG, which states that the tenure of an ID should not exceed a cumulative term of nine (9) years and upon completion of the nine (9) years, an ID may continue to serve on the Board subject to the Director's re-designation as a Non-ID. It further states that in the event the Board wishes to retain an ID who has served a cumulative term of nine (9) years and above, shareholders' approval shall be annually sought with justification through a two-tier voting process.

The Company has in place an Independence of Directors Policy ("**ID Policy**") which sets out the criteria for assessing the independence of IDs. The Board will apply these criteria upon admission, annually and when any new interest or relationship develops. The ID Policy states that the tenure of an ID shall not exceed a cumulative term of nine (9) years from the date of his or her first appointment in the Company.

The IDs have declared their independence, and the NC and the Board have determined, at the annual assessment carried out, that the IDs have continued to bring independent and objective judgment to Board deliberations and decision making.

The tenure of all the IDs on the Board does not exceed nine (9) years.

E. Commitment

The Directors are aware of their responsibilities and devote sufficient time to carry out such responsibilities. In line with the MMLR, Directors are required to comply with the restrictions on the number of directorships in public listed companies. Board meetings are scheduled ahead in order to enable full attendance at Board meetings. The Board meets quarterly with timely notices of issues to be discussed. Additional meetings may be convened on an ad-hoc basis as and when necessary. Where appropriate, decisions are also taken by way of Directors' Circular Resolutions. Directors are required to attend at least 50% of Board meetings held in each financial year pursuant to the MMLR.

All Board members are supplied with information in a timely manner. The Company has moved towards electronic Board reports. Board reports are circulated electronically prior to Board and Board Committee meetings and the reports provide, among others, financial and corporate information, significant operational, financial and corporate issues, updates on the performance of the Company and of the Group and management's proposals which require the approval of the Board.

All Directors have access to the advice and services of qualified and competent Company Secretaries to facilitate the discharge of their duties effectively. The Company Secretaries are qualified to act under Section 235 of the Act. They are Members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and hold practising certificates issued by the Companies Commission of Malaysia. The Company Secretaries support the effective functioning of the Board, provide advice and guidance to the Board on policies and procedures, relevant rules, regulations and laws in relation to corporate secretarial and governance functions and facilitate effective information flow among the Board, Board Committees and SM. The Company Secretaries attend programmes and seminars to keep themselves abreast with, inter-alia, regulatory requirements, company law and CG.

All Directors also have access to the advice and services of the internal auditors and in addition, to independent professional advice, where necessary, at the Company's expense, in consultation with the Chairman of the Company.

At Board meetings, active deliberations of issues by Board members are encouraged and such deliberations, decisions and conclusions are recorded by the Company Secretaries accordingly. Any Director who has an interest in the subject matter to be deliberated shall abstain from deliberating and voting on the same during the meetings.

Corporate Governance Overview Statement, **Risk Management And Internal Control**
(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

E. Commitment (cont'd)

During FY 2025, nine (9) Board meetings were held and the attendance of each Director was as follows:-

Directors	Attendance
Mr. Seah Kiin Peng *(Appointed on 24 January 2025)*	5/5*
Mr. Zhang Cheng *(Appointed on 24 January 2025)*	5/5*
Mr. Yeoh Choon Kwee	9/9
YBhg. Dato' Tan Ang Meng	9/9
Ms. Chin Siew Siew	9/9
YBhg. Datuk Ir. Rosaline Ganendra	9/9

* There were only five (5) Board meetings held subsequent to the appointment of Mr. Seah Kiin Peng and Mr. Zhang Cheng to the Board on 24 January 2025 during FY 2025.

The Company recognises the importance of continuous professional development and training for its Directors.

The Company is guided by a Directors' Training Policy, which covers an Induction Programme and Continuing Professional Development ("**CPD**") for Directors of the Company. The Induction Programme which may include visits to the Group's business operations, is organised for newly appointed Directors to assist them to familiarise and to get acquainted with the Group's businesses. The CPD encompasses areas related to, among others, the industry or business of the Group, environmental, social and governance ("**ESG**"), risk management, accounting, laws and regulations through a combination of courses, conferences and workshops. A training budget is allocated for Directors' training programmes.

All Directors of the Company have completed the Mandatory Accreditation Programme ("**MAP**") Part I and MAP Part II, except for the newly appointed Directors, namely Mr. Seah Kiin Peng and Mr. Zhang Cheng, who have completed only MAP Part I.

The Company organises in-house programmes, briefings and updates by its in-house professionals. The Directors are also encouraged to attend seminars and briefings in order to keep themselves abreast with the latest developments in the business environment and to enhance their skills and knowledge. Directors are kept informed of available training programmes on a regular basis.

In assessing the training needs of Directors, upon recommendation by the NC, the Board has determined that appropriate training programmes covering issues on CG, finance/accounting, legal and regulatory framework, risk management, internal control, information technology, cybersecurity, anti-bribery and corruption, ESG, industry-related matters and/or other statutory/regulatory compliance, be recommended and arranged for the Directors to enhance their contributions to the Board.

During FY 2025, the Directors received regular briefings and updates from in-house professionals on the Group's businesses, strategies, operations, risk management and compliance, internal controls, CG, finance/accounting, anti-bribery and corruption management, ESG matters and any changes to relevant legislation, rules and regulations. In-house programmes/briefings were also organised for the Directors and SM of the Company.

The Directors of the Company have also attended various programmes and forums facilitated by external professionals in accordance with their respective needs in discharging their duties as Directors.

Corporate Governance Overview Statement, **Risk Management And Internal Control**

(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

E. Commitment (cont'd)

During FY 2025, the Directors of the Company, collectively or on their own, attended various training programmes, seminars, briefings and/or workshops including:-

- ASEAN Policymakers Conference on Steel & 2025 ASEAN Iron & Steel Forum
- Board Leadership Workshop: Board's role in Digital Transformation: Putting Words into Action
- Board Training Session on Sustainability Reporting
- Building Sustainable Credibility Assurance, Greenwashing and the Rise of Green-Hushing
- Bursa Academy: Conflict of Interest ("**COI**") and Governance of COI
- Construction Industry Congress (CIC 2024)
- Cyber Security Posture of GuocoLand Limited Group including GuocoLand (Malaysia) Berhad ("**GLM**") and GLM's subsidiaries
- Boardroom Accountability in AML/CFT/CPF: Navigating Malaysia's Evolving Regulatory Landscape and Risk Environment
- Directors' In-House Training: E-Invoice Awareness Briefing
- Ensign Cyber Threat Landscape Report 2025
- Economic Indicators and Monetary Policy: A Guide for Business Leaders
- Engagement Session with FIDE FORUM Members on Bank Negara Malaysia Annual Report 2024, Economic and Monetary Review 2024 and Financial Stability Review for Second Half of 2024
- ESG: Leveraging Global Talents and Diversity
- Governance of Generative AI
- International Women in Engineering Day 2025: Grit, Grace & Growth
- MAP Part I
- Masterclass - Navigating High-Tech Financial Crime: Key Risks and Board Responsibilities
- Philanthropy that Listens
- Preparing for IFRS Sustainability Disclosure Standards in Malaysia
- Road to IPO
- Sasana Symposium 2025 Structural Reforms: Building a Resilient Malaysia
- Senior Leadership Cyber Security Awareness
- Singapore Green Steel Forum
- The Influence of Board Culture on Corporate Performance
- Tokenising Financial Assets: What Financial Leaders Needs to Know Today
- Unlocking Value: The Role of Value Management in Optimising Projects

F. Strengthening CG Culture

- **Code of Conduct and Ethics**

  The Group is committed to good business ethics and integrity as set out in the Group's Code of Conduct and Ethics ("**SSB Code**"). To this, the Group commits to a high standard of professionalism, ethics and integrity in the conduct of business and professional activities.

  The SSB Code is applicable to:-

  - all employees who work in the Group – including, but not limited to, permanent, part-time and temporary employees, secondees, interns and industrial attachment students; and

  - any other persons permitted to perform duties or functions within the Group - including, but not limited to, contract and agency staff.

Corporate Governance Overview Statement, **Risk Management And Internal Control**

(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

F. Strengthening CG Culture (cont'd)

- **Anti-Bribery and Corruption Policy**

  The Group has adopted ISO 37001:2016 as its Anti-Bribery and Corruption Management System, providing a strong framework to prevent its employees, Directors and any person who performs services for or on behalf of the Group from undertaking corrupt practices in relation to its business activities. The Anti-Bribery and Corruption Policy, published on the Website, outlines the Group's commitment to conducting business ethically in compliance with the Malaysian Anti-Corruption Commission Act 2009 and all applicable anti-bribery and corruption laws of every country in which the Group operates.

  Reports of any concern or suspicion may be made to the Head of Internal Audit or the Head of Human Resource.

- **Whistleblowing Policy**

  The Company has a Whistleblowing Policy, and it provides a structured channel for all employees of the Group to report any concern on any improper conduct or wrongful act committed within the Group. The Whistleblowing Policy is published on the Website.

  The Board has identified the Chairman of the BARMC to whom reports of any such concerns may be conveyed.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Accountability And Audit

The financial reporting and internal control system of the Group is overseen by the BARMC which comprises all IDs. The primary responsibilities of the BARMC are set out in the "Board Audit & Risk Management Committee Report" of the Annual Report.

The BARMC is supported by the Group Internal Audit Department ("**GIAD**") whose principal responsibilities are to conduct risk-based audits to ensure that adequate and effective controls are in place to mitigate risks, operational audits to identify opportunities for operational improvement, and also ensure compliance with standard operating procedures of the Group.

Investigation or special review will be carried out at the request of the BARMC and SM on specific areas of concern when necessary. Significant breaches and deficiencies identified are discussed at the BARMC meetings where appropriate actions will be taken.

I. Financial Reporting

The Board has a fiduciary responsibility to ensure the proper maintenance of accounting records of the Group. The Board receives the recommendation to adopt the financial statements from the BARMC, which assesses the integrity of financial statements with the assistance of the external auditors.

II. Directors' Responsibility In Financial Reporting

The MMLR require the Directors to prepare a statement explaining the Board's responsibility for preparing the annual audited financial statements and the Act requires the Directors to make a statement stating whether in their opinion, the audited financial statements are drawn up, in accordance with the applicable accounting standards, to give a true and fair view of the financial position and of the financial performance of the Group and of the Company for the financial year.

Corporate Governance Overview Statement, **Risk Management And Internal Control**

(Cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

Accountability And Audit (cont'd)

II. Directors' Responsibility In Financial Reporting (cont'd)

The Directors of the Company are satisfied that the financial statements of the Group and of the Company for FY 2025 have been prepared 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 Act in Malaysia and that the Group and the Company have adopted appropriate accounting policies and have applied them consistently.

III. Risk Management and Internal Control

The Statement on Risk Management and Internal Control ("**SORMIC**") provides an overview of the system of internal controls and risk management framework of the Group.

- Responsibility of the Board

  The Board recognises its overall responsibility for the adequacy and effectiveness of the Group's system of internal controls and risk management framework to safeguard shareholders' investment and the Group's assets. The Board adopts MS ISO 31000:2010 as its risk management framework.

  Accordingly, the Board has entrusted the BARMC to provide oversight of the system of internal controls and risk management framework which covered the business, operations and ESG. The BARMC is assisted by the GIAD in this role.

- Risk Management Framework

  For FY 2025, management has structured the risk management framework using MS ISO 31000:2010. Based on the framework, management has carried out the following:

  - establish the context of risks pertaining to the business, operations and ESG in relation to the Group's risk appetite, i.e., how risks are perceived and the levels at which they are acceptable or otherwise;
  - identify risks in relation to the objectives of every business function of the Group's operating companies;
  - identify emerging risks faced by the Group in the operating environment of its various industries;
  - assess the likelihood and impact of such risks identified, using qualitative and also quantitative measures where applicable, to determine the risk level, i.e. "Severe", "Major", "Significant", "Minor" or "Trivial";
  - evaluate the severity of the risks and their treatment options to set priority of management's attention and devise appropriate actions to avoid, share, retain or mitigate risks within reasonable timeframes; and
  - record the details of risks and treatment plans in the risk registers and present to the BARMC quarterly to review the adequacy and effectiveness of the risk management measures.

  For bribery and corruption risks, the Group has adopted the Anti-Bribery Management System ("**ABMS**") under the ISO 37001:2016 and the Guidelines on Adequate Procedures pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009 to prevent, detect and respond to bribery and corruption risks. The Company and its core subsidiaries have been certified for ISO 37001:2016 (ABMS) by SIRIM QAS International Sdn Bhd.

  Further, on an ongoing basis, each operating company's chief executive and authorised risk owners have clear accountabilities to:

  - monitor its existing risks, identify emerging risks and update the enterprise-wide risk registers;
  - maintain the adequacy, effectiveness and relevance of action plans and control systems to manage risks; and
  - prepare risk management report on a quarterly basis for reporting to the BARMC.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

Accountability And Audit (cont'd)

III. Risk Management and Internal Control (cont'd)

- System of Internal Controls

  The key elements of the Group's system of internal controls are described below:

  - A management structure exists with clearly defined delegation of responsibilities to the management of the Group's operating companies, including authorisation levels for the business and operations. The management of the Group's operating companies own and manage risks and they are responsible for implementing controls to mitigate the risks pertaining to the business, operations and ESG.
  - Documented corporate policies and procedures covering various aspects of the business and operations of the Group.
  - Promotion of a strong internal control culture through the Group's values and ethics and also the "tone at the top".
  - Diligent review of the quarterly financial results and reports and identifying the reasons for any unusual variances.
  - Internal control assurance activities such as self-audits undertaken by the management of the operating companies. These activities are part of the Group's risk and control assurance framework, provide the breadth in risk and control assurance, and demonstrate management's commitment to effective risk management.
  - Risk-based internal audits carried out by the GIAD focusing on key risk areas which are selected from the Group's audit universe. The key risk areas are documented in the annual audit plan which is approved by the BARMC. The risk-based internal audits for FY 2025 cover billet procurement; logistics for incoming billets; production and quality; sales and general purchases; tender and procurement; spare parts and equipment repairs and maintenance; and information technology and cybersecurity controls.
  - Review of selected fourteen (14) Indicators of the six (6) Sustainability Matters disclosed in the Sustainability Statement.
  - Quarterly reporting to the BARMC on the results of control assurance and audit activities, and also the management of risks throughout the Group.

- Management and Decision-Making Processes

  The internal control and risk management processes of the Group are in place for FY 2025 and up to the date of approval of the SORMIC for inclusion in the Annual Report, and reviewed quarterly by the BARMC. The BARMC reviews the principal risks, significant audit observations and/or areas for improvement and ascertains that appropriate remedial actions or improvements are taken by the management of the Group's operating companies. These processes are intended to manage and not expected to eliminate all risks of failure to achieve business objectives. Accordingly, they can only provide reasonable and not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

  The Board has received assurance from the GMD and CFO that the Group's system of internal controls and risk management framework are operating adequately and effectively, in all material aspects, based on the internal control system and risk management framework of the Group.

  The SORMIC has not dealt with or included the state of risk management and internal control of the associated company.

Corporate Governance Overview Statement, **Risk Management And Internal Control**
(Cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

Accountability And Audit (cont'd)

III. Risk Management and Internal Control (cont'd)

- Review of the SORMIC by External Auditor

  Pursuant to Paragraph 15.23 of the MMLR, the External Auditor have reviewed the SORMIC pursuant to the scope set out in Audit and Assurance Practice Guide ("**AAPG**") 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("**MIA**") for inclusion in the 2025 Annual Report, and reported to the Board that nothing has come to their attention that causes them to believe that the SORMIC is not prepared, in all material aspects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers, nor is the SORMIC factually inaccurate. AAPG 3 does not require the External Auditor to consider whether the SORMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and management thereon. The External Auditor are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

- Board's Opinion

  The Board, through the BARMC, is of the view that the Group's risk management framework and system of internal controls are adequate and effective in safeguarding the shareholders' investments and the Group's assets.

IV. Relationship with Auditors

The Board, through the BARMC, maintains a formal and transparent professional relationship with the External Auditor, KPMG PLT. The appointment of External Auditor and their fees are recommended by the BARMC. The BARMC reviews the performance, suitability, independence and objectivity of the External Auditor annually. The BARMC also reviews the nature and fees of non-audit services provided by the External Auditor in assessing the independence of the External Auditor. In accordance with the MIA's By-Laws, KPMG PLT rotates its Engagement Partner and Engagement Quality Control Review Partner once every seven (7) years to ensure objectivity, independence and integrity of the audit opinions.

The External Auditor meets with the BARMC to:-

- present the scope of the audit before the commencement of audit; and
- review the results of the audit, including key audit matters, as well as the management letter after the conclusion of the audit.

At least twice a year, the BARMC will have a separate session with the External Auditor without the presence of SM.

For FY 2025, the BARMC members together with the CFO undertook an annual assessment on the performance, suitability, independence and objectivity of the External Auditor. No major concerns were noted from the results of the assessment. The External Auditor also gave their assurance confirming their independence and objectivity throughout the conduct of the audit engagement and the internal processes undertaken by them to determine their independence.

Corporate Governance Overview Statement, **Risk Management And Internal Control**
(Cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

A. Disclosure

The Company has complied with the disclosure requirements set out in the MMLR. All timely disclosures and material information documents will be posted on the Website after their release to Bursa Securities.

B. Shareholders

I. Dialogue between Companies and Investors

The Board acknowledges the importance of regular communication with shareholders and investors via annual reports, CG reports, circulars to shareholders, quarterly financial reports and various announcements made during the year, through which shareholders and investors can have an overview of the Group's performance and operations.

Notices of general meetings and the accompanying explanatory notes are provided within the prescribed notice period on the Website, Bursa Securities' website, in the media and by post to shareholders. This allows shareholders to make the necessary arrangements to attend and participate in general meetings either in person, by corporate representative, by proxy or by attorney.

Shareholders can access the Company's information on the Website, which includes the Board Charter, TORs of Board Committees, codes and policies, corporate information, announcements/press releases/ briefings, financial information, product information and investor relations. Minutes of AGM and Extraordinary General Meetings ("**EGM**") are published on the Website.

In addition, the Company provides shareholders and investors with a channel of communication through the Management for the purpose of directing queries and providing feedback to the Group.

Queries may be conveyed to the following person:-

Name	: Mr. David Ting Kiun Hua/Ms. Lim Ee Theng
Tel	: +604-390 6540
Fax	: +604-398 7977
Email	: IRelations@southsteel.com

II. AGM & EGM ("General Meetings")

General meetings provide an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance. Pursuant to the Company's Constitution, each member shall be entitled to be present and to vote at any general meeting of the Company either personally or by proxy or if the member is a corporation by its duly authorised representative. Shareholders are encouraged to attend the general meeting(s) of the Company and vote on all resolutions tabled. The Directors, CFO, SM and the External Auditor/Advisors will also be available to respond to shareholders' queries during the general meeting(s).

For FY 2025, the Directors of the Company attended and participated in the Sixty-Second AGM held on 11 November 2024, as well as the Extraordinary General Meetings held on 3 January 2025, 21 March 2025 and 7 August 2025 (collectively referred to as "**Meetings**"), to engage proactively with its shareholders. Minutes of the said Meetings were also published on the Website.

Pursuant to Paragraph 8.29A(1) of the MMLR, all resolutions tabled at general meeting(s) will be put to a vote by way of a poll, and the voting results will be announced at the meetings and through Bursa Securities. The Company has adopted electronic voting for the conduct of the poll on all resolutions at the AGM.

This Corporate Governance Overview Statement, Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors.

Board Audit & Risk Management **Committee Report**

CONSTITUTION

The Board Audit & Risk Management Committee ("**BARMC**" or "**the Committee**") of Southern Steel Berhad ("**SSB**" or "**the Company**") was established since 29 October 1993.

COMPOSITION

The composition of the Committee is as follows:-

YBhg. Dato' Tan Ang Meng
Chairman, Independent Non-Executive Director

Ms. Chin Siew Siew
Member, Independent Non-Executive Director

YBhg. Datuk Ir. Rosaline Ganendra
Member, Independent Non-Executive Director

SECRETARIES

The Secretaries to the Committee shall be the Company Secretaries of SSB.

TERMS OF REFERENCE

The Committee's terms of reference ("**TOR**") are published on the Company's website at www.southsteel.com.

AUTHORITY

The Committee is authorised by the Board of Directors ("**Board**") to review any activity of the Company and its subsidiaries ("**the Group**") within its TOR. The Committee is authorised to seek any information it requires from any Director or member of management, and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain independent legal or other professional advice if it considers necessary.

MEETINGS

The Committee meets at least four (4) times in each financial year and additional meetings may be called at any time as and when necessary. Recommendations and decisions may also be taken by way of Circular Resolutions. All meetings to review the quarterly reports and annual financial statements are held prior to such quarterly reports and annual financial statements being presented to the Board for approval.

The Chief Financial Officer, Head of Internal Audit, Risk Manager, Group Managing Director and senior management may attend Committee meetings, at the invitation of the Committee, to provide information and clarification required on items on the agenda. Representatives of the external auditors are also invited to attend the Committee meetings to present their audit scope and plan, audit report and findings together with management's response thereto, and to brief the Committee members on significant audit and accounting areas which they noted in the course of their audit.

Issues raised, discussions, deliberations, decisions and conclusions made at the Committee meetings are recorded in the minutes of the Committee meetings. Where the Committee is considering a matter in which a Committee member has an interest, such member abstains from reviewing and deliberating on the subject matter.

Board Audit & Risk Management **Committee Report**
(Cont'd)

MEETINGS (cont'd)

Two (2) members of the Committee shall constitute a quorum and the majority of members present must be Independent Directors.

After each Committee meeting, the Chairman of the Committee shall report and update the Board on significant issues and concerns discussed during the Committee meetings and where appropriate, make the necessary recommendations to the Board.

ACTIVITIES

During the financial period from 1 July 2024 to 30 September 2025 ("**FY 2025**"), seven (7) Committee meetings were held following the change in the Company's financial year end from 30 June to 30 September, and the attendance of the Committee members was as follows:

Members	Attendance
YBhg. Dato' Tan Ang Meng	6/7
Ms. Chin Siew Siew	7/7
YBhg. Datuk Ir. Rosaline Ganendra	7/7

The Committee carried out the following activities during FY 2025 in accordance with its TOR:

Financial Reporting

The Committee reviewed and recommended to the Board for approval:-

- the annual financial statements of the Group and of the Company, prepared in accordance with the relevant accounting standards, laws and regulations to provide a true and fair view of their financial positions; and

- the quarterly reports, focusing on changes in accounting policies and practices, significant audit adjustments and going concern assumptions to ensure compliance with relevant accounting standards, laws and regulations.

Additionally, the Committee reviewed the Group's financial performance, including the going concern assessment, financing arrangements, and financial obligations such as banking facilities and covenants, together with the customer credit update.

Related Party Transactions

The Company has put in place the Policy and Procedure of Recurrent Related Party Transactions ("**Procedure**"). The Committee reviewed the Procedure on an annual basis and as and when required, to ensure that the Procedure are adequate to monitor, track and identify recurrent related party transactions ("**RRPTs**") in a timely and orderly manner, and are sufficient to ensure that the RRPTs are conducted on commercial terms consistent with the Group's usual business practice and policies and on terms not more favourable to the related parties than those generally available to and/or from the public.

The Committee conducted a review of the RRPTs on quarterly basis, and the proposed mandate for RRPTs of the Group with various related parties prior to the Board's recommendation for shareholders' approval.

Conflict of Interest

There were no situations of conflict of interest or potential conflict of interest reported to the Committee.

Board Audit & Risk Management **Committee Report**
(Cont'd)

ACTIVITIES (cont'd)

External Audit

The Committee discussed and reviewed with the External Auditor, Messrs. KPMG PLT:-

- the audit plan for the financial audit of the Group for FY 2025, including the scope of audit, audit methodology and timing, pertinent issues which had significant impact on the results of the Group, applicable accounting and auditing standards, and significant changes in accounting and auditing issues, where relevant; and

- the potential key audit matters and other significant audit matters identified by the External Auditor.

The Committee held two (2) separate sessions with the External Auditor, without the presence of senior management to discuss all major issues, including co-operation of the Group's officers rendered to the External Auditor. During the separate sessions, no critical issues were raised.

The Committee reviewed and recommended to the Board for approval, the audit fees and non-audit fees payable to the External Auditor in respect of the services provided to the Group. Additionally, the Committee reviewed the provision of non-audit services by the External Auditor to ascertain that such services would not impair their independence or objectivity. Details of non-audit fees incurred by the Group for FY 2025 are stated in the notes to the annual financial statements.

The Committee also assessed the performance, suitability, independence and objectivity of the External Auditor, taking into consideration factors such as quality of service, adequacy of experience and resources of the firm and the professional staff assigned to the audit, and communication and interaction, prior to recommending the re-appointment of the External Auditor to the Board for shareholders' approval.

Internal Audit

The Committee reviewed and approved the annual internal audit scope and plan. The Committee also reviewed the internal audit findings, investigation reports, and recommendations, including management's responses, progress updates and status of management's action plans related to the audit findings and recommendations thereto.

