

CHOO BEE

The name for **Integrity** and **Reliability** in Steel



**CHOO BEE METAL
INDUSTRIES BERHAD**

ANNUAL REPORT

2004

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CHOO BEE METAL
INDUSTRIES BERHAD

ANNUAL REPORT
2004

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2005 Annual General Meeting of the Company will be held at Heritage Hotel, Jalan Raja DiHilir, 30350 Ipoh, Perak Darul Ridzuan, Malaysia on Friday, June 17, 2005 at 11.30 a.m.

AGENDA

1. To receive the Audited Financial Statements for the year ended December 31, 2004, together with the Directors' and Auditors' Reports thereon.
2. To sanction the declaration of a final dividend of 6% less 28% income tax and special dividend of 3% less 28% 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:-

Lee Sieng Tzi @Vincent Lee
Dato' Robert Lim Git Hooi, DPMP., JP
Khoo Choon Yam
Datin Shahrizan Binti Abdullah
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 – AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO THE EMPLOYEES' SHARE OPTION SCHEME

“That, subject to the Companies Act, 1965 and the Articles of Association of the Company, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue such number of new ordinary shares of RM1.00 each in the capital of the Company as may be required to be issued pursuant to the exercise of options under the Employees' Share Option Scheme which was approved by an Ordinary Resolution passed at the Extraordinary General Meeting of the Company on August 23, 2001.”

ORDINARY RESOLUTION NO. 3 – 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 4,426,000 shares inclusive of those shares already purchased and retained in treasury, which as at May 5, 2005 amounted to 2,818,500 shares, through Bursa Malaysia Securities Berhad, representing four point one seven percent (4.17%) of the Company's total issued and paid-up share capital as at May 5, 2005 of 106,200,000 shares of RM1.00 each;

That an amount of RM10,000,000 be allocated for the Proposed Share Buy Back out of the total of the audited retained profits and share premium account as at December 31, 2004, so that the total consideration of shares purchased and held as treasury shares or cancelled at any time do not exceed RM10,000,000. The retained profits and share premium account of the Company based on the audited financial statements for the year ended December 31, 2004 and unaudited management accounts for the period ended March 31, 2005 are as follows:

	As at December 31, 2004	As at March 31, 2005
Retained profits	RM95,569,704	RM94,033,346
Share premium	RM23,166,095	RM23,299,385

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. 4 –

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND NEW SHAREHOLDERS' MANDATE ON RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND IN THE NATURE OF PROVISION OF FINANCIAL ASSISTANCE

“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 and in the Nature of Provision of Financial Assistance as specified in Part B Section 3 of the Circular dated May 25, 2005 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 or in the case of Financial Assistance provided not more favourable than terms generally available from commercial banks in the financial market 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 June 17, 2005 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

Notice Of Annual General Meeting (continued)

- (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 or in the case of Financial Assistance provided not more favourable than terms generally available from commercial banks in the financial market 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."

By Order of the Board

CHAN YOKE YIN
CHAN EOI LENG
Company Secretaries

Ipoh, Perak Darul Ridzuan, Malaysia
May 25, 2005

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, No. 35 Jalan Hussein, 30250 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting.*

EXPLANATORY NOTES TO THE SPECIAL BUSINESS:**1) 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.

2) ORDINARY RESOLUTION NO. 2

On August 23, 2001, the Shareholders of the Company had approved the Employees' Share Option Scheme ("ESOS"). According to Section 132D of the Companies Act, 1965, the approval given by the Shareholders to the Directors of the Company to allot and issue shares pursuant to the ESOS expires at the forthcoming 2005 Annual General Meeting. As such, the Directors seek the Shareholders' renewed approval to allot and issue the shares for the ESOS.

3) 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 2004 Annual Report.

4) ORDINARY RESOLUTION NO. 4

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 2004 Annual Report.

**Statement Accompanying Notice Of The 2005 Annual General Meeting Of
Choo Bee Metal Industries Berhad Pursuant To Paragraph 8.28(2) Of The List-
ing Requirements Of The Bursa Malaysia Securities Berhad**

1. 2005 Annual General Meeting of Choo Bee Metal Industries Berhad:

Place : Heritage Hotel, Jalan Raja DiHilir, 30350 Ipoh, Perak Darul Ridzuan, Malaysia.
Date : Friday, June 17, 2005
Time : 11.30 a.m.

2. Name of individuals who are standing for re-election and their shareholdings in the Company and its subsidiary companies are as follows:

Name of Directors	← Ordinary shares of RM1.00 each →			Options over	
	Shareholdings in the Company as at May 6, 2005		Shareholdings in Taik Bee Hardware Sdn. Bhd. as at May 6, 2005 (subsidiary company)	Ordinary Shares of RM1.00 each at a price of RM1.20 each as at May 6, 2005	Shareholdings in Taik Bee Hardware Sdn. Bhd. as at May 6, 2005 (subsidiary company)
	Direct	Deemed	Options	Direct	Deemed
Lee Sieng Tzi @ Vincent Lee	105,000	-	600,000	-	-
Dato' Robert Lim Git Hooi, DPMP., JP	14,000	69,000	-	-	-
Khoo Choon Yam	-	-	-	-	-
Datin Shahrizan Binti Abdullah	-	-	-	-	-

Other than as disclosed above, the Directors who are standing for re-election do not have any interest in the shares of the other subsidiary companies.

Details of the above Directors are set out in the Profile of Directors on page 16 to 19 of this Annual Report.

3. Details of attendance of Directors at Board Meetings:

Four (4) Board Meetings were held during the financial year from January 1, 2004 till December 31, 2004:

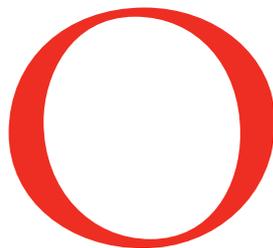
February 27, 2004
May 14, 2004
August 24, 2004
November 26, 2004

Details of attendance of Directors at the Board Meetings are as follows:

Name of Directors	Number of Meetings	Number of Meetings Attended
Soon Ah Khun @ Soon Lian Huat	4	3
Soon Cheng Hai	4	4
Soon Cheng Boon	4	4
Soon Hean Hooi	4	3
Lee Sieng Tzi @ Vincent Lee	4	4
Leong Keng Yuen	4	4
Dato' Robert Lim Git Hooi, DPMP., JP	4	4
Khoo Choon Yam	4	3
Datin Shahrizan Binti Abdullah	2	2



Chairman's Statement



On behalf of
the Board of
Directors of
Choo Bee Metal
Industries Berhad,

I am pleased to present the Annual Report 2004 and the Audited Financial Statements of the Group and of the Company for the financial year ended December 31, 2004.

Financial Review

I am pleased to inform our shareholders that the Group achieved a turnover of RM336.5 million for the financial year, an increase of 20.9% compared to RM278.3 million recorded in the previous year. The Group's profit before tax improved significantly to reach RM63.7 million from RM35.3 million in 2003 and



net profit increased to RM44.3 million from RM25.5 million in 2003. Correspondingly, the basic earnings per share also increased to 43.3 sen compared to 25.5 sen for 2003. The Group Net Tangible Assets (NTA) at the end of the financial year was RM272.9 million (NTA per share of RM2.65) compared to RM230.7 million (NTA per share of RM2.29) at end of the previous year.



Despite higher prices, overall sales volume for the Group was better than the previous year.

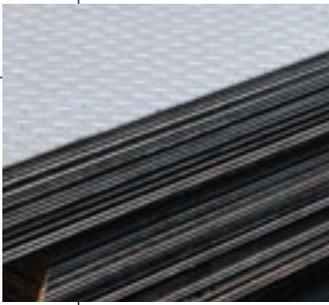
Dividend

The Board is pleased to recommend a final dividend of 6% less 28% tax and special dividend of 3% less 28% tax in respect of the financial year ended December 31, 2004.

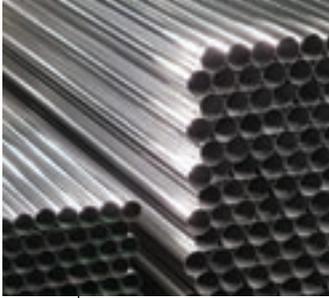
Performance

High steel prices buoyed by strong global

demand for all types of steel dominated the steel market for most of the year. On the local front, the strength of steel prices did not come entirely from strong demand which generally sustained at previous year levels but rather more from the supply side. However, despite higher prices, overall sales volume for the Group was better than the previous year. This is an indication that we have been able to successfully implement our plans to



Chairman's Statement (continued)



move further up the value chain in terms of products and to improve our level of service to customers.

Industry Trend and Developments



High scrap and raw material prices and development of the China market will continue to influence the steel industry in 2005. There is a general sense of caution as to how Chinese demand and production capacity unfolds and developments in the major steel markets. Generally, a lower global economic growth rate is expected with rising interest rates and energy costs. However, the Malaysian market continues to enjoy some degree of stability not being directly exposed to the immediate vagaries of these market factors. The trends going forward into 2005 is therefore expected to be stable to positive with recent announcements of further Government funded projects and optimistic construction and manufacturing sector contribution to Malaysia 2005 GDP growth.

Future Prospects

With the Group's expansion plans and strategies that have been put in place, our Board is optimistic that the Group will be able to continue to deliver commendable performance in the year 2005.

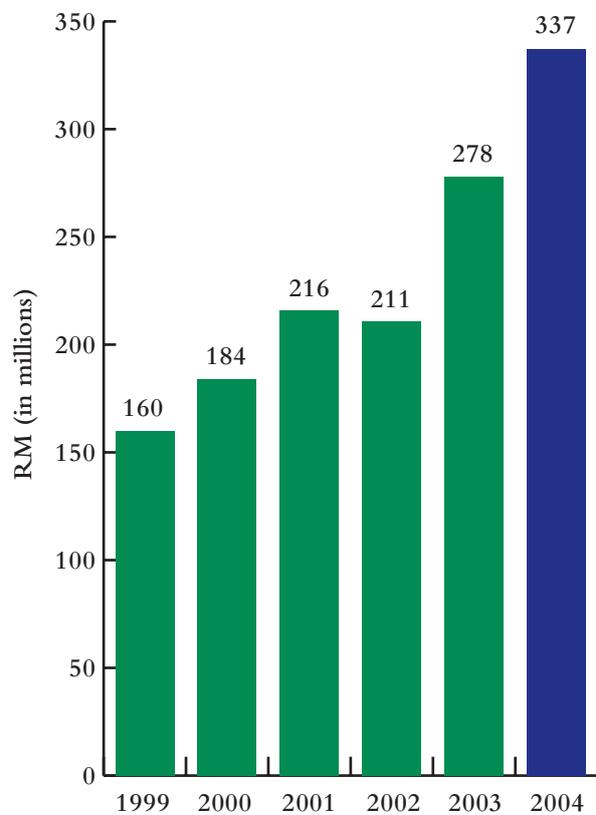
Acknowledgement

On behalf of the Board, I would like to place on record our sincere appreciation to the management team and staff for their full dedication, loyalty, hard work and 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.

