

CHOO BEE METAL INDUSTRIES BERHAD

(10587-A)



Annual Report 2006



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CHOO BEE METAL INDUSTRIES BERHAD
(Company No. 10587-A)

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Notice of 2007 Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2007 Annual General Meeting of the Company will be held at Heritage Hotel, Jalan Raja Dihilir, 30350 Ipoh, Perak Darul Ridzuan, Malaysia on Friday, 15 June 2007 at 11.30 a.m.

A G E N D A

1. To receive the Audited Financial Statements for the year ended 31 December 2006, together with the Directors' and Auditors' Reports thereon.
2. To sanction the declaration of a final dividend of 8% less 27% 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:-

Soon Hean Hooi
Leong Keng Yuen
Lee Sieng Tzi @ Vincent Lee
5. To appoint Auditors and authorise the Directors to fix their remuneration.
6. To transact any other business appropriate to an Annual General Meeting.
7. 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**

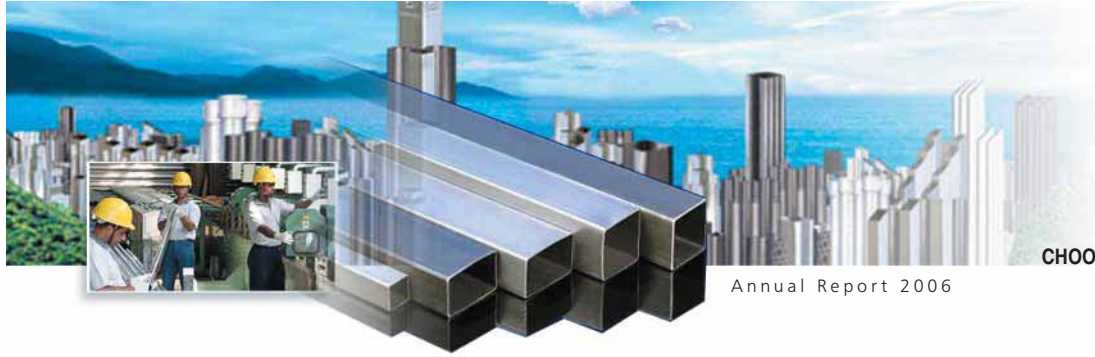
"That, subject to the Companies Act, 1965 and the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad, the Securities Commission and other relevant governmental or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the 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 2007 amounted to 3,650,600 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 2007 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 2006, 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 2006 and unaudited management accounts for the period ended 31 March 2007 are as follows:

	As at 31 December 2006	As at 31 March 2007
Retained profits	RM123,279,542	RM119,898,366
Share premium	RM24,115,005	RM24,115,005



Notice of 2007 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 23 May 2007 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 15 June 2007 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
- (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."



Notice of 2007 Annual General Meeting (cont'd)

SPECIAL RESOLUTION – PROPOSED AMENDMENTS TO THE COMPANY’S ARTICLES OF ASSOCIATION

“That the deletions, alterations, modifications and additions to the Company’s Articles of Association as set out in Appendix I of the Circular to Shareholders dated 23 May 2007 be approved”.

By Order of the Board

CHAN YOKE YIN

WOO YING PUN

Company Secretaries

Ipoh, Perak Darul Ridzuan, Malaysia

23 May 2007

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 TO THE SPECIAL BUSINESS:

(a) ORDINARY RESOLUTION NO. 1

Pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company may, subject to the approval of the Shareholders of the Company, exercise any power to allot and issue shares in general from time to time upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit and that such authority shall continue in force until the conclusion of the next Annual General Meeting. As such, the Directors seek the Shareholders’ approval to allot and issue shares in general.

(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 2006 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 2006 Annual Report.

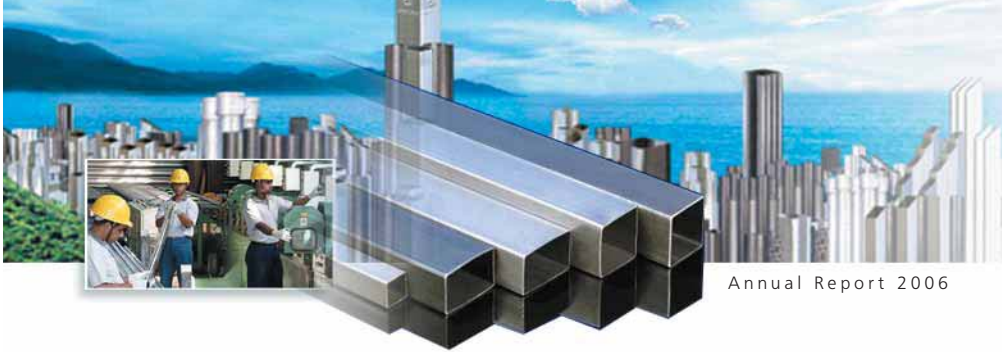
(d) SPECIAL RESOLUTION

The proposed amendments allow the Articles to be in line with the amendments to the amended Bursa Malaysia Securities Berhad Listing Requirements.

Statement Accompanying Notice of 2007 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 11-13 and 94 respectively of this Annual Report.



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CHOO BEE
CHOO BEE METAL INDUSTRIES BERHAD
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Choo Bee Group's new Head Office,
Wisma Soon Teik Aun, at Jalan Bendahara, Ipoh, Perak.



New tubemill line at Pengkalan plant.



Choo Bee Group's principal plant located at Pengkalan, Ipoh, Perak.



CHOO BEE

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Chairman's Statement

On behalf of the Board of Directors of Choo Bee Metal Industries Berhad, I am pleased to present the Annual Report and the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2006.

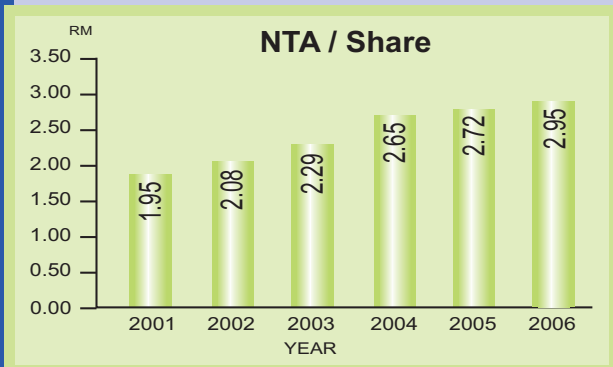
Financial Review

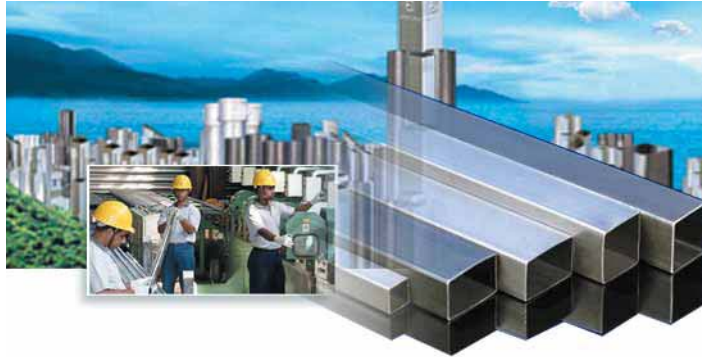
I am pleased to inform shareholders that the Group achieved a turnover of RM357 million in 2006, an increase of 8% compared to the turnover of RM329 million recorded in the previous year. The Group profit before tax improved in 2006 to reach RM41.7 million from RM23.9 million in 2005. The Group Net Tangible Assets (NTA) at the end of the financial year was RM312.9 million (NTA per share of RM2.95 per share) compared to RM282.3 million (NTA per share of RM2.72 per share) at the end of the previous year.



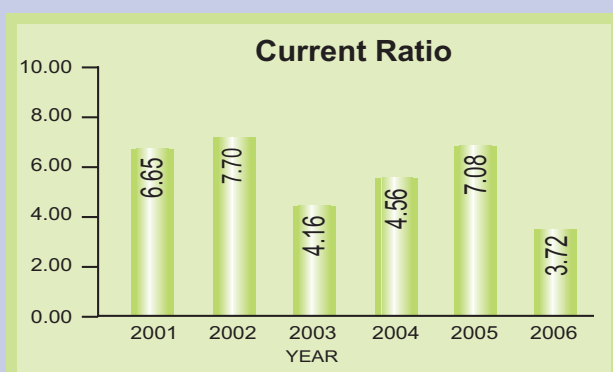
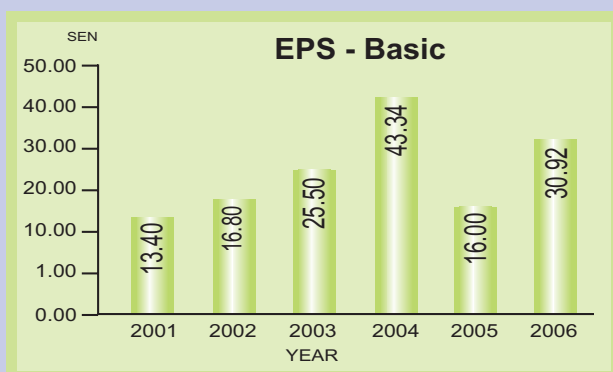
Soon Ah Khun @ Soon Lian Huat
Group Executive Chairman

Financial Results at a Glance





Chairman's Statement (cont'd)



Dividend

The Board is pleased to recommend a final dividend of 8% less 27% tax in respect of the financial year ended 31 December 2006.

Performance

Since the beginning of 2006 selling prices have gradually recovered from the low levels prevailing at the end of 2005. The gradual recovery of prices which resulted in higher customer stocking activities in anticipation of higher prices translated into higher revenue and better margins for the Group compared to 2005. In general, the local steel market gained momentum towards the second quarter and remained consistent through to the end of the year. There were some delays in the deliveries by the supplier of hot rolled coils which led to some disruption of our production schedules but this has since been resolved.

During the year, the Company started on the second phase of the expansion plans to enhance production efficiency and to widen product range of pipes up to 18" diameter from the existing 16". The Company is also on schedule with the application for the American Petroleum Institute (API) certification for the production of oil and gas line pipes.

The Group has also been continuously investing and improving its internal processes and this should gradually bring about manifold improvements in efficiency and work culture which would again prepare the Group to continuously improve efficiency and productivity to better serve our customers.



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Chairman's Statement (cont'd)



Slitting line

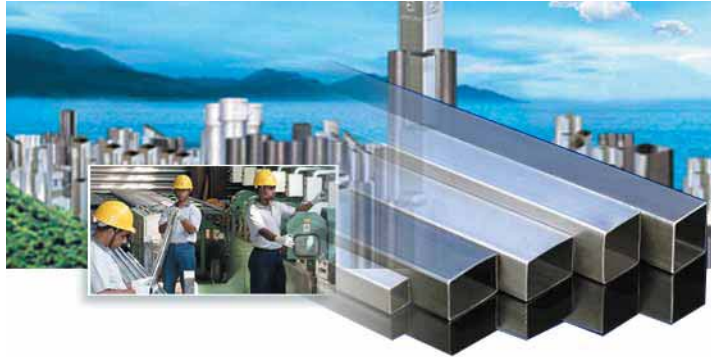
Industry Trend and Developments

The aggressive de-stocking activities by the local and overseas stockists since the plunge in steel prices in the second quarter of 2005 have drained inventories and replenishment of inventories were seen gaining momentum since mid 2006 following the acceptance of 19% hike for new iron ore annual pricing by few major steel millers. The implementation of the Ninth Malaysia Plan, water pipe replacements and development of export of Structural Hollow Section markets should strengthen our Group's performance as this would lead to higher demand for our increased product range in line with our expansion plan. The government has also revealed its plan to liberalise the local steel industry in the recently announced Third Industrial Master Plan 2006 – 2020 (IMP3) to expand downstream steel activities and to encourage higher value added products to meet market requirements. The upcoming integrated resort projects in Singapore and infrastructure development within ASEAN countries are also promising for the local steel industry. These factors would augur well for the steel industry as a whole going forward.



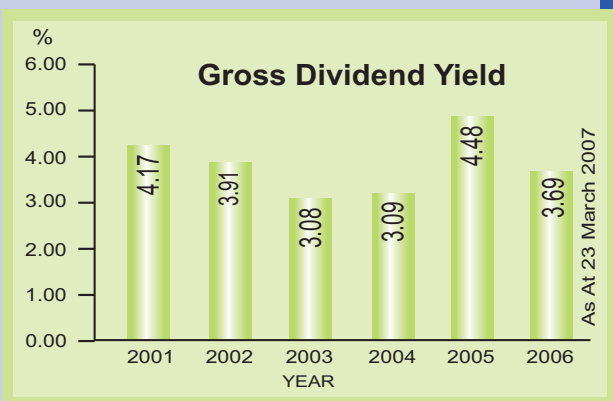
Future Prospects

The Group will continue to focus on the manufacturing division that produces higher value-added flat steel products whilst maintaining significant trading presence in long steel products. The Group is effectively positioned to meet the challenges ahead whichever the market condition is and the direction prices take. We are positive and enthusiastic about our future prospects.



Chairman's Statement (cont'd)

Carbon steel pipe



Acknowledgement

On behalf of the Board, I would like to place on record our sincere appreciation to the management team and staff for their contribution throughout the year and to our customers, suppliers and other business associates, bankers and shareholders for their invaluable support, confidence and assistance given to us. We are confident that this continued co-operation and support will place the Group in a stronger position to meet the challenges of the year ahead and to achieve greater success.

Soon Ah Khun @ Soon Lian Huat
Group Executive Chairman

23 March 2007



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:
Soon Cheng Boon
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: 605-547 4833 Fax: 605-547 4363

PRINCIPAL PLACE OF BUSINESS

Wisma Soon Teik Aun, Jalan Bendahara,
31650 Ipoh, Perak Darul Ridzuan, Malaysia.
Tel: 605-255 8111 Fax: 605-254 3073

WEBSITE AND E-MAIL ADDRESS

Homepage: www.choobee.com.my
E-mail Address: enquiries@choobee.com.my

REGISTRARS

Symphony Share Registrars Sdn. Bhd.
55 Medan Ipoh 1A, Medan Ipoh Bistari
31400 Ipoh, Perak Darul Ridzuan, Malaysia.
Tel: 605-547 4833 Fax: 605-547 4363

PRINCIPAL BANKERS

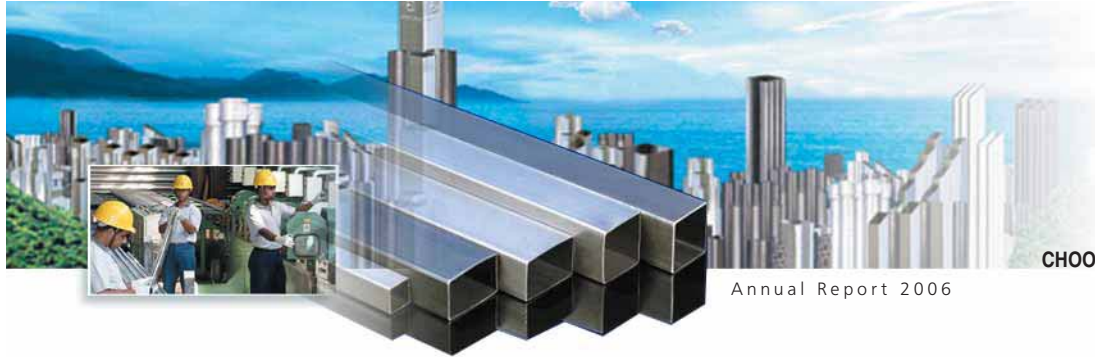
HSBC Bank Malaysia Berhad
United Overseas Bank (Malaysia) Berhad
RHB Bank Berhad

AUDITORS

Deloitte KassimChan
Chartered Accountants

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Board



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Profile of Directors

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

Executive Director
Aged 68, 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 about 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.

Soon Cheng Hai (Group Managing Director)

Executive Director
Aged 44, 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.

Soon Cheng Boon

Executive Director
Aged 42, 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.



Profile of Directors (cont'd)

Leong Keng Yuen

Senior Independent Non-Executive Director Aged 56, 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 Securities Berhad ("Bursa Malaysia") and OSK Investment Bank Berhad. He also holds directorships 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.

Dato' Robert Lim Git Hooi

Independent Non-Executive Director Aged 68, 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 Bursa Malaysia. He is a director in Hektar Asset Management Sdn. Bhd., a management company for Hektar REIT which is listed on Bursa Malaysia. He also holds directorships in several other private limited companies.

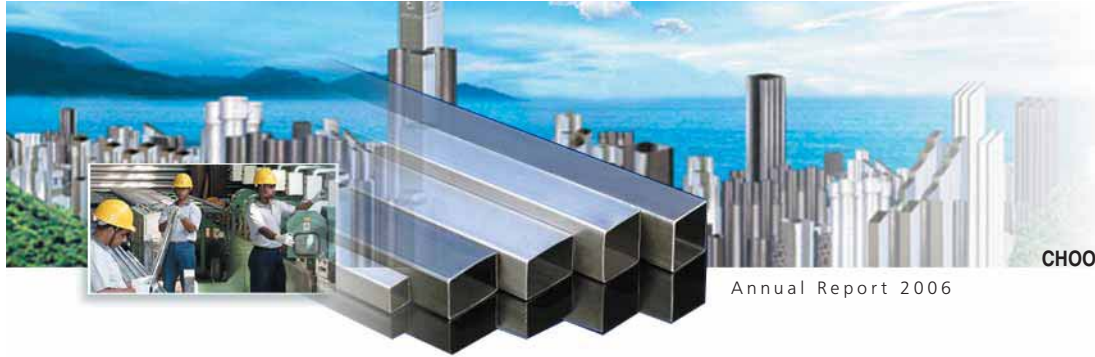
Dato' Robert Lim Git Hooi does not have any family relationship with any other Director and/or major shareholders of the Company. He has no conflict of interest with the Company and has had no past conviction for offences.

Datin Shahrizan Binti Abdullah

Non-Executive Director Aged 56, 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 Malaysia Discounts Berhad, Commerce Life Assurance Berhad and other companies which are not listed on 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.



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Profile of Directors (cont'd)

Khoo Choon Yam

Independent Non-Executive Director **Aged 54, 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.

Soon Hean Hooi

Executive Director **Aged 36, 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.

Lee Sieng Tzi @ Vincent Lee

Executive Director **Aged 44, 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.



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 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.

4 Board Meetings were held during the financial year ended 31 December 2006. 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	4/4
Soon Cheng Hai	- Managing Director	4/4
Soon Cheng Boon	- Executive Director	3/4
Leong Keng Yuen	- Senior Independent Non-Executive Director	4/4
Dato' Robert Lim Git Hooi	- Independent Non-Executive Director	3/4
Datin Shahrizan Binti Abdullah	- Non-Executive Director	4/4
Khoo Choon Yam	- Independent Non-Executive Director	4/4
Soon Hean Hooi	- Executive Director	3/4
Lee Sieng Tzi @ Vincent Lee	- Executive Director	4/4

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.

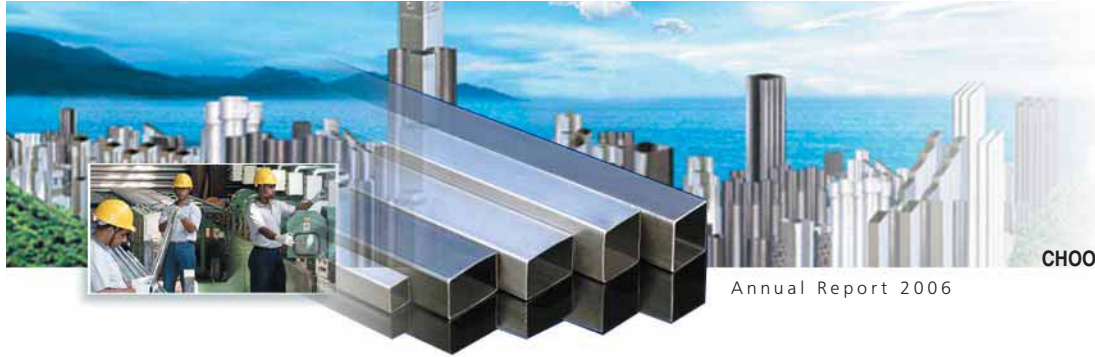
1. Executive Committee

The Executive Committee was established on 12 October 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 performance of the Group's operating units, risk management issues and internal control process improvements. The Group General Manager and respective heads of operating units where required, will attend the Executive Committee meetings.

