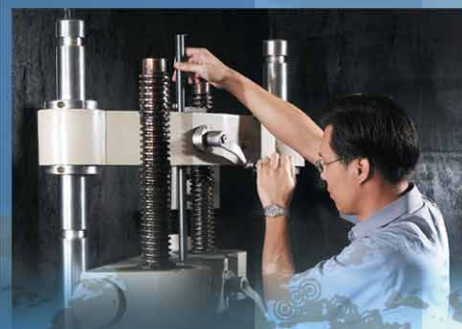




# CHOO BEE METAL INDUSTRIES BERHAD

(10587-A)



## Annual Report 2007

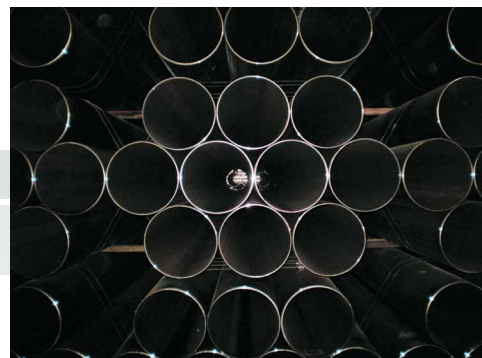


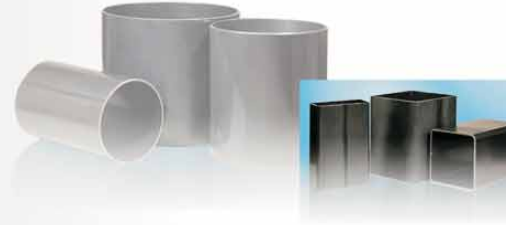


CHOO BEE METAL INDUSTRIES BERHAD  
(10987-A)

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## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the 2008 Annual General Meeting of the Company will be held at Heritage Hotel, Jalan Raja Dihilir, 30350 Ipoh, Perak Darul Ridzuan, Malaysia on Friday, 20 June 2008 at 11.30 a.m.

### AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2007, together with the Directors' and Auditors' Reports thereon.
2. To sanction the declaration of a final dividend of 6% less 26% income tax.
3. To approve payment of Directors' fee.
4. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:-

Khoo Choon Yam  
Datin Shahrizan Binti Abdullah

5. To consider and, if thought fit, pass a resolution pursuant to Section 129 of the Companies Act, 1965 to re-appoint Soon Ah Khun @ Soon Lian Huat as a Director of the Company to hold office until the next Annual General Meeting of the Company.
6. To appoint Auditors and authorise the Directors to fix their remuneration.
7. To transact any other business appropriate to an Annual General Meeting.
8. As SPECIAL BUSINESS, to consider and, if thought fit, pass the following resolutions:-

#### **ORDINARY RESOLUTION NO. 1 –**

#### **AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

"That, subject to the Companies Act, 1965 and the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad, the Securities Commission and other relevant governmental or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the capital of the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

#### **ORDINARY RESOLUTION NO. 2 –**

#### **PROPOSED RENEWAL OF SHARE BUY BACK AUTHORITY**

"That, subject to compliance with all applicable laws, regulations and guidelines, authority be and is hereby given to the Directors of the Company to purchase (Proposed Share Buy Back) ordinary shares of RM1.00 each in the Company up to the limit of 8,000,000 shares inclusive of those shares already purchased and retained in treasury, which as at 30 April 2008 amounted to 3,685,200 shares, through Bursa Malaysia Securities Berhad, representing seven point two eight percent (7.28%) of the Company's total issued and paid-up share capital as at 30 April 2008 of 109,903,000 shares of RM1.00 each;

That an amount of RM15,000,000 be allocated for the Proposed Share Buy Back out of the total of the audited retained profits and share premium account as at 31 December 2007, so that the total consideration of shares purchased and held as treasury shares or cancelled at any time do not exceed RM15,000,000. The retained profits and share premium account of the Company based on the audited financial statements for the year ended 31 December 2007 and unaudited management accounts for the period ended 31 March 2008 are as follows:

	<b>As at 31 December 2007</b>	<b>As at 31 March 2008</b>
Retained profits	RM 128,879,209	RM 131,657,275
Share premium	RM 24,115,005	RM 24,115,005



**CHOO BEE METAL INDUSTRIES BERHAD**  
(10987-A)

## Notice of Annual General Meeting (cont'd)

That the Directors may resolve to immediately cancel the shares so purchased, and/or retain them as treasury shares and/or re-sell and/or cancel them and that an announcement will be made to Bursa Malaysia Securities Berhad on the Directors' intention for the proposed treatment of shares bought back and the rationale of the alternatives chosen and if available, information as to the percentage or number of shares purchased which are to be retained and/or cancelled;

That the Directors be and are hereby empowered to take all such steps as are necessary to give full effect to the Proposed Share Buy Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities AND THAT such authority shall commence upon the passing of this Ordinary Resolution and shall expire at the conclusion of the next Annual General Meeting of the Company unless renewed by ordinary resolution passed at that meeting; or at the expiration of the period within which the next annual general meeting is required by law to be held; or earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, whichever occurs first."

### **ORDINARY RESOLUTION NO. 3 – PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE ON RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

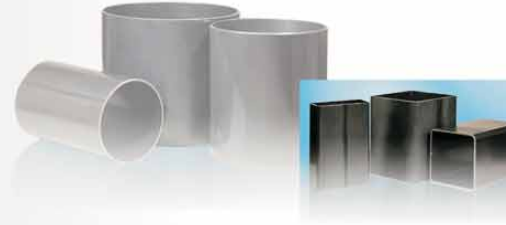
"That, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiaries shall be mandated to enter into the category of Recurrent Related Party Transactions of a Revenue or Trading Nature as specified in Part B Section 3 of the Circular dated 28 May 2008 subject further to the following:-

- (i) the transactions are in the ordinary course of business and are on terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- (ii) the Proposed Shareholders' Mandate shall apply in respect of the Recurrent Related Party Transactions to be entered into from 20 June 2008 to the next Annual General Meeting of the Company. The Proposed Shareholders' Mandate shall only continue to be in force until:
  - the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed at the meeting the authority is renewed; or
  - the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965; or
  - revoked or varied by a resolution passed by the shareholders in general meeting before the next Annual General Meeting;

whichever is earlier.

Thereafter, approval from shareholders for a renewal of the recurrent related party transactions mandate will be sought at each subsequent Annual General Meeting of the Company; and

- (iii) disclosure is made in the annual report of the breakdown of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year and in the annual reports for the subsequent financial year during which the Proposed Shareholders' Mandate is in force based on the type of recurrent transactions made and the names of the related parties involved in each type of the recurrent transactions made and their relationship with the listed issuer, provided that such transactions are made on normal commercial terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company on an arm's length basis; and



## Notice of Annual General Meeting (cont'd)

- (iv) the Directors and/or any of them be and are hereby authorised to complete and do such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

By Order of the Board

**CHAN YOKE YIN**  
**WOO YING PUN**  
Company Secretaries

Ipoh, Perak Darul Ridzuan, Malaysia  
28 May 2008

*NOTE:- A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company, 55 Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting.*

### EXPLANATORY NOTES:

#### (a) ORDINARY RESOLUTION NO. 1

The Ordinary Resolution proposed under item 8 if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting until the next Annual General Meeting to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company. This authority will expire at the next Annual General Meeting of the Company, unless revoked or varied at a general meeting.

#### (b) ORDINARY RESOLUTION NO. 2

Further information on the above Ordinary Resolution is set out in the Circular to Shareholders of the Company, which is sent out together with the Company's 2007 Annual Report.

#### (c) ORDINARY RESOLUTION NO. 3

Further information on the above Ordinary Resolution is set out in the Circular to Shareholders of the Company, which is sent out together with the Company's 2007 Annual Report.

#### (d) RE-ELECTION OF DIRECTOR

Dato' Robert Lim Git Hooi is also due for retirement at the forthcoming Annual General Meeting. However, he has advised that he will not be seeking re-election at the forthcoming Annual General Meeting.

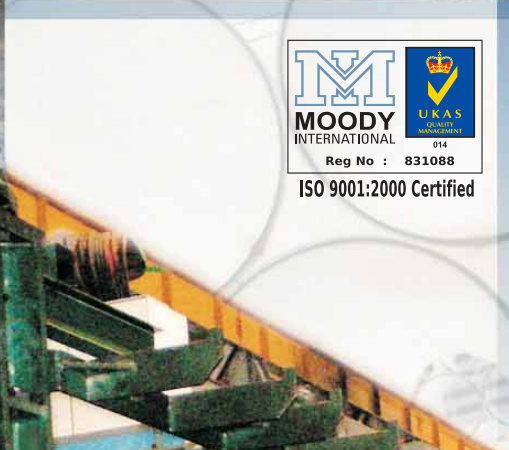
## Statement Accompanying Notice of Annual General Meeting of Choo Bee Metal Industries Berhad

pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

Further details of individual standing for election as Director is set out in the Profile of Directors and Statement of Shareholdings on pages 12, 13 and 89 respectively of this Annual Report.



CHOO BEE METAL INDUSTRIES BERHAD  
(10987-A)





# Chairman's Statement

On behalf of the Board of Directors of Choo Bee Metal Industries Berhad, I am pleased to present the Annual Report 2007 and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2007.

## Financial Review

Group turnover of RM462 million in 2007 was 30% higher than the turnover of RM357 million in 2006. However, Group profit before tax of RM36 million was 14% lower than the profit of RM42 million the year before, mainly because of a lower contribution from the manufacturing division.

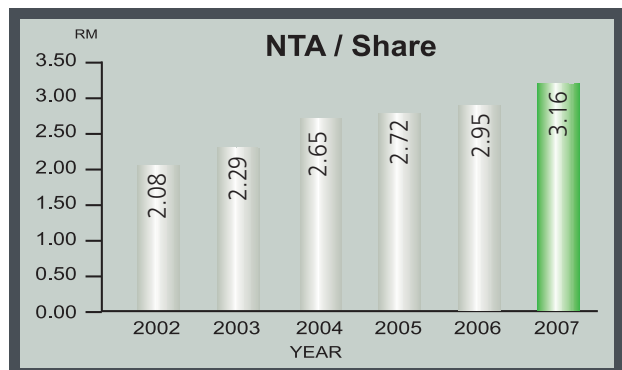
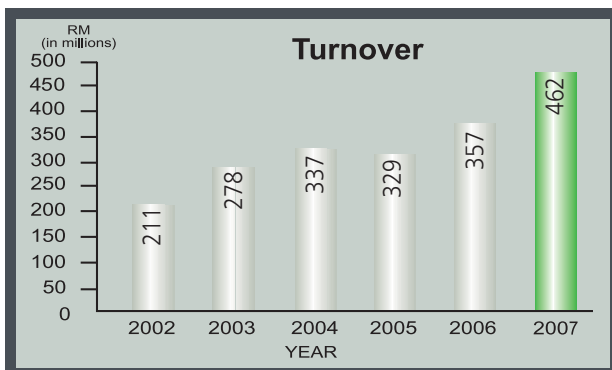
The underlying businesses of the Group remain strong and the progress we have made in developing various aspects of our business further strengthened the ability of the group to meet future challenges.

The Group's net tangible assets (NTA) strengthened to RM335 million at the end of 2007, from RM314 million at the end of 2006, that is to RM3.16 NTA per share from RM2.95 NTA per share.



**Soon Ah Khun @ Soon Lian Huat**  
Group Executive Chairman

## Financial Results at a Glance





## Chairman's Statement (cont'd)

### Dividend

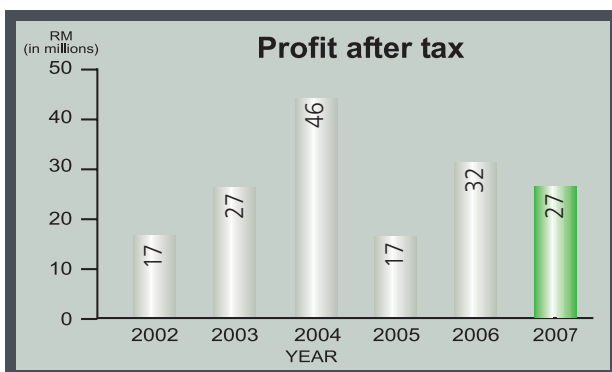
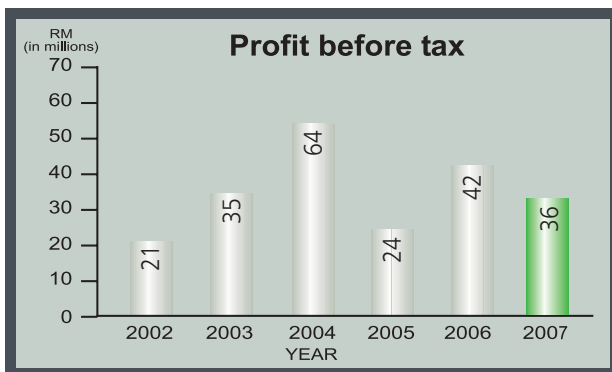
The Board of Directors is pleased to recommend a final dividend of 6% less 26% Malaysian tax for the financial year ended 31 December 2007.

### Group Performance

During the third quarter, the profitability of the Company's manufactured products was affected by intense competition from imported steel pipes, which resulted in the Company having to lower its selling prices to remain competitive. Increases in raw material prices also narrowed our margins.

Prices have since recovered and our margins have improved. World steel prices continue to rise on expectations of demand for steel exceeding supply, and iron ore prices reaching new levels. We are closely monitoring the industry outlook.

During the year, the Company increased production of pipes of various thicknesses from our new 18" diameter tube mill and we expect to expand output in 2008 to meet increased demand.





## Chairman's Statement (cont'd)

We achieved an increase of our exports, particularly to a number of new markets with good potential. We expect to obtain approval from the American Petroleum Institute for the use of their monogram on certain pipes manufactured by us, by mid-2008. This certification will broaden the market for our pipes into the oil and gas industries.

The Group continues to invest in people and processes to improve productivity and to serve our customers better.



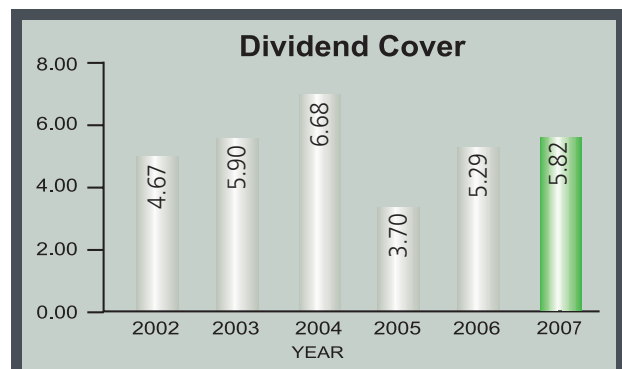
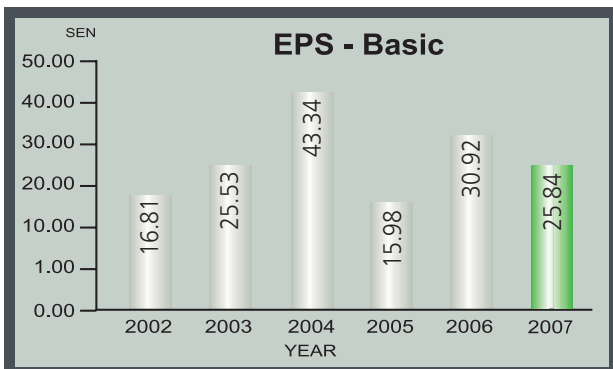
## Industry Trend and Developments

The Group is cautiously optimistic that the Malaysian economy will continue to grow in 2008 although at a slower rate, given the changes in the Malaysian political landscape and various uncertainties facing the financial markets and major economies. We expect the building and construction industry to maintain the demand for steel, backed by the implementation of Ninth Malaysia Plan and private sector projects.



## Prospects for 2008

The above industry and market outlook will enable the Group and the Company to achieve results which reflect our strengths and competitive advantage, foremost of which are our experience in the industry, planning capacity, and the strong support from our large network of customers and suppliers.





**CHOO BEE METAL INDUSTRIES BERHAD**  
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## Chairman's Statement (cont'd)



### Acknowledgement

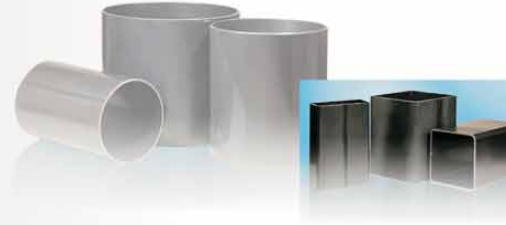
On behalf of the Board, I would like to thank all our valued customers, suppliers, business associates, bankers and shareholders for their continued support and confidence in us. I would also like to record our sincere appreciation to our management team and staff for their contribution and commitment throughout the year.

I am confident that this continued support and cooperation will place the Group in an even stronger position to meet the challenges ahead successfully.

**Soon Ah Khun @ Soon Lian Huat**  
Group Executive Chairman

28 March 2008





## Corporate Information

### BOARD OF DIRECTORS

**Soon Ah Khun @ Soon Lian Huat**  
*Group Executive Chairman*

**Soon Cheng Hai**  
*Managing Director*

**Soon Cheng Boon**  
*Executive Director*

**Leong Keng Yuen**  
*Senior Independent Non-Executive Director*

**Dato' Robert Lim Git Hooi**  
*Independent Non-Executive Director*

**Datin Shahrizan Binti Abdullah**  
*Non-Executive Director*

**Khoo Choon Yam**  
*Independent Non-Executive Director*

**Soon Hean Hooi**  
*Executive Director*

**Lee Sieng Tzi @ Vincent Lee**  
*Executive Director*

### EXECUTIVE COMMITTEE

*Chairman:*  
**Soon Cheng Hai**

*Members:*  
**Soon Ah Khun @ Soon Lian Huat**  
**Soon Cheng Boon**  
**Soon Hean Hooi**

### AUDIT COMMITTEE

*Chairman:*  
**Leong Keng Yuen**

*Members:*  
**Dato' Robert Lim Git Hooi**  
**Khoo Choon Yam**

### NOMINATING COMMITTEE

*Chairman:*  
**Khoo Choon Yam**

*Members:*  
**Leong Keng Yuen**  
**Dato' Robert Lim Git Hooi**

### REMUNERATION COMMITTEE

*Chairman:*  
**Dato' Robert Lim Git Hooi**

*Members:*  
**Soon Cheng Hai**  
**Leong Keng Yuen**  
**Khoo Choon Yam**

### ESOS COMMITTEE

*Members:*  
**Soon Ah Khun @ Soon Lian Huat**  
**Soon Cheng Hai**  
**Soon Cheng Boon**

### SECRETARIES

**Chan Yoke Yin** (MAICSA 7043743)  
**Woo Ying Pun** (MAICSA 7001280)

### REGISTERED OFFICE

55 Medan Ipoh 1A, Medan Ipoh Bistari,  
31400 Ipoh, Perak Darul Ridzuan, Malaysia.  
Tel: 605-5474833 Fax: 605-5474363

### PRINCIPAL PLACE OF BUSINESS

Wisma Soon Teik Aun, Jalan Bendahara,  
31650 Ipoh, Perak Darul Ridzuan, Malaysia.  
Tel: 605-2558111 Fax: 605-2543073

### WEBSITE AND E-MAIL ADDRESS

Homepage: [www.choobee.com.my](http://www.choobee.com.my)  
E-mail Address: [enquiries@choobee.com.my](mailto:enquiries@choobee.com.my)

### REGISTRARS

Symphony Share Registrars Sdn. Bhd.  
55 Medan Ipoh 1A, Medan Ipoh Bistari,  
31400 Ipoh, Perak Darul Ridzuan, Malaysia.  
Tel: 605-5474833 Fax: 605-5474363

### PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad  
United Overseas Bank (Malaysia) Berhad  
RHB Bank Berhad

### AUDITORS

Deloitte KassimChan  
Chartered Accountants

### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
Main Board



CHOO BEE METAL INDUSTRIES BERHAD  
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## Profile of Directors

**Soon Ah Khun @ Soon Lian Huat** (Group Executive Chairman)

**Executive Director**  
**Aged 70, Malaysian**

Soon Ah Khun @ Soon Lian Huat was first appointed Director of Choo Bee Metal Industries Berhad on 19 April 1971 and was subsequently appointed the Group Executive Chairman of Choo Bee Metal Industries Berhad on 1 November 1993.

Soon Ah Khun @ Soon Lian Huat is the founder of Choo Bee Metal Industries Berhad and has over 50 years experience in the iron and steel business. He is credited with the early expansion and transformation of the initial business of trading in iron and steel to an integrated manufacturing, marketing and distribution network that the Group now is. He has diverse practical knowledge and experience in the business and management of iron and steel and related businesses.

Soon Ah Khun @ Soon Lian Huat is the father of Soon Cheng Hai, Soon Cheng Boon and Soon Hean Hooi and father-in-law of Lee Sieng Tzi @ Vincent Lee. He is a director and shareholder in Choo Bee Holdings Sdn. Bhd. and Soon Lian Huat Holdings Sdn. Berhad, major shareholders of the Company. He has no conflict of interest with the Company and has had no past conviction for offences.

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**Soon Cheng Hai** (Group Managing Director)

**Executive Director**  
**Aged 45, Malaysian**

Soon Cheng Hai was appointed to the Board on 10 April 1985. He received his higher education in Japan and graduated with a Diploma in Business Management from Sangyo Noritsu College, Japan.

Soon Cheng Hai has substantially worked within the Group during the past 20 years in the various core processes such as management of the supply chain, marketing, product development and manufacturing management. Based on a successful performance record, he was promoted to the position of Group Deputy Managing Director in 1992 and subsequently promoted to Group Managing Director in 1994.