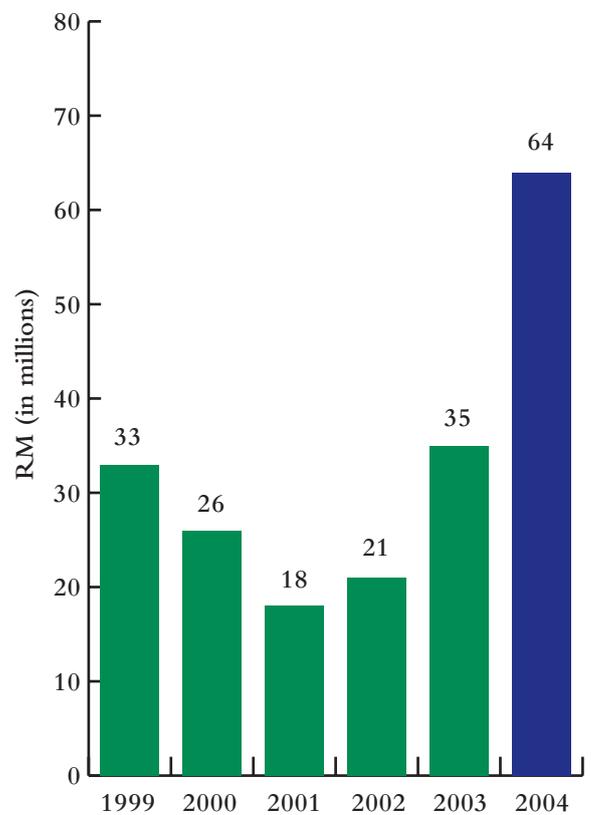


I would like to place on record our sincere appreciation to the management team and staff for their full dedication, loyalty, hard work and contribution throughout the year.

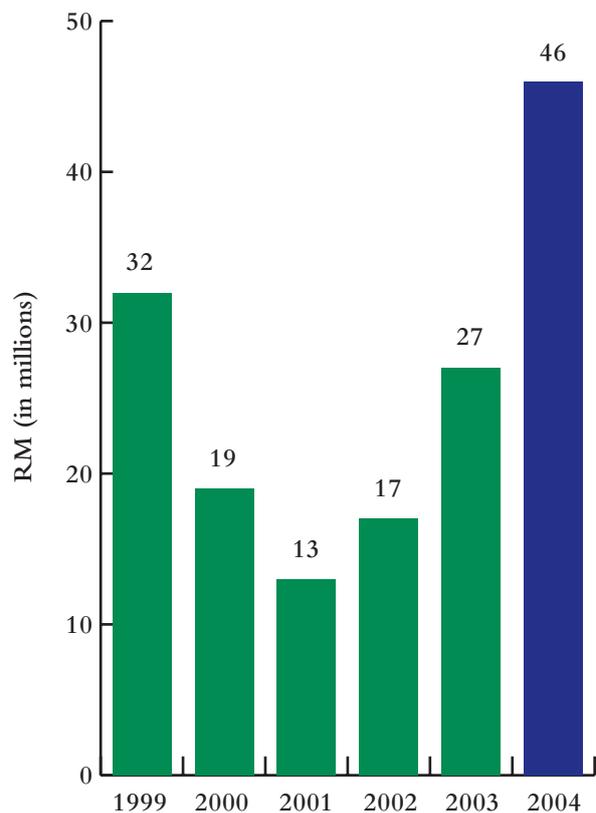




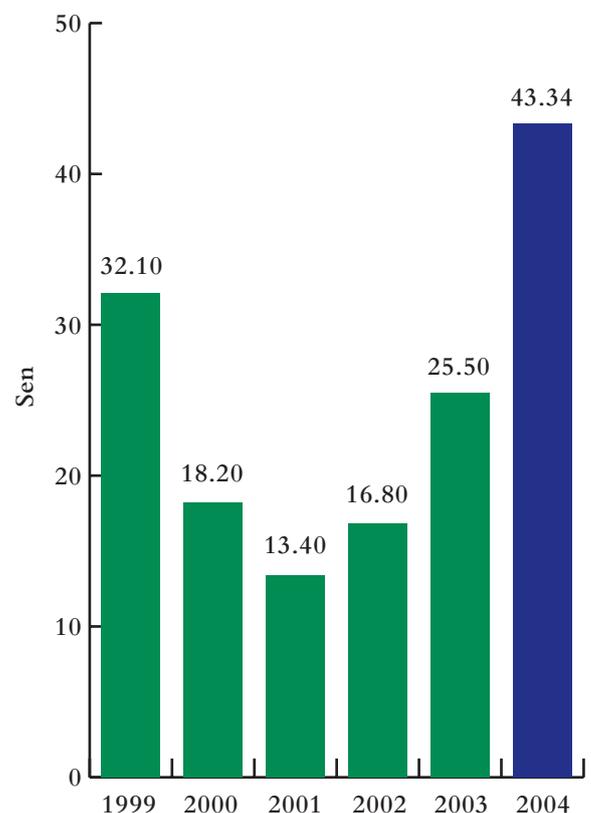
TURNOVER



PROFIT BEFORE TAX

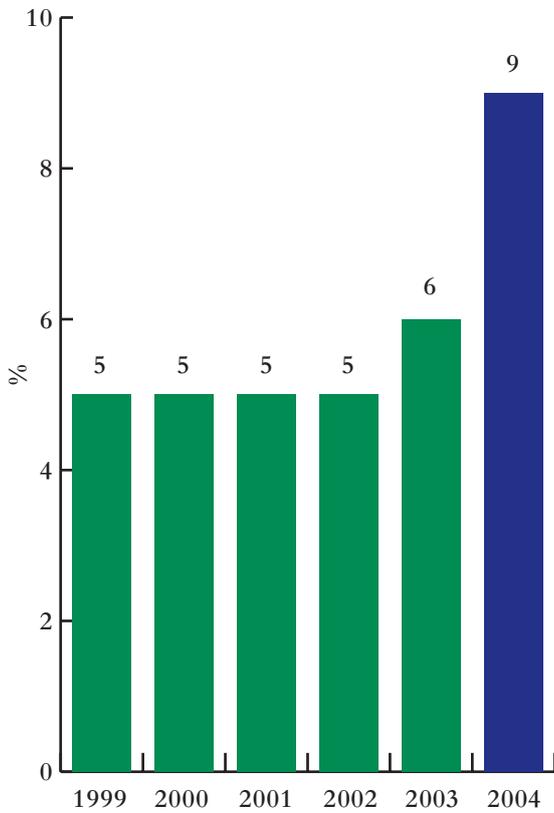


PROFIT AFTER TAX

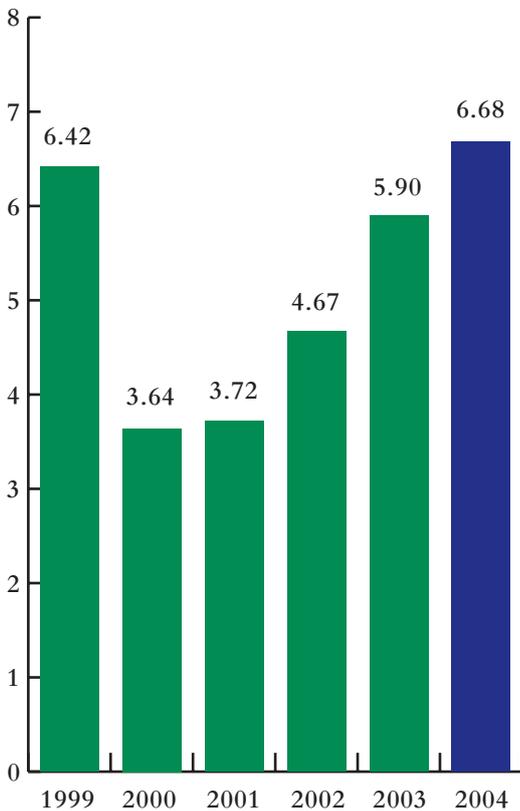


EPS BASIC

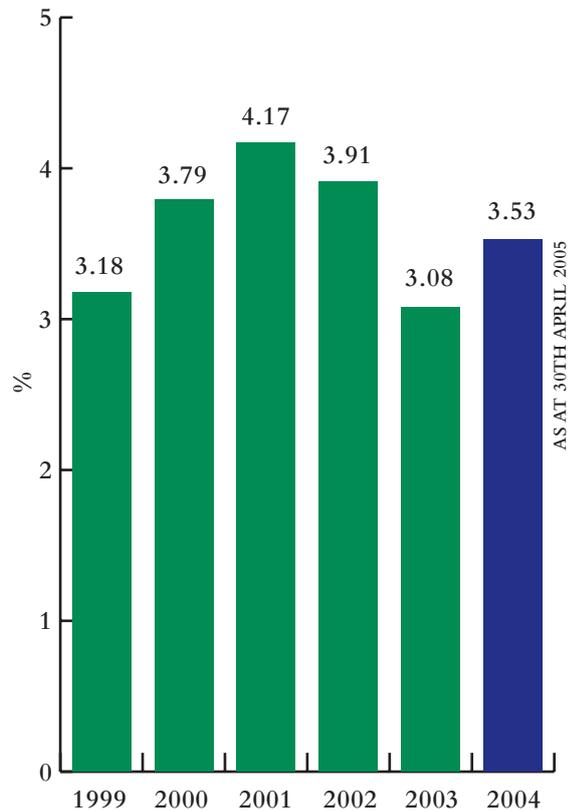
“In view of the RM63.7 million PBT earned in 2004, in addition to the final ordinary dividend of 6%; we are also giving a special dividend of 3% in respect of 2004”