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 non-executive Directors, a majority of whom are independent, 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 2006, 1 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 2006, 1 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 caliber necessary to carry sufficient weight in Board decisions. 3 of the 4 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 is issued in sufficient time to enable 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:

- an operational report from the Management Team;
- 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 Board has approved an agreed procedure for Directors to take independent professional advice if necessary at the Company's expense.

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.

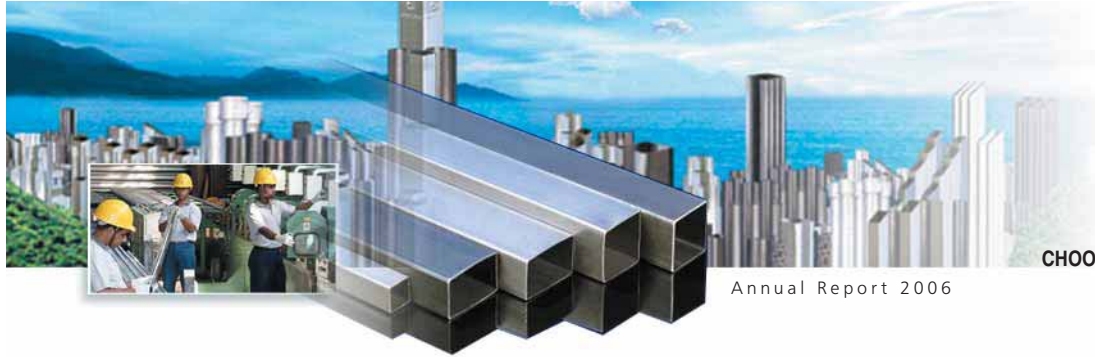
Directors' Training

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 Programme as required under the Bursa Malaysia Securities Berhad listing requirements. The Directors have undergone relevant training during the financial year to effectively discharge their duties as directors. They 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.



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Corporate Governance Statement (cont'd)

PART B : DIRECTORS' REMUNERATION

The Level and Make-up of Remuneration

The Company has adopted the objective as recommended by the Malaysian Code of Corporate Governance to determine the remuneration for a Director so as to ensure that the Company attracts, motivates and retains the Directors needed to run the Group successfully. The component parts of remuneration are structured so as to link rewards to corporate and individual performance, in the case of executive Directors. In the case of non-executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular non-executive Director concerned.

The Remuneration Committee recommends to the Board the framework for executive remuneration for fixing the remuneration packages of individual Directors. However, due to the confidentiality of the matter, executive directors' remuneration is approved at the Remuneration Committee.

Disclosure

A summary of the remuneration of Directors for the year ended 31 December 2006 is as follows:

Directors' Remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
	Executive Directors	Non-Executive Directors
	RM	RM
Fee	128,000	96,000
Salaries and EPF	2,004,294	-
Bonus	2,196,927	-
Allowances	-	36,000
Benefits-in-kind	47,466	-
Directors' Remuneration		
RM		
Below 50,000	-	4
150,000 - 200,000	1	-
700,000 - 750,000	1	-
800,000 - 850,000	1	-
850,000 - 900,000	1	-
1,650,000 - 1,700,000	1	-

The directors' remuneration disclosed above excludes the underprovision in previous year amounting to RM386,325.

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

PART C : RELATIONS WITH SHAREHOLDERS

Dialogue between Company and Investors

The Board recognises the importance of good communication with all shareholders. The Company has established a website (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 actively pursued its investor relations activities in an effort to keep shareholders duly informed on the performance of the Company. Numerous meetings with the media, local and foreign fund managers and research houses were held during the year as part of the Company's ongoing investor relations programme.

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

At each Annual General Meeting, the Board presents the progress and performance of the business and encourages shareholders to participate in the question and answer session.

Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution.

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, the results and the cash flows 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.

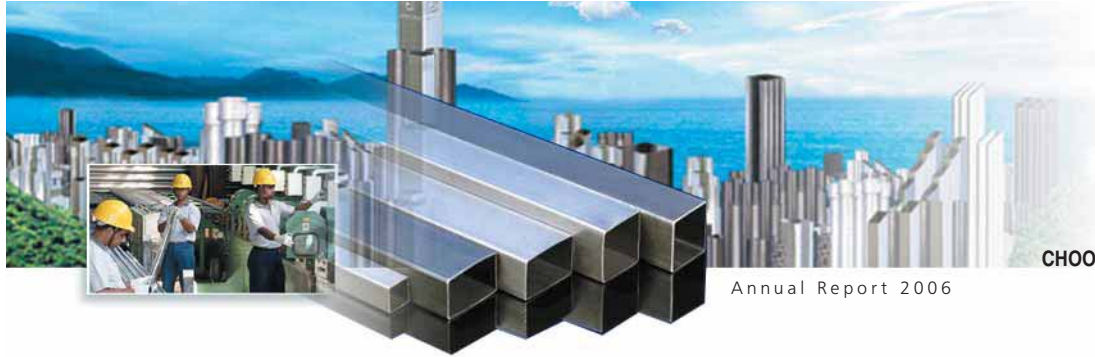
Internal Control

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.



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 amount of options exercised in respect of the financial year is presented in the Directors' Report.

The Audit Committee has verified that the allocation of the Employees' Shares Options during the year is in accordance with the criteria set out in the ESOS bye-laws.

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

AMERICAN DEPOSITARY RECEIPT (ADR) OR GLOBAL DEPOSITARY 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 33 to the financial statements, there were no other material litigations faced by the Group.

MATERIAL CONTRACTS

Other than as disclosed in Note 34 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.



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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) a majority of the audit committee must be 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 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

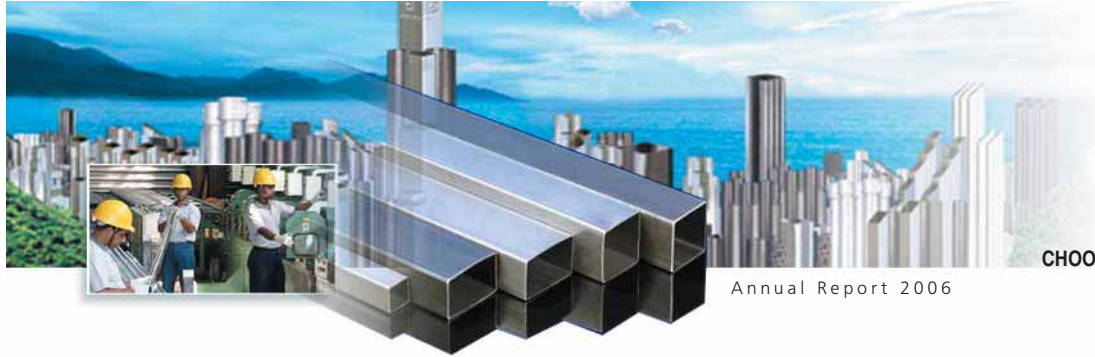
The Committee shall, in accordance with the procedure determined by the Board and at the cost of the Company:

- (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 (if any);
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, 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 auditable areas and systems review covered by the internal audit function, the results of investigation undertaken, any major weaknesses noted and whether or not appropriate action is taken on the recommendations of the internal audit function;



Audit Committee Report (cont'd)

- (e) 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;
- (f) 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;
- (g) any letter of resignation from the external auditors of the Company; and
- (h) 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 external auditors may request a meeting if they consider that one is necessary and shall have the right to appear and be heard at any meeting of the Committee. 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 and one executive Director of the Board 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:

Name of member		No. of meetings attended
Leong Keng Yuen	- Senior Independent Non-Executive Director (Chairman)	5 out of 5
Soon Cheng Boon	- Executive Director	3 out of 5
Dato' Robert Lim Git Hooi	- Independent Non-Executive Director	4 out of 5
Khoo Choon Yam	- Independent Non-Executive Director	5 out of 5

The Group's external auditors were in attendance at 2 meetings during the year. One of these meetings commenced with a discussion between the Committee and the external auditors without the presence of any executive of the Group.



Audit Committee Report (cont'd)

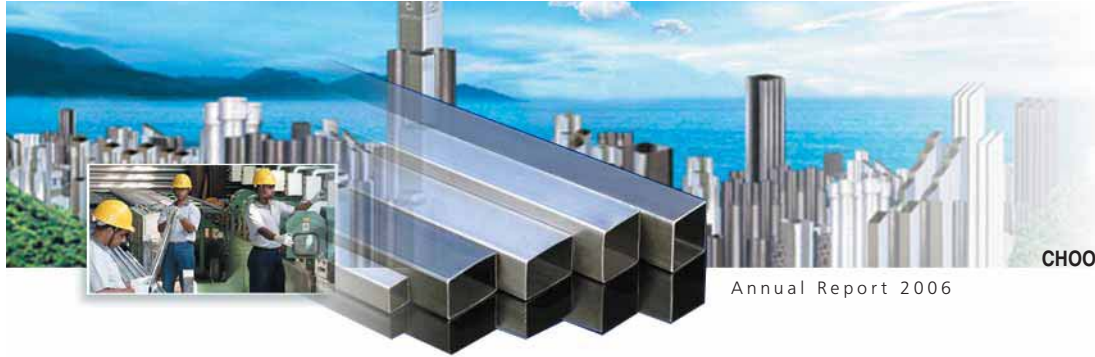
SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

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 2006 in the discharge of its duties and responsibilities:

- Reviewed and approved the Internal Audit 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 2006 with the external auditors;
- Reviewed the external auditors management letter and finalisation of the financial statements for the year ended 31 December 2005;
- 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;
- Reviewed the related party transactions and conflict of interest situations that arose within the Company or Group during the year; and
- Verified that the allocation of the Employees' Shares Options during the year is in accordance with the criteria set out in the ESOS bye-laws.

INTERNAL AUDIT FUNCTION

The Group has a System Assurance Department (which carries out the Internal Audit function), which 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. During the financial year, the System Assurance Department was actively involved in the design and implementation of a customised total enterprise management system ("TEMS") built on the Oracle 10G platform developed by an external consultant, to improve on the business processes and the internal controls within these processes. Review of the current system of internal control was performed in line with this project. The review did not reveal any 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 of Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Bursa Malaysia Securities Berhad's Listing Requirements require directors of listed companies to include a statement in annual reports on the state of their internal controls as a Group. The Statement on Internal Control has been prepared in accordance with the Statement on Internal Control : Guidance for Directors of Public Listed Companies.

THE BOARD'S RESPONSIBILITY

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board has overall responsibility for the Group's system of internal controls and for reviewing its effectiveness whilst the role of management is to implement the Board's policies on risk and control. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. In pursuing these objectives, internal controls can only provide reasonable and not absolute assurance against material misstatement or loss and fraud or breach of set regulations.

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 FRAMEWORK

The long term risk management objective is to create a risk-awareness culture and to enhance understanding by staff of the risks potentially affecting the achievement of the company's business objectives.

The senior management team 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. The management of risks is guided by the Group's Risk Management Manual which forms the framework within which senior management manage risks in order to achieve the Group's corporate objectives. Further independent assurance is provided by the System Assurance Department which carries out the internal audit function and operates across the Group.

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

SYSTEM ASSURANCE FUNCTION

The Group has a System Assurance Department, independent of the activities or operations of other Operating Centres in the Group, which provides assurance to the Audit Committee and the Board regarding the adequacy of the system of Internal Control.

In 2005, the Group has appointed an external consultant to develop a customised total enterprise management system ("TEMS") built on the Oracle 10G platform to better meet its operational requirements. The implementation of the TEMS would involve changes to the existing work flow processes and documentation. The System Assurance Department was actively involved in the design and implementation of the TEMS to ensure that internal controls are in place for the new system and that we capitalize on the opportunity to improve business process with the design of the new system .



Statement on Internal Control (cont'd)

The principal responsibility of System Assurance Department is to undertake systematic reviews of the system of internal control on a risk-based approach in tandem with the on-going TEMS project requirements so as to provide reasonable assurance that such system operates satisfactorily and effectively in the Group and reports to the Audit Committee on a quarterly basis. The Internal Audit strategy and an annual internal audit plan are presented to the Audit Committee each year for approval. The development and implementation process for the TEMS is expected to be completed in 2007.

The activities that were carried out are as follows:

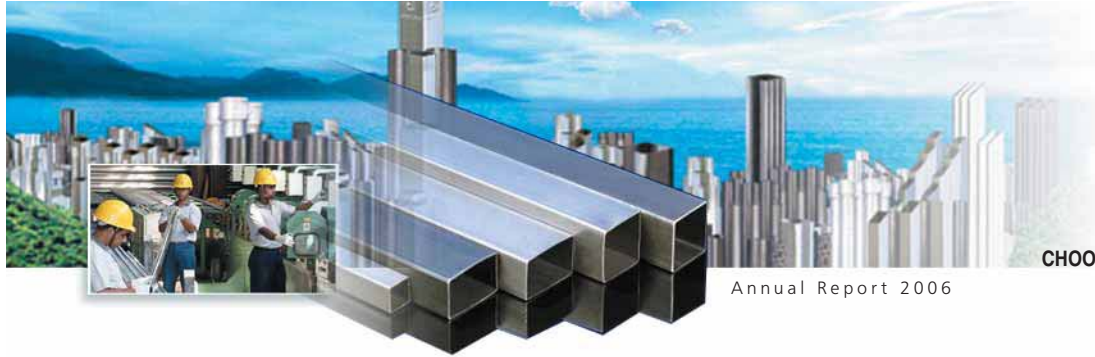
- undertake internal audit function based on the audit plan that has been reviewed and approved by the Audit Committee which includes the review of operational compliance with established internal control;
- participate in meetings of group senior management to keep abreast with the strategic and operational plans and on development issues;
- facilitate the formalised approach for risk assessment and management in compliance with the guidance on the "Statement on Internal Control: Guidance for Directors of Public Listed Companies" issued by the Institute of Internal Auditors Malaysia;
- assess control for managing key business process risks at each of the Group's operations, which have been identified during the risk analysis process;
- prepare internal audit reports to the Audit Committee of the Group operations;
- undertake review of the financial reporting requirements and impact to the Group with the new Financial Reporting Standards applicable with effective from 1 January 2006; and
- verify the basis of allocation of ESOS for 77,000 and 25,000 share options granted during the financial year at an option price of RM1.29 and RM1.49 respectively approved by the ESOS Committee.

INTERNAL CONTROL

The Board has established the system of internal control and has delegated to management the implementation and monitoring of 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;
- clearly defined delegation of responsibilities to committees of the Board 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 regular reviews of business processes to assess the effectiveness of internal controls;
- 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; and
- regular visits to operating units by executive directors and senior management.

The management continues to take measures to strengthen the controls environment. 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.



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Annual Report 2006

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 2006.

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 16 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:

	The Group RM	The Company RM
Profit before tax	41,644,646	35,774,858
Income tax expense	(9,220,484)	(6,116,933)
Profit for the year	<u>32,424,162</u>	<u>29,657,925</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 other than the changes in accounting policies arising from the adoption of all the new and revised Standards and Interpretations issued by Malaysian Accounting Standards Board ("MASB") as disclosed in Note 2 to the Financial Statements.

DIVIDENDS

A final dividend of 6%, less 28% tax amounting to RM4,539,087 of which RM4,489,927 has been dealt with in the previous directors' report, was paid by the Company on 18 August 2006. The difference arose from additional dividends of RM49,940 paid in respect of new ordinary shares issued pursuant to the exercise of the Company's Employees' Share Option Scheme ("ESOS"), which was offset partly by an overprovision of dividends of RM780 in respect of shares repurchased subsequent to the previous financial year.

The directors have proposed a final dividend of 8%, less 27% tax, in respect of the year ended 31 December 2006. 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.



Directors' Report (cont'd)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM107,499,000 to RM109,903,000 through the issues of 2,222,000, 80,000, 77,000 and 25,000 new ordinary shares of RM1.00 each at RM1.20, RM1.05, RM1.29 and RM1.49 per share respectively pursuant to the exercise of options granted under the ESOS.

The resulting premium arising from the shares issued of RM482,980 has been credited to the share premium account.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

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

REPURCHASE OF OWN SHARES

The shareholders of the Company, by an ordinary resolution passed at the AGM held on 23 June 2006, 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. 2006	3,565,500	2.81	1.01	1.53	5,464,525
Feb. 2006	1,000	1.46	1.46	1.46	1,464
Apr. 2006	1,000	1.63	1.63	1.63	1,635
May 2006	16,100	1.61	1.49	1.59	25,632
Aug. 2006	6,000	1.55	1.55	1.55	9,332
Nov. 2006	60,000	1.68	1.68	1.68	100,639
	<u>3,649,600</u>				<u>5,603,227</u>

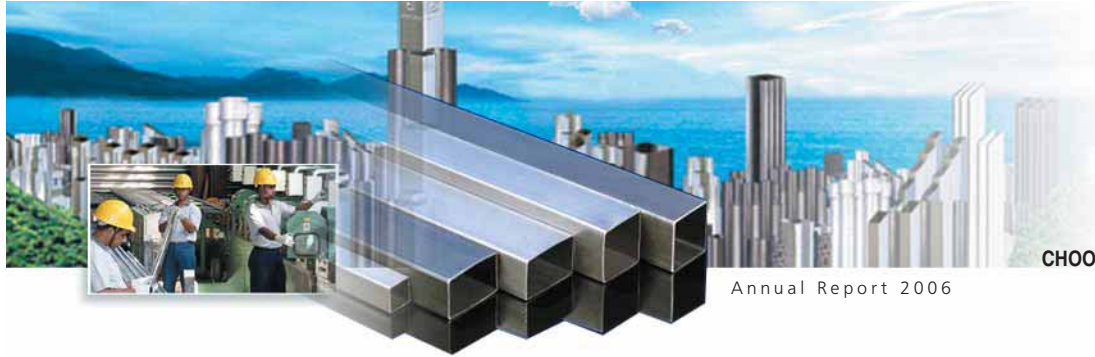
The mandate given by the shareholders will expire at the forthcoming AGM and an ordinary resolution will be tabled at the AGM for shareholders to grant a fresh mandate for another year.

SHARE OPTIONS

On 23 August 2001, the shareholders of the Company approved an ESOS for the benefit of eligible employees including full-time Executive Directors of the Company and its subsidiary companies.

The salient features of the ESOS are as follows:

- (a) The total number of new ordinary shares to be offered under the ESOS shall be up to 10% in aggregate of the issued and paid-up capital of the Company after subtracting the Treasury Shares at any point in time during the existence of the scheme;



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Directors' Report (cont'd)

- (b) Eligible Malaysian employees and contract employees are those who have 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;
- (c) The criterion of allotment of new shares is by reference to the position of the eligible employee. No option shall be granted for less than 1,000 ordinary shares nor more than 600,000 ordinary shares to any eligible employee;
- (d) The price payable for each ordinary share under the ESOS upon exercise of the option shall be at a discount of not more than 10% from the 5 preceding market days weighted average market price prior to the Date of Offer, or the par value of such share of the Company, whichever is higher;
- (e) The ESOS shall be in force for a period of 5 years from 26 November 2001 and has expired on 25 November 2006;
- (f) The ESOS Committee is approved by the Board of Directors of the Company to administer the Scheme; and
- (g) The options granted shall be capable of being exercised subject to the limit set by the ESOS Committee and the maximum percentage as set-out in the Bye-laws.

The options granted and exercised during the financial year are as follows:

Expired on	Exercise price per ordinary share RM	No. of options over ordinary shares of RM1.00 each				
		Balance as at 1 Jan. 2006	Granted	Exercised	Lapsed	Expired
25 Nov. 2006	1.20	2,246,000	-	(2,222,000)	(22,000)	(2,000)
25 Nov. 2006	1.05	85,000	-	(80,000)	(4,000)	(1,000)
25 Nov. 2006	1.94	94,000	-	-	(18,000)	(76,000)
25 Nov. 2006	2.49	163,000	-	-	(54,000)	(109,000)
25 Nov. 2006	1.29	-	77,000	(77,000)	-	-
25 Nov. 2006	1.49	-	25,000	(25,000)	-	-
		<u>2,588,000</u>	<u>102,000</u>	<u>(2,404,000)</u>	<u>(98,000)</u>	<u>(188,000)</u>

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, who have been granted options under the Company's ESOS scheme for less than 30,000 ordinary shares each. There were no options granted to employees for and in excess of 30,000 ordinary shares during the financial year.

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:

- (a) 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
- (b) 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.



Directors' Report (cont'd)

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

- (a) 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
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (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.