In addition, the Committee reviewed the Internal Audit Charter and recommended the same to the Board for approval. The Committee also assessed the performance of the internal audit function, as well as the adequacy of the scope, competency and resources of the internal audit function to carry out its work.

Risk Management and Internal Control

The Committee reviewed the adequacy and integrity of internal control systems, including risk management covering areas on compliance, operational and financial, as well as the relevant management information system, including the processes in place to identify, evaluate and manage significant risks encountered by the Group.

The Committee also reviewed the Statement on Risk Management and Internal Control ("**SORMIC**") of the Group and received the report of the External Auditor in respect of their review on the SORMIC prior to the Board's approval for inclusion in the Company's Annual Report.

Board Audit & Risk Management **Committee Report**
(Cont'd)

ACTIVITIES (cont'd)

Anti-Bribery and Corruption Management System

The Committee, acting as the Governing Body of the Anti-Bribery and Corruption Management System ("**ABCMS**"), reviewed the Governing Body Review Report on a quarterly basis, which provided updates on the Group's ABCMS activities, including but not limited to changes made to policies and organisational structure related to the ABCMS activities, progress and achievements in the implementation of ABCMS initiatives, and status of the bi-annual declaration.

The Committee also reviewed and recommended to the Board for approval, the revised Code of Ethics for Company Directors, Anti-Bribery and Corruption Management System Manual, Anti-Bribery and Corruption Policy, Whistleblowing Policy, Whistleblowing Communications Plan and Investigation Procedures, Gifts and Entertainment Policy and Donation Policy.

Whistleblowing

The Committee reviewed and recommended to the Board for approval, the Whistleblowing Policy, and Whistleblowing Communications Plan and Investigation Procedures. The Committee received and deliberated on the whistleblowing reports and further steps to be taken.

Others

The Committee also reviewed and recommended to the Board for approval, the revised Board Audit & Risk Management Committee Charter, and the Board Audit & Risk Management Committee Report for inclusion in the Company's Annual Report.

In addition, the Committee reviewed the following corporate exercises undertaken by the Company, including the corresponding circulars to shareholders, and where appropriate, recommended the same to the Board to recommend to the shareholders for approval at the extraordinary general meeting:-

- Proposed Shareholders' Mandate for New RRPTs of a Revenue or Trading Nature;
- Proposed Variation of the Utilisation of Proceeds raised from the Issuance of 752,057,840 New Ordinary Shares in SSB ("**SSB Shares**") and Private Placement of 152,742,000 New SSB Shares;
- 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 for a total cash consideration of RM61.05 million ("**Proposed Disposal**"); and
- Independent Advice Letter from Strategic Capital Advisory Sdn. Bhd. to the Non-Interested Shareholders of SSB in relation to the Proposed Disposal.

Internal Audit ("IA")

The IA function is carried out in-house by the Group IA Department ("**GIAD**"). As at 30 September 2025, there were two (2) staff members in the GIAD and the total cost incurred by the GIAD for FY 2025 amounted to RM503,951.

The purpose, authority, scope, independence and responsibilities of IA function are provided in the Internal Audit Charter, which is approved by the BARMC. The GIAD, led by the Head of IA, reports to the BARMC which has the authority to decide, among others, the appointment and removal; scope of work; and performance evaluation of the IA function. The BARMC is satisfied that the Head of IA has the relevant experience and sufficient standing and authority to discharge his duties as the Head of IA.

Board Audit & Risk Management **Committee Report**
(Cont'd)

ACTIVITIES (cont'd)

Internal Audit ("IA") (cont'd)

The GIAD supports the BARMC in the effective discharge of its responsibilities in respect of governance, internal controls and the risk management framework of the Group. The GIAD also challenges and adds value to the efficiency, effectiveness and economy of operating companies' operations; usage of assets and resources; and the integrity of management information systems. In doing so, the IA function is performed with impartiality, proficiency and due professional care. The GIAD has received co-operation in the performance of their work and do not have any disagreement that may have adverse impact on the audit process or findings.

The annual audit plan prepared by the GIAD will be submitted to the BARMC for review and approval. Internal audits are carried out as per the approved annual audit plan. IA reports are discussed and issued to management for their feedback and to formulate action plans with target implementation dates for improvements. Any resulting salient control concerns will be reviewed by the BARMC, and the implementation status of audit recommendations will be monitored and reported to the BARMC on a quarterly basis. The areas of IA's review during FY 2025 are described in the SORMIC. In FY 2025, the GIAD has reviewed the selected common sustainability indicators disclosed in the Sustainability Statement.

The GIAD also facilitates the maintenance of the risk management framework of the Group on an ongoing basis. The GIAD applies appropriate auditing standards in assessing the integrity and effectiveness of internal controls and compliance with the established policies and procedures; and is committed to continuously monitoring and improving the IA function.

The Board Audit & Risk Management Committee Report is made in accordance with the resolution of the Board of Directors.

FINANCIAL STATEMENTS

Directors' Report

For the financial period ended 30 September 2025

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial period ended 30 September 2025.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, manufacturing, sale and trading in steel bars and related products whilst the principal activities of the subsidiaries are disclosed in Note 2 to the financial statements.

There have been no significant changes in the nature of these activities during the financial period.

CHANGE OF FINANCIAL YEAR END

During the financial period, the Company changed its financial year end from 30 June to 30 September. Accordingly, the Company has prepared its consolidated financial statements for a period of 15 months ended 30 September 2025, as compared to the previous financial statements, which covered a period of 12 months for the year ended 30 June 2024.

ULTIMATE HOLDING COMPANY

The Company was a subsidiary of Hong Leong Company (Malaysia) Berhad, a company incorporated in Malaysia. On 14 January 2025, Green Esteel Pte. Ltd., a company incorporated in Singapore acquired 50.10% equity interest in the Company and is regarded by the Directors as the Company's ultimate holding company from that date until the date of this report.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 2 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit for the period attributable to:		
Owners of the Company	(60,431)	(14,634)
Non-controlling interests	139	-
	(60,292)	(14,634)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial period except as disclosed in Note 16 and Note 19 to the financial statements.

DIVIDEND

No dividend was paid during the financial period and the Directors do not recommend any final dividend for the financial period ended 30 September 2025.

Directors' **Report**

For the financial period ended 30 September 2025
(Cont'd)

DIRECTORS

Directors who served during the financial period until the date of this report are:

Company

Mr Seah Kiin Peng, Chairman	(Appointed on 24 January 2025)
Mr Yeoh Choon Kwee*, Group Managing Director	
Mr Zhang Cheng	(Appointed on 24 January 2025)
YBhg Dato' Tan Ang Meng	
Ms Chin Siew Siew	
YBhg Datuk Ir. Rosaline Ganendra	
YBhg Dato' Dr Tan Tat Wai	(Resigned on 9 January 2025)
YBhg Datuk Kwek Leng San*, Chairman	(Resigned on 15 January 2025)

Subsidiaries

Mr David Ting Kiun Hua	(Appointed on 17 March 2025)
Mr Cao HuaHong	(Appointed on 16 June 2025)
Mr Tan Teck Heng	(Resigned on 4 October 2024)
Mr Cheong Khai Kong	(Retired on 21 September 2025)
Mr Tong Woei Luen	(Resigned on 14 January 2025)
Ms Khor Sau Mooi	(Resigned on 14 January 2025)

* *These are also Directors of subsidiaries.*

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial period who have beneficial interests in the ordinary shares and/or redeemable convertible unsecured loan stocks over ordinary shares of the Company and/or its related corporations during the financial period ended 30 September 2025 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016, are as follows:

	Number of ordinary shares/ordinary shares received or to be received arising from vesting of share grant*				
	At 1.7.2024	**Acquired**	**Vested**	**Lapsed**	**At 30.9.2025**
Shareholdings in which Directors have direct interests					
Interest of Yeoh Choon Kwee in:					
Southern Steel Berhad	81,481	878,200	162,963	-	1,122,644
	3,662,963*	-	(162,963) [(1)]	(3,500,000)	-*

Legend:

[(1)] *Includes vesting of shares.*

Directors' Report

For the financial period ended 30 September 2025
(Cont'd)

DIRECTORS' BENEFITS

No Director of the Company has since the end of the previous financial year received or become entitled to receive any benefit (other than fees, remuneration, other benefits and benefit-in-kind included in the aggregate amount of remuneration received or due and receivable by Directors as shown below or the fixed salary of full-time employees of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The Directors' benefits paid to or receivable by Directors in respect of the financial period ended 30 September 2025 are as follows:

	From the Company	From subsidiaries of the Company
	RM'000	RM'000
Directors of the Company:		
Current Directors		
Fees	558	-
Remuneration and other benefits	2,223	-
Benefit-in-kind	121	-
Past Directors		
Fees	42	-
	2,944	-

There were no arrangements during and at the end of the financial period which has the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than the Executive Share Scheme ("ESS").

ISSUE OF SHARES AND DEBENTURES

During the financial period, the Company undertaken the following issuance of ordinary shares:

(i) Issuance of 752,057,840 new ordinary shares to Green Esteel Pte. Ltd. at an issue price of RM0.42 per share for a total cash consideration of RM315,864,293, representing approximately 50.10% of the enlarged issued share capital after completion of the issuance of shares and private placement.

(ii) Private placement of 152,742,000 ordinary shares to third-party investor(s) at an issue price of RM0.42 per Placement Share for a total cash consideration of RM64,151,640.

Following the issuance and private placement, the total issued share capital of the Company increased from 596,313,450 ordinary shares to 1,501,113,290 ordinary shares.

There were no other issue of shares or debentures during the financial period.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial period.

Directors' **Report**

For the financial period ended 30 September 2025
(Cont'd)

INDEMNITY AND INSURANCE COSTS

During the financial period, Directors and Officers of Southern Steel Berhad, together with its subsidiaries, are covered under the Directors and Officers Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the policy. The total amount of Directors and Officers Liability Insurance effected for the Directors and Officers of the Group was RM10 million. The total amount of premium paid for the Directors and Officers Liability Insurance was RM14,900.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) all known bad debts have been written off and adequate provision made for doubtful debts; and

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent; or

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial period and which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial period.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, other than the impairment loss on property, plant and equipment, gain/(loss) on disposal of a subsidiary, goodwill written-off, loss on termination of lease and gain on settlement of arbitration as disclosed in Notes to the financial statements, the financial performance of the Group and of the Company for the financial period ended 30 September 2025 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial period and the date of this report.

EVENT SUBSEQUENT TO PERIOD END

The details of event subsequent to period end are disclosed in Note 37.

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration of the Group and of the Company during the period are RM327,000 and RM187,000 respectively.

On behalf of the Board,

Yeoh Choon Kwee

Dato' Tan Ang Meng

12 December 2025

Statements of **Financial Position**

As at 30 September 2025

		Group		Company	
	Note	30.9.2025	30.6.2024	30.9.2025	30.6.2024
		RM'000	RM'000	RM'000	RM'000
Assets					
Property, plant and equipment	3	273,210	375,125	65,168	88,319
Right-of-use assets	4	405,823	445,619	348,512	371,715
Goodwill on consolidation	5	-	30,256	-	-
Investments in subsidiaries	6	-	-	351,534	558,232
Investments in associated companies	7	53,738	12,506	45,393	5,500
Other investments	8	229	413	229	413
Deferred tax assets	9	25,104	26,755	11,025	7,143
Tax credit receivable	10	253	2,313	253	253
Other receivables	12	-	143,452	-	-
Total non-current assets		758,357	1,036,439	822,114	1,031,575
Inventories	11	402,832	359,795	334,558	222,858
Trade and other receivables, including derivatives	12	171,940	167,752	116,602	86,960
Current tax assets		1,626	2,284	473	1,164
Cash and cash equivalents	13	76,491	86,742	50,121	56,450
Asset to be returned to vendor	14	-	193,132	-	-
Total current assets		652,889	809,705	501,754	367,432
Total assets		1,411,246	1,846,144	1,323,868	1,399,007

Statements of **Financial Position**

As at 30 September 2025
(Cont'd)

	Note	Group 30.9.2025 RM'000	Group 30.6.2024 RM'000	Company 30.9.2025 RM'000	Company 30.6.2024 RM'000
Equity					
Share capital	15	1,021,026	641,010	1,021,026	641,010
Reserves	16	(136,172)	(72,669)	(185,893)	(168,245)
Total equity attributable to owners of the Company		884,854	568,341	835,133	472,765
Non-controlling interests		6,266	6,129	-	-
Total equity		891,120	574,470	835,133	472,765
Liabilities					
Lease liabilities		348	7,457	348	7,457
Deferred tax liabilities	9	14,798	18,272	2,800	2,800
Deferred income	17	1,385	1,792	-	143
Employee benefits	18	19,951	28,063	11,553	15,517
Loans and borrowings	22	-	143,900	-	143,900
Total non-current liabilities		36,482	199,484	14,701	169,817
Lease liabilities		1,349	1,370	1,349	1,370
Employee benefits	18	456	912	221	478
Provisions	19	-	2,669	-	-
Trade and other payables, including derivatives	20	207,069	145,546	222,507	105,847
Contract liability	21	3,922	193,132	522	-
Loans and borrowings	22	270,845	728,561	249,435	648,730
Current tax liabilities		3	-	-	-
Total current liabilities		483,644	1,072,190	474,034	756,425
Total liabilities		520,126	1,271,674	488,735	926,242
Total equity and liabilities		1,411,246	1,846,144	1,323,868	1,399,007

The notes on pages 173 to 241 are an integral part of these financial statements.

Statements of Profit or Loss and **Other Comprehensive Income**

For the period ended 30 September 2025

		Group		Company	
	Note	Period from 1.7.2024 to 30.9.2025	Year ended 30.6.2024	Period from 1.7.2024 to 30.9.2025	Year ended 30.6.2024
		RM'000	RM'000	RM'000	RM'000
Revenue	23	2,679,752	2,246,895	1,991,703	1,678,632
Cost of sales		(2,552,701)	(2,162,114)	(1,907,468)	(1,645,166)
Gross profit		127,051	84,781	84,235	33,466
Distribution expenses		(87,966)	(65,200)	(59,079)	(41,656)
Administrative expenses		(58,069)	(45,715)	(34,546)	(26,006)
Other operating expenses		(76,311)	(1,236)	(37,129)	(1,103)
Net gain on impairment of financial instruments	25	199	404	199	-
Other operating income		19,752	8,513	54,961	8,026
Results from operations		(75,344)	(18,453)	8,641	(27,273)
Interest income		6,098	3,058	4,610	1,673
Finance costs	24	(34,627)	(43,500)	(30,659)	(38,780)
Share of loss in associated companies, net of tax		(1,972)	(351)	-	-
Loss before taxation	25	(105,845)	(59,246)	(17,408)	(64,380)
Taxation	26	(2,260)	2,661	2,774	3,085
Loss from continuing operations		(108,105)	(56,585)	(14,634)	(61,295)
Discontinued operation					
Profit from a discontinued operation, net of tax	29	47,813	963	-	-
Loss for the period/year		(60,292)	(55,622)	(14,634)	(61,295)
(Loss)/Profit attributable to:					
Owners of the Company		(60,431)	(55,843)	(14,634)	(61,295)
Non-controlling interests		139	221	-	-
		(60,292)	(55,622)	(14,634)	(61,295)
Basic and diluted (loss)/earning per ordinary share (sen):					
From continuing operations	27	(9.74)	(9.53)		
From discontinued operation	27	4.30	0.16		
		(5.44)	(9.37)		

Statements of Profit or Loss and **Other Comprehensive Income**

For the period ended 30 September 2025
(Cont'd)

	Note	Group		Company	
		Period from 1.7.2024 to 30.9.2025	Year ended 30.6.2024	Period from 1.7.2024 to 30.9.2025	Year ended 30.6.2024
		RM'000	RM'000	RM'000	RM'000
Loss for the period/year		(60,292)	(55,622)	(14,634)	(61,295)
Other comprehensive (expense)/income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
(Loss)/Gain on fair value of equity instruments at fair value through other comprehensive income		(184)	19	(184)	19
Re-measurement of defined benefit liability		(1,362)	193	(1,449)	(201)
		(1,546)	212	(1,633)	(182)
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operation		-	(151)	-	-
Cash flow hedge		(87)	140	60	(1)
		(87)	(11)	60	(1)
Total other comprehensive (expense)/ income for the period/year	28	(1,633)	201	(1,573)	(183)
Total comprehensive expense for the period/year		(61,925)	(55,421)	(16,207)	(61,478)
Total comprehensive (expense)/income attributable to:					
Owners of the Company		(62,062)	(55,644)	(16,207)	(61,478)
Non-controlling interests		137	223	-	-
		(61,925)	(55,421)	(16,207)	(61,478)

The notes on pages 173 to 241 are an integral part of these financial statements.

Statements of **Changes in Equity**

For the period ended 30 September 2025

	Attributable to owners of the Company										
	Non-distributable										
	Share capital RM'000	Revaluation reserve RM'000	Merger reserve RM'000	Exchange fluctuation reserve RM'000	Hedging reserve RM'000	Executive share scheme reserve RM'000	Reserve for own shares RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group											
At 1 July 2023	641,010	402,194	30,000	1,889	24	1,273	(40)	(451,148)	625,202	6,130	631,332
(Loss)/Profit for the year	-	-	-	-	-	-	-	(55,843)	(55,843)	221	(55,622)
Other comprehensive income/(expense):											
- Gain on fair value of equity investments	-	-	-	-	-	-	-	19	19	-	19
- Re-measurement of defined benefit liability	-	-	-	-	-	-	-	196	196	(3)	193
- Foreign currency translation differences	-	-	-	(1,889)	-	-	-	1,738	(151)	-	(151)
- Cash flow hedge	-	-	-	-	135	-	-	-	135	5	140
Total comprehensive (expense)/income for the year	-	-	-	(1,889)	135	-	-	(53,890)	(55,644)	223	(55,421)
- Share-based payments (Note 18(b))	-	-	-	-	-	(1,173)	-	-	(1,173)	-	(1,173)
- Shares vested under Executive Share Scheme ("ESS")	-	-	-	-	-	(45)	40	5	-	-	-
- Purchase of own shares	-	-	-	-	-	-	(44)	-	(44)	-	(44)
- Dividend paid to non-controlling interest by a subsidiary	-	-	-	-	-	-	-	-	-	(224)	(224)
Total transactions with owners	-	-	-	-	-	(1,218)	(4)	5	(1,217)	(224)	(1,441)
At 30 June 2024	641,010	402,194	30,000	-	159	55	(44)	(505,033)	568,341	6,129	574,470
	Note 15										

Statements of **Changes in Equity**

For the period ended 30 September 2025
(Cont'd)

	← Attributable to owners of the Company							→		
	← Non-distributable					→				
	Share capital	Revaluation reserve	Merger reserve	Hedging reserve	Executive share scheme reserve	Reserve for own shares	Accumulated losses	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group										
At 1 July 2024	641,010	402,194	30,000	159	55	(44)	(505,033)	568,341	6,129	574,470
(Loss)/Profit for the period	-	-	-	-	-	-	(60,431)	(60,431)	139	(60,292)
Other comprehensive (expense)/income:										
- Loss on fair value of equity investments	-	-	-	-	-	-	(184)	(184)	-	(184)
- Re-measurement of defined benefit liability	-	-	-	-	-	-	(1,365)	(1,365)	3	(1,362)
- Cash flow hedge	-	-	-	(82)	-	-	-	(82)	(5)	(87)
Total comprehensive (expense)/income for the period	-	-	-	(82)	-	-	(61,980)	(62,062)	137	(61,925)
- Share-based payments (Note 18(b))	-	-	-	-	30	-	-	30	-	30
- Shares vested under Executive Share Scheme ("ESS")	-	-	-	-	(85)	85	-	-	-	-
- Purchase of own shares	-	-	-	-	-	(41)	-	(41)	-	(41)
- Issuance of shares	315,864	-	-	-	-	-	-	315,864	-	315,864
- Private placement share issuance	64,152	-	-	-	-	-	-	64,152	-	64,152
- Share issuance expenses	-	-	-	-	-	-	(1,430)	(1,430)	-	(1,430)
- Disposal of a subsidiary	-	(34,612)	-	-	-	-	34,612	-	-	-
Total transactions with owners	380,016	(34,612)	-	-	(55)	44	33,182	378,575	-	378,575
At 30 September 2025	1,021,026	367,582	30,000	77	-	-	(533,831)	884,854	6,266	891,120
	Note 15									

Statements of Changes in Equity

For the period ended 30 September 2025
(Cont'd)

	Attributable to owners of the Company							
	Non-distributable							
	Share capital	Revaluation reserve	Merger reserve	Hedging reserve	Executive share scheme reserve	Reserve for own shares	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company								
At 1 July 2023	641,010	295,644	33,600	1	934	(40)	(436,023)	535,126
Loss for the year	-	-	-	-	-	-	(61,295)	(61,295)
Other comprehensive income/ (expense):								
- Gain on fair value of equity investments	-	-	-	-	-	-	19	19
- Re-measurement of defined benefit liability	-	-	-	-	-	-	(201)	(201)
- Cash flow hedge	-	-	-	(1)	-	-	-	(1)
Total comprehensive expense for the year	-	-	-	(1)	-	-	(61,477)	(61,478)
- Share-based payments (Note 18(b))	-	-	-	-	(839)	-	-	(839)
- Shares vested under ESS	-	-	-	-	(40)	40	-	-
- Purchase of own shares	-	-	-	-	-	(44)	-	(44)
Total transactions with owners	-	-	-	-	(879)	(4)	-	(883)
At 30 June 2024	641,010	295,644	33,600	-	55	(44)	(497,500)	472,765
	Note 15							

Statements of **Changes in Equity**

For the period ended 30 September 2025
(Cont'd)

	Attributable to owners of the Company							
	Non-distributable							
	Share capital RM'000	Revaluation reserve RM'000	Merger reserve RM'000	Hedging reserve RM'000	Executive share scheme reserve RM'000	Reserve for own shares RM'000	Accumulated losses RM'000	Total equity RM'000
Company								
At 1 July 2024	641,010	295,644	33,600	-	55	(44)	(497,500)	472,765
Loss for the period	-	-	-	-	-	-	(14,634)	(14,634)
Other comprehensive income/ (expense):								
- Loss on fair value of equity investments	-	-	-	-	-	-	(184)	(184)
- Re-measurement of defined benefit liability	-	-	-	-	-	-	(1,449)	(1,449)
- Cash flow hedge	-	-	-	60	-	-	-	60
Total comprehensive income/ (expense) for the period	-	-	-	60	-	-	(16,267)	(16,207)
- Share-based payments (Note 18(b))	-	-	-	-	30	-	-	30
- Shares vested under ESS	-	-	-	-	(85)	85	-	-
- Purchase of own shares	-	-	-	-	-	(41)	-	(41)
- Issuance of shares	315,864	-	-	-	-	-	-	315,864
- Private placement share issuance	64,152	-	-	-	-	-	-	64,152
- Share issuance expenses	-	-	-	-	-	-	(1,430)	(1,430)
Total transactions with owners	380,016	-	-	-	(55)	44	(1,430)	378,575
At 30 September 2025	1,021,026	295,644	33,600	60	-	-	(515,197)	835,133
	Note 15							

The notes on pages 173 to 241 are an integral part of these financial statements.