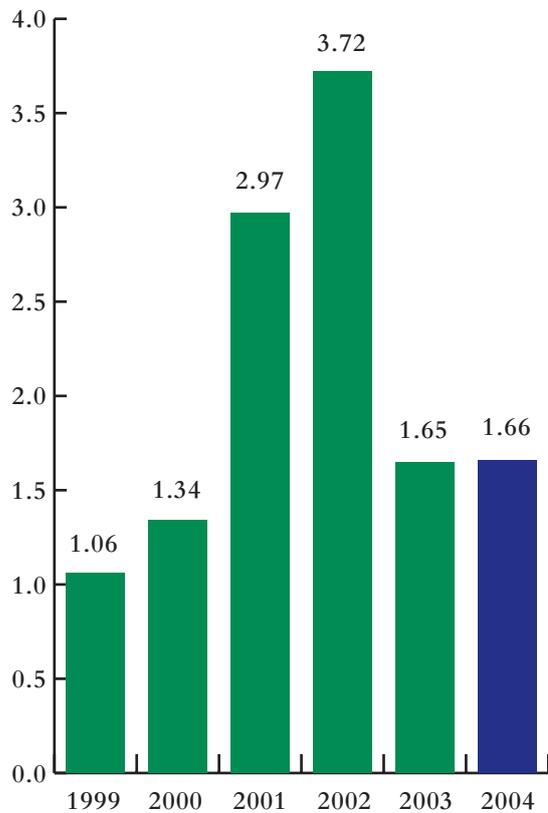
DIVIDEND RATE



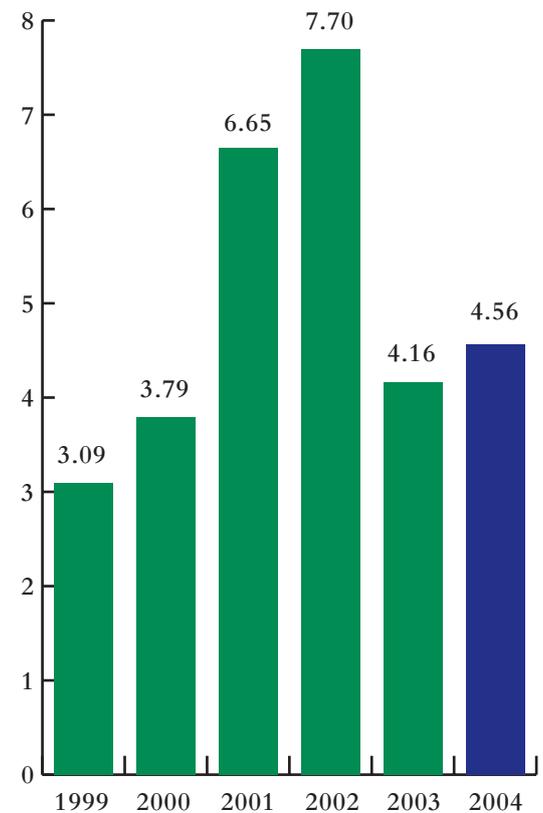
DIVIDEND COVER



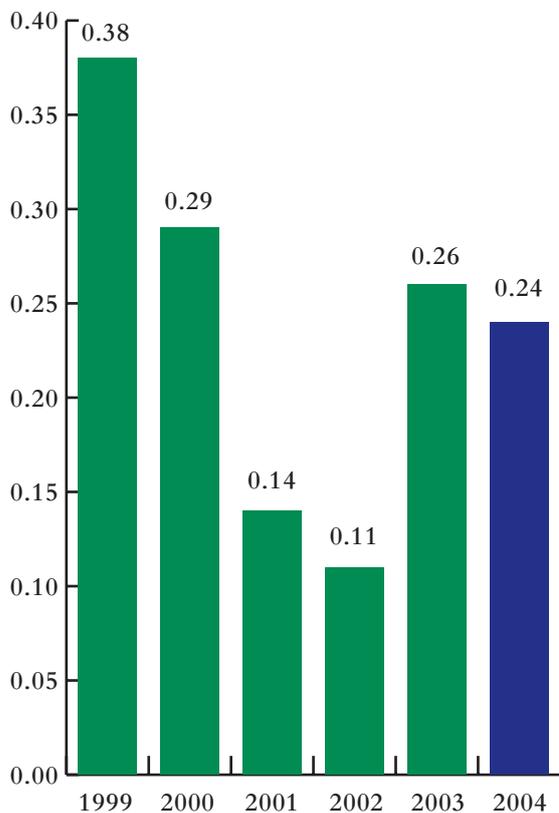
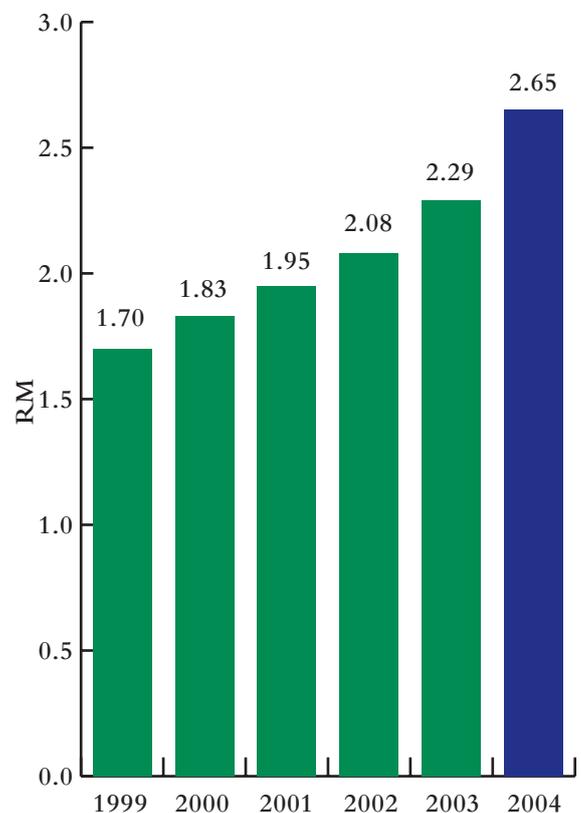
GROSS DIVIDEND YIELD



LIQUIDITY RATIO



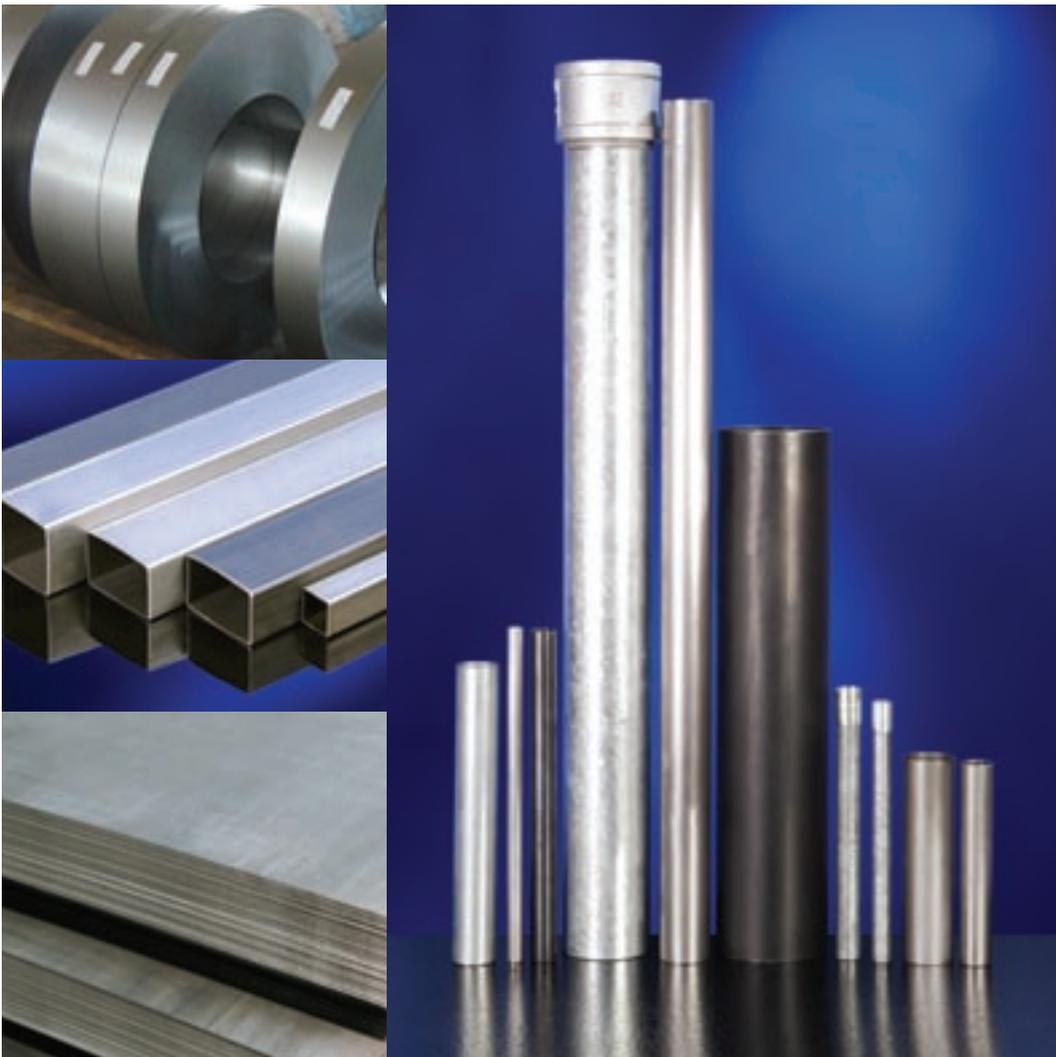
CURRENT RATIO

DEBT ON EQUITY
(No. of times)

NTA/SHARE

Our 3 Core Businesses:

- ☞ Manufacturing of flat-based steel products including pipes & tubes, hollow sections, c-purlins and channels.*
- ☞ Providing a comprehensive range of pre-production services to manufacturers of products that have steel as a component.*
- ☞ Trading in a comprehensive range of steel products including structural steel and building materials.*





Our commitment to deliver our promises has resulted in our achieving ISO 2001: 9000 certification for our quality management policy.



Corporate Information

BOARD OF DIRECTORS

Soon Ah Khun @ Soon Lian Huat

Group Executive Chairman

Soon Cheng Hai

Managing Director

Soon Cheng Boon

Executive Director

Soon Hean Hooi

Executive Director

Lee Sieng Tzi @ Vincent Lee

Executive Director

Datin Shahrizan Binti Abdullah

Non-Executive Director

Leong Keng Yuen

Senior Independent Non-Executive Director

Dato' Robert Lim Git Hooi, DPMP., JP.

Independent Non-Executive Director

Khoo Choon Yam

Independent Non-Executive Director

EXECUTIVE COMMITTEE

Chairman:

Soon Cheng Hai

Members:

Soon Ah Khun @ Soon Lian Huat

Soon Cheng Boon

Soon Hean Hooi

AUDIT COMMITTEE

Chairman:

Leong Keng Yuen

Members:

Dato' Robert Lim Git Hooi, DPMP., JP.

Khoo Choon Yam

Soon Cheng Boon

NOMINATING COMMITTEE

Chairman:

Khoo Choon Yam

Members:

Leong Keng Yuen

Dato' Robert Lim Git Hooi, DPMP., JP.

REMUNERATION COMMITTEE

Chairman:

Dato' Robert Lim Git Hooi, DPMP., JP.