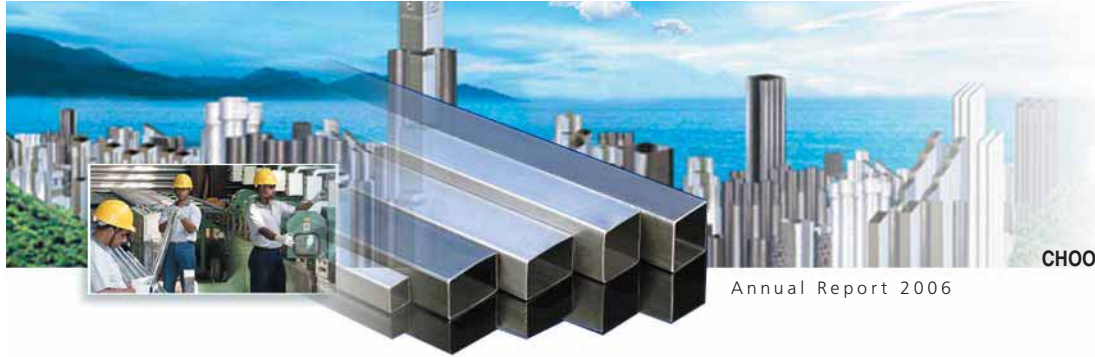
In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made other than the changes in accounting policies arising from the adoption of all the new and revised Standards and Interpretations issued by MASB as 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, Mr. Soon Hean Hooi, Mr. Leong Keng Yuen and Mr. Lee Sieng Tzi @ Vincent Lee retire by rotation and, being eligible, offer themselves for re-election.



CHOO BEE

CHOO BEE METAL INDUSTRIES BERHAD
(Company No. 10587-A)

Annual Report 2006

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:

Shares in the Company	No. of ordinary shares of RM1.00 each			Balance as at 31 Dec. 2006
	Balance as at 1 Jan. 2006	Bought	Sold	
Registered in the name of directors				
Soon Ah Khun @ Soon Lian Huat	310,600	120,000	-	430,600
Soon Cheng Hai	404,000	300,000	-	704,000
Soon Cheng Boon	398,000	300,000	-	698,000
Leong Keng Yuen	26,000	-	-	26,000
Dato' Robert Lim Git Hooi	14,000	-	-	14,000
Soon Hean Hooi	2,319,055	300,000	-	2,619,055
Lee Sieng Tzi @ Vincent Lee	575,000	120,000	-	695,000
Deemed interest by virtue of shares held by companies in which a director has interest				
Soon Ah Khun @ Soon Lian Huat	54,423,000	-	-	54,423,000
Deemed interest by virtue of shares held by an immediate family member of a director				
Dato' Robert Lim Git Hooi	69,000	-	-	69,000

In addition to the above, the following directors are deemed to have an interest in the shares of the Company to the extent of options granted to them pursuant to the ESOS of the Company:

Options in Company's Shares	No. of options over ordinary shares of RM1.00 each at a price of RM1.20 each				Balance as at 31 Dec. 2006
	Balance as at 1 Jan. 2006	Granted	Exercised	Lapsed	
Soon Ah Khun @ Soon Lian Huat	120,000	-	(120,000)	-	-
Soon Cheng Hai	300,000	-	(300,000)	-	-
Soon Cheng Boon	300,000	-	(300,000)	-	-
Soon Hean Hooi	300,000	-	(300,000)	-	-
Lee Sieng Tzi @ Vincent Lee	120,000	-	(120,000)	-	-



Directors' Report (cont'd)

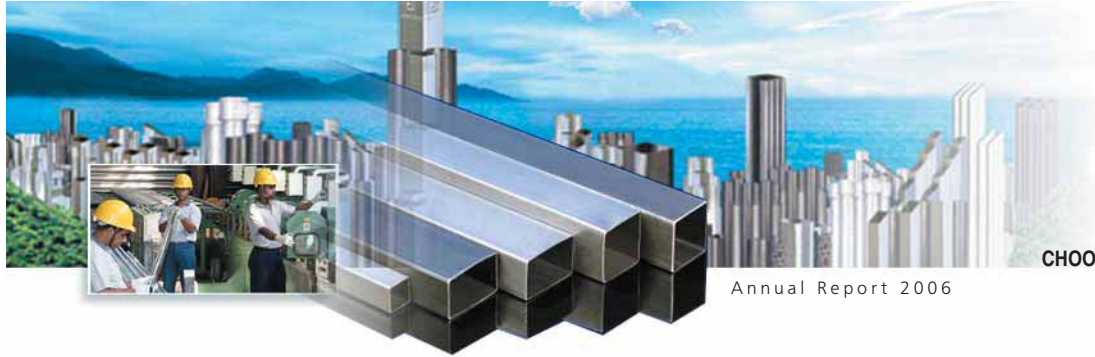
	No. of ordinary shares of RM1.00 each			Balance as at 31 Dec. 2006
	Balance as at 1 Jan. 2006	Bought	Sold	
Shares in holding company, Soon Lian Huat Holdings Sdn. Berhad				
Registered in the name of directors				
Soon Ah Khun @ Soon Lian Huat	62,000	-	-	62,000
Soon Cheng Hai	226,667*	-	-	226,667*
Soon Cheng Boon	226,667*	-	-	226,667*
Soon Hean Hooi	226,666*	-	-	226,666*

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

	No. of ordinary shares of RM1.00 each			Balance as at 31 Dec. 2006
	Balance as at 1 Jan. 2006	Bought	Sold	
Shares in other related company, Choo Bee Holdings Sdn. Bhd.				
Registered in the name of directors				
Soon Cheng Hai	161,829	-	-	161,829
Soon Cheng Boon	161,829	-	-	161,829
Soon Hean Hooi	161,832	-	-	161,832
Deemed interest by virtue of shares held by a company in which a director has interest				
Soon Ah Khun @ Soon Lian Huat	1,973,900	-	-	1,973,900

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.



CHOO BEE

CHOO BEE METAL INDUSTRIES BERHAD
(Company No. 10587-A)

Annual Report 2006

Directors' Report (cont'd)

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 21 and 30 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 except for options granted under the ESOS of the Company as disclosed above.

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,
Date: 23 March 2007



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 2006 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 2006 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.

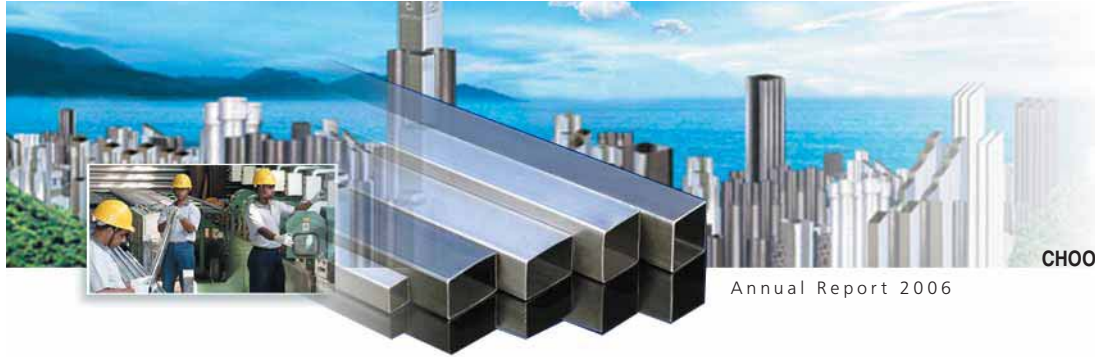
DELOITTE KASSIMCHAN

AF 0080
Chartered Accountants

YEOH SIEW MING

2421/05/07(J/PH)
Partner

Date: 23 March 2007



CHOO BEE

CHOO BEE METAL INDUSTRIES BERHAD
(Company No. 10587-A)

Annual Report 2006

Income Statements

for the year ended 31 December 2006

	Note(s)	The Group		The Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Revenue	4	356,758,282	329,036,900	157,992,718	153,699,355
Investment revenue	6	600,046	445,418	13,839,540	429,072
Other gains and losses	7	2,473,105	1,082,350	1,946,236	908,578
Other operating income		1,379,683	2,258,996	779,036	1,543,425
Changes in inventories of finished goods and work in progress		6,296,168	(14,275,075)	8,716,701	(2,950,691)
Raw materials and consumables used		(121,193,477)	(114,695,265)	(115,691,532)	(108,585,834)
Purchase of trading goods		(175,500,778)	(157,388,679)	(14,000,583)	(19,130,530)
Directors' remuneration	8	(4,847,546)	(4,408,324)	(2,240,222)	(2,226,793)
Employee benefits expenses	9	(7,440,845)	(5,504,475)	(3,900,002)	(2,773,404)
Write back of impairment loss/(Impairment loss) of property, plant and equipment	14	(37,028)	96,486	(37,028)	-
Depreciation and amortisation	14&15	(4,602,224)	(2,842,135)	(3,883,173)	(2,045,694)
Finance costs	10	(1,954,021)	(1,621,655)	(1,522,461)	(1,026,762)
Other expenses		(10,286,719)	(8,237,849)	(6,224,372)	(4,916,357)
Profit before tax		41,644,646	23,946,693	35,774,858	12,924,365
Income tax expense	11	(9,220,484)	(6,730,699)	(6,116,933)	(3,557,216)
Profit for the year	12	32,424,162	17,215,994	29,657,925	9,367,149
Attributable to:					
Equity holders of the Company		32,424,162	16,592,979	29,657,925	9,367,149
Minority interests		-	623,015	-	-
		32,424,162	17,215,994	29,657,925	9,367,149
Earnings per share					
Basic (sen per share)	13	30.9	16.0		
Diluted (sen per share)	13	30.9	15.8		

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



Balance Sheets

as at 31 December 2006

	Note(s)	The Group		The Company	
		2006 RM	2005 RM	2006 RM	2005 RM
ASSETS					
Non-current assets					
Property, plant and equipment	14	103,672,547	87,250,266	92,854,057	75,880,070
Investment properties	15	258,769	-	177,610	-
Investment in subsidiary companies	16	-	-	26,673,379	26,673,379
Other investments	17	169,934	5,796,927	147,154	5,776,037
Goodwill on consolidation	18	1,382,473	1,382,473	-	-
Deferred tax asset	28	72,000	-	-	-
Total non-current assets		105,555,723	94,429,666	119,852,200	108,329,486
Current assets					
Inventories	19	157,756,553	123,300,270	113,927,909	74,709,607
Trade and other receivables	20&21	133,918,028	108,491,856	78,649,583	74,121,806
Current tax assets	11	4,668,737	4,989,572	4,668,737	4,128,197
Other assets	22	4,367,501	3,386,482	4,108,049	3,131,405
Cash and bank balances	23	4,834,340	7,341,301	3,945,287	5,980,612
Total current assets		305,545,159	247,509,481	205,299,565	162,071,627
Total assets		411,100,882	341,939,147	325,151,765	270,401,113
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	24	109,903,000	107,499,000	109,903,000	107,499,000
Treasury shares	24	(5,603,227)	(5,464,525)	(5,603,227)	(5,464,525)
Reserves	25	25,301,298	24,798,150	24,115,005	23,611,857
Retained earnings	25	184,713,138	156,801,251	123,279,542	98,133,892
Total equity		314,314,209	283,633,876	251,694,320	223,780,224
Non-current liabilities					
Borrowings	26	3,933,691	14,995,593	3,933,691	14,995,593
Retirement benefits obligation	27	354,517	375,218	295,310	299,317
Deferred tax liabilities	28	10,357,019	7,977,793	9,021,661	6,607,972
Total non-current liabilities		14,645,227	23,348,604	13,250,662	21,902,882
Current liabilities					
Trade and other payables	29	16,622,313	11,313,490	5,886,854	5,655,170
Borrowings	26	57,829,232	17,328,187	50,545,342	15,077,048
Current tax liabilities	11	1,414,562	-	-	-
Other liabilities	31	6,275,339	6,314,990	3,774,587	3,985,789
Total current liabilities		82,141,446	34,956,667	60,206,783	24,718,007
Total liabilities		96,786,673	58,305,271	73,457,445	46,620,889
Total equity and liabilities		411,100,882	341,939,147	325,151,765	270,401,113
Net tangible assets per ordinary share		2.95	2.72		

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

Statement of Changes in Equity

for the year ended 31 December 2006

Annual Report 2006

CHOO BEE METAL INDUSTRIES BERHAD
(Company No. 10587-A)



The Group	Note(s)	Attributable to Equity Holders of the Company									
		Share Capital RM	Treasury Shares RM	Share Premium RM	Reserve on Consolidation RM	General Reserve RM	Equity-Settled Employee Benefits Reserve RM	Retained Earnings RM	Subtotal RM	Minority Interest RM	Total Equity RM
As at 1 January 2005: As previously stated		105,593,000	(4,020,840)	23,166,095	1,366,071	1,186,293	-	145,645,162	272,935,781	8,544,045	281,479,826
Effect of changes in accounting policies for: Share-based payment	38	-	-	-	-	-	26,812	(26,812)	-	-	-
Restated balance		105,593,000	(4,020,840)	23,166,095	1,366,071	1,186,293	26,812	145,618,350	272,935,781	8,544,045	281,479,826
Profit for the year		-	-	-	-	-	-	16,592,979	16,592,979	623,015	17,215,994
Total recognised income and expense	-	-	-	-	-	-	-	16,592,979	16,592,979	623,015	17,215,994
Dividend	32	-	-	-	-	-	-	(6,776,149)	(6,776,149)	-	(6,776,149)
Issue of shares under Employee Share Options Scheme	24&25	1,906,000	-	418,950	-	-	-	-	2,324,950	-	2,324,950
Buy-back of ordinary shares	24	-	(1,443,685)	-	-	-	-	-	(1,443,685)	-	(1,443,685)
Acquisition of remaining interest in subsidiary		-	-	-	-	-	-	-	-	(9,167,060)	(9,167,060)
As at 31 December 2005		107,499,000	(5,464,525)	23,585,045	1,366,071	1,186,293	26,812	155,435,180	283,633,876	-	283,633,876

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

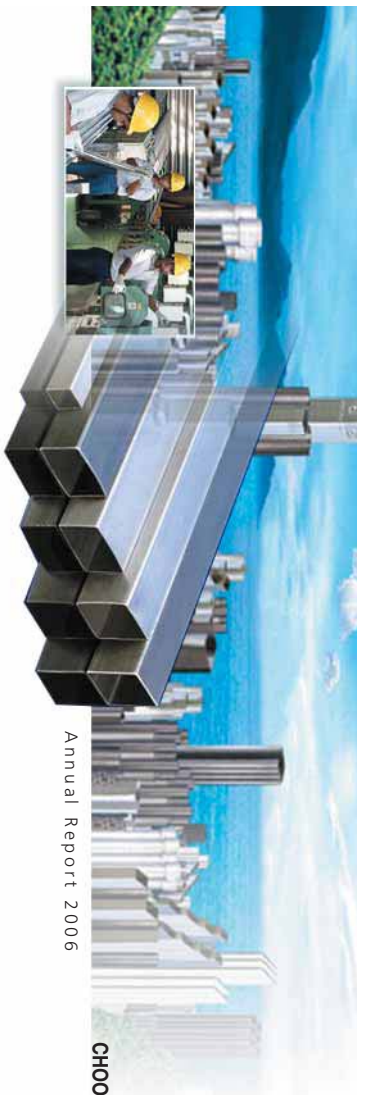


Annual Report 2006

Statement Of Changes In Equity (cont'd)
 for the year ended 31 December 2006

The Group	Note(s)	Attributable to Equity Holders of the Company									
		Share Capital RM	Treasury Shares RM	Share Premium RM	Reserve on Consolidation RM	General Reserve RM	Equity-Settled Employee Benefits Reserve RM	Retained Earnings RM	Subtotal RM	Minority Interest RM	Total Equity RM
As at 1 January 2006:											
As previously stated		107,499,000	(5,464,525)	23,585,045	1,366,071	1,186,293	-	155,461,992	283,633,876	-	283,633,876
Effect of changes in accounting policies for:											
Share-based payment	38	-	-	-	-	-	26,812	(26,812)	-	-	-
Business combinations	38	-	-	-	(1,366,071)	-	-	1,366,071	-	-	-
Restated balance		107,499,000	(5,464,525)	23,585,045	-	1,186,293	26,812	156,801,251	283,633,876	-	283,633,876
Profit for the year		-	-	-	-	-	-	32,424,162	32,424,162	-	32,424,162
Total recognised income and expense		-	-	-	-	-	-	32,424,162	32,424,162	-	32,424,162
Dividend	32	-	-	-	-	-	-	(4,539,087)	(4,539,087)	-	(4,539,087)
Recognition of share-based payments		-	-	-	-	-	46,980	-	46,980	-	46,980
Issue of shares under Employee Share Options Scheme	24&25	2,404,000	-	529,960	-	-	(46,980)	-	2,886,980	-	2,886,980
Expiry of share options		-	-	-	-	-	(26,812)	26,812	-	-	-
Buy-back of ordinary shares	24	-	(138,702)	-	-	-	-	-	(138,702)	-	(138,702)
As at 31 December 2006		109,903,000	(5,603,227)	24,115,005	-	1,186,293	-	184,713,138	314,314,209	-	314,314,209

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



Statement Of Changes In Equity (cont'd)
 for the year ended 31 December 2006

	Note(s)	Attributable to Equity Holders of the Company					Total Equity RM
		Share Capital RM	Treasury Shares RM	Share Premium RM	Non-distributable Reserves	Distributable Reserve	
					Equity-Settled Employee Benefits Reserve RM	Retained Earnings RM	
The Company							
As at 1 January 2005:							
As previously stated		105,593,000	(4,020,840)	23,166,095	-	95,569,704	220,307,959
Effect of changes in accounting policy for: Share-based payment	38	-	-	-	26,812	(26,812)	-
Restated balance		105,593,000	(4,020,840)	23,166,095	26,812	95,542,892	220,307,959
Profit for the year		-	-	-	-	9,367,149	9,367,149
Total recognised income and expense		-	-	-	-	9,367,149	9,367,149
Dividend	32	-	-	-	-	(6,776,149)	(6,776,149)
Issue of shares under Employee Share Options Scheme	24&25	1,906,000	-	418,950	-	-	2,324,950
Buy-back of ordinary shares	24	-	(1,443,685)	-	-	-	(1,443,685)
As at 31 December 2005		107,499,000	(5,464,525)	23,585,045	26,812	98,133,892	223,780,224

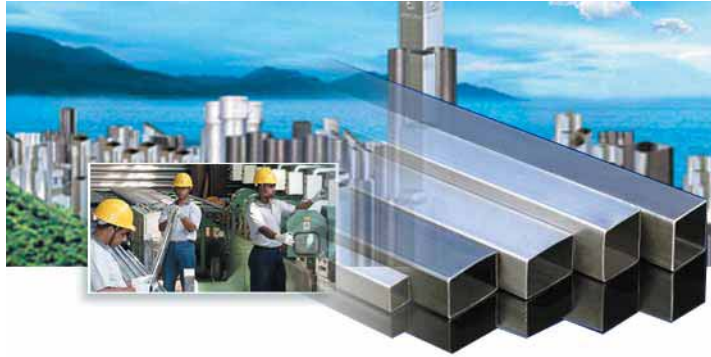
(Forward)



Statement Of Changes In Equity (cont'd)
 for the year ended 31 December 2006

	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	
The Company							
As at 1 January 2006: As previously stated		107,499,000	(5,464,525)	23,585,045	-	98,160,704	223,780,224
Effect of changes in accounting policy for: Share-based payment	38	-	-	-	26,812	(26,812)	-
Restated balance		107,499,000	(5,464,525)	23,585,045	26,812	98,133,892	223,780,224
Profit for the year		-	-	-	-	29,657,925	29,657,925
Total recognised income and expense		-	-	-	-	29,657,925	29,657,925
Dividend	32	-	-	-	-	(4,539,087)	(4,539,087)
Recognition of share-based payments		-	-	-	46,980	-	46,980
Issue of shares under Employee Share Options Scheme	24&25	2,404,000	-	529,960	(46,980)	-	2,886,980
Expiry of share options		-	-	-	(26,812)	26,812	-
Buy-back of ordinary shares	24	-	(138,702)	-	-	-	(138,702)
As at 31 December 2006		109,903,000	(5,603,227)	24,115,005	-	123,279,542	251,694,320

