

ACQUISITION OF REMAINING SHARES IN SUBSIDIARY

Introduction

We wish to announce that Choo Bee Metal Industries Berhad (ChooBee), has today acquired the remaining 1,752,872 ordinary shares of RM1/- each representing 33.71% of the issued and paid-up capital of Taik Bee Hardware Sdn Bhd (TBH), an existing subsidiary of ChooBee, from the parties as per Appendix 1 and 2 at RM6.00 per share (the Acquisition).

Information on TBH

TBH is a 66.29% owned subsidiary of ChooBee. The acquisition of the additional 33.71% equity in TBH will increase ChooBee's total holding in TBH to 100%. The principal activities of TBH are manufacturing of pipes including stainless steel pipes and trading of hardware.

The issued and paid up capital of TBH is RM5,200,000/- comprising 5,200,000 ordinary shares of RM1/- each. The consolidated Net Tangible Assets as at 31 December 2004 was RM25,358,422 and Net Profits for 31 December 2004 was RM6,371,248 respectively.

Particulars of Vendors

The vendors as per Appendix 1 are deemed to be related parties of ChooBee in that Soon Lian Huat Holdings Sdn Bhd is a substantial shareholder of ChooBee, Soon Cheng Hai, Soon Cheng Boon and Soon Hean Hooi are Directors of ChooBee while Soon Siew Hoon and Soon Siew Leh are their sisters.

The late Soon Taik Ann was the father while Soon Tiew Choon is the sister of Soon Ah Khun @ Soon Lian Huat, a Director of ChooBee.

Quah Bee Yam and Beh Tock Lum are Directors of TBH.

The other vendors as shown in Appendix 2 are not related to ChooBee.

Purchase Consideration

The purchase consideration is arrived at a "willing-seller willing-buyer" basis after taking into account the net tangible assets per share in TBH of RM4.90 on 31 December 2004, earnings per share of RM1.22 for the year ended 31 December 2004 and future earnings of TBH. The total purchase consideration of RM10,517,232 will be funded by internally generated funds.

Effects of the Acquisition

The acquisition is not expected to have any material effect on the earnings per share and net tangible assets per share of ChooBee Group for the financial year ending 31 December 2005.

The acquisition does not have any effect on the share capital and substantial shareholders' shareholding of ChooBee.

TBH is now a wholly owned subsidiary of ChooBee arising from the acquisition.

Liabilities

There is no liability to be assumed by ChooBee apart from the share of liabilities in TBH represented by the shares acquired.

Original Cost of Investment

Please refer Appendix 3.

Rationale and Advantage Of The Acquisition

TBH is currently a 66.29% owned subsidiary of ChooBee. The acquisition of the additional 33.71% equity in TBH will increase ChooBee's total holding in TBH to 100%. The principal activities of TBH are manufacturing of pipes including stainless steel pipes and trading of hardware. The market for stainless steel products is expected to improve in the future and the increase of equity in TBH would broaden ChooBee's earning base from stainless steel products.

As a wholly owned subsidiary of ChooBee, TBH will not be constrained to source funding from ChooBee as it had been for any expansion that may be contemplated in future. Previously, ChooBee was restrained in providing financial assistance to TBH due to the restrictions on related party transactions under Listing Requirements of Bursa Malaysia.

A further advantage is that with the acquisition of the remaining shares in TBH, the related parties are deemed to be not interested in TBH after the next 12 months. The compliance to the Listing Requirements of Bursa Malaysia would then exclude the transactions entered into between ChooBee and TBH.

Directors' and Substantial Shareholders' Interests

Other than as disclosed in Appendix 1, none of the other Directors, substantial shareholders and/or persons connected with the Directors and/or substantial shareholders of the Company has any interest, direct or indirect, in the acquisition.

Directors' Statement

The Board of Directors of ChooBee is of the opinion that the purchase is in the best interest of ChooBee Group.

Risk Factor

The risks to be assumed by ChooBee would be in relation to the prospects and risk factors of TBH which includes pricing, market demand vagaries, competition and the economy as a whole which are the norm in the steel industry business.