Statements of Cash Flows

For the period ended 30 September 2025

	Note	Group		Company	
		Period from 1.7.2024 to 30.9.2025	Year ended 30.6.2024	Period from 1.7.2024 to 30.9.2025	Year ended 30.6.2024
		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
(Loss)/Profit before taxation					
- continuing operations		(105,845)	(59,246)	(17,408)	(64,380)
- discontinued operation		47,813	963	-	-
		(58,032)	(58,283)	(17,408)	(64,380)
Adjustments for:					
Property, plant and equipment:					
- depreciation		23,852	22,166	11,223	12,826
- gain on disposal		(13,890)	(15)	(10,766)	(7)
- write-off		1,463	9	150	9
- impairment loss		24,205	-	11,267	-
Right-of-use assets:					
- depreciation		23,199	18,808	20,346	16,447
- write-off		134	-	-	-
Loss on termination of lease		7,697	-	7,697	-
Goodwill written-off		10,489	-	-	-
Fair value (gain)/loss on financial instruments designated as hedge instruments		(87)	1	60	(1)
Provision for retirement benefits		(2,987)	2,604	(4,356)	1,453
Share-based payments		30	(1,173)	30	(839)
Loss/(Gain) on disposal of a subsidiary		7,959	-	(4,047)	-
(Reversal)/Provision for impairment loss on investment in a subsidiary		-	-	(34,852)	935
Share of loss in associated companies		1,972	351	-	-
Dividend income from subsidiaries		-	-	(18,637)	(8,276)
Interest income		(6,098)	(3,058)	(4,610)	(1,673)
Finance costs		34,627	43,500	30,659	38,780
Amortisation of deferred income		(407)	(1,726)	(143)	(1,462)
Unrealised loss on foreign exchange		20	284	-	54
Items for a discontinued operation		(48,228)	(1,596)	-	-
Operating profit/(loss) before working capital changes		5,918	21,872	(13,387)	(6,134)
Inventories		(97,808)	48,365	(111,700)	52,497
Trade and other receivables		(33,082)	(23,665)	(29,642)	8,229
Trade and other payables		121,767	(45,082)	70,481	(54,549)
Contract liability		3,922	-	522	-

Statements of **Cash Flows**

For the period ended 30 September 2025
(Cont'd)

	Note	Group		Company	
		Period from 1.7.2024 to 30.9.2025	Year ended 30.6.2024	Period from 1.7.2024 to 30.9.2025	Year ended 30.6.2024
		RM'000	RM'000	RM'000	RM'000
Cash generated from/(used in) operations		717	1,490	(83,726)	43
Retirement benefits paid		(3,049)	(2,147)	(1,771)	(1,401)
Finance costs paid		(34,627)	(43,500)	(30,659)	(38,780)
Dividend income received		-	-	18,637	8,276
Interest income received		6,098	3,058	4,610	1,673
Lease termination paid		(9,500)	-	(9,500)	-
Settlement from arbitration		202,720	-	-	-
Legal costs paid	19	(6,677)	(8,687)	-	-
Tax (paid)/refunded, net		(2,068)	(373)	40	-
Net cash generated from/(used in) operating activities		153,614	(50,159)	(102,369)	(30,189)
Cash flows from investing activities					
Acquisition of property, plant and equipment		(7,182)	(4,398)	(2,806)	(2,474)
Proceeds from disposal of property, plant and equipment		17,320	37	14,083	10
Proceeds from disposal of a subsidiary		48,538	-	52,804	-
Proceeds from redemption of redeemable preference shares in a subsidiary		-	-	152,900	-
Net cash generated from/(used in) investing activities		58,676	(4,361)	216,981	(2,464)
Cash flows from financing activities					
Dividend paid to non-controlling interests		-	(224)	-	-
Drawdown of trade borrowings		2,547,421	3,163,516	2,195,970	2,704,338
Repayment of trade borrowings		(2,898,237)	(3,105,514)	(2,501,365)	(2,650,042)
Drawdown of revolving credits		-	8,000	-	-
Repayment of revolving credits		(25,900)	(4,000)	(15,900)	-
Repayment of term loans		(221,900)	(37,500)	(221,900)	(37,500)
Payment of lease liabilities		(2,470)	(2,142)	(2,470)	(2,142)
Proceeds from issuance of shares		380,016	-	380,016	-
Share issuance expenses paid		(1,430)	-	(1,430)	-
Purchase of own shares		(41)	(44)	(41)	(44)
Advances from a subsidiary		-	-	46,179	-
Net cash (used in)/generated from financing activities		(222,541)	22,092	(120,941)	14,610

Statements of **Cash Flows**

For the period ended 30 September 2025
(Cont'd)

	Note	Group		Company	
		Period from 1.7.2024 to 30.9.2025	Year ended 30.6.2024	Period from 1.7.2024 to 30.9.2025	Year ended 30.6.2024
		RM'000	RM'000	RM'000	RM'000
Net change in cash and cash equivalents		(10,251)	(32,428)	(6,329)	(18,043)
Effect of exchange rate fluctuations on cash held		-	(151)	-	-
Cash and cash equivalents at 1 July 2024/2023		86,742	119,321	56,450	74,493
Cash and cash equivalents at 30 September 2025/30 June 2024	13	76,491	86,742	50,121	56,450

NOTES

A. Cash outflows for leases as a lessee

	Note	Group		Company	
		Period from 1.7.2024 to 30.9.2025	Year ended 30.6.2024	Period from 1.7.2024 to 30.9.2025	Year ended 30.6.2024
		RM'000	RM'000	RM'000	RM'000
Included in net cash generated from/ (used in) operating activities:					
Expenses relating to short-term leases		798	569	236	117
Interest paid in relation to lease liabilities	24	576	500	576	500
Included in net cash generated from/ (used in) financing activities:					
Payment of lease liabilities		2,470	2,142	2,470	2,142
Total cash outflows for leases		3,844	3,211	3,282	2,759

B. Investment in a subsidiary - Company

During the financial period, the Company subscribed for additional interest in a subsidiary, Southern HRC Sdn Bhd by way of capitalisation of amount due from a subsidiary of RM Nil (Year ended 30.6.2024: RM8,411,000) respectively.

The notes on pages 173 to 241 are an integral part of these financial statements.

Notes to the **Financial Statements**

Southern Steel Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows:

Registered office

Level 7, Menara Milenium,
Jalan Damanlela, Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan,
Malaysia.

Principal place of business

2723, Lorong Perusahaan 12,
Prai Industrial Estate,
13600 Prai,
Pulau Pinang,
Malaysia.

The Company was a subsidiary of Hong Leong Company (Malaysia) Berhad, a company incorporated in Malaysia. On 14 January 2025, Green Esteel Pte Ltd, a company incorporated in Singapore acquired 50.10% equity interest in the Company and became the Company's immediate and ultimate holding company since then.

During the financial period, the Company changed its financial year end from 30 June to 30 September. Accordingly, the Company has prepared its consolidated financial statements for a period of 15 months ended 30 September 2025, as compared to the previous financial statements, which covered a period of 12 months for the year ended 30 June 2024. The comparatives for the statements of profit or loss and other comprehensive income, changes in equity and cash flows as well as the notes to the financial statements relating to the income statement for previous financial year ended 30 June 2024 are not comparable to the current period's financial statements.

The consolidated financial statements of the Company as at and for the financial period ended 30 September 2025 comprise the Company, its subsidiaries (together referred to as "the Group") and the Group's interest in associated companies. The financial statements of the Company as at and for the financial period ended 30 September 2025 do not include other entities.

The principal activities of the Company are investment holding, manufacturing, sale and trading in steel bars and related products whilst the principal activities of the subsidiaries and associated companies are disclosed in Note 2 to the financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 12 December 2025.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared 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 Companies Act 2016 in Malaysia.

The following are MFRS Accounting Standards, interpretations and amendments that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

Notes to the **Financial Statements**
(Cont'd)

1. **BASIS OF PREPARATION** (cont'd)

(a) **Statement of compliance** (cont'd)

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*
- Amendments that are part of Annual Improvements – Volume 11:
  - ➢ Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
  - ➢ Amendments to MFRS 7, *Financial Instruments: Disclosures*
  - ➢ Amendments to MFRS 9, *Financial Instruments*
  - ➢ Amendments to MFRS 10, *Consolidated Financial Statements*
  - ➢ Amendments to MFRS 107, *Statement of Cash Flows*
- Amendments to MFRS 9, *Financial Instruments and MFRS 7, Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned MFRS Accounting Standards, interpretations and amendments, where applicable, when they become effective in their respective financial periods.

The initial application of the MFRS Accounting Standards, interpretations and amendments are not expected to have any material financial impact to the current period and prior year financial statements of the Group and of the Company.

(b) **Basis of measurement**

These financial statements have been prepared on the historical cost basis except for the following items, which are measured based on the measurement bases stated below:

Items	**Measurement bases**
Property, plant and equipment - freehold land	Revaluation model
Rights-of-use assets - land	Revaluation model
Derivative financial instruments	Fair Value
Defined benefit plan	Present value of the defined benefit obligation
Other investments	Fair value through other comprehensive income

(c) **Functional and presentation currency**

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and all values are rounded to the nearest thousand (RM'000), unless otherwise stated.

1. BASIS OF PREPARATION (cont'd)

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the followings notes:

(i) Note 3 - Impairment of property, plant and equipment

The management tests property, plant and equipment for impairment when indicators of impairment are identified.

Measurement of recoverable amounts of cash generating units is derived based on value in use or fair value less cost to sell of the cash generating unit. Significant assumptions used to derive the value in use or fair value less cost to sell are as shown in Note 3.

(ii) Note 6 - Investments in subsidiaries

Significant judgements are required when identifying impairment indicators. Where impairment indicators exist, judgements and assumptions are required to determine the recoverable amount of the investments in subsidiaries. Significant assumptions used to derive the recoverable amount are as shown in Note 6.

(iii) Note 9 - Deferred tax assets

Estimating the deferred tax assets to be recognised requires a process that involves determining appropriate tax provisions, forecasting future years' taxable income and assessing our ability to utilise tax benefits through future earnings. The actual utilisation of tax benefit may be different from expected.

2. COMPANIES IN THE GROUP

The principal activities of the companies in the Group, their principal place of business/country of incorporation and the effective interest of Southern Steel Berhad are as shown below:

Name of company	Principal place of business/ Country of incorporation	Effective interest 30.9.2025 %	Effective interest 30.6.2024 %	Principal activities
Subsidiaries				
Southern Steel Rod Sdn Bhd	Malaysia	100.0	100.0	Temporarily ceased operation in the manufacturing, sale and trading of billets, wire rods, deformed bar in coils and other related products

Notes to the
Financial Statements
(Cont'd)

2. COMPANIES IN THE GROUP (cont'd)

Name of company	Principal place of business/ Country of incorporation	Effective interest		Principal activities
		30.9.2025	30.6.2024	
		%	%	
Subsidiaries (cont'd)				
Southern HRC Sdn Bhd	Malaysia	100.0	100.0	Temporarily ceased operation in the manufacture, sale and marketing of steel billets and other related products
Southern PC Steel Sdn Bhd	Malaysia	100.0	100.0	Manufacture and sale of pre-stressed concrete strands, wires, bars and other related products
Southern Pipe Industry (Malaysia) Sdn Bhd	Malaysia	96.6	96.6	Manufacture, sale and processing of steel pipes and other related products
● Southern Steel Pipe Sdn Bhd	Malaysia	96.6	96.6	Manufacture, sale and processing of steel pipes and other related products
Southern Steel Properties Sdn Bhd	Malaysia	100.0	100.0	Rental of properties
Danstil Sdn Bhd	Malaysia	100.0	100.0	Rental of properties
Southern Steel Holdings Sdn Bhd	Malaysia	100.0	100.0	Investment holding
Associated companies				
Southern Steel Mesh Sdn Bhd	Malaysia	45.0	100.0	Manufacture, sale and marketing of steel wire mesh, concrete wires, cut and bend bars and other related products
Steel Industries (Sabah) Sdn Bhd	Malaysia	27.5	27.5	Manufacture and trading of steel bars

The financial period end of all the subsidiaries is co-terminous with the Company.

The financial period end of the associated companies, Southern Steel Mesh Sdn. Bhd. and Steel Industries (Sabah) Sdn. Bhd., is on 30 September and 31 December respectively.

Notes:

● *Sub-subsidiary*

3. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Group							
Cost/Valuation							
At 1 July 2023	114,562	442,241	1,490,946	65,279	12,679	200,423	2,326,130
Additions	-	248	3,445	214	-	491	4,398
Disposals	-	(21)	(46)	(70)	(92)	-	(229)
Write-off	-	-	(4,519)	(352)	(9)	-	(4,880)
Reclassifications	-	1,033	1,228	-	-	(2,261)	-
At 30 June 2024/ 1 July 2024	114,562	443,501	1,491,054	65,071	12,578	198,653	2,325,419
Additions	-	350	3,047	369	-	3,416	7,182
Disposals	-	(407)	(23,859)	(249)	(814)	(58,719)	(84,048)
Write-off	-	(12,749)	(53,404)	(314)	-	(15,869)	(82,336)
Reclassifications	-	-	1,328	-	-	(1,328)	-
Disposal of a subsidiary	(34,929)	(25,862)	(114,884)	(7,702)	(8)	-	(183,385)
At 30 September 2025	79,633	404,833	1,303,282	57,175	11,756	126,153	1,982,832
Accumulated depreciation and impairment loss							
At 1 July 2023							
- Accumulated depreciation	-	261,515	1,360,008	63,915	10,356	-	1,695,794
- Accumulated impairment loss	-	10,610	22,763	6	-	198,754	232,133
	-	272,125	1,382,771	63,921	10,356	198,754	1,927,927
Charge for the year	-	6,817	19,416	736	476	-	27,445
Disposals	-	-	(45)	(70)	(92)	-	(207)
Write-off	-	-	(4,510)	(352)	(9)	-	(4,871)
Reclassification	-	-	191	-	-	(191)	-
At 30 June 2024							
- Accumulated depreciation	-	268,332	1,374,869	64,229	10,731	-	1,718,161
- Accumulated impairment loss	-	10,610	22,954	6	-	198,563	232,133
	-	278,942	1,397,823	64,235	10,731	198,563	1,950,294

Notes to the **Financial Statements**
(Cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land	Buildings	Plant and machinery	Office equipment	Motor vehicles	Capital work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
Accumulated depreciation and impairment loss							
At 1 July 2024							
- Accumulated depreciation	-	268,332	1,374,869	64,229	10,731	-	1,718,161
- Accumulated impairment loss	-	10,610	22,954	6	-	198,563	232,133
	-	278,942	1,397,823	64,235	10,731	198,563	1,950,294
Charge for the period	-	8,946	17,623	677	548	-	27,794
Disposals	-	(407)	(17,607)	(243)	(814)	(58,457)	(77,528)
Write-off	-	(11,532)	(53,159)	(313)	-	(15,869)	(80,873)
Disposal of a subsidiary	-	(17,411)	(109,290)	(7,561)	(8)	-	(134,270)
Impairment loss	-	-	24,205	-	-	-	24,205
At 30 September 2025							
- Accumulated depreciation	-	252,883	1,235,199	56,789	10,457	-	1,555,328
- Accumulated impairment loss	-	5,655	24,396	6	-	124,237	154,294
	-	258,538	1,259,595	56,795	10,457	124,237	1,709,622
Carrying amounts							
At 1 July 2023	114,562	170,116	108,175	1,358	2,323	1,669	398,203
At 30 June 2024/ 1 July 2024	114,562	164,559	93,231	836	1,847	90	375,125
At 30 September 2025	79,633	146,295	43,687	380	1,299	1,916	273,210

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Company							
Cost/Valuation							
At 1 July 2023	35,000	211,803	236,254	45,168	6,496	1,026	535,747
Additions	-	-	2,431	23	-	20	2,474
Disposals	-	-	(46)	(9)	(92)	-	(147)
Write-off	-	-	(582)	(210)	-	-	(792)
Reclassification	-	-	1,046	-	-	(1,046)	-
At 30 June 2024/ 1 July 2024	35,000	211,803	239,103	44,972	6,404	-	537,282
Additions	-	-	1,124	284	-	1,398	2,806
Disposals	-	(311)	(20,160)	(256)	(608)	-	(21,335)
Write-off	-	(11,470)	(52,889)	(173)	-	-	(64,532)
At 30 September 2025	35,000	200,022	167,178	44,827	5,796	1,398	454,221
Accumulated depreciation and impairment loss							
At 1 July 2023							
- Accumulated depreciation	-	198,254	161,024	44,602	5,466	-	409,346
- Accumulated impairment loss	-	4,955	22,763	-	-	-	27,718
	-	203,209	183,787	44,602	5,466	-	437,064
Charge for the year	-	803	11,453	303	267	-	12,826
Disposals	-	-	(45)	(7)	(92)	-	(144)
Write-off	-	-	(574)	(209)	-	-	(783)
At 30 June 2024							
- Accumulated depreciation	-	199,057	171,858	44,689	5,641	-	421,245
- Accumulated impairment loss	-	4,955	22,763	-	-	-	27,718
	-	204,012	194,621	44,689	5,641	-	448,963

Notes to the **Financial Statements**
(Cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Company							
Accumulated depreciation and impairment loss							
At 1 July 2024							
- Accumulated depreciation	-	199,057	171,858	44,689	5,641	-	421,245
- Accumulated impairment loss	-	4,955	22,763	-	-	-	27,718
	-	204,012	194,621	44,689	5,641	-	448,963
Charge for the period	-	864	9,807	266	286	-	11,223
Disposals	-	(250)	(16,907)	(253)	(608)	-	(18,018)
Write-off	-	(11,313)	(52,897)	(172)	-	-	(64,382)
Impairment loss	-	-	11,267	-	-	-	11,267
At 30 September 2025							
- Accumulated depreciation	-	193,313	134,624	44,530	5,319	-	377,786
- Accumulated impairment loss	-	-	11,267	-	-	-	11,267
	-	193,313	145,891	44,530	5,319	-	389,053
Carrying amounts							
At 1 July 2023	35,000	8,594	52,467	566	1,030	1,026	98,683
At 30 June 2024/ 1 July 2024	35,000	7,791	44,482	283	763	-	88,319
At 30 September 2025	35,000	6,709	21,287	297	477	1,398	65,168

3.1 Freehold land under revaluation model

All land of the Group and of the Company were remeasured at fair value based on an independent valuation carried out by an independent firm of valuers on an open market basis conducted in April 2023 (30.6.2024 : April 2023). The Directors classified this fair value as level 3 of the fair value hierarchy. The fair value was using the comparison approach with relevant adjustments made to key attributes such as land size and accessibility of the location. The most significant input into the valuation approach was price per square foot ranging from RM59 to RM101 (30.6.2024 : RM59 to RM101). The estimated fair value would increase/(decrease) if the price per square foot was higher/(lower).

Had the Group and the Company revalued land been carried under the cost model, their carrying amounts would have been RM25,061,000 (30.6.2024 : RM25,061,000) and RM6,997,000 (30.6.2024 : RM6,997,000) respectively.

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

3.2 Impairment loss

During the financial period, the Group and the Company temporarily ceased operations of their steel making plants and are currently assessing options, with potential disposal or upgrading of the plants. The Group and the Company tested the carrying amounts of these plants for impairment, which amounted to RM40,430,000 and RM19,817,000 respectively, and recognised impairment losses of RM24,205,000 and RM11,267,000 respectively in other operating expenses. The recoverable amounts of RM16,225,000 for the Group and RM8,550,000 for the Company were determined based on fair value less cost to sell, using the market approach by reference to a net price quotation obtained from a potential buyer in the absence of an active market for these assets, and the fair value measurement was classified as Level 3 fair value due to the use of unobservable inputs.

3.3 Impairment testing for loss making cash-generating units

During the financial period, the Company and certain entities within the Group were in loss making positions, posing an indicator of impairment to the plant and equipment with a carrying amount of RM21,613,000 and RM147,552,000 in the Company and the Group respectively.

The recoverable amount of the cash-generating unit ("CGU") was based on its value-in-use, determined by discounting future cash flows to be generated from its operation. No impairment loss was identified for the carrying amount of CGU assessed at the reporting date as its recoverable amount was in excess of its carrying amount.

The recoverable amounts of cash-generating unit are determined based on value-in-use calculations. These calculations use cash flow projections that have been projected based on financial budgets and projections prepared by the management and approved by the Board of Directors. The sales tonnage and margins of the cash-generating units used in preparing the projected cash flows were determined based on past business performance and management's expectations on market development. The cash flow projections are discounted using a rate of 12% (30.6.2024 : 12%) after considering the risks and uncertainties of the cashflows.

The Group's review includes an impact assessment of changes in key assumptions. Based on the sensitivity analyses performed, an increase in discount rate to 16% will result in an impairment loss of RM6,446,000 and RM944,000 to the Group and the Company respectively.

3.4 Material accounting policy information

(i) Recognition and measurement

Property, plant and equipment are measured at cost or revaluation less any accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment under the revaluation model

The Group and the Company revalue their land whenever the fair values of the revalued land are expected to differ materially from their carrying value or at intervals of at least once in three (3) years.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the property revaluation reserve to the extent of previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the profit and loss.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

Notes to the **Financial Statements**
(Cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

3.4 Material accounting policy information (cont'd)

(ii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:-

	Years
Buildings	8 to 50
Plant and machinery	2 to 20
Office equipment	2 to 10
Motor vehicles	4 to 10

4. RIGHT-OF-USE ASSETS

	Land	Gas infrastructure facilities	Total
	RM'000	RM'000	RM'000
Group			
At 1 July 2023	455,299	9,128	464,427
Depreciation for the year	(16,666)	(2,142)	(18,808)
At 30 June 2024/1 July 2024	438,633	6,986	445,619
Addition	-	2,664	2,664
Termination of lease	-	(5,521)	(5,521)
Depreciation for the period	(20,735)	(2,464)	(23,199)
Write-off	(134)	-	(134)
Disposal of a subsidiary	(13,606)	-	(13,606)
At 30 September 2025	404,158	1,665	405,823
Company			
At 1 July 2023	379,034	9,128	388,162
Depreciation for the year	(14,305)	(2,142)	(16,447)
At 30 June 2024/1 July 2024	364,729	6,986	371,715
Addition	-	2,664	2,664
Termination of lease	-	(5,521)	(5,521)
Depreciation for the period	(17,882)	(2,464)	(20,346)
At 30 September 2025	346,847	1,665	348,512

4. RIGHT-OF-USE ASSETS (cont'd)

The Group and the Company leased land and gas infrastructure facilities that run between 14 years to 87 years (30.6.2024 : 15 years to 88 years) and 2 years (30.6.2024 : 12 years) respectively, with an option to renew the leases after the expiry of the initial lease periods.

4.1 Leasehold land under revaluation model

All land of the Group and of the Company were remeasured at fair value based on an independent valuation carried out by an independent firm of valuers on an open market basis conducted in April 2023 (30.6.2024 : April 2023). The Directors classified this fair value as level 3 of the fair value hierarchy. The fair value was using the comparison approach with relevant adjustments made to key attributes such as land size and accessibility of the location. The most significant input into this valuation approach was price per square foot ranging from RM13 to RM125 (30.6.2024 : RM13 to RM125). The estimated fair value would increase/(decrease) if the price per square foot is higher/(lower).

Had the Group and the Company revalued right-of-use on land been carried under the cost model, their carrying amounts would have been RM53,698,000 (30.6.2024 : RM63,154,000) and RM46,889,000 (30.6.2024 : RM49,034,000) respectively.

4.2 Extension options

Some leases of gas infrastructure facilities contain extension option exercisable by the Group and the Company up to one year before the end of the contract period. Where practicable, the Group and the Company seek to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and the Company and not by the lessors. The Group and the Company assess at lease commencement whether it is reasonably certain to exercise the extension options. The Group and the Company reassess whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

The disclosure of potential future lease payment has not been made as the Directors noted the amount to be inconsequential.

4.3 Judgements and assumptions in relation to leases

The Group and the Company assess at lease commencement by applying judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group and the Company also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

4.4 Material accounting policy information

(i) Recognition and measurement

All right-of-use assets are measure at cost or revaluation less any accumulated depreciation and any accumulated impairment losses.

The Group and the Company revalue its right-of-use assets comprising land in similar manner as the property, plant and equipment under the revaluation model (refer to Note 3).

When the right-of-use expires, the amounts included in the revaluation reserve are transferred to retained earnings.

4. RIGHT-OF-USE ASSETS (cont'd)

4.4 Material accounting policy information (cont'd)

(ii) Lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group or the Company is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(iii) Recognition exemption

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

5. GOODWILL ON CONSOLIDATION

	Group	
	30.9.2025	30.6.2024
	RM'000	RM'000
At cost:		
At 1 July 2024/2023	30,256	30,256
Disposal of a subsidiary	(19,767)	-
Write-off	(10,489)	-
At 30 September 2025/30 June 2024	-	30,256

(a) Impairment test of goodwill

The carrying amounts of goodwill allocated to the Group's cash-generating units are as follows:

	30.9.2025	30.6.2024
	RM'000	RM'000
Southern Steel Mesh Sdn Bhd and upstream business	-	19,767
Southern PC Steel Sdn Bhd	-	9,684
Danstil Sdn Bhd	-	805
	-	30,256

During the financial period ended 30 September 2025, goodwill amounting to RM10,489,000 relating to Southern PC Steel Sdn Bhd and Danstil Sdn Bhd was fully written off and recognised as other operating expenses in profit or loss of the Group, following no future economic benefits are expected arising from the group reorganisation exercise.

In the previous financial year, the Group undertaken an annual test for impairment evaluation. No impairment loss was identified for the aforesaid carrying amount of goodwill assessed at the reporting date as their recoverable amounts were in excess of their carrying amounts.

5. GOODWILL ON CONSOLIDATION (cont'd)

(b) Recoverable amount based on value-in-use

The recoverable amounts of cash-generating units containing the above goodwill were determined based on value-in-use calculations. These calculations used cash flow projections that had been projected based on financial budgets and projections prepared by the management and approved by the Board of Directors. The sales tonnage and margins of the cash-generating units used in preparing the projected cash flows were determined based on past business performance and management's expectations on market development. In the previous financial year, the cash flow projections were discounted using a rate of 12% after considering the risks and uncertainties of the cashflows.

6. INVESTMENTS IN SUBSIDIARIES

		Company	
	Note	**30.9.2025**	**30.6.2024**
		RM'000	**RM'000**
At cost:			
Unquoted shares		1,159,005	1,247,655
Redeemable Preference Shares		-	152,900
Less: Impairment loss	6.1	(807,471)	(842,323)
		351,534	558,232

The subsidiaries and their principal activities are disclosed in Note 2 to the financial statements.

6.1 Impairment loss

During the financial period, the Company recorded a reversal of impairment loss of RM34,852,000 (Year ended 30.6.2024 : impairment loss of RM935,000) after having assessed the recoverable amount of a subsidiary based on the net shareholder's fund which approximates to its fair value less cost of disposal and is classified as level 3 of the fair value hierarchy. The reversal of impairment loss (Year ended 30.6.2024 : impairment loss) is included in other operating income (Year ended 30.6.2024 : other operating expenses) of the Company.