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



Cash Flow Statement

for the year ended 31 December 2006

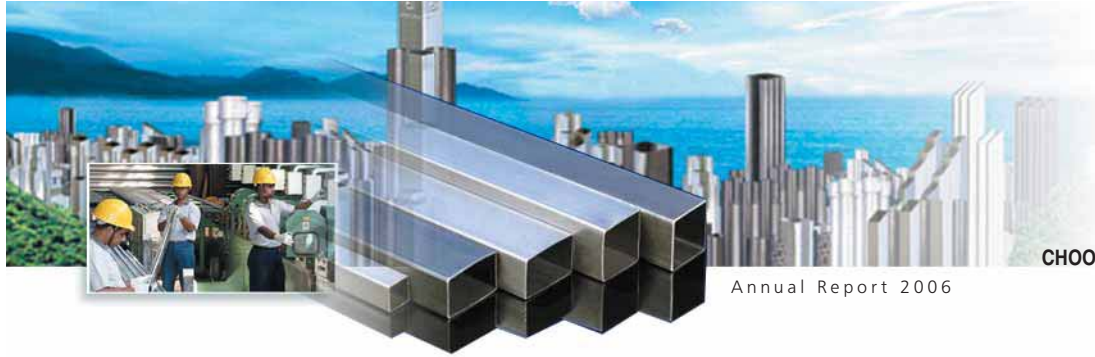
		The Group	
	Note	2006 RM	2005 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		32,424,162	17,215,994
Adjustments for:			
Income tax expense recognised in profit or loss		9,220,484	6,730,699
Depreciation of:			
Property, plant and equipment		4,599,112	2,842,135
Investment properties		3,112	-
Finance costs recognised in profit or loss		1,954,021	1,621,655
Allowance for doubtful debts		650,159	173,374
Property, plant and equipment written off		77,490	217,663
Share based payment		46,980	-
Impairment loss/(Write back of impairment loss) of property, plant and equipment		37,028	(96,486)
Unrealised (gain)/loss on foreign exchange		(1,861,495)	23,404
Interest income from operating activities		(1,025,317)	(645,508)
Investment revenue recognised in profit or loss		(600,046)	(445,418)
Write (back)/down of inventories		(517,554)	13,353,466
Allowance for doubtful debts no longer required		(235,348)	(1,482,405)
Gain on disposal of property, plant and equipment		(33,100)	(40,447)
Provision for retirement benefits		-	2,978
		44,739,688	39,471,104
Movements in working capital:			
Decrease/(Increase) in:			
Inventories		(33,938,729)	55,799,437
Trade and other receivables		(25,840,983)	(11,787,486)
Other assets		(981,019)	7,788,668
Increase/(Decrease) in:			
Trade and other payables		5,308,823	(1,949,687)
Other liabilities		(39,651)	(239,141)
Cash (Used In)/Generated From Operations		(10,751,871)	89,082,895
Interest income		1,025,317	645,508
Income tax paid		(5,169,793)	(13,144,349)
Retirement benefits paid	27	(20,701)	(10,269)
Net Cash (Used In)/Generated From Operating Activities		(14,917,048)	76,573,785



Cash Flow Statement (cont'd)
for the year ended 31 December 2006

		The Group	
	Note	2006 RM	2005 RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from disposal of unit trusts		60,834,371	46,095,441
Proceeds from disposal of quoted investments		450,472	949,090
Dividends received from unit trusts		340,360	12,604
Interest on investment funds and fixed deposits		134,803	100,947
Proceeds from disposal of property, plant and equipment		98,927	274,300
Dividends received from quoted investments		25,994	89,985
Rental received		25,200	35,850
Purchase of unit trusts		(55,592,229)	(51,000,000)
Purchase of property, plant and equipment		(21,463,619)	(42,375,684)
Acquisition of shares from minority interest		-	(10,549,533)
Net Cash Used In Investing Activities		(15,145,721)	(56,367,000)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Net proceeds from/(Repayment of) short-term borrowings		36,333,677	(31,262,239)
Proceeds from issuance of shares		2,886,980	2,324,950
(Repayment of)/Proceeds from term loan		(6,569,552)	23,542,235
Dividends paid on share capital	32	(4,539,087)	(6,776,149)
Finance costs paid		(1,954,021)	(1,621,655)
Repurchase of own shares	24	(138,702)	(1,443,685)
Net Cash Generated From/(Used In) Financing Activities		26,019,295	(15,236,543)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(4,043,474)	4,970,242
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		7,315,295	2,345,053
CASH AND CASH EQUIVALENTS AT END OF YEAR	36	3,271,821	7,315,295

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



CHOO BEE

CHOO BEE METAL INDUSTRIES BERHAD
(Company No. 10587-A)

Annual Report 2006

Cash Flow Statement (cont'd)
for the year ended 31 December 2006

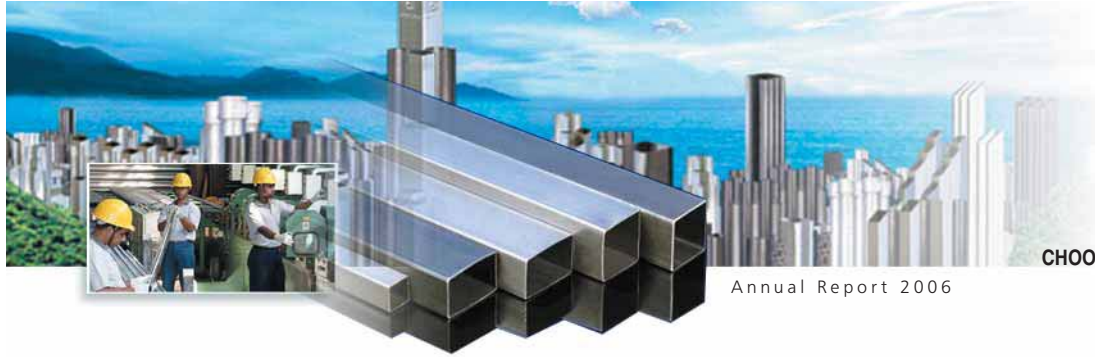
	Note	The Company	
		2006 RM	2005 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		29,657,925	9,367,149
Adjustments for:			
Income tax expense recognised in profit or loss		6,116,933	3,557,216
Depreciation of:			
Property, plant and equipment		3,881,173	2,045,694
Investment property		2,000	-
Finance costs recognised in profit or loss		1,522,461	1,026,762
Property, plant and equipment written off		68,168	151,996
Allowance for doubtful debts		65,916	-
Share based payment		46,980	-
Impairment loss of property, plant and equipment		37,028	-
Investment revenue recognised in profit or loss		(13,839,540)	(429,072)
Unrealised (gain)/loss on foreign exchange		(1,537,812)	26,735
Interest income from operating activities		(642,489)	(1,078,966)
Write (back)/down of inventories		(118,224)	11,309,025
Allowance for doubtful debts no longer required		(48,000)	(351,677)
Gain on disposal of property, plant and equipment		(33,100)	(1,748)
		25,179,419	25,623,114
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		(39,100,078)	45,438,119
Trade and other receivables		(4,694,999)	(3,846,828)
Other assets		(976,644)	7,793,185
Increase/(Decrease) in:			
Trade and other payables		231,684	(2,065,675)
Other liabilities		(211,202)	624,873
Cash (Used In)/Generated From Operations		(19,571,820)	73,566,788
Interest income		642,489	1,078,966
Income tax paid		(2,261,317)	(7,703,278)
Retirement benefits paid	27	(4,007)	(7,291)
Net Cash (Used In)/Generated From Operating Activities		(21,194,655)	66,935,185



Cash Flow Statement (cont'd)
for the year ended 31 December 2006

	Note	The Company	
		2006 RM	2005 RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from disposal of unit trusts		47,276,361	44,089,331
Dividends received from subsidiary companies		11,369,029	-
Proceeds from disposal of quoted investments		450,472	949,090
Dividends received from unit trusts		284,131	12,604
Interest on investment funds and fixed deposits		107,939	90,811
Proceeds from disposal of property, plant and equipment		98,927	34,100
Dividends received from quoted investment		25,635	88,425
Rental received		12,600	23,250
Purchase of unit trusts		(42,040,211)	(49,000,000)
Purchase of property, plant and equipment		(21,205,793)	(41,522,605)
Acquisition of shares from minority interest		-	(10,549,533)
Net Cash Used In Investing Activities		(3,620,910)	(55,784,527)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Net proceeds from/(Repayment of) short-term borrowings		32,302,935	(23,421,465)
Proceeds from issuance of shares		2,886,980	2,324,950
(Repayment of)/Proceeds from term loan		(6,569,552)	23,542,235
Dividends paid on share capital	32	(4,539,087)	(6,776,149)
Finance costs paid		(1,522,461)	(1,026,762)
Repurchase of own shares	24	(138,702)	(1,443,685)
Net Cash Generated From/(Used In) Financing Activities		22,420,113	(6,800,876)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,395,452)	4,349,782
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		5,980,476	1,630,694
CASH AND CASH EQUIVALENTS AT END OF YEAR	36	3,585,024	5,980,476

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



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 16.

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 23 March 2007.

2. BASIS OF PREPARATION OF 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.

During the financial year, the Group and the Company adopted all of 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 January 2006. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the accounting policies of the Group and of the Company except as follows:

(a) FRS 2: Share-based Payment

Prior to 1 January 2006, no compensation expense was recognised in Income Statement for share options granted. The Group and the Company recognised an increase in share capital and share premium account when the options were exercised. Upon the adoption of FRS 2, the total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the equity-settled employee benefits reserve within equity over the vesting period.

The Group and the Company have applied FRS 2 in accordance with its transitional provisions which allow the change in accounting policy be applied to share options that were granted after 31 December 2004 but had not yet been vested on 1 January 2006. The Group and the Company applied FRS 2 retrospectively and accordingly, certain comparative figures have been restated as at 31 December 2005.

The Employee Share Options Scheme ("ESOS") expired on 25 November 2006 and the fair value of all expired options have been reclassified from equity-settled employee benefits reserve to retained profits. The effects are set out in Note 25.



Notes to the Financial Statements (cont'd)

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

(b) FRS 3: Business Combination

The new FRS 3 requires goodwill acquired in a business combination to be carried at cost less any accumulated impairment losses and prohibits the amortisation of goodwill. Under the revised FRS 136, Impairment of Assets, 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. Previously, the Group carried goodwill in its balance sheet at cost. Where there is an indication of impairment in the value of the Group's investment in subsidiary companies, the carrying amount of goodwill is written down immediately to the recoverable amount of the Group's investment in the subsidiary companies.

FRS 3 also requires any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisitions, previously known as negative goodwill, be reassessed and recognised immediately to the profit or loss. In accordance with the transitional rules of FRS 3, the Group has applied the revised accounting policy for goodwill prospectively from the beginning of its first annual period beginning on 1 January 2006. Negative goodwill of the Group amounting to RM1,366,071 as at 1 January 2006 was derecognised with a corresponding increase in retained profits.

(c) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interest.

The current year's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current year's presentation.

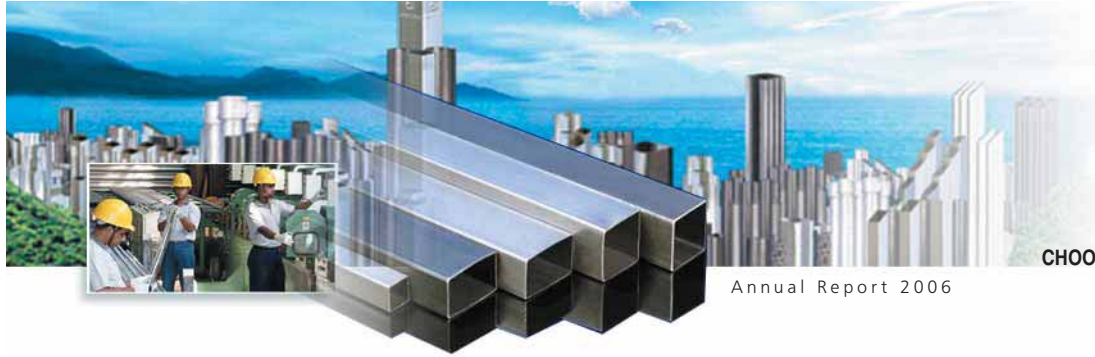
(d) FRS 140: Investment Property

FRS 140 requires land and/ or buildings (completed properties) held to earn rental and/ or for capital appreciation to be accounted for as Investment Property. The Group has reclassified such properties with carrying amounts of RM261,881 which were previously presented as part of Property, Plant and Equipment to Investment Properties during the financial year. The adoption of FRS 140 has not been adjusted retrospectively as the carrying amounts of the investment properties are immaterial. The investment properties are measured using the cost model and their values will be carried at cost less accumulated depreciation and accumulated impairment loss.

At the date of authorisation of these financial statements for issue, the following Standards and Interpretations were issued but were not adopted:

Standards	Title	Effective for annual periods beginning on or after
FRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2007
FRS 117	Leases	1 October 2006
FRS 124	Related Party Disclosures	1 October 2006
Amendments to FRS 119 2004	Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007

These standards will be adopted in the coming financial year ending 31 December 2007.



Notes to the Financial Statements (cont'd)

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

The following Standard was issued but would only be effective for financial year ending 31 December 2008:

Standards	Title	Effective for annual periods beginning on or after
Amendments to FRS 121	The effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007

The directors anticipate that the adoption of the above Standards and Interpretations in future years will have no material impact on the financial statements of the Group and of the Company, except as follows:

FRS 117: Leases

The adoption of the revised FRS 117 will result in retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for entering into the leasehold represents prepaid lease payments and are amortised on a straight-line basis over the lease term. A lease of land and building is apportioned into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. Leasehold land is currently classified as property, plant and equipment and is stated at costs less accumulated depreciation and impairment losses.

Upon the adoption of the revised FRS 117, the unamortised revalued amount of leasehold land will be retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions of the revised FRS 117. The reclassification of leasehold land as prepaid lease payments will be accounted for retrospectively.

Other than as disclosed above, the directors anticipate that the adoption of FRS 117 in the financial year ending 31 December 2007 will have no material impact on the financial statements of the Group and of the Company.

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.

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 2006.

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.



Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Consolidation (cont'd)

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.

Minority interests in the net assets of consolidated subsidiary companies are identified separately from the Group's equity therein. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Minority interests consist of amount of those interests at the date of the original business combination stated at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised at that date and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

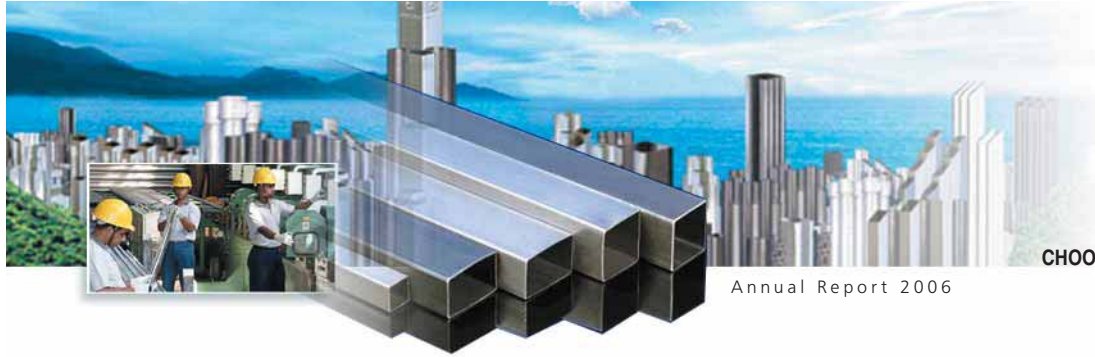
Revenue Recognition

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.



Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.



Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 the income statements 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 has an ESOS whereby options to subscribe for ordinary shares in the Company are granted to eligible employees, including executive directors of the Company and its subsidiary companies, which allows the eligible employees to acquire ordinary shares in the Company. The ESOS are recognised as an employee benefits expense in the income statement over the vesting period with a corresponding increase in equity-settled employee benefits reserve. The expense is 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 is measured, using the Binomial Model at the grant date after taking into account market vesting conditions, if any, upon which the options are granted but excluding the impact of any non-market vesting conditions.

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

Taxation

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

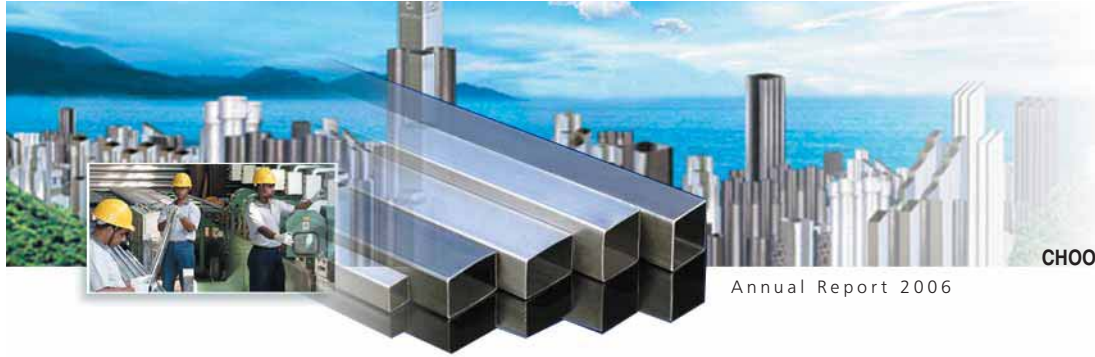
Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement 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.



Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax (cont'd)

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 period

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.

Long-term leasehold land is amortised evenly over the remaining lease periods ranging from 51 to 85 years. One of the long-term leasehold land with a remaining lease period of 890 years is not amortised as the effect of the non-amortisation is not expected to be material.

Short-term leasehold land is amortised evenly over the remaining lease periods ranging from 33 to 37 years.

Freehold land is not amortised.

Freehold land and buildings are depreciated over their estimated remaining useful lives of the buildings at 2% per annum.

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.



Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Investment Properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at cost. The investment properties are measured using the cost model and their values will be carried at cost less accumulated depreciation and accumulated impairment loss.

Long-term leasehold land and building are amortised evenly over the remaining lease periods of 74 years. Freehold land and building is depreciated on a straight-line basis to write off the cost over their estimated useful lives at 2% per annum.

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 carrying amount 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.

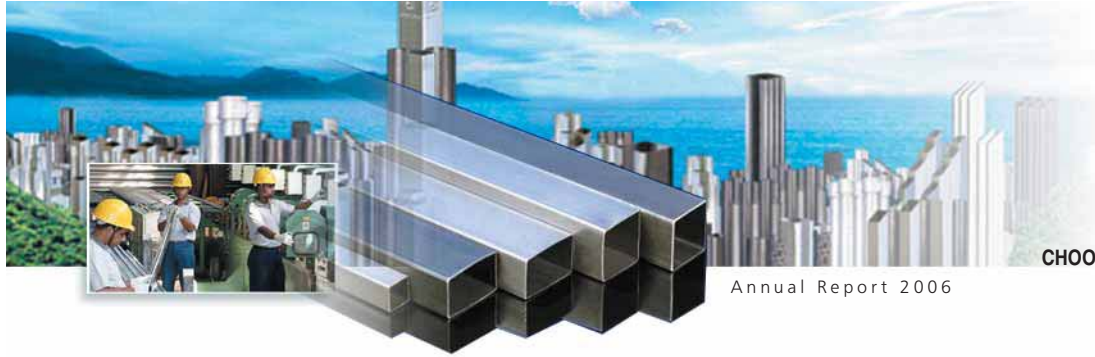
For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication 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 income statement 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 its 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.



Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of Assets (cont'd)

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.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement, 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 the income statement, 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 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 of 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.



Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 18 contain 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	
	2006 RM	2005 RM	2006 RM	2005 RM
Manufacturing sales	121,819,657	111,868,113	138,340,184	130,118,098
Trading sales	234,938,625	217,168,787	19,652,534	23,581,257
	356,758,282	329,036,900	157,992,718	153,699,355

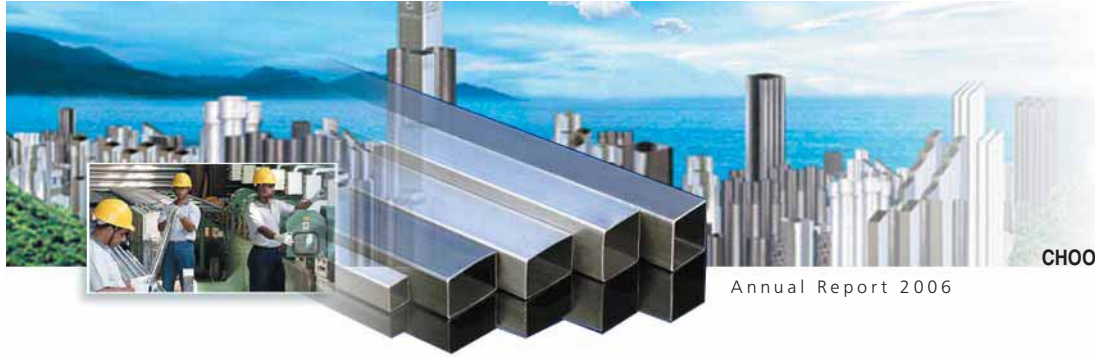
5. SEGMENT REPORTING

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.



