

NOTICE OF PROVISIONAL ALLOTMENT OF RIGHTS RCULS

THE PROVISIONAL RIGHTS RCULS (AS DEFINED BELOW) AS CONTAINED IN THIS NOTICE OF PROVISIONAL ALLOTMENT ARE PRESCRIBED SECURITIES PURSUANT TO SECTION 14(5) OF THE SECURITIES INDUSTRY (CENTRAL DEPOSITORIES) ACT, 1991 ("SICDA") AND THEREFORE, THE SICDA (INCLUDING ALL AMENDMENTS THEREOF) AND THE RULES OF BURSA MALAYSIA DEPOSITORY SDN BHD ("BURSA DEPOSITORY") SHALL APPLY IN RESPECT OF DEALINGS IN THE PROVISIONAL ALLOTMENT OF RIGHTS RCULS.



A Member of the Hong Leong Group
(Incorporated in Malaysia under the Companies Ordinances, 1940 to 1946)

RENOUNCEABLE RIGHTS ISSUE OF UP TO RM209,708,604 NOMINAL VALUE OF 5-YEAR 5% REDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("RCULS") AT 100% OF ITS NOMINAL VALUE ("RIGHTS RCULS") ON THE BASIS OF RM1.00 NOMINAL VALUE OF RIGHTS RCULS FOR EVERY 2 EXISTING ORDINARY SHARES OF RM1.00 EACH HELD IN SOUTHERN STEEL BERHAD ("SSB") ("SSB SHARES") AS AT 5.00 P.M. ON 19 DECEMBER 2014 ("ENTITLEMENT DATE") ("RIGHTS ISSUE OF RCULS")



Hong Leong Investment Bank Berhad (10209-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

To: The Shareholders of SSB

Dear Sir/Madam,

The Board of Directors of SSB ("Board") has provisionally allotted to you the number of Rights RCULS as indicated below, in accordance with the ordinary resolution passed by the shareholders of SSB at the Extraordinary General Meeting convened on 21 November 2014, the approval of Bursa Malaysia Securities Berhad ("Bursa Securities") dated 15 October 2014 and the approval of the Securities Commission Malaysia dated 17 October 2014.

We wish to advise that the Rights RCULS provisionally allotted to you ("Provisional Rights RCULS") in respect of the Rights Issue of RCULS have been confirmed by Bursa Depository and will be credited into your Central Depository System ("CDS") account as stated below, subject to the terms and conditions as stated in SSB's Abridged Prospectus dated 19 December 2014 and the accompanying rights subscription form.

Bursa Securities has prescribed the securities of SSB listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Provisional Rights RCULS are prescribed securities and as such, all dealings in the Provisional Rights RCULS will be by book entries through the CDS accounts and will be governed by the SICDA and the Rules of Bursa Depository.

ALL RIGHTS RCULS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE OF RCULS WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS RCULS INTO THE CDS ACCOUNTS OF THE SHAREHOLDERS OF SSB WHOSE NAMES APPEAR IN THE RECORD OF DEPOSITORS OF SSB ON THE ENTITLEMENT DATE ("ENTITLED SHAREHOLDERS") AND/OR THEIR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE). NO PHYSICAL RCULS CERTIFICATES WILL BE ISSUED.

It is the intention of the Board to allocate the Rights RCULS which are not taken up or not validly taken up by the Entitled Shareholders and/or their renounee(s) and/or transferee(s) prior to excess application ("Excess Rights RCULS"), if any, in a fair and equitable manner to the Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) who have applied for Excess Rights RCULS in the following priority:

- (i) firstly, to minimise the incidence of odd lots; and
- (ii) secondly, for allocation to the Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) who have applied for Excess Rights RCULS on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Rights RCULS application.

Nevertheless, the Board reserves the right to allot any Excess Rights RCULS applied for in such manner as it deems fit or expedient and in the best interest of SSB. The Board also reserves the right not to accept any Excess Rights RCULS application, in full or in part, without assigning any reason.

NAME, ADDRESS AND CDS ACCOUNT NUMBER OF ENTITLED SHAREHOLDER		
NUMBER OF SSB SHARES HELD AS AT 5.00 P.M. ON 19 DECEMBER 2014	NUMBER OF RIGHTS RCULS PROVISIONALLY ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM1.00 PER RIGHTS RCULS (RM)

IMPORTANT RELEVANT DATES AND TIMES:

Entitlement Date	: Friday, 19 December 2014 at 5.00 p.m.
Last date and time for the sale of Provisional Rights RCULS	: Friday, 9 January 2015 at 5.00 p.m.
Last date and time for the transfer of Provisional Rights RCULS	: Wednesday, 14 January 2015 at 4.00 p.m.
Last date and time for acceptance and payment	: Monday, 19 January 2015 at 5.00 p.m.*
Last date and time for application of Excess Rights RCULS and payment	: Monday, 19 January 2015 at 5.00 p.m.*

* or such later date and time as the Board may decide and announce not less than 2 Market Days (as defined in the Abridged Prospectus) before the stipulated date and time.