In the assessment of recoverable amount of the fair value less cost of disposal for the subsidiary, the management considered the following key assumptions:

- Potential streamlining opportunities of operations for business efficiency including the transfer of remaining property, plant and equipment to the Company at their carrying amount; and
- All the current assets and liabilities to be realised at their net realisable value.

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

6.2 Disposal of a subsidiary

On 14 August 2025, the Group disposed off 55% of its interest in Southern Steel Mesh Sdn Bhd ("SSM"). Subsequent to the dilution, SSM became an associate of the Group.

Effect of disposal on the financial position of the Group

	Note	31.7.2025 RM'000
Property, plant and equipment	3	49,115
Right-of-use assets	4	13,606
Goodwill on consolidation	5	19,767
Inventories		54,771
Trade and other receivables		28,874
Current tax assets		1,875
Cash and bank balances		4,266
Deferred tax liabilities	9	(739)
Retirement benefits	18	(4,324)
Trade and other payables		(60,244)
Short term borrowings	22	(3,000)
Net assets and liabilities		103,967
Loss on disposal of a subsidiary recognised as other operating expense		(7,959)
Retained interest in an associate		(43,204)
Consideration received, satisfied in cash		52,804
Cash and cash equivalents disposed of		(4,266)
Net cash inflow on disposal of a subsidiary		48,538

6.3 Material accounting policy information

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

7. INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	30.9.2025 RM'000	30.6.2024 RM'000	30.9.2025 RM'000	30.6.2024 RM'000
At cost:				
Unquoted shares	48,704	5,500	45,393	5,500
Share of post-acquisition reserves	5,034	7,006	-	-
	53,738	12,506	45,393	5,500

The associated companies and their principal activities are disclosed in Note 2 to the financial statements.

7. INVESTMENTS IN ASSOCIATED COMPANIES (cont'd)

The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interests in the associated companies.

	Southern Steel Mesh Sdn. Bhd. RM'000
Group	
Summarised financial information	
As at 30 September 2025	
Non-current assets	64,196
Current assets	63,181
Non-current liabilities	(7,008)
Current liabilities	(38,385)
Net assets	81,984
Summarised financial information	
Period from 14 August 2025 to 30 September 2025	
Loss representing total comprehensive expense for the period	1,293
Included in the total comprehensive income is :	
Revenue	68,046

	Southern Steel Mesh Sdn. Bhd. RM'000	Other individually immaterial associate RM'000	Total RM'000
Group			
Reconciliation of net assets to carrying amount			
As at 30 September 2025			
Group's share of net assets	36,893		
Goodwill	5,729		
Carrying amount in the consolidated statement of financial position	42,622	11,116	53,738
Group's share of results			
Period from 1 July 2024 to 30 September 2025			
Group's share of loss from continuing operations and total comprehensive expense	(582)	(1,390)	(1,972)
Other information			
Dividend received by the Group for the period from 1 July 2024 to 30 September 2025	-		

Notes to the
Financial Statements
(Cont'd)

7. INVESTMENTS IN ASSOCIATED COMPANIES (cont'd)

7.1 Material accounting policy information

Investments in associated companies are measured in the Company's statement of financial position at cost less any impairments losses.

8. OTHER INVESTMENTS

	Group/Company	
	30.9.2025	30.6.2024
	RM'000	RM'000
Fair value through other comprehensive income		
Shares quoted in Malaysia	229	413

9. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	30.9.2025	30.6.2024	30.9.2025	30.6.2024	30.9.2025	30.6.2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Property, plant and equipment	-	-	(18,820)	(34,145)	(18,820)	(34,145)
Right-of-use assets	-	-	(83,471)	(91,456)	(83,471)	(91,456)
Unabsorbed capital allowances	8,064	6,436	-	-	8,064	6,436
Unutilised increased export allowance	29,792	29,792	-	-	29,792	29,792
Unutilised tax losses	56,593	76,371	-	-	56,593	76,371
Employee benefits	4,898	6,954	-	-	4,898	6,954
Trade and other payables	12,845	11,190	-	-	12,845	11,190
Provisions	-	641	-	-	-	641
Lease liabilities	407	2,118	-	-	407	2,118
Others	(2)	582	-	-	(2)	582
Deferred tax assets/(liabilities)	112,597	134,084	(102,291)	(125,601)	10,306	8,483
Set off of tax	(87,493)	(107,329)	87,493	107,329	-	-
Net deferred tax assets/(liabilities)	25,104	26,755	(14,798)	(18,272)	10,306	8,483

9. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

Recognised deferred tax assets/(liabilities) (cont'd)

Deferred tax assets and liabilities are attributable to the following: (cont'd)

	Assets		Liabilities		Net	
	30.9.2025	30.6.2024	30.9.2025	30.6.2024	30.9.2025	30.6.2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company						
Property, plant and equipment	-	-	(1,925)	(6,103)	(1,925)	(6,103)
Right-of-use assets	-	-	(71,570)	(76,708)	(71,570)	(76,708)
Unabsorbed capital allowances	7,243	5,258	-	-	7,243	5,258
Unutilised increased export allowance	29,792	29,792	-	-	29,792	29,792
Unutilised tax losses	31,972	38,268	-	-	31,972	38,268
Employee benefits	2,826	3,839	-	-	2,826	3,839
Trade and other payables	9,480	7,879	-	-	9,480	7,879
Lease liabilities	407	2,118	-	-	407	2,118
Deferred tax assets/(liabilities)	81,720	87,154	(73,495)	(82,811)	8,225	4,343
Set off of tax	(70,695)	(80,011)	70,695	80,011	-	-
Net deferred tax assets/(liabilities)	11,025	7,143	(2,800)	(2,800)	8,225	4,343

Movements in temporary differences during the financial period are as follows:

	At 1.7.2023	Recognised in profit or loss (Note 26)	Recognised directly in equity (Note 28)	At 30.6.2024/ 1.7.2024	Recognised in profit or loss (Note 26)	Recognised directly in equity (Note 28)	Disposal of a subsidiary	At 30.9.2025
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
Property, plant and equipment	(35,028)	883	-	(34,145)	9,785	-	5,540	(18,820)
Right-of-use assets	(95,527)	4,071	-	(91,456)	5,737	-	2,248	(83,471)
Unabsorbed capital allowances	7,213	(777)	-	6,436	2,357	-	(729)	8,064
Unutilised increased export allowance	29,792	-	-	29,792	-	-	-	29,792
Unutilised tax losses	71,085	5,286	-	76,371	(15,080)	-	(4,698)	56,593
Employee benefits	6,905	110	(61)	6,954	(1,448)	430	(1,038)	4,898
Trade and other payables	12,235	(1,045)	-	11,190	1,655	-	-	12,845
Provisions	294	347	-	641	(641)	-	-	-
Lease liabilities	2,633	(515)	-	2,118	(1,711)	-	-	407
Others	922	(340)	-	582	-	-	(584)	(2)
	524	8,020	(61)	8,483	654	430	739	10,306

9. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

Movements in temporary differences during the financial period are as follows: (cont'd)

	At 1.7.2023	Recognised in profit or loss (Note 26)	Recognised directly in equity (Note 28)	At 30.6.2024/ 1.7.2024	Recognised in profit or loss (Note 26)	Recognised directly in equity (Note 28)	At 30.9.2025
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company							
Property, plant and equipment	(7,072)	969	-	(6,103)	4,178	-	(1,925)
Right-of-use assets	(80,310)	3,602	-	(76,708)	5,138	-	(71,570)
Unabsorbed capital allowances	2,945	2,313	-	5,258	1,985	-	7,243
Unutilised increased export allowance	29,792	-	-	29,792	-	-	29,792
Unutilised tax losses	36,282	1,986	-	38,268	(6,296)	-	31,972
Employee benefits	3,763	13	63	3,839	(1,470)	457	2,826
Trade and other payables	9,151	(1,272)	-	7,879	1,601	-	9,480
Lease liabilities	2,633	(515)	-	2,118	(1,711)	-	407
	(2,816)	7,096	63	4,343	3,425	457	8,225

Included in the deferred tax assets as at 30 September 2025 were unused tax credits which arose from tax losses and tax incentives enjoyed by the Company and certain subsidiaries. The recognition of these deferred tax assets is dependent on whether it is probable that sufficient taxable profit is available.

In the recognition of deferred tax assets, the management considered the following key assumptions:

- The sales tonnage and selling price of products, purchase price of raw materials and the production of the Group and the Company based on past business performance and management's expectations on market development; and
- No changes in the existing tax legislation.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	30.9.2025	30.6.2024	30.9.2025	30.6.2024
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	528,336	470,079	217,770	170,869
Unabsorbed capital allowances	3,389	3,302	-	-
Unabsorbed investment tax allowances	740,269	740,269	-	-
	1,271,994	1,213,650	217,770	170,869

Based on existing tax legislation,

(i) The unutilised tax losses can be carried forward for ten (10) consecutive years of assessment ("YA") immediately following that YA.
(ii) The unabsorbed capital allowance and unabsorbed investment tax allowances do not expire under current tax legislation.

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profits will be available against which the unused tax losses and tax credits can be utilised before they expire.

9. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

The unutilised tax losses will expire in the following YAs:

	Group		Company	
	30.9.2025	**30.6.2024**	**30.9.2025**	**30.6.2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Year of assessment:				
2028	107,396	96,815	-	-
2029	86,583	78,781	79,833	71,602
2030	78,207	73,456	77,256	71,147
2031	1,555	1,555	-	-
2032	190,305	190,305	-	-
2033	47,716	12,829	46,924	11,782
2034	14,509	16,338	13,757	16,338
2035	2,065	-	-	-
	528,336	470,079	217,770	170,869

Any amounts not utilised upon expiry of the above YA will be disregarded.

9.1 Material accounting policy information

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

10. TAX CREDIT RECEIVABLE

Tax credit receivable is attributable to the following:

	Group		Company	
	30.9.2025	**30.6.2024**	**30.9.2025**	**30.6.2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unutilised reinvestment allowances ("RA")	253	2,313	253	253

Tax credit receivable is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

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10. TAX CREDIT RECEIVABLE (cont'd)

Movements in tax credit receivable during the financial period are as follows:

	At 1.7.2023 RM'000	Utilisation of RA during the year RM'000	Derecognition of RA during the year RM'000	At 30.6.2024/ 1.7.2024 RM'000	Utilisation of RA during the period RM'000	At 30.9.2025 RM'000
Group						
Unutilised reinvestment allowances	5,523	(888)	(2,322)	2,313	(2,060)	253
Company						
Unutilised reinvestment allowances	4,264	-	(4,011)	253	-	253

10.1 Material accounting policy information

The Group and the Company regard reinvestment allowance ("RA") as investment tax credits ("ITC") and this ITC is recognised as deferred income. Unutilised RA to the extent that it is probable that the future taxable profit will be available against which the unutilised RA can be utilised is recognised as a tax credit receivable.

The tax credit receivable will be charged out to the profit or loss based on the utilisation of RA in each financial period. Deferred income, on the other hand, will be amortised over the estimated remaining useful lives of the assets concerned to the profit or loss as other income.

11. INVENTORIES

	Group		Company	
	30.9.2025 RM'000	30.6.2024 RM'000	30.9.2025 RM'000	30.6.2024 RM'000
Raw materials	267,105	192,043	240,953	127,697
Work-in-progress	9,226	10,583	-	-
Finished goods	109,633	119,316	84,271	66,343
General consumables and other stores	16,868	37,853	9,334	28,818
	402,832	359,795	334,558	222,858
Recognised in profit or loss:				
Inventories recognised as cost of sales	2,552,701	2,162,114	1,907,468	1,645,166
Provision/(Reversal of provision) for write down of inventories as other operating income/ (expenses)	1,340	(6,064)	1,256	(6,220)

11.1 Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average method.

12. TRADE AND OTHER RECEIVABLES, INCLUDING DERIVATIVES

		Group		Company	
	Note	30.9.2025 RM'000	30.6.2024 RM'000	30.9.2025 RM'000	30.6.2024 RM'000
Non-current					
Non-trade					
Other receivables	12.2	-	143,452	-	-
Current					
Trade					
Trade receivables					
- Third parties		122,832	157,335	75,881	73,847
- Subsidiaries		-	-	1,953	4,983
- Associated companies		9,990	-	9,990	-
- Related parties		3,049	4,370	2,597	1,236
		135,871	161,705	90,421	80,066
Current					
Non-trade					
Amount due from:					
- Subsidiaries	12.1	-	-	808	219
- Associated companies	12.1	126	-	126	-
- Related parties	12.1	-	2	-	-
Other receivables	12.2	15,012	3,786	10,908	2,590
Deposits		4,765	2,004	404	639
Prepayments	12.3	16,106	4,368	13,875	3,645
Derivative financial assets:					
- Forward exchange contracts designated as hedge instruments		60	136	60	-
		36,069	10,296	26,181	7,093
Less: Impairment losses					
- trade		-	(4,249)	-	(199)
		171,940	167,752	116,602	86,960

12.1 The non-trade amount due from subsidiaries, associated companies and related parties are unsecured, interest-free and repayable on demand.

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12. TRADE AND OTHER RECEIVABLES, INCLUDING DERIVATIVES (cont'd)

12.2 Included in the other receivables of the Group and of the Company is an amount of RM6,980,000 (30.06.2024 : RM Nil) representing receivables from the disposal of plant and equipment.

In the previous financial year, included in the other receivables was RM143 million in relation to the final award of the arbitration case as discussed in Note 14 and Note 35 where RM98 million was interest-bearing at the rate of 5.33% per annum. The amount owing was classified as non-current as at 30 June 2024 because the Group was taking enforcement action and was not expected that the enforcement can be completed within twelve (12) months. During the current financial period, the arbitration was concluded.

12.3 Included in the prepayments of the Group and of the Company is an amount of RM12,642,000 (30.6.2024 : RM Nil) RM11,160,000 (30.6.2024 : RM Nil) respectively, representing advance payments for the purchase of materials.

12.4 Offsetting of financial assets and financial liabilities

In the previous financial year, the following table provides information of financial assets and liabilities that have been set off for presentation purpose:

	Note	Gross amount	Balances that are set off	Net carrying amount in the consolidated statement of financial position
		RM'000	RM'000	RM'000
Group				
30.6.2024				
Other receivables (including non-current portion)		239,972	(92,734)	147,238
Other payables	20	(101,999)	92,734	(9,265)

Certain other receivables and other payables were set off for presentation purpose because the counter parties agreed to set off and they intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	30.9.2025	30.6.2024	30.9.2025	30.6.2024
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	8,452	68,748	1,620	44,379
Cash and bank balances	68,039	17,994	48,501	12,071
	76,491	86,742	50,121	56,450

13. CASH AND CASH EQUIVALENTS (cont'd)

13.1 Cash and cash equivalents managed by a related party licensed financial institution

Included in deposits with licensed banks and cash and bank balances at the end of the reporting period are the following balances maintained with a related party:

	Group		Company	
	30.9.2025	30.6.2024	30.9.2025	30.6.2024
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	6,314	38,309	-	27,940
Cash and bank balances	50,769	13,528	44,023	12,012
	57,083	51,837	44,023	39,952

14. ASSET TO BE RETURNED TO VENDOR

The hot rolled coil plant of the Group was presented as asset to be returned to vendor following the final award of the arbitration case referred to in Note 35 of the financial statements. The carrying amount of assets to be returned to vendor is as follows:

	Group	
	30.9.2025	30.6.2024
	RM'000	RM'000
Plant and equipment	-	193,132

During the financial period, the Group received payments from the vendor and the plant and equipment was returned to the vendor.

14.1 Material accounting policy information

In the previous financial year, assets that had been identified to fulfil the Group's obligation to return to the vendor following the arbitration awards as discussed in Note 35 were reclassified from property, plant and equipment to current assets. These assets were measured at the lower of their carrying amounts prior to their reclassification.

15. SHARE CAPITAL

	Group/Company			
	30.9.2025		30.6.2024	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Issued and fully paid ordinary shares with no par value				
At 1 July 2024/2023	596,313	641,010	596,313	641,010
Issuance of shares	752,058	315,864	-	-
Private placement share issuance	152,742	64,152	-	-
At 30 September 2025/30 June 2024	1,501,113	1,021,026	596,313	641,010

During the financial period, the Company undertaken the following issuance of ordinary shares:

(i) Issuance of 752,057,840 new ordinary shares to Green Esteel Pte Ltd at an issue price of RM0.42 per share for a total cash consideration of RM315,864,293, representing approximately 50.10% of the enlarged issued share capital after completion of the issuance of shares and private placement.

(ii) Private placement of 152,742,000 new ordinary shares to third-party investor(s) at an issue price of RM0.42 per Placement Share for a total cash consideration of RM64,151,640.

16. RESERVES

		Group		Company	
	Note	30.9.2025 RM'000	30.6.2024 RM'000	30.9.2025 RM'000	30.6.2024 RM'000
Reserves consist of:					
Revaluation reserve	16.1	367,582	402,194	295,644	295,644
Merger reserve	16.2	30,000	30,000	33,600	33,600
Hedging reserve	16.3	77	159	60	-
Executive share scheme reserve	16.4	-	55	-	55
Reserve for own shares	16.5	-	(44)	-	(44)
Accumulated losses		(533,831)	(505,033)	(515,197)	(497,500)
		(136,172)	(72,669)	(185,893)	(168,245)

16.1 The revaluation reserve relates to the revaluation of land and right-of-use assets on land.

16.2 Merger reserve is the difference between the cost of acquisition and the nominal value of the share capital and reserves of the merged subsidiaries.

16.3 Hedging reserve represents the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

16.4 Executive share scheme reserve represents fair value of the share grant offers granted to Employees as disclosed in Note 18(b).

16.5 Reserve for own shares represent Trust Shares purchased by the ESS Trust as disclosed in Note 18(b). As at 30 September 2025, the total number of shares in the Company held by the ESS Trust at the Group was Nil (30.6.2024 : 88,119) shares.

17. DEFERRED INCOME

	Group		Company	
	30.9.2025	**30.6.2024**	**30.9.2025**	**30.6.2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current				
Reinvestment allowance	1,385	1,792	-	143

The tax benefits arising from reinvestment allowance are being amortised over the estimated useful lives of the underlying plant and equipment for which reinvestment allowances were claimed. During the financial period, a total of RM407,000 (Year ended 30.6.2024 : RM1,726,000) and RM143,000 (Year ended 30.6.2024 : RM1,462,000) have been amortised and recognised as other operating income in profit or loss of the Group and of the Company respectively.

18. EMPLOYEE BENEFITS

(a) Unfunded retirement benefits

	Group		Company	
	30.9.2025	**30.6.2024**	**30.9.2025**	**30.6.2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current	19,951	28,063	11,553	15,517
Current	456	912	221	478
	20,407	28,975	11,774	15,995

Movements in net defined benefit liability

	Defined benefit liability	
	30.9.2025	**30.6.2024**
	RM'000	**RM'000**
Group		
At 1 July 2024/2023	28,975	28,772
Included in profit or loss		
Current service cost	1,484	1,299
Interest cost	1,600	1,305
Past service cost	(6,071)	-
	(2,987)	2,604
Included in other comprehensive income/(expense)		
Actuarial loss/(gain) arising from:		
- Demographic assumptions	-	(35)
- Financial assumptions	614	225
- Experience adjustments	1,178	(444)
	1,792	(254)
Others		
Benefits paid	(3,049)	(2,147)
Disposal of a subsidiary	(4,324)	-
At 30 September 2025/30 June 2024	20,407	28,975

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18. EMPLOYEE BENEFITS (cont'd)

(a) Unfunded retirement benefits (cont'd)

Movements in net defined benefit liability (cont'd)

	Defined benefit liability	
	30.9.2025	**30.6.2024**
	RM'000	**RM'000**
Company		
At 1 July 2024/2023	15,995	15,679
Included in profit or loss		
Current service cost	826	731
Interest cost	889	722
Past service cost	(6,071)	-
	(4,356)	1,453
Included in other comprehensive income/(expense)		
Actuarial loss/(gain) arising from:		
- Demographic assumptions	-	(26)
- Financial assumptions	393	133
- Experience adjustments	1,513	157
	1,906	264
Others		
Benefits paid	(1,771)	(1,401)
At 30 September 2025/30 June 2024	11,774	15,995

Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Group		Company	
	30.9.2025	**30.6.2024**	**30.9.2025**	**30.6.2024**
	%	**%**	**%**	**%**
Discount rate	4.10	4.43	4.10	4.43
Expected rates of salary increases	5.00	5.00	5.00	5.00
Weighted-average duration	12.0 years	11.0 years	12.0 years	11.0 years

Sensitivity analysis

The disclosure of sensitivity analysis has not been made as the Directors noted the amount to be inconsequential.

18. EMPLOYEE BENEFITS (cont'd)

(a) Unfunded retirement benefits (cont'd)

Material accounting policy

Certain subsidiaries have 6 unfunded plans, which include a plan established pursuant to the Collective Agreement between the subsidiaries and The Metal Industry Employees' Union for a duration of 3 years which ended on 31 March 2026. The unfunded defined benefits plan obligations are provided for based on triennial actuarial valuations last carried out in September 2025, using the projected unit credit method.

Effective 1 April 2002, the defined benefit plans of all eligible non-unionised employees of the subsidiaries were changed to that of higher EPF contributions depending on years of service. The defined benefit obligations in respect of these employees up to 31 March 2002 under the unfunded old plans were carried forward as provision for retirement benefits in the financial statements. For other eligible employees, the defined benefit obligation is determined based on years of service of employees up to the reporting date.

(b) Executive Share Scheme ("ESS")

The main features of the ESS are, inter alia, as follows:

(i) Eligible executives are those executives of the Group who have been confirmed in service on the date of offer or Directors of the Group. The Board may from time to time at its discretion select and identify suitable eligible executives to be offered options or grants.

(ii) The aggregate number of shares comprised in:

(a) exercised options;
(b) unexercised options;
(c) unexpired option offers and unexpired grant offers pending acceptances by the eligible executives;
(d) outstanding grants;
(e) completed grants; and
(f) exercised options, unexercised options, outstanding grants, completed grants and unexpired offers pending acceptances, under any other executive share schemes established by the Company which are still subsisting,

shall not exceed 10% of the total number of issued ordinary shares (excluding treasury shares) of the Company at any one time ("Maximum Aggregate").

(iii) The option price shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Company preceding the date of offer and shall in no event be less than the par value of the shares of the Company.

(iv) The exercise of the options or vesting of shares may, at the absolute discretion of the Board, be satisfied by way of issuance of new ordinary shares in the Company (unless otherwise adjusted); transfer of existing shares, or a combination of both new shares and existing shares.

(v) At any point in time during the existence of the ESS, the allocation to an eligible executive who, either singly or collectively through persons connected with the eligible executive, holds 20% or more of the total number of issued ordinary shares (excluding treasury shares) of the Company, must not exceed the Maximum Aggregate.

(vi) The option offered to an option holder under the ESOS is exercisable by the option holder or the shares to be vested to a grant holder under the ESGS will be vested to the grant holder only during his employment or directorship with the Group and within the option exercise period of the ESOS, subject to any maximum limit as may be determined by the Board under the By-Laws of the ESS.

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18. EMPLOYEE BENEFITS (cont'd)

(b) Executive Share Scheme ("ESS") (cont'd)

The Company had, on 15 November 2022, implemented an Executive Share Scheme, which comprises an Executive Share Option Scheme ("ESOS") and an Executive Share Grant Scheme ("ESGS") of up to 10% of the total number of issued shares of the Company ("SSB Shares") for eligible executives and/or Directors of the Company and its subsidiaries ("Group") ("ESS 2022"). The ESS 2022 would be in force for a period of 10 years from 15 November 2022.

(i) ESOS

During the financial period ended 30 September 2025 and since the commencement of the ESS 2022, there were no grant or vesting of conditional incentive share options ("Options") over SSB Shares to eligible executives (including directors and chief executives) of the Group.

(ii) ESGS

During the financial period ended 30 September 2025, no free SSB Shares were granted. In the previous financial year, 750,000 free SSB Shares were granted to an eligible executive of the Group, subject to the achievement of certain performance criteria over a performance period.

Since the commencement of the ESS 2022, a total of 13,044,444 (30.06.2024: 13,044,444) free SSB Shares had been granted to eligible executives of the Group, out of which, 12,800,000 (30.06.2024: 12,800,000) free SSB Shares granted were subjected to the achievement of certain performance criteria over a performance period. During the financial period, 162,963 (30.06.2024: 81,481) free SSB Shares had been vested and 11,150,000 (30.06.2024: 1,500,000) free SSB Shares had lapsed, with no (30.06.2024: 11,312,963) free SSB Shares remain outstanding.

The aggregate amount of free SSB Shares granted to a Director/Chief Executive of the Group amounted to 3,744,444 (30.06.2024: 3,744,444) free SSB Shares, out of which 244,444 (30.06.2024: 81,481) free SSB had been vested and 3,500,000 (30.06.2024: Nil) free SSB Shares had been lapsed, with no (30.06.2024: 3,662,963) free SSB Shares remain outstanding.