Soon Cheng Hai is the son of Soon Ah Khun @ Soon Lian Huat. Soon Cheng Boon and Soon Hean Hooi are the brothers while Lee Sieng Tzi @ Vincent Lee is the brother-in-law. He is a director and shareholder in Choo Bee Holdings Sdn. Bhd. and a shareholder in Soon Lian Huat Holdings Sdn. Berhad, major shareholders of the Company. He has no conflict of interest with the Company and has had no past conviction for offences.

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**Soon Cheng Boon**

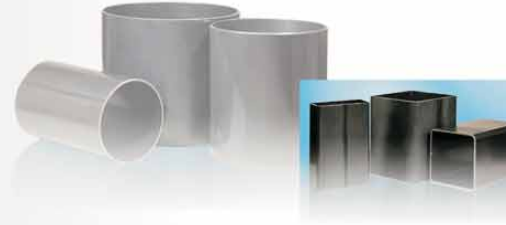
**Executive Director**  
**Aged 43, Malaysian**

Soon Cheng Boon was appointed to the Board on 19 September 1985. He joined Choo Bee Hardwares Sdn. Berhad in 1982 and is currently serving as the Group Business Manager.

Soon Cheng Boon underwent training overseas as well as locally. He has extensive experience in the field of sales and marketing management. He is responsible for the overall business development and formulation of all marketing plans and policies for the Group.

Soon Cheng Boon is the son of Soon Ah Khun @ Soon Lian Huat. Soon Cheng Hai and Soon Hean Hooi are the brothers while Lee Sieng Tzi @ Vincent Lee is the brother-in-law. He is a director and shareholder in Choo Bee Holdings Sdn. Bhd. and a shareholder in Soon Lian Huat Holdings Sdn. Berhad, major shareholders of the Company. He has no conflict of interest with the Company and has had no past conviction for offences.

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## Profile of Directors (cont'd)

### Leong Keng Yuen

#### **Senior Independent Non-Executive Director** **Aged 57, Malaysian**

Leong Keng Yuen was appointed to the Board on 25 September 1998. He holds a Bachelor of Engineering degree from the University of Queensland, Australia and a Master of Science in Management from the Massachusetts Institute of Technology, United States. He is a fellow of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.

Leong Keng Yuen started his career as a Mine Manager in a tin mining company and subsequently held the position of a Mining Executive with The Straits Trading Company Ltd before qualifying as an accountant. He has been in the accounting profession since 1979 initially specialising in Corporate Law and Secretarial Practice and was previously a partner in Ernst & Young. Currently, he is an Independent Non-Executive Director of Hexza Corporation Berhad, which is listed on Bursa Malaysia, OSK Investment Bank Berhad, The Perak Chinese Maternity Association and The Perak Chinese Welfare Association. He also holds directorship in several private limited companies.

Leong Keng Yuen does not have any family relationship with any other Director and/or major shareholders of the Company. He has no conflict of interest with the Company and has had no past conviction for offences.

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### Dato' Robert Lim Git Hooi

#### **Independent Non-Executive Director** **Aged 69, Malaysian**

Dato' Robert Lim Git Hooi was appointed to the Board on 27 December 2001. He is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

Dato' Robert Lim Git Hooi was previously a partner in Ernst & Young and he is also an Independent Non-Executive Director of Gopeng Berhad, Seloga Holdings Berhad and YNH Property Bhd. which are listed on the Bursa Malaysia. He is a director in Hektar Asset Management Sdn Bhd., a management company for Hektar REIT which is listed on the Bursa Malaysia. He also holds directorships in several other private limited companies.

Dato' Robert Lim Git Hooi does not have any family relationship with any other Director and/or major shareholders of the Company. He has no conflict of interest with the Company and has had no past conviction for offences.

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### Datin Shahrizan Binti Abdullah

#### **Non-Executive Director** **Aged 57, Malaysian**

Datin Shahrizan Binti Abdullah was appointed to the Board on 12 June 2004. She holds a Bachelor of Economics degree from University of Malaya. She started as an Advisory Services Executive with Majlis Amanah Rakyat Malaysia after graduation. In 1975, she joined South East Asia Development Corporation as an Investment Analyst and in 1978, became a Financial Analyst with Amanah Chase Merchant Bank. She held the position of Senior Corporate Services Manager in Permodalan Nasional Berhad from 1979 to 1984. She is the chairperson of MIDF Amanah Asset Management Berhad and holds directorships in CIMB Aviva Assurance Berhad, CIMB Aviva Takaful Berhad and other companies which are not listed on the Bursa Malaysia.

Datin Shahrizan Binti Abdullah does not have any family relationship with any other Director and/or major shareholders of the Company. She has no conflict of interest with the Company and has had no past conviction for offences.



CHOO BEE METAL INDUSTRIES BERHAD  
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## Profile of Directors (cont'd)

### **Khoo Choon Yam**

#### ***Independent Non-Executive Director*** **Aged 55, Malaysian**

Khoo Choon Yam was appointed to the Board on 27 December 2001. He graduated from Osaka Industrial University, Japan in 1976 with a Bachelor degree in Engineering.

After graduation, Khoo Choon Yam was trained in Kubota Ltd, Japan prior to his joining Tractors Malaysia Berhad as a Mechanical Engineer in 1977. In 1982, he joined Pilecon Engineering Berhad as an engineer in charge of the construction equipment department. Subsequently in 1992, he was transferred to E&E Equipment Sdn. Bhd., a wholly owned subsidiary of Pilecon Engineering Berhad as an Executive Director. In 1999, he ventured into his own business dealing in construction equipment. He is also a director of several private limited companies.

Khoo Choon Yam does not have any family relationship with any other Director and/or major shareholders of the Company. He has no conflict of interest with the Company and has had no past conviction for offences.

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### **Soon Hean Hooi**

#### ***Executive Director*** **Aged 37, Malaysian**

Soon Hean Hooi was appointed to the Board on 1 November 1995. He joined Choo Bee Metal Industries Berhad in August 1993 as Group Maintenance Engineer and was later promoted to Assistant Group Factory Manager in 1994. He received his early secondary education in Melbourne, Australia at Saint Kevin College and subsequently graduated with an Associate Diploma in Mechanical Engineering from the Royal Melbourne Institute of Technology in June 1993.

Upon graduation, Soon Hean Hooi has since worked within the Group on various aspects of factory operations management and technical advancements.

Soon Hean Hooi is the son of Soon Ah Khun @ Soon Lian Huat. Soon Cheng Hai and Soon Cheng Boon are the brothers while Lee Sieng Tzi @ Vincent Lee is the brother-in-law. He is a director and shareholder in Choo Bee Holdings Sdn. Bhd. and a shareholder in Soon Lian Huat Holdings Sdn. Berhad, major shareholders of the Company. He has no conflict of interest with the Company and has had no past conviction for offences.

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### **Lee Sieng Tzi @ Vincent Lee**

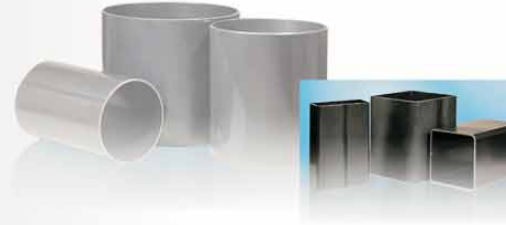
#### ***Executive Director*** **Aged 45, Malaysian**

Lee Sieng Tzi @ Vincent Lee was appointed to the Board on 25 September 1998. He joined Choo Bee Metal Industries Berhad in 1989 as a Sales Executive and is currently serving as the Assistant Group Business Manager. He obtained his Bachelor of Science degree from the University of Dublin, Ireland majoring in Management in July 1985.

After graduation, he joined City-Link Express (M) Sdn. Bhd. as an executive prior to joining Choo Bee Metal Industries Berhad.

Lee Sieng Tzi @ Vincent Lee is the son-in-law of Soon Ah Khun @ Soon Lian Huat. Soon Cheng Hai, Soon Cheng Boon and Soon Hean Hooi are the brothers-in-law. He has no conflict of interest with the Company and has had no past conviction for offences.

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## Corporate Governance Statement

The Board of Directors is committed to ensure that the highest standards of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

Set out below is a statement of how the Company has applied these principles and its compliance with best practices in corporate governance as set out in the Malaysian Code of Corporate Governance in so far as is applicable to the Group.

### PART A : DIRECTORS

#### Board of Directors

The Board will normally hold meetings every quarter and will hold additional meetings as the occasion requires. The Board has a formal schedule of matters reserved to it for decision, including the approval of annual and quarterly results, budgets, acquisitions and disposals, as well as material agreements, major capital expenditures and the review of business operations and performance of the Group. All Board members bring an independent judgment to bear on issues of strategy, performance, resources and standards of conduct.

Five Board Meetings were held during the financial year ended 31 December 2007. The details of attendance of Directors at the Board Meetings are as follows:

Name of Directors		No. of meetings attended
Soon Ah Khun @ Soon Lian Huat	- Group Executive Chairman	5 out of 5
Soon Cheng Hai	- Managing Director	5 out of 5
Soon Cheng Boon	- Executive Director	4 out of 5
Leong Keng Yuen	- Senior Independent Non-Executive Director	5 out of 5
Dato' Robert Lim Git Hooi	- Independent Non-Executive Director	5 out of 5
Datin Shahrizan Binti Abdullah	- Non-Executive Director	5 out of 5
Khoo Choon Yam	- Independent Non-Executive Director	5 out of 5
Soon Hean Hooi	- Executive Director	5 out of 5
Lee Sieng Tzi @ Vincent Lee	- Executive Director	4 out of 5

The Board has delegated certain functions to the Committees it established to assist with the execution of its responsibilities to the Group. The Committees operate under clearly defined terms of reference. The Chairmen of the respective Committees report to the Board the outcome of deliberations of the Committee meetings.

#### 1. Executive Committee

The Executive Committee was established on 24 November 2001 and its members consist of Soon Cheng Hai (the Managing Director as Chairman of the Committee), Soon Ah Khun @ Soon Lian Huat (Group Executive Chairman), Soon Cheng Boon (Executive Director) and Soon Hean Hooi (Executive Director). The Executive Committee meets quarterly to review the financial performance, operational matters, risk management and audit issues. In attendance at Executive Committee meetings are the Group General Manager and respective heads of operating units, attending as required.

#### 2. Audit Committee

The Audit Committee was established on 6 July 1994. The Audit Committee provides a forum for the effective communication between the Board, internal auditors and the external auditors. The Audit Committee reviews the annual and quarterly financial statements prior to their approval by the Board, the effectiveness of management information systems and systems of internal control, and the efficiency and effectiveness of the external and internal audit functions.

Other detailed information on the Audit Committee is presented in the Audit Committee Report.



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## Corporate Governance Statement (cont'd)

### 3. Nominating Committee

The Nominating Committee was established on 24 November 2001. The terms of reference of the Nominating Committee include the following:

- Recommend to the Board, candidates for all directorships to be filled;
- Consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer (CEO);
- Recommend to the Board, directors to fill the seats on Board committees;
- To assist the Board to annually review its required mix of skills and experience and other qualities, including core competencies which non-executive directors should bring to the Board;
- To carry out annually, the process implemented by the Board for assessing the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each individual director;
- Training and orientation of directors; and
- In conjunction with the CEO and the Remuneration Committee, succession planning for the CEO and other senior officers and key group managers.

The members of the Nominating Committee during the year, composed wholly of independent non-executive Directors, were as follows:

#### Name of member

Khoo Choon Yam	- Independent Non-Executive Director (Chairman)
Leong Keng Yuen	- Senior Independent Non-Executive Director
Dato' Robert Lim Git Hooi	- Independent Non-Executive Director

During the year ended 31 December 2007, one meeting was held, which was attended by all members of the Nominating Committee.

### 4. Remuneration Committee

The Remuneration Committee was established on 24 November 2001. The terms of reference of the Remuneration Committee include the following:

- To recommend to the Board, the remuneration of the executive directors in all its forms;
- To recommend to the Board, the director's fees to be paid to each of the non-executive Directors; and
- In conjunction with the CEO and the Nominating Committee, succession planning for key group managers and staff.

The members of the Remuneration Committee during the year, composed mainly of non-executive Directors, were as follows:

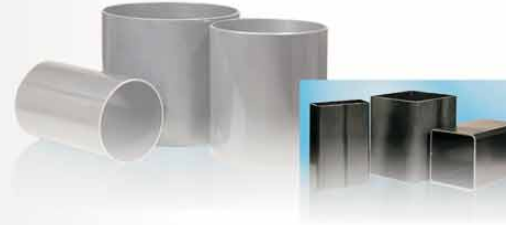
#### Name of member

Dato' Robert Lim Git Hooi	- Independent Non-Executive Director (Chairman)
Soon Cheng Hai	- Executive Director
Leong Keng Yuen	- Senior Independent Non-Executive Director
Khoo Choon Yam	- Independent Non-Executive Director

During the year ended 31 December 2007, one meeting was held, which was attended by all members of the Remuneration Committee.

### 5. Employees' Share Option Scheme (ESOS) Committee

The ESOS Committee was established on 1 July 1996. The ESOS Committee is authorised to administer the ESOS in such a manner as it shall, in its discretion, deem in accordance with the bye-laws of the ESOS. The ESOS Committee comprises Soon Ah Khun @ Soon Lian Huat, Soon Cheng Hai and Soon Cheng Boon.



## Corporate Governance Statement (cont'd)

### Board Balance

The Board currently has 9 members, 5 executive Directors (which includes the Group Executive Chairman) and 4 non-executive Directors. Of the 4 non-executive Directors, 3 are independent. A brief description of the background of each Director is presented in the Profile of Directors.

The roles and responsibilities of the Group Executive Chairman and the Chief Executive Officer who is the Group Managing Director have been clearly defined in the Board Policy Manual to ensure that there is a balance of power and authority.

The Board is appropriately balanced with the presence of 4 non-executive Directors out of a total of 9 Directors all of whom are of a caliber necessary to carry sufficient weight in Board decisions. Three of the four non-executive Directors are independent.

Leong Keng Yuen acts as the senior independent non-executive Director. Any concerns relating to the Group may be conveyed to him.

### Supply of Information

All Directors review a quarterly Board report prior to the Board meeting. This enables the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. The Board report includes, among others, the following details:

- operational report which includes IT governance;
- financial reports;
- corporate plans, major issues and opportunities for the Company;
- changes to management and control structure of the Group;
- the annual and quarterly financial statements, reports to Shareholders and public announcements;
- risk assessment and controls; and
- policies and procedures.

The Directors are regularly updated by the Company Secretary on new statutory as well as regulatory requirements relating to the duties and responsibilities of Directors.

All Directors have unrestricted access to timely and accurate information and access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed.

### Appointments to the Board

The Nominating Committee reviews the composition of the Board annually and makes recommendations to the Board where considered necessary to ensure the Board comprises an appropriate mix of skills and experience.

### Directors' Training

On joining the Board, Directors are given background documents describing the Company and its activities. For new Directors, site visits are arranged to the major business units.

All Directors have attended the Mandatory Accreditation Programmes and Continuing Education Programmes as required under the Bursa Malaysia Securities Berhad listing requirements. The Directors will continue to undergo training and other relevant programmes to further enhance their skills and knowledge where relevant.

### Re-election

In accordance with the Articles of Association of the Company, all Directors who are appointed by the Board are subject to election at the first opportunity after their appointment and at least one third of the remaining directors are subject to re-election by rotation at each Annual General Meeting. The Articles of Association also provide that all Directors shall retire at least once in 3 years.



## Corporate Governance Statement (cont'd)

### PART B : DIRECTORS' REMUNERATION

#### The Level and Make-up of Remuneration

The Company has adopted the principles recommended by the Code whereby the level of remuneration of the Directors is sufficient to attract and retain the Directors needed to manage the Group successfully. In the case of executive Directors, their remuneration is linked to their level of responsibilities, experience, contribution, individual as well as Group performance. For the non-executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by them.

#### Disclosure

A summary of the remuneration of Directors for the year ended 31 December 2007 is as follows:

Directors' Remuneration	Executive Directors	Non-Executive Directors
	RM	RM
Fee	148,000	96,000
Salaries and EPF	2,281,719	-
Bonus	1,944,150	-
Allowances	-	50,200
Benefits-in-kind	67,611	-

Directors' Remuneration RM	Number of Directors	
	Executive Directors	Non-Executive Directors
Below 50,000	-	4
200,000 - 250,000	1	-
850,000 - 900,000	1	-
950,000 - 1,000,000	1	-
1,000,000 - 1,050,000	1	-
1,450,000 - 1,500,000	1	-

The executive directors' remuneration disclosed above excludes the underprovision in previous year amounting to RM173,302.

In the interest of confidentiality, additional information has not been provided other than the details stipulated in the Listing Requirements of the Bursa Malaysia Securities Berhad.

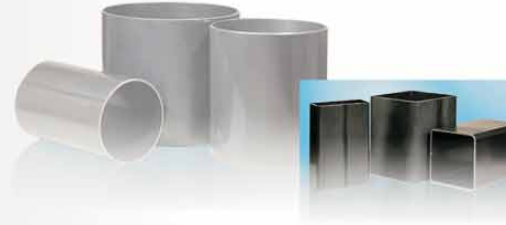
### PART C : RELATIONS WITH SHAREHOLDERS AND INVESTORS

#### Dialogue between Company and Investors

The Board recognises the importance of good communication with shareholders and investors regarding all material business matters. The Company views that timely dissemination of information is important, therefore such communication is done through various disclosures and announcements to the Bursa Malaysia Securities Berhad, the annual report and circular to shareholders. The quarterly results of the Company and the Group are also published via the Bursa Malaysia Securities Berhad's website. In addition, the Company has established a website ([www.choobee.com.my](http://www.choobee.com.my)) which provides general and financial information and is accessible to all stakeholders.

During the financial year in review, the Company has been involved in investor relations activities to keep shareholders duly informed on the performance of the Company. There were regular meetings with the media, local and foreign fund managers and analysts to provide insights on the operations, financial performance and latest developments in the Group.

The Company appreciates feedback from their valued shareholders and in this regard, investor relations aim to serve as a channel for shareholders to provide such feedback and views on the Company's performance and direction.



## Corporate Governance Statement (cont'd)

### Annual General Meeting

The Annual General Meeting serves as an ideal opportunity for dialogue and interaction with both institutional and individual shareholders. During the meeting, shareholders are given the opportunity to enquire and comment on matters relating to the Group's business and all directors are available to provide responses.

### PART D : ACCOUNTABILITY AND AUDIT

#### Financial Reporting

In presenting the annual financial statements and quarterly announcements to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects.

#### Statement of Directors' Responsibilities

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable Approved Accounting Standards and give a true and fair view of the state of affairs of the Group and Company for the financial year.

In preparing the financial statements, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed; and
- prepared the financial statements on the going concern basis.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors are also responsible for safeguarding the assets of the Company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Internal Control

The Group's Internal Control is described in the Statement on Internal Control.

#### Relationship with the Auditors

The Company has established transparent and appropriate relationships with the Company's auditors through the Audit Committee.

The role of the Audit Committee in relation to the external auditors is described in the Audit Committee Report.



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## Additional Compliance Information

### UTILISATION OF PROCEEDS

The Company did not raise funds through any corporate proposal during the financial year.

### SHARE BUYBACK

The information on share buybacks for the financial year is presented in the Directors' Report.

### OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Employees' Shares Options Scheme has expired in the previous financial year.

The Company did not issue any warrants or convertible securities during the financial year.

### AMERICAN DEPOSITORY (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME

The Company did not sponsor any ADR or GDR Programme during the financial year.

### SANCTIONS/PENALTIES IMPOSED

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

### NON-AUDIT FEES

Non-audit fees amounting to RM5,000 were paid to the external auditors for the Group during the financial year.

### PROFIT ESTIMATE, FORECAST OR PROJECTION

There is no material variance between the result for the financial year and unaudited result previously announced. The Company did not make or release any profit estimate, forecast or projection for the financial year.

### PROFIT GUARANTEE

There were no profit guarantees given by the Company during the financial year.

### MATERIAL LITIGATIONS

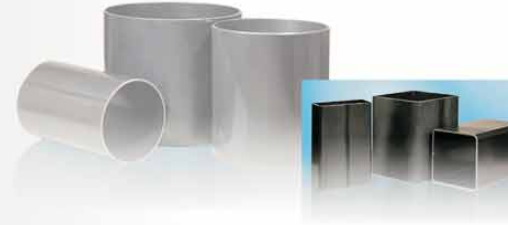
Other than as disclosed in Note 34 to the financial statements, there were no other material litigations faced by the Group.

### MATERIAL CONTRACTS

Other than as disclosed in Note 35 to the financial statements, there were no material contracts entered into by the Company during the financial year.

### REVALUATION OF LANDED PROPERTIES

There were no revaluations of landed properties during the financial year except that the carrying amount of investment properties of the Group has been changed to fair value as a result of the adoption of FRS 117 – Leases and adjusted retrospectively.



## Audit Committee Report

### TERMS OF REFERENCE

#### Membership

The Committee shall be appointed by the Board from amongst its Directors (except alternate directors) which fulfils the following requirements:

- (a) the audit committee must be composed of no fewer than 3 members;
- (b) all the audit committee members must be non-executive directors, with a majority of them being independent directors; and
- (c) at least 1 member of the audit committee;
  - (i) must be a member of the Malaysian Institute of Accountants; or
  - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
    - (aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
    - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
  - (iii) fulfills such other requirements as prescribed or approved by the Exchange.

The members of the Committee shall elect a chairman from among their number who shall be an independent director.

The Board shall, within 3 months of a vacancy occurring in the Committee which result in the number of members reduced to below 3, appoint such number of new members as may be required to make up the minimum number of 3 members.

The Board shall review the term of office and performance of the Committee and each of its members at least once every 3 years.