Members:

Leong Keng Yuen

Khoo Choon Yam

Soon Cheng Hai

ESOS COMMITTEE

Members:

Soon Ah Khun @ Soon Lian Huat

Soon Cheng Hai

Soon Cheng Boon

SECRETARIES

Chan Yoke Yin (MAICSA 7043743)

Chan Eoi Leng (MAICSA 7030866)

REGISTERED OFFICE

35 Jalan Hussein,
30250 Ipoh, Perak Darul Ridzuan, Malaysia.
Tel: 605-2415633 Fax: 605-2415578

PRINCIPAL PLACE OF BUSINESS

46-48, Lebu Raya Bendahara,
31650 Ipoh, Perak Darul Ridzuan, Malaysia.
Tel: 605-2558111 Fax: 605-2543073

WEBSITE AND E-MAIL ADDRESS

Homepage: www.choobee.com.my

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

REGISTRARS

Symphony Share Registrars Sdn. Bhd.
35 Jalan Hussein,
30250 Ipoh, Perak Darul Ridzuan, Malaysia.
Tel: 605-2415633 Fax: 605-2415578

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
United Overseas Bank (Malaysia) Berhad
RHB Bank Berhad
Bumiputra-Commerce Bank Berhad

AUDITORS

Deloitte KassimChan
Chartered Accountants

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Board



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

Executive Director
Aged 66, Malaysian

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

Soon Ah Khun @ Soon Lian Huat is the founder of Choo Bee Metal Industries Berhad and has about 49 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 42, Malaysian

Soon Cheng Hai was appointed to the Board on April 10, 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 19 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 40, Malaysian

Soon Cheng Boon was appointed to the Board on September 19, 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.

Soon Hean Hooi

Executive Director

Aged 34, Malaysian

Soon Hean Hooi was appointed to the Board on November 1, 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 42, Malaysian

Lee Sieng Tzi @ Vincent Lee was appointed to the Board on September 25, 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.



Datin Shahrizan Binti Abdullah

Non-Executive Director
Aged 54, Malaysian

Datin Shahrizan Binti Abdullah was appointed to the Board on June 12, 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 Amanah SSCM Asset Management Bhd. and a director of Malaysia Discounts Berhad and other private limited companies.

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.



Leong Keng Yuen

Senior Independent Non-Executive Director
Age 54, Malaysian

Leong Keng Yuen was appointed to the Board on September 25, 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. Currently, he is a partner of Ernst & Young and is also an Independent Non-Executive Director of Hexza Corporation Berhad, which is listed on the Bursa Malaysia Securities Berhad.

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, DPMP., JP

Independent Non-Executive Director
Aged 66, Malaysian

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



Dato' Robert Lim Git Hooi, DPMP., JP was previously a partner in Ernst & Young and he is also an Independent Non-Executive Director of Gopeng Berhad, Seloga Holdings Berhad and Yu Neh Huat Bhd. which are listed on the Bursa Malaysia Securities Berhad. He is also a director of Bumiputra-Commerce Bank Berhad and several other private limited companies.

Dato' Robert Lim Git Hooi, DPMP., JP 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.

Khoo Choon Yam

Independent Non-Executive Director
Aged 52, Malaysian

Khoo Choon Yam was appointed to the Board on December 27, 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. 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.

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.

Four (4) Board Meetings were held during the financial year ended December 31, 2004. Details of attendance of Directors at the Board Meetings are presented in the Statement Accompanying the Notice of the 2005 Annual General Meeting.

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 October 12, 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. In attendance at Executive Committee meetings are the Group General Manager and respective heads of operating units, attending as required.

2. Audit Committee

The Audit Committee was established on July 6, 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.

3. Nominating Committee

The Nominating Committee was established on November 24, 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;
- 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 Boards 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 Chief Executive Officer 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, DPMP., JP. – Independent Non-Executive Director

During the year ended December 31, 2004, two (2) meetings were held and were attended by all members of the Nominating Committee except for Khoo Choon Yam who attended only one (1) meeting as he was only appointed Member and Chairman of the Nominating Committee on June 11, 2004 to replace Datuk Ismail Bin Haji Ahmad.

4. Remuneration Committee

The Remuneration Committee was established on November 24, 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, DPMP., JP. – Independent Non-Executive Director (Chairman)
 Leong Keng Yuen – Senior Independent Non-Executive Director
 Soon Cheng Hai – Executive Director
 Khoo Choon Yam – Independent Non-Executive Director

During the year ended December 31, 2004, one (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 July 1, 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.

Board Balance

The Board currently has nine (9) members, five (5) executive Directors (which includes the Group Executive Chairman) and four (4) non-executive Directors. Of the four (4) non-executive Directors, three (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 four (4) non-executive Directors out of a total of nine (9) Directors, all of whom are of a caliber necessary to carry sufficient weight in Board decisions. Three (3) of the four (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
- key policies, procedures and authority limits.

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 as required under the Bursa Malaysia Securities Berhad listing requirements. The Directors will continue to undergo training and other relevant programmes to further enhance their skills and knowledge where relevant.

Re-election

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

PART B : DIRECTORS' REMUNERATION**The Level and Make-up of Remuneration**

The Company has adopted the objective as recommended by the Code 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 of executive remuneration for fixing the remuneration packages of individual Directors. It is, nevertheless, the ultimate responsibility of the entire Board to approve the remuneration of these Directors. The determination of the remuneration of the non-executive Directors is a matter for the Board as a whole.

Disclosure

A summary of the remuneration of Directors for the year ended December 31, 2004 is as follows:

Directors' Remuneration	Executive Directors RM	Non-Executive Directors RM
Fee	128,000	88,354
Salaries and EPF	1,781,450	-
Bonus	2,696,367	-
Allowances	-	33,000
Benefits-in-kind	75,719	-

Directors' Remuneration	Number of Directors	
	Executive Directors RM	Non-Executive Directors RM
Below 50,000	-	4
50,000 – 100,000	1	-
700,000 – 750,000	1	-
900,000 – 950,000	1	-
950,000 – 1,000,000	1	-
1,850,000 – 1,900,000	1	-

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

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 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' Share 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 (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 RM8,000 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 28 to the financial statements, there were no other material litigations faced by the Group.

MATERIAL CONTRACTS

During the financial year, the Company has entered into agreements to purchase machinery, construct new factory building and related facilities amounting to approximately RM35.6 million. Non-deliverable forward contracts (NDF) were entered into by the Company to hedge its payment obligations in New Taiwan Dollars (TWD) as disclosed in Note 30 to the financial statements.

REVALUATION OF LANDED PROPERTIES

There were no revaluations of landed properties during the year.

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 three (3) members;
- (b) a majority of the audit committee must be independent directors; and
- (c) at least one 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 three (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 three (3) months of a vacancy occurring in the Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

The Board shall review the term of office and performance of the Committee and each of its members at least once every three (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 assistance given by the employees of the Company to the external auditors;
 - (e) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (g) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:

- (i) changes in or implementation of major accounting policy changes;
- (ii) significant and unusual events; and
- (iii) compliance with accounting standards and other legal requirements;
- (h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (i) any letter of resignation from the external auditors of the Company; and
- (j) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment; and

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

Meetings

Meetings of the Committee shall be held not less than four (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 two (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 three (3) independent non-executive and one executive Directors 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)	4 out of 4
Soon Cheng Boon - Executive Director	4 out of 4
Dato' Robert Lim Git Hooi, DPMP, JP. - Independent non-executive Director	4 out of 4
Khoo Choon Yam - Independent non-executive Director	3 out of 4

The Group's external auditors were in attendance at two (2) meetings during the year. One (1) of these meetings commenced with a discussion between the Committee and the external auditors without the presence of any executives of the Group.

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 December 31, 2004 in the discharge of its duties and responsibilities:

- Reviewed and approved the Internal Audit plans and programmes;

- Reviewed the Internal Audit reports, recommendations and management responses. Improvement actions in the area of internal controls, systems and efficiency enhancements suggested by the internal auditors were discussed together with Management. Followed up on implementation taken by management on audit recommendation raised;
- Reviewed the audit strategy and scope for the statutory audits of the Group accounts for the financial year ended December 31, 2004 with the external auditors;
- Reviewed the external auditors management letter and finalisation of the financial statements for the year ended December 31, 2003;
- Reviewed the reports from the Executive Committee managing the risk management issues and internal control process improvements for the Group;
- 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;
- Reviewed the risk management process carried out by senior management team; and
- Verified that the allocation of the Employees' Share Options during the year is in accordance with the criteria set out in the ESOS bye-laws.

INTERNAL AUDIT FUNCTION

The Group has a well-established System Assurance Department (which carries out the Internal Audit function), which reports to the Audit Committee and assists the Board of Directors in monitoring risks and internal controls. The System Assurance Department is responsible for providing independent assessments for adequate, efficient and effective internal control systems to manage risks exposures over key processes within the Group.

The scope of Internal Audit covers the audits on units of operations and subsidiary companies. The System Assurance Department has adopted a risk-based approach towards the planning and conduct of audits which is consistent with the Group's established framework in designing, implementing and monitoring of control systems.

The system of internal control was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

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 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 the Audit Committee and the Board with much of the assurance it requires regarding the adequacy of the system of Internal Control.

Its principal responsibility is to undertake regular and systematic reviews of the system of internal control 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 a detailed annual internal audit plan are presented to the Audit Committee each year for approval. The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the key business processes of the Group.

The activities that are 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 procedures and reliability of financial records;
- participate in meetings of group senior management to keep abreast with the strategic and operational plans and on development issues;

Statement On Internal Control (continued)

- 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; and
- prepare internal audit reports to the Audit Committee of the Group operations.
- verify the basis of allocation of Employees’ Share Options for 263,000 share options granted during the financial year at an option price of RM1.94 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 February 12, 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.

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**CHOO BEE METAL
INDUSTRIES BERHAD**

**ANNUAL REPORT
2004**

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 December 31, 2004.

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 14 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	63,706,852	33,052,818
Income tax expense	(17,312,104)	(9,075,561)
Profit after tax	46,394,748	23,977,257
Minority interests	(2,143,644)	-
Net profit for the year	44,251,104	23,977,257

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.

DIVIDENDS

A final dividend of 6%, less 28% tax, amounting to RM4,433,918 of which RM4,357,411 has been dealt with in the previous directors' report, was paid by the Company during the current financial year. The difference arose from additional dividends of RM76,507 paid in respect of new ordinary shares issued pursuant to the exercise of the Company's Employees' Share Option Scheme (ESOS) subsequent to the previous financial year.

The directors have proposed a final dividend of 6%, less 28% tax, and a special dividend of 3%, less 28% tax, amounting to RM4,442,947 and RM2,221,474 respectively in respect of the current financial year. The proposed dividends are subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and have 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.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM103,612,000 to RM105,593,000 through an issue of 1,826,000, 99,000 and 56,000 new ordinary shares of RM1.00 each at RM1.20, RM1.05 and RM1.94 per share respectively pursuant to the exercise of options granted under the ESOS.