The aggregate allocation of Options and SSB Shares granted to Directors and senior management of the Group pursuant to the ESS 2022 is at the discretion of the Board provided that such allocation does not exceed the Maximum Aggregate.

The number of free SSB Shares granted are as follows:

	Group		Company	
	30.9.2025	30.6.2024	30.9.2025	30.6.2024
	'000	'000	'000	'000
At 1 July 2024/2023	11,313	12,144	8,063	8,894
Granted during the period/year	-	750	-	750
Lapsed during the period/year	(11,150)	(1,500)	(7,900)	(1,500)
Vested during the period/year	(163)	(81)	(163)	(81)
At 30 September 2025/30 June 2024	-	11,313	-	8,063

18. EMPLOYEE BENEFITS (cont'd)

(b) Executive Share Scheme ("ESS") (cont'd)

Value of employee services received for SSB Shares grant

	Group		Company	
	30.9.2025	**30.6.2024**	**30.9.2025**	**30.6.2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 July 2024/2023	55	1,273	55	934
Lapsed during the period/year	-	(1,173)	-	(839)
Vested during the period/year	(85)	(45)	(85)	(40)
Others	30	-	30	-
At 30 September 2025/30 June 2024	-	55	-	55

Weighted average fair value of SSB Shares grant and assumptions

	Group/Company	
	30.9.2025	**30.6.2024**
Weighted average fair value at grant date	RM0.52 - RM0.58	RM0.58 - RM0.71
At grant date:		
Weighted average share price	RM0.52 - RM0.58	RM0.57 - RM0.72
Expected volatility (weighted average volatility)	35.48% - 56.94%	47.61% - 50.74%
Weighted average expected dividends	0%	0%
Weighted average risk-free interest rate (based on Malaysian government bonds)	3.51% - 3.75%	3.58% - 3.66%

Material accounting policy information

The Group operates equity-settled, share based compensation plans for the employees of the Group under Southern Steel Berhad's Executive Share Scheme ("ESS").

In connection with the ESS, trusts have been set up and are administered by an appointed trustee ("ESS Trust"). The trustee will be entitled from time to time, to accept advances from the Group, upon such terms and conditions as the Group and the trustee may agree to purchase the ordinary shares of the Company from the open market for the ESS Trust ("Trust Shares").

The fair value of the share options or grant offers granted to employees is recognised as an employment cost with a corresponding increase in the executive share scheme reserve over the vesting period. When the share options are exercised or grant offers are completed, the amount from the executive share scheme reserve is transferred to retained earnings as applicable. When the share options are not exercised or grant offers not completed are expired, the amount from the executive share scheme reserve is transferred to retained earnings.

The ESS Trust Shares is amalgamated in the financial statements of the Company for the portion related to the Company and consolidated into the Group's consolidated financial statements as a deduction from equity and classified as reserves for own shares. Dividends received by the ESS Trusts are eliminated against the Company's dividend payment.

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(Cont'd)

19. PROVISION

	Legal RM'000
Group	
At 1 July 2023	1,226
Provision	10,130
Paid during the year	(8,687)
At 30 June 2024/1 July 2024	2,669
Provision	4,008
Paid during the period	(6,677)
At 30 September 2025	-

The provision for legal costs is related to the arbitration as disclosed in Note 35 to the financial statements.

20. TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES

	Note	Group 30.9.2025 RM'000	Group 30.6.2024 RM'000	Company 30.9.2025 RM'000	Company 30.6.2024 RM'000
Trade					
Trade payables					
- Third parties		142,400	88,706	133,050	59,543
- Subsidiaries		-	-	-	2,707
- Associated companies		234	-	234	-
- Related parties		12,030	59	5	19
		154,664	88,765	133,289	62,269
Non-trade					
Amount due to:					
- Subsidiaries	20.1	-	-	46,824	645
- Associated companies	20.1	-	3	-	3
- Related parties	20.1	54	59	-	26
Other payables	20.2	7,037	9,265	3,297	2,390
Accrued expenses		45,303	47,454	39,097	40,514
Derivative financial liabilities:					
- Forward contracts designated as hedge instruments		11	-	-	-
		52,405	56,781	89,218	43,578
		207,069	145,546	222,507	105,847

20. TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES (cont'd)

20.1 The non-trade amounts due to subsidiaries, associated companies and related parties are unsecured, interest-free and repayable on demand.

20.2 In the previous financial year, the amount of RM92,734,000 payable to the vendor of HRC plant included in other payables of the Group was netted off against final award of the arbitration (Note 12.4) as agreed by both parties after the conclusion of the arbitration.

21. CONTRACT LIABILITY

	Group		Company	
	30.9.2025	30.6.2024	30.9.2025	30.6.2024
	RM'000	RM'000	RM'000	RM'000
Contract liability	3,922	193,132	522	-

The contract liability as at the financial period end represents advance payment received from customers.

In the previous financial year, the contract liability primarily relates to the arbitration award following the outcome of the arbitration case referred to in Note 35 of the financial statements. It is the Group's obligation to return the asset to the vendor as disclosed in Note 14. During the financial period, this amount was reversed upon the return of the relevant asset.

22. LOANS AND BORROWINGS

	Group		Company	
	30.9.2025	30.6.2024	30.9.2025	30.6.2024
	RM'000	RM'000	RM'000	RM'000
Non-current - unsecured				
Term loans	-	143,900	-	143,900
Current - unsecured				
Trade financing	220,845	574,661	209,435	514,830
Revolving credits	50,000	75,900	40,000	55,900
Term loans	-	78,000	-	78,000
	270,845	728,561	249,435	648,730
	270,845	872,461	249,435	792,630

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(Cont'd)

22. LOANS AND BORROWINGS (cont'd)

22.1 Interest rates

	Group		Company	
	30.9.2025	30.6.2024	30.9.2025	30.6.2024
	%	%	%	%
	Per annum	Per annum	Per annum	Per annum
Trade financing/Revolving credits	3.27- 5.34	3.87 - 5.31	3.27 - 5.34	3.87 - 4.74
Term loans	5.51- 5.77	5.41 - 6.13	5.51 - 5.77	5.41 - 6.13

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

	At 1.7.2023	Drawdown	Repayments	At 30.6.2024
	RM'000	RM'000	RM'000	RM'000
Group				
Trade financing	516,659	3,163,516	(3,105,514)	574,661
Revolving credits	71,900	8,000	(4,000)	75,900
Term loans	259,400	-	(37,500)	221,900
	847,959	3,171,516	(3,147,014)	872,461
Lease liabilities	10,969	-	(2,142)	8,827
	858,928	3,171,516	(3,149,156)	881,288
Company				
Trade financing	460,534	2,704,338	(2,650,042)	514,830
Revolving credits	55,900	-	-	55,900
Term loans	259,400	-	(37,500)	221,900
	775,834	2,704,338	(2,687,542)	792,630
Lease liabilities	10,969	-	(2,142)	8,827
	786,803	2,704,338	(2,689,684)	801,457

22. LOANS AND BORROWINGS (cont'd)

22.2 Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	At 1.7.2024 RM'000	Drawdown RM'000	Repayments RM'000	Acquisition of new lease RM'000	Termination of lease RM'000	Disposal of a subsidiary RM'000	At 30.9.2025 RM'000
Group							
Trade financing	574,661	2,547,421	(2,898,237)	-	-	(3,000)	220,845
Revolving credits	75,900	-	(25,900)	-	-	-	50,000
Term loans	221,900	-	(221,900)	-	-	-	-
	872,461	2,547,421	(3,146,037)	-	-	(3,000)	270,845
Lease liabilities	8,827	-	(2,470)	2,664	(7,324)	-	1,697
	881,288	2,547,421	(3,148,507)	2,664	(7,324)	(3,000)	272,542
Company							
Trade financing	514,830	2,195,970	(2,501,365)	-	-	-	209,435
Revolving credits	55,900	-	(15,900)	-	-	-	40,000
Term loans	221,900	-	(221,900)	-	-	-	-
	792,630	2,195,970	(2,739,165)	-	-	-	249,435
Lease liabilities	8,827	-	(2,470)	2,664	(7,324)	-	1,697
	801,457	2,195,970	(2,741,635)	2,664	(7,324)	-	251,132

Notes to the
Financial Statements
(Cont'd)

23. REVENUE

		Group		Company	
	Note	Period from 1.7.2024 to 30.9.2025	Year ended 30.6.2024	Period from 1.7.2024 to 30.9.2025	Year ended 30.6.2024
		RM'000	RM'000	RM'000	RM'000
Continuing operations					
Revenue from contracts with customers					
- sale of goods	23.1	2,679,752	2,246,895	1,973,066	1,670,356
Other revenue:					
Dividend income		-	-	18,637	8,276
Total revenue	23.1	2,679,752	2,246,895	1,991,703	1,678,632

23.1 Disaggregation of revenue

	Group		Company	
	Period from 1.7.2024 to 30.9.2025	Year ended 30.6.2024	Period from 1.7.2024 to 30.9.2025	Year ended 30.6.2024
	RM'000	RM'000	RM'000	RM'000
Primary geographical markets				
Malaysia	2,448,308	1,986,617	1,868,923	1,530,519
Singapore	28,858	17,448	2,222	-
Taiwan	18,175	14,934	-	-
The United States of America	32,973	35,196	-	-
Australia	105,894	111,899	94,838	100,459
Papua New Guinea	-	8,857	-	8,857
Japan	2,795	514	2,795	514
Maldives	4,741	8,196	-	-
Middle East	3,793	3,637	-	-
Philippines	11,988	11,150	-	-
Bangladesh	-	5,463	-	5,463
Vanuatu	-	3,371	-	3,371
Vietnam	13,448	18,699	-	67
South Pacific Island	4,288	-	4,288	-
Others	4,491	20,914	-	21,106
	2,679,752	2,246,895	1,973,066	1,670,356

23. REVENUE (cont'd)

23.1 Disaggregation of revenue (cont'd)

	Group		Company	
	Period from 1.7.2024 to 30.9.2025	Year ended 30.6.2024	Period from 1.7.2024 to 30.9.2025	Year ended 30.6.2024
	RM'000	RM'000	RM'000	RM'000
Major products				
Bars, wire rod, wire mesh, cut and bend and pre-stressed concrete wire	2,320,649	1,935,605	1,945,293	1,656,731
Flat steel	328,055	298,662	-	-
Scraps	31,048	12,611	27,773	13,625
Others	-	17	-	-
	2,679,752	2,246,895	1,973,066	1,670,356
Timing and recognition				
At a point in time	2,679,752	2,246,895	1,973,066	1,670,356
Revenue from contracts with customers	2,679,752	2,246,895	1,973,066	1,670,356
Other revenue	-	-	18,637	8,276
Total revenue	2,679,752	2,246,895	1,991,703	1,678,632

23.2 Nature of goods and services

The following information reflects the typical transactions of the Group and of the Company:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Bars, wire rod, wire mesh, cut and bend and pre-stressed concrete wire	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 60 days from invoice date/end of month for local sales. Letter of credit terms for export sales.	Volume incentives/ early payment rebates or export rebates are given to customers, where applicable.	Credit notes issued for defect items/ allow returns for exchange with new goods, where applicable.	Not applicable.
Flat steel	Revenue is local sales 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 90 days from invoice date for local sales. Letter of credit terms for export sales.	Early payment rebates are given to customers, where applicable.	Credit notes issued for defect items, where applicable.	Not applicable.
Scraps	Revenue is recognised at a point in time when the goods are delivered and accepted by the subsidiaries.	Credit period of 14 days from invoice date.	Not applicable.	Not applicable.	Not applicable.

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

Notes to the Financial Statements
(Cont'd)

24. FINANCE COSTS

	Group		Company	
	Period from 1.7.2024 to 30.9.2025	Year ended 30.6.2024	Period from 1.7.2024 to 30.9.2025	Year ended 30.6.2024
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Borrowings	32,873	41,749	29,753	37,823
Lease liabilities	576	500	576	500
Others	1,178	1,251	330	457
	34,627	43,500	30,659	38,780

25. LOSS BEFORE TAXATION

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

	Group		Company	
	Period from 1.7.2024 to 30.9.2025	Year ended 30.6.2024	Period from 1.7.2024 to 30.9.2025	Year ended 30.6.2024
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
Statutory audits				
- KPMG PLT				
- Current period/year	327	395	187	185
- Prior years	5	-	17	-
Other services				
- KPMG PLT	7	7	7	7
- Affiliates of KPMG PLT	127	121	19	20
Amortisation of deferred income	(407)	(1,726)	(143)	(1,462)
Dividend income from subsidiaries	-	-	(18,637)	(8,276)
Personnel expenses (including Directors' remuneration)				
- Salaries and other expenses	128,335	104,292	67,399	51,571
- Contribution to Employees' Provident Fund	10,617	9,617	6,096	5,648
- Retirement benefits	(2,987)	2,604	(4,356)	1,453
- Share-based payments	30	(1,173)	30	(839)
	135,995	115,340	69,169	57,833
Loss/(Gain) on foreign exchange				
- realised	3,146	(633)	1,641	103
- unrealised	20	284	-	54

25. LOSS BEFORE TAXATION (cont'd)

Loss before taxation is arrived at after charging/(crediting): (cont'd)

	Group		Company	
	Period from 1.7.2024 to 30.9.2025 RM'000	Year ended 30.6.2024 RM'000	Period from 1.7.2024 to 30.9.2025 RM'000	Year ended 30.6.2024 RM'000
Property, plant and equipment				
- Gain on disposal	(13,890)	(15)	(10,766)	(7)
- Write-off	1,463	9	150	9
- Impairment loss	24,205	-	11,267	-
Goodwill written off	10,489	-	-	-
Loss on termination of lease	7,697	-	7,697	-
Loss/(Gain) on disposal of a subsidiary	7,959	-	(4,047)	-
(Reversal of)/Provision for impairment loss on investment in a subsidiary	-	-	(34,852)	935
Management fee income	-	-	(4,286)	(3,527)
Net gain on impairment of financial instruments				
Financial assets at amortised cost				
- Trade receivables	(199)	(404)	(199)	-
Expenses/(Income) arising from lease				
Expenses relating to short-term lease **(Note a)**	798	569	236	117
Income from subleasing of right-of-use assets	-	-	(225)	(180)

Note a

The Group and the Company lease hostel with contract term of less than a year. These leases are short-term leases. The Group and the Company have elected not to recognise right-of-use assets and lease liabilities.

26. TAXATION

	Group		Company	
	Period from 1.7.2024 to 30.9.2025 RM'000	Year ended 30.6.2024 RM'000	Period from 1.7.2024 to 30.9.2025 RM'000	Year ended 30.6.2024 RM'000
Current taxation				
- Current period/year	1,730	5,358	315	4,011
- Prior year	1,184	1	336	-
	2,914	5,359	651	4,011
Deferred taxation				
- Current period/year	(688)	(8,046)	(3,425)	(7,096)
- Prior year	34	26	-	-
	(654)	(8,020)	(3,425)	(7,096)
	2,260	(2,661)	(2,774)	(3,085)

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Financial Statements
(Cont'd)

26. TAXATION (cont'd)

The reconciliation of income tax applicable to loss before taxation at the statutory income tax rate to income tax at the effective tax rate of the Group and of the Company are as follows:

	Group		Company	
	Period from 1.7.2024 to 30.9.2025	**Year ended 30.6.2024**	**Period from 1.7.2024 to 30.9.2025**	**Year ended 30.6.2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Loss for the period/year	(60,292)	(55,622)	(14,634)	(61,295)
Total income tax expense	2,260	(2,661)	(2,774)	(3,085)
Loss excluding tax, including discontinued operation	(58,032)	(58,283)	(17,408)	(64,380)
Taxation at Malaysian statutory tax rate of 24%	(13,928)	(13,988)	(4,178)	(15,451)
Non-deductible expenses	14,302	6,702	3,312	4,291
Non-taxable income	(13,661)	(3,458)	(12,929)	(2,539)
Effect of lower Capital Gain Tax rate for gain on disposal of a subsidiary	(657)	-	(657)	-
Difference attributable to associated companies	473	84	-	-
Deferred tax assets not recognised	14,003	8,025	11,256	10,500
Others	510	(53)	86	114
	1,042	(2,688)	(3,110)	(3,085)
Under provision in prior years	1,218	27	336	-
	2,260	(2,661)	(2,774)	(3,085)

Global minimum top-up tax

On 1 January 2025, the Government of Malaysia has enacted a new legislation to implement the global minimum top-up tax. The Group and the Company is currently assessing the top-up tax in relation to its operations in Malaysia. However, there is no current tax impact for the period ended 30 September 2025 since the newly enacted tax legislation in Malaysia will only come into effect in year of assessment 2026 for the Group and the Company.

The Group and the Company have applied the temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

27. (LOSS)/EARNING PER ORDINARY SHARE

Basic (loss)/earning per ordinary share

The calculation of basic (loss)/earning per ordinary share at 30 September 2025 is based on the (loss)/profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

(Loss)/Earning attributable to ordinary shareholders

	Continuing operations RM'000	Discontinued operation RM'000	Total RM'000
Group			
Period from 1.7.2024 to 30.9.2025			
(Loss)/Profit attributable to ordinary shareholders	(108,244)	47,813	(60,431)
Year ended 30.6.2024			
(Loss)/Profit attributable to ordinary shareholders	(56,806)	963	(55,843)

Weighted average number of ordinary shares (basic)

	30.9.2025 '000	30.6.2024 '000
Issued ordinary shares at 1 July 2024/2023	596,313	596,313
Effect of Issuance of shares during the year	514,766	-
Effect of ESS Trust Shares held	(131)	(85)
Effect of ESS Trust Shares vested	78	33
Weighted numbers of ordinary shares at 30 September 2025/30 June 2024	1,111,026	596,261

	Sen	Sen
From continuing operations	(9.74)	(9.53)
From discontinued operation	4.30	0.16
Basic (loss)/earning per ordinary share	(5.44)	(9.37)

Diluted (loss)/earning per ordinary share

The Group's diluted (loss)/earning per ordinary shares for the financial period ended 30 September 2025 is the same as the basic (loss)/earning per ordinary share since the Group does not have any anti-dilutive instrument.

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28. OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD/YEAR

	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
Group			
Period from 1.7.2024 to 30.9.2025			
Items that will not be reclassified subsequently to profit or loss			
Loss on fair value of equity investments at fair value through other comprehensive income	(184)	-	(184)
Re-measurement of defined benefit liability	(1,792)	430	(1,362)
	(1,976)	430	(1,546)
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedge			
- Loss arising during the period	(87)	-	(87)
	(87)	-	(87)
	(2,063)	430	(1,633)
Year ended 30.6.2024			
Items that will not be reclassified subsequently to profit or loss			
Gain on fair value of equity investments at fair value through other comprehensive income	19	-	19
Re-measurement of defined benefit liability	254	(61)	193
	273	(61)	212
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations			
- Loss arising during the year	(151)	-	(151)
Cash flow hedge			
- Gain arising during the year	139	-	139
- Reclassification adjustment for loss included in profit or loss	1	-	1
	140	-	140
	(11)	-	(11)
	262	(61)	201

28. OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD/YEAR (cont'd)

	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
Company			
Period from 1.7.2024 to 30.9.2025			
Items that will not be reclassified subsequently to profit or loss			
Loss on fair value of equity investments at fair value through other comprehensive income	(184)	-	(184)
Re-measurement of defined benefit liability	(1,906)	457	(1,449)
	(2,090)	457	(1,633)
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedge			
- Gain arising during the period	60	-	60
	(2,030)	457	(1,573)
Year ended 30.6.2024			
Items that will not be reclassified subsequently to profit or loss			
Gain on fair value of equity investments at fair value through other comprehensive income	19	-	19
Re-measurement of defined benefit liability	(264)	63	(201)
	(245)	63	(182)
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedge			
- Loss arising during the year	(1)	-	(1)
	(246)	63	(183)

Notes to the
Financial Statements
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29. DISCONTINUED OPERATION

Following the final award from the arbitration as discussed in Note 35, the Group is required to return the hot rolled coil plant to the vendor. Consequently, the operation of this plant is classified as a discontinued operation.

Profit attributable to the discontinued operation was as follows:

Results of discontinued operation

	Group	
	Period from 1.7.2024 to 30.9.2025	**Year ended 30.6.2024**
	RM'000	**RM'000**
Income	56,178	11,712
Expenses	(8,365)	(16,042)
Result from operating activities	47,813	(4,330)
Interest income	-	5,293
Profit for the period/year	47,813	963

The profit from discontinued operation of RM47,813,000 (Year ended 30.6.2024 : RM963,000) is attributable entirely to the owners of the Company.

	Group	
	Period from 1.7.2024 to 30.9.2025	**Year ended 30.6.2024**
	RM'000	**RM'000**
Cash flows from/(used in) discontinued operation		
Net cash from/(used in) operating activities	192,538	(4,027)
Effect on cash flows	192,538	(4,027)

Profit for the period/year for the discontinued operation is arrived after charging/(crediting):

	Group	
	Period from 1.7.2024 to 30.9.2025	**Year ended 30.6.2024**
	RM'000	**RM'000**
Interest income	-	(5,293)
Reversal of provision for write-down of inventories	-	(112)
Unrealised gain on foreign exchange	-	(11,712)
Gain on settlement of arbitration	(56,178)	-
Legal costs	4,008	10,130
Depreciation of property, plant and equipment	3,942	5,279

30. RELATED PARTIES

30.1 The Group has related party transactions with corporations which are related to the Directors and/or major shareholders of the Company and/or related corporations and/or persons connected with them as follows:

(i) Green Esteel Pte Ltd, the holding company of the Company together with its subsidiaries (collectively referred to as "Green Esteel Group").

(ii) Hong Leong Company (Malaysia) Berhad ("HLCM") is a major shareholder of the Company through Hong Leong Manufacturing Group Sdn Bhd ("HLMG"), GuoLine Capital Assets Limited is a person connected with certain major shareholders of the Company and persons connected with them (collectively referred to as "Hong Leong Group").

(iii) Hong Bee Hardware Company, Sdn Bhd ("HBH") and Hong Bee Engineering Sdn Bhd ("HBE") are persons connected with Mr Kwek Leng Kee and Mr Kwek Leng Beng, both major shareholders of the Company; and

(iv) Hong Leong Asia Ltd is a person connected with Mr Kwek Leng Kee and Mr Kwek Leng Beng, both major shareholders of the Company.

Significant transactions with related parties are as follows:

(i) Transactions with subsidiaries

		Company	
		Period from 1.7.2024 to 30.9.2025	**Year ended 30.6.2024**
		RM'000	**RM'000**
(a)	Sale of goods	213,164	354,470
(b)	Purchase of goods	38,447	45,299
(c)	Rental income	624	576
(d)	Management fees income	4,210	3,527
(e)	Dividend income	18,637	8,276
(f)	Advance received	46,179	-

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30. RELATED PARTIES (cont'd)

Significant transactions with related parties are as follows: (cont'd)

(ii) Transactions with related parties

		Group		Company	
	Related party	Period from 1.7.2024 to 30.9.2025 RM'000	Year ended 30.6.2024 RM'000	Period from 1.7.2024 to 30.9.2025 RM'000	Year ended 30.6.2024 RM'000
Transactions					
(a) Receipt of Group management and/or support services	Hong Leong Group	2,169	4,049	1,626	2,036
(b) Sale of goods	Green Esteel Group	9,694	-	7,613	-
	HBH & HBE	62,931	64,273	37,133	35,795
	Hong Leong Group	3,745	4,328	2,422	2,355
	Associated companies	31,394	93	31,394	93
(c) Purchase of goods	Green Esteel Group	202,320	-	137,878	-
	Associated companies	3,681	-	3,658	-
(d) Purchase of insurance	Hong Leong Group	7,030	7,542	4,047	3,707
(e) Management fees income	Associated companies	76	-	76	-

Significant balances with related parties of the Group and of the Company at the reporting date are disclosed in Note 12, Note 13 and Note 20.

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

30. RELATED PARTIES (cont'd)

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

The fees, remuneration and other benefits of the Directors of the Company are as follows:

	Note	Group/Company Period from 1.7.2024 to 30.9.2025 RM'000	Group/Company Year ended 30.6.2024 RM'000
Executive Directors			
Remuneration and other benefits	30.2.1		
- Current Directors		2,146	1,548
Executive Share Scheme ("ESS") received			
- Current Directors		77	45
		2,223	1,593
Non-Executive Directors			
Fees	30.2.2		
- Current Directors		558	480
- Past Directors		42	-
		600	480

30.2.1 The estimated monetary value of benefit-in-kind of the Directors of the Company is RM121,000 (Year ended 30.6.2024 : RM52,342).

30.2.2 This includes the fee for Directors which has been assigned in favour of the Company where the Director is employed.

31. OPERATING SEGMENTS

The Board of Directors reviews financial reports at least on a quarterly basis. Operating segments are components in which separate financial information that is available and is evaluated by the Board of Directors on resource allocation and in assessing performance.

The Group comprises the following reportable segments:

- Steel products — Includes manufacturing, sale and trading in billets, steel bars, wire rods, pre-stressed concrete strands, bars and wires, steel pipes, steel wires and other related products.
- Investment holding and others — Includes investment holding activities.
- Hot rolled coil operation — Includes manufacturing, sale and trading of hot rolled coils, this segment was discontinued upon the conclusion of material litigation as discussed in Note 35 of the financial statements.