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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
Revenue				
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>
Results				
Segment result	<u>20,676,153</u>	<u>22,920,206</u>	<u>(200,459)</u>	43,395,900
Unallocated corporate income				202,767
Finance costs				(1,954,021)
Profit before tax				41,644,646
Income tax expense				(9,220,484)
Profit after tax				<u>32,424,162</u>
Other information				
Capital expenditure	(1,400,958)	(20,062,661)	-	(21,463,619)
Net reversal of write down in inventories	832,180	(314,626)	-	517,554
Depreciation and amortisation charges	(251,484)	(4,350,740)	-	(4,602,224)
Impairment loss of property, plant and equipment	-	(37,028)	-	(37,028)
Property, plant and equipment written off	(11,308)	(66,182)	-	(77,490)
Consolidated Balance Sheet				
Assets				
Segment assets	122,996,046	276,865,219	(691,788)	399,169,477
Unallocated corporate assets				11,931,405
Consolidated total assets				<u>411,100,882</u>
Liabilities				
Segment liabilities	28,554,175	56,105,100	-	84,659,275
Unallocated corporate liabilities				12,127,398
Consolidated total liabilities				<u>96,786,673</u>



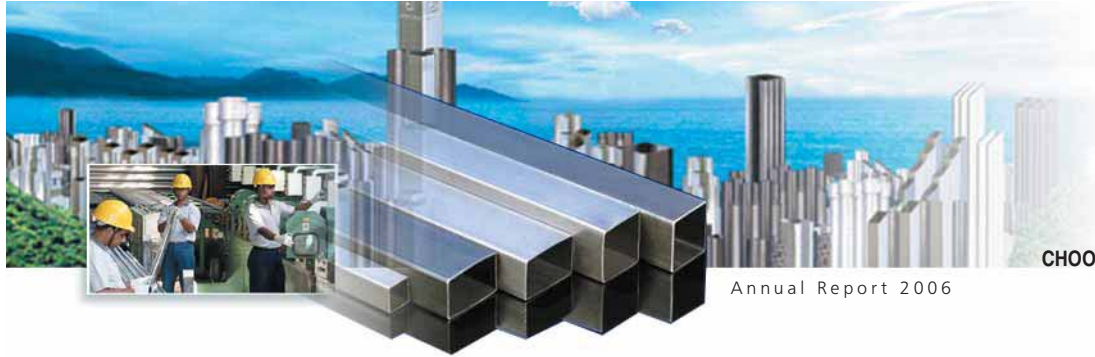
Notes to the Financial Statements (cont'd)

5. SEGMENT REPORTING (cont'd)

Business Segments (cont'd)

The Group 2005	Trading RM	Manufacturing RM	Eliminations RM	Consolidated RM
Revenue				
External sales	217,168,787	111,868,113	-	329,036,900
Inter-segment sales	8,715,856	26,076,659	(34,792,515)	-
	<u>225,884,643</u>	<u>137,944,772</u>	<u>(34,792,515)</u>	<u>329,036,900</u>
Results				
Segment result	<u>10,467,488</u>	<u>13,894,772</u>	<u>1,101,224</u>	25,463,484
Unallocated corporate income				104,864
Finance costs				(1,621,655)
Profit before tax				23,946,693
Income tax expense				(6,730,699)
Profit after tax				<u>17,215,994</u>
Other information				
Capital expenditure	(1,156,180)	(41,219,504)	-	(42,375,684)
Write down of inventories	(2,542,538)	(10,810,928)	-	(13,353,466)
Depreciation and amortisation charges	(327,611)	(2,528,270)	13,746	(2,842,135)
Write back of impairment loss of property, plant and equipment	-	96,486	-	96,486
Property, plant and equipment written off	(50,917)	(166,746)	-	(217,663)
Consolidated Balance Sheet				
Assets				
Segment assets	123,647,273	198,711,142	(491,329)	321,867,086
Unallocated corporate assets				20,072,061
Consolidated total assets				<u>341,939,147</u>
Liabilities				
Segment liabilities	11,964,287	37,986,119	-	49,950,406
Unallocated corporate liabilities				8,354,865
Consolidated total liabilities				<u>58,305,271</u>

Information on the carrying amount of segment assets by geographical area and segment analysis by geographical market have not been provided for as the Group operates principally in Malaysia.



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Notes to the Financial Statements (cont'd)

6. INVESTMENT REVENUE

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Gross dividend received from:				
Quoted investments	34,062	123,335	33,702	121,775
Subsidiaries	-	-	13,343,429	-
Unit trusts	340,360	276,731	284,131	270,008
Gain/(Loss) on disposal of:				
Unit trusts	31,217	42,239	25,225	42,852
Quoted investments	(73,959)	(47,370)	(73,959)	(47,370)
Interest revenue from short-term deposits	134,803	100,947	107,939	90,811
Rental revenue	25,200	35,850	12,600	23,250
Write back/(down) of:				
Quoted investments	64,141	(43,883)	62,251	(29,823)
Unit trusts	44,222	(42,431)	44,222	(42,431)
	600,046	445,418	13,839,540	429,072

7. OTHER GAINS AND LOSSES

Included in other gains and losses are the following:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Gain on disposal of property, plant and equipment	33,100	40,447	33,100	1,748
Realised gain on foreign exchange	578,510	1,065,307	375,324	933,565
Unrealised gain/(loss) on foreign exchange	1,861,495	(23,404)	1,537,812	(26,735)
	2,473,105	1,082,350	1,946,236	908,578



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Notes to the Financial Statements (cont'd)

8. DIRECTORS' REMUNERATION

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Executive directors:				
Fees	128,000	128,000	100,000	100,000
Other emoluments:				
Current year	4,201,221	2,923,547	1,918,807	1,439,172
Previous year	386,325	1,227,177	89,415	558,021
	4,587,546	4,150,724	2,008,222	1,997,193
Non-executive directors:				
Fees	96,000	96,000	96,000	96,000
Other emoluments	36,000	33,600	36,000	33,600
	4,847,546	4,408,324	2,240,222	2,226,793

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 RM47,466 (2005: RM56,392).

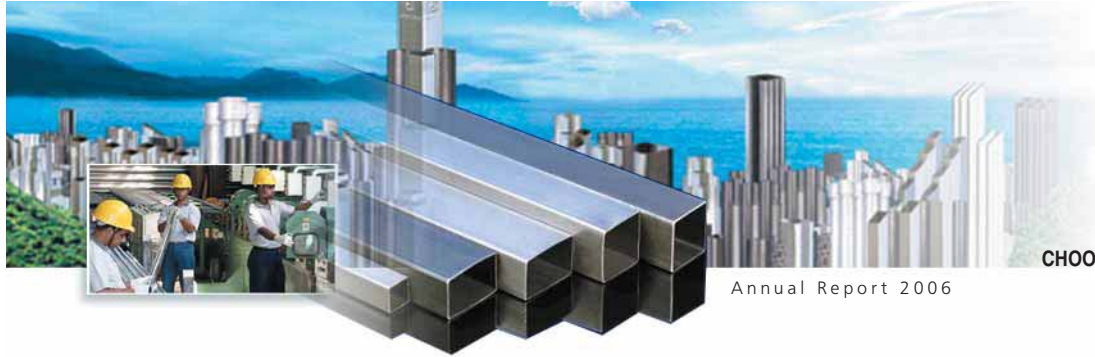
9. EMPLOYEE BENEFITS EXPENSES

Contributions made to the EPF by the Group and by the Company that are included in employees benefit expenses and directors' remuneration amounted to RM1,172,904 (2005: RM1,372,539) and RM313,656 (2005: RM671,799) respectively.

Equity-settled share-based payments included in employees benefits expenses of the Group and of the Company amounted to RM46,980 (2005: RM26,812) and RM31,160 (2005: RM26,812) respectively.

Employees benefit expenses of the Group also include remuneration for the directors of subsidiary companies as follows:

	The Group	
	2006 RM	2005 RM
Fees	4,000	6,000
Other emoluments:		
Current year	30,198	23,749
Previous year	-	1,611
	30,198	25,360
	34,198	31,360



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Notes to the Financial Statements (cont'd)

10. FINANCE COSTS

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Interest on:				
Term loan	1,018,549	314,700	1,018,549	314,700
Other short-term borrowings	931,440	1,303,777	503,418	711,505
Bank overdrafts	832	682	494	557
Others	3,200	2,496	-	-
	1,954,021	1,621,655	1,522,461	1,026,762

11. INCOME TAX EXPENSE

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Current Malaysian tax expense	6,955,600	2,578,000	3,500,000	181,000
Deferred tax (Note 28):				
Relating to origination and reversal of temporary differences	2,336,856	4,038,000	2,510,000	3,433,000
Relating to crystallisation of deferred tax liability on surplus on revaluation of property, plant and equipment	(6,630)	(6,638)	(3,311)	(3,319)
	2,330,226	4,031,362	2,506,689	3,429,681
Under/(Over)provision in prior years:				
Current tax	(42,342)	130,337	203,244	(41,465)
Deferred tax (Note 28)	(23,000)	(9,000)	(93,000)	(12,000)
	9,220,484	6,730,699	6,116,933	3,557,216

As at 31 December 2006, the Company has 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 RM45,418,000 (2005: RM31,175,000). These tax-exempt accounts are available for distribution of tax-exempt dividends to the shareholders of the Company.

As at 31 December 2006, 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 RM5,562,000 (2005: RM11,190,000). These tax-exempt accounts are available for distribution as tax-exempt dividends to the shareholders of the subsidiary companies.

As at 31 December 2006, subject to the agreement by the tax authorities, the Company and one of the subsidiary companies has unutilised reinvestment allowances claimed amounting to approximately RM22,360,000 (2005: RM24,726,000) and RMNil (2005: RM797,000) respectively which are available for set-off against future taxable income.



Notes To The Financial Statements (cont'd)

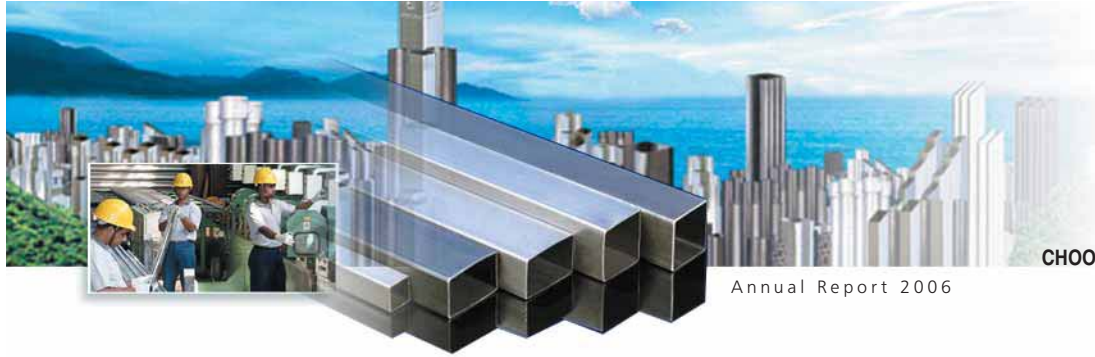
11. INCOME TAX EXPENSE (cont'd)

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

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Profit before tax	41,644,646	23,946,693	35,774,858	12,924,365
Tax at the applicable tax rate of 28%	11,660,000	6,705,000	10,017,000	3,619,000
Tax effects in respect of:				
Expenses that are not deductible in determining taxable profit	305,796	120,000	238,100	84,000
Reinvestment allowances utilised	(2,253,300)	-	(2,226,300)	-
Income that is not taxable in determining taxable profit	(420,040)	(209,000)	(2,018,800)	(89,000)
Crystallisation of deferred tax liability on surplus on revaluation of property, plant and equipment	(6,630)	(6,638)	(3,311)	(3,319)
	9,285,826	6,609,362	6,006,689	3,610,681
Income tax - prior year	(42,342)	130,337	203,244	(41,465)
Deferred tax - prior year	(23,000)	(9,000)	(93,000)	(12,000)
Income tax expense recognised in income statements	9,220,484	6,730,699	6,116,933	3,557,216

Current tax assets and liabilities

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
<u>Current tax assets</u>				
Tax refund receivable	4,668,737	4,989,572	4,668,737	4,128,197
<u>Current tax liabilities</u>				
Income tax payable	1,414,562	-	-	-



Notes to the Financial Statements (cont'd)

12. PROFIT FOR THE YEAR

Included in profit for the year are the following:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Interest receivable/received on:				
Overdue accounts	1,025,299	645,038	642,475	982,114
Others	18	470	14	268
Advances to subsidiary companies	-	-	-	96,584
Allowance for doubtful debts no longer required	235,348	1,482,405	48,000	351,677
Allowance for doubtful debts	(650,159)	(173,374)	(65,916)	-
Rental of land and premises	(499,764)	(227,860)	(154,192)	(50,500)
Fees paid/payable to external auditors:				
Statutory audit:				
Current year	(90,300)	(73,800)	(44,500)	(33,000)
Previous year	-	(12,000)	-	(3,000)
Non-audit services	(5,000)	(5,000)	(5,000)	(5,000)
Property, plant and equipment written off	(77,490)	(217,663)	(68,168)	(151,996)
Provision for retirement benefits	-	(2,978)	-	-



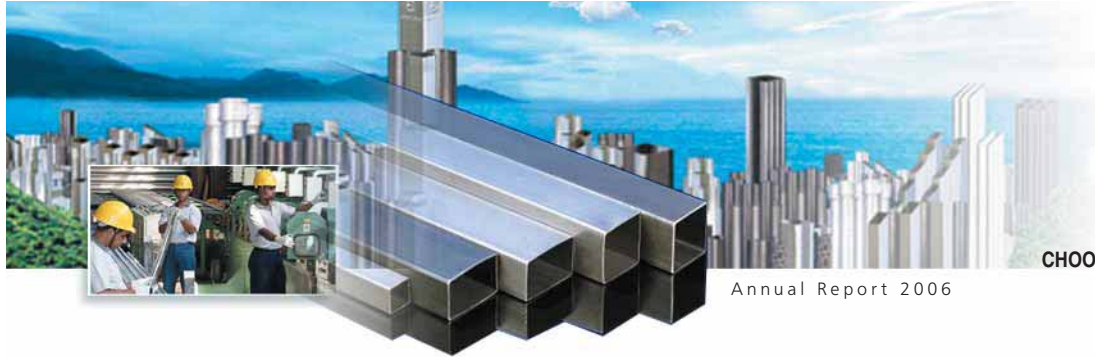
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Notes to the Financial Statements (cont'd)

13. EARNINGS PER SHARE

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

	The Group	
	2006	2005
Basic		
Profit for the year attributable to equity holders of the Company	RM32,424,162	RM16,592,979
Number of ordinary shares in issue as at 1 January	107,499,000	105,593,000
Shares repurchased and held as treasury shares	(3,565,500)	(2,747,000)
	103,933,500	102,846,000
Effect of exercise of ESOS	952,667	1,199,083
Effect of shares repurchased	(24,900)	(255,042)
Weighted average number of ordinary shares	104,861,267	103,790,041
Basic earnings per ordinary share (sen)	30.9	16.0
Diluted		
Profit for the year attributable to equity holders of the Company	RM32,424,162	RM16,592,979
Weighted average number of ordinary shares for basic earnings per share	104,861,267	103,790,041
Adjustments for ESOS:		
Number of unissued shares	-	3,040,917
Number of shares that would have been issued at fair value	-	(1,689,558)
Weighted average number of ordinary shares for diluted earnings per share	104,861,267	105,141,400
Diluted earnings per ordinary share (sen)	30.9	15.8



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Notes to the Financial Statements (cont'd)

14. PROPERTY, PLANT AND EQUIPMENT

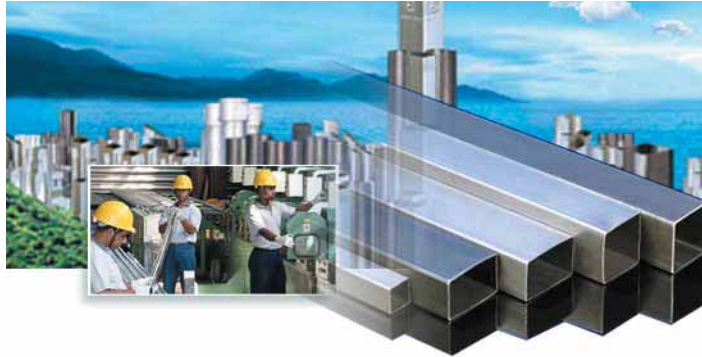
The Group	Land and Buildings RM	Plant and machinery RM	Electrical installation RM	Furniture, fittings, equipment and vehicles RM	Renovation RM	Capital work-in progress RM	Total RM
As at 31 December 2006							
Cost or valuation							
As at 1 January 2006	36,905,141	86,916,825	3,242,600	6,046,389	-	1,898,567	135,009,522
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	(323,098)	-	-	-	-	-	(323,098)
Reclassifications	-	5,108,501	-	242,485	(212,048)	(5,138,938)	-
As at 31 December 2006	37,697,131	94,853,512	3,799,114	7,651,928	881,652	10,737,550	155,620,887
Accumulated depreciation and impairment							
As at 1 January 2006	5,040,802	37,598,536	932,938	4,186,980	-	-	47,759,256
Depreciation charge for the year	621,957	3,437,281	200,659	267,290	71,925	-	4,599,112
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	(61,217)	-	-	-	-	-	(61,217)
As at 31 December 2006	5,601,468	40,885,412	1,122,879	4,266,736	71,845	-	51,948,340
Carrying amount							
As at 31 December 2006	32,095,663	53,968,100	2,676,235	3,385,192	809,807	10,737,550	103,672,547



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
As at 31 December 2005							
Cost or valuation							
As at 1 January 2005	27,939,564	54,858,527	1,773,345	7,532,551	-	2,185,081	94,289,068
Additions	6,883,317	31,652,067	1,488,642	521,455	-	1,830,203	42,375,684
Disposals/Write offs	(34,457)	(529,696)	(27,312)	(1,063,765)	-	-	(1,655,230)
Reclassification	2,116,717	935,927	7,925	(943,852)	-	(2,116,717)	-
As at 31 December 2005	36,905,141	86,916,825	3,242,600	6,046,389	-	1,898,567	135,009,522
Accumulated depreciation and impairment							
As at 1 January 2005	4,629,701	35,674,831	825,911	5,086,878	-	-	46,217,321
Depreciation charge for the year	413,070	1,825,921	112,715	490,429	-	-	2,842,135
Disposals/Write offs	(1,969)	(368,401)	(12,526)	(820,818)	-	-	(1,203,714)
Reversal of impairment losses charged to profit or loss	-	(96,486)	-	-	-	-	(96,486)
Reclassification	-	562,671	6,838	(569,509)	-	-	-
As at 31 December 2005	5,040,802	37,598,536	932,938	4,186,980	-	-	47,759,256
Carrying amount							
As at 31 December 2005	31,864,339	49,318,289	2,309,662	1,859,409	-	1,898,567	87,250,266



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	Long-term leasehold land RM	Short-term leasehold land RM	Buildings RM	Total RM
As at 31 December 2006						
Cost or valuation						
As at 1 January 2006	302,217	582,297	6,239,995	877,882	28,902,750	36,905,141
Additions	-	-	-	-	1,117,132	1,117,132
Disposals/Write offs	-	-	-	-	(2,044)	(2,044)
Transfer to investment properties	-	(195,610)	(57,440)	-	(70,048)	(323,098)
As at 31 December 2006	302,217	386,687	6,182,555	877,882	29,947,790	37,697,131
Accumulated depreciation						
As at 1 January 2006	-	66,563	981,558	317,854	3,674,827	5,040,802
Depreciation charge for the year	-	7,819	88,022	15,136	510,980	621,957
Disposals/Write offs	-	-	-	-	(74)	(74)
Transfer to investment properties	-	(16,000)	(23,337)	-	(21,880)	(61,217)
As at 31 December 2006	-	58,382	1,046,243	332,990	4,163,853	5,601,468
Carrying amount						
As at 31 December 2006	302,217	328,305	5,136,312	544,892	25,783,937	32,095,663

Land and Buildings of the Group consist of:

The Group

As at 31 December 2005

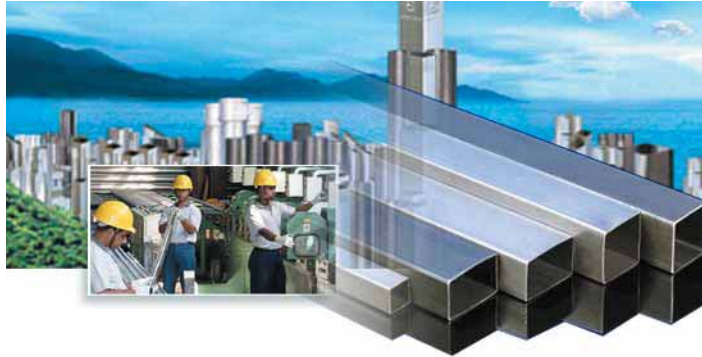
Cost or valuation						
As at 1 January 2005	302,217	584,977	6,219,955	877,882	19,954,533	27,939,564
Additions	-	-	20,040	-	6,863,277	6,883,317
Disposals/Write offs	-	(2,680)	-	-	(31,777)	(34,457)
Reclassification	-	-	-	-	2,116,717	2,116,717
As at 31 December 2005	302,217	582,297	6,239,995	877,882	28,902,750	36,905,141
Accumulated depreciation						
As at 1 January 2005	-	57,912	904,670	302,718	3,364,401	4,629,701
Depreciation charge for the year	-	8,886	76,888	15,136	312,160	413,070
Disposals/Write offs	-	(235)	-	-	(1,734)	(1,969)
Reclassification	-	-	-	-	-	-
As at 31 December 2005	-	66,563	981,558	317,854	3,674,827	5,040,802
Carrying amount						
As at 31 December 2005	302,217	515,734	5,258,437	560,028	25,227,923	31,864,339



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
As at 31 December 2006							
Cost or valuation							
As at 1 January 2006	31,543,983	72,528,706	2,997,550	3,270,637	-	1,570,007	111,910,883
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 investment properties	(195,610)	-	-	-	-	-	(195,610)
Reclassification	-	5,108,501	-	242,485	(212,048)	(5,138,938)	-
As at 31 December 2006	32,464,505	80,532,393	3,563,887	4,678,675	881,652	10,408,990	132,530,102
Accumulated depreciation and impairment							
As at 1 January 2006	3,840,540	28,851,344	842,690	2,496,239	-	-	36,030,813
Depreciation charge for the year	526,230	2,939,391	187,412	156,215	71,925	-	3,881,173
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 investment properties	(16,000)	-	-	-	-	-	(16,000)
As at 31 December 2006	4,350,759	31,710,330	1,027,299	2,515,812	71,845	-	39,676,045
Carrying amount							
As at 31 December 2006	28,113,746	48,822,063	2,536,588	2,162,863	809,807	10,408,990	92,854,057
The Company							
As at 31 December 2005							
Cost or valuation							
As at 1 January 2005	22,578,006	41,161,495	1,533,270	3,685,212	-	2,184,131	71,142,114
Additions	6,883,317	31,574,487	1,485,611	76,597	-	1,502,593	41,522,605
Disposals/Write offs	(34,057)	(207,276)	(21,331)	(491,172)	-	-	(753,836)
Reclassification	2,116,717	-	-	-	-	(2,116,717)	-
As at 31 December 2005	31,543,983	72,528,706	2,997,550	3,270,637	-	1,570,007	111,910,883
Accumulated depreciation and impairment							
As at 1 January 2005	3,526,204	27,662,345	753,339	2,612,719	-	-	34,554,607
Depreciation charge for the year	316,228	1,338,703	99,530	291,233	-	-	2,045,694
Disposals/Write offs	(1,892)	(149,704)	(10,179)	(407,713)	-	-	(569,488)
Impairment loss recognised to profit or loss	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
As at 31 December 2005	3,840,540	28,851,344	842,690	2,496,239	-	-	36,030,813
Carrying amount							
As at 31 December 2005	27,703,443	43,677,362	2,154,860	774,398	-	1,570,007	75,880,070



Notes to the Financial Statements (cont'd)

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

Land and Buildings of the Company consist of:

	Freehold land and buildings RM	Long-term leasehold land RM	Buildings RM	Total RM
As at 31 December 2006				
Cost or valuation				
As at 1 January 2006	582,297	6,042,585	24,919,101	31,543,983
Additions	-	-	1,117,132	1,117,132
Disposals/Write offs	-	-	(1,000)	(1,000)
Transfer to investment properties	(195,610)	-	-	(195,610)
As at 31 December 2006	<u>386,687</u>	<u>6,042,585</u>	<u>26,035,233</u>	<u>32,464,505</u>
Accumulated depreciation				
As at 1 January 2006	66,563	952,197	2,821,780	3,840,540
Depreciation charge for the year	7,819	87,104	431,307	526,230
Disposals/Write offs	-	-	(11)	(11)
Transfer to investment properties	(16,000)	-	-	(16,000)
As at 31 December 2006	<u>58,382</u>	<u>1,039,301</u>	<u>3,253,076</u>	<u>4,350,759</u>
Carrying amount				
As at 31 December 2006	<u>328,305</u>	<u>5,003,284</u>	<u>22,782,157</u>	<u>28,113,746</u>

Land and Buildings of the Company consist of:

As at 31 December 2005

Cost or valuation				
As at 1 January 2005	584,977	6,022,545	15,970,484	22,578,006
Additions	-	20,040	6,863,277	6,883,317
Disposals/Write offs	(2,680)	-	(31,377)	(34,057)
Reclassification	-	-	2,116,717	2,116,717
As at 31 December 2005	<u>582,297</u>	<u>6,042,585</u>	<u>24,919,101</u>	<u>31,543,983</u>
Accumulated depreciation				
As at 1 January 2005	57,912	876,498	2,591,794	3,526,204
Depreciation charge for the year	8,886	75,699	231,643	316,228
Disposals/Write offs	(235)	-	(1,657)	(1,892)
Reclassification	-	-	-	-
As at 31 December 2005	<u>66,563</u>	<u>952,197</u>	<u>2,821,780</u>	<u>3,840,540</u>
Carrying amount				
As at 31 December 2005	<u>515,734</u>	<u>5,090,388</u>	<u>22,097,321</u>	<u>27,703,443</u>



Notes to the Financial Statements (cont'd)

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

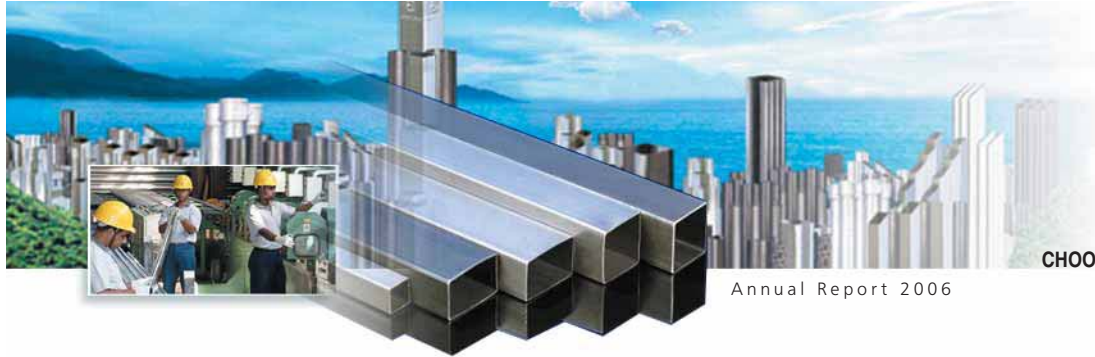
The analysis of cost and valuation is as follows:

	The Group	
	2006 RM	2005 RM
At valuation:		
Long-term leasehold land and buildings - 1981	2,277,000	2,277,000
- 1983	850,000	850,000
	3,127,000	3,127,000
At cost:		
Freehold land	302,217	302,217
Freehold land and buildings	386,687	582,297
Long-term leasehold land and buildings	33,003,345	32,015,745
Short-term leasehold land	877,882	877,882
Plant and machinery	94,853,512	86,916,825
Electrical installation	3,799,114	3,242,600
Furniture, fittings, equipment and vehicles	7,651,928	6,046,389
Renovation	881,652	-
Capital work-in-progress	10,737,550	1,898,567
Total	155,620,887	135,009,522

	The Company	
	2006 RM	2005 RM
At valuation:		
Long-term leasehold land and buildings - 1981	2,277,000	2,277,000
At cost:		
Freehold land and buildings	386,687	582,297
Long-term leasehold land and buildings	29,800,818	28,684,686
Plant and machinery	80,532,393	72,528,706
Electrical installation	3,563,887	2,997,550
Furniture, fittings, equipment and vehicles	4,678,675	3,270,637
Renovation	881,652	-
Capital work-in-progress	10,408,990	1,570,007
Total	132,530,102	111,910,883

The strata title to a landed property of the Group and of the Company with a carrying amount of RM143,303 (2005: RM143,367) is in the process of being issued by the relevant authorities.

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 an allowance for impairment loss amounting to RM37,028 for property, plant and equipment of the Group and of the Company. In the previous financial year, impairment losses of RM96,486 previously recognised by the Group in respect of plant and machinery were reversed upon the disposal of the plant and machinery. The reversals have been recognised in the income statements of the Group in the prior year.



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Notes to the Financial Statements (cont'd)

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

Certain long-term leasehold land and buildings 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.

The carrying values of freehold and leasehold properties 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.

15. INVESTMENT PROPERTIES

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
At Cost				
As at 1 January 2006	-	-	-	-
Transfer from property, plant and equipment	323,098	-	195,610	-
Additions	-	-	-	-
Disposals/Write offs	-	-	-	-
As at 31 December 2006	323,098	-	195,610	-
Accumulated depreciation				
As at 1 January 2006	-	-	-	-
Depreciation charge for the year	3,112	-	2,000	-
Transfer from property, plant and equipment	61,217	-	16,000	-
As at 31 December 2006	64,329	-	18,000	-
Carrying amount				
As at 31 December 2006	258,769	-	177,610	-
As at 31 December 2005	-	-	-	-



Notes to the Financial Statements (cont'd)

15. INVESTMENT PROPERTIES (cont'd)

Included in the above are:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Freehold land	95,610	-	95,610	-
Leasehold land	33,642	-	-	-
Building	129,517	-	82,000	-
	258,769	-	177,610	-

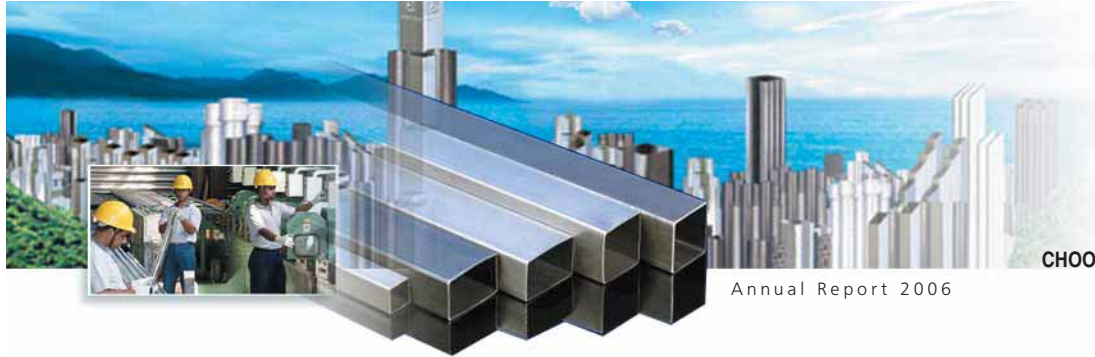
The fair values of the investment properties of the Group and of the Company as at 31 December 2006 are RM1,150,000 (2005: RMNil) and RM1,000,000 (2005: RMNil) respectively.

16. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2006 RM	2005 RM
Unquoted shares, at cost	26,673,379	26,673,379

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

Name of Company	Effective Equity Interest		Principal Activities
	2006 %	2005 %	
Direct subsidiary companies			
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 Steel Servicing Centre Sdn. Bhd.	100.00	100.00	Dormant.
Indirect subsidiary company			
(Held through Taik Bee Hardware Sdn. Bhd.)			
Pan Asian Management Consultants Sdn. Bhd.	100.00	100.00	Letting out its leasehold land.



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Notes to the Financial Statements (cont'd)

17. OTHER INVESTMENTS

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Shares and warrants quoted in Malaysia, at cost	268,849	793,280	233,649	758,080
Write down to market value	(98,915)	(164,847)	(86,495)	(150,537)
	169,934	628,433	147,154	607,543
Unit trusts, at cost	-	5,210,925	-	5,210,925
Write down to market value	-	(42,431)	-	(42,431)
	-	5,168,494	-	5,168,494
	169,934	5,796,927	147,154	5,776,037
Market value:				
Quoted shares and warrants	169,934	628,433	147,154	607,543
Unit trusts	-	5,168,494	-	5,168,494
	169,934	5,796,927	147,154	5,776,037

18. GOODWILL ON CONSOLIDATION

	The Group	
	2006 RM	2005 RM
At beginning of year	1,382,473	-
Goodwill arising from acquisition of additional shares in a subsidiary company	-	1,382,473
At 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 2007 to 2011. 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	3.7%

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)

19. INVENTORIES

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Raw materials	79,907,556	51,747,441	78,808,352	48,306,752
Trading goods	42,671,131	48,046,497	5,325,511	7,667,517
Manufactured goods	35,177,866	23,506,332	29,794,046	18,735,338
	157,756,553	123,300,270	113,927,909	74,709,607

The cost of inventories recognised as an expense during the year for the Group and for the Company were RM300,977,117 (2005 : RM293,927,936) and RM130,117,358 (2005 : RM136,648,132) respectively.

During the financial year, there was a reversal of write-down in value of inventories for the Group and the Company of RM517,554 (2005: RMNil) and RM118,224 (2005: RMNil) 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.

In the prior year, total write down of inventories recognised as an expense for the Group and the Company amounted to RM13,353,466 and RM11,309,025 respectively.

20. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Trade receivables	118,311,792	112,822,197	47,154,801	47,138,233
Less: Allowance for doubtful debts	(6,776,577)	(6,361,765)	(1,742,742)	(1,724,826)
Net receivables from third parties	111,535,215	106,460,432	45,412,059	45,413,407
Amount owing by subsidiary companies	-	-	10,921,299	26,713,673
Other receivables	22,382,813	2,031,424	22,316,225	1,994,726
	133,918,028	108,491,856	78,649,583	74,121,806

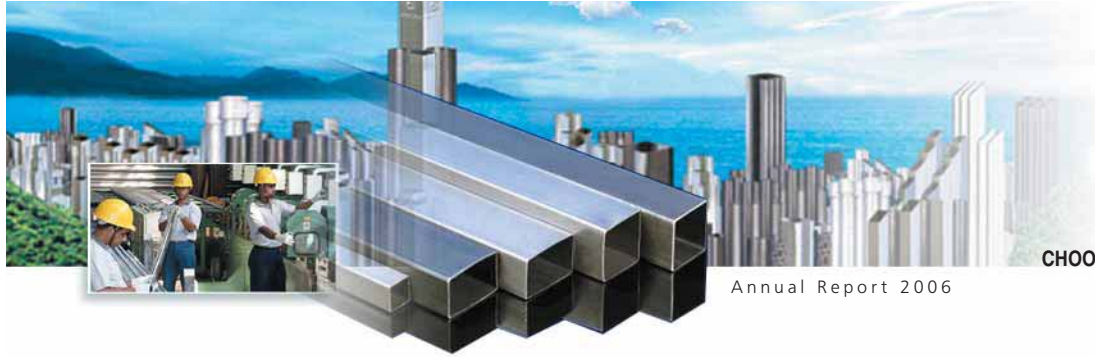
Trade receivables of the Group and of the Company include amounts of RM2,844,931 (2005: RM580,683) which are denominated in Singapore Dollars.

The Group's and the Company's normal trade credit terms range from 7 to 120 days (2005: 7 to 120 days). Allowances have been made for estimated irrecoverable amounts from the sales of goods of the Group and of the Company of RM6,776,577 (2005: RM6,361,765) and RM1,742,742 (2005: RM1,724,826) 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 21.

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



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Notes to the Financial Statements (cont'd)

21. 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% (2005: 3.20% to 4.00%) per annum. Interest on overdue trade balances are charged at a rate of 12.00% (2005: 12.00%) per annum.

	The Company	
	2006 RM	2005 RM
Amount owing by subsidiary companies consist of:		
Trade account	3,149,470	23,927,926
Non-trade account	7,771,829	2,785,747
	10,921,299	26,713,673

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.

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

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Subsidiary companies				
Advances repaid	-	-	95,416,543	59,952,166
Trade sales	-	-	27,673,269	29,367,074
Interest received on:				
Overdue account	-	-	146,567	668,978
Advances	-	-	(13,627)	96,584
Advances granted	-	-	(57,780,434)	(62,243,750)
Trade purchases	-	-	(460,567)	(210,531)



Notes to the Financial Statements (cont'd)

21. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (cont'd)

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Related parties				
Trade sales				
Chuan Bee Hardware Sdn. Bhd.	1,271,252	1,287,695	571,065	743,311
Chua Hock Seng Hardware Sdn. Bhd.	76,438	20,941	76,438	20,941
Austcorp Manufacturing Sdn. Bhd.	493	-	-	-
	1,348,183	1,308,636	647,503	764,252

Directors' remuneration are as disclosed in Notes 8 and 9.

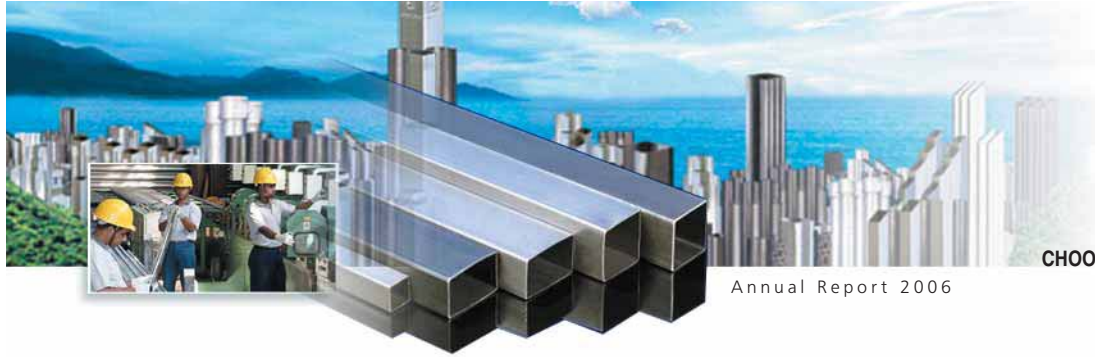
The transactions with subsidiary and related companies are aggregated as these transactions are similar in nature and also no single transaction is significant enough to be disclosed separately in the financial statements.

The mandated amounts for related party transactions with subsidiary companies refer to transactions between the Company and Taik Bee Hardware Sdn. Bhd. ("TBH"), and between Choo Bee Hardwares Sdn. Berhad ("CBH") and TBH.

	Mandated amounts from 1 Jan. 2006 to 31 Dec. 2006	Amounts transacted from 1 Jan. 2006 to 31 Dec. 2006	
	The Group and The Company RM	The Group RM	The Company RM
Subsidiary companies			
Trade sales	27,500,000	10,005,606 *	7,993,251 #
Trade purchases	(3,500,000)	(2,153,748) *	(52,808) #
Coil shearing services	200,000	52,784	52,784
Advances	(7,000,000)	(84,890) *	(84,890) #
Repayment of advances	-	163,406 *	163,406 #
Interest on advances	270,775	5,310 *	5,310 #
Trade sales			
Chua Hock Seng Hardware Sdn. Bhd.	1,000,000	76,438	76,438
Chuan Bee Hardware Sdn. Bhd.	2,420,822	1,292,511	591,697
Austcorp Manufacturing Sdn. Bhd.	200,000	493	-

Transactions between the Company and TBH.

* Transactions between the Company and TBH and between CBH and TBH.



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Notes to the Financial Statements (cont'd)

21. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (cont'd)

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

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Trade receivables				
Chua Hock Seng Hardware Sdn. Bhd.	26,438	20,941	26,438	20,941
Chuan Bee Hardware Sdn. Bhd.	422,391	500,406	221,991	165,161
	448,829	521,347	248,429	186,102

22. OTHER ASSETS

Other assets consist of:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Refundable deposits	3,941,859	3,113,922	3,910,776	3,082,889
Prepaid expenses	425,642	272,560	197,273	48,516
	4,367,501	3,386,482	4,108,049	3,131,405

Refundable deposits of the Group and of the Company include a security deposit of RMNil (2005: RM1,858,244) paid to a creditor to secure the supply of raw materials and a down payment for acquisition of plant and machinery of RM3,747,772 (2005: RM1,189,440).