ISSUE OF SHARES AND DEBENTURES (continued)

The resulting premium arising from the shares issued of RM422,790 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 Annual General Meeting (“AGM”) held on June 11, 2004, 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 Jan. 1, 2004	2,746,000	2.10	1.01	1.46	4,018,542
Aug. 2004	1,000	2.28	2.28	2.30	2,298
	2,747,000				4,020,840

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 August 23, 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 ten per cent (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;
- (b) Eligible Malaysian employees and contract employees are those who have been confirmed in service for at least one (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 three (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 ten per cent (10%) from the five (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 five (5) years from November 26, 2001;
- (f) The ESOS Committee is approved by the Board of Directors of the Company to administer the Scheme; and

SHARE OPTIONS (continued)

- (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 ESOS bye-laws.

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

Expiring on	Exercise price per ordinary share RM	No. of options over ordinary shares of RM1.00 each				Balance as at Dec. 31, 2004
		Balance as at Jan. 1, 2004	Granted	Exercised	Lapsed	
Nov. 25, 2006	1.20	6,027,000	-	(1,826,000)	(145,000)	4,056,000
Nov. 25, 2006	1.05	306,000	-	(99,000)	(51,000)	156,000
Nov. 25, 2006	1.94	-	263,000	(56,000)	(33,000)	174,000
		6,333,000	263,000	(1,981,000)	(229,000)	4,386,000

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 FINANCIAL INFORMATION

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

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

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

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

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

OTHER FINANCIAL INFORMATION (continued)

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 succeeding financial year.

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 DPMP., JP.
Khoo Choon Yam
Soon Hean Hooi
Lee Sieng Tzi @ Vincent Lee
Datin Shahrizan Binti Abdullah (appointed on June 12, 2004)
Datuk Ismail Bin Haji Ahmad (resigned on May 20, 2004)

In accordance with Article 101 of the Company's Articles of Association, Dato' Robert Lim Git Hooi, DPMP., JP., Mr. Khoo Choon Yam and Mr. Lee Sieng Tzi @ Vincent Lee retire by rotation and, being eligible, offer themselves for re-election.

Datin Shahrizan Binti Abdullah who was appointed to the Board since the last AGM, retires under Article 108 of the Company's Articles of Association and, being eligible, offers herself for re-election.

DIRECTORS' INTERESTS

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

	No. of ordinary shares of RM1.00 each			Balance as at Dec. 31, 2004
	Balance as at Jan. 1, 2004	Bought	Sold	
Shares in the Company				
Registered in the name of directors				
Soon Ah Khun @ Soon Lian Huat	892,600	120,000	(852,000)	160,600
Soon Cheng Hai	304,000	200,000	(200,000)	304,000
Soon Cheng Boon	298,000	200,000	(200,000)	298,000
Soon Hean Hooi	2,249,055	200,000	(330,000)	2,119,055
Leong Keng Yuen	26,000	-	-	26,000
Lee Sieng Tzi @ Vincent Lee	155,000	-	(50,000)	105,000
Dato' Robert Lim Git Hooi, DPMP., JP.	14,000	-	-	14,000
Deemed interest by virtue of shares held by companies in which a director has interest				
Soon Ah Khun @ Soon Lian Huat	53,571,000	852,000	-	54,423,000

DIRECTORS' INTERESTS (continued)

Shares in the Company	No. of ordinary shares of RM1.00 each			Balance as at Dec. 31, 2004
	Balance as at Jan. 1, 2004	Bought	Sold	
Deemed interest by virtue of shares held by an immediate family member of a director				
Dato' Robert Lim Git Hooi, DPMP., JP.	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 Dec. 31, 2004
	Balance as at Jan. 1, 2004	Granted	Exercised	Lapsed	
Soon Ah Khun @ Soon Lian Huat	360,000	-	(120,000)	-	240,000
Soon Cheng Hai	600,000	-	(200,000)	-	400,000
Soon Cheng Boon	600,000	-	(200,000)	-	400,000
Soon Hean Hooi	600,000	-	(200,000)	-	400,000
Lee Sieng Tzi @ Vincent Lee	600,000	-	-	-	600,000

Shares in holding company, Soon Lian Huat Holdings Sdn. Berhad	No. of ordinary shares of RM1.00 each			Balance as at Dec. 31, 2004
	Balance as at Jan. 1, 2004	Bought	Sold	
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.

**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	161,829	-	-	161,829

**Deemed interest by virtue of
shares held by a company in
which a director has interest**

Soon Ah Khun @ Soon Lian Huat	1,660,584	-	-	1,660,584
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**Shares in subsidiary company,
Taik Bee Hardware Sdn. Bhd.**

Registered in the name of directors				
Soon Cheng Hai	24,400	-	-	24,400
Soon Cheng Boon	24,400	-	-	24,400
Soon Hean Hooi	24,400	-	-	24,400

DIRECTORS' INTERESTS (continued)

	No. of ordinary shares of RM1.00 each			Balance as at Dec. 31, 2004
	Balance as at Jan. 1, 2004	Bought	Sold	
Deemed interest by virtue of shares held by companies in which a director has interest				
Soon Ah Khun @ Soon Lian Huat	4,556,360	-	-	4,556,360

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

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain directors of the Company are also directors and/or shareholders as disclosed in Notes 18 and 21 to the Financial Statements.

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

HOLDING COMPANY

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

AUDITORS

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

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

SOON AH KHUN @ SOON LIAN HUAT

SOON CHENG HAI

Ipoh,
February 25, 2005

TO THE MEMBERS OF CHOO BEE METAL INDUSTRIES BERHAD

(Incorporated in Malaysia)

We have audited the accompanying balance sheets as at December 31, 2004 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. Our responsibility is to express an opinion on these financial statements based on our audit.

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 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 December 31, 2004 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 Act 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 Act to be kept by the Company and by the subsidiary companies have been properly kept in accordance with the provisions of the Act.

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 Act.

DELOITTE KASSIMCHAN

AF 0080

Chartered Accountants

WONG GUANG SENG

787/3/05(J/PH)

Partner

February 25, 2005

INCOME STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

	Note	The Group		The Company	
		2004 RM	2003 RM	2004 RM	2003 RM
Revenue	4	336,542,760	278,312,838	164,249,525	139,391,741
Other operating income	8	1,051,960	2,844,429	603,879	1,802,115
Changes in inventories of manufactured and trading goods		18,525,014	8,945,476	(462,737)	4,772,976
Trading goods purchased		(159,157,167)	(134,865,222)	(17,598,845)	(23,266,413)
Raw materials and consumables used		(104,113,634)	(97,833,561)	(96,237,914)	(91,442,503)
Directors' remuneration	6	(4,727,171)	(3,116,578)	(2,471,121)	(1,704,468)
Staff costs	7	(7,641,716)	(6,473,201)	(3,900,368)	(3,379,142)
Write back of impairment loss/(Impairment loss) of property, plant and equipment	13	(1,327,896)	125,294	(1,327,896)	87,777
Depreciation of property, plant and equipment	13	(3,492,967)	(3,464,199)	(2,452,554)	(2,347,854)
Other operating expenses	8	(10,915,540)	(10,422,150)	(6,655,768)	(5,714,448)
Profit from operations		64,743,643	34,053,126	33,746,201	18,199,781
Finance costs	9	(1,203,187)	(433,571)	(805,782)	(216,734)
Income from other investments	10	166,396	1,657,051	112,399	1,637,404
Profit before tax		63,706,852	35,276,606	33,052,818	19,620,451
Income tax expense	11	(17,312,104)	(8,759,784)	(9,075,561)	(5,061,881)
Profit after tax		46,394,748	26,516,822	23,977,257	14,558,570
Minority interests		(2,143,644)	(1,037,120)	-	-
Net profit for the year		44,251,104	25,479,702	23,977,257	14,558,570
Earnings per ordinary share					
Basic (sen)	12	43.3	25.5		
Diluted (sen)	12	42.1	25.0		

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

BALANCE SHEETS

AS AT DECEMBER 31, 2004

	Note(s)	The Group		The Company	
		2004 RM	2003 RM	2004 RM	2003 RM
ASSETS					
Property, plant and equipment	13	48,071,747	47,732,331	36,587,507	35,620,057
Investment in subsidiary companies	14	-	-	16,123,846	16,123,846
Other investments	15	1,668,776	6,036,265	1,633,826	6,036,265
Deferred tax asset	24	230,000	214,000	-	-
Current Assets					
Inventories	16	192,453,173	149,751,704	131,456,751	109,529,360
Trade receivables	17&18	92,722,486	84,278,545	45,828,189	38,388,913
Other receivables, deposits and prepaid expenses	17	13,848,003	11,262,404	12,984,575	7,086,636
Amount owing by subsidiary companies	18	-	-	22,035,127	20,531,590
Cash and bank balances	19	3,357,995	3,186,272	2,060,456	2,823,813
Total Current Assets		302,381,657	248,478,925	214,365,098	178,360,312
Current Liabilities					
Trade payables	20	9,795,524	8,410,723	5,417,663	4,374,208
Other payables and accrued expenses	20	10,021,784	12,790,411	5,664,098	10,677,594
Short-term borrowings	22	41,007,316	36,222,521	30,354,762	17,550,257
Tax liabilities		5,479,790	2,282,086	3,468,896	1,223,948
Total Current Liabilities		66,304,414	59,705,741	44,905,419	33,826,007
Net Current Assets		236,077,243	188,773,184	169,459,679	144,534,305
Long-term and Deferred Liabilities					
Provision for retirement benefits	23	382,509	352,197	306,608	280,725
Deferred tax liabilities	24	4,185,431	5,286,079	3,190,291	3,670,620
Total Long-term and Deferred Liabilities		(4,567,940)	(5,638,276)	(3,496,899)	(3,951,345)
Minority interests		(8,544,045)	(6,400,401)	-	-
Net Assets		272,935,781	230,717,103	220,307,959	198,363,128
Represented by:					
Issued capital	25	105,593,000	103,612,000	105,593,000	103,612,000
Reserves	26	167,342,781	127,105,103	114,714,959	94,751,128
Shareholders' Equity		272,935,781	230,717,103	220,307,959	198,363,128
Net tangible assets per ordinary share		2.65	2.29		