Notes to the
Financial Statements
(Cont'd)

31. OPERATING SEGMENTS (cont'd)

Segment profit/(loss)

Performance is measured based on segment profit/(loss) before interest income, finance costs, share of profit or loss of associated companies and taxation as included in the internal management reports that are reviewed by the Board of Directors.

Segment assets

Segment assets information is not presented to the Board of Directors and hence, no disclosure is made on the segment assets.

Segment liabilities

Segment liabilities information is not presented to the Board of Directors and hence, no disclosure is made on the segment liabilities.

Reconciliation of the Group's reportable segment profit/(loss)

	Steel products	Investment holding and others	Discontinued Hot rolled coil operation	Total
	RM'000	RM'000	RM'000	RM'000
30.9.2025				
Segment (loss)/profit	(74,156)	(1,188)	47,813	(27,531)
Interest income	6,098	-	-	6,098
Finance costs	(34,627)	-	-	(34,627)
Share of loss in associated companies, net of tax	-	(1,972)	-	(1,972)
Consolidated loss before taxation				(58,032)
Included in the measure of segment (loss)/profit are:				
Revenue from external for customers	2,679,752	-	-	2,679,752
Provision for write down of inventories	(1,340)	-	-	(1,340)
Depreciation of:				
- Property, plant and equipment	(23,852)	-	(3,942)	(27,794)
- Right-of-use assets	(22,421)	(778)	-	(23,199)
Impairment loss on property, plant and equipment	(24,205)	-	-	(24,205)
Goodwill written-off	(10,489)	-	-	(10,489)
Loss on termination of lease	(7,697)	-	-	(7,697)
Amortisation of deferred income	407	-	-	407
Unrealised foreign exchange loss	(20)	-	-	(20)

31. OPERATING SEGMENTS (cont'd)

Reconciliation of the Group's reportable segment profit/(loss) (cont'd)

	Steel products RM'000	Investment holding and others RM'000	Discontinued Hot rolled coil operation RM'000	Total RM'000
30.6.2024				
Segment (loss)/profit	(17,597)	(856)	(4,330)	(22,783)
Interest income	3,058	-	5,293	8,351
Finance costs	(43,500)	-	-	(43,500)
Share of loss in associated companies, net of tax	-	(351)	-	(351)
Consolidated loss before taxation				(58,283)
Included in the measure of segment (loss)/profit are:				
Revenue from external for customers	2,246,895	-	-	2,246,895
Reversal of provision for write down of inventories	6,064	-	112	6,176
Depreciation of:				
- Property, plant and equipment	(22,166)	-	(5,279)	(27,445)
- Right-of-use assets	(17,930)	(878)	-	(18,808)
Amortisation of deferred income	1,726	-	-	1,726
Unrealised foreign exchange (loss)/gain	(284)	-	11,712	11,428

Major customer

During the financial period, there was no revenue from one single customer that contributed to more than 10% of the Group's revenue.

Geographical information

Revenue of the Group by geographical locations of the customers is disclosed in Note 23.

Non-current assets (except for investment in associated companies, financial instruments, deferred tax assets and tax credit receivable) of the Group by geographical locations of the assets are located in Malaysia.

32. CAPITAL COMMITMENTS

	Group		Company	
	30.9.2025 RM'000	30.6.2024 RM'000	30.9.2025 RM'000	30.6.2024 RM'000
Property, plant and equipment				
- Contracted but not provided for	3,841	3,677	1,690	2,309

Notes to the **Financial Statements**
(Cont'd)

33. FINANCIAL INSTRUMENTS

33.1 Categories of financial instruments

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

(a) Financial assets measured at amortised cost ("FAAC");
(b) Fair value through profit or loss ("FVTPL") - Designated upon initial recognition ("DUIR");
(c) Fair value through other comprehensive income ("FVOCI") - Equity instrument designated upon initial recognition ("EIDUIR"); and
(d) Financial liabilities measured at amortised cost ("FLAC")

	Carrying amount	FAAC	FVOCI - EIDUIR	Derivatives used for hedging
	RM'000	RM'000	RM'000	RM'000
30.9.2025				
Financial assets				
Group				
Other investments	229	-	229	-
Trade and other receivables, including derivatives (excluding deposits and prepayments)	151,069	151,009	-	60
Cash and cash equivalents	76,491	76,491	-	-
	227,789	227,500	229	60
Company				
Other investments	229	-	229	-
Trade and other receivables, including derivatives (excluding deposits and prepayments)	102,323	102,263	-	60
Cash and cash equivalents	50,121	50,121	-	-
	152,673	152,384	229	60

33. FINANCIAL INSTRUMENTS (cont'd)

33.1 Categories of financial instruments (cont'd)

	Carrying amount RM'000	FAAC RM'000	FVOCI - EIDUIR RM'000	Derivatives used for hedging RM'000
30.6.2024				
Financial assets				
Group				
Other investments	413	-	413	-
Trade and other receivables, including derivatives (excluding deposits and prepayments)	304,832	304,696	-	136
Cash and cash equivalents	86,742	86,742	-	-
	391,987	391,438	413	136
Company				
Other investments	413	-	413	-
Trade and other receivables, including derivatives (excluding deposits and prepayments)	82,676	82,676	-	-
Cash and cash equivalents	56,450	56,450	-	-
	139,539	139,126	413	-

	Carrying amount RM'000	FLAC RM'000	Derivatives used for hedging RM'000
30.9.2025			
Financial liabilities			
Group			
Loans and borrowings	270,845	270,845	-
Trade and other payables, including derivatives	207,069	207,058	11
	477,914	477,903	11

Notes to the Financial Statements
(Cont'd)

33. FINANCIAL INSTRUMENTS (cont'd)

33.1 Categories of financial instruments (cont'd)

	Carrying amount RM'000	FLAC RM'000	Derivatives used for hedging RM'000
30.9.2025			
Financial liabilities			
Company			
Loans and borrowings	249,435	249,435	-
Trade and other payables, including derivatives	222,507	222,507	-
	471,942	471,942	-
30.6.2024			
Financial liabilities			
Group			
Loans and borrowings	872,461	872,461	-
Trade and other payables, including derivatives	145,546	145,546	-
	1,018,007	1,018,007	-
Company			
Loans and borrowings	792,630	792,630	-
Trade and other payables, including derivatives	105,847	105,847	-
	898,477	898,477	-

33. FINANCIAL INSTRUMENTS (cont'd)

33.2 Net gains and losses arising from financial instruments

	Group		Company	
	Period from 1.7.2024 to 30.9.2025	**Year ended 30.6.2024**	**Period from 1.7.2024 to 30.9.2025**	**Year ended 30.6.2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net gains/(losses) arising on:				
Financial assets measured at amortised cost				
- Interest income	6,098	8,351	4,610	1,673
- Reversal of impairment loss	199	404	199	-
- Net foreign exchange (loss)/gain	(3,420)	11,324	(1,767)	(243)
	2,877	20,079	3,042	1,430
Net gains/(losses) arising on:				
Financial liabilities measured at amortised cost				
- Interest expense	(32,873)	(41,749)	(29,753)	(37,823)
- Net foreign exchange (loss)/gain	254	737	126	86
	(32,619)	(41,012)	(29,627)	(37,737)
Fair value through profit or loss:				
- (Loss)/Gain on financial instruments designated as hedge instruments	(87)	139	60	-
Fair value through other comprehensive income:				
- Fair value (loss)/gain on equity investment	(184)	19	(184)	19
	(30,013)	(20,775)	(26,709)	(36,288)

33.3 Financial risk management

The Group and the Company have exposures 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 Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk principally arises from the individual characteristics of each customer, receivables from a vendor and bank balances. The Company's exposure to credit risk arises principally from advances to subsidiaries. There are no significant changes as compared to prior years.

Notes to the Financial Statements
(Cont'd)

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Financial risk management (cont'd)

(a) Credit risk (cont'd)

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 Group and the Company assess whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or 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 and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous years.

Exposure to credit risk and credit quality

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements 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 Group and the Company. The Group and the Company use 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.

Concentration of credit risk

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

	Group		Company	
	30.9.2025	**30.6.2024**	**30.9.2025**	**30.6.2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Malaysia	129,021	135,610	88,678	76,312
Singapore	2,946	2,508	1,177	-
Vietnam	146	3,994	-	-
The United States of America	1,346	7,393	-	-
Australia	566	1,263	566	1,263
Others	1,846	6,688	-	2,292
	135,871	157,456	90,421	79,867

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Financial risk management (cont'd)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

Expected credit loss ("ECL") assessment for trade receivables as at period end

The Group and the Company use 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.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 September 2025/30 June 2024.

	Gross carrying amount RM'000	Loss allowances RM'000	Net carrying amount RM'000
30.9.2025			
Group			
Not past due	104,056	-	104,056
Past due 1 - 30 days	27,844	-	27,844
Past due 31 - 60 days	3,850	-	3,850
Past due 91 - 120 days	121	-	121
	135,871	-	135,871
Company			
Not past due	69,076	-	69,076
Past due 1 - 30 days	21,049	-	21,049
Past due 31 - 60 days	296	-	296
	90,421	-	90,421

Notes to the **Financial Statements**

(Cont'd)

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Financial risk management (cont'd)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

Expected credit loss ("ECL") assessment for trade receivables as at period end (cont'd)

	Gross carrying amount RM'000	Loss allowances RM'000	Net carrying amount RM'000
30.6.2024			
Group			
Not past due	119,646	-	119,646
Past due 1 - 30 days	35,315	-	35,315
Past due 31 - 60 days	1,011	-	1,011
Past due 61 - 90 days	1,457	-	1,457
Past due 91 - 120 days	24	-	24
	157,453	-	157,453
Credit impaired			
Past due more than 120 days	4,252	(4,249)	3
	161,705	(4,249)	157,456
Company			
Not past due	53,689	-	53,689
Past due 1 - 30 days	25,384	-	25,384
Past due 61 - 90 days	770	-	770
Past due 91 - 120 days	24	-	24
	79,867	-	79,867
Credit impaired			
Past due more than 120 days	199	(199)	-
	80,066	(199)	79,867

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Financial risk management (cont'd)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

Movements in the allowance for impairment in respect of trade receivables

The movements in the allowance for impairment in respect of trade receivables during the period are as follows:

	Group		Company	
	30.9.2025	30.6.2024	30.9.2025	30.6.2024
	RM'000	RM'000	RM'000	RM'000
Balance at 1 July 2024/2023	4,249	4,653	199	199
Net measurement of loss allowance	(199)	(404)	(199)	-
Written off	(3,804)	-	-	-
Disposal of a subsidiary	(246)	-	-	-
Balance at 30 September 2025/ 30 June 2024	-	4,249	-	199

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group or 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

Credit risk on other receivables is mainly arising from receivables from sale of plant and equipment. In the previous financial year, other receivables were mainly in respect of receivable of plant's vendor amounting to RM143 million in relation to the final award of the arbitration case as discussed in Note 12 and Note 35.

Expected credit loss of other receivables is determined individually after considering the financial strength of the other receivables. Based on management's assessment, the probability of the default of amount owing by the vendors are low. Nevertheless, in arriving at the amortised cost, management has factored in certain assumptions on recovery, of which further disclosure will be prejudicial to the Group. During the financial period, the receivable from plant's vendor has been received.

Intercompany balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

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.

Notes to the **Financial Statements**
(Cont'd)

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Financial risk management (cont'd)

(a) Credit risk (cont'd)

Intercompany balances (cont'd)

Impairment losses

As at the end of the reporting period, there was no indication that the advances to the subsidiaries were not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries.

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's short-term deposits are placed as fixed rates investments and upon which management endeavors to obtain the best rate available in the market.

Cash and cash equivalents of the Group and of the Company are placed with licensed financial institutions which are mainly placed with a related party licensed financial institution as disclosed in Note 13 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 statements of financial position.

Impairment losses

The Group and the Company consider that their cash and cash equivalents have low credit risk.

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group and the Company. Transactions involving derivative financial instruments are with approved financial institutions.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group and the Company have invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations. The Group and the Company do not have overdue investments that have not been impaired.

Impairment losses

As at the end of the reporting period, there were no significant financial difficulties being experienced by the issuer.

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Financial risk management (cont'd)

(b) Liquidity risk

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

The Group and the Company actively manage their operating cash flows and the availability of funding so as to ensure that all repayments and funding needs are met. As part of its overall liquidity management, the Group and the Company maintain sufficient levels of cash and facilities from banks 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 Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount	Contractual interest rates/ Discount rate per annum	Contractual cash flows	Under 1 year	1-2 years	2-5 years	More than 5 years
	RM'000	%	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
30.9.2025							
Non-derivative financial liabilities							
Loans and borrowings	270,845	3.27 - 5.34	270,845	270,845	-	-	-
Lease liabilities	1,697	5.00	1,753	1,402	351	-	-
Trade and other payables	207,058	-	207,058	207,058	-	-	-
	479,600		479,656	479,305	351	-	-
Derivative financial liabilities/(assets)							
Forward exchange contracts:							
- outflow	11	-	122,770	122,770	-	-	-
- inflow	(60)	-	(122,819)	(122,819)	-	-	-
	479,551		479,607	479,256	351	-	-

Notes to the **Financial Statements**
(Cont'd)

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Financial risk management (cont'd)

(b) Liquidity risk (cont'd)

Maturity analysis (cont'd)

	Carrying amount	Contractual interest rates/ Discount rate per annum	Contractual cash flows	Under 1 year	1-2 years	2-5 years	More than 5 years
	RM'000	%	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
30.6.2024							
Non-derivative financial liabilities							
Loans and borrowings	872,461	3.87 - 6.13	888,613	738,512	95,537	54,564	-
Lease liabilities	8,827	5.00	11,424	1,770	898	2,694	6,062
Trade and other payables	145,546	-	145,546	145,546	-	-	-
	1,026,834		1,045,583	885,828	96,435	57,258	6,062
Derivative financial liabilities/(assets)							
Forward exchange contracts:							
- outflow	-	-	26,561	26,561	-	-	-
- inflow	(136)	-	(26,697)	(26,697)	-	-	-
	1,026,698		1,045,447	885,692	96,435	57,258	6,062

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Financial risk management (cont'd)

(b) Liquidity risk (cont'd)

Maturity analysis (cont'd)

	Carrying amount RM'000	Contractual interest rates/ Discount rate per annum %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Company							
30.9.2025							
Non-derivative financial liabilities							
Loans and borrowings	249,435	3.27 - 5.34	249,435	249,435	-	-	-
Lease liabilities	1,697	5.00	1,753	1,402	351	-	-
Trade and other payables	222,507	-	222,507	222,507	-	-	-
	473,639		473,695	473,344	351	-	-
Derivative financial liabilities/(assets)							
Forward exchange contracts:							
- outflow	-	-	120,867	120,867	-	-	-
- inflow	(60)	-	(120,927)	(120,927)	-	-	-
	473,579		473,635	473,284	351	-	-
30.6.2024							
Non-derivative financial liabilities							
Loans and borrowings	792,630	3.87 - 6.13	809,045	658,944	95,537	54,564	-
Lease liabilities	8,827	5.00	11,424	1,770	898	2,694	6,062
Trade and other payables	105,847	-	105,847	105,847	-	-	-
	907,304		926,316	766,561	96,435	57,258	6,062

Notes to the
Financial Statements
(Cont'd)

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Financial risk management (cont'd)

(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 Group's and the Company's financial position or cash flows.

(i) Currency risk

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

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 Group's and the Company's exposures to foreign currency (a currency other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period were:

	Group		**Company**	
	30.9.2025	**30.6.2024**	**30.9.2025**	**30.6.2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Amount denominated in USD:				
Trade and other receivables	4,066	19,338	566	4,535
Trade and other payables	(52,986)	(525)	(37,273)	(306)
Cash and bank balances	9,607	17,271	1,760	12,378
Forward exchange contracts	58	138	60	-
Net exposure	(39,255)	36,222	(34,887)	16,607
Amount denominated in SGD:				
Trade and other receivables	1,607	1,600	-	-
Trade and other payables	-	(103)	-	(103)
Cash and bank balances	3,656	72	-	-
Forward exchange contracts	-	(2)	-	-
Net exposure	5,263	1,567	-	(103)
Amount denominated in EURO:				
Trade and other receivables	-	142,892	-	-
Trade and other payables	(17)	(60)	(17)	(50)
Net exposure	(17)	142,832	(17)	(50)

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Financial risk management (cont'd)

(c) Market risk (cont'd)

(i) Currency risk (cont'd)

Exposure to foreign currency risk (cont'd)

Currency risk sensitivity analysis

A 5% (30.6.2024 : 5%) strengthening of the RM against the following currency at the end of the reporting period would have (increased)/decreased 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 purchases.

	Profit or loss			
	Group		Company	
	Period from 1.7.2024 to 30.9.2025	Year ended 30.6.2024	Period from 1.7.2024 to 30.9.2025	Year ended 30.6.2024
	RM'000	RM'000	RM'000	RM'000
USD	1,963	(1,811)	1,744	(830)
SGD	(263)	(78)	-	5
EURO	1	(7,142)	1	3

A 5% (30.6.2024 : 5%) weakening of the RM against the above currency at the end of the reporting period would have had equal but opposite effect on the above currency 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 Group and the Company manage their interest rate exposure by maintaining available lines of fixed and floating rate borrowings. Investments in deposits with licensed banks are not significantly exposed to interest rate risk.

Notes to the Financial Statements
(Cont'd)

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Financial risk management (cont'd)

(c) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

Exposure to interest rate risk

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

	Group		Company	
	30.9.2025	30.6.2024	30.9.2025	30.6.2024
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	8,452	166,421	1,620	44,379
Financial liabilities	(272,542)	(659,388)	(251,132)	(579,557)
	(264,090)	(492,967)	(249,512)	(535,178)
Floating rate instruments				
Financial liabilities	-	(221,900)	-	(221,900)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group or the Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group or the Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

An increase/(decrease) of 50 basis points ("bp") in interest rates at the end of the reporting period would have (increased)/decreased the loss before tax of the Group and of the Company by RM Nil (Year ended 30.6.2024 : RM1,110,000). This analysis assumes that all other variables remain constant.

(iii) Other price risk

Equity price risk arises from the Group's and the Company's investments in equity securities.

Risk management objectives, policies and processes for managing securities

Management of the Group monitors the equity investments on an individual basis and are approved by the Risk Management Committee of the Group.

Equity price risk sensitivity analysis

No sensitivity analysis is performed on equity price risk as the Directors are of the view that the risk is not significant.

33. FINANCIAL INSTRUMENTS (cont'd)

33.4 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.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group										
30.9.2025										
Financial assets										
Investment in quoted shares	229	-	-	229	-	-	-	-	229	229
Forward exchange contracts	-	60	-	60	-	-	-	-	60	60
Financial liabilities										
Forward exchange contracts	-	11	-	11	-	-	-	-	11	11
30.6.2024										
Financial assets										
Investment in quoted shares	413	-	-	413	-	-	-	-	413	413
Other receivables	-	-	-	-	-	-	143,452	143,452	143,452	143,452
Forward exchange contracts	-	136	-	136	-	-	-	-	136	136
Financial liabilities										
Term loans	-	-	-	-	-	-	221,900	221,900	221,900	221,900

Notes to the **Financial Statements**
(Cont'd)

33. FINANCIAL INSTRUMENTS (cont'd)

33.4 Fair value information (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company										
30.9.2025										
Financial assets										
Investment in quoted shares	229	-	-	229	-	-	-	-	229	229
Forward exchange contracts	-	60	-	60	-	-	-	-	60	60
30.6.2024										
Financial assets										
Investment in quoted shares	413	-	-	413	-	-	-	-	413	413
Financial liabilities										
Term loans	-	-	-	-	-	-	221,900	221,900	221,900	221,900

Derivatives

The fair value of forward exchange contracts is estimated based on the difference between the contractual forward price and the current forward price for the residual maturity of the contract.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The fair value of non-current other receivables was estimated to approximate its carrying value. The Directors estimated the fair value of non-current other receivables by discounting expected future cashflows at 5.33%.

34. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group'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 Directors monitor and are determined to maintain an optimal debt-to-equity ratio.

The debt-to-equity ratios are as follows:

	Group	
	30.9.2025	**30.6.2024**
	RM'000	**RM'000**
Total loans and borrowings	270,845	872,461
Lease liabilities	1,697	8,827
Less: Cash and cash equivalents	(76,491)	(86,742)
Net debt	196,051	794,546
Total equity	891,120	574,470
Debt-to-equity ratio	0.22	1.38

35. MATERIAL LITIGATION

Southern HRC Sdn Bhd ("SHRC"), a wholly-owned subsidiary of Southern Steel Berhad, on 7 July 2016 and 11 July 2016 terminated the contract between SHRC and Danieli & C. Officine Meccaniche S.p.A. ("Danieli") dated 16 June 2011 for the design, manufacture and supply of a "Thin Slab Casting Unit feeding directly a twin Steckel Mill" ("Plant") for the production of hot rolled coils ("Contract") and the Service Agreement No. 1 between SHRC, Danieli and Danieli Malaysia Sdn Bhd ("DMSB") dated 10 May 2014 ("Service Agreement") respectively.

i. Commencement of Arbitration Proceedings by SHRC

Following the termination of the Contract and Service Agreement, SHRC commenced arbitration proceedings against Danieli and DMSB. SHRC claimed several reliefs against Danieli and DMSB, including repayment of contract sum and damages for misrepresentation and breach of contract.

ii. Commencement of Arbitration Proceedings against SHRC by Danieli and DMSB

Danieli and DMSB also commenced arbitration proceedings against SHRC. Danieli and DMSB sought several declarations in relation to the Contract and the Service Agreement and claiming damages, interest and costs.

The aforementioned arbitration proceedings were consolidated ("First Arbitration") and heard by the same arbitral tribunal in Singapore.

iii. Commencement of Arbitration Proceedings against SHRC by Danieli Co. Ltd (a wholly owned subsidiary of Danieli) ("Danieli Thailand")

Danieli Thailand commenced arbitration proceedings against SHRC ("Second Arbitration").

Danieli Thailand claimed the sum of EUR2,800,000.00, being the balance purchase price of spare parts under a sale contract dated 24 December 2013 between SHRC and Danieli Thailand ("Sale Contract") plus interest and general damages.

The same arbitral tribunal for the First Arbitration also heard the Second Arbitration.

35. MATERIAL LITIGATION (cont'd)

On 28 November 2019, the Tribunal decided and determined as follows:

A. The First Arbitration

The Tribunal decided in SHRC's favour and awarded, inter alia, the following:

i) the Contract is rescinded;
ii) the Service Agreement is rescinded;
iii) Danieli and DMSB shall repay SHRC the Contract Price in the amount of EUR92,700,000 minus EUR15 million and RM270 million after taking into consideration the use of the Plant and its plausible diminution in value;
iv) Danieli and DMSB shall pay SHRC RM176,245,250 as damages for misrepresentation; and
v) in return, SHRC shall transfer the title to the Plant, together with additional equipment installed thereon, to Danieli.

(hereinafter called "First Award")

B. The Second Arbitration

The Tribunal decided in Danieli Thailand's favour and awarded, inter alia, the sum of EUR2,795,796.98 ("Second Award") being the balance purchase price of spare parts under the Sale Contract.

First Award

Danieli and DMSB applied to the Singapore Courts to set aside the First Award. They were unsuccessful at the Singapore High Court. On appeal to the Singapore Court of Appeal ("CA"), the CA decided, inter alia, as follows ("Singapore Court Judgment"):

i) The CA dismissed Danieli's appeal in relation to the Transfer Order (the order where SHRC is to transfer the title of the Plant, together with additional equipment installed thereon, to Danieli);

ii) The CA dismissed Danieli's appeal in relation to the Repayment Order (the order where Danieli and DMSB are to pay SHRC the contract price in the amount of EUR92,700,000 minus EUR15 million and RM270 million after taking into consideration the use of the Plant and its plausible diminution in value); and

iii) The Court of Appeal allowed Danieli's appeal in relation to the Damages Order and set the Damages Order aside (the order where Danieli and DMSB are to pay SHRC RM176,245,250 as damages for misrepresentation).

On 4 August 2023, the Italian Court of Appeal allowed Danieli's challenge and revoked the recognition order of the First Award obtained by SHRC in Italy on 12 June 2020. SHRC has been advised by its Italian lawyer that the decision was based on technical grounds and does not deny SHRC the right to pursue recovery in Italy of the amounts due under the First Award which have not been set aside by the Singapore Court of Appeal. In October 2023, SHRC (i) filed an application for the recognition of the Singapore Court Judgment in Italy; and (ii) appealed to the Italian Supreme Court against the decision of the Italian Court of Appeal. On 10 April 2024, the Italian Court of Appeal delivered its decision and recognised the Singapore Court Judgment as enforceable in Italy. SHRC took steps to enforce the Singapore Court Judgment in Italy by freezing Danieli's bank accounts in Italy and attaching the receivable debts owed by Danieli's clients in Italy. Danieli was opposing and challenging the enforcement actions in Italy. In July 2024, the Court allowed Danieli's application to stay the enforcement actions in Italy. SHRC's appeal against the Court's decision was dismissed in October 2024. SHRC's next step in pursuing enforcement in Italy was pending the outcome of Danieli's challenge on the enforcement actions, which was fixed for hearing at the end of January 2025.

