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# PRESS RELEASE

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**For Immediate Release!**

## **ChooBee's Performance Back by Stronger Pricing and Higher Margin**

*Ipoh, 11 June 2004* - Choo Bee Metal Industries Berhad (ChooBee), held its Annual General Meeting at the Heritage Hotel, Ipoh on 11 June 2004. At the press briefing after the AGM the following information was released to members of the Press.

### **ChooBee Performance in 2003**

For the financial year ended 31 December 2003, the Group achieved an increase of 67.8% in its Pre-tax Profit (PBT) to RM35.3 million on the back of a turnover of RM278.3 million. Sales turnover increase 32.1% from RM210.6 million in 2002 to RM278.3 million for 2003.

### **Factors Contributing to the Increase in Profit and Sales in 2003**

International prices buoyed primarily by the ability in China to take any increase in volume resulted in steel prices reaching high levels not seen since the 1980s. This drove steel scrap prices to its high levels above USD300 per tonne at the end of 2003. China's appetite for raw materials also added to the increase in freight rates and freight facility congestions. This combination of increase in costs and unprecedented levels of demand primarily in China and later in the United States, culminated in steel prices reaching its record levels. On the local front, cost of Hot Rolled Coils increased due to the increase in scrap prices whilst Cold Rolled Coils increased in tandem with the international prices. The underlying factors were similarly applicable for long steel products.

### **ChooBee Performance in Q1 of 2004**

For the period ended 31 March 2004, sales turnover for the quarter was RM81.7 million, increased by 49.1% as compared to RM54.8 million for the previous corresponding quarter. PBT increased by 69.4% to RM11.7 million from RM6.9 million in the previous corresponding quarter.

The momentum of 2003 carried through into the January and February of this year. Prices and margins continued in their highs but towards the end of Q1 domestic demand in China cooled whilst the Chinese

government made an effort to rationalise growth. Prices of products in Malaysia are still maintained as local prices are largely dictated by local suppliers of raw materials of Hot and Cold Rolled coils.

#### **Steel Market Outlook for 2004**

Although the China market cooled towards the end of the first quarter, Malaysia is in a unique situation where prices would not react immediately as far as Hot Rolled (HR) flat products are concerned. Locally, the market prices for HR flat products are still sustained at the 2003 average levels and the market for long products, however, is still tight. On the international front, it is expected that China would soon return to purchase in order to meet with persistent demand as stocks are being run down.

#### **Prospects of ChooBee**

ChooBee has entered into an agreement with an established Taiwanese pipe mill manufacturer to supply and install a pipe mill facility that is capable of producing pipe up to a diameter of 16 inches which will be suitable for use in the oil and gas, water and construction projects. Together with this expansion the Group will be upgrading and consolidating some of its manufacturing facilities in order to provide better value added services to its present range of products and position itself for the export market. Consequently the Group should be able to improve its turnover, customer base and profit margins when the new facilities are completed sometime at the end of 2005. The net profit potential for 2006 from the expansion is expected to reach approximately RM6 million per annum based on a sales tonnage of about 20,000 tonnes.

The Group expect to finance the cost of implementation of the above expansion plans mainly from internally generated funds. This will maximise its earnings per share as there is no dilution of its share base whilst cost of financing is kept at a minimum.

#### **Company Brief**

ChooBee is principally involved in the manufacturing of steel coil into flat based steel products and trading of structural steel and building materials. Products manufactured by the Group include welded steel pipes, square and rectangular hollow section, galvanised pipes, electrical conduit tubes, lipped channels just to name a few. Besides steel products, the Group also manufactured stainless steel products and provides steel servicing for customers that required tailor-made products such as shearing sheets and slitted coils.

*This press release contains certain forward-looking statements which involved known and unknown risks, uncertainties or other factors not under the Company's control which may cause the actual results, performance or achievement of the Company to materially different from the results, performance or other expectations implied by*

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