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2004

The Group	Note(s)	Issued Capital RM	← Non-distributable Reserves →			Treasury Shares RM	Distributable Reserves	Total Shareholders' Equity RM
			Share Premium RM	Reserve on Consolidation RM	General Reserve RM		Unappro- -priated Profit RM	
Balance as at January 1, 2003		102,139,000	22,461,305	1,366,071	1,186,293	(3,965,291)	83,933,946	207,121,324
Issue of shares	25&26	1,473,000	282,000	-	-	-	-	1,755,000
Net profit for the year		-	-	-	-	-	25,479,702	25,479,702
Dividends	27	-	-	-	-	-	(3,585,672)	(3,585,672)
Shares repurchased	25	-	-	-	-	(53,251)	-	(53,251)
Balance as at December 31, 2003		103,612,000	22,743,305	1,366,071	1,186,293	(4,018,542)	105,827,976	230,717,103
Issue of shares	25&26	1,981,000	422,790	-	-	-	-	2,403,790
Net profit for the year		-	-	-	-	-	44,251,104	44,251,104
Dividends	27	-	-	-	-	-	(4,433,918)	(4,433,918)
Shares repurchased	25	-	-	-	-	(2,298)	-	(2,298)
Balance as at December 31, 2004		105,593,000	23,166,095	1,366,071	1,186,293	(4,020,840)	145,645,162	272,935,781

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2004

The Company	Note(s)	Issued Capital RM	Non-distributable Reserves		Distributable Reserves		Shareholders' Equity RM
			Share Premium RM	Treasury Shares RM	Unappro- -priated Profit RM		
Balance as at January 1, 2003		102,139,000	22,461,305	(3,965,291)	65,053,467	185,688,481	
Issue of shares	25&26	1,473,000	282,000	-	-	1,755,000	
Net profit for the year		-	-	-	14,558,570	14,558,570	
Dividends	27	-	-	-	(3,585,672)	(3,585,672)	
Shares repurchased	25	-	-	(53,251)	-	(53,251)	
Balance as at December 31, 2003		103,612,000	22,743,305	(4,018,542)	76,026,365	198,363,128	
Issue of shares	25&26	1,981,000	422,790	-	-	2,403,790	
Net profit for the year		-	-	-	23,977,257	23,977,257	
Dividends	27	-	-	-	(4,433,918)	(4,433,918)	
Shares repurchased	25	-	-	(2,298)	-	(2,298)	
Balance as at December 31, 2004		105,593,000	23,166,095	(4,020,840)	95,569,704	220,307,959	

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2004

	Note	The Group	
		2004 RM	2003 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit before tax		63,706,852	35,276,606
Adjustments for:			
Depreciation of property, plant and equipment		3,492,967	3,464,199
Impairment loss/(Write back of impairment loss) of property, plant and equipment		1,327,896	(125,294)
Allowance for doubtful debts		1,429,335	989,693
Property, plant and equipment written off		281,327	147,051
Write down in inventories		205,536	-
Loss/(Gain) on disposal of:			
Property, plant and equipment		51,367	78,244
Golf club membership		(1,000)	49,750
Provision for retirement benefits		38,137	328,125
Bad debts written off		36,028	6,473
Allowance for slow moving inventories		-	37,573
Interest income from operating activities		(526,914)	(629,424)
Allowance for doubtful debts no longer required		(458,530)	(1,106,576)
Write down/(Write back) of:			
Quoted investments		120,964	(355,760)
Units trusts		-	(50,815)
Loss/(Gain) on disposal of:			
Unit trusts		59,031	(402,944)
Quoted investments		(51,436)	12,545
Dividends received from:			
Quoted investments		(111,594)	(131,285)
Unit trusts		(101,510)	(466,127)
Interest income from investing activities		(46,451)	(227,565)
Rental income		(35,400)	(35,100)
Finance costs		1,203,187	433,571
Operating Profit Before Working Capital Changes		70,619,792	37,292,940
Decrease/(Increase) in:			
Inventories		(42,907,005)	(59,582,066)
Trade receivables		(9,450,774)	(22,798,811)
Other receivables, deposits and prepaid expenses		(2,584,599)	(2,414,286)
Increase/(Decrease) in:			
Trade payables		1,384,801	4,347,217
Other payables and accrued expenses		(2,768,627)	3,384,551
Cash From/(Used In) Operations		14,293,588	(39,770,455)
Interest income		526,914	629,424
Income tax paid		(15,208,703)	(7,511,225)
Retirement benefits paid	23	(7,825)	(52,233)
Net Cash Used In Operating Activities		(396,026)	(46,704,489)

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2004 (continued)

	Note	The Group	
		2004 RM	2003 RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from disposal of unit trusts		9,767,442	32,265,909
Proceeds from disposal of property, plant and equipment		242,901	240,901
Proceeds from disposal of quoted investments		157,198	1,026,517
Dividends received from quoted investments		89,249	112,675
Interest on investment funds and fixed and short-term deposits		46,451	227,565
Rental received		35,400	35,100
Purchase of property, plant and equipment		(5,735,874)	(3,197,649)
Purchase of unit trusts		(5,500,000)	(20,462,327)
Purchase of quoted investments		(84,200)	(11,250)
Dividends received from unit trusts		-	466,127
Net Cash From/(Used In) Investing Activities		(981,433)	10,703,568
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Net proceeds from short-term borrowings		5,558,513	30,134,861
Proceeds from issuance of shares		2,403,790	1,755,000
Dividends paid on share capital	27	(4,433,918)	(3,585,672)
Finance costs paid		(1,203,187)	(433,571)
Repurchase of own shares	25	(2,298)	(53,251)
Repayments to other related company		-	(3,268,026)
Net Cash From Financing Activities		2,322,900	24,549,341
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		945,441	(11,451,580)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,399,612	12,851,192
CASH AND CASH EQUIVALENTS AT END OF YEAR		2,345,053	1,399,612

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2004

	Note	The Company	
		2004 RM	2003 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit before tax		33,052,818	19,620,451
Adjustments for:			
Depreciation of property, plant and equipment		2,452,554	2,347,854
Impairment loss/(Write back of impairment loss) of property, plant and equipment		1,327,896	(87,777)
Allowance for doubtful debts		677,719	497,160
Write down in inventories		181,996	-
Loss/(Gain) on disposal of:			
Property, plant and equipment		36,522	78,244
Golf club membership		(1,000)	49,750
Provision for retirement benefits		33,708	250,462
Bad debts written off		32,154	-
Interest income from operating activities		(520,918)	(1,685,128)
Allowance for doubtful debts no longer required		(50,206)	-
Property, plant and equipment written off		-	95,352
Write down/(Write back) of:			
Quoted investments		120,714	(355,760)
Unit trusts		-	(50,815)
Loss/(Gain) on disposal of:			
Unit trusts		68,823	(402,944)
Quoted investments		(51,436)	15,350
Dividends received from:			
Quoted investments		(111,594)	(131,285)
Unit trusts		(101,510)	(466,127)
Interest income from investing activities		(14,596)	(223,323)
Rental income		(22,800)	(22,500)
Finance costs		805,782	216,734
Operating Profit Before Working Capital Changes		37,916,626	19,745,698
Decrease/(Increase) in:			
Inventories		(22,109,387)	(55,151,714)
Trade receivables		(8,098,943)	(12,127,450)
Other receivables, deposits and prepaid expenses		(5,896,939)	1,402,382
Amount owing by subsidiary companies		15,213,779	(588,199)
Increase/(Decrease) in:			
Trade payables		1,043,455	2,868,174
Other payables and accrued expenses		(5,013,496)	3,319,115
Cash From/(Used In) Operations		13,055,095	(40,531,994)
Interest income		520,918	1,685,128
Income tax paid		(7,288,597)	(3,215,941)
Retirement benefits paid	23	(7,825)	(36,539)
Net Cash From/(Used In) Operating Activities		6,279,591	(42,099,346)

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2004 (continued)

	Note	The Company	
		2004 RM	2003 RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from disposal of unit trusts		4,257,650	32,265,909
Proceeds from disposal of quoted investments		157,198	1,012,462
Dividends received from quoted investment		89,249	112,675
Proceeds from disposal of property, plant and equipment		79,200	245,009
Rental received		22,800	22,500
Interest on investment funds and fixed and short-term deposits		14,596	223,323
Repayments from/(Advances to) subsidiary companies		(16,717,316)	6,167,973
Purchase of property, plant and equipment		(4,863,622)	(2,828,418)
Purchase of quoted investments		(49,000)	-
Dividends received from unit trusts		-	466,127
Purchase of unit trusts		-	(20,462,327)
Net Cash From/(Used In) Investing Activities		(17,009,245)	17,225,233
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Net proceeds from short-term borrowings		12,374,743	17,550,257
Proceeds from issuance of shares		2,403,790	1,755,000
Dividends paid on share capital	27	(4,433,918)	(3,585,672)
Finance costs paid		(805,782)	(216,734)
Repurchase of own shares	25	(2,298)	(53,251)
Net Cash From Financing Activities		9,536,535	15,449,600
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,193,119)	(9,424,513)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,823,813	12,248,326
CASH AND CASH EQUIVALENTS AT END OF YEAR	31	1,630,694	2,823,813

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 14.

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

The total number of employees of the Group and of the Company at year end were 243 (2003: 249) and 144 (2003: 154) respectively.

The registered office of the Company is located at 35, Jalan Hussein, 30250 Ipoh, Perak Darul Ridzuan.

The principal place of business of the Company is located at 46 - 48, Lebuhraya Bendahara, 31650 Ipoh, Perak Darul Ridzuan.

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 February 25, 2005.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia. The preparation of the financial statements also uses financial estimates which are arrived at using measurement basis as provided in the Notes to the Financial Statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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 December 31, 2004.

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

Subsidiary companies are consolidated 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 interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

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.

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

Revenue Recognition

Sales of goods are recognised upon delivery of products and when the risks and rewards of ownership have passed to the customers. Sales represent gross invoiced value of goods sold and services provided net of sales tax, trade discounts and allowances.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

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

Rental income is accrued on a time basis, by reference to the agreements entered.

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

Foreign Currency

Transactions in foreign currencies are converted into Ringgit Malaysia at exchange rates prevailing at the transaction dates or, where settlement has not yet been made at the end of the financial year, the assets and liabilities are converted at approximate exchange rates prevailing at that date. All foreign exchange gains or losses are taken up in the income statements.

Employee Benefits

Short-term 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. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

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

Retirement benefits

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

The provision is charged to 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.

Employee equity compensation benefits

The Company has an Employees' Share Option Scheme 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. No compensation cost is recognised upon the granting or the exercise of the options. When the options are exercised, the proceeds received are credited to share capital and share premium accordingly.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Taxation

Deferred tax is accounted for in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilised.

Property, Plant and Equipment

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

The directors have applied the transitional provisions of International Accounting Standard (“IAS”) 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 the Malaysian Accounting Standards Board.

Short-term leasehold land is amortised evenly over the remaining lease periods ranging from 35 to 39 years.

Long-term leasehold land is amortised evenly over the remaining lease periods ranging from 52 to 87 years. One of the long-term leasehold land with a remaining lease period of 892 years is not amortised as the effect of the non-amortisation is not expected to be material.

Freehold land is not depreciated.