23. CASH AND BANK BALANCES

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Short-term deposits with licensed banks	1,310,000	4,480,000	1,210,000	4,480,000
Cash and bank balances	3,524,340	2,861,301	2,735,287	1,500,612
	4,834,340	7,341,301	3,945,287	5,980,612

The effective interest rate for short-term deposits of the Group and of the Company ranged from 2.50% to 2.70% (2005: 2.40%) per annum.

Deposits of the Group and of the Company have maturities ranging from 1 to 10 days (2005: 1 to 3 days).



Notes to the Financial Statements (cont'd)

24. SHARE CAPITAL AND TREASURY SHARES

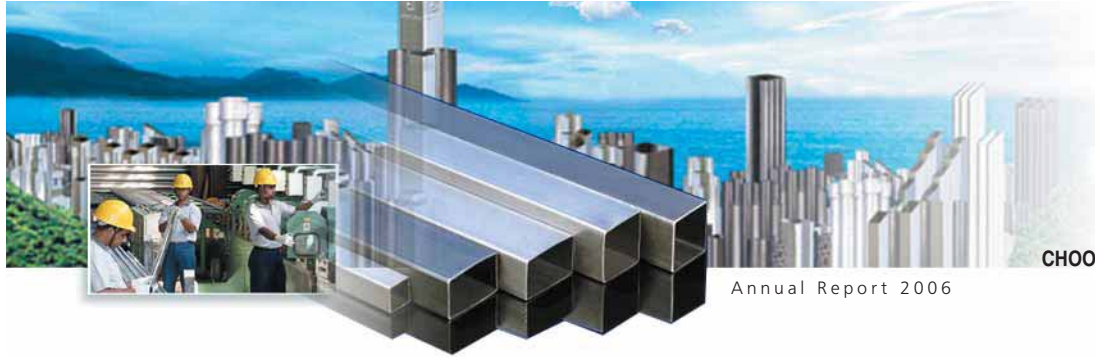
(a) Share Capital

	The Group and The Company	
	2006 RM	2005 RM
Authorised: 500,000,000 ordinary shares of RM1 each	500,000,000	500,000,000
Issued and fully paid: Ordinary shares of RM1 each:		
At beginning of year	107,499,000	105,593,000
Issued pursuant to the ESOS	2,404,000	1,906,000
At end of year	109,903,000	107,499,000

Employees' Share Option Scheme

The Group offers vested share options, without payment, to directors and other eligible employees. Eligible Malaysian employees and contract employees are those who have 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 are as follows:

	2006	2005
Outstanding at 1 January	2,588,000	4,386,000
Granted	102,000	168,000
Exercised	(2,404,000)	(1,906,000)
Lapsed	(98,000)	(60,000)
Expired	(188,000)	-
Outstanding at 31 December	-	2,588,000
Details of share options granted during the year:		
Expiry date	25.11.2006	25.11.2006
Exercise price per share (RM)	1.29	2.49
Aggregate proceeds if shares are issued (RM)	99,330	418,320
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	25.11.2006
Exercise price per share (RM)	1.05 - 1.49	1.05 - 1.94
Aggregate issue proceeds (RM)	2,886,980	2,324,950



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Notes to the Financial Statements (cont'd)

24. SHARE CAPITAL (cont'd)

Employees' Share Option Scheme (cont'd)

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

	2006	2005
At 1 January	1,345,000	2,416,000
Exercised during the year	(1,345,000)	(1,071,000)
At 31 December	-	1,345,000

Terms of options outstanding at 31 December:

Expiry date	Exercise price	2006 Number	2005 Number
Nov. 25, 2006	1.20	-	2,246,000
Nov. 25, 2006	1.05	-	85,000
Nov. 25, 2006	1.94	-	94,000
Nov. 25, 2006	2.49	-	163,000
		-	2,588,000

(b) Repurchase of Own Shares

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting ("AGM") held on 23 June 2006, 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.

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. 2006	3,565,500	2.81	1.01	1.53	5,464,525
Feb. 2006	1,000	1.46	1.46	1.46	1,464
Apr. 2006	1,000	1.63	1.63	1.63	1,635
May 2006	16,100	1.61	1.49	1.59	25,632
Aug. 2006	6,000	1.55	1.55	1.55	9,332
Nov. 2006	60,000	1.68	1.68	1.68	100,639
	<u>3,649,600</u>				<u>5,603,227</u>



Notes to the Financial Statements (cont'd)

24. SHARE CAPITAL (cont'd)

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

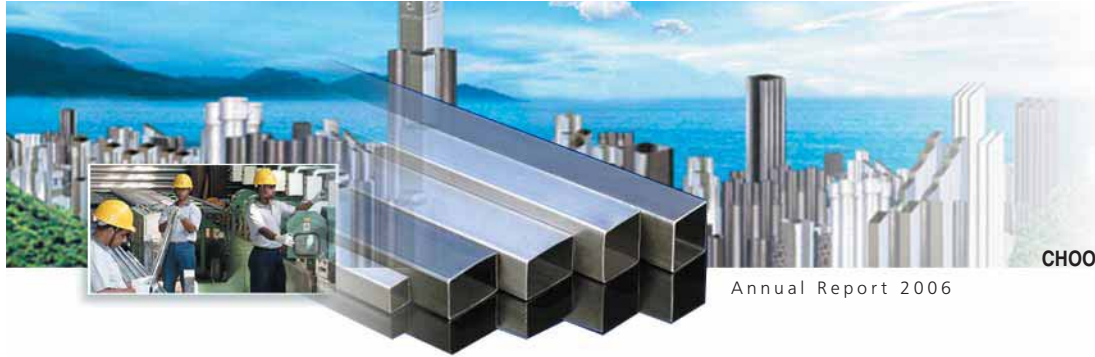
In 2006, the Company repurchased a total of 84,100 (2005 : 818,500) of its issued shares from the open market for a total cost of RM138,702 (2005 : RM1,443,685). The average price paid for the shares repurchased during the year was RM1.65 (2005 : RM1.76) per share. The repurchase transactions were financed 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 2006, 3,649,600 (2005 : 3,565,500) out of the total of 109,903,000 (2005 : 107,499,000) 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 2006 after excluding the Treasury Shares is 106,253,400 (2005 : 103,933,500).

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.

25. RESERVES

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Non-distributable reserves:				
Share premium	24,115,005	23,585,045	24,115,005	23,585,045
General reserve	1,186,293	1,186,293	-	-
Equity-settled employee benefits reserve	-	26,812	-	26,812
	25,301,298	24,798,150	24,115,005	23,611,857
Distributable reserves:				
Retained earnings	184,713,138	156,801,251	123,279,542	98,133,892
	210,014,436	181,599,401	147,394,547	121,745,749



CHOO BEE METAL INDUSTRIES BERHAD
(Company No. 10587-A)

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Notes to the Financial Statements (cont'd)

25. 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	
	2006 RM	2005 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	-
Transfer from equity-settled employee benefits reserve	46,980	-
	<u>24,115,005</u>	<u>23,585,045</u>

General reserve

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

Revaluation reserve

Revaluation reserve relates to the surplus on revaluation of long-term leasehold land and buildings of the Group and of the Company as disclosed in Note 14, based on a valuation carried out by a firm of professional valuers.



Notes to the Financial Statements (cont'd)

25. RESERVES (cont'd)

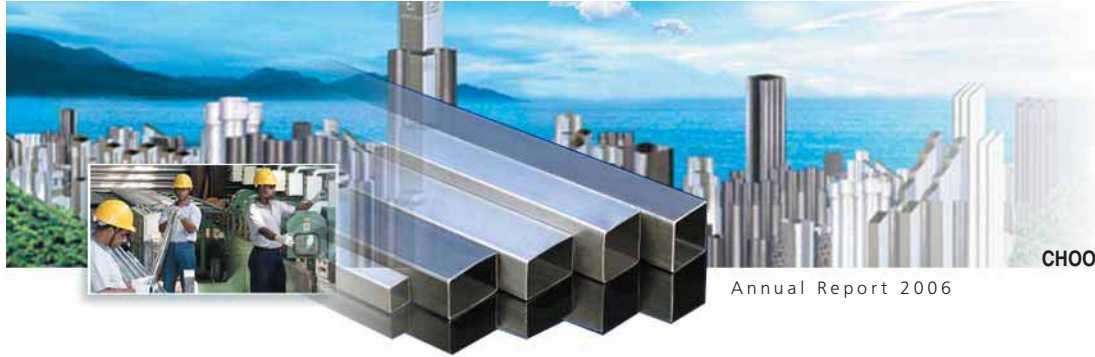
Retained earnings

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Balance at beginning of year	155,435,180	145,645,162	98,133,892	95,569,704
Effect of changes in accounting policy for:				
Share-based payment	-	(26,812)	-	(26,812)
Business combination	1,366,071	-	-	-
Restated balance	156,801,251	145,618,350	98,133,892	95,542,892
Profit attributable to equity holders of the Company	32,424,162	16,592,979	29,657,925	9,367,149
Dividend	(4,539,087)	(6,776,149)	(4,539,087)	(6,776,149)
Expiry of ESOS	26,812	-	26,812	-
Balance at end of year	184,713,138	155,435,180	123,279,542	98,133,892

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 2006 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.

26. BORROWINGS (UNSECURED)

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Unsecured:				
Term loan	15,921,006	23,567,045	15,921,006	23,567,045
Bankers' acceptances	22,330,000	5,000,000	20,500,000	5,000,000
Trust receipts	21,949,398	3,730,729	17,697,764	1,505,460
Bank overdrafts	1,562,519	26,006	360,263	136
	61,762,923	32,323,780	54,479,033	30,072,641
Less : Amount due within 12 months (shown under current liabilities)	(57,829,232)	(17,328,187)	(50,545,342)	(15,077,048)
Non-current portion	3,933,691	14,995,593	3,933,691	14,995,593



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Notes to the Financial Statements (cont'd)

26. BORROWINGS (UNSECURED) (cont'd)

The non-current portion is repayable as follows:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Financial years ending 31 December:				
2007	-	12,857,178	-	12,857,178
2008	3,933,691	2,138,415	3,933,691	2,138,415
	3,933,691	14,995,593	3,933,691	14,995,593

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	
	2006 %	2005 %	2006 %	2005 %
Term loan	4.60	4.60	4.60	4.60
Bankers' acceptances	3.78 - 4.07	3.10 - 3.48	3.78 - 4.07	3.48
Trust receipts	5.65 - 6.10	2.50 - 4.60	5.75 - 6.10	2.90 - 4.45
Bank overdrafts	6.75 - 7.75	6.50 - 7.25	6.75 - 7.75	6.50

The Group's credit facilities to the extent of RM43,385,000 (2005: RM39,385,000) are secured by negative pledges over the assets of the respective subsidiary companies and guaranteed by the Company. The remaining credit facilities amounting to RM125,541,000 (2005: RM125,460,000) 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 which is equivalent to 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.

27. RETIREMENT BENEFITS OBLIGATION

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
At beginning of year	375,218	382,509	299,317	306,608
Addition	-	2,978	-	-
Utilised	(20,701)	(10,269)	(4,007)	(7,291)
At end of year	354,517	375,218	295,310	299,317

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.



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Notes to the Financial Statements (cont'd)

27. RETIREMENT BENEFITS OBLIGATION (cont'd)

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

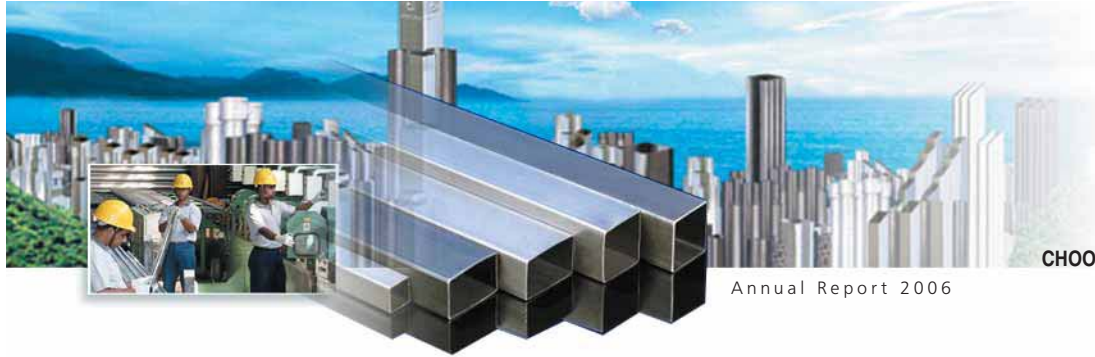
	The Group and The Company	
	2006 %	2005 %
Discount rate at 31 December	4.0	4.0
Future salary increases	4.0	4.0
Resignation before attaining retirement age	40.0	40.0

28. DEFERRED TAX LIABILITIES/(ASSETS)

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Deferred tax liabilities:				
At beginning of year	7,977,793	4,185,431	6,607,972	3,190,291
Transfer to income statements (Note 11)	2,379,226	3,792,362	2,413,689	3,417,681
At end of year	10,357,019	7,977,793	9,021,661	6,607,972

The deferred tax liabilities are in respect of the following:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Tax effects of:				
Temporary differences arising from:				
Property, plant and equipment	10,292,000	8,603,000	8,794,000	6,957,000
Surplus on revaluation of property, plant and equipment	339,163	345,793	219,661	222,972
Provision for retirement benefits obligation	(91,000)	(105,000)	(83,000)	(84,000)
Unabsorbed capital allowances	-	(365,000)	-	(274,000)
Others	(183,144)	(501,000)	91,000	(214,000)
	10,357,019	7,977,793	9,021,661	6,607,972



Notes to the Financial Statements (cont'd)

28. DEFERRED TAX LIABILITIES/(ASSETS) (cont'd)

The deferred tax assets are in respect of the following:

	The Group	
	2006 RM	2005 RM
Deferred tax assets:		
At beginning of year	-	(230,000)
Transfer (to)/from income statements (Note 11)	(72,000)	230,000
	<u>(72,000)</u>	<u>-</u>
At end of year	(72,000)	-

The deferred tax assets are in respect of the following:

	The Group	
	2006 RM	2005 RM
Temporary differences arising from:		
Property, plant and equipment	(185,700)	-
Provision for retirement benefits	8,700	-
Others	249,000	-
	<u>72,000</u>	<u>-</u>

29. 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 (2005: 5 to 120 days) and 0 to 120 days (2005: 5 to 90 days) respectively.

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Trade payables	14,768,226	6,746,190	4,548,430	1,939,683
Other payables	1,854,087	4,567,300	1,338,424	3,715,487
	<u>16,622,313</u>	<u>11,313,490</u>	<u>5,886,854</u>	<u>5,655,170</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 (2005: 0 to 120 days).



Notes to the Financial Statements (cont'd)

30. ULTIMATE HOLDING COMPANY

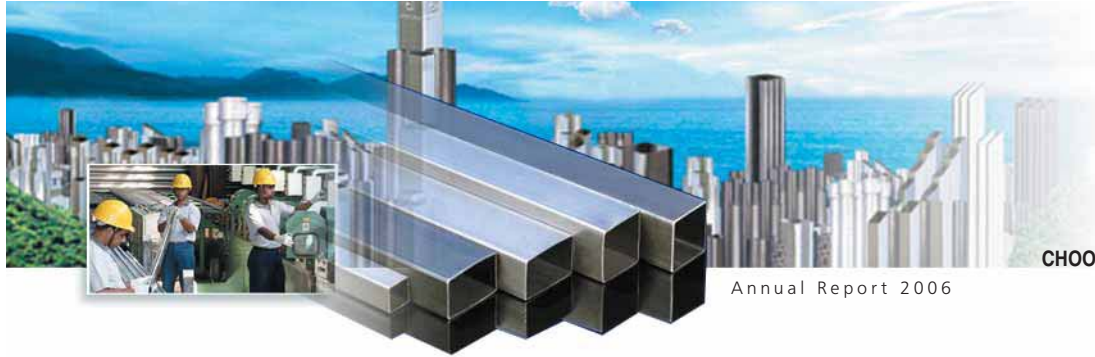
The directors regard Soon Lian Huat Holdings Sdn. Berhad, a company incorporated in Malaysia as the ultimate holding company.

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

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Ultimate holding company				
Rental of land	477,290	204,860	149,192	45,500
		Mandated amount from 1 Jan. 2006 to 31 Dec. 2006 The Group and The Company RM	Amount transacted from 1 Jan. 2006 to 31 Dec. 2006 The Group RM	The Company RM
Ultimate holding company				
Rental of land		663,761	477,290	149,192

31. OTHER LIABILITIES

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Deposits received	6,720	9,870	4,120	2,070
Accrued expenses	6,268,619	6,305,120	3,770,467	3,983,719
	6,275,339	6,314,990	3,774,587	3,985,789



Notes to the Financial Statements (cont'd)

32. DIVIDENDS

	The Group and The Company	
	2006 RM	2005 RM
Final dividends paid		
Proposed in previous year		
Final dividend of 6%, less tax for 2005 (6%, less tax for 2004)	4,489,927	4,442,947
Special dividend of Nil% for 2005 (3%, less tax for 2004)	-	2,221,474
Additional due to exercise of options for shares	49,940	121,111
Reduction due to shares repurchased	(780)	(9,383)
	4,539,087	6,776,149

The directors have proposed a final dividend of 8%, less 27% tax, amounting to RM6,205,199 in respect of the year ended 31 December 2006. 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 5.84 sen (2005: 4.32 sen).

33. CONTINGENT LIABILITIES (UNSECURED)

Kent Engineering Works Sdn. Bhd. ("KEW"), a debtor of TBH which is a subsidiary of Choo Bee Metal Industries Berhad, filed a suit for defamation on 7 March 2000 against TBH for an amount of RM10 million 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 March 2007 and subsequently postponed to a date which has yet to be fixed by the Court.

34. CAPITAL COMMITMENTS

	The Group and The Company	
	2006 RM	2005 RM
Capital expenditure:		
Contracted but not provided for	13,111,037	3,074,000
Approved but not contracted for	6,504,378	-
	19,615,415	3,074,000



Notes to the Financial Statements (cont'd)

35. 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 and 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

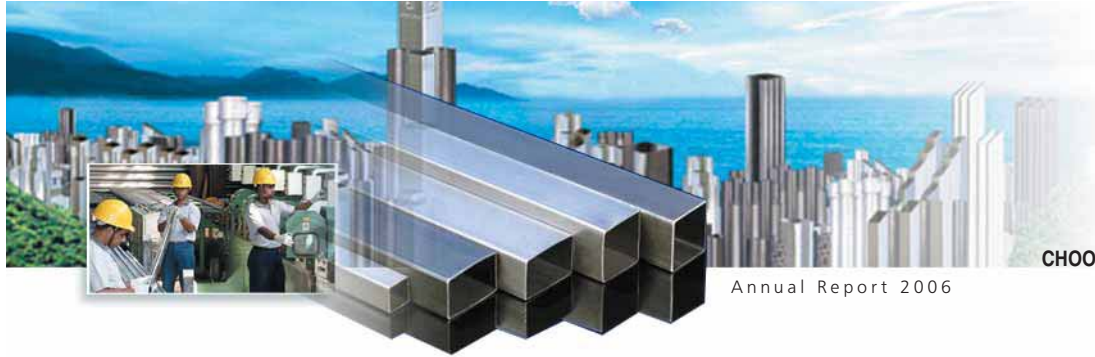
The Group's principal exposure to market risk arises mainly from the changes in steel raw material and finished goods prices. Both raw materials and finished goods are classified as current assets and are available for sale and the Group manages the sales of finished goods and procurement of its raw 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 liabilities are managed on a prudent basis to maintain sufficient cash and cash equivalents or credit facilities for contingent funding of working capital.