By Order of the Board

JOANNE LEONG WEI YIN (MAICSA 0877466)
LEE WUI KIEN (MAICSA 7007556)
Company Secretaries

Share Registrar:
HONG LEONG SHARE REGISTRATION SERVICES SDN BHD
Level 5, Wisma Hong Leong
18 Jalan Perak, 50450 Kuala Lumpur
Tel: +603 2164 1818
Fax: +603 2164 3703

RIGHTS SUBSCRIPTION FORM

THIS RIGHTS SUBSCRIPTION FORM ("RSF") IS ISSUED FOR THE PURPOSE OF ACCEPTING THE RIGHTS RCULS (AS DEFINED BELOW) AND APPLYING FOR EXCESS RIGHTS RCULS (AS DEFINED IN THE ABRIDGED PROSPECTUS) PURSUANT TO THE RIGHTS ISSUE OF RCULS (AS DEFINED BELOW) OF SOUTHERN STEEL BERHAD ("SSB"). THE CLOSING DATE AND TIME FOR ACCEPTANCE OF RIGHTS RCULS, APPLICATION FOR EXCESS RIGHTS RCULS AND PAYMENT IS 5.00 P.M. ON 19 JANUARY 2015 OR SUCH LATER DATE AND TIME AS THE BOARD OF DIRECTORS OF SSB ("BOARD") MAY DECIDE AND ANNOUNCE. THIS RSF IS ONLY APPLICABLE TO PERSONS WHO HAVE PROVISIONAL RIGHTS STANDING TO THE CREDIT IN HIS/HER CENTRAL DEPOSITORY SYSTEM ("CDS") ACCOUNT.



A Member of the Hong Leong Group
(Incorporated in Malaysia under the Companies Ordinances, 1940 to 1946)

Affix a RM10.00
Malaysian Revenue
Stamp here

RENOUNCEABLE RIGHTS ISSUE OF UP TO RM209,708,604 NOMINAL VALUE OF 5-YEAR 5% REDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("RCULS") AT 100% OF ITS NOMINAL VALUE ("RIGHTS RCULS") ON THE BASIS OF RM1.00 NOMINAL VALUE OF RIGHTS RCULS FOR EVERY 2 EXISTING ORDINARY SHARES OF RM1.00 EACH HELD IN SSB ("SSB SHARES") AS AT 5.00 P.M. ON 19 DECEMBER 2014 ("ENTITLEMENT DATE") ("RIGHTS ISSUE OF RCULS")

To: The Board of Directors
SOUTHERN STEEL BERHAD
Level 9, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur

PART I – ACCEPTANCE OF RIGHTS RCULS

In accordance with the terms of this RSF and the Abridged Prospectus dated 19 December 2014 ("**Abridged Prospectus**"), I/we* irrevocably accept the number of Rights RCULS stated below, which were provisionally allotted/renounced/transferred to me/us* in accordance with and subject to the Memorandum and Articles of Association of SSB. I/We* enclose herewith Banker's Draft/Cashier's Order/Money Order/Postal Order* in favour of "**SSB RIGHTS RCULS ACCOUNT**" and crossed "**A/C PAYEE ONLY**", being the full amount payable for the said number of Rights RCULS accepted, and request for the said Rights RCULS accepted to be credited into my/our* CDS account as follows:

NO. OF RIGHTS RCULS ACCEPTED	TOTAL AMOUNT PAYABLE AT RM1.00 PER RIGHTS RCULS (RM)	BANKER'S DRAFT/CASHIER'S ORDER/MONEY ORDER/POSTAL ORDER NO.

CDS ACCOUNT NO.