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.

All other property, plant and equipment are depreciated on the reducing balance method based on the following annual depreciation rates:

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

Plant and machinery acquired during the year are subject to an initial depreciation of 20%.

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.

Reserve on Consolidation

Reserve arising on consolidation represents the excess of the fair values of the identifiable net assets of the subsidiary company over the purchase consideration at the date of acquisition and is realised in the income statements upon disposal of the subsidiary company.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Assets

At each balance sheet date, the Group and the Company review the carrying amounts of assets (other than inventories, deferred tax assets, assets from employee benefits and financial assets, 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, which is the higher of net selling price and value in use, is estimated.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement, unless the asset is carried at revalued amount, in which case, the impairment loss is treated as a revaluation decrease.

An impairment loss in respect of goodwill is not reversed unless the loss is caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event. In respect of other assets, 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, if no impairment loss had been recognised. A reversal is recognised in the income statements, unless it reverses an impairment loss on revalued assets, in which case, the reversal is treated as a revaluation increase.

Inventories

Inventories are valued 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 selling and distribution costs and all other estimated costs to completion.

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 has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Treasury Shares

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

Cash Flow Statements

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

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

4. REVENUE

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Manufacturing sales	127,683,931	98,894,339	140,991,738	115,749,528
Trading sales	208,858,829	179,418,499	23,257,787	23,642,213
	336,542,760	278,312,838	164,249,525	139,391,741

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.

The Group 2004	Trading RM	Manufacturing RM	Eliminations RM	Consolidated RM
Revenue				
External sales	208,858,829	127,683,931	-	336,542,760
Inter-segment sales	10,588,739	26,721,352	(37,310,091)	-
	219,447,568	154,405,283	(37,310,091)	336,542,760
Results				
Segment result	33,009,289	32,814,959	(743,099)	65,081,149
Unallocated corporate expenses				(337,506)
Profit from operations				64,743,643
Finance costs				(1,203,187)
Income from other investments				166,396
Profit before tax				63,706,852
Income tax expense				(17,312,104)
Profit after tax				46,394,748
Other information				
Capital additions	(1,998,597)	(3,740,344)	3,067	(5,735,874)
Depreciation of property, plant and equipment	(383,958)	(3,123,040)	14,031	(3,492,967)
Impairment loss of property, plant and equipment	-	(1,327,896)	-	(1,327,896)
Property, plant and equipment written off	(33,804)	(247,523)	-	(281,327)
Consolidated Balance Sheet				
Assets				
Segment assets	124,893,155	222,470,672	(1,592,552)	345,771,275
Unallocated corporate assets				6,580,905
Consolidated total assets				352,352,180

5. SEGMENT REPORTING (continued)

The Group 2004	Trading RM	Manufacturing RM	Eliminations RM	Consolidated RM
Liabilities				
Segment liabilities	9,605,117	10,208,336	-	19,813,453
Unallocated corporate liabilities				51,058,901
Consolidated total liabilities				<u>70,872,354</u>
The Group 2003	Trading RM	Manufacturing RM	Eliminations RM	Consolidated RM
Revenue				
External sales	179,418,499	98,894,339	-	278,312,838
Inter-segment sales	8,550,766	24,929,580	(33,480,346)	-
	<u>187,969,265</u>	<u>123,823,919</u>	<u>(33,480,346)</u>	<u>278,312,838</u>
Results				
Segment result	17,173,056	16,734,962	337,223	34,245,241
Unallocated corporate expenses				(192,115)
Profit from operations				34,053,126
Finance costs				(433,571)
Income from other investments				1,657,051
Profit before tax				35,276,606
Income tax expense				(8,759,784)
Profit after tax				<u>26,516,822</u>
Other information				
Capital additions	(2,424,106)	(872,722)	99,179	(3,197,649)
Depreciation of property, plant and equipment	(423,331)	(3,054,614)	13,746	(3,464,199)
Write back of impairment loss of property, plant and equipment	-	125,294	-	125,294
Property, plant and equipment written off	(63,225)	(83,826)	-	(147,051)
Consolidated Balance Sheet				
Assets				
Segment assets	107,655,217	182,176,348	-	289,831,565
Unallocated corporate assets				12,629,956
Consolidated total assets				<u>302,461,521</u>
Liabilities				
Segment liabilities	22,047,540	32,137,998	-	54,185,538
Unallocated corporate liabilities				11,158,479
Consolidated total liabilities				<u>65,344,017</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.

6. DIRECTORS' REMUNERATION

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Executive directors:				
Fees	128,000	128,000	100,000	100,000
Other emoluments:				
Current year	3,848,488	2,568,319	1,946,924	1,318,129
Previous year	271,266	35,085	120,475	27,296
	4,119,754	2,603,404	2,067,399	1,345,425
EPF contributions:				
Current year	186,211	183,330	89,575	90,250
Previous year	171,852	97,844	94,533	64,793
	358,063	281,174	184,108	155,043
Non-executive directors:				
Fees	88,354	88,000	86,614	88,000
Other emoluments	33,000	16,000	33,000	16,000
	4,727,171	3,116,578	2,471,121	1,704,468

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group and the Company amounted to RM75,719 (2003: RM58,272).

7. STAFF COSTS

Staff costs include contributions made by the Group and by the Company to the EPF of RM456,256 (2003: RM494,663) and RM213,247 (2003: RM239,631) respectively.

Staff costs of the Group also include directors' remuneration for the directors of subsidiary companies as follows:

	The Group	
	2004 RM	2003 RM
Fees	6,000	11,000
Other emoluments:		
Current year	22,712	26,875
Previous year	-	1,333
	22,712	28,208
EPF contributions:		
Current year	2,493	3,042
Previous year	784	494
	3,277	3,536
	31,989	42,744

8. OTHER OPERATING INCOME/(EXPENSES)

Included in other operating income/(expenses) are the following:

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Interest received on:				
Overdue accounts	525,764	627,449	512,691	1,620,434
Others	1,150	1,975	497	924
Advances to subsidiary companies	-	-	7,730	63,770
Allowance for doubtful debts no longer required	458,530	1,106,576	50,206	-
Allowance for doubtful debts	(1,429,335)	(989,693)	(677,719)	(497,160)
Property, plant and equipment written off	(281,327)	(147,051)	-	(95,352)
Write down in inventories	(205,536)	-	(181,996)	-
Rental of land and premises	(196,935)	(184,060)	(47,000)	(44,500)
Fees paid/payable to external auditors:				
Statutory audit:				
Current year	(61,600)	(58,600)	(30,000)	(27,000)
Previous year	(5,000)	-	(3,000)	-
Non-audit services	(5,000)	(3,000)	(5,000)	(3,000)
Gain/(Loss) on disposal of:				
Property, plant and equipment	(51,367)	(78,244)	(36,522)	(78,244)
Golf club membership	1,000	(49,750)	1,000	(49,750)
Provision for retirement benefits	(38,137)	(328,125)	(33,708)	(250,462)
Bad debts written off	(36,028)	(6,473)	(32,154)	-
Realised loss on foreign exchange	(471)	(569)	(145)	-
Allowance for slow moving inventories	-	(37,573)	-	-
Rental of generator	-	(24,000)	-	(24,000)

9. FINANCE COSTS

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Interest on:				
Other short-term borrowings	1,198,849	388,851	805,230	215,523
Bank overdrafts	728	1,475	552	1,211
Advances from other related company	-	39,513	-	-
Others	3,610	3,732	-	-
	1,203,187	433,571	805,782	216,734

10. INCOME FROM OTHER INVESTMENTS

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Dividend income from:				
Quoted investments (gross)	111,594	131,285	111,594	131,285
Unit trusts	101,510	466,127	101,510	466,127
Gain/(Loss) on disposal of:				
Unit trusts	(59,031)	402,944	(68,823)	402,944
Quoted investments	51,436	(12,545)	51,436	(15,350)
Interest income from:				
Fixed and short-term deposits	46,451	211,360	14,596	207,118
Investment funds	-	16,205	-	16,205
Rental income	35,400	35,100	22,800	22,500
Write back/(Write down) of:				
Quoted investments	(120,964)	355,760	(120,714)	355,760
Unit trusts	-	50,815	-	50,815
	166,396	1,657,051	112,399	1,637,404

11. INCOME TAX EXPENSE

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Current Malaysian tax expense	18,046,000	9,431,000	9,636,000	5,548,000
Deferred tax (Note 24):				
Relating to origination and reversal of temporary differences	(1,110,000)	(374,000)	(477,000)	(259,000)
Relating to crystallisation of deferred tax liability on surplus on revaluation of property, plant and equipment	(6,648)	(6,657)	(3,329)	(3,338)
	(1,116,648)	(380,657)	(480,329)	(262,338)
Under/(Over)provision in prior years:				
Current tax	382,752	(290,559)	(80,110)	(223,781)
	17,312,104	8,759,784	9,075,561	5,061,881

11. INCOME TAX EXPENSE (continued)

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	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit before tax	63,706,852	35,276,606	33,052,818	19,620,451
Tax at the applicable tax rate of 28%	17,611,000	9,877,000	9,255,000	5,494,000
Tax effects in respect of:				
Expenses that are not deductible in determining taxable profit	227,000	191,140	185,000	149,000
Reinvestment allowances utilised	(875,000)	(589,801)	(244,000)	(8,000)
Income that are not taxable in determining taxable profit	(63,000)	(470,000)	(63,000)	(380,000)
Crystallisation of deferred tax liability on surplus on revaluation of property, plant and equipment	(6,648)	(6,657)	(3,329)	(3,338)
Differences in opening deferred tax recognised in current year	36,000	48,661	26,000	34,000
Income tax - prior year	16,929,352 382,752	9,050,343 (290,559)	9,155,671 (80,110)	5,285,662 (223,781)
Income tax expense	17,312,104	8,759,784	9,075,561	5,061,881

As at December 31, 2004, the subsidiary companies have tax-exempt accounts arising from their claims for reinvestment allowances under Schedule 7A of the Income Tax Act, 1967 and a special tax-exempt account arising from chargeable income waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999 amounting in total to RM11,082,000 (2003: RM8,834,000). These tax-exempt accounts are available for distribution as tax-exempt dividends to the shareholders of the subsidiary companies.

As at December 31, 2004, one of the subsidiary companies has unutilised reinvestment allowances amounting to approximately RM861,000 (2003: RM3,098,000) which are available for set-off against future taxable income.