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Notes to the Financial Statements (cont'd)

35. 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 31 December 2006	
	YEN	TWD
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	-
Notional amount in ("USD")	-	941,786



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Notes to the Financial Statements (cont'd)

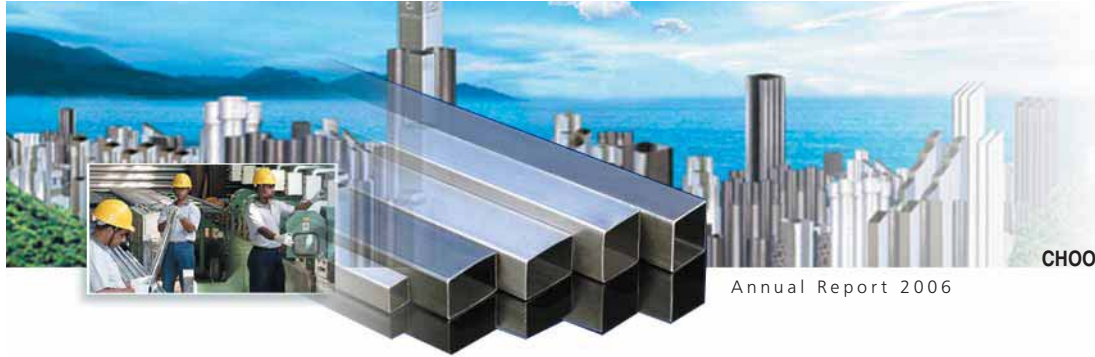
35. FINANCIAL INSTRUMENTS (cont'd)

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 2006

	Note	The Group		The Company	
		Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Financial Assets					
Other investments					
- quoted shares and warrants	17	169,934	169,934	147,154	147,154
		Equivalent/ Notional Amount RM	Fair Value RM	Equivalent/ Notional Amount RM	Fair Value RM
Foreign currency forward contracts		2,780,659	2,545,296	2,780,659	2,545,296
		USD	USD	USD	USD
Foreign currency forward contracts		941,786	929,604	941,786	929,604



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Notes to the Financial Statements (cont'd)

35. FINANCIAL INSTRUMENTS (cont'd)

As at 31 December 2005

	Note	The Group		The Company	
		Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Financial Assets					
Other investments					
- quoted shares and warrants	17	5,796,927	5,796,927	5,776,037	5,776,037
		Equivalent/ Notional Amount RM	Fair Value RM	Equivalent/ Notional Amount RM	Fair Value RM
Foreign currency forward contracts		-	-	-	-
		USD	USD	USD	USD
Foreign currency forward contracts		-	-	-	-

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 liabilities as reported in the balance sheets, with the exception of unsecured advances included in inter-company indebtedness approximate their fair values because of the short-term maturity of these instruments.

It is not practical to determine the fair value of unsecured advances included in inter-company indebtedness with sufficient reliability given that these balances have no fixed terms of repayment.

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.



CHOO BEE

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Notes to the Financial Statements (cont'd)

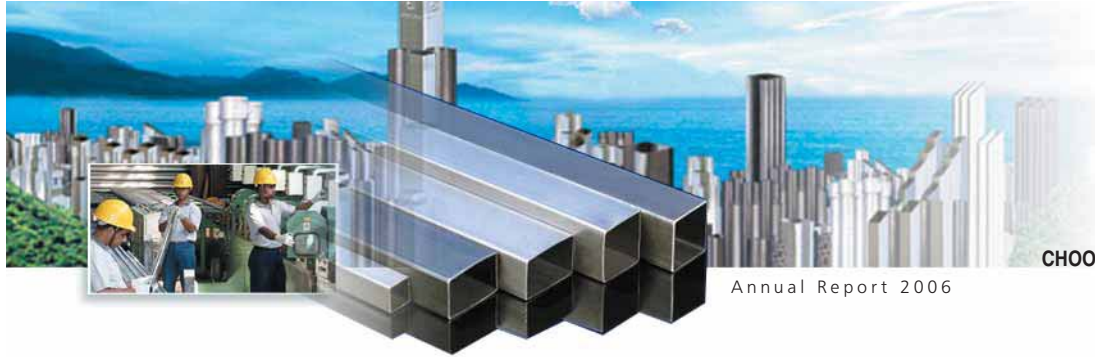
36. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Short-term deposits with licensed banks	1,310,000	4,480,000	1,210,000	4,480,000
Cash and bank balances	3,524,340	2,861,301	2,735,287	1,500,612
Bank overdrafts	(1,562,519)	(26,006)	(360,263)	(136)
	3,271,821	7,315,295	3,585,024	5,980,476

37. SUBSEQUENT EVENTS

The wholly owned subsidiary of the Company, Choo Bee Steel Servicing Centre Sdn. Bhd. changed its name to Choo Bee Hardware (Sabah) Sdn. Bhd. with effect from 9 February 2007.



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Notes to the Financial Statements (cont'd)

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 January 2006. The adoption of FRS 2, Share-based Payment has been applied retrospectively, and the effects on prior financial years have been taken up as prior year adjustments in the financial statements. The adoption of FRS 3, Business Combinations has been applied prospectively, and the opening balances of reserves and retained earnings as at 1 January 2006 have been restated accordingly. The effects to the financial statements are reflected as follows:

	As previously reported RM	Adjustments RM	As restated RM
The Group			
For the financial year ended 31 December 2005			
Statement of changes in equity:			
Retained earnings	155,461,992	1,339,259	156,801,251
Equity-settled employee benefits expense	-	26,812	26,812
Reserve on consolidation	1,366,071	(1,366,071)	-
For the financial year ended 31 December 2004			
Statement of changes in equity:			
Retained earnings	145,645,162	(26,812)	145,618,350
Equity-settled employee benefits expense	-	26,812	26,812
The Company			
For the financial year ended 31 December 2005			
Statement of changes in equity:			
Retained earnings	98,160,704	(26,812)	98,133,892
Equity-settled employee benefits expense	-	26,812	26,812
For the financial year ended 31 December 2004			
Statement of changes in equity:			
Retained earnings	95,569,704	(26,812)	95,542,892
Equity-settled employee benefits expense	-	26,812	26,812



CHOO BEE

CHOO BEE METAL INDUSTRIES BERHAD
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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 2006 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,
23 March 2007

Declaration by the Officer

Primarily Responsible For The Financial Management Of The Company

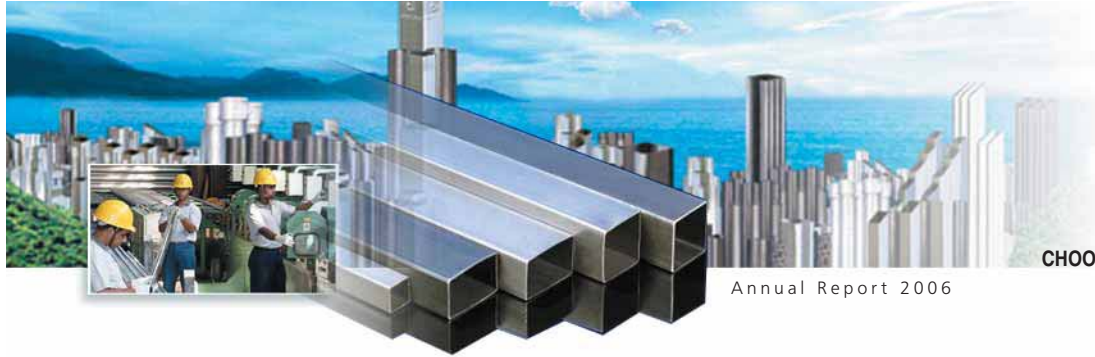
I, **PAUL LIM JOO HENG**, the officer primarily responsible for the financial management of **CHOO BEE METAL INDUSTRIES BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and the related statements of income, changes in equity and cash flows are, in my opinion, correct and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

PAUL LIM JOO HENG

Subscribed and solemnly declared by
the abovenamed **PAUL LIM JOO HENG** at **IPOH**
this 23rd day of March 2007.

Before me,

MOHD YUSOF BIN HARUN, KPP., PNPBB., PJK
COMMISSIONER FOR OATHS



CHOO BEE

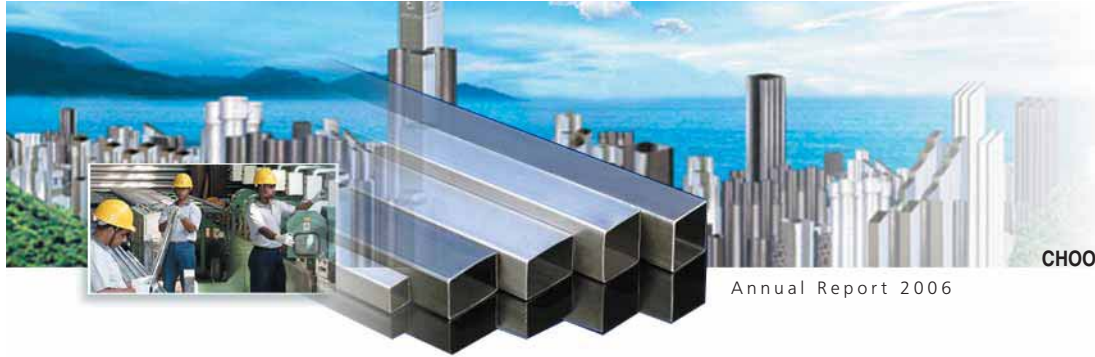
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List of Group's Properties

as at 31 December 2006

LOCATION	DESCRIPTION	AREA	TENURE	AGE OF BUILDING (YEARS)	NET BOOK VALUE RM	USAGE
Choo Bee Metal Industries Berhad						
1) Geran 26343 Mukim of Kuala Lumpur	Freehold land with a semi-detached single-storey house	10,200 sq.ft.	Freehold	26	177,610	Let out
2) HS(D)Ka 5678/80 Lot 17800 District of Kinta Perak Darul Ridzuan	Industrial land with single-storey factory	4 acres	Leasehold 99 years expiring on 20.7.2079	29	630,865	Warehouse
3) Lot 70076 District of Kinta, Perak Darul Ridzuan	Industrial land with single-storey factory	4.25 acres	Leasehold 99 years expiring on 29.12.2076	35	2,461,099	Factory
4) PT 133826,133827, 133828, 133829 Kawasan Perusahaan Pengkalan 1 Perak Darul Ridzuan	Industrial land with single-storey factory	29.11 acres	Leasehold 60 years expiring on 13.02.2056	13.50	20,833,658	Factory
5) CII Apartment Greenhill Resort Cameron Highlands	Apartment	1,006 sq.ft.	Leasehold 46 years expiring on 27.10.2038	11	143,303	Staff use
6) HS(D) 86887 PT 74 Mukim Damansara, Daerah Petaling Selangor Darul Ehsan	Condominium	1,668 sq.ft.	Freehold	8	328,386	Staff use
7) Country Lease No. 045324141 KM 25, Jalan Tuaran, District of Tuaran, Sabah	Industrial land with semi-completed single storey factory	2.95 acres	Leasehold 99 years expiring on 31.12.2090	10	3,479,836	Warehouse



CHOO BEE

CHOO BEE METAL INDUSTRIES BERHAD
(Company No. 10587-A)

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List of Group's Properties (cont'd)

as at 31 December 2006

LOCATION	DESCRIPTION	AREA	TENURE	AGE OF BUILDING (YEARS)	NET BOOK VALUE RM	USAGE
Choo Bee Hardwares Sdn. Berhad						
7)	Lot 19493 & Lot 6969, Mukim of Kinta, Perak Darul Ridzuan	Commercial land	Lot 19493 4,356 sq.ft.	Freehold	N/A)))) 67,027 Stockyard
			Lot 6969 20,963.25 sq.ft.	Freehold	N/A	
8)	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	29,965 Vacant
* Taik Bee Hardware Sdn. Bhd. ("TBH")/Pan Asian Management Consultants Sdn. Bhd. ("PAMC")						
1)	P.T.38826 HS (D) Ka 6233/82 Mukim Ulu Kinta Perak Darul Ridzuan	Industrial land with single-storey factory	2.30 acres	Leasehold 60 years expiring on 25.8.2042	15	1,927,066 Factory

* The industrial land is registered in the name of PAMC while the building is owned by TBH.



Statement of Shareholdings

as at 30 April 2007

Authorised Capital	: RM500,000,000
Issued and fully paid-up capital	: RM106,253,400 (Excluding 3,649,600 Treasury Shares)
Class of Shares	: Ordinary shares of RM1.00 each fully paid
Voting Rights	: One vote per RM1.00 share

BREAKDOWN OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	Percentage of Shareholders	No. of RM1.00 Shares	Percentage of Issued Capital
less than 100	17	0.38	400	0.00
100 to 1,000	1,274	28.42	1,167,310	1.10
1,001 – 10,000	2,775	61.90	10,390,123	9.78
10,001 – 100,000	366	8.16	9,644,100	9.08
100,001 – 5,312,619 *	48	1.07	22,592,967	21.26
5,312,620 and above **	3	0.07	62,457,500	58.78
TOTAL	4,483	100.00	106,252,400	100.00

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

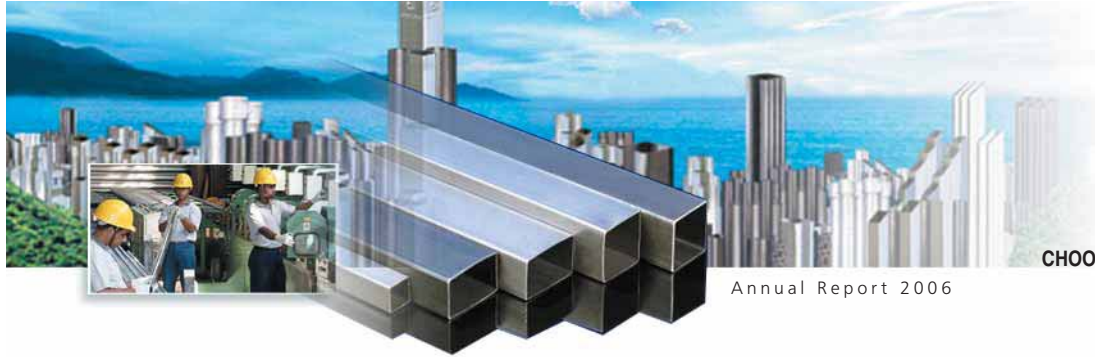
DIRECTORS' INTERESTS AS AT 30 APRIL 2007

Shares in the Company	Ordinary Shares of RM1.00 each					
	Direct Interest	%	Deemed Interest	%	Total Interest	%
Soon Ah Khun @ Soon Lian Huat	430,600	0.41	54,423,000	51.22	54,853,600	51.63
Soon Cheng Hai	704,000	0.66	-	-	704,000	0.66
Soon Cheng Boon	698,000	0.66	-	-	698,000	0.66
Soon Hean Hooi	2,654,855	2.49	-	-	2,654,855	2.49
Leong Keng Yuen	26,000	0.02	-	-	26,000	0.02
Lee Sieng Tzi @ Vincent Lee	695,000	0.65	-	-	695,000	0.65
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 holding Company, Soon Lian Huat Holdings Sdn. Berhad

Director	Ordinary Shares of RM1.00 each					
	Direct Interest	%	Deemed Interest	%	Total Interest	%
Soon Ah Khun @ Soon Lian Huat	62,000	55.36	-	-	62,000	55.36
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.



CHOO BEE

CHOO BEE METAL INDUSTRIES BERHAD
(Company No. 10587-A)

Annual Report 2006

Statement of Shareholdings (cont'd)

as at 30 April 2007

Shares in subsidiary company, Choo Bee Holdings Sdn. Bhd.

Director	Ordinary Shares of RM1.00 each					
	Direct Interest	%	Deemed Interest	%	Total Interest	%
Soon Ah Khun @ Soon Lian Huat	-	-	1,973,900	59.94	1,973,900	59.94
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 interest in the Company and in the holding company, 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 has an interest.

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

SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2007

According to the register 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	No. of RM1.00 Shares in which Shareholder has direct interest		Other Shareholdings in which Shareholder is deemed interested		Total interest in number of RM1.00 shares	
	(A)	%	(B)	%	(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	40.66	-	-	43,199,000	40.66
Soon Ah Khun @ Soon Lian Huat	430,600	0.41	54,423,000	51.22	54,853,600	51.63
Soon Lian Huat Holdings Sdn. Berhad	11,224,000	10.56	43,199,000	40.66	54,423,000	51.22
Tang Kim Heok	-	-	54,423,000	51.22	54,423,000	51.22



Statement of Shareholdings (cont'd)

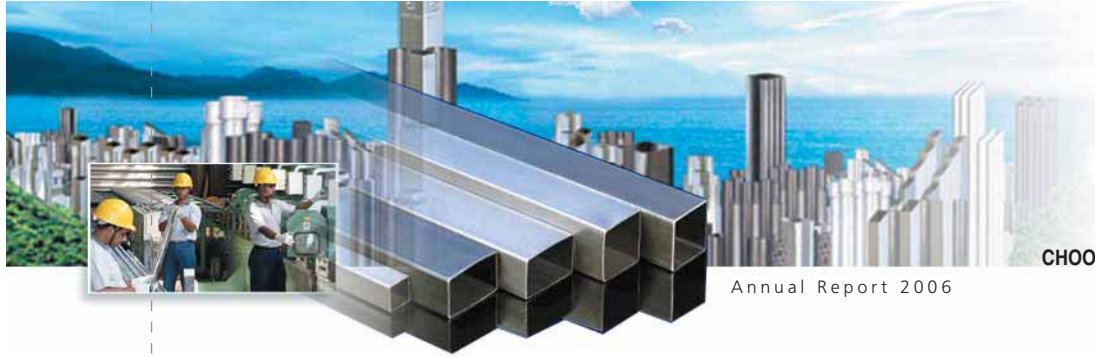
as at 30 April 2007

LIST OF TOP THIRTY SHAREHOLDERS AS AT 30 APRIL 2007

Name	Shareholdings	Percentage
1. Choo Bee Holdings Sdn. Bhd.	43,199,000	40.66
2. Soon Lian Huat Holdings Sdn. Berhad	11,224,000	10.56
3. Amanah Raya Nominees (Tempatan) Sdn. Bhd.	8,034,500	7.56
4. Lembaga Tabung Haji	3,407,100	3.21
5. Soon Hean Hooi	2,654,855	2.50
6. Alliancegroup Nominees (Tempatan) Sdn. Bhd.	1,467,200	1.38
7. Malaysia Nominees (Tempatan) Sendirian Berhad	1,090,000	1.03
8. Yeo Lee Hong Betty	1,059,000	1.00
9. Malaysia Nominees (Tempatan) Sendirian Berhad	1,034,900	0.97
10. Malaysia Nominees (Tempatan) Sendirian Berhad	829,600	0.78
11. Soon Siew Leh	750,000	0.71
12. Soon Cheng Hai	704,000	0.66
13. Soon Cheng Boon	698,000	0.66
14. Lee Sieng Tzi @ Vincent Lee	651,000	0.61
15. Soon Ah Khun @ Soon Lian Huat	430,600	0.41
16. Soon Lian Lim	427,875	0.40
17. M & A Nominee (Tempatan) Sdn. Bhd.	417,800	0.39
18. Tan Peng Soon	389,000	0.37
19. Malaysia Nominees (Tempatan) Sendirian Berhad	340,000	0.32
20. Citigroup Nominees (Asing) Sdn. Bhd.	339,700	0.32
21. Tan Peng Nam	300,200	0.28
22. Chor Sek Choon	300,000	0.28
23. Tan Peng Sum	300,000	0.28
24. Soon Lian Lim	296,890	0.28
25. M & A Nominee (Tempatan) Sdn. Bhd.	280,440	0.26
26. Malaysia Nominees (Tempatan) Sendirian Berhad	274,400	0.26
27. Siong Go Pok	261,000	0.25
28. Yeoh Kean Hua	260,000	0.24
29. Amsec Nominees (Tempatan) Sdn. Bhd.	250,000	0.24
30. Ng Swee Seong	226,300	0.21
	81,897,360	77.08

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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 2007 Annual General Meeting of the Company to be held on 15 June 2007 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: Soon Hean Hooi		
Leong Keng Yuen		
Lee Sieng Tzi@Vincent Lee		
4. The appointment of Auditors and their remuneration		
5. Ordinary Resolution No. 1 - Authority to allot and issue shares in general pursuant to Section 132D of the Companies Act, 1965		
6. Ordinary Resolution No. 2 - Proposed Renewal of Share Buy Back Authority		
7. Ordinary Resolution No. 3 - Proposed Renewal of Shareholders' Mandate on recurrent Related Party Transactions of a Revenue or Trading Nature		
8. Special Resolution - Proposed Amendments to the Company's Articles of Association		

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 authorised 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



CHOO BEE

CHOO BEE METAL INDUSTRIES BERHAD (10587-A)

Wisma Soon Teik Aun, Lot 013513S, Jalan Bendahara,
31650 Ipoh, Perak Darul Ridzuan, Malaysia.

Email: enquiries@choobee.com.my