



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Ninth Annual General Meeting of Southern Steel Berhad (the "Company") will be held at Level 1, Training Room B, Southern Steel Berhad, 2723 Lorong Perusahaan 12, Prai Industrial Estate, 13600 Prai, Penang on Thursday, 27 October 2011 at 3.30 p.m. in order:

- 1 To lay before the meeting the audited financial statements together with the reports of the Directors and Auditors thereon for the financial period ended 30 June 2011. (Resolution 1)
- 2 To approve the payment of Director fees of RM720,001/- for the financial period ended 30 June 2011 to be divided amongst the Directors in such manner as the Directors may determine. (Resolution 2)
- 3 To re-elect the following retiring Directors: (Resolution 3)
 - (a) Mr Ang Kong Hua
 - (b) Mr Tang Hong Cheong
- 4 To pass the following motion as an Ordinary Resolution: (Resolution 4)

"THAT YM Raja Dato' Seri Abdul Aziz bin Raja Salim, a Director who retires in compliance with Section 129 of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."
- 5 To appoint Auditors and to authorise the Directors to fix their remuneration. (Resolution 5)

Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed hereto and marked as "Annexure" in the Annual Report, has been received by the Company for the nomination of Messrs KPMG, who have given their consent to act, as Auditors of the Company and of the intention to propose the following Ordinary Resolution:

"THAT Messrs KPMG be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs PricewaterhouseCoopers, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

SPECIAL BUSINESS

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

- 6 **Authority To Directors To Issue Shares** (Resolution 6)

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time and from time to time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."
- 7 **Proposed Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature with Hong Leong Company (Malaysia) Berhad ("HLCM") and persons connected with HLCM** (Resolution 7)

"THAT approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature referred to in Section 2.3 of the Circular to Shareholders dated 5 October 2011 with HLCM and persons connected with HLCM ("Hong Leong Group") provided that:

 - (a) such transactions are undertaken in the ordinary course of business, on commercial terms which are not more favourable to the Hong Leong Group than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders; and
 - (b) such approval, unless revoked or varied by the Company in a general meeting, shall continue in force until the conclusion of the next Annual General Meeting of the Company;

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution."
- 8 **Proposed Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature with Su Hock Company Sdn Bhd ("Su Hock") and its subsidiary** (Resolution 8)

"THAT approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature referred to in Section 2.3 of the Circular to Shareholders dated 5 October 2011 with Su Hock and its subsidiary ("Su Hock Group") provided that:

 - (a) such transactions are undertaken in the ordinary course of business, on commercial terms which are not more favourable to the Su Hock Group than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders; and
 - (b) such approval, unless revoked or varied by the Company in a general meeting, shall continue in force until the conclusion of the next Annual General Meeting of the Company;

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution."
- 9 **Proposed Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature with Hong Bee Hardware Company, Sdn Berhad ("HBH") and Hong Bee Engineering Sdn Bhd ("HBE")** (Resolution 9)

"THAT approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature referred to in Section 2.3 of the Circular to Shareholders dated 5 October 2011 with HBH and HBE provided that:

 - (a) such transactions are undertaken in the ordinary course of business, on commercial terms which are not more favourable to HBH and HBE than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders; and
 - (b) such approval, unless revoked or varied by the Company in a general meeting, shall continue in force until the conclusion of the next Annual General Meeting of the Company;

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution."
- 10 **Proposed Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature with Cheah Hong Inn Sdn Bhd ("CHI")** (Resolution 10)

"THAT approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature referred to in Section 2.3 of the Circular to Shareholders dated 5 October 2011 with CHI provided that:

 - (a) such transactions are undertaken in the ordinary course of business, on commercial terms which are not more favourable to CHI than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders; and
 - (b) such approval, unless revoked or varied by the Company in a general meeting, shall continue in force until the conclusion of the next Annual General Meeting of the Company;

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution."
- 11 **Proposed Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature with Kim Company Sdn Bhd ("Kim Co")** (Resolution 11)

"THAT approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature referred to in Section 2.3 of the Circular to Shareholders dated 5 October 2011 with Kim Co provided that:

 - (a) such transactions are undertaken in the ordinary course of business, on commercial terms which are not more favourable to Kim Co than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders; and
 - (b) such approval, unless revoked or varied by the Company in a general meeting, shall continue in force until the conclusion of the next Annual General Meeting of the Company;

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution."
- 12 To consider any other business of which due notice shall have been given.

By Order of the Board

Ting Kok Keong
Company Secretary

Penang
5 October 2011

Notes:

- 1 A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy but not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- 2 The Form of Proxy must be deposited at the Registered Office of the Company at Level 3, 2723 Lorong Perusahaan 12, Prai Industrial Estate, 13600 Prai, Penang not less than forty-eight (48) hours before the time of the meeting or adjourned meeting.

Explanatory Notes on Special Business.

- 1 **Authority To Directors To Issue Shares**

The proposed ordinary resolution, if passed, will give a renewed mandate to the Directors of the Company to issue ordinary shares of the Company from time to time provided the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being ("Renewed Mandate"). The Renewed Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 3 May 2010 and which will lapse at the conclusion of the Forty-Ninth Annual General Meeting.

The Renewed Mandate will enable the Directors to take swift action in case of, inter alia, a need for corporate exercises or in the event business opportunities or other circumstances arise which involve the issue of new shares, and to avoid delay and cost in convening general meetings to approve such issue of shares.
- 2 **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")**

The proposed ordinary resolutions, if passed, will empower the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the SSB Group, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to and/or from the public and are not, in the Company's opinion, detrimental to the minority shareholders of the Company.

Detailed information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 5 October 2011 which is despatched together with the Company's Annual Report.