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PART II – APPLICATION FOR EXCESS RIGHTS RCULS

In accordance with the terms of this RSF and the Abridged Prospectus, I/we* irrevocably apply for the number of Excess Rights RCULS (as defined in the Abridged Prospectus) below, in addition to the Rights RCULS which were provisionally allotted to and accepted by me/us* as stated above, in accordance with and subject to the Memorandum and Articles of Association of SSB. I/We* enclose herewith Banker's Draft/Cashier's Order/Money Order/Postal Order* in favour of "**SSB EXCESS RIGHTS RCULS ACCOUNT**" and crossed "**A/C PAYEE ONLY**", being the full amount payable for the said number of Excess Rights RCULS applied for, and request for the said Excess Rights RCULS applied for, if successful, to be credited into my/our* CDS account as disclosed in Part I above:

NO. OF EXCESS RIGHTS RCULS APPLIED	TOTAL AMOUNT PAYABLE AT RM1.00 PER RIGHTS RCULS (RM)	BANKER'S DRAFT/CASHIER'S ORDER/MONEY ORDER/POSTAL ORDER NO.

PART III – DECLARATION

I/We* confirm and declare that:
 (i) all information provided by me/us* are true and correct;
 (ii) all information is identical with the information in the records of Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**") and further agree and confirm that in the event the said information differs from Bursa Depository's record, the exercise of my/our* rights may be rejected; and
 • I am 18 years of age or over.
 • I am/We are* resident(s) of Malaysia.
 • I am/We are* resident(s) of (country) and having citizenship.
 • I am/We are* nominee(s) of a person who is a Bumiputera/non-Bumiputera/non-citizen* resident in (country) and having citizenship.
 • I/We* consent to SSB and the Share Registrar of SSB collecting the information and personal data (collectively "**Data**") required herein, to process and disclose such Data to any person for the purposes of implementing the Rights Issue of RCULS and storing such Data in any servers located in Malaysia or outside Malaysia in accordance with the relevant laws and regulations.

I/We* accept all the terms and conditions set out in this RSF and the Abridged Prospectus and further confirm compliance with all requirements for acceptance and payment as set out here.

NAME AND ADDRESS OF APPLICANT (in block letters) (as per Bursa Depository's record)	SIGNATURE/AUTHORISED SIGNATORY(IES) (as per Bursa Depository's record) (Corporate bodies must affix their common seal)
CONTACT TELEPHONE NO. (during office hours)	NATIONALITY/PLACE OF INCORPORATION
IF THE APPLICANT IS A NATURAL PERSON (as per Bursa Depository's record) NRIC no.: Old: New: Passport no. (also state country):	IF THE APPLICANT IS A BODY CORPORATE (as per Bursa Depository's record) Company no./Registration no.:
RACE (if Malaysian) Please tick (✓) where appropriate <input type="checkbox"/> Malay <input type="checkbox"/> Indian <input type="checkbox"/> Chinese <input type="checkbox"/> Others (specify)	TYPE OF BODY CORPORATE Please tick (✓) where appropriate <input type="checkbox"/> Government Agencies/Institutions/Statutory Bodies <input type="checkbox"/> Controlled by Non-Malaysians <input type="checkbox"/> Controlled by Malaysians (Malays/Natives) <input type="checkbox"/> Others (specify) <input type="checkbox"/> Controlled by Malaysians (Non-Malays/Non-Natives)

Dated thisday of 2014/2015*

* Please delete whichever is not appropriate/applicable.

NOTES AND INSTRUCTIONS FOR COMPLETING THIS RSF

THIS RSF IS NOT A TRANSFERABLE OR NEGOTIABLE INSTRUMENT.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately. All enquiries concerning the Rights Issue of RCULS should be addressed to the Share Registrar of SSB, Hong Leong Share Registration Services Sdn Bhd, Level 5, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur. **YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE ABRIDGED PROSPECTUS TO WHICH THIS RSF RELATES BEFORE COMPLETING THIS RSF. IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS AND SERVICES ACT, 2007, THIS RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE ABRIDGED PROSPECTUS.**

The Rights Issue of RCULS has been approved by the shareholders of SSB at the Extraordinary General Meeting of SSB held on 21 November 2014. The Securities Commission Malaysia ("SC") has, on 17 October 2014, approved the issuance of the RCULS. Bursa Malaysia Securities Berhad ("Bursa Securities") has, on 15 October 2014, approved the admission of the Rights RCULS to the Official List of Bursa Securities and the listing of and quotation for the Rights RCULS and new SSB Shares to be issued upon conversion of the Rights RCULS on the Main Market of Bursa Securities. The official listing of and quotation for the Rights RCULS will commence after, amongst others, receipt of confirmation from Bursa Depository that all CDS accounts of the successful Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

The Abridged Prospectus together with the notice of provisional allotment ("NPA") and this RSF are not intended to be (and will not be) issued, circulated or distributed in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any countries or jurisdiction other than the laws of Malaysia. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Malaysia where shareholders may have their registered addresses, the Abridged Prospectus together with the NPA and this RSF have not been and will not be despatched to shareholders with a registered address outside Malaysia unless they have provided an address in Malaysia for the service of the Abridged Prospectus together with the NPA and this RSF by the Entitlement Date.