Separately, SHRC has also commenced enforcement actions in France and Luxembourg and obtained recognition orders of the First Award in France and Luxembourg on 30 January 2023 and 15 March 2023 respectively.

35. MATERIAL LITIGATION (cont'd)

First Award (cont'd)

In France, the court bailiff has seized and attached (i) receivable debts owed by certain clients of Danieli in France and (ii) patents belonging to Danieli in France. In November 2023, the Court rejected Danieli's application to stay the enforcement actions in France. In October 2024, SHRC received EUR 423,837.29 as part of the enforcement actions in France.

In Luxembourg, the court bailiff has seized (saisie arret conservatoire) the shares of two of Danieli's wholly owned subsidiaries, which are now frozen. In September 2023, the Court rejected Danieli's application for interim reliefs against the attachments in Luxembourg. In October 2024, the Court ordered Danieli to deposit EUR 37.18mil with Caisse de Consignation (a French bank) and ordered that this amount remains frozen until a final decision is made on Danieli's challenge against the recognition order of the First Award in Luxembourg. The shares of Danieli's subsidiaries in Luxembourg will be lifted as soon as the amount is deposited by Danieli. SHRC is seeking advice from its lawyers on the next course of action.

Danieli has filed appeals against the enforcement and recognition orders obtained in Luxembourg and France. In France, the hearing of Danieli's appeal is fixed on 4 February 2025, while in Luxembourg, no hearing date has been fixed yet. SHRC will continue to pursue enforcement of the First Award.

Second Award

On 3 January 2022, Danieli Thailand commenced proceedings against SHRC in the Malaysian Courts to recognise and enforce the Second Award in favour of Danieli Thailand against SHRC ("Danieli Thailand's Action"). SHRC is opposing and challenging Danieli Thailand's Action. A Court order recognising the Second Award as a judgment of the High Court ("Court Order") was served on SHRC on 15 January 2024. SHRC's application to set aside the Court Order was dismissed by the High Court on 8 October 2024. SHRC has filed an appeal against the decision and sought advice from its lawyers on applying for a stay pending appeal.

Settlement

On 6 November 2024, SHRC had entered into a settlement agreement ("Settlement Agreement") with Danieli, DMSB and Danieli Thailand (collectively, "Danieli Entities"), to fully and finally settle the legal proceedings commenced in connection with the First Award and Second Award ("Legal Proceedings"). Pursuant to the terms of the Settlement Agreement:

(i) SHRC and Danieli Entities have deposited with an independent escrow stakeholder jointly appointed by SHRC and Danieli Entities ("Escrow Stakeholder"):

  (a) letters of instructions to their respective lawyers to withdraw, discontinue and/or terminate, with prejudice, the respective Legal Proceedings initiated by them; and

  (b) plant transfer agreement transferring ownership of the Plant to Danieli upon fulfilment of certain conditions ("PTA"),

  (collectively called "the Escrow Documents").

  Upon confirmation of receipt of the monies referred to in paragraphs (ii) and (iii) below by the relevant persons, the Escrow Stakeholder shall release (a) the Escrow Documents to the lawyers of the respective parties for them to proceed with the withdrawals, discontinuance or termination of the Legal Proceedings; and (b) the PTA to SHRC and Danieli Entities.

Notes to the **Financial Statements**
(Cont'd)

35. MATERIAL LITIGATION (cont'd)

Settlement (cont'd)

(ii) Danieli Entities shall make the following payments to SHRC's bank account:

(a) EUR28,378,376.56 and USD119,233.00 being the first settlement sum in respect of the Plant;

(b) EUR3,550,000 being 50% of the balance settlement sum of EUR7,100,000 in respect of the Plant; and

(c) EUR700,000 being 10% of the equipment price of EUR7 million for the purchase of certain plant and equipment comprising unused spare parts and equipment ("Equipment") from SHRC.

(iii) Danieli Entities shall also pay EUR3,550,000, being the remaining balance settlement sum ("Second Balance Settlement Payment") into the Escrow Stakeholder's bank account to be released by the Escrow Stakeholder to SHRC after Danieli Entities have inspected the Plant and issued or deemed to issue a notice of clearance to the Escrow Stakeholder. In the event Danieli Entities claim that there are missing parts or components, and the matter cannot be resolved between the parties, the dispute shall be referred to an independent expert whose adjustment to the Second Balance Settlement Payment shall be final and binding on the parties.

(iv) Danieli Entities have agreed to purchase the Equipment from SHRC on an "as is where is" basis at the equipment price as described in subparagraph (ii)(c) above ("Equipment Price"). The Equipment Price is payable as follows:

(a) The First Equipment Price being 10% of the Equipment Price is payable upon signing of the Settlement Agreement, as mentioned in subparagraph (ii)(c) above;

(b) 45% of the Equipment Price upon Danieli Entities issuing a notice of clearance in respect of the Equipment. In the event Danieli Entities allege that there are missing parts or components, and the matter cannot be resolved by the parties, the dispute shall be referred to an independent expert whose adjustment to the Equipment Price shall be final and binding on the parties; and

(c) 45% of the Equipment Price (if there are no adjustments) prior to or upon removal of the Equipment by Danieli Entities from SHRC's site.

(v) SHRC will grant access to its site to Danieli Entities for Danieli Entities to dismantle and remove the Plant from SHRC's site with such access to last for a period ending on 6 November 2025.

On 12 November 2024,

1. SHRC has received the following payments from Danieli:

a) EUR28,378,376.56 and USD119,233.00 being the First Settlement Sum in respect of the Plant;

b) EUR3,550,000 being 50% of the Balance Settlement Sum of EUR7,100,000 in respect of the Plant; and

c) EUR700,000 being 10% of the Equipment Price of EUR7,000,000 for the purchase of Equipment by Danieli Italy from SHRC.

2. The Escrow Stakeholder has received EUR3,550,000 in the Escrow Stakeholder's bank account.

35. MATERIAL LITIGATION (cont'd)

Settlement (cont'd)

3. Following the receipt of the abovementioned monies, the Settlement Agreement has now become effective and binding on the Parties.

On 3 February 2025, SHRC has received EUR3,550,000 being 50% of the Second Balance Settlement Sum of EUR7,100,000 in respect of the Plant by Escrow Stakeholder.

On 14 February 2025, SHRC has received EUR6,300,000 being 90% of the Equipment Price of EUR7,000,000 for the purchase of Equipment by Danieli Italy from SHRC.

Both parties acknowledged that full and final settlement has been made pursuant to the Settlement Agreement, with no further claims or recourse arising therefrom by either party.

36. CONTINGENT LIABILITY

A wholly owned subsidiary of the Group is in dispute with the Minister of Finance on the eligibility to claim certain tax for exemption. This has resulted in an additional tax (including penalty) amounted to RM15.5 million (30.6.2024: RM15.5 million). The Board, as advised by the solicitors, is of the view that the Group is entitled to the tax exemption.

37. SUBSEQUENT EVENT

On 21 November 2025, the Company had entered into a share sale agreement to dispose off 1,350,000 ordinary shares, representing 45% equity interest in a wholly owned subsidiary, Southern PC Steel Sdn Bhd ("SPC") for a total cash consideration of RM26,100,000. The gain on disposal to the Company is RM5,805,900 and the disposal was completed on 5 December 2025.

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 162 to 241 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 Group and of the Company as at 30 September 2025 and of their financial performance and cash flows for the financial period then ended.

On behalf of the Board,

Yeoh Choon Kwee

Dato' Tan Ang Meng

12 December 2025

Statutory **Declaration**

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, David Ting Kiun Hua, the person primarily responsible for the financial management of Southern Steel Berhad, do solemnly and sincerely declare that the financial statements set out on pages 162 to 241 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, David Ting Kiun Hua, MIA 55315, at George Town in the State of Penang on 12 December 2025.

David Ting Kiun Hua
Chief Financial Officer

Before me

Goh Suan Bee (P125)
Commisioner for Oaths
Penang

Independent **Auditors' Report**

To the members of Southern Steel Berhad
(Registration No. 196301000443 (5283 - X)) (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Southern Steel Berhad, which comprise the statements of financial position as at 30 September 2025 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 162 to 241.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2025, and of their financial performance and their cash flows for the financial period 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 Group and 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Impairment of property, plant and equipment</th></tr>
<tr><td colspan="2">Refer to the basis of preparation on Note 1(d) - use of estimates and judgements and Note 3 - Property, plant and equipment to the financial statements.</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>As at 30 September 2025, certain entities within the Group were in loss making position, posing an indicator of impairment to the plant and equipment with a carrying amount of RM147,552,000 and RM21,613,000 in the Group and the Company respectively.

The recoverable amounts of these plant and equipment are determined based on the value-in-use of the cash generating units. The value-in-use is calculated by discounting the future cash flows to be generated by the cash generating units.</td><td>Our audit procedures, amongst others include:
● In the assessment of impairment indicators, we challenged whether internal and external factors were considered;

● We evaluated the Group's determination of the cash generating units based on the understanding of the Group's business in which independent cash flows were generated.</td></tr>
</table>

Independent **Auditors' Report**

To the members of Southern Steel Berhad
(Registration No. 196301000443 (5283 - X)) (Incorporated in Malaysia)
(Cont'd)

Key Audit Matters (cont'd)

The key audit matter	How the matter was addressed in our audit
The calculation of value-in-use requires the Group to apply judgement in determining the key assumptions used in estimating the future cash flows. As a result, the projected cash flows are inherently uncertain, and changes in the future economic and market conditions could impact on the outcome of the projected cash flows, and hence, the determination of the recoverable amounts of these plant and equipment. This is a key audit matter due to the degree of judgement involved in our assessment of the key assumptions applied by the Group in estimating the future cash flows.	• We evaluated the key assumptions used by the Group in estimating the future cash flows to internally derived sources as well as external or published information, and by considering the accuracy of the Group's past forecasts and future business plans. • Challenged the discount rate applied in the model by comparing it with weighted average cost of capital of other entities in the similar industry • We also considered the adequacy of the Group's disclosures made in respect of the impairment assessment.

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, and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and 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 on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and 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 Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and 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 Group or the Company or to cease operations, or have no realistic alternative but to do so.

Independent **Auditors' Report**

To the members of Southern Steel Berhad
(Registration No. 196301000443 (5283 - X)) (Incorporated in Malaysia)
(Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and 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 Group and 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 Group and of the Company.

- 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 Group or 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 Group and 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 Group or the Company to cease to continue as a going concern.

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent **Auditors' Report**

To the members of Southern Steel Berhad
(Registration No. 196301000443 (5283 - X)) (Incorporated in Malaysia)
(Cont'd)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 2 to the financial statements.

Other Matter

This report is made solely to the members 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 PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

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

Penang

12 December 2025

Notice of
Sixty-Third Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixty-Third ("**63rd**") Annual General Meeting ("**AGM**") ("**Meeting**") of Southern Steel Berhad ("**the Company**") will be held at Training Room C, Level 1, Southern Steel Berhad, No. 2723, Lorong Perusahaan 12, Prai Industrial Estate, 13600 Prai, Pulau Pinang, Malaysia on Thursday, 26 February 2026 at 10:00 a.m. for the following purposes: -

AGENDA

1.	To receive the Audited Financial Statements for the financial period from 1 July 2024 to 30 September 2025 ("**FPE 2025**") together with the Reports of the Directors and the Auditors thereon.	**[Please refer to Explanatory Note (i)]**
2.	To approve the payment of Directors' fees amounting to RM599,801/- for FPE 2025.	**(Ordinary Resolution 1)**
3.	To re-elect the following Directors, who are due to retire pursuant to Clause 92 of the Company's Constitution, and being eligible, have offered themselves for re-election:-	
	(a) Mr. Seah Kiin Peng; and	**(Ordinary Resolution 2)**
	(b) Mr. Zhang Cheng.	**(Ordinary Resolution 3)**
4.	To re-elect Ms. Chin Siew Siew, who is due to retire by rotation pursuant to Clause 113 of the Company's Constitution, and being eligible, has offered herself for re-election.	**(Ordinary Resolution 4)**
5.	To re-appoint Messrs. KPMG PLT as External Auditor of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.	**(Ordinary Resolution 5)**
6.	To transact any other ordinary business of which due notice shall have been given.	

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
Dated: 26 January 2026

Notes:-

1. ***The Company has changed its financial year end from 30 June 2025 to 30 September 2025 as previously announced to Bursa Malaysia Securities Berhad ("Bursa Securities") on 28 May 2025. Section 340(1) of the Companies Act 2016 ("the Act") stipulates that an AGM must be held once in every calendar year. The Companies Commission of Malaysia had granted its approval for an extension of time until 31 March 2026 for the Company to hold its AGM in respect of the calendar year 2025, and hence, the Company did not hold any AGM in the calendar year 2025. This 63rd AGM deemed to be held for the calendar year 2025 will be held to table the 15-month Audited Financial Statements for FPE 2025 as well as other ordinary businesses.***

2. *For the purpose of determining members' eligibility to attend the 63rd AGM, only members whose names appear in the record of depositors as at 19 February 2026 shall be entitled to attend the 63rd AGM or appoint proxy(ies) to attend and vote on their behalf.*

Notice of **Sixty-Third Annual General Meeting**
(Cont'd)

3. *A member entitled to attend and vote at the 63rd AGM is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his stead. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy in the instrument appointing the proxies. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the 63rd AGM shall have the same rights as the member to speak at the 63rd AGM.*

4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*

5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or if such appointer be a corporation, under its common seal or under the hand of an officer or attorney of the corporation duly authorised.*

6. *The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, must be deposited at the Company's Registered Office 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 forty-eight (48) hours before the time appointed for holding the 63rd AGM or any adjournment thereof. All resolutions set out in the Notice of the 63rd AGM are to be voted by poll.*

7. *Any notice of termination of authority to act as proxy must be received by the Company before the commencement of the 63rd AGM or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Act:-*

   (i) the constitution of the quorum at such meeting;
   (ii) the validity of anything he did as chairman of such meeting;
   (iii) the validity of a poll demanded by him at such meeting; or
   (iv) the validity of the vote exercised by him at such meeting.

Explanatory Notes to Ordinary Businesses:-

(i) Audited Financial Statements for the FPE 2025

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require the formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

(ii) Ordinary Resolution 1 - Payment of Directors' Fees

Section 230(1) of the Act provides, amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company shall be approved at a general meeting.

The proposed Ordinary Resolution 1, if passed, will give authority to the Company to pay the Directors' Fees to the Non-Executive Directors for their services rendered to the Company for FPE 2025.

(iii) Ordinary Resolutions 2 to 4 – Re-election of Directors

*The Nominating Committee ("**NC**") had assessed the performance and contribution of the Directors, who are retiring by rotation and seeking for re-election at the 63rd AGM, as well as the independence of the retiring Independent Non-Executive Director ("**ID**"). Based on the results of the Board Annual Assessment conducted for FPE 2025, the Board of Directors ("**Board**") was satisfied with the performance of the following Directors ("**Retiring Directors**") who are standing for re-election at the 63rd AGM:-*

(i) Mr. Seah Kiin Peng;
(ii) Mr. Zhang Cheng; and
(iii) Ms. Chin Siew Siew.

*The NC further assessed the Retiring Directors in terms of their quality and integrity, in compliance with Paragraph 2.20A of the Main Market Listing Requirements ("**Main LR**") of Bursa Securities.*

Based on the results of the Fit and Proper Assessment and Independence Assessment conducted for FPE 2025, the Board was satisfied that the Retiring Directors are fit and proper, and that the retiring ID complies with the independence criteria required under the Main LR of Bursa Securities.

Notice of **Sixty-Third Annual General Meeting**
(Cont'd)

The Board has endorsed the recommendation of the NC for the re-election of the Retiring Directors. The respective Retiring Directors abstained from deliberations and decisions in respect of their own re-election during the NC and Board meetings, where relevant.

In view of the foregoing, the Board recommends to the shareholders the proposed re-election of the Retiring Directors at the 63rd AGM under Ordinary Resolutions 2 to 4. The profiles of the Retiring Directors are set out in the Annual Report 2025.

(iv) Ordinary Resolution 5 – Re-appointment of External Auditor

The Board, through the Board Audit & Risk Management Committee, after having considered the effectiveness and independence of the External Auditor, is satisfied that the External Auditor is suitable, objective and independent to be re-appointed. Accordingly, the Board recommends to the shareholders the proposed re-appointment of Messrs. KPMG PLT as External Auditor of the Company at the 63rd AGM under Ordinary Resolution 5.

Statement Accompanying **Notice of Annual General Meeting**
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Details of the individual(s) standing for election as Director(s)

No individual is standing for election as Director of the Company at the 63rd AGM of the Company.

Notice of
Sixty-Fourth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixty-Fourth ("**64th**") Annual General Meeting ("**AGM**") ("**Meeting**") of Southern Steel Berhad ("**the Company**") will be held at Training Room C, Level 1, Southern Steel Berhad, No. 2723, Lorong Perusahaan 12, Prai Industrial Estate, 13600 Prai, Pulau Pinang, Malaysia on Thursday, 26 February 2026 at 10:30 a.m. or immediately following the conclusion or adjournment (as the case may be) of the Sixty-Third AGM ("**63rd AGM**") which will be held at 10:00 a.m. on the same day and at the same venue, whichever is later, for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To approve the payment of Directors' Other Benefits up to an amount of RM40,000/- for the period from a day after the 64th AGM until the next AGM of the Company to be held in year 2027. **(Ordinary Resolution 1)**

2. To re-elect YBhg. Datuk Ir. Rosaline Ganendra, who is due to retire by rotation pursuant to Clause 113 of the Company's Constitution, and being eligible, has offered herself for re-election. **(Ordinary Resolution 2)**

3. To re-appoint Messrs. KPMG PLT as External Auditor of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 3)**

AS SPECIAL BUSINESS

To consider and, if thought fit, with or without modification, to pass the following Ordinary Resolutions:-

4. **ORDINARY RESOLUTION** **(Ordinary Resolution 4)**
   AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016 ("THE ACT")

   "**THAT** subject always to the Act, the Constitution of the Company, the Main Market Listing Requirements ("**Main LR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit, provided always that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being;

   THAT pursuant to Section 85 of the Act to be read together with Clause 50 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to the Act;

   AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares to be issued on Bursa Securities;

   AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until the conclusion of the next AGM of the Company."

Notice of
Sixty-Fourth Annual General Meeting
(Cont'd)

5. **ORDINARY RESOLUTION** **(Ordinary Resolution 5)**
PROPOSED SHAREHOLDERS' MANDATE FOR NEW RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED NEW SHAREHOLDERS' MANDATE")

"**THAT** subject to the Main LR of Bursa Securities, approval be and is hereby given to the Company and its subsidiaries ("**the Group**") to enter into and to give effect to specified recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.8 of the Circular to Shareholders dated 26 January 2026 provided that such transactions are:-

(i) recurrent transactions of a revenue or trading nature;

(ii) necessary for the Group's day-to-day operations;

(iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the related parties than those generally available to the public; and

(iv) not detrimental to the minority shareholders of the Company.

AND THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

(i) the conclusion of the next AGM of the Company following this AGM at which the Proposed New Shareholders' Mandate was passed, at which time it will lapse, unless by an ordinary resolution passed at the next AGM, the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company after that date it is required to be held pursuant to Section 340(2) of the Act [but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act]; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND FURTHER THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the Proposed New Shareholders' Mandate."

6. To transact any other ordinary business of which due notice shall have been given.

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
Dated: 26 January 2026

Notice of **Sixty-Fourth Annual General Meeting**
(Cont'd)

Notes:-

1. ***Section 340(1) of the Act stipulates that an AGM must be held once in every calendar year. Therefore, this 64th AGM will be held in respect of the calendar year 2026 although there will be no Audited Financial Statements tabled at this 64th AGM. The 15-month Audited Financial Statements for the financial period ended 30 September 2025 ("FPE 2025") will be tabled at the 63rd AGM.***

2. *For the purpose of determining members' eligibility to attend the 64th AGM, only members whose names appear in the record of depositors as at 19 February 2026 shall be entitled to attend the 64th AGM or appoint proxy(ies) to attend and vote on their behalf.*

3. *A member entitled to attend and vote at the 64th AGM is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his stead. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy in the instrument appointing the proxies. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the 64th AGM shall have the same rights as the member to speak at the 64th AGM.*

4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*

5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or if such appointer be a corporation, under its common seal or under the hand of an officer or attorney of the corporation duly authorised.*

6. *The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, must be deposited at the Company's Registered Office 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 forty-eight (48) hours before the time appointed for holding the 64th AGM or any adjournment thereof. All resolutions set out in the Notice of the 64th AGM are to be voted by poll.*

7. *Any notice of termination of authority to act as proxy must be received by the Company before the commencement of the 64th AGM or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Act:-*

   (i) the constitution of the quorum at such meeting;
   (ii) the validity of anything he did as chairman of such meeting;
   (iii) the validity of a poll demanded by him at such meeting; or
   (iv) the validity of the vote exercised by him at such meeting.

Explanatory Notes to Ordinary and Special Businesses:-

(i) *Ordinary Resolution 1 - Payment of Directors' Other Benefits*

Section 230(1) of the Act provides, amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company shall be approved at a general meeting.

The Directors' Other Benefits comprised Directors and Officers Liability Insurance coverage based on premium paid/payable and Directors' training benefits.

The proposed Ordinary Resolution 1, if passed, will give authority to the Company to pay the Directors' Other Benefits up to an amount of RM40,000/- for the period from a day after the 64th AGM until the next AGM of the Company to be held in year 2027.

(ii) *Ordinary Resolution 2 – Re-election of Director*

*The Nominating Committee ("**NC**") has assessed the performance and contribution of the Director, who is retiring by rotation and seeking for re-election at the 64th AGM, as well as the independent of the retiring Independent Non-Executive Director ("**ID**"). Based on the results of the Board Annual Assessment conducted for the FPE 2025, the Board of Directors ("**Board**") was satisfied with the performance of YBhg. Datuk Ir. Rosaline Ganendra ("**Retiring Director**") who is standing for re-election at the 64th AGM.*

The NC further assessed the Retiring Director in terms of her quality and integrity, in compliance with Paragraph 2.20A of the Main LR of Bursa Securities.

Notice of **Sixty-Fourth Annual General Meeting**
(Cont'd)

Based on the results of the Fit and Proper Assessment and Independence Assessment conducted for FPE 2025, the Board was satisfied that the Retiring Director is fit and proper, and that the retiring ID complies with the independence criteria required under the Main LR of Bursa Securities.

The Board has endorsed the recommendation of the NC for the re-election of the Retiring Director. The Retiring Director abstained from deliberations and decisions in respect of her own re-election during the NC and Board meetings.

In view of the foregoing, the Board recommends to the shareholders the proposed re-election of the Retiring Director at the 64th AGM under Ordinary Resolution 2. The profile of the Retiring Director is set out in the Annual Report 2025.

(iii) *Ordinary Resolution 3 – Re-appointment of External Auditor*

The Board, through the Board Audit & Risk Management Committee, after having considered the effectiveness and independence of the External Auditor, was satisfied that the External Auditor is suitable, objective and independent to be re-appointed. Accordingly, the Board recommends to the shareholders the proposed re-appointment of Messrs. KPMG PLT as External Auditor of the Company at the 64th AGM under Ordinary Resolution 3.

(iv) *Ordinary Resolution 4 – Authority to Issue Shares pursuant to the Act*

*The proposed Ordinary Resolution 4 is a new mandate intended to grant authority to the Directors of the Company pursuant to the Act, to issue and allot new shares in the Company at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being (hereinafter referred to as the "**General Mandate**"). The General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.*

The purpose of seeking the General Mandate is to provide flexibility to the Directors of the Company to undertake any possible fundraising activities, including but not limited to the placement of shares to fund the Company's current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or such other purposes as the Directors may deem fit, without having to convene a general meeting.

Pursuant to Section 85 of the Act read together with Clause 50 of the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other securities.

The proposed Ordinary Resolution 4, if passed, will allow the Directors to issue new shares to any person under the authority to issue shares pursuant to the Act without having to offer the new shares to be issued equally to all existing shareholders of the Company prior to issuance.

(v) *Ordinary Resolution 5 – Proposed New Shareholders' Mandate*

The proposed Ordinary Resolution 5, if passed, will empower the Group to enter into recurrent related party transactions of a revenue or trading nature, details of which are set out in Section 2.8 of the Circular to Shareholders dated 26 January 2026.

The aforesaid mandate from shareholders is subject to renewal at the next AGM of the Company.

The details of the Proposed New Shareholders' Mandate are set out in the Circular to Shareholders dated 26 January 2026.

Statement Accompanying **Notice of Annual General Meeting**
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Details of the individual(s) standing for election as Director(s)

   No individual is standing for election as Director of the Company at the 64th AGM of the Company.

2. Statement relating to the general mandate for the issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

   Details of the general mandate to allot shares in the Company pursuant to the Companies Act 2016 are set out in Explanatory Note (iv) of the Notice of the 64th AGM of the Company.