#### Rights

The Committee shall, in accordance with the procedure determined by the Board and at the cost of the Company:

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

#### Functions

The functions of the Committee shall include the following:

- (1) review the following and report the same to the Board:
  - (a) with the external auditors, the audit plan;
  - (b) with the external auditors, their evaluation of the system of internal controls;
  - (c) with the external auditors, their audit report;
  - (d) the assistance given by the employees of the Company to the external auditor;
  - (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;



## Audit Committee Report (cont'd)

- (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (g) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
  - (i) changes in or implementation of major accounting policy changes;
  - (ii) significant and unusual events; and
  - (iii) compliance with accounting standards and other legal requirements;
- (h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (i) any letter of resignation from the external auditors of the Company; and
- (j) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment; and

(2) recommend the nomination of a person or persons as external auditors.

### Meetings

Meetings of the Committee shall be held not less than 4 times a year. The Committee shall meet with the external auditors without executive board members present at least twice a year. The Chairman shall convene a meeting whenever any member of the Committee requests for a meeting. Written notice of the meeting together with the agenda shall be given to the members of the Committee and external auditor where applicable. The quorum for a meeting of the Committee shall be 2 Provided Always that the majority of members present must be independent Directors.

Other Board members and employees may attend any particular meeting only at the Committee's invitation.

The Company Secretary shall be the Secretary of the Committee.

### Reporting Procedures

The Secretary shall maintain minutes of the proceedings of the meetings of the Committee and circulate such minutes to all members of the Board.

### MEMBERS AND MEETINGS

The Audit Committee comprises 3 independent non-executive Directors with Leong Keng Yuen who is a member of the Malaysian Institute of Accountants, as Chairman.

The members of the Audit Committee, and their attendance at the meetings, were as follows:

<b>Name of member</b>		<b>No. of meetings attended</b>
Leong Keng Yuen	- Senior Independent Non-Executive Director (Chairman)	5 out of 5
Dato' Robert Lim Git Hooi	- Independent Non-Executive Director	5 out of 5
Khoo Choon Yam	- Independent Non-Executive Director	5 out of 5
Soon Cheng Boon	- Executive Director (Resigned with effect from 23 November 2007)	4 out of 5

The Group's external auditors were in attendance at 2 meetings during the year. Discussions between the Committee and the external auditors were held in both meetings without the presence of any Group's executives.



## **Audit Committee Report** (cont'd)

### **SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE**

In line with the terms of reference of the Committee, the following activities were carried out by the Committee during the year ended 31 December 2007 in the discharge of its duties and responsibilities:

- Reviewed and approved the Internal Audit plan, strategy and scope of work;
- Reviewed the Internal Audit reports, recommendations and management responses;
- Reviewed the audit strategy and scope for the statutory audits of the Group accounts for the financial year ended 31 December 2007 with the external auditors;
- Reviewed the external auditors' management letter and finalisation of the financial statements for the year ended 31 December 2006;
- Reviewed the annual and quarterly financial statements and reporting to the Bursa Malaysia Securities Berhad and ensured compliance with additional disclosure requirements in accordance with the Bursa Malaysia Securities Berhad's Listing Requirements; and
- Reviewed the related party transactions and conflict of interest situations that arose within the Company or Group during the year.

### **INTERNAL AUDIT FUNCTION**

The Group has a System Assurance Department which carries out the Internal Audit function. It reports to the Audit Committee and assists the Board in reviewing the adequacy and integrity of the internal control systems to manage risks exposures over key processes within the Group. The costs incurred for the Internal Audit function for the financial year ended 31 December 2007 were RM87,000.

There were no material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.



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## Statement on Internal Control

### INTRODUCTION

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of public listed companies should maintain a sound system of internal control to safeguard shareholders' investment and Group assets. The Board is pleased to set out below our Group's Statement of Internal Control, made in compliance with Paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad and the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

### THE BOARD'S RESPONSIBILITY

The Board places importance on, and is committed to maintaining a sound system of internal control and effective risk management practices in the Group to ensure good corporate governance. The Board affirms its responsibility for reviewing the adequacy and integrity of the Group's system of internal control and management information systems, including systems for compliance with applicable laws, rules, directives, guidelines and risk management practices.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives due to the limitations that are inherent in any system of internal control. The system can only provide reasonable and not absolute assurance against material misstatement or loss and fraud or breach of set regulations. Notwithstanding this, the Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Group. This risk management process has been in place for the financial year under review and up to the date of approval of the annual report and financial statements. The process is regularly reviewed by the Board to ensure the effectiveness and integrity of the system in managing risks.

### RISK MANAGEMENT

Risk management is regarded by the Board to be an integral part of the business operations. The management team is responsible for creating a risk-aware culture and for building the necessary knowledge for risk management to enhance understanding of staff within the organisation of the risks potentially affecting the achievement of the Group's business objectives. They also have the responsibility for managing risks and internal control associated with the operations and ensuring compliance with applicable laws and regulations.

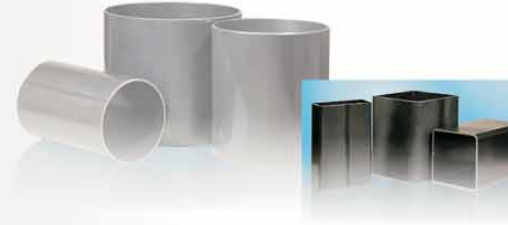
Further details of the Group's financial risk management policies are set out as a note to the financial statements.

### GROUP'S SYSTEM OF INTERNAL CONTROL

The management team comprising the Executive Directors and senior management is collectively responsible for the management of risks, for developing, operating and monitoring the system of internal control and providing assurance to the Board that policies adopted by the Board are adhered to. Under the purview of the Group Managing Director, the respective heads of department of the Group are empowered with the responsibility of managing their respective operations and monitoring the system of internal control within an established framework. The salient features of the framework are as follows:

- the Group has been accredited with the International Quality Assurance Standard, ISO 9001 on 12 February 2004 of which the quality and control policies and procedures are embedded into the operations;
- the Board receives and reviews quarterly financial and operations reports from the management;
- there is clearly defined delegation of responsibilities to Board Committees and to operating units, including authorisation levels for all aspects of the business which are set out in an authority limits matrix;
- the Group's System Assurance Department, reporting to the Audit Committee, performs independent assurance by reviewing the business processes to assess the effectiveness of internal controls; and
- the Audit Committee, on behalf of the Board, holds discussions with management on the action taken on internal control issues identified in reports prepared by the System Assurance Department, the external auditors and the management.

The Board is also responsible for setting the business direction and for overseeing the conduct of the Group's operation through its various Board Committees.



## Statement on Internal Control (cont'd)

### ASSURANCE MECHANISM

The Group has a System Assurance Department, independent of the activities or operations of the Group, which provides assurance to the Audit Committee and the Board regarding the adequacy of the system of internal control. The Group adopts a risk-based internal audit function, with internal audit strategies and internal audit plans formulated based on the risk profiles of the Group which are reviewed and approved by the Audit Committee. The System Assurance Department performs systematic reviews of the internal control in the key activities of the Group's business. Internal audit reports are presented to the Audit Committee of the Group operations on a quarterly basis, highlighting findings, observations, recommendations and proposed management action plans to improve the system of internal control.

All reports and issues discussed at the Audit Committee Meeting are briefed in the Board Meeting. The Group Managing Director reports to the Board on significant changes in the business and the external environment, if any.

In addition, the Audit Committee also reviews and deliberates on any matters relating to internal audit highlighted by the external auditors in the course of their statutory audit of the financial statements of the Group.

During the current financial year, there were no major weaknesses of internal control which result in material losses, contingencies or uncertainties that would require disclosure in the Company's Annual Report. The Board and management continue to take appropriate measures to strengthen the control environment of the Group.



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## Corporate Social Responsibility

The Group recognises its social obligation to society and strives to adopt a balanced approach to fulfill its business objectives and expectations of stakeholders. Therefore, the Group is committed towards good corporate social responsibility practices especially the areas on the environment, the community, the work place and the market place to deliver sustainable value to the society at large.

### **The Environment**

We ensure careful compliance with all environmental regulations and laws at all times. For example, the scrap metal from our factories and used engine oil from our operations are disposed off to licensed purchasers. We do not burn fuel oil to generate energy. We are considering cost-effective initiatives in 2008 to make our operations more environmental friendly.

### **The Community**

Over the years, we have responded to numerous appeals for financial assistance to various causes and will continue to do so, especially to benefit schools and education. We have an on-going programme to provide training for university students. In 2007, we hosted 6 trainees in various aspects of our operations.

### **The Work Place**

We promote a high level of safety awareness at the work place. We have active Occupational Safety and Health committees to monitor the implementation of safety measures. We were recognised by the Malaysian Employers Federation, Perak Branch for exemplary achievement in work place safety in 2007.

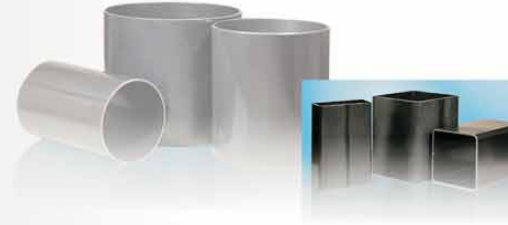
The Group also ensures that all employees are adequately insured for medical and hospitalization benefits as well as personal accident assurance.

We support a sports and recreation club for staff, and annual functions for staff are organised, including family days and festive celebrations.

### **The Market Place**

The Group has established a reputation as an organisation which is desirable to work for, as seen by our ability to attract and retain talented people, and the low level of employees' turnover.

We will consider worthy opportunities to increase our contribution in each of these areas.



## Directors' Report

The directors of **CHOO BEE METAL INDUSTRIES BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2007.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in the processing of steel coils into steel products, fabrication of steel products and trading of hardware products.

The principal activities of the subsidiary companies are disclosed under Note 17 to the Financial Statements.

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial year.

### RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	<b>The Group RM</b>	<b>The Company RM</b>
<b>Profit before tax</b>	35,695,318	12,591,578
<b>Income tax expense</b>	(8,240,885)	(2,008,156)
<b>Profit for the year</b>	<u>27,454,433</u>	<u>10,583,422</u>

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature. The adoption of all the new and revised Standards and Interpretations issued by the Malaysian Accounting Standards Board ("MASB") has resulted in changes in accounting policies as disclosed in Note 2 to the Financial Statements.

### DIVIDENDS

A final dividend of 8%, less 27% tax, amounting to RM6,205,140 proposed in respect of the financial year ended 31 December 2006 and dealt with in the previous directors' report, was paid by the Company on 17 August 2007.

The directors have proposed a final dividend of 6%, less 26% tax, in respect of the financial year ended 31 December 2007. The proposed dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting ("AGM") of the Company and has not been included as a liability in the financial statements.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

### ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.



## Directors' Report (cont'd)

### REPURCHASE OF OWN SHARES

The shareholders of the Company, by an ordinary resolution passed at the AGM held on 15 June 2007, renewed the approval for the Company to repurchase its own shares. Details of the shares repurchased and held as Treasury Shares are as follows:

Month	No. of shares repurchased	Highest price paid per share RM	Lowest price paid per share RM	Average price paid per share (including incidental costs) RM	Total consideration RM
As at 1 Jan. 2007	3,649,600	2.79	1.01	1.54	5,603,227
Feb. 2007	1,000	2.26	2.26	2.28	2,277
Aug. 2007	1,000	2.15	2.15	2.17	2,167
Sept. 2007	31,000	2.13	2.10	2.14	66,388
Nov. 2007	1,600	2.08	2.08	2.10	3,353
	<u>3,684,200</u>				<u>5,677,412</u>

The mandate given by the shareholders will expire at the forthcoming AGM and an ordinary resolution will be tabled at the AGM for shareholders to grant a fresh mandate for another year.

### SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

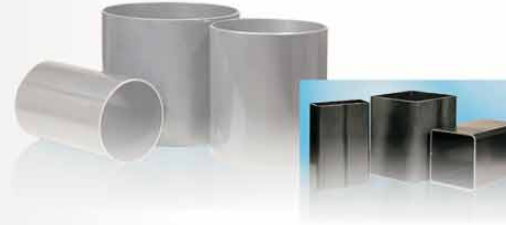
### OTHER STATUTORY INFORMATION

Before the income statements and the balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for doubtful debts; and
- to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or



## Directors' Report (cont'd)

- (c) 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
- (d) not otherwise dealt with in this report or financial statements which 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:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year 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, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made other than those disclosed in Note 39 to the Financial Statements. Changes in accounting policies arising from the adoption of all the new and revised Standards and Interpretations issued by the MASB are disclosed in Note 2 to the Financial Statements.

### DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Soon Ah Khun @ Soon Lian Huat  
Soon Cheng Hai  
Soon Cheng Boon  
Leong Keng Yuen  
Dato' Robert Lim Git Hooi  
Datin Shahrizan Binti Abdullah  
Khoo Choon Yam  
Soon Hean Hooi  
Lee Sieng Tzi @ Vincent Lee

In accordance with Article 101 of the Company's Articles of Association, Datin Shahrizan Binti Abdullah and Mr. Khoo Choon Yam retire by rotation and, being eligible, offer themselves for re-election.

In accordance with Article 101 of the Company's Articles of Association, Dato' Robert Lim Git Hooi retires by rotation and does not seek re-election in the forthcoming Annual General Meeting.

In accordance with Section 129 of the Companies Act, 1965, Mr. Soon Ah Khun @ Soon Lian Huat retires and, being eligible, offers himself for re-appointment.



## Directors' Report (cont'd)

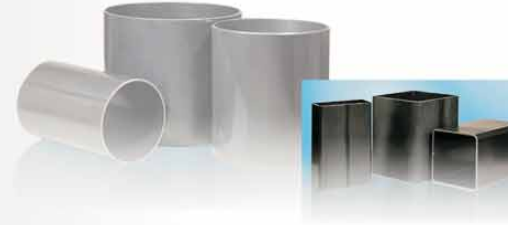
### DIRECTORS' INTERESTS

The shareholdings in the Company and in related companies of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	No. of ordinary shares of RM1.00 each			Balance as at 31 Dec. 2007
	Balance as at 1 Jan. 2007	Bought/ #Acquired	Sold	
<b>Shares in the Company</b>				
<b>Registered in the name of directors</b>				
Soon Ah Khun @ Soon Lian Huat	430,600	-	-	430,600
Soon Cheng Hai	704,000	-	-	704,000
Soon Cheng Boon	698,000	-	-	698,000
Leong Keng Yuen	26,000	-	-	26,000
Dato' Robert Lim Git Hooi	14,000	-	-	14,000
Soon Hean Hooi	2,719,055	-	(64,200)	2,654,855
Lee Sieng Tzi @ Vincent Lee	695,000	-	(74,000)	621,000
<b>Deemed interest by virtue of shares held by companies in which a director has interest</b>				
Soon Ah Khun @ Soon Lian Huat	54,423,000	-	-	54,423,000
<b>Deemed interest by virtue of shares held by an immediate family member of a director</b>				
Dato' Robert Lim Git Hooi	69,000	-	-	69,000
Soon Ah Khun @ Soon Lian Huat	-	4,806,855 #	-	4,806,855 #
Soon Cheng Boon	-	15,000 #	-	15,000 #
<b>Shares in holding company, Soon Lian Huat Holdings Sdn. Berhad</b>				
Registered in the name of directors				
Soon Ah Khun @ Soon Lian Huat	62,000 #	50,000 #	-	112,000 #
Soon Ah Khun @ Soon Lian Huat	-	680,000 * #	-	680,000 * #
Soon Cheng Hai	226,667 *	-	-	226,667 *
Soon Cheng Boon	226,667 *	-	-	226,667 *
Soon Hean Hooi	226,666 *	-	-	226,666 *
<b>Shares in other related company, Choo Bee Holdings Sdn. Bhd.</b>				
<b>Registered in the name of directors</b>				
Soon Cheng Hai	161,829	-	-	161,829
Soon Cheng Boon	161,829	-	-	161,829
Soon Hean Hooi	161,832	-	-	161,832
<b>Deemed interest by virtue of shares held by a company in which a director has interest</b>				
Soon Ah Khun @ Soon Lian Huat	1,973,900 #	534,414 #	-	2,508,314 #

\* Denotes 5% non-cumulative preference shares of RM1.00 each.

# Deemed interest through their spouses' and children's interests subsequent to the amendments to the Companies Act, 1965, effective 15 August 2007.



## Directors' Report (cont'd)

By virtue of his interest in the Company and in the holding company, Mr. Soon Ah Khun @ Soon Lian Huat is also deemed to have an interest in the shares of all the subsidiary companies to the extent that the Company and the holding company have interests.

Other than as disclosed above, none of the other directors have any direct or deemed interest in the shares of the Company or its related companies during the financial year.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain directors of the Company are also directors and/or shareholders as disclosed in Notes 22 and 31 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### HOLDING COMPANY

The directors regard Soon Lian Huat Holdings Sdn. Berhad, a company incorporated in Malaysia, as the ultimate holding company.

### AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

Signed on behalf of the Board  
in accordance with a resolution of the Directors,

**SOON AH KHUN @ SOON LIAN HUAT**

**SOON CHENG HAI**

Ipoh,  
28 March 2008



**CHOO BEE METAL INDUSTRIES BERHAD**  
(10987-A)

## Report of the Auditors

To The Members Of Choo Bee Metal Industries Berhad  
(Incorporated in Malaysia)

We have audited the accompanying balance sheets as at 31 December 2007 and the related statements of income, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the abovementioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the state of affairs of the Group and of the Company as at 31 December 2007 and of the results and the cash flows of the Group and of the Company for the year ended on that date; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiary companies have been properly kept in accordance with the provisions of the Companies Act, 1965.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements, and we have received satisfactory information and explanations as required by us for these purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Companies Act, 1965.

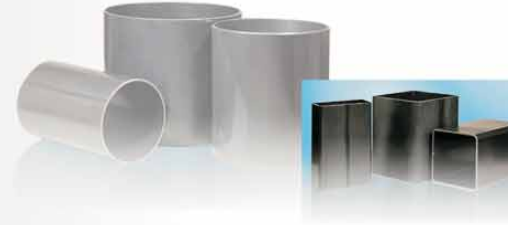
### **DELOITTE KASSIMCHAN**

AF 0080  
Chartered Accountants

### **YEOH SIEW MING**

2421/05/09(J/PH)  
Partner

28 March 2008



## Income Statements

for the year ended 31 December 2007

	Note(s)	The Group		The Company	
		2007 RM	2006 RM	2007 RM	2006 RM
Revenue	4	462,130,746	356,758,282	220,032,568	157,992,718
Investment revenue	6	65,366	600,046	44,881	13,839,540
Other gains and losses	7	1,528,569	2,473,105	1,784,642	1,946,236
Other operating income		1,425,824	1,379,683	771,992	779,036
Changes in inventories of finished goods and work in progress		58,579,809	6,296,168	(4,711,924)	8,716,701
Raw materials and consumables used		(161,715,542)	(121,193,477)	(156,272,466)	(115,691,532)
Purchase of trading goods		(290,004,349)	(175,500,778)	(26,802,943)	(14,000,583)
Directors' remuneration	8	(4,693,371)	(4,847,546)	(1,913,772)	(2,240,222)
Employee benefits expenses	9	(6,702,475)	(7,440,845)	(3,895,072)	(3,900,002)
Impairment loss of property, plant and equipment	14	(660,299)	(37,028)	-	(37,028)
Depreciation and amortisation	14&15	(5,488,235)	(4,599,112)	(4,659,528)	(3,881,173)
Finance costs	10	(4,681,680)	(1,954,021)	(3,043,358)	(1,522,461)
Other expenses		(14,089,045)	(10,286,719)	(8,743,442)	(6,224,372)
Profit before tax		35,695,318	41,647,758	12,591,578	35,776,858
Income tax expense	11	(8,240,885)	(9,220,484)	(2,008,156)	(6,116,933)
<b>Profit for the year</b>	12	<b>27,454,433</b>	<b>32,427,274</b>	<b>10,583,422</b>	<b>29,659,925</b>
Attributable to: Equity holders of the Company		27,454,433	32,427,274	10,583,422	29,659,925
<b>Earnings per share</b>					
Basic (sen per share)	13	25.8	30.9		
Diluted (sen per share)	13	25.8	30.9		

The accompanying Notes form an integral part of the Financial Statements.