However, even though a person may be issued, circulated or distributed or be permitted to collect the Abridged Prospectus together with the NPA and this RSF, SSB and Hong Leong Investment Bank Berhad ("HLIB") require that a person into whose possession of the Abridged Prospectus together with the NPA and this RSF must inform himself of, and observe all the applicable laws of other jurisdictions which may prohibit or restrict the issue, circulation or distribution of the Abridged Prospectus together with the NPA and this RSF to him or which may prohibit or restrict the offering, solicitation or invitation to subscribe for the Rights RCULS under the Abridged Prospectus together with the NPA and this RSF or the Rights Issue of RCULS to him. SSB and HLIB shall not accept any responsibility or liability whatsoever to any party in the event that any acceptance or renunciation made by any Entitled Shareholder and/or his renounee(s) and/or transferee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction.

A copy of the Abridged Prospectus has been registered with the SC. The registration of the Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue of RCULS or assumes responsibility for the correctness of any statement made or opinion or report expressed in the Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Abridged Prospectus, together with this RSF, has also been lodged with the Registrar of Companies of Malaysia, who takes no responsibilities for their contents.

Admission to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the Rights RCULS and new SSB Shares to be issued upon conversion of the Rights RCULS are in no way reflective of the merits of the Rights Issue of RCULS. Neither Bursa Securities nor the SC takes any responsibility for the correctness of statements made or opinions expressed herein.

The Abridged Prospectus together with the NPA and this RSF has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in these documents false or misleading.

Unless otherwise stated, the unit of currency used in this RSF is Ringgit Malaysia or "RM" in abbreviation. Terms defined in the Abridged Prospectus shall have the same meanings when used in this document, unless they are otherwise defined here or the context otherwise requires.

INSTRUCTIONS:-

(I) LAST DAY AND TIME FOR ACCEPTANCE AND PAYMENT

This RSF is valid for acceptance until 5.00 p.m. on 19 January 2015, or such later date and time as the Board may at its absolute discretion decide and announce not less than 2 Market Days (as defined in the Abridged Prospectus) before the stipulated date and time ("Closing Date").

If acceptance and payment in the manner specified here are not received by the Share Registrar of SSB, **Hong Leong Share Registration Services Sdn Bhd, Level 5, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur** by 5.00 p.m. on the Closing Date for any part of the Rights RCULS provisionally allotted to you ("Provisional Rights RCULS"), such provisional allotment will be deemed to have been declined and will be cancelled. Such Rights RCULS not taken up will be allotted to applicants who have applied for the Excess Rights RCULS.

(II) ACCEPTANCE OF RIGHTS RCULS

If you wish to accept your entitlement to the Provisional Rights RCULS, either in full or in part, please complete Parts I and III of this RSF and send the completed and signed RSF together with the appropriate remittance made in Ringgit Malaysia by Banker's Draft/Cashier's Order/Money Order/Postal Order drawn on a bank or post office in Malaysia and made payable to "**SSB RIGHTS RCULS ACCOUNT**" and crossed "**A/C PAYEE ONLY**" and **endorsed on the reverse side with your name and address in block letters and CDS account number**, for the full amount payable for the Rights RCULS accepted, to be received by the Share Registrar of SSB, Hong Leong Share Registration Services Sdn Bhd, by 5.00 p.m. on the Closing Date.

The payment must be made for the exact amount payable for the Rights RCULS accepted. Any application accompanied by excess or insufficient payment or payment other than in the manner prescribed here may or may not be accepted at the absolute discretion of the Board. No acknowledgement will be issued for the receipt of this RSF. However, if your Rights RCULS application is successful, a notice of allotment will be despatched to you within 8 Market Days from the Closing Date by ordinary post to the address shown in Bursa Depository's record at your own risk.

The Board reserves the right not to accept any Rights RCULS application, in full or in part, without assigning any reason.

In respect of unsuccessful or partially successful Rights RCULS applications, the full amount or the surplus of the application monies, as the case may be, will be refunded without interest within 15 Market Days from the Closing Date by ordinary post to the address shown in Bursa Depository's record at your own risk.