ChooBee is confident it is able to mitigate the above risks through its efficiency in supply chain and production management, having a strong management team and a competent marketing force.

Statement

The acquisition has not departed from the Securities Commission's Policies and Guidelines on Issue/Offer of Securities.

Approval Required

The acquisition is not subject to the approval of shareholders or regulatory authorities.

Documents for Inspection

Details of the Sale and Purchase Agreements are available for inspection at the principal office of ChooBee at 46-48 Lebuhraya Bendahara, 31650 Ipoh for one week from the date of this announcement during normal business hours from Monday to Friday.

Appendix 1

Related Parties	No. of Shares	Cash consideration (RM)	Acquirer
Estate of Soon Taik Ann, Dec'd	40	240	Choo Bee Metal Industries Berhad
Soon Lian Huat Holdings Sdn Bhd	1,109,232	6,655,392	Choo Bee Metal Industries Berhad
Soon Cheng Hai	24,400	146,400	Choo Bee Metal Industries Berhad
Soon Cheng Boon	24,400	146,400	Choo Bee Metal Industries Berhad
Soon Hean Hooi	24,400	146,400	Choo Bee Metal Industries Berhad
Soon Siew Hoon	50,000	300,000	Choo Bee Metal Industries Berhad
Soon Siew Leh	50,000	300,000	Choo Bee Metal Industries Berhad
Quah Bee Yam	270,400	1,622,400	Choo Bee Metal Industries Berhad
Beh Tock Lum	10,000	60,000	Choo Bee Metal Industries Berhad
Soon Tiew Choon	80,000	480,000	Choo Bee Metal Industries Berhad

Appendix 2

Other Vendors	No. of Shares	Cash consideration (RM)	Acquirer
Chua Hian Hock	50,000	300,000	Choo Bee Metal Industries Berhad
Saw Cheong Foo	60,000	360,000	Choo Bee Metal Industries Berhad

Appendix 3

Vendor	Date of Investment	No. of shares	Original Cost of Investment
Estate of Soon Taik Ann, Dec'd	24.04.1978	1	RM1.00
Estate of Soon Taik Ann, Dec'd	01.11.1982	8	Bonus Issue
Estate of Soon Taik Ann, Dec'd	05.09.1983	1	Bonus Issue
Estate of Soon Taik Ann, Dec'd	28.12.1994	30	Bonus Issue
Soon Lian Huat Holdings Sdn Bhd	20.11.1995	950,236	RM1.00
Soon Lian Huat Holdings Sdn Bhd	12.08.1998	50,000	RM1.30
Soon Lian Huat Holdings Sdn Bhd	31.05.1999	108,996	RM1.30
Soon Cheng Hai	02.10.1987	6,100	RM1.20
Soon Cheng Hai	28.12.1994	18,300	Bonus Issue
Soon Cheng Boon	02.10.1987	6,100	RM1.20
Soon Cheng Boon	28.12.1994	18,300	Bonus Issue
Soon Hean Hooi	02.10.1987	6,100	RM1.20
Soon Hean Hooi	28.12.1994	18,300	Bonus Issue
Soon Siew Hoon	02.10.1987	6,100	RM1.20
Soon Siew Hoon	10.02.1998	3,900	RM1.20
Soon Siew Hoon	28.12.1994	30,000	Bonus Issue
Soon Siew Hoon	31.05.1999	10,000	RM1.30
Soon Siew Leh	02.02.2001	50,000	RM1.00
Quah Bee Yam	07.05.1987	4,606	RM1.20
Quah Bee Yam	04.06.1987	494	RM1.20
Quah Bee Yam	31.07.1989	25,000	RM1.30
Quah Bee Yam	28.12.1994	240,300	Bonus Issue
Soon Tiew Choon	07.09.2005	80,000	RM3.80
Chua Hian Hock	31.05.1999	50,000	RM1.30
Beh Tock Lum	31.05.1999	10,000	RM1.30
Saw Cheong Foo	04.07.2001	60,000	RM1.00