Other **Information**

1. PROPERTIES HELD BY THE GROUP AS AT 30 SEPTEMBER 2025

	Location	Tenure	Existing Use	Revaluation Date	Approximate Area	Approximate Age of Building (Year)	Net Book Value as at 30 September 2025 (RM'000)
1	No PT 3057 Mukim 1 Seberang Perai Tengah Penang	Leasehold expiring on 21 Mar 2050	Office and factory building	14 Apr 2023	2.53 acres	11	157,387
	No PT 3982 Mukim 1 Seberang Perai Tengah Penang	Leasehold expiring on 13 Jan 2059	Office and factory building	14 Apr 2023	1.11 acres	11	
	No PT 3039 Lorong Perusahaan 10 Prai Industrial Estate 13600 Prai, Penang	Leasehold expiring on 07 Nov 2049	Office and factory building	14 Apr 2023	1.15 acres	11	
	No PT 2996 Lorong Perusahaan 10 Prai Industrial Estate 13600 Prai, Penang	Leasehold expiring on 18 Sep 2049	Office and factory building	14 Apr 2023	10,170.08 sq m	11	
	No PT 2992 Lorong Perusahaan 10 Prai Industrial Estate 13600 Prai, Penang	Leasehold expiring on 18 Sep 2049	Office and factory building	14 Apr 2023	13,126.38 sq m	11	
	Plot 524(c), Prai Industrial Park	Leasehold expiring on 24 Oct 2073	Office and factory building	14 Apr 2023	1.41 acres	11	
2	2435 Lorong Perusahaan 12 Prai Industrial Estate 13600 Prai	Leasehold expiring on 31 Jan 2039	Factory	14 Apr 2023	50.9 acres	34-42	57,814
3	PT 4639, Mukim 1 Seberang Perai Tengah Penang	Leasehold expiring on 01 Jul 2112	Vacant Land	14 Apr 2023	7.25 hectares	-	68,398
4	No PT 3171 Mukim 1 Seberang Perai Tengah Penang	Leasehold expiring on 21 Mar 2050	Factories	14 Apr 2023	4.78 acres	27-29	62,677
	No PT 3178 Mukim 1 Seberang Perai Tengah Penang	Leasehold expiring on 09 Apr 2050	Factories	14 Apr 2023	2.60 acres	27	
	2595 Lorong Perusahaan 12 Prai Industrial Estate 13600 Prai, Penang	Leasehold expiring on 09 Apr 2050	Factories	14 Apr 2023	2.60 acres	27	
	2613 Lorong Perusahaan 12 Prai Industrial Estate 13600 Prai, Penang	Leasehold expiring on 21 Mar 2050	Factories	14 Apr 2023	5.10 acres	27	
	No PT 3831 Mukim 1 Seberang Perai Tengah Penang	Leasehold expiring on 21 Oct 2054	Factories	14 Apr 2023	1.31 acres	29	
	No PT 3980 Mukim 1 Seberang Perai Tengah Penang	Leasehold expiring on 25 Jan 2059	Drains	14 Apr 2023	2.13 acres	-	
	No PT 4271 (formerly Plot 596) Mukim 1 Seberang Perai Tengah Penang	Leasehold expiring on 04 Nov 2064	Vacant Land	14 Apr 2023	0.12 hectares	-	

Other **Information**
(Cont'd)

1. PROPERTIES HELD BY THE GROUP AS AT 30 SEPTEMBER 2025 (cont'd)

	Location	Tenure	Existing Use	Revaluation Date	Approximate Area	Approximate Age of Building (Year)	Net Book Value as at 30 September 2025 (RM'000)
5	2624 Lorong Perusahaan 12 Prai Industrial Estate 13600 Prai	Leasehold expiring on 5 Jun 2046	Office and factory building	14 Apr 2023	9.53 acres	32	20,797
6	4457 Mukim 15 Jalan Chain Ferry 12100 Butterworth Penang	Freehold	Factory Godown	14 Apr 2023	413,427 sq ft	29-56	40,006
7	3081 Jalan Besar Nibong Tebal	Freehold	Factory	14 Apr 2023	304,210 sq ft	29-61	23,396
8	No. 5 Jalan Utas 15/7 Seksyen 15 40200 Shah Alam Selangor Darul Ehsan	Leasehold expiring on 02 Dec 2072	Office and factory building	14 Apr 2023	328,800 sq ft	45	39,644
9	Rawang Integrated Industrial Park	Freehold	Office and factory building	14 Apr 2023	4.63 hectares	28	37,948
10	2590 Lorong Perusahaan 12 Prai Industrial Estate 13600 Prai	Leasehold expiring on 7 Nov 2049 & 6 Jun 2050	Office and factory building	14 Apr 2023	7.83140 acres	34	19,445
							527,512

Other **Information**
(Cont'd)

2. ANALYSIS OF SHAREHOLDINGS AS AT 29 DECEMBER 2025

Class of Shares : Ordinary Shares
Voting Rights : 1 Vote for Each Share held

Distribution Schedule of Shareholders as at 29 December 2025

Size of Holdings	No of Shareholders	%	No. of Shares	%
Less than 100	85	2.37	3,240	0.00
100 – 1,000	966	26.98	861,928	0.06
1,001 – 10,000	1,563	43.66	7,214,969	0.48
10,001 – 100,000	763	21.31	25,249,642	1.68
100,001 – Less than 5% of Issued Shares	201	5.61	297,921,025	19.85
5% and above of Issued Shares	2	0.06	1,169,862,486	77.93
	3,580	100.00	1,501,113,290	100.00

List of Thirty Largest Shareholders as at 29 December 2025

Name of Shareholders		No. of Shares	%
1.	UOB Kay Hian Nominees (Asing) Sdn. Bhd. - Exempt AN For UOB Kay Hian Pte. Ltd.	752,625,840	50.14
2.	Hong Leong Manufacturing Group Sdn. Bhd.	417,236,646	27.80
3.	Indigo International Investment Limited - Vistra (Cayman) Limited	73,550,000	4.90
4.	Affin Hwang Nominees (Asing) Sdn. Bhd. - Exempt AN For DBS Vickers Securities (Singapore) Pte. Ltd.	69,192,000	4.61
5.	Southern Amalgamated Co. Sdn. Bhd.	35,184,508	2.34
6.	Southern Properties Sdn. Bhd.	12,064,170	0.80
7.	AmSec Nominees (Tempatan) Sdn. Bhd. - AmBank (M) Berhad	11,860,790	0.79
8.	Citigroup Nominees (Asing) Sdn. Bhd. - Exempt AN For UBS AG	10,080,000	0.67
9.	Hong Bee Hardware Company Sdn. Bhd.	7,371,493	0.49
10.	Hock Kheng Industries Sendirian Berhad	6,190,200	0.41
11.	Maybank Securities Nominees (Asing) Sdn. Bhd. - Maybank Securities Pte. Ltd. For Lee Tat Kwong (Li Daguang)	2,290,400	0.15
12.	Ooi Chieng Sim	2,200,000	0.15
13.	Su Hock Company Sdn. Bhd.	2,142,857	0.14
14.	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Inbamanay A/P M J Arumanayagam	2,114,300	0.14
15.	Hwang Enterprises Sdn. Bhd.	2,000,000	0.13
16.	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Deva Dassan Solomon	1,600,200	0.11
17.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Inbamanay A/P M J Arumanayagam	1,230,300	0.08

2. ANALYSIS OF SHAREHOLDINGS AS AT 29 DECEMBER 2025 (cont'd)

List of Thirty Largest Shareholders as at 29 December 2025 (cont'd)

Name of Shareholders		No. of Shares	%
18.	Chua Holdings Sdn. Bhd.	1,207,509	0.08
19.	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For WFM Assets Management Sdn. Bhd.	1,206,000	0.08
20.	Kong Goon Khing	1,200,900	0.08
21.	Seri Pinang Sdn. Bhd.	1,153,200	0.08
22.	Yeoh Choon Kwee	1,122,644	0.07
23.	Wang Hui Tzu	1,036,095	0.07
24.	Gee Hin Engineering Sdn. Bhd.	1,000,000	0.07
25.	Lin Ting Yie (Lam Tin Yie)	1,000,000	0.07
26.	Southgroup Holdings Sdn. Bhd.	972,815	0.06
27.	Choong Ee King	955,393	0.06
28.	Public Invest Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Deva Dassan Solomon	955,100	0.06
29.	Lim Siang Hee	876,700	0.06
30.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Tye Terk Soon	876,157	0.06

Substantial Shareholders

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 29 December 2025 are as follows:-

		Direct Interest		Indirect Interest	
Name of Shareholders		No of Shares	%	No. of Shares	%
1.	Green Esteel Pte. Ltd. ("**Esteel**")	752,057,840	50.10	-	-
2.	You Zhen Hua	-	-	752,057,840 (1)	50.10
3.	Advance Venture Investments Limited ("**Advance Venture**")	-	-	752,057,840 (2)	50.10
4.	Theme International Holdings Limited ("**Theme International**")	-	-	752,057,840 (2)	50.10
5.	Wide Briged Limited ("**Wide Bridge**")	-	-	752,057,840 (3)	50.10
6.	Bright Power Ventures Limited ("**Bright Power**")	-	-	752,057,840 (4)	50.10
7.	Hong Leong Manufacturing Group Sdn. Bhd. ("**HLMG**")	417,236,646	27.80	-	-
8.	Hong Leong Company (Malaysia) Berhad ("**HLCM**")	-	-	417,236,646 (5)	27.80
9.	HL Holdings Sdn. Bhd.	-	-	417,236,646 (6)	27.80
10.	Hong Leong Investment Holdings Pte. Ltd.	-	-	424,617,539 (7)	28.29
11.	Davos Investment Holdings Private Limited	-	-	424,617,539 (8)	28.29
12.	Hong Realty (Private) Limited	-	-	424,608,139 (8)	28.29
13.	Kwek Holdings Pte. Ltd.	-	-	424,617,539 (8)	28.29

Other **Information**
(Cont'd)

2. ANALYSIS OF SHAREHOLDINGS AS AT 29 DECEMBER 2025 (cont'd)

Substantial Shareholders (cont'd)

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 29 December 2025 are as follows:- (cont'd)

Name of Shareholders	Direct Interest No of Shares	%	Indirect Interest No. of Shares	%
14. Kwek Leng Beng	-	-	424,617,539 [(8)]	28.29
15. Kwek Leng Kee	-	-	424,617,539 [(8)]	28.29
16. Tan Sri Quek Leng Chan	-	-	417,246,046 [(8)]	27.80

Notes:-

(1) Deemed interested by virtue of his direct shareholdings in Esteel and his controlling interests in Advance Venture, Theme International, Bright Power and Wide Bridge pursuant to Section 4 of the Securities and Futures Act 2001 of Singapore.

(2) Deemed interested by virtue of its direct shareholdings in Esteel pursuant to Section 4 of the Securities and Futures Act 2001 of Singapore.

(3) Deemed interested by virtue of its controlling interest in Theme International.

(4) Deemed interested by virtue of its controlling interests in Wide Bridge and Theme International (which has a direct stake in Esteel).

(5) Deemed interested by virtue of its direct shareholdings in HLMG.

(6) Deemed interested by virtue of its indirect shareholdings in HLMG through HLCM.

(7) Deemed interested by virtue of the following:-

(i) its indirect shareholdings in our Company pursuant to Section 8 of the Act; and

(ii) its indirect shareholdings in BRC Asia Limited pursuant to Section 4 of the Securities and Futures Act 2001 of Singapore.

(8) Deemed interested by virtue of his indirect shareholdings in HLMG through HLCM and company(ies) in which he has an interest.

3. DIRECTORS' INTERESTS AS AT 29 DECEMBER 2025

According to the Register of Directors' Shareholdings, the shareholdings of the Directors of the Company as at 29 December 2025 are as follows:-

	Direct Interest		Indirect Interest	
Name of Directors	**No of Shares**	**%**	**No. of Shares**	**%**
1. Seah Kiin Peng	-	-	-	-
2. Yeoh Choon Kwee	1,122,644	0.07	-	-
3. Zhang Cheng	-	-	-	-
4. Dato' Tan Ang Meng	-	-	-	-
5. Chin Siew Siew	-	-	-	-
6. Datuk Ir. Rosaline Ganendra	-	-	-	-

4. MATERIAL CONTRACTS

There were no materal contracts entered into by the Company and its subsidianes involving the interests of Directors, chief executive (who is not a Director) and major shareholders, either still subsisting at the end of the financial period or entered into since the end of the previous financial year.

5. UTILISATION OF PROCEEDS

The Company had at its Extraordinary General Meeting ("**EGM**") held on 21 March 2025 obtained approval from its shareholders to vary the utilisation of proceeds raised from the following proposals approved by the shareholders at the EGM held on 3 January 2025:-

(a) Issuance of 752,057,840 new ordinary shares in the Company ("**New SSB Shares**")("**Issuance Shares**") to Green Esteel Pte Ltd at an issue price of RM0.42 per Issuance Share ("**Issuance of Shares**"), representing approximately 50.10% of the enlarged issued share capital of the Company after completion of the Issuance of Shares and Private Placement; and

(b) Private placement of up to 152,742,000 New SSB Shares ("**Placement Share(s)**") to third party investors at an issue price of RM0.42 per Placement Share ("**Private Placement**"), representing up to approximately 10.18% of the enlarged issued share capital of the Company after completion of the Issuance of Shares and Private Placement.

As at 29 December 2025, the gross proceeds of approximately RM380.00 million raised from the Issuance of Shares and Private Placement were utilised in the following manner:-

Details of Utilisation	**Initial Approved Utilisation (RM'000)**	**Approved Revised Utilisation (RM'000)**	**Actual Utilisation (RM'000)**	**Balance proceeds (RM'000)**
Upgrading of plant and machinery	250,000	-	-	-
Working capital	128,556	128,556	128,556	-
Repayment of bank borrowings	-	250,000	250,000	-
Expenses for the Issuance of Shares and Private Placement	1,460	1,460	1,460	-
Total	**380,016**	**380,016**	**380,016**	**-**

Other **Information**
(Cont'd)

5. UTILISATION OF PROCEEDS (cont'd)

In addition, the Company had at its EGM held on 7 August 2025 obtained approval from its shareholders on the disposal of 12,883,562 existing ordinary shares in Southern Steel Mesh Sdn. Bhd. ("**SSM**"), representing approximately 55.0% equity interest in SSM, to BRC Asia Limited ("**Disposal**").

As at 29 December 2025, the gross proceeds of RM52.80 million raised from the Disposal were utilised in the following manner:-

Details of Utilisation	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance proceeds (RM'000)
Working capital	51,984*	51,984	-
Expenses in relation to the Disposal	820	820	-
Total	**52,804**	**52,804**	**-**

Notes:-

* *As disclosed in the Circular to Shareholders dated 18 July 2025, the Disposal consideration of RM61.05 million is subject to adjustments in the event that SSM declares a dividend to its shareholder (being the Company) prior to the completion of the Disposal. As such, following the declaration and full payment of dividend of RM14.99 million by SSM to the Company, the Disposal consideration has been revised from RM61.05 million to approximately RM52.80 million accordingly.*

6. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

At the last Annual General Meeting ("**AGM**") held on 11 November 2024 and EGM held on 21 March 2025, the Company had obtained general mandates from its shareholders for the Company and its subsidiaries (collectively referred to as "**the Group**") to enter into recurrent Related Party Transactions of a Revenue or Trading Nature ("**RRPT(s)**") ("**RRPT Mandates**").

The details of the RRPTs conducted during the financial period ended 30 September 2025 pursuant to the RRPT Mandates are disclosed in page 215, Note 30.1 to the financial statements in this Annual Report.

The aggregate value of the RRPTs conducted pursuant to the RRPT Mandates for the financial period ended 30 September 2025 did not exceed 10% of the applicable percentage ratios as prescribed under Section 3.3(a) of Practice Note 12 of the Main Marketing Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

The Company is seeking shareholders' approval for a proposed shareholders' mandate for new RRPTs at the forthcoming Sixty-Fourth AGM to be held on 26 February 2026. The details of the RRPTs to be entered into by the Group are set out in the Circular to Shareholders dated 26 January 2026, which is available on Bursa Securities' website and the Company's corporate website.

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達 **Southern Steel Berhad**

CDS Account No.	
No. of Shares Held	

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

FORM OF PROXY
(Sixty-Third Annual General Meeting)

I/We, ____ NRIC/Passport/Registration No. ____________________
(NAME IN FULL AND IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

and contact no./email address ____ being a member/members of

SOUTHERN STEEL BERHAD ("Company"), hereby appoint:

Full Name (IN BLOCK LETTERS)	NRIC/Passport No.	Contact No./Email Address	
Full Address		**Proportion of Shareholdings**	
		No. of Shares	**%**

*and/or (as the case may be)

Full Name (IN BLOCK LETTERS)	NRIC/Passport No.	Contact No./Email Address	
Full Address		**Proportion of Shareholdings**	
		No. of Shares	**%**

or failing him/her, the Chairman of the meeting, as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the Sixty-Third Annual General Meeting ("**63rd AGM**") of the Company to be held at Training Room C, Level 1, Southern Steel Berhad, No. 2723, Lorong Perusahaan 12, Prai Industrial Estate, 13600 Prai, Pulau Pinang, Malaysia on Thursday, 26 February 2026 at 10:00 a.m. or any adjournment thereof.

(Please indicate with an "**X**" in the spaces provided below how you wish your votes to be cast. If no specific direction is given, the proxy will vote or abstain from voting at his/her discretion.)

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	To approve the payment of Directors' fees amounting to RM599,801/- for the financial period from 1 July 2024 to 30 September 2025.		
2.	To re-elect Mr. Seah Kiin Peng as Director of the Company.		
3.	To re-elect Mr. Zhang Cheng as Director of the Company.		
4.	To re-elect Ms. Chin Siew Siew as Director of the Company.		
5.	To re-appoint Messrs. KPMG PLT as External Auditor of the Company.		

** Strike out whichever is not applicable*

Signed this ________ day of ________________________, 2026.

____
*Signature of Member/Common Seal

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Notes:-

1. ***The Company has changed its financial year end from 30 June 2025 to 30 September 2025 as previously announced to Bursa Malaysia Securities Berhad on 28 May 2025. Section 340(1) of the Companies Act 2016 ("the Act") stipulates that an AGM must be held once in every calendar year. The Companies Commission of Malaysia had granted its approval for an extension of time until 31 March 2026 for the Company to hold its AGM in respect of the calendar year 2025, and hence, the Company did not hold any AGM in the calendar year 2025. This 63rd AGM deemed to be held for the calendar year 2025 will be held to table the 15-month Audited Financial Statements for FPE 2025 as well as other ordinary businesses.***
2. *For the purpose of determining members' eligibility to attend the 63rd AGM, only members whose names appear in the record of depositors as at 19 February 2026 shall be entitled to attend the 63rd AGM or appoint proxy(ies) to attend and vote on their behalf.*
3. *A member entitled to attend and vote at the 63rd AGM is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his stead. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy in the instrument appointing the proxies. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the 63rd AGM shall have the same rights as the member to speak at the 63rd AGM.*
4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or if such appointer be a corporation, under its common seal or under the hand of an officer or attorney of the corporation duly authorised.*

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AFFIX
STAMP

The Share Registrar

SOUTHERN STEEL BERHAD
[Registration No. 196301000443 (5283-X)]
c/o Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan

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6. *The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, must be deposited at the Company's Registered Office 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 forty-eight (48) hours before the time appointed for holding the 63rd AGM or any adjournment thereof. All resolutions set out in the Notice of the 63rd AGM are to be voted by poll.*
7. *Any notice of termination of authority to act as proxy must be received by the Company before the commencement of the 63rd AGM or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Act:-*

   (i) the constitution of the quorum at such meeting;
   (ii) the validity of anything he did as chairman of such meeting;
   (iii) the validity of a poll demanded by him at such meeting; or
   (iv) the validity of the vote exercised by him at such meeting.

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達 Southern Steel Berhad

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

CDS Account No.	
No. of Shares Held	

FORM OF PROXY
(Sixty-Fourth Annual General Meeting)

I/We, ________________________________ NRIC/Passport/Registration No. ________________
(NAME IN FULL AND IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

and contact no./email address ______________________________ being a member/members of

SOUTHERN STEEL BERHAD ("Company"), hereby appoint:

Full Name (IN BLOCK LETTERS)	**NRIC/Passport No.**	**Contact No./Email Address**	
Full Address		**Proportion of Shareholdings**	
		No. of Shares	**%**

*and/or (as the case may be)

Full Name (IN BLOCK LETTERS)	**NRIC/Passport No.**	**Contact No./Email Address**	
Full Address		**Proportion of Shareholdings**	
		No. of Shares	**%**

or failing him/her, the Chairman of the meeting, as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the Sixty-Fourth Annual General Meeting ("**AGM**") ("**64th AGM**") of the Company to be held at Training Room C, Level 1, Southern Steel Berhad, No. 2723, Lorong Perusahaan 12, Prai Industrial Estate, 13600 Prai, Pulau Pinang, Malaysia on Thursday, 26 February 2026 at 10:30 a.m. or immediately following the conclusion or adjournment (as the case may be) of the Sixty-Third AGM which will be held at 10:00 a.m. on the same day and at the same venue, whichever is later.

(Please indicate with an "**X**" in the spaces provided below how you wish your votes to be cast. If no specific direction is given, the proxy will vote or abstain from voting at his/her discretion.)

ORDINARY RESOLUTIONS		**FOR**	**AGAINST**
1.	To approve the payment of Directors' Other Benefits up to an amount of RM40,000/- for the period from a day after the 64th AGM until the next AGM of the Company to be held in year 2027.		
2.	To re-elect YBhg. Datuk Ir. Rosaline Ganendra as Director of the Company.		
3.	To re-appoint Messrs. KPMG PLT as External Auditor of the Company.		
4.	Authority to Issue Shares pursuant to the Companies Act 2016.		
5.	Proposed Shareholders' Mandate for New Recurrent Related Party Transactions of a Revenue or Trading Nature.		

** Strike out whichever is not applicable*

Signed this ________ day of ______________________, 2026.

____
*Signature of Member/Common Seal

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Notes:-

1. ***Section 340(1) of the Act stipulates that an AGM must be held once in every calendar year. Therefore, this 64th AGM will be held in respect of the calendar year 2026 although there will be no Audited Financial Statements tabled at this 64th AGM. The 15-month Audited Financial Statements for the financial period ended 30 September 2025 will be tabled at the 63rd AGM.***

2. *For the purpose of determining members' eligibility to attend the 64th AGM, only members whose names appear in the record of depositors as at 19 February 2026 shall be entitled to attend the 64th AGM or appoint proxy(ies) to attend and vote on their behalf.*

3. *A member entitled to attend and vote at the 64th AGM is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his stead. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy in the instrument appointing the proxies. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the 64th AGM shall have the same rights as the member to speak at the 64th AGM.*

4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*

5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or if such appointer be a corporation, under its common seal or under the hand of an officer or attorney of the corporation duly authorised.*

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The Share Registrar

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50490 Kuala Lumpur,
Wilayah Persekutuan

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6. *The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, must be deposited at the Company's Registered Office 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 forty-eight (48) hours before the time appointed for holding the 64th AGM or any adjournment thereof. All resolutions set out in the Notice of the 64th AGM are to be voted by poll.*

7. *Any notice of termination of authority to act as proxy must be received by the Company before the commencement of the 64th AGM or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Act:-*

   (i) the constitution of the quorum at such meeting;
   (ii) the validity of anything he did as chairman of such meeting;
   (iii) the validity of a poll demanded by him at such meeting; or
   (iv) the validity of the vote exercised by him at such meeting.

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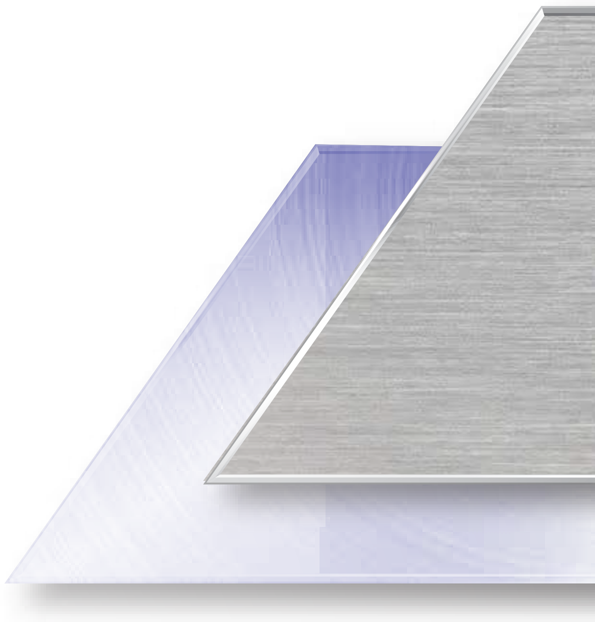

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Registration No. 196301000443 (5283-X)

2723, Lorong Perusahaan 12
Prai Industrial Estate
13600 Prai, Pulau Pinang
Malaysia
Tel : +604-390 6540
Fax : +604-398 7977