## Balance Sheets

as at 31 December 2007

	Note(s)	The Group		The Company	
		2007 RM	2006 RM	2007 RM	2006 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	14	110,579,583	97,991,343	98,583,458	87,850,773
Prepaid interests in leased land	15	5,669,264	5,681,204	4,048,997	5,003,284
Investment properties	16	2,405,269	2,000,000	1,850,000	1,850,000
Investment in subsidiary companies	17	-	-	26,673,376	26,673,379
Other investments	18	114	169,934	114	147,154
Goodwill on consolidation	19	1,382,473	1,382,473	-	-
Deferred tax asset	29	-	72,000	-	-
<b>Total non-current assets</b>		<b>120,036,703</b>	<b>107,296,954</b>	<b>131,155,945</b>	<b>121,524,590</b>
<b>Current assets</b>					
Inventories	20	230,702,566	157,756,553	121,691,308	113,927,909
Trade and other receivables	21	157,450,930	133,918,028	113,280,473	78,649,583
Current tax assets	11	451,098	4,668,737	451,098	4,668,737
Other assets	23	954,465	4,367,501	718,285	4,108,049
Cash and bank balances	24	7,145,837	4,834,340	4,171,153	3,945,287
<b>Total current assets</b>		<b>396,704,896</b>	<b>305,545,159</b>	<b>240,312,317</b>	<b>205,299,565</b>
<b>Total assets</b>		<b>516,741,599</b>	<b>412,842,113</b>	<b>371,468,262</b>	<b>326,824,155</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital	25	109,903,000	109,903,000	109,903,000	109,903,000
Treasury shares	25	(5,677,412)	(5,603,227)	(5,677,412)	(5,603,227)
Reserves	26	25,301,298	25,301,298	24,115,005	24,115,005
Retained earnings	26	207,252,657	186,003,364	128,879,209	124,500,927
<b>Total equity</b>		<b>336,779,543</b>	<b>315,604,435</b>	<b>257,219,802</b>	<b>252,915,705</b>
<b>Non-current liabilities</b>					
Borrowings	27	-	3,933,691	-	3,933,691
Retirement benefits obligation	28	515,110	354,517	434,424	295,310
Deferred tax liabilities	29	11,676,414	10,808,024	10,869,636	9,472,666
<b>Total non-current liabilities</b>		<b>12,191,524</b>	<b>15,096,232</b>	<b>11,304,060</b>	<b>13,701,667</b>
<b>Current liabilities</b>					
Trade and other payables	30	14,754,220	16,622,313	3,754,743	5,886,854
Borrowings	27	144,844,764	57,829,232	95,770,136	50,545,342
Current tax liabilities	11	1,877,919	1,414,562	-	-
Other liabilities	32	6,293,629	6,275,339	3,419,521	3,774,587
<b>Total current liabilities</b>		<b>167,770,532</b>	<b>82,141,446</b>	<b>102,944,400</b>	<b>60,206,783</b>
<b>Total liabilities</b>		<b>179,962,056</b>	<b>97,237,678</b>	<b>114,248,460</b>	<b>73,908,450</b>
<b>Total equity and liabilities</b>		<b>516,741,599</b>	<b>412,842,113</b>	<b>371,468,262</b>	<b>326,824,155</b>
<b>Net tangible assets per ordinary share</b>		<b>3.16</b>	<b>2.95</b>		

The accompanying Notes form an integral part of the Financial Statements.

	Note(s)	Attributable to Equity Holders of the Company						Total Equity RM
		Share Capital RM	Treasury Shares RM	Share Premium RM	General Reserve RM	Non-distributable Reserves	Distributable Reserve	
The Group					Equity-Settled Employee Benefits Reserve RM	Retained Earnings RM		
As at 1 January 2006:		107,499,000	(5,464,525)	23,585,045	1,186,293	26,812	156,801,251	283,633,876
As previously stated								
Effect of changes in accounting policy for investment properties	38	-	-	-	-	-	1,287,114	1,287,114
Restated balance		107,499,000	(5,464,525)	23,585,045	1,186,293	26,812	158,088,365	284,920,990
Profit for the year		-	-	-	-	-	32,427,274	32,427,274
<b>Total recognised income and expense</b>		-	-	-	-	-	32,427,274	32,427,274
Dividend	33	-	-	-	-	-	(4,539,087)	(4,539,087)
Recognition of share-based payments		-	-	-	-	46,980	-	46,980
Issue of shares under Employee Share Options Scheme	25&26	2,404,000	-	529,960	-	(46,980)	-	2,886,980
Expiry of share options		-	-	-	-	(26,812)	26,812	-
Buy-back of ordinary shares		-	(138,702)	-	-	-	-	(138,702)
As at 31 December 2006		109,903,000	(5,603,227)	24,115,005	1,186,293	-	186,003,364	315,604,435
As at 1 January 2007:		109,903,000	(5,603,227)	24,115,005	1,186,293	-	184,713,138	314,314,209
As previously stated								
Effect of changes in accounting policy for investment properties	38	-	-	-	-	-	1,290,226	1,290,226
Restated balance		109,903,000	(5,603,227)	24,115,005	1,186,293	-	186,003,364	315,604,435
Profit for the year		-	-	-	-	-	27,454,433	27,454,433
<b>Total recognised income and expense</b>		-	-	-	-	-	27,454,433	27,454,433
Dividend	33	-	-	-	-	-	(6,205,140)	(6,205,140)
Buy-back of ordinary shares	25	-	(74,185)	-	-	-	-	(74,185)
As at 31 December 2007		109,903,000	(5,677,412)	24,115,005	1,186,293	-	207,252,657	336,779,543

The accompanying Notes form an integral part of the Financial Statements.

Statement of Changes in Equity  
for the year ended 31 December 2007





**Statement of Changes in Equity**  
for the year ended 31 December 2007 (cont'd)

	Note(s)	Attributable to Equity Holders of the Company					Total Equity RM
		Share Capital RM	Treasury Shares RM	Share Premium RM	Non-distributable Reserves Equity-Settled Employee Benefits Reserve RM	Distributable Reserve Retained Earnings RM	
<b>The Company</b>							
As at 1 January 2006:							
As previously stated		107,499,000	(5,464,525)	23,585,045	26,812	98,133,892	223,780,224
Effect of changes in accounting policy for investment properties	38	-	-	-	-	1,219,385	1,219,385
Restated balance		107,499,000	(5,464,525)	23,585,045	26,812	99,353,277	224,999,609
Profit for the year		-	-	-	-	29,659,925	29,659,925
<b>Total recognised income and expense</b>		-	-	-	-	29,659,925	29,659,925
Dividend	33	-	-	-	-	(4,539,087)	(4,539,087)
Recognition of share-based payments		-	-	-	46,980	-	46,980
Issue of shares under Employee Share Options Scheme	25&26	2,404,000	-	529,960	(46,980)	-	2,886,980
Expiry of share options		-	-	-	(26,812)	26,812	-
Buy-back of ordinary shares		-	(138,702)	-	-	-	(138,702)
As at 31 December 2006		109,903,000	(5,603,227)	24,115,005	-	124,500,927	252,915,705
As at 1 January 2007:							
As previously stated		109,903,000	(5,603,227)	24,115,005	-	123,279,542	251,694,320
Effect of changes in accounting policy for investment properties	38	-	-	-	-	1,221,385	1,221,385
Restated balance		109,903,000	(5,603,227)	24,115,005	-	124,500,927	252,915,705
Profit for the year		-	-	-	-	10,583,422	10,583,422
<b>Total recognised income and expense</b>		-	-	-	-	10,583,422	10,583,422
Dividend	33	-	-	-	-	(6,205,140)	(6,205,140)
Buy-back of ordinary shares	25	-	(74,185)	-	-	-	(74,185)
As at 31 December 2007		109,903,000	(5,677,412)	24,115,005	-	128,879,209	257,219,802

The accompanying Notes form an integral part of the Financial Statements.



## Cash Flow Statement

for the year ended 31 December 2007

	Note	The Group	
		2007 RM	2006 RM
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>			
Profit before tax		35,695,318	41,647,758
Adjustments for:			
Depreciation of property, plant and equipment	14	5,384,278	4,495,954
Amortisation of prepaid interests in leased land	15	103,957	103,158
Finance costs recognised in profit or loss		4,681,680	1,954,021
Allowance for doubtful debts		823,062	650,159
Impairment loss of property, plant and equipment		660,299	37,028
Provision for retirement benefits	28	219,744	-
Property, plant and equipment written off		185,442	77,490
Bad debts written off		9,977	-
Interest income from operating activities		(1,125,164)	(1,025,317)
Unrealised gain on foreign exchange		(531,146)	(1,861,495)
Net write back of inventories		(269,081)	(517,554)
Allowance for doubtful debts no longer required		(253,755)	(235,348)
Investment revenue recognised in profit or loss		(65,366)	(600,046)
Gain on disposal of property, plant and equipment		(7,170)	(33,100)
Share based payment		-	46,980
		<u>45,512,075</u>	<u>44,739,688</u>
Movements in working capital:			
Increase in:			
Inventories		(72,676,932)	(33,938,729)
Trade and other receivables		(24,112,186)	(25,840,983)
Other assets		(334,736)	(981,019)
Increase/(Decrease) in:			
Trade and other payables		(1,718,093)	5,308,823
Other liabilities		18,290	(39,651)
Cash Used In Operations		<u>(53,311,582)</u>	<u>(10,751,871)</u>
Interest income		1,125,164	1,025,317
Income tax refunded		4,347,381	-
Income tax paid		(6,966,880)	(5,169,793)
Retirement benefits paid	28	(59,151)	(20,701)
Net Cash Used In Operating Activities		<u>(54,865,068)</u>	<u>(14,917,048)</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>			
Proceeds from disposal of property, plant and equipment		208,300	98,927
Proceeds from disposal of quoted investments		174,218	450,472
Rental received		31,950	25,200
Interest on investment funds and fixed deposits		24,731	134,803
Dividends received from unit trusts		4,222	340,360
Dividends received from quoted investments		65	25,994
Purchase of property, plant and equipment	37(a)	(15,839,933)	(21,463,619)
Purchase of investment properties	16	(78,970)	-
Proceeds from disposal of unit trusts		-	60,834,371
Purchase of unit trusts		-	(55,592,229)
Net Cash Used In Investing Activities		<u>(15,475,417)</u>	<u>(15,145,721)</u>

(Forward)



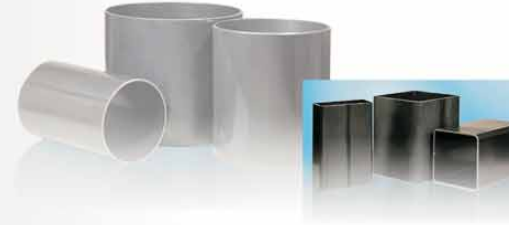
## Cash Flow Statement

for the year ended 31 December 2007 (cont'd)

	Note	The Group	
		2007 RM	2006 RM
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>			
Net proceeds from short-term borrowings		93,662,999	36,333,677
Repayment of term loan		(11,753,956)	(6,569,552)
Dividends paid on share capital	33	(6,205,140)	(4,539,087)
Finance costs paid		(4,681,680)	(1,954,021)
Repurchase of own shares	25	(74,185)	(138,702)
Proceeds from issuance of shares		-	2,886,980
Net Cash Generated From Financing Activities		70,948,038	26,019,295
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		607,553	(4,043,474)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		3,271,821	7,315,295
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	37(b)	3,879,374	3,271,821

	Note	The Company	
		2007 RM	2006 RM
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>			
Profit before tax		12,591,578	35,776,858
Adjustments for:			
Depreciation of property, plant and equipment	14	4,576,130	3,794,069
Amortisation of prepaid interests in leased land	15	83,398	87,104
Finance costs recognised in profit or loss		3,043,358	1,522,461
Allowance for doubtful debts		275,345	65,916
Impairment loss of property, plant and equipment		-	37,028
Property, plant and equipment written off		176,941	68,168
Provision for retirement benefits	28	162,457	-
Gain on disposal of leased land and property, plant and equipment		(821,829)	(33,100)
Interest income from operating activities		(600,480)	(642,489)
Unrealised gain on foreign exchange		(611,624)	(1,537,812)
Net write back of inventories		(233,493)	(118,224)
Allowance for doubtful debts no longer required		(117,319)	(48,000)
Investment revenue recognised in profit or loss		(44,881)	(13,839,540)
Share based payment		-	46,980
		18,479,581	25,179,419

(Forward)



## Cash Flow Statement

for the year ended 31 December 2007 (cont'd)

	Note	The Company	
		2007 RM	2006 RM
Movements in working capital:			
Increase in:			
Inventories		(7,529,906)	(39,100,078)
Trade and other receivables		(34,788,916)	(4,694,999)
Other assets		(358,008)	(976,644)
Increase/(Decrease) in:			
Trade and other payables		(1,982,111)	231,684
Other liabilities		(355,066)	(211,202)
Cash Used In Operations		(26,534,426)	(19,571,820)
Interest income		600,480	642,489
Income tax refunded		4,347,381	-
Income tax paid		(740,928)	(2,261,317)
Retirement benefits paid	28	(23,343)	(4,007)
Net Cash Used In Operating Activities		(22,350,836)	(21,194,655)
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>			
Proceeds from disposal of leased land and property, plant and equipment		4,656,174	98,927
Proceeds from disposal of quoted investments		151,464	450,472
Rental received		19,200	12,600
Interest on investment funds and fixed deposits		17,604	107,939
Dividends received from unit trusts		3,588	284,131
Dividends received from quoted investment		65	25,635
Proceeds from disposal of a subsidiary company		3	-
Purchase of property, plant and equipment	37(a)	(14,851,440)	(21,205,793)
Proceeds from disposal of unit trusts		-	47,276,361
Dividends received from subsidiary companies		-	11,369,029
Purchase of unit trusts		-	(42,040,211)
Net Cash Used In Investing Activities		(10,003,342)	(3,620,910)
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>			
Net proceeds from short-term borrowings		53,553,960	32,302,935
Repayment of term loan		(11,753,956)	(6,569,552)
Dividends paid on share capital	33	(6,205,140)	(4,539,087)
Finance costs paid		(3,043,358)	(1,522,461)
Repurchase of own shares	25	(74,185)	(138,702)
Proceeds from issuance of shares		-	2,886,980
Net Cash Generated From Financing Activities		32,477,321	22,420,113
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		123,143	(2,395,452)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		3,585,024	5,980,476
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	37(b)	3,708,167	3,585,024

The accompanying Notes form an integral part of the Financial Statements.



**CHOO BEE METAL INDUSTRIES BERHAD**  
(10987-A)

## Notes to the Financial Statements

### 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of Bursa Malaysia Securities Berhad.

The Company is principally engaged in the processing of steel coils into steel products, fabrication of steel products and trading of hardware products.

The principal activities of the subsidiary companies are disclosed under Note 17.

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial year.

The registered office of the Company is located at 55, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia.

The principal place of business of the Company is located at Wisma Soon Teik Aun, Jalan Bendahara, 31650 Ipoh, Perak Darul Ridzuan, Malaysia.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 March 2008.

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRS")

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and in compliance with the applicable Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia.

#### (a) New and revised Standards and Interpretations

During the financial year, the Group and the Company adopted all of the new and revised Standards and Interpretations issued by the MASB that are relevant to their operations and effective for financial years beginning on or after 1 October 2006. The adoption of these new and revised Standards and Interpretations have not resulted in changes to the Group's and the Company's accounting policies except as follows:

##### **FRS 117: Leases**

The standard requires the classification of leasehold land as prepaid interests in leased land. The adoption of FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The prepaid interests in leased land will be amortised evenly over the lease terms of the land.

Prior to 1 January 2007, the leasehold interests in long-term and short-term leased land, which were stated at cost less accumulated depreciation and accumulated impairment loss, if any, were classified as property, plant and equipment. With the adoption of FRS 117 on 1 January 2007, the unamortised revalued amounts of leasehold land of the Group and of the Company with carrying amount of RM5,681,204 and RM5,003,284 respectively were retained as the surrogated carrying amounts of prepaid lease payments as allowed by the transitional provisions of FRS 117. The prepaid interests in leased land will be amortised evenly over the lease term of the land.

The reclassification of leasehold land as prepaid interests in leased land was accounted for retrospectively with certain comparative financial information of the balance sheets of the Group and of the Company restated. The retrospective adjustments do not have a financial impact to profit or loss of the Group and of the Company.



## Notes to the Financial Statements (cont'd)

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRS") (cont'd)

#### (a) New and revised Standards and Interpretations (cont'd)

##### FRS 117: Leases (cont'd)

Upon the adoption of FRS 117, the Group and the Company have changed the measurement basis of their investment properties from the previously used cost model to fair value model. The effect of the change has been adjusted retrospectively in accordance with FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors.

Fair values of investment properties of the Group and of the Company amounting to RM1,738,119 and RM1,670,390, with tax impact of RM451,005 each recognised on taxable temporary differences arising from the fair value adjustments were adjusted, against opening balances of investment properties and deferred tax liabilities respectively. The Group and the Company ceased to recognise amortisation of investment properties and have adjusted retrospectively the previously recognised amortisation expenses of RM3,112 for the Group and RM2,000 for the Company. The change in accounting policy does not have a significant impact to the basic and diluted earnings per share of the Group in the current year.

##### FRS 124: Related Party Disclosures

The adoption of the revised FRS 124 has affected the identification of related parties of the Group and of Company and the disclosure of related party transactions and balances.

#### (b) New and revised Standards and Interpretations issued but not yet adopted

At the date of authorisation of these financial statements for issue, the following new and revised Standards and Interpretations were issued but were not yet adopted by the Group and by the Company:

<i>Standards/IC Interpretation ("Int.")</i>	<i>Title</i>	<i>Effective for annual periods beginning on or after</i>
FRS 107	Cash Flow Statements	1 July 2007
FRS 111	Construction Contracts	1 July 2007
FRS 112	Income Taxes	1 July 2007
FRS 118	Revenue	1 July 2007
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134	Interim Financial Reporting	1 July 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
Int. 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
Int. 2	Members' Shares in Co-operative Entities & Similar Instruments	1 July 2007
Int. 5	Rights to Interests arising from Decommissioning, Restoration & Environmental Rehabilitation Funds	1 July 2007
Int. 6	Liabilities arising from Participating in a Specific Market - Waste Electrical & Electronic Equipment	1 July 2007
Int. 7	Applying the Restatement Approach under FRS 129 <sub>2004</sub> Financial Reporting in Hyperinflationary Economies	1 July 2007
Int. 8	Scope of FRS 2	1 July 2007



CHOO BEE METAL INDUSTRIES BERHAD  
(10987-A)

## Notes to the Financial Statements (cont'd)

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRS") (cont'd)

#### (b) New and revised Standards and Interpretations issued but not yet adopted (cont'd)

MASB has also issued FRS 139, Financial Instruments: Recognition and Measurement but has yet to announce the effective date of this standard. The Group and the Company have not early adopted FRS 139 and by virtue of the exemption in paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

The directors anticipate that the adoption of these new and revised Standards and Interpretations that are relevant to their operations in the financial year ending 31 December 2008 will have no material impact on the financial statements of the Group and of the Company.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The measurement basis applied in the preparation of the Financial Statements include historical cost, recoverable value, realisable value and fair value.

#### Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the subsidiary companies controlled by the Company made up to 31 December 2007.

A subsidiary company is a company where the Group has control over the financial and operating policies of that company so as to obtain benefits therefrom. Control is presumed to exist when the Group owns, directly or indirectly through subsidiary companies, more than one half of the voting rights of the said company.

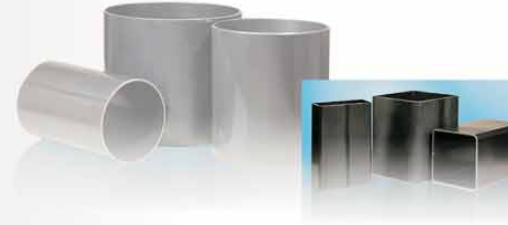
Financial Statements of subsidiary companies are consolidated with those of the Company using the acquisition method of accounting. On acquisition, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition.

The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3, Business Combinations are recognised at their fair values at the acquisition date.

The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies in line with those used by other members of the Group.

All significant intragroup transactions, balances and resulting unrealised gains are eliminated in full on consolidation. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.



## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

#### *Sale of goods*

Revenue from sale of goods is recognised when the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### *Dividend and interest revenue*

Dividend revenue represents gross dividends from quoted and unquoted investments and is recognised when the shareholder's right to receive payment is established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rates applicable.

#### *Rental income*

Rental income is accrued on a time basis, by reference to the agreements entered. Rental income from investment properties is recognised on a straight-line basis over the term of relevant lease.

#### Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia, which is the functional currency of the Company, and also the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the date of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

#### Borrowing Costs

Borrowing costs directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.



## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Employee Benefits

##### *Short-term employee benefits*

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### *Defined contribution plans*

The Group and the Company are required by law to make monthly contributions to the Employees' Provident Fund ("EPF"), a statutory defined contribution plan for all their eligible employees based on certain prescribed rates of the employees' salaries. The Group's and the Company's contributions to the EPF are disclosed separately. The employees' contributions to the EPF are included in salaries and wages.

##### *Retirement benefits*

The Group and the Company operate a non-contributory unfunded retirement benefits scheme for those employees who are eligible. Provision has been made in the financial statements for retirement benefits of eligible employees who have completed the minimum qualifying period of eight years of continuous service and is computed after taking into consideration the length of service and basic salary earnings of the eligible employees upon reaching the age of retirement.

The provision is charged to profit or loss on a systematic basis over the expected remaining working lives of the employees covered by the retirement benefits scheme. Should an employee leave after completing the qualifying period of service but before attaining the retirement age, the provision made for the employee is written back. No actuarial valuation has been conducted on the retirement benefits provision, as the directors consider the amount to be insignificant to the Group and to the Company.

##### *Equity-settled employee benefits*

The Company had an Employees' Share Option Scheme ("ESOS") whereby options to subscribe for ordinary shares in the Company were granted to eligible employees, including executive directors of the Company and its subsidiary companies, which allowed the eligible employees to acquire ordinary shares in the Company. The ESOS were recognised as an employee benefits expense in profit or loss over the vesting period with a corresponding increase in equity-settled employee benefits reserve. The expense was measured based on the fair value of the share options and the Group's estimate of options that will eventually vest. The fair value of the options was measured, using the Binomial Model, at the grant date after taking into account market vesting conditions, if any, upon which the options were granted but excluding the impact of any non-market vesting conditions.

The above policy was applied to all share options granted after 31 December 2004 which had not yet vested at 1 January 2006. No amount had been recognised in profit or loss in respect of the other share options.

The ESOS had expired on 25 November 2006.



## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

#### Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

#### Property, Plant and Equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses, if any.

The directors have applied the transitional provisions of International Accounting Standard No 16 (Revised), Property, Plant and Equipment by virtue of which, a reporting enterprise which does not adopt a policy of revaluation, is allowed to retain revalued amounts on the basis of their previous revaluation (subject to continuity in depreciation policy and the requirement to write down an asset to its recoverable amount) which is adopted by MASB.

Freehold land is not amortised.



## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Property, Plant and Equipment (cont'd)

Freehold land and buildings are depreciated over their estimated remaining useful lives of the buildings at 2% per annum, as the land and buildings were acquired as one property and the land values cannot be ascribed as disclosed in Note 14.

