

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Southern Steel Berhad ("Company") will be held at Training Room B, Level 1, Southern Steel Berhad, 2723 Lorong Perusahaan 12, Prai Industrial Estate, 13600 Prai, Penang, on Friday, 21 November 2014 at 3.15 p.m. or if later, upon the conclusion of the forthcoming 52nd Annual General Meeting of the Company to be held at the same venue at 2.45 p.m. on the same day, or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the following motions:

**ORDINARY RESOLUTION 1**

**PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF SOUTHERN STEEL BERHAD ("SSB") FROM RM502,000,000 DIVIDED INTO 500,000,000 ORDINARY SHARES OF RM1.00 EACH IN SSB ("SSB SHARES") AND 2,000,000 PREFERENCE SHARES OF RM1.00 EACH IN SSB ("PREFERENCE SHARES") TO RM802,000,000 DIVIDED INTO 800,000,000 SSB SHARES AND 2,000,000 PREFERENCE SHARES ("PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL")**

"THAT, subject to the passing of the Special Resolution below and all relevant approvals being obtained from the relevant regulatory authorities, approval be and is hereby given for the Company to increase its authorised share capital from RM502,000,000 divided into 500,000,000 SSB Shares and 2,000,000 Preference Shares to RM802,000,000 divided into 800,000,000 SSB Shares and 2,000,000 Preference Shares by the creation of an additional 300,000,000 new SSB Shares and that the Memorandum of Association of the Company be altered accordingly."

**ORDINARY RESOLUTION 2**

**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO RM209,708,604 NOMINAL VALUE OF FIVE (5)-YEAR 5% REDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS AT 100% OF ITS NOMINAL VALUE ("RCULS") ON THE BASIS OF RM1.00 NOMINAL VALUE OF RCULS FOR EVERY TWO (2) EXISTING ORDINARY SHARES OF RM1.00 EACH HELD IN SOUTHERN STEEL BERHAD ("SSB") ("SSB SHARES") ON AN ENTITLEMENT DATE TO BE DETERMINED LATER**

"THAT, subject to the passing of Ordinary Resolution 1, the Special Resolution below and all relevant approvals being obtained from the relevant regulatory authorities, including the approval of Bursa Malaysia Securities Berhad ("Bursa Securities") for the admission of the RCULS to the Official List of Bursa Securities and the listing of and quotation for the RCULS and the new SSB Shares to be issued pursuant to conversion of the RCULS, the Board of Directors of the Company ("Board") be and is hereby authorised to issue and allot:

- (i) by way of a renounceable rights issue of up to RM209,708,604 nominal value of RCULS at 100% of its nominal value to persons who are registered as shareholders of the Company whose names appear in the Record of Depositors of the Company at the close of business on a date to be determined by the Board, on the basis of RM1.00 nominal value of RCULS for every two (2) existing SSB Shares held and that RCULS not allotted or validly taken up for any reason whatsoever shall be dealt with by the Board in such manner as the Board shall in its absolute discretion deem fit or expedient and in the best interest of the Company;
- (ii) such number of new SSB Shares credited as fully paid-up in the Company pursuant to the conversion of the RCULS at a conversion price to be determined by the Board and that such new SSB Shares shall, upon allotment and issue, rank *pari passu* in all respects with the existing SSB Shares in issue, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions, in respect of which the entitlement date is prior to the relevant date of allotment of the said new SSB Shares to be issued pursuant to the conversion of the RCULS; and
- (iii) such further number of new SSB Shares as may be required or permitted to be issued and allotted as a consequence of the adjustments under the provisions of the trust deed constituting the RCULS ("Trust Deed")

(hereinafter referred to as the "Proposed Rights Issue of RCULS"), upon such terms and conditions including without limitation as to interest and maturity thereof as the Board may determine and provide in the Trust Deed or other documents constituting the Proposed Rights Issue of RCULS;

AND THAT the Board be and is hereby authorised to utilise the proceeds arising from the Proposed Rights Issue of RCULS for the purposes as set out in the circular to shareholders of the Company dated 30 October 2014;

AND THAT the Board be and is hereby authorised to enter into and execute all transaction documents or agreements in connection with the Proposed Rights Issue of RCULS, including but not limited to the Trust Deed, and to do all acts, deeds and things as the Board may deem fit or expedient in order to implement, finalise and give full effect to the aforesaid Trust Deed;

AND THAT fractional entitlements to the RCULS arising from the Proposed Rights Issue of RCULS, if any, will be disregarded and shall be dealt with in such manner as the Board shall in its absolute discretion deem fit or expedient and in the best interest of the Company;

AND THAT the Board be and is hereby further authorised to do all acts and things necessary to give full effect to the Proposed Right Issue of RCULS with full power to assent to any condition, modification, variation and/or amendment as the Board may deem fit or expedient and in the best interest of the Company and/or as may be imposed by the relevant governmental or regulatory authorities."

**SPECIAL RESOLUTION****PROPOSED AMENDMENT TO THE SHARE CAPITAL CLAUSE IN THE ARTICLES OF ASSOCIATION OF THE COMPANY**

"THAT subject to the passing of Ordinary Resolution 1, Article 3 of the Articles of Association of the Company be amended to read as 'The authorised capital of the Company is Ringgit Malaysia Eight Hundred and Two Million (RM802,000,000.00) divided into Eight Hundred Million (800,000,000) ordinary shares of Ringgit Malaysia One (RM1.00) each and Two Million (2,000,000) preference shares of Ringgit Malaysia One (RM1.00) each.' in substitution for the existing Article 3 of the Articles of Association of the Company."

By Order of the Board

JOANNE LEONG WEI YIN  
LEE WUI KIEN  
Company Secretaries

Kuala Lumpur  
30 October 2014

**Notes:**

- (1) For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 17 November 2014 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.
- (2) Save for a member who is an exempt authorised nominee, a member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member who is an authorised nominee may appoint not more than two proxies in respect of each securities account it holds. A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("Omnibus Account") may appoint any number of proxies in respect of the Omnibus Account.
- (3) Where two (2) or more proxies are appointed, the proportions of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointments shall be invalid.
- (4) The Form of Proxy must be deposited at the Registered Office of the Company at Level 9, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding of the meeting or adjourned meeting.