(III) APPLICATION FOR EXCESS RIGHTS RCULS

If you wish to apply for additional Rights RCULS in excess of your entitlement, you may do so by completing Part II of this RSF (in addition to Parts I and III) and send the completed and signed RSF with a **separate remittance** made in Ringgit Malaysia by Banker's Draft/Cashier's Order/Money Order/Postal Order drawn on a bank or post office in Malaysia and made payable to "**SSB EXCESS RIGHTS RCULS ACCOUNT**" and crossed "**A/C PAYEE ONLY**" and **endorsed on the reverse side with your name and address in block letters and CDS account number**, for the full amount payable for the Excess Rights RCULS applied for, to be received by the Share Registrar of SSB, Hong Leong Share Registration Services Sdn Bhd, by 5.00 p.m. on the Closing Date.

The payment must be made for the exact amount payable for the Excess Rights RCULS applied for. Any application accompanied by excess or insufficient payment or payment other than in the manner prescribed here may or may not be accepted at the absolute discretion of the Board. No acknowledgement will be issued for the receipt of this RSF. However, if your application for the Excess Rights RCULS is successful, a notice of allotment will be despatched to you within 8 Market Days from the Closing Date by ordinary post to the address shown in Bursa Depository's record at your own risk.

In respect of unsuccessful or partially successful Excess Rights RCULS applications, the full amount or the surplus of the application monies, as the case may be, will be refunded without interest within 15 Market Days from the Closing Date by ordinary post to the address shown in Bursa Depository's record at your own risk.

It is the intention of the Board to allocate the Excess Rights RCULS, if any, in a fair and equitable manner to the Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) who have applied for Excess Rights RCULS in the following priority:

- firstly, to minimise the incidence of odd lots; and
- secondly, for allocation to the Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) who have applied for Excess Rights RCULS on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Rights RCULS application.

Nevertheless, the Board reserves the right to allot any Excess Rights RCULS applied for under this RSF in such manner as it deems fit or expedient and in the best interest of SSB. The Board also reserves the right not to accept any Excess Rights RCULS application, in full or in part, without assigning any reason.

(IV) SALE/TRANSFER OF THE PROVISIONAL RIGHTS RCULS

As the Provisional Rights RCULS are prescribed securities, you and/or your renounee(s) and/or transferee(s) (if applicable) who wish to sell or transfer all or part of your entitlements to the Provisional Rights RCULS may do so immediately through your stockbroker for the period up to the last day and time of sale/transfer of the Provisional Rights RCULS, without first having to request for a split of the Provisional Rights RCULS standing to the credit in your CDS account(s).

In selling or transferring all or part of your Provisional Rights RCULS, you need not deliver any document (including this RSF) to the stockbroker in respect of the portion of the Provisional Rights RCULS sold/transferred. However, you must ensure that you have sufficient number of Provisional Rights RCULS standing to the credit in your CDS account(s) before selling or transferring the Provisional Rights RCULS.

The purchaser(s) and/or renounee(s) and/or transferee(s) (if applicable) can collect a copy of this RSF for the acceptance of his/her/their Rights RCULS from his/her/their stockbroker, all Malaysian stockbroking companies, the registered office of SSB, the Share Registrar's office or Bursa Securities' website at www.bursamalaysia.com.

If you have sold/transferred part of your entitlement of the Rights RCULS, you may still accept the balance of your entitlement by completing Parts I and III of this RSF and send the completed and signed RSF together with the full amount payable on the balance of the Rights RCULS applied for to the Share Registrar of SSB, Hong Leong Share Registration Services Sdn Bhd, by 5.00 p.m. on the Closing Date.

(V) GENERAL INSTRUCTIONS

- All applicants must sign on the front page of this RSF. All corporate bodies must affix their Common Seals.
- A Malaysian Revenue Stamp (not postage stamp) of Ringgit Malaysia Ten (RM10.00) must be affixed on this RSF.
- Any interest or other benefit accruing on or arising from or in connection with any application monies shall be for the benefit of SSB and SSB shall not be under any obligation to account for such interest or other benefit to you.
- The contract arising from the acceptance of the Provisional Rights RCULS by you shall be governed by and construed in accordance with the laws of Malaysia, and you shall be deemed to have irrevocably and unconditionally submitted to the exclusive jurisdiction of the courts of Malaysia in respect of any matter in connection with this RSF and the contract arising therefrom.
- SSB reserves the right to accept or reject any acceptance and/or application if the instructions hereinabove stated are not strictly adhered to or which are illegible.
- The Rights RCULS subscribed by the Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) will be credited into their respective CDS accounts as stated in this RSF or in the NPA where the Provisional Rights RCULS are standing to the credit as appearing on Bursa Depository's records.