Depreciation is charged so as to write off the cost of assets, other than land, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Capital work-in-progress is stated at cost and is also not depreciated. Capital work-in-progress comprises contractors' payments and directly attributable costs incurred in preparing these assets for their intended use. Depreciation on assets under construction commences when the assets are ready for their intended use.

Annual depreciation rates used to depreciate other property, plant and equipment over their estimated remaining useful lives are as follows:

Buildings	2%
Plant and machinery	5% to 10%
Electrical installation	5%
Furniture, fittings, equipment and vehicles	5% to 20%
Renovations	20%

Gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the assets and is recognised in profit or loss.

#### Prepaid Interests In Leased Land

Leasehold land that normally has a definite economic life and where the title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. Payments made on entering into or acquiring leasehold land are accounted as prepaid interests in leased land and amortised evenly over the lease terms of the land.

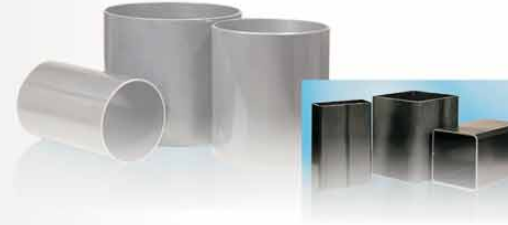
Long-term prepaid interests in leased land is amortised evenly over the lease periods ranging from 50 to 84 years. One of the long-term prepaid interests in leased land with lease period of 889 years is not amortised as the effect of non-amortisation is not expected to be material.

Short-term prepaid interests in leased land is amortised evenly over the lease periods ranging from 32 to 49 years.

#### Investments

Investment in subsidiary companies, which is eliminated on consolidation, is stated in the Company's financial statements at cost. Where there is an indication of impairment in the value of the assets, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Other investments in quoted shares, unit trusts and warrants are stated at the lower of cost and market value on a portfolio basis.



## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Investment Properties

Investment properties, which are properties held to earn rentals and/ or for capital appreciation, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived by reference to market evidence of transaction prices for similar properties. Gain or loss arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

Gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sale proceeds and the fair value of the assets and is recognised in profit or loss.

#### Goodwill

Goodwill acquired in a business combination is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill arising on consolidation represents the excess of cost of business combination over the Group's interest in the net fair values of the identifiable assets, liabilities and contingent liabilities recognised of the acquiree at the date of the combination.

Goodwill is not amortised. Instead, it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss is recognised immediately in the consolidated profit or loss and any impairment loss recognised for goodwill is not subsequently reversed.

On disposal of an entity or operation, the goodwill associated with the entity or operation disposed of is included in the carrying amount of the entity or operation when determining the gain or loss on disposal.

#### Impairment of Assets

At each balance sheet date, the Group and the Company review the carrying amounts of their tangible and intangible assets (other than inventories, financial assets, goodwill, investment properties and other investments which are dealt with in their respective policies) to determine if there is any indication that those assets may be impaired. If any such indication exists, the asset's recoverable amount is estimated.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.



## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Impairment of Assets (cont'd)

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss had been recognised for the asset in prior years. A reversal is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the "Weighted Average" method. The cost of raw materials, consumables and trading goods comprise the original purchase price plus cost incurred in bringing the inventories to their present location. Cost of manufactured goods includes the cost of raw materials, direct labour and a proportion of production overheads. Net realisable value represents the estimated selling price in the ordinary course of business less costs to completion and costs necessary to make the sale.

#### Receivables

Receivables are reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

#### Provisions

Provisions for liabilities are recognised when the Group and the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flow.

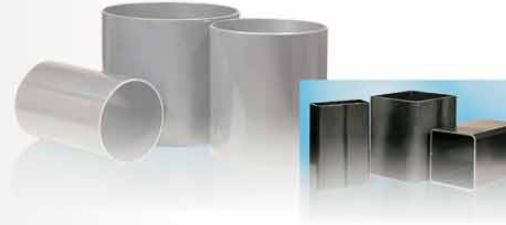
#### Treasury Shares

Shares repurchased by the Company are held as treasury shares, and are stated at the cost of repurchases, including directly attributable costs.

#### Cash Flow Statements

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risks of changes in value.



## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's and the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Judgements made by the management in the application of FRSs that have a significant effect on the financial statements and estimates with a significant risk or material adjustment in the next financial year include the estimation on useful life of property, plant and equipment and recoverability of receivables. Note 19 contains information about the assumptions relating to goodwill impairment testing.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### 4. REVENUE

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Manufacturing sales	166,109,149	121,819,657	190,015,700	138,340,184
Trading sales	296,021,597	234,938,625	30,016,868	19,652,534
	<u>462,130,746</u>	<u>356,758,282</u>	<u>220,032,568</u>	<u>157,992,718</u>

### 5. SEGMENT REPORTING

#### Business Segments

For management purposes, the Group is organised into trading and manufacturing divisions.

Inter-segment sales are transacted at arms' length.

Unallocated assets and liabilities include items that cannot be reasonably allocated to individual segment.

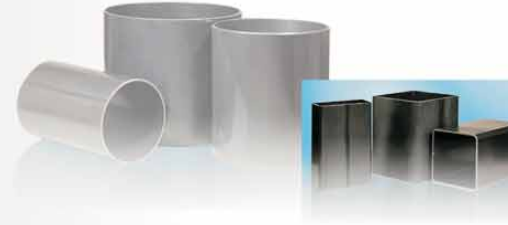


## Notes to the Financial Statements (cont'd)

### 5. SEGMENT REPORTING (cont'd)

#### Business Segments (cont'd)

The Group 2007	Trading RM	Manufacturing RM	Eliminations RM	Consolidated RM
<b>Revenue</b>				
External sales	296,021,597	166,109,149	-	462,130,746
Inter-segment sales	22,028,766	30,510,964	(52,539,730)	-
	<u>318,050,363</u>	<u>196,620,113</u>	<u>(52,539,730)</u>	<u>462,130,746</u>
<b>Results</b>				
Segment results	<u>27,624,539</u>	<u>14,980,484</u>	<u>(1,859,308)</u>	40,745,715
Unallocated corporate (expense)/income (Net)				(368,717)
Finance costs				(4,681,680)
Profit before tax				35,695,318
Income tax expense				(8,240,885)
Profit after tax				<u>27,454,433</u>
<b>Other information</b>				
Capital expenditure	(5,742,691)	(18,470,856)	4,546,872	(19,666,675)
Net write back of inventories	66,872	202,209	-	269,081
Depreciation and amortisation charges	(370,206)	(5,118,029)	-	(5,488,235)
Impairment loss of property, plant and equipment	-	(660,299)	-	(660,299)
Property, plant and equipment written off	(28,070)	(157,372)	-	(185,442)
<b>Consolidated Balance Sheet</b>				
<b>Assets</b>				
Segment assets	209,190,646	298,187,455	(2,021,337)	505,356,764
Unallocated corporate assets				11,384,835
Consolidated total assets				<u>516,741,599</u>
<b>Liabilities</b>				
Segment liabilities	75,453,812	90,952,412	-	166,406,224
Unallocated corporate liabilities				13,555,832
Consolidated total liabilities				<u>179,962,056</u>



## Notes to the Financial Statements (cont'd)

### 5. SEGMENT REPORTING (cont'd)

#### Business Segments (cont'd)

The Group 2006	Trading RM	Manufacturing RM	Eliminations RM	Consolidated RM
<b>Revenue</b>				
External sales	234,938,625	121,819,657	-	356,758,282
Inter-segment sales	7,946,902	25,185,353	(33,132,255)	-
	<u>242,885,527</u>	<u>147,005,010</u>	<u>(33,132,255)</u>	<u>356,758,282</u>
<b>Results</b>				
Segment results	<u>20,676,540</u>	<u>22,922,931</u>	<u>(200,459)</u>	43,399,012
Unallocated corporate (expense)/income (Net)				202,767
Finance costs				(1,954,021)
Profit before tax				41,647,758
Income tax expense				(9,220,484)
Profit after tax				<u>32,427,274</u>
<b>Other information</b>				
Capital expenditure	(1,400,958)	(20,062,661)	-	(21,463,619)
Net write back of inventories	832,180	(314,626)	-	517,554
Depreciation and amortisation charges	(251,097)	(4,348,015)	-	(4,599,112)
Impairment loss of property, plant and equipment	-	(37,028)	-	(37,028)
Property, plant and equipment written off	(11,308)	(66,182)	-	(77,490)
<b>Consolidated Balance Sheet</b>				
<b>Assets</b>				
Segment asset	122,996,046	276,865,219	(691,788)	399,169,477
Unallocated corporate assets				13,672,636
Consolidated total assets				<u>412,842,113</u>
<b>Liabilities</b>				
Segment liabilities	28,554,175	56,105,100	-	84,659,275
Unallocated corporate liabilities				12,578,403
Consolidated total liabilities				<u>97,237,678</u>

Information on the carrying amount of segment assets, cost to acquire property, plant and equipment by location of assets and segment revenue from external customers by geographical market have not been provided for as the Group and its customers operate principally in Malaysia.



## Notes to the Financial Statements (cont'd)

### 6. INVESTMENT REVENUE

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Gross dividend received from:				
Quoted investments	65	34,062	65	33,702
Subsidiaries	-	-	-	13,343,429
Unit trusts	4,222	340,360	3,588	284,131
Gain/(Loss) on disposal of:				
Unit trusts	-	31,217	-	25,225
Quoted investments	(92,011)	(73,959)	(79,565)	(73,959)
Interest revenue from short-term deposits	24,731	134,803	17,604	107,939
Rental revenue	31,950	25,200	19,200	12,600
Write back of:				
Quoted investments	96,409	64,141	83,989	62,251
Unit trusts	-	44,222	-	44,222
	<u>65,366</u>	<u>600,046</u>	<u>44,881</u>	<u>13,839,540</u>

### 7. OTHER GAINS AND LOSSES

Included in other gains and losses are the following:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Gain on disposal of leased land and property, plant and equipment	7,170	33,100	821,829	33,100
Realised gain on foreign exchange	990,253	578,510	351,189	375,324
Unrealised gain on foreign exchange	531,146	1,861,495	611,624	1,537,812
	<u>1,528,569</u>	<u>2,473,105</u>	<u>1,784,642</u>	<u>1,946,236</u>

### 8. DIRECTORS' REMUNERATION

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Executive directors:				
Fees	148,000	128,000	100,000	100,000
Other emoluments:				
Current year	4,225,869	4,201,221	1,586,425	1,918,807
Previous year	173,302	386,325	81,147	89,415
	<u>4,399,171</u>	<u>4,587,546</u>	<u>1,667,572</u>	<u>2,008,222</u>
	<u>4,547,171</u>	<u>4,715,546</u>	<u>1,767,572</u>	<u>2,108,222</u>
Non-executive directors:				
Fees	96,000	96,000	96,000	96,000
Other emoluments	50,200	36,000	50,200	36,000
	<u>4,693,371</u>	<u>4,847,546</u>	<u>1,913,772</u>	<u>2,240,222</u>

The estimated monetary value of benefits-in-kind received and receivable by the executive directors otherwise than in cash from the Group and the Company amounted to RM67,611 (2006: RM47,466).



## Notes to the Financial Statements (cont'd)

### 9. EMPLOYEE BENEFITS EXPENSES

Contributions made to the EPF by the Group and by the Company that are included in employee benefits expenses and directors' remuneration amounted to RM1,056,203 (2006: RM1,172,904) and RM459,758 (2006: RM313,656) respectively.

Equity-settled share-based payments included in employees benefits expenses of the Group and of the Company amounted to RMNil (2006: RM46,980) and RMNil (2006: RM31,160) respectively.

Employee benefits expenses of the Group also include remuneration for the directors of subsidiary companies as follows:

	The Group	
	2007 RM	2006 RM
Fees	4,000	4,000
Other emoluments	34,290	30,198
	38,290	34,198

### 10. FINANCE COSTS

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Interest on:				
Other short-term borrowings	4,208,853	931,440	2,574,347	503,418
Term loan	467,807	1,018,549	467,807	1,018,549
Bank overdrafts	1,820	832	1,204	494
Others	3,200	3,200	-	-
	4,681,680	1,954,021	3,043,358	1,522,461

### 11. INCOME TAX EXPENSE

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current Malaysian tax expense	7,318,400	6,955,600	590,000	3,500,000
Deferred tax (Note 29):				
Relating to origination and reversal of temporary differences	954,770	2,336,856	1,408,031	2,510,000
Relating to crystallisation of deferred tax liability on surplus on revaluation of property, plant and equipment	(14,380)	(6,630)	(11,061)	(3,311)
	940,390	2,330,226	1,396,970	2,506,689
Under/(Over)provision in prior years:				
Current tax	(17,905)	(42,342)	21,186	203,244
Deferred tax (Note 29)	-	(23,000)	-	(93,000)
	8,240,885	9,220,484	2,008,156	6,116,933



## Notes to the Financial Statements (cont'd)

### 11. INCOME TAX EXPENSE (cont'd)

With effect from the beginning of the basis period for the year of assessment 2007, the statutory income tax rate for companies with a paid-up capital of above RM2,500,000 is reduced from 28% to 27%. However, for companies with a paid-up capital of RM2,500,000 and below, an income tax rate of 20% is still applicable for chargeable income of up to RM500,000. For chargeable income in excess of RM500,000, the revised income tax rate of 27% is applicable.

As at 31 December 2007, the Company has tax-exempt accounts arising from the claims for reinvestment allowances under Schedule 7A of the Income Tax Act, 1967 and special tax-exempt accounts arising from chargeable income waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999 and tax-exempt dividends received amounting in total to RM47,461,000 (2006: RM45,418,000). These tax-exempt accounts are available for distribution as tax-exempt dividends to the shareholders of the Company.

As at 31 December 2007, the subsidiary companies have tax-exempt accounts arising from their claims for reinvestment allowances under Schedule 7A of the Income Tax Act, 1967 and special tax-exempt accounts arising from chargeable income waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999 and tax-exempt dividends received amounting in total to RM5,659,000 (2006: RM5,562,000). These tax-exempt accounts are available for distribution as tax-exempt dividends to the shareholders of the subsidiary companies.

As at 31 December 2007, subject to the agreement by the tax authorities, the Company has unutilised reinvestment allowances claimed amounting to approximately RM29,615,000 (2006: RM22,360,000) which are available for set-off against future taxable income.

A numerical reconciliation of income tax expense at the applicable income tax rate to income tax expense at the effective tax rate is as follows:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Profit before tax	35,695,318	41,647,758	12,591,578	35,776,858
Tax at the applicable tax rate of 27% (2006: 28%)	9,638,000	11,660,000	3,400,000	10,017,000
Tax effects in respect of:				
Expenses that are not deductible in determining taxable profit	268,170	305,796	241,031	238,100
Income that is not taxable in determining taxable profit	(675,000)	(420,040)	(772,000)	(2,018,800)
Reinvestment allowances utilised	(539,000)	(2,253,300)	(539,000)	(2,226,300)
Effect of difference in tax rate	(419,000)	-	(332,000)	-
Crystallisation of deferred tax liability on surplus on revaluation of property, plant and equipment	(14,380)	(6,630)	(11,061)	(3,311)
	8,258,790	9,285,826	1,986,970	6,006,689
Income tax - prior year	(17,905)	(42,342)	21,186	203,244
Deferred tax - prior year	-	(23,000)	-	(93,000)
Income tax expense recognised in profit or loss	8,240,885	9,220,484	2,008,156	6,116,933



## Notes to the Financial Statements (cont'd)

### 11. INCOME TAX EXPENSE (cont'd)

#### Current tax assets and liabilities

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<u>Current tax assets</u>				
Tax refund receivable	451,098	4,668,737	451,098	4,668,737
<u>Current tax liabilities</u>				
Income tax payable	1,877,919	1,414,562	-	-

### 12. PROFIT FOR THE YEAR

Included in profit for the year are the following:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Interest receivable/received on:				
Overdue accounts	1,125,072	1,025,299	600,388	642,475
Advances granted to subsidiary companies	-	-	19,685	-
Others	92	18	92	14
Allowance for doubtful debts no longer required	253,755	235,348	117,319	48,000
Rental of land and premises	(871,225)	(499,764)	(290,098)	(154,192)
Allowance for doubtful debts	(823,062)	(650,159)	(275,345)	(65,916)
Provision for retirement benefits	(219,744)	-	(162,457)	-
Property, plant and equipment written off	(185,442)	(77,490)	(176,941)	(68,168)
Fees paid/payable to external auditors:				
Statutory audit	(120,300)	(90,300)	(53,400)	(44,500)
Non-audit services	(5,000)	(5,000)	(5,000)	(5,000)
Bad debts written off	(9,977)	-	-	-

### 13. EARNINGS PER SHARE

The basic and diluted earnings per share are calculated as follows:

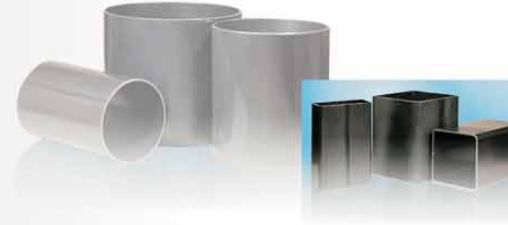
	The Group	
	2007	2006
<b>Basic and diluted</b>		
Profit for the year attributable to equity holders of the Company	RM 27,454,433	RM 32,427,274
Number of ordinary shares in issue as at 1 January	109,903,000	107,499,000
Shares repurchased and held as treasury shares	(3,649,600)	(3,565,500)
	106,253,400	103,933,500
Effect of exercise of ESOS	-	952,667
Effect of shares repurchased	(11,934)	(24,900)
Weighted average number of ordinary shares	106,241,466	104,861,267
Basic and diluted earnings per ordinary share (sen)	25.8	30.9



## Notes to the Financial Statements (cont'd)

### 14. PROPERTY, PLANT AND EQUIPMENT

The Group	Land and buildings RM	Plant and machinery RM	Electrical installation RM	Furniture, fittings, equipment and vehicles RM	Renovation RM	Capital work-in progress RM	Total RM
<b>As at 31 December 2007</b>							
<b>Cost or valuation</b>							
As at 1 January 2007	30,636,694	94,853,512	3,799,114	7,651,928	881,652	10,737,550	148,560,450
Additions	336,641	901,762	185,139	1,631,499	11,200	16,521,464	19,587,705
Disposals/Write offs	-	(95,688)	-	(1,023,736)	-	(302,261)	(1,421,685)
Transfer to investment properties	-	-	-	-	-	(326,299)	(326,299)
Transfer to prepaid interests in leased land	(100,000)	-	-	-	-	-	(100,000)
Reclassifications	9,885,959	14,555,685	13,358	149,957	-	(24,604,959)	-
As at 31 December 2007	40,759,294	110,215,271	3,997,611	8,409,648	892,852	2,025,495	166,300,171
<b>Accumulated depreciation and accumulated impairment loss</b>							
As at 1 January 2007	4,222,235	40,885,412	1,122,879	4,266,736	71,845	-	50,569,107
Depreciation charge for the year	551,668	3,973,701	210,012	469,768	179,129	-	5,384,278
Disposals/Write offs	-	(87,447)	-	(797,666)	-	-	(885,113)
Impairment loss recognised to profit or loss	-	660,299	-	-	-	-	660,299
Transfer to investment properties	-	-	-	-	-	-	-
Transfer to prepaid interests in leased land	(7,983)	-	-	-	-	-	(7,983)
Reclassifications	-	(3,150)	-	3,150	-	-	-
As at 31 December 2007	4,765,920	45,428,815	1,332,891	3,941,988	250,974	-	55,720,588
<b>Carrying amounts</b>							
As at 31 December 2007	35,993,374	64,786,456	2,664,720	4,467,660	641,878	2,025,495	110,579,583



## Notes to the Financial Statements (cont'd)

### 14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group	Land and buildings RM	Plant and machinery RM	Electrical installation RM	Furniture, fittings, equipment and vehicles RM	Renovation RM	Capital work-in progress RM	Total RM
<b>As at 31 December 2006</b>							
<b>Cost or valuation</b>							
As at 1 January 2006	29,521,606	86,916,825	3,242,600	6,046,389	-	1,898,567	127,625,987
Additions	1,117,132	3,122,593	570,882	1,580,431	1,094,660	13,977,921	21,463,619
Disposals/Write offs	(2,044)	(294,407)	(14,368)	(217,377)	(960)	-	(529,156)
Transfer to investment properties	-	-	-	-	-	-	-
Transfer to prepaid interests in leased land	-	-	-	-	-	-	-
Reclassifications	-	5,108,501	-	242,485	(212,048)	(5,138,938)	-
As at 31 December 2006	30,636,694	94,853,512	3,799,114	7,651,928	881,652	10,737,550	148,560,450
<b>Accumulated depreciation and accumulated impairment loss</b>							
As at 1 January 2006	3,703,510	37,598,536	932,938	4,186,980	-	-	46,421,964
Depreciation charge for the year	518,799	3,437,281	200,659	267,290	71,925	-	4,495,954
Disposals/Write offs	(74)	(187,433)	(10,718)	(187,534)	(80)	-	(385,839)
Impairment loss recognised to profit or loss	-	37,028	-	-	-	-	37,028
Transfer to investment properties	-	-	-	-	-	-	-
Transfer to prepaid interests in leased land	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
As at 31 December 2006	4,222,235	40,885,412	1,122,879	4,266,736	71,845	-	50,569,107
<b>Carrying amounts</b>							
As at 31 December 2006	26,414,459	53,968,100	2,676,235	3,385,192	809,807	10,737,550	97,991,343

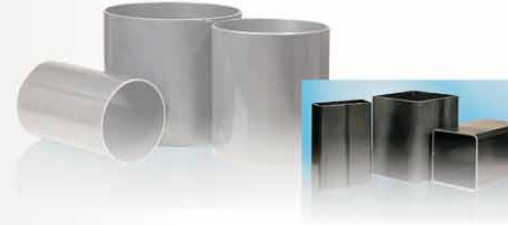


## Notes to the Financial Statements (cont'd)

### 14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Land and buildings of the Group consist of:

The Group	Freehold land RM	Freehold land and buildings RM	Buildings RM	Total RM
<b>As at 31 December 2007</b>				
<b>Cost or valuation</b>				
As at 1 January 2007	302,217	386,687	29,947,790	30,636,694
Additions	-	-	336,641	336,641
Disposals/Write offs	-	-	-	-
Transfer to investment properties	-	-	-	-
Transfer to prepaid interests in leased land	-	-	(100,000)	(100,000)
Reclassifications	9,885,959	-	-	9,885,959
As at 31 December 2007	10,188,176	386,687	30,184,431	40,759,294
<b>Accumulated depreciation and accumulated impairment loss</b>				
As at 1 January 2007	-	58,382	4,163,853	4,222,235
Depreciation charge for the year	-	7,818	543,850	551,668
Disposals/Write offs	-	-	-	-
Impairment loss recognised to profit or loss	-	-	-	-
Transfer to investment properties	-	-	-	-
Transfer to prepaid interests in leased land	-	(82)	(7,901)	(7,983)
Reclassifications	-	-	-	-
As at 31 December 2007	-	66,118	4,699,802	4,765,920
<b>Carrying amounts</b>				
As at 31 December 2007	10,188,176	320,569	25,484,629	35,993,374
<b>As at 31 December 2006</b>				
<b>Cost or valuation</b>				
As at 1 January 2006	302,217	386,687	28,832,702	29,521,606
Additions	-	-	1,117,132	1,117,132
Disposals/Write offs	-	-	(2,044)	(2,044)
Transfer to investment properties	-	-	-	-
Transfer to prepaid interests in leased land	-	-	-	-
Reclassifications	-	-	-	-
As at 31 December 2006	302,217	386,687	29,947,790	30,636,694
<b>Accumulated depreciation and accumulated impairment loss</b>				
As at 1 January 2006	-	50,563	3,652,947	3,703,510
Depreciation charge for the year	-	7,819	510,980	518,799
Disposals/Write offs	-	-	(74)	(74)
Impairment loss recognised to profit or loss	-	-	-	-
Transfer to investment properties	-	-	-	-
Transfer to prepaid interests in leased land	-	-	-	-
Reclassifications	-	-	-	-
As at 31 December 2006	-	58,382	4,163,853	4,222,235
<b>Carrying amounts</b>				
As at 31 December 2006	302,217	328,305	25,783,937	26,414,459



## Notes to the Financial Statements (cont'd)

### 14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Company	Land and buildings RM	Plant and machinery RM	Electrical installation RM	Furniture, fittings, equipment and vehicles RM	Renovation RM	Capital work-in progress RM	Total RM
<b>As at 31 December 2007</b>							
<b>Cost or valuation</b>							
As at 1 January 2007	26,421,920	80,532,393	3,563,887	4,678,675	881,652	10,408,990	126,487,517
Additions	264,580	716,886	185,139	899,943	11,200	16,521,464	18,599,212
Disposals/Write offs	(2,543,335)	(253,912)	(96,000)	(673,157)	-	(300,000)	(3,866,404)
Transfer to prepaid interests in leased land	(100,000)	-	-	-	-	-	(100,000)
Reclassifications	9,885,959	14,555,685	13,358	149,957	-	(24,604,959)	-
<b>As at 31 December 2007</b>	<b>33,929,124</b>	<b>95,551,052</b>	<b>3,666,384</b>	<b>5,055,418</b>	<b>892,852</b>	<b>2,025,495</b>	<b>141,120,325</b>
<b>Accumulated depreciation and accumulated impairment loss</b>							
As at 1 January 2007	3,311,458	31,710,330	1,027,299	2,515,812	71,845	-	38,636,744
Depreciation charge for the year	436,205	3,463,897	195,103	301,796	179,129	-	4,576,130
Disposals/Write offs	(46,847)	(79,432)	(1,771)	(539,974)	-	-	(668,024)
Impairment loss recognised to profit or loss	-	-	-	-	-	-	-
Transfer to prepaid interests in leased land	(7,983)	-	-	-	-	-	(7,983)
Reclassifications	-	(3,150)	-	3,150	-	-	-
<b>As at 31 December 2007</b>	<b>3,692,833</b>	<b>35,091,645</b>	<b>1,220,631</b>	<b>2,280,784</b>	<b>250,974</b>	<b>-</b>	<b>42,536,867</b>
<b>Carrying amounts</b>							
As at 31 December 2007	30,236,291	60,459,407	2,445,753	2,774,634	641,878	2,025,495	98,583,458



## Notes to the Financial Statements (cont'd)

### 14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Company	Land and buildings RM	Plant and machinery RM	Electrical installation RM	Furniture, fittings, equipment and vehicles RM	Renovation RM	Capital work-in progress RM	Total RM
<b>As at 31 December 2006</b>							
<b>Cost or valuation</b>							
As at 1 January 2006	25,305,788	72,528,706	2,997,550	3,270,637	-	1,570,007	105,672,688
Additions	1,117,132	3,119,593	570,882	1,325,605	1,094,660	13,977,921	21,205,793
Disposals/Write offs	(1,000)	(224,407)	(4,545)	(160,052)	(960)	-	(390,964)
Transfer to prepaid interests in leased land	-	-	-	-	-	-	-
Reclassifications	-	5,108,501	-	242,485	(212,048)	(5,138,938)	-
As at 31 December 2006	26,421,920	80,532,393	3,563,887	4,678,675	881,652	10,408,990	126,487,517
<b>Accumulated depreciation and accumulated impairment loss</b>							
As at 1 January 2006	2,872,343	28,851,344	842,690	2,496,239	-	-	35,062,616
Depreciation charge for the year	439,126	2,939,391	187,412	156,215	71,925	-	3,794,069
Disposals/Write offs	(11)	(117,433)	(2,803)	(136,642)	(80)	-	(256,969)
Impairment loss recognised to profit or loss	-	37,028	-	-	-	-	37,028
Transfer to prepaid interests in leased land	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
As at 31 December 2006	3,311,458	31,710,330	1,027,299	2,515,812	71,845	-	38,636,744
<b>Carrying amounts</b>							
As at 31 December 2006	23,110,462	48,822,063	2,536,588	2,162,863	809,807	10,408,990	87,850,773



## Notes to the Financial Statements (cont'd)

### 14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Land and buildings of the Company consist of:

	Freehold land RM	Freehold land and buildings RM	Buildings RM	Total RM
<b>As at 31 December 2007</b>				
<b>Cost or valuation</b>				
As at 1 January 2007	-	386,687	26,035,233	26,421,920
Additions	-	-	264,580	264,580
Disposals/Write offs	-	-	(2,543,335)	(2,543,335)
Transfer to prepaid interests in leased land	-	-	(100,000)	(100,000)
Reclassifications	9,885,959	-	-	9,885,959
As at 31 December 2007	9,885,959	386,687	23,656,478	33,929,124
<b>Accumulated depreciation and accumulated impairment loss</b>				
As at 1 January 2007	-	58,382	3,253,076	3,311,458
Depreciation charge for the year	-	7,819	428,386	436,205
Disposals/Write offs	-	-	(46,847)	(46,847)
Impairment loss recognised to profit or loss	-	-	-	-
Transfer to prepaid interests in leased land	-	(82)	(7,901)	(7,983)
Reclassifications	-	-	-	-
As at 31 December 2007	-	66,119	3,626,714	3,692,833
<b>Carrying amounts</b>				
As at 31 December 2007	9,885,959	320,568	20,029,764	30,236,291
<b>As at 31 December 2006</b>				
<b>Cost or valuation</b>				
As at 1 January 2006	-	386,687	24,919,101	25,305,788
Additions	-	-	1,117,132	1,117,132
Disposals/Write offs	-	-	(1,000)	(1,000)
Transfer to prepaid interests in leased land	-	-	-	-
Reclassifications	-	-	-	-
As at 31 December 2006	-	386,687	26,035,233	26,421,920
<b>Accumulated depreciation and accumulated impairment loss</b>				
As at 1 January 2006	-	50,563	2,821,780	2,872,343
Depreciation charge for the year	-	7,819	431,307	439,126
Disposals/Write offs	-	-	(11)	(11)
Impairment loss recognised to profit or loss	-	-	-	-
Transfer to prepaid interests in leased land	-	-	-	-
Reclassifications	-	-	-	-
As at 31 December 2006	-	58,382	3,253,076	3,311,458
<b>Carrying amounts</b>				
As at 31 December 2006	-	328,305	22,782,157	23,110,462



## Notes to the Financial Statements (cont'd)

### 14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The analysis of cost and valuation is as follows:

		<b>The Group</b>	
		<b>2007 RM</b>	<b>2006 RM</b>
At valuation:			
Buildings	- 1981	1,252,000	1,252,000
	- 1983	720,503	720,503
		1,972,503	1,972,503
At cost:			
Freehold land		10,188,176	302,217
Freehold land and building		386,687	386,687
Buildings		28,211,928	27,975,287
Plant and machinery		110,215,271	94,853,512
Electrical installation		3,997,611	3,799,114
Furniture, fittings, equipment and vehicles		8,409,648	7,651,928
Renovation		892,852	881,652
Capital work-in-progress		2,025,495	10,737,550
<b>Total</b>		<b>166,300,171</b>	<b>148,560,450</b>

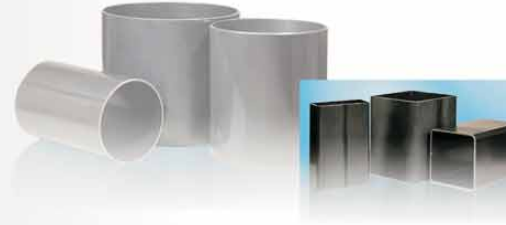
		<b>The Company</b>	
		<b>2007 RM</b>	<b>2006 RM</b>
At valuation:			
Buildings	- 1981	1,252,000	1,252,000
At cost:			
Freehold land		9,885,959	-
Freehold land and building		386,687	386,687
Buildings		22,404,478	24,783,233
Plant and machinery		95,551,052	80,532,393
Electrical installation		3,666,384	3,563,887
Furniture, fittings, equipment and vehicles		5,055,418	4,678,675
Renovation		892,852	881,652
Capital work-in-progress		2,025,495	10,408,990
<b>Total</b>		<b>141,120,325</b>	<b>126,487,517</b>

The carrying values of freehold land and buildings in respect of which land values cannot be ascribed, as the building and the land on which the building is situated were acquired as one property, are not segregated. However, in the opinion of the directors, the amount is not material.

Due to the technological changes during the financial year, there are indications that the carrying values of certain plant and machinery may be impaired. Accordingly, based upon a review of market values and estimated recoverable amounts of these assets, the directors have recognised allowances for impairment loss for plant and machinery amounting to RM660,299 (2006: RM37,028) and RMNil (2006: RM37,028) for the Group and the Company respectively.

Certain buildings located on long-term prepaid interests in leased land of the Company and a subsidiary company were revalued in 1981 and 1983 by the directors based on opinions of value expressed by a firm of independent professional valuers using the "Open Market Value" basis.

The carrying amounts of the revalued leasehold properties that would have been included in the financial statements had the properties been carried at cost less accumulated depreciation have not been disclosed due to the absence of historical records.



## Notes to the Financial Statements (cont'd)

### 15. PREPAID INTERESTS IN LEASED LAND

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
At cost:				
At beginning of year	7,060,437	7,060,437	6,042,585	6,042,585
Transfer from property, plant and equipment	100,000	-	100,000	-
Disposal	-	-	(981,000)	-
At end of year	7,160,437	7,060,437	5,161,585	6,042,585
Less: Amortisation				
At beginning of year	1,379,233	1,276,075	1,039,301	952,197
Transfer from property, plant and equipment	7,983	-	7,983	-
Charge for the year	103,957	103,158	83,398	87,104
Disposal	-	-	(18,094)	-
At end of year	1,491,173	1,379,233	1,112,588	1,039,301
Net	5,669,264	5,681,204	4,048,997	5,003,284

Prepaid interests in leased land of the Group and of the Company consist of:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Long-term lease	2,338,735	5,136,312	1,277,578	5,003,284
Short-term lease	3,330,529	544,892	2,771,419	-
	5,669,264	5,681,204	4,048,997	5,003,284

The prepaid interests in leased land have been reclassified from property, plant and equipment upon the adoption of FRS 117.

The strata title to a landed property of the Group and of the Company with a carrying amount of RM138,680 (2006: RM143,303) is in the process of being issued by the relevant authorities.

Certain long-term prepaid interests in leased land of the Company and a subsidiary company were revalued in 1981 and 1983 by the directors based on opinions of value expressed by a firm of independent professional valuers using the "Open Market Value" basis.



## Notes to the Financial Statements (cont'd)

### 16. INVESTMENT PROPERTIES

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>At Fair value</b>				
As at 1 January	2,000,000	2,000,000	1,850,000	1,850,000
Transfer from property, plant and equipment	326,299	-	-	-
Additions	78,970	-	-	-
As at 31 December	2,405,269	2,000,000	1,850,000	1,850,000
<b>Carrying amounts</b>				
As at 31 December	2,405,269	2,000,000	1,850,000	1,850,000

### 17. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2007 RM	2006 RM
Unquoted shares, at cost	26,673,376	26,673,379

The subsidiary companies, all of which were incorporated in Malaysia, are as follows:

Name of Company	Effective Equity Interest		Principal Activities
	2007 %	2006 %	
<b>Direct subsidiary companies</b>			
Choo Bee Hardwares Sdn. Berhad	100.00	100.00	Dealer in hardware and construction materials.
Taik Bee Hardware Sdn. Bhd.	100.00	100.00	Fabrication and manufacturing of pipes and trading of hardware.
Choo Bee Hardware (Sabah) Sdn. Bhd. (formerly known as Choo Bee Steel Servicing Centre Sdn. Bhd.)	-	100.00	Dormant.
<b>Indirect subsidiary company</b>			
(Held through Taik Bee Hardware Sdn. Bhd.)			
Pan Asian Management Consultants Sdn. Bhd. (Held through Choo Bee Hardwares Sdn. Berhad)	100.00	100.00	Letting out its leasehold land.
Choo Bee Hardware (Sabah) Sdn. Bhd. (formerly known as Choo Bee Steel Servicing Centre Sdn. Bhd.)	100.00	-	Dealer in hardware and construction materials.



## Notes to the Financial Statements (cont'd)

### 17. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

During the financial year, the Company disposed of the entire issued and paid-up share capital of its wholly-owned subsidiary company, Choo Bee Hardware (Sabah) Sdn. Bhd., ("CBH(S)") (formerly known as Choo Bee Steel Servicing Centre Sdn. Bhd.), comprising 3 ordinary shares of RM1 each to another wholly-owned subsidiary company, Choo Bee Hardwares Sdn. Berhad ("CBH") for a total consideration of RM3. This resulted in CBH(S) becoming a wholly-owned subsidiary of CBH.

The disposal of CBH(S) by the Company do not have a financial impact on the financial position of the Group.

### 18. OTHER INVESTMENTS

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Shares and warrants quoted in Malaysia, at cost	2,619	268,849	2,619	233,649
Write down to market value	(2,505)	(98,915)	(2,505)	(86,495)
	114	169,934	114	147,154
Market value: Quoted shares and warrants	114	169,934	114	147,154

### 19. GOODWILL ON CONSOLIDATION

	The Group	
	2007 RM	2006 RM
At beginning and end of year	1,382,473	1,382,473

#### ***Impairment tests for cash-generating units ("CGU") containing goodwill***

Carrying amount of goodwill is allocated to Taik Bee Hardware Sdn. Bhd.'s manufacturing and trading operations and related sales function.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on a financial forecast, approved by management, covering a period of five years from financial year 2008 to 2012. The following key assumptions are used to generate the financial forecast:

Sales volume growth rate	5% per annum
Inflation rate	4% per annum
Discount rate	3.8%

Receivables and payables turnover period is estimated to be consistent with the current financial year.

The above key assumptions were determined based on business past performance and management's expectations of market development.



## Notes to the Financial Statements (cont'd)

### 20. INVENTORIES

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Raw materials and consumables	94,273,760	79,907,556	91,283,675	78,808,352
Trading goods	103,510,808	42,671,131	4,749,824	5,325,511
Manufactured goods	32,917,998	35,177,866	25,657,809	29,794,046
	<u>230,702,566</u>	<u>157,756,553</u>	<u>121,691,308</u>	<u>113,927,909</u>

The cost of inventories recognised as expenses during the year for the Group and for the Company were RM405,143,285 (2006: RM300,977,117) and RM197,816,715 (2006: RM130,117,358) respectively.

During the financial year, there was a net reversal of write-down in value of inventories for the Group and the Company of RM269,081 (2006: RM517,554) and RM233,493 (2006: RM118,224) respectively. The reversal arose from the increase in net realisable value of the inventories as a result of improving prices for manufactured inventories during the financial year.

### 21. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade receivables	154,581,768	118,311,792	66,268,470	47,154,801
Less: Allowance for doubtful debts	(5,913,380)	(6,776,577)	(1,900,768)	(1,742,742)
Net receivables from third parties	148,668,388	111,535,215	64,367,702	45,412,059
Amount owing by subsidiary companies (Note 22)	-	-	40,165,803	10,921,299
Other receivables	8,782,542	22,382,813	8,746,968	22,316,225
	<u>157,450,930</u>	<u>133,918,028</u>	<u>113,280,473</u>	<u>78,649,583</u>

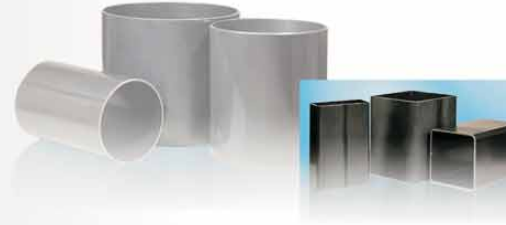
Trade receivables of the Group and of the Company include amounts of RM8,613,277 (2006: RM2,844,931) which are denominated in Singapore Dollars and RM1,921,526 (2006: RMNil) which are denominated in United States Dollars.

The Group's and the Company's normal trade credit terms range from 7 to 120 days (2006: 7 to 120 days). Allowances have been made for estimated irrecoverable amounts from the sale of goods of the Group and of the Company of RM5,913,380 (2006: RM6,776,577) and RM1,900,769 (2006: RM1,742,742) respectively and have been determined by reference to past default experience.

The Group and the Company have no significant concentration of credit risk that may arise from exposure to a single customer or to a group of customers.

Amounts receivable from related parties are disclosed in Note 22.

Other receivables comprise mainly advance payments made to a supplier for the purchase of raw materials.



## Notes to the Financial Statements (cont'd)

### 22. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS

#### Related Companies

The amount owing by subsidiary companies arose mainly from intercompany sales and purchases and unsecured advances. The advances to subsidiary companies bear interest at rates of 4.00% (2006: 4.00%) per annum. Interest on overdue trade balances are charged at a rate of 12.00% (2006: 12.00%) per annum.

	The Company	
	2007 RM	2006 RM
Amount owing by subsidiary companies consist of:		
Trade account	16,254,982	3,149,470
Non-trade account	23,910,821	7,771,829
	<u>40,165,803</u>	<u>10,921,299</u>

The amount owing by subsidiary companies is repayable upon demand and has therefore be classified as current assets.

Other than as disclosed elsewhere in the financial statements, the related parties and their relationship with the Company and its subsidiary companies are as follows:

Names of related parties	Relationship
Chuan Bee Hardware Sdn. Bhd.	A company in which Soon Lian Lim, brother of Soon Ah Khun @ Soon Lian Huat, holds 55% equity interest.
Chua Hock Seng Hardware Sdn. Bhd.	A company in which Soon Nyuk Ben, sister of Soon Ah Khun @ Soon Lian Huat, holds 50% equity interest.
Austcorp Manufacturing Sdn. Bhd.	Subsidiary company of Soon Lian Huat Holdings Sdn. Berhad.
Austcorp Marketing Sdn. Bhd.	A wholly-owned subsidiary company of Austcorp Manufacturing Sdn. Bhd..
Tang Kim Heok	Close family member of Messrs. Soon Ah Khun @ Soon Lian Huat, Soon Cheng Hai, Soon Cheng Boon, Soon Hean Hooi and Lee Sieng Tzi @ Vincent Lee.



## Notes to the Financial Statements (cont'd)

### 22. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (cont'd)

During the financial year, related party transactions are as follows:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Subsidiary companies</b>				
Advances repaid	-	-	136,172,442	95,416,543
Trade sales	-	-	37,904,411	27,673,269
Disposal of property, plant and equipment	-	-	2,825,560	-
Disposal of leasehold property	-	-	981,000	-
Net interest (paid)/received on:				
Advances	-	-	(99,091)	(13,627)
Overdue account	-	-	-	146,567
Advances granted	-	-	(151,553,068)	(57,780,434)
Trade purchases	-	-	(194,729)	(460,567)
<b>Related parties</b>				
<b>Trade sales</b>				
Chuan Bee Hardware Sdn. Bhd.	1,474,093	1,271,252	1,026,339	571,065
Chua Hock Seng Hardware Sdn. Bhd.	243,340	76,438	37,498	76,438

The transactions with subsidiary and related companies are aggregated as these transactions are similar in nature and also no single transaction is significant enough to be disclosed separately in the financial statements.

The mandated amounts for related party transactions with related parties and with ultimate holding company are as follows:

	Mandated amounts from 1 Jan. 2007 to 31 Dec. 2007		
	The Group and The Company RM	The Group RM	The Company RM
<b>Ultimate holding company</b>			
Rental of land (Note 31)	803,180	848,225	285,098
<b>Trade sales</b>			
Chua Hock Seng Hardware Sdn. Bhd.	1,000,000	243,340	37,498
Chuan Bee Hardware Sdn. Bhd.	4,717,808	1,453,459	1,005,705



## Notes to the Financial Statements (cont'd)

### 22. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (cont'd)

The outstanding balances arising from the above transactions are as follows:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Trade receivables</b>				
Chua Hock Seng Hardware Sdn. Bhd.	41,931	26,438	-	26,438
Chuan Bee Hardware Sdn. Bhd.	557,587	422,391	448,933	221,991
	<u>599,518</u>	<u>448,829</u>	<u>448,933</u>	<u>248,429</u>

#### *Compensation of key management personnel*

The remunerations of executive directors and other members of key management personnel of the Group and of the Company during the financial year are as follows:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Short-term employee benefits	4,893,263	4,919,276	2,116,718	2,314,265
Post-employment benefits:				
Defined contribution plan	541,783	649,646	226,626	310,186
Retirement benefits	57,548	-	57,548	-
	<u>5,492,594</u>	<u>5,568,922</u>	<u>2,400,892</u>	<u>2,624,451</u>

The estimated monetary value of benefits-in-kind received and receivable by executive directors and the key management personnel otherwise than in cash from the Group and the Company amounted to RM74,111 (2006: RM53,966).

### 23. OTHER ASSETS

Other assets consist of:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Refundable deposits	195,475	3,941,859	158,792	3,910,776
Prepaid expenses	758,990	425,642	559,493	197,273
	<u>954,465</u>	<u>4,367,501</u>	<u>718,285</u>	<u>4,108,049</u>

Refundable deposits of the Group and of the Company include down payments for acquisition of plant and machinery of RM153,792 (2006: RM3,747,772).



## Notes to the Financial Statements (cont'd)

### 24. CASH AND BANK BALANCES

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Short-term deposits with licensed banks	-	1,310,000	-	1,210,000
Cash and bank balances	7,145,837	3,524,340	4,171,153	2,735,287
	<u>7,145,837</u>	<u>4,834,340</u>	<u>4,171,153</u>	<u>3,945,287</u>

The effective interest rate for short-term deposits of the Group and of the Company ranged from 2.70% to 3.00% (2006: 2.50% to 2.70%) per annum.

Deposits of the Group and of the Company have maturities ranging from 1 to 3 days (2006: 1 to 10 days).

### 25. SHARE CAPITAL AND TREASURY SHARES

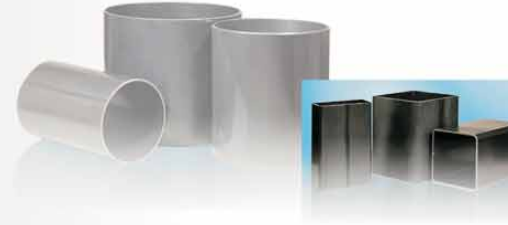
#### (a) Share Capital

	The Group and The Company	
	2007 RM	2006 RM
<b>Authorised:</b> 500,000,000 ordinary shares of RM1 each	500,000,000	500,000,000
<b>Issued and fully paid:</b> Ordinary shares of RM1 each:		
At beginning of year	109,903,000	107,499,000
Issued pursuant to the ESOS	-	2,404,000
At end of year	<u>109,903,000</u>	<u>109,903,000</u>

#### **Employees' Share Option Scheme**

The Group offered vested share options in the prior years, without payment, to directors and other eligible employees. Eligible Malaysian employees and contract employees were those who had been confirmed in service for at least 1 continuous year, while for a non-Malaysian employee, his/her contribution must be vital to the Group, and he/she must have been employed for at least 3 continuous years, in any company within the Group, on or prior to the Date of Offer pursuant to the ESOS. Movements in the number of share options held by employees were as follows:

	2007	2006
Outstanding at 1 January	-	2,588,000
Granted	-	102,000
Exercised	-	(2,404,000)
Lapsed	-	(98,000)
Expired	-	(188,000)
Outstanding at 31 December	<u>-</u>	<u>-</u>



## Notes to the Financial Statements (cont'd)

### 25. SHARE CAPITAL AND TREASURY SHARES (cont'd)

#### (a) Share Capital (cont'd)

##### *Employees' Share Option Scheme (cont'd)*

	2007	2006
Details of share options granted during the year:		
Expiry date	-	25.11.2006
Exercise price per share (RM)	-	1.29
Aggregate proceeds if shares are issued (RM)	-	99,330
Expiry date	-	25.11.2006
Exercise price per share (RM)	-	1.49
Aggregate proceeds if shares are issued (RM)	-	37,250
Details of share options exercised during the year:		
Expiry date	-	25.11.2006
Exercise price per share (RM)	-	1.05 - 1.49
Aggregate issue proceeds (RM)	-	2,886,980

Details of share options held by the Company's directors and the Group's key management personnel during the year were as follows:

	2007	2006
At 1 January	-	1,345,000
Exercised during the year	-	(1,345,000)
At 31 December	-	-

#### (b) Repurchase of Own Shares

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting ("AGM") held on 15 June 2007, renewed the approval for the Company to repurchase its own shares. The directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Group and of the Company.



## Notes to the Financial Statements (cont'd)

### 25. SHARE CAPITAL AND TREASURY SHARES (cont'd)

#### (b) Repurchase of Own Shares (cont'd)

Details of the shares repurchased and held as Treasury Shares of the Group and of the Company are as follows:

Month	No. of shares repurchased	Highest price paid per share RM	Lowest price paid per share RM	Average price paid per share (including incidental costs) RM	Total consideration RM
As at 1 Jan. 2007	3,649,600	2.79	1.01	1.54	5,603,227
Feb. 2007	1,000	2.26	2.26	2.28	2,277
Aug. 2007	1,000	2.15	2.15	2.17	2,167
Sept. 2007	31,000	2.13	2.10	2.14	66,388
Nov. 2007	1,600	2.08	2.08	2.10	3,353
	<u>3,684,200</u>				<u>5,677,412</u>

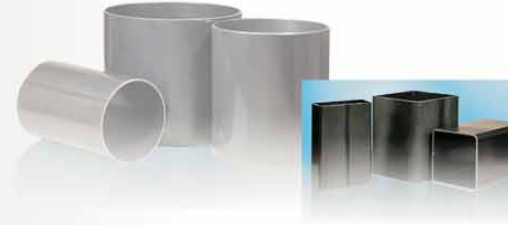
In 2007, the Company repurchased a total of 34,600 (2006: 84,100) of its issued shares from the open market for a total cost of RM74,185 (2006: RM138,702). The average price paid for the shares repurchased during the year was RM2.14 (2006: RM1.65) per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as Treasury Shares in accordance with the requirements of Section 67A of the Companies Act, 1965.

As at 31 December 2007, 3,684,200 (2006: 3,649,600) out of the total of 109,903,000 (2006: 109,903,000) issued and fully paid ordinary shares are held as Treasury Shares by the Company. The number of ordinary shares of RM1 each in issue and fully paid as at 31 December 2007 after excluding the Treasury Shares is 106,218,800 (2006: 106,253,400).

The mandate given by the shareholders will expire at the forthcoming AGM and an ordinary resolution will be tabled at the AGM for shareholders to grant a fresh mandate for another year.

### 26. RESERVES

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Non-distributable reserves:				
Share premium	24,115,005	24,115,005	24,115,005	24,115,005
General reserve	1,186,293	1,186,293	-	-
	<u>25,301,298</u>	<u>25,301,298</u>	<u>24,115,005</u>	<u>24,115,005</u>
Distributable reserves:				
Retained earnings	207,252,657	186,003,364	128,879,209	124,500,927
	<u>232,553,955</u>	<u>211,304,662</u>	<u>152,994,214</u>	<u>148,615,932</u>



## Notes to the Financial Statements (cont'd)

### 26. RESERVES (cont'd)

#### Share premium

Share premium represents the excess of the issue price over the par value of the ordinary shares of the Company at the date of acquisition.

Share premium arose from the following:

	The Group and The Company	
	2007 RM	2006 RM
Issue of shares in 1984	78,000	78,000
Rights issue in 1996, net of share issue expenses	21,357,805	21,357,805
Exercise of share options in 1997	866,810	866,810
Exercise of share options in 2000	106,290	106,290
Exercise of share options in 2002	52,400	52,400
Exercise of share options in 2003	282,000	282,000
Exercise of share options in 2004	422,790	422,790
Exercise of share options in 2005	418,950	418,950
Exercise of share options in 2006	482,980	482,980
Transfer from equity-settled employee benefits reserve	46,980	46,980
	<b>24,115,005</b>	<b>24,115,005</b>

#### General reserve

General reserve represents the Group's share of a subsidiary company's unappropriated profit capitalised for bonus issue.

#### Retained earnings

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Balance at beginning of year	184,713,138	156,801,251	123,279,542	98,133,892
Effect of changes in accounting policy for investment properties	1,290,226	1,287,114	1,221,385	1,219,385
Restated balance	186,003,364	158,088,365	124,500,927	99,353,277
Profit attributable to equity holders of the Company	27,454,433	32,427,274	10,583,422	29,659,925
Dividends	(6,205,140)	(4,539,087)	(6,205,140)	(4,539,087)
Expiry of ESOS	-	26,812	-	26,812
Balance at end of year	<b>207,252,657</b>	<b>186,003,364</b>	<b>128,879,209</b>	<b>124,500,927</b>

Distributable reserves are those available for distribution by way of dividends. Subject to agreement by Inland Revenue Board, tax credit under Section 108 of the Income Tax Act, 1967 and tax-exempt account of the Company as mentioned in Note 11 are sufficient to frank dividends out of its entire retained earnings as at 31 December 2007 without having to incur any additional income tax. Any dividends declared and proposed out of the aforesaid tax-exempt accounts will be tax-exempt in the hands of shareholders.



## Notes to the Financial Statements (cont'd)

### 27. BORROWINGS (UNSECURED)

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Unsecured:</b>				
Term loan	3,695,110	15,921,006	3,695,110	15,921,006
Bankers' acceptances	119,652,000	22,330,000	84,902,000	20,500,000
Trust receipts	18,231,191	21,949,398	6,710,040	17,697,764
Bank overdrafts	3,266,463	1,562,519	462,986	360,263
	144,844,764	61,762,923	95,770,136	54,479,033
Less: Amount due within 12 months (shown under current liabilities)	(144,844,764)	(57,829,232)	(95,770,136)	(50,545,342)
Non-current portion	-	3,933,691	-	3,933,691

The non-current portion is repayable as follows:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Financial year ending 31 December 2008	-	3,933,691	-	3,933,691

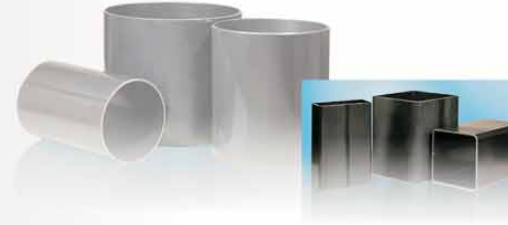
The trust receipts and term loan of the Group and of the Company are denominated in United States Dollars ("USD").

The average effective interest rates are as follows:

	The Group		The Company	
	2007 %	2006 %	2007 %	2006 %
Term loan	4.60	4.60	4.60	4.60
Bankers' acceptances	3.73 - 4.18	3.78 - 4.07	3.73 - 4.07	3.78 - 4.07
Trust receipts	5.06 - 6.22	5.65 - 6.10	5.06 - 5.90	5.75 - 6.10
Bank overdrafts	7.25 - 7.75	6.75 - 7.75	7.25 - 7.75	6.75 - 7.75

The Group's credit facilities to the extent of RM74,385,000 (2006: RM43,385,000) are secured by negative pledges over the assets of the respective subsidiary companies and guaranteed by the Company. The remaining credit facilities amounting to RM182,205,110 (2006: RM125,541,000) are secured by negative pledges over the assets of the Company.

The Group and the Company has a 2-year term loan from a licensed bank amounting to USD6,785,000 (2006: USD6,785,000) which is equivalent to RM25,840,000 (2006: RM25,840,000) to finance the purchase of plant and machinery. The term loan is also secured by negative pledges. The term loan is repayable by 24 instalments commencing on May, 2006.



## Notes to the Financial Statements (cont'd)

### 28. RETIREMENT BENEFITS OBLIGATION

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
At beginning of year	354,517	375,218	295,310	299,317
Addition	219,744	-	162,457	-
Utilised	(59,151)	(20,701)	(23,343)	(4,007)
At end of year	515,110	354,517	434,424	295,310

The Group and the Company provide for retirement benefits for those employees who are eligible on an unfunded defined benefit basis. Full provision has been made in the financial statements for retirement benefits payable to all eligible employees who have completed their qualifying period of eight years of continuous service. The provision is computed after taking into consideration the length of service and basic salary earnings of the eligible employees upon reaching the age of retirement. Should an employee leave after completing the qualifying period of service but before attaining the retirement age, the provision made for the employee is written back.

The principal assumptions used in computing the estimated contributions are as follows:

	The Group and The Company	
	2007 %	2006 %
Discount rate at 31 December	4.0	4.0
Future salary increases	4.0	4.0
Resignation before attaining retirement age	40.0	40.0

### 29. DEFERRED TAX LIABILITIES/(ASSETS)

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Deferred tax liabilities:</b>				
At beginning of year	10,808,024	8,428,798	9,472,666	7,058,977
Transfer to income statements (Note 11)	868,390	2,379,226	1,396,970	2,413,689
At end of year	11,676,414	10,808,024	10,869,636	9,472,666



## Notes to the Financial Statements (cont'd)

### 29. DEFERRED TAX LIABILITIES/(ASSETS) (cont'd)

The deferred tax liabilities are in respect of the following:

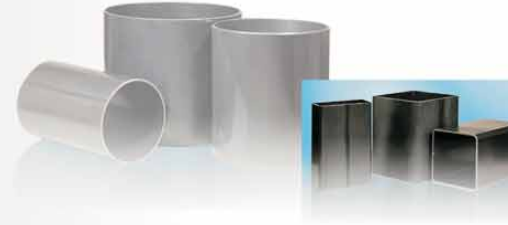
	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Tax effects of:				
Temporary differences arising from:				
Property, plant and equipment	11,691,000	10,292,000	10,370,000	8,794,000
Fair value adjustments	451,005	451,005	451,005	451,005
Surplus on revaluation of property, plant and equipment	324,783	339,163	208,600	219,661
Provision for retirement benefits obligation	(138,300)	(91,000)	(117,300)	(83,000)
Others	(652,074)	(183,144)	(42,669)	91,000
	<u>11,676,414</u>	<u>10,808,024</u>	<u>10,869,636</u>	<u>9,472,666</u>

The deferred tax assets are in respect of the following:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Deferred tax assets:</b>				
At beginning of year	(72,000)	-	-	-
Transfer from/(to) income statements (Note 11)	72,000	(72,000)	-	-
At end of year	<u>-</u>	<u>(72,000)</u>	<u>-</u>	<u>-</u>

The deferred tax assets are in respect of the following:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Temporary differences arising from:				
Property, plant and equipment	-	(185,700)	-	-
Provision for retirement benefits	-	8,700	-	-
Others	-	249,000	-	-
	<u>-</u>	<u>72,000</u>	<u>-</u>	<u>-</u>



## Notes to the Financial Statements (cont'd)

### 30. TRADE AND OTHER PAYABLES

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The credit periods granted to the Group and the Company for trade purchases range from 0 to 120 days (2006: 0 to 120 days) and 0 to 120 days (2006: 0 to 120 days) respectively.

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade payables	13,347,987	14,768,226	2,847,293	4,548,430
Other payables	1,406,233	1,854,087	907,450	1,338,424
	<u>14,754,220</u>	<u>16,622,313</u>	<u>3,754,743</u>	<u>5,886,854</u>

The amount owing to other payables are interest free and the credit term granted to the Group and to the Company ranged from 0 to 120 days (2006: 0 to 120 days).

### 31. ULTIMATE HOLDING COMPANY

The directors regard Soon Lian Huat Holdings Sdn. Berhad, a company incorporated in Malaysia, as the ultimate holding company.

During the year, transactions with the ultimate holding company are as follows:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Ultimate holding company</b>				
Rental of land	848,225	477,290	285,098	149,192

### 32. OTHER LIABILITIES

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Deposits received	6,720	6,720	4,120	4,120
Accrued expenses	6,286,909	6,268,619	3,415,401	3,770,467
	<u>6,293,629</u>	<u>6,275,339</u>	<u>3,419,521</u>	<u>3,774,587</u>



## Notes to the Financial Statements (cont'd)

### 33. DIVIDENDS

	<b>The Group and The Company</b>	
	<b>2007 RM</b>	<b>2006 RM</b>
Final dividends paid:		
Proposed in previous year		
Final dividend of 8%, less tax for 2006 (6%, less tax for 2005)	6,205,199	4,489,927
Additional due to exercise of options for shares	-	49,940
Reduction due to shares repurchased	(59)	(780)
	<b>6,205,140</b>	<b>4,539,087</b>

The directors have proposed a final dividend of 6%, less 26% tax, amounting to RM4,716,115 in respect of the year ended 31 December 2007. The proposed dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements. Dividend per share is 4.44 sen (2006: 5.84 sen).

### 34. CONTINGENT LIABILITIES (UNSECURED)

Kent Engineering Works Sdn. Bhd. ("KEW"), a debtor of a subsidiary company, Taik Bee Hardware Sdn. Bhd. ("TBH"), filed a suit for defamation on 7 March 2000 against TBH for an amount of RM10million claiming that the drawdown of a bank guarantee provided by KEW in favour of TBH was defamatory to KEW. In response, TBH has filed a writ of summons on defence with the High Court of Malaya on 24 April 2000 against the defamation suit and for the recovery of a debt amounting to RM118,092.

The lawyers advising TBH on the above matter, opined that it is highly unlikely that the litigant will be able to prove libel as TBH has a complete defence in justification.

The trial date has been fixed by the Court to be on 13 and 14 August 2008.

### 35. CAPITAL COMMITMENTS

	<b>The Group and The Company</b>	
	<b>2007 RM</b>	<b>2006 RM</b>
Capital expenditure:		
Contracted but not provided for	1,572,973	13,111,037
Approved but not contracted for	11,009,978	6,504,378
	<b>12,582,951</b>	<b>19,615,415</b>



## Notes to the Financial Statements (cont'd)

### 36. FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

#### **Financial Risk Management Policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the policies in respect of the major areas of treasury activities are set out below:

#### ***Foreign currency risk***

The Group is exposed to foreign currency risk as a result of its trade and non-trade activities where the currency base differs from the local currency, Ringgit Malaysia ("RM"). Material foreign currency exposures are hedged, mainly with derivative financial instruments such as foreign currency forward contracts.

#### ***Interest rate risk***

The Group finances its operations by a mixture of internal funds, bank and other borrowings. The Group regularly reviews the interest rate profile of borrowings against prevailing and anticipated market rates. The repayment and maturity profiles of borrowings are structured after taking into consideration the cash inflows expected to be generated from the underlying assets or operations and the economic life of the assets or operations being financed.

The Group's policy is to borrow both on the fixed and floating rate basis. The objective for the mix between fixed and floating rate borrowings is set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

#### ***Market risk***

The Group's principal exposure to market risk arises mainly from the changes in steel raw material and finished goods prices. Both raw materials and finished goods are classified as current assets and are available for sale and the Group manages the sale of finished goods and procurement of its raw materials to optimise return on realisation of its inventories.

#### ***Credit risk***

Credit risk is controlled by the application of credit approvals, limits and monitoring procedures. This is done through reference to credit information resources, direct and indirect enquiries and other references. In all instances, an internal credit review is conducted by the Credit Committee.

#### ***Liquidity and cash flow risk***

The Group seeks to achieve a balance between the certainty of funding of short-term cash requirements and a flexible cash investment policy in order to optimise returns from any cash surplus generated from operations. Financial assets and financial liabilities are managed on a prudent basis to maintain sufficient cash and cash equivalents or credit facilities for contingent funding of working capital.



## Notes to the Financial Statements (cont'd)

### 36. FINANCIAL INSTRUMENTS (cont'd)

#### Financial Assets

The Group's principal financial assets are short-term deposits, cash and bank balances, trade and other receivables, amount owing by related companies and equity investments.

The accounting policies applicable to the major financial assets are as disclosed in Note 3.

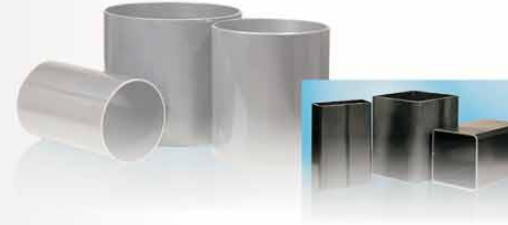
#### Financial Liabilities

The Group's principal financial liabilities include trade and other payables, term loan, bank overdrafts, trust receipts and bankers' acceptances.

#### Foreign Currency Forward Contracts

As at Balance Sheet date, the Group and the Company entered into forward foreign exchange contracts to hedge for the capital expenditure as follows:

	The Group and The Company		
	YEN	TWD	USD
<b>31 December 2007</b>			
Contract amount in foreign currency	-	-	486,546
Date of contracts	-	-	23.10.2007 to 21.12.2007
Maturity periods of contracts:			
From	-	-	14.02.2008
To	-	-	31.03.2008
Equivalent amount in ("RM")	-	-	1,601,873
<b>31 December 2006</b>			
Contract amount in foreign currency	85,680,000	30,300,000	-
Date of contracts	29.03.2006	18.07.2006	-
Maturity periods of contracts:			
From	02.04.2007	16.01.2007	-
To	13.04.2007	12.03.2007	-
Equivalent amount in ("RM")	2,780,659	-	-
Equivalent amount in ("USD")	-	941,786	-



## Notes to the Financial Statements (cont'd)

### 36. FINANCIAL INSTRUMENTS (cont'd)

#### Fair Values

The carrying amount of the investment and the notional amounts of the financial instruments of the Group and the Company, and their estimated fair values are as follows:

#### As at 31 December 2007

	Note	The Group		The Company	
		Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
<b>Financial Assets</b>					
Other investments					
- quoted shares and warrants	18	114	114	114	114
		<b>Equivalent/ Notional Amount RM</b>	<b>Fair Value RM</b>	<b>Equivalent/ Notional Amount RM</b>	<b>Fair Value RM</b>
Foreign currency forward contracts		1,601,873	1,612,413	1,601,873	1,612,413

#### As at 31 December 2006

	Note	The Group		The Company	
		Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
<b>Financial Assets</b>					
Other investments					
- quoted shares and warrants	18	169,934	169,934	147,154	147,154
		<b>Equivalent/ Notional Amount RM</b>	<b>Fair Value RM</b>	<b>Equivalent/ Notional Amount RM</b>	<b>Fair Value RM</b>
Foreign currency forward contracts		2,780,659	2,545,296	2,780,659	2,545,296
		<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Foreign currency forward contracts		941,786	929,604	941,786	929,604



## Notes to the Financial Statements (cont'd)

### 36. FINANCIAL INSTRUMENTS (cont'd)

The market values of quoted investments and warrants as at balance sheet date approximate their fair values.

The carrying amounts of short-term financial assets and financial liabilities as reported in the balance sheets approximate their fair values because of the short-term maturity of these instruments.

The fair values of term loan is estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowings arrangements. There is no material difference between the carrying amounts and the estimated fair values of the term loan of the Company.

### 37. CASH FLOW STATEMENTS

#### (a) Purchase of property, plant and equipment

Property, plant and equipment were acquired by the following means:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash purchase	15,839,933	21,463,619	14,851,440	21,205,793
Other assets	3,747,772	-	3,747,772	-
	<u>19,587,705</u>	<u>21,463,619</u>	<u>18,599,212</u>	<u>21,205,793</u>

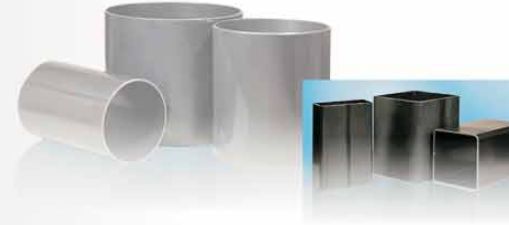
#### (b) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Short-term deposits with licensed banks	-	1,310,000	-	1,210,000
Cash and bank balances	7,145,837	3,524,340	4,171,153	2,735,287
Bank overdrafts	(3,266,463)	(1,562,519)	(462,986)	(360,263)
	<u>3,879,374</u>	<u>3,271,821</u>	<u>3,708,167</u>	<u>3,585,024</u>

### 38. PRIOR YEAR ADJUSTMENTS

During the financial year, the Group and the Company adopted all the new and revised Standards and Interpretations issued by MASB that are relevant to its operations and effective for accounting periods beginning on or after 1 October 2006. The adoption of FRS 117, Leases and the change in accounting policy for investment properties, as mentioned in Note 2, have been applied retrospectively, and the effects on prior financial years have been taken up as prior year adjustments in the financial statements. The effects to the financial statements are reflected as follows:



## Notes to the Financial Statements (cont'd)

### 38. PRIOR YEAR ADJUSTMENTS (cont'd)

The Group	As previously reported RM	Adjustments RM	As restated RM
<b>For the financial year ended 31 December 2006</b>			
<b>Income Statement</b>			
Depreciation and amortisation	(4,602,224)	3,112	(4,599,112)
<b>Balance Sheet</b>			
Property, plant and equipment (Net)	103,672,547	(5,681,204)	97,991,343
Prepaid interests in leased land (Net)	-	5,681,204	5,681,204
Investment properties (Net)	258,769	1,741,231	2,000,000
Deferred tax liabilities	(10,357,019)	(451,005)	(10,808,024)
<b>Statement of Changes in Equity</b>			
Retained earnings	184,713,138	1,290,226	186,003,364
<b>Cash Flow Statement</b>			
Profit for the year	32,424,162	(32,424,162)	-
Income tax expense recognised in profit or loss	9,220,484	(9,220,484)	-
Profit before tax	-	41,647,758	41,647,758
Depreciation of property, plant and equipment	4,599,112	(103,158)	4,495,954
Amortisation of prepaid interests in leased land	-	103,158	103,158
Depreciation of investment properties	3,112	(3,112)	-
<b>Segment Reporting</b>			
Segment results:			
Trading segment	20,676,153	387	20,676,540
Manufacturing segment	22,920,206	2,725	22,922,931
Other information:			
Depreciation and amortisation charges:			
Trading segment	(251,484)	387	(251,097)
Manufacturing segment	(4,350,740)	2,725	(4,348,015)
	(4,602,224)	3,112	(4,599,112)
Consolidated Balance Sheet:			
Assets: Unallocated corporate assets	11,931,405	1,741,231	13,672,636
Liabilities: Unallocated corporate liabilities	12,127,398	451,005	12,578,403
<b>For the financial year ended 31 December 2005</b>			
<b>Balance Sheet</b>			
Property, plant and equipment (Net)	87,250,266	(6,046,243)	81,204,023
Prepaid interests in leased land (Net)	-	5,784,362	5,784,362
Investment properties (Net)	-	2,000,000	2,000,000
Deferred tax liabilities	(7,977,793)	(451,005)	(8,428,798)
<b>Statement of Changes in Equity</b>			
Retained earnings	156,801,251	1,287,114	158,088,365



## Notes to the Financial Statements (cont'd)

### 38. PRIOR YEAR ADJUSTMENTS (cont'd)

	As previously reported RM	Adjustments RM	As restated RM
<b>The Company</b>			
<b>For the financial year ended 31 December 2006</b>			
<b>Income Statement</b>			
Depreciation and amortisation	(3,883,173)	2,000	(3,881,173)
<b>Balance Sheet</b>			
Property, plant and equipment (Net)	92,854,057	(5,003,284)	87,850,773
Prepaid interests in leased land (Net)	-	5,003,284	5,003,284
Investment properties (Net)	177,610	1,672,390	1,850,000
Deferred tax liabilities	(9,021,661)	(451,005)	(9,472,666)
<b>Statement of Changes in Equity</b>			
Retained earnings	123,279,542	1,221,385	124,500,927
<b>Cash Flow Statement</b>			
Profit for the year	29,657,925	(29,657,925)	-
Income tax expense recognised in profit or loss	6,116,933	(6,116,933)	-
Profit before tax	-	35,776,858	35,776,858
Depreciation of property, plant and equipment	3,881,173	(87,104)	3,794,069
Amortisation of prepaid interests in leased land	-	87,104	87,104
Depreciation of investment properties	2,000	(2,000)	-
<b>For the financial year ended 31 December 2005</b>			
<b>Balance Sheet</b>			
Property, plant and equipment (Net)	75,880,070	(5,269,998)	70,610,072
Prepaid interests in leased land (Net)	-	5,090,388	5,090,388
Investment properties (Net)	-	1,850,000	1,850,000
Deferred tax liabilities	(6,607,972)	(451,005)	(7,058,977)
<b>Statement of Changes in Equity</b>			
Retained earnings	98,133,892	1,219,385	99,353,277

### 39. SUBSEQUENT EVENT

During the financial year, the Company entered into a sale and purchase agreement to dispose of a piece of long-term leasehold land classified under prepaid interests in leased land with consideration of RM2,178,000. The disposal was not accounted for in the current financial year as the terms and conditions of the sale and purchase agreement were not fully met as at year end.



**CHOO BEE METAL INDUSTRIES BERHAD**  
(10387-A)



## Statement by Directors

The directors of **CHOO BEE METAL INDUSTRIES BERHAD** state that, in their opinion, the accompanying balance sheets and the related statements of income, changes in equity and cash flows are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007 and of the results of their businesses and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with a resolution of the Directors,

**SOON AH KHUN @ SOON LIAN HUAT**

**SOON CHENG HAI**

Ipoh,  
28 March 2008

## Declaration by the Officer

Primarily Responsible for the Financial Management of the Company

I, **PHUN OI MENG**, the officer primarily responsible for the financial management of **CHOO BEE METAL INDUSTRIES BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and the related statements of income, changes in equity and cash flows are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

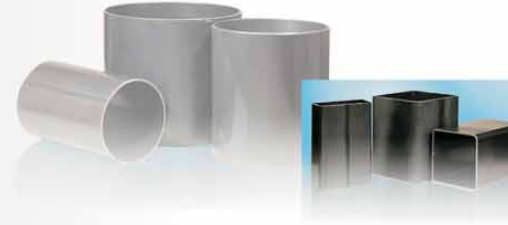
**PHUN OI MENG**

Subscribed and solemnly declared by the  
abovenamed **PHUN OI MENG** at **IPOH**  
this 28th day of March, 2008.

Before me,

COMMISSIONER FOR OATHS  
**MOHD YUSOF BIN HARON**, KPP., PNPBB., PJK.





## List of Group's Properties

as at 31 December 2007 (cont'd)

LOCATION	DESCRIPTION	AREA	TENURE	AGE OF BUILDING (YEARS)	NET BOOK VALUE RM	USAGE
<b>Choo Bee Hardwares Sdn. Berhad</b>						
1)	Lots 18001 and 22970, Mukim of Ulu Kinta, District of Ulu Kinta, Perak Darul Ridzuan	Land with no specific zoning; has a steel portal framework building used as a warehouse on Lot 18001 and a single-storey detached house which is owner occupied on Lot 22970	Lot 18801 131,499 sq.ft. Lot 22970 117,886.5 sq.ft.	Long-term leasehold 999 years expiring on 5.8.2895	N/A 36	1,347,628 Warehouse
2)	Lot P.T.23017 Mukim of Ulu Kinta, District of Kinta, Perak Darul Ridzuan (619 & 619A Jalan Tasek, Taman Seri Tasek, Ipoh)	Commercial land with two-storey shophouse	1,540 sq.ft.	Leasehold 99 years expiring on 11.3.2079	20	150,000 Let out
3)	PM No. 12735 Lot No. 66108 Mukim Ulu Kinta Perak Darul Ridzuan	Commercial land	1,320 sq.ft.	Leasehold 60 years expiring on 21.8.2055	N/A	29,354 Vacant
4)	Lots 5592S and 5593S, Town of Ipoh, District of Kinta, Perak Darul Ridzuan (No.46 and 48 Lebu Raya Bendahara, Ipoh)	Commercial land with three-storey shophouse	Lot 5592S 1,916.6 sq.ft. Lot 5593S 1,829.5 sq.ft.	Freehold Freehold	27 27	353,790 Office
5)	Lots 5594S Town of Ipoh, District of Kinta, Perak Darul Ridzuan (No.44 Lebu Raya Bendahara Ipoh)	Commercial land with three-storey shophouse	1,829.5 sq.ft.	Freehold	27	75,336 Office
6)	Lots 2874S and 2875S, Town of Ipoh, District of Kinta, Perak Darul Ridzuan (No.42 and 44 Jalan Bendahara Ipoh)	Commercial land with double-storey shophouse	Lot 2874S 2,400 sq.ft. Lot 2875S 1,742 sq.ft.	Freehold Freehold	46 46	113,533 Office





## Statement of Shareholdings

as at 30 April 2008

Authorised Capital	: RM500,000,000
Issued and Fully Paid-up Capital	: RM106,217,800 (Excluding 3,685,200 Treasury Shares)
Class of Shares	: Ordinary shares of RM1.00 each fully paid
Voting Rights	: One vote per RM1.00 share

### DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	No. of Holders	% of Holders	No. of RM1.00 Shares	% of Issued Capital
Less than 100	18	0.47	434	0.00
100 to 1,000	1,123	29.28	1,024,110	0.97
1,001 – 10,000	2,360	61.54	8,573,889	8.07
10,001 – 100,000	286	7.46	7,619,600	7.17
100,001 – 5,310,889 (*)	44	1.15	20,683,067	19.47
5,310,890 and above (**)	4	0.10	68,316,700	64.32
<b>TOTAL</b>	<b>3,835</b>	<b>100.00</b>	<b>106,217,800</b>	<b>100.00</b>

Note: \* - Less than 5% of issued holdings  
\*\* - 5% and above of issued holdings

### SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2008

According to the Register of Substantial Shareholders required to be kept under Section 69L of the Companies Act, 1965, the following are the substantial shareholders of the Company:

Name of Substantial Shareholder	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Amanah Raya Berhad - Skim Amanah Saham Bumiputera	8,034,500	7.56	-	-	8,034,500	7.56
Choo Bee Holdings Sdn. Bhd.	43,199,000	40.67	-	-	43,199,000	40.67
Lembaga Tabung Haji	5,882,600	5.54	-	-	5,882,600	5.54
Soon Ah Khun @ Soon Lian Huat	430,600	0.41	59,229,855	55.76	59,660,455	56.17
Soon Lian Huat Holdings Sdn. Berhad	11,224,000	10.57	43,199,000	40.67	54,423,000	51.24
Tang Kim Heok	-	-	54,423,000	51.24	54,423,000	51.24



## Statement of Shareholdings

as at 30 April 2008 (cont'd)

### DIRECTORS' INTEREST AS AT 30 APRIL 2008

According to the Register of Directors' Shareholdings required to be kept under Section 134 of the Companies Act, 1965 the Directors' interests in the ordinary share capital of RM1 each of the Company and its subsidiary companies are as follows:

#### Shares in the Company

Name of Director	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Soon Ah Khun @ Soon Lian Huat	430,600	0.41	59,229,855	55.76	59,660,455	56.17
Soon Cheng Hai	704,000	0.66	-	-	704,000	0.66
Soon Cheng Boon	698,000	0.66	15,000	0.01	713,000	0.67
Soon Hean Hooi	2,654,855	2.50	-	-	2,654,855	2.50
Leong Keng Yuen	26,000	0.02	-	-	26,000	0.02
Lee Sieng Tzi @ Vincent Lee	591,000	0.56	-	-	591,000	0.56
Dato' Robert Lim Git Hooi	14,000	0.01	69,000	0.06	83,000	0.07
Khoo Choon Yam	-	-	-	-	-	-
Datin Shahrizan Binti Abdullah	-	-	-	-	-	-

#### Shares in the holding company, Soon Lian Huat Holdings Sdn. Berhad

Name of Director	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Soon Ah Khun @ Soon Lian Huat	62,000	55.36	50,000	44.64	112,000	100.00
Soon Ah Khun @ Soon Lian Huat	-	-	680,000*	100.00	680,000*	100.00
Soon Cheng Hai	226,667*	33.33*	-	-	226,667*	33.33*
Soon Cheng Boon	226,667*	33.33*	-	-	226,667*	33.33*
Soon Hean Hooi	226,666*	33.33*	-	-	226,666*	33.33*

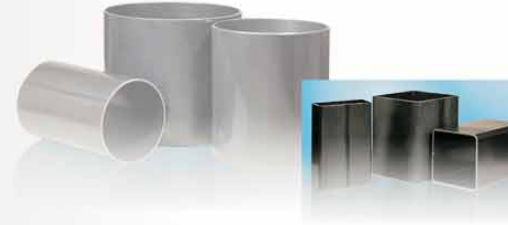
\* Denotes 5% non-cumulative preference shares of RM1.00 each.

#### Shares in related company, Choo Bee Holdings Sdn. Bhd.

Name of Director	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Soon Ah Khun @ Soon Lian Huat	-	-	2,508,314	76.17	2,508,314	76.17
Soon Cheng Hai	161,829	4.91	-	-	161,829	4.91
Soon Cheng Boon	161,829	4.91	-	-	161,829	4.91
Soon Hean Hooi	161,832	4.91	-	-	161,832	4.91

By virtue of his interests in the Company and in the holding company, Soon Ah Khun @ Soon Lian Huat is also deemed to have an interest in shares of all the subsidiary companies to the extent that the Company and the holding company has an interest.

Other than as disclosed above, none of the other Directors had any interest in shares in the Company or its related companies.



## Statement of Shareholdings

as at 30 April 2008 (cont'd)

### THIRTY LARGEST REGISTERED HOLDERS AS AT 30 APRIL 2008

Name	Holdings	% of Issued Capital
1. Choo Bee Holdings Sdn. Bhd.	43,199,000	40.67
2. Soon Lian Huat Holdings Sdn. Berhad	11,224,000	10.57
3. Amanah Raya Nominees (Tempatan) Sdn. Bhd.	8,034,500	7.56
4. Lembaga Tabung Haji	5,859,200	5.52
5. Soon Hean Hooi	2,654,855	2.50
6. HSBC Nominees (Asing) Sdn. Bhd. BNY Brussels for Queensland Investment Corporation	1,994,700	1.88
7. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pheim Asset Management Sdn. Bhd. for Employees Provident Fund	1,467,200	1.38
8. Malaysia Nominees (Tempatan) Sendirian Berhad Overseas Assurance Corporation (Malaysia) Berhad	1,074,000	1.01
9. Yeo Lee Hong Betty	1,059,000	1.00
10. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (DR)	1,034,900	0.97
11. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LPF)	960,800	0.90
12. Soon Siew Leh	750,000	0.71
13. Soon Cheng Hai	704,000	0.66
14. Soon Cheng Boon	698,000	0.66
15. Lee Sieng Tzi @ Vincent Lee	591,000	0.56
16. DB (Malaysia) Nominee (Asing) Sdn. Bhd. Exempt An for British and Malayan Trustees Limited (Yeoman 3-Rights)	500,000	0.47
17. Soon Ah Khun @ Soon Lian Huat	430,600	0.41
18. Soon Lian Lim	427,875	0.40
19. Tan Peng Soon	389,000	0.37
20. Citigroup Nominees (Asing) Sdn. Bhd. CBNY for DFA Emerging Markets Fund	339,700	0.32
21. Tan Peng Nam	327,700	0.31
22. Chor Sek Choon	300,000	0.28
23. Tan Peng Sum	300,000	0.28
24. Lee Soon Hian	281,500	0.27
25. M & A Nominee (Tempatan) Sdn. Bhd.	280,440	0.26
26. Soon Lian Lim	261,890	0.25
27. Siong Go Pok	261,000	0.25
28. Yeoh Kean Hua	260,000	0.24
29. Quah Eng Thiam	237,000	0.22
30. Ng Swee Seong	226,300	0.21
TOTAL	<u>86,128,160</u>	<u>81.09</u>



**CHOO BEE METAL INDUSTRIES BERHAD**  
(10987-A)

## Form Of Proxy

I/We, \_\_\_\_\_  
of \_\_\_\_\_  
being a member of Choo Bee Metal Industries Berhad hereby appoint +the Chairman of the Meeting \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_ or  
failing him \_\_\_\_\_ of \_\_\_\_\_  
as my/our proxy, to vote for me/us and on my/our behalf at the 2008 Annual General Meeting of the Company to be held on 20 June 2008 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Resolutions relating to:-	For	Against
1. The declaration of a Final Dividend		
2. The payment of Directors' fee		
3. The re-election of Directors: Khoo Choon Yam  Datin Shahrizan Binti Abdullah		
4. The re-election of the following Director in accordance with Section 129 of the Companies Act, 1965:  Soon Ah Khun @ Soon Lian Huat		
5. The appointment of Auditors and their remuneration		
6. Ordinary Resolution No. 1 – Authority to allot and issue shares in general pursuant to Section 132D of the Companies Act, 1965		
7. Ordinary Resolution No. 2 – Proposed Renewal of Share Buy Back Authority		
8. Ordinary Resolution No. 3 – Proposed Renewal of Shareholders' Mandate on Recurrent Related Party Transactions of a Revenue or Trading Nature		

Please indicate with ( ✓ ) how you wish your vote to be cast

No. of shares held	
CDS A/C No.	

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature of Shareholder

### NOTES

A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company, 55 Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting.

+If it is desired to appoint another person as a proxy, the words "the Chairman of the Meeting" should be deleted and the name of the proxy should be inserted in block capitals, and the alteration should be initialed.

Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

If this Form is signed and returned without any indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.

In the case of a corporation, the proxy must be executed under its Common Seal, or under the hand of a duly authorized officer.



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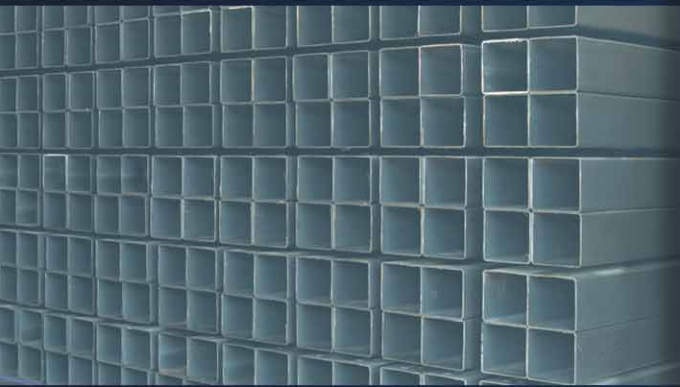
Affix  
Stamp

To

The Company Secretary  
**CHOO BEE METAL INDUSTRIES BERHAD** (10587-A)  
55 Medan Ipoh 1A, Medan Ipoh Bistari,  
31400 Ipoh, Perak Darul Ridzuan,  
Malaysia.

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[www.choobee.com.my](http://www.choobee.com.my)



**CHOO BEE METAL INDUSTRIES BERHAD** (10587-A)

Wisma Soon Teik Aun, Jalan Bendahara,  
31650 Ipoh, Perak Darul Ridzuan, Malaysia.

Email: [enquiries@choobee.com.my](mailto:enquiries@choobee.com.my)