12. EARNINGS PER ORDINARY SHARE- GROUP

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

	The Group	
	2004	2003
Basic		
Net profit attributable to ordinary shareholders	RM 44,251,104	RM 25,479,702
Number of ordinary shares in issue as at January 1	103,612,000	102,139,000
Shares repurchased and held as treasury shares	(2,746,000)	(2,710,000)
Effect of exercise of ESOS	100,866,000	99,429,000
Effect of shares repurchased	1,240,250	400,500
	(417)	(19,583)
Weighted average number of ordinary shares	102,105,833	99,809,917
Basic earnings per ordinary share (sen)	43.3	25.5
Diluted		
Net profit attributable to ordinary shareholders	RM 44,251,104	RM 25,479,702
Weighted average number of ordinary shares in issue	102,105,833	99,809,917
ESOS:		
Number of unissued shares	5,225,417	5,083,750
Number of shares that would have been issued at fair value	(2,177,454)	(3,077,997)
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share	105,153,796	101,815,670
Diluted earnings per ordinary share (sen)	42.1	25.0

13. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment in 2004 consist of the following:

The Group	← Cost/Valuation →			
	At beginning of year RM	Additions RM	Disposals/ Write offs RM	At end of year RM
Freehold land and buildings	887,194	-	-	887,194
Long-term leasehold land	6,174,782	45,173	-	6,219,955
Short-term leasehold land	877,882	-	-	877,882
Buildings	18,826,570	1,262,963	(135,000)	19,954,533
Plant and machinery	54,101,457	1,511,884	(754,814)	54,858,527
Electrical installation	1,766,650	6,695	-	1,773,345
Furniture, fittings, equipment and vehicles	7,161,628	726,078	(355,155)	7,532,551
Capital work-in-progress	2,000	2,183,081	-	2,185,081
Total	89,798,163	5,735,874	(1,244,969)	94,289,068

The Group	← Accumulated Depreciation →				← Accumulated Impairment Loss →		
	At beginning of year RM	Charge for the year RM	Disposals/ Write offs RM	At end of year RM	At beginning of year RM	Additions for the year RM	At end of year RM
Freehold land and buildings	48,860	9,052	-	57,912	-	-	-
Long-term leasehold land	807,353	97,317	-	904,670	-	-	-
Short-term leasehold land	287,582	15,136	-	302,718	-	-	-
Buildings	3,074,492	302,880	(12,971)	3,364,401	-	-	-
Plant and machinery	31,995,877	2,448,923	(466,469)	33,978,331	368,604	1,327,896	1,696,500
Electrical installation	776,046	49,865	-	825,911	-	-	-
Furniture, fittings, equipment and vehicles	4,666,089	569,794	(189,934)	5,045,949	40,929	-	40,929
Capital work-in-progress	-	-	-	-	-	-	-
Total	41,656,299	3,492,967	(669,374)	44,479,892	409,533	1,327,896	1,737,429

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company	← Cost/Valuation →			
	At beginning of year RM	Additions RM	Disposals/ Write offs RM	At end of year RM
Freehold land and building	584,977	-	-	584,977
Long-term leasehold land	5,977,372	45,173	-	6,022,545
Buildings	15,173,834	796,650	-	15,970,484
Plant and machinery	39,776,338	1,487,984	(102,827)	41,161,495
Electrical installation	1,533,270	-	-	1,533,270
Furniture, fittings, equipment and vehicles	3,490,113	351,684	(156,585)	3,685,212
Capital work-in-progress	2,000	2,182,131	-	2,184,131
Total	66,537,904	4,863,622	(259,412)	71,142,114

	← Accumulated Depreciation →				← Accumulated Impairment Loss →		
	At beginning of year RM	Charge for the year RM	Disposals/ Write offs RM	At end of year RM	At beginning of year RM	Additions for the year RM	At end of year RM
Freehold land and building	48,860	9,052	-	57,912	-	-	-
Long-term leasehold land	798,035	78,463	-	876,498	-	-	-
Buildings	2,354,454	237,340	-	2,591,794	-	-	-
Plant and machinery	24,449,304	1,826,089	(67,105)	26,208,288	126,161	1,327,896	1,454,057
Electrical installation	712,290	41,049	-	753,339	-	-	-
Furniture, fittings, equipment and vehicles	2,388,854	260,561	(76,585)	2,572,830	39,889	-	39,889
Total	30,751,797	2,452,554	(143,690)	33,060,661	166,050	1,327,896	1,493,946

The Group	← Net Book Value →	
	2004 RM	2003 RM
Freehold land and buildings	829,282	838,334
Long-term leasehold land	5,315,285	5,367,429
Short-term leasehold land	575,164	590,300
Buildings	16,590,132	15,752,078
Plant and machinery	19,183,696	21,736,976
Electrical installation	947,434	990,604
Furniture, fittings, equipment and vehicles	2,445,673	2,454,610
Capital work-in-progress	2,185,081	2,000
Total	48,071,747	47,732,331

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company	← Net Book Value →	
	2004 RM	2003 RM
Freehold land and building	527,065	536,117
Long-term leasehold land	5,146,047	5,179,337
Buildings	13,378,690	12,819,380
Plant and machinery	13,499,150	15,200,873
Electrical installation	779,931	820,980
Furniture, fittings, equipment and vehicles	1,072,493	1,061,370
Capital work-in-progress	2,184,131	2,000
Total	36,587,507	35,620,057

The analysis of cost and valuation is as follows:

	The Group	
	2004 RM	2003 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 and buildings	887,194	887,194
Long-term leasehold land and buildings	23,047,488	21,874,352
Short-term leasehold land	877,882	877,882
Plant and machinery	54,858,527	54,101,457
Electrical installation	1,773,345	1,766,650
Furniture, fittings, equipment and vehicles	7,532,551	7,161,628
Capital work-in-progress	2,185,081	2,000
Total	94,289,068	89,798,163

	The Company	
	2004 RM	2003 RM
At valuation:		
Long-term leasehold land and buildings - 1981	2,277,000	2,277,000
At cost:		
Freehold land and building	584,977	584,977
Long-term leasehold land and buildings	19,716,029	18,874,206
Plant and machinery	41,161,495	39,776,338
Electrical installation	1,533,270	1,533,270
Furniture, fittings, equipment and vehicles	3,685,212	3,490,113
Capital work-in-progress	2,184,131	2,000
Total	71,142,114	66,537,904

The strata titles to certain landed properties of the Group and of the Company with carrying amounts of RM147,847 (2003: RM547,498) and RM147,847 (2003: RM515,805) respectively are in the process of being issued by the relevant authorities.

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Due to 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 RM1,327,896 for property, plant and equipment of the Group and of the Company.

In 2003, impairment losses of RM125,294 and RM87,777 previously recognised by the Group and by the Company respectively in respect of plant and machinery were reversed upon disposal of the plant and machinery. The reversals have been recognised in the income statements of the Group and of the Company respectively.

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.

14. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2004 RM	2003 RM
Unquoted shares, at cost	16,123,846	16,123,846

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

Name of Company	Effective Equity Interest		Principal Activities
	2004 %	2003 %	
Direct subsidiary companies			
Choo Bee Hardwares Sdn. Berhad	100.00	100.00	Dealer in hardware and construction materials.
Choo Bee Steel Servicing Centre Sdn. Bhd.	100.00	100.00	Dormant.
Taik Bee Hardware Sdn. Bhd.	66.29	66.29	Fabrication and manufacturing of pipes and trading of hardware.
Indirect subsidiary company			
(Held through Taik Bee Hardware Sdn. Bhd.)			
Pan Asian Management Consultants Sdn. Bhd.	66.29	66.29	Letting out its leasehold land.

15. OTHER INVESTMENTS

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Shares and warrants quoted in Malaysia, at cost	1,789,740	1,811,302	1,754,540	1,811,302
Write down to market value	(120,964)	-	(120,714)	-
Unit trusts, at cost	1,668,776	1,811,302	1,633,826	1,811,302
	-	4,224,963	-	4,224,963
	1,668,776	6,036,265	1,633,826	6,036,265
Market value:				
Quoted shares and warrants	1,668,776	1,916,739	1,633,826	1,916,739
Unit trusts	-	4,291,047	-	4,291,047
	1,668,776	6,207,786	1,633,826	6,207,786

16. INVENTORIES

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
At cost:				
Raw materials	106,397,128	82,327,254	101,895,881	79,693,706
Manufactured goods	21,707,906	20,967,497	18,345,131	18,161,760
Trading goods	63,780,887	46,233,464	10,791,083	11,654,523
	191,885,921	149,528,215	131,032,095	109,509,989
At net realisable value:				
Raw materials	228,142	121,560	207,324	19,371
Manufactured goods	202,847	-	194,468	-
Trading goods	136,263	139,502	22,864	-
	567,252	261,062	424,656	19,371
Less: Allowance for slow moving inventories	-	(37,573)	-	-
	192,453,173	149,751,704	131,456,751	109,529,360

17. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Trade receivables	100,393,282	91,003,947	47,904,692	39,837,903
Allowance for doubtful debts	(7,670,796)	(6,725,402)	(2,076,503)	(1,448,990)
	92,722,486	84,278,545	45,828,189	38,388,913
Other receivables	2,672,853	5,864,024	2,059,985	1,780,145
Refundable deposits	10,918,895	5,290,875	10,888,082	5,260,562
Prepaid expenses	256,255	107,505	36,508	45,929
	13,848,003	11,262,404	12,984,575	7,086,636

Trade receivables of the Group and of the Company include amounts of RM374,765 (2003: RMNil) which are denominated in Singapore Dollars.

The Group's and the Company's normal trade credit terms range from 14 to 120 days (2003: 14 to 120 days). Allowances have been made for estimated irrecoverable amounts from the sales of goods of the Group and of the Company of RM7,670,796 (2003: RM6,725,402) and RM2,076,503 (2003: RM1,448,990) 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.

Other receivables comprise mainly discounts receivable for purchases of raw materials.

Refundable deposits include a security deposit of RM5,000,000 (2003: RM5,000,000) paid to a creditor to secure the supply of raw materials and a down payment for acquisition of plant and machinery of RM5,860,500 (2003: RMNil).

Amounts receivable from related parties are disclosed in Note 18.

18. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS

Related Companies

The amounts owing by subsidiary companies arose mainly from intercompany sales and purchases and unsecured advances which have no fixed repayment terms. The advances to subsidiary companies bear interest at rates ranging from 3.20% to 4.00% (2003: 3.06% to 4.00%) per annum. Interest on overdue trade balances are charged at a rate of 12.00% (2003: 12.00%) per annum.

Amounts owing by subsidiary companies consist of:

	The Company	
	2004 RM	2003 RM
Trade account	4,657,974	19,870,978
Current account	17,377,153	660,612
	22,035,127	20,531,590

18. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (continued)

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..
Amalgamated Industrial Steel Bhd.	A company in which a former director of the Company, Datuk Ismail Bin Haji Ahmad, holds 6.8% equity interest.
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	
	2004 RM	2003 RM	2004 RM	2003 RM
Subsidiary companies				
Advances repaid	-	-	24,095,950	93,929,497
Advances granted	-	-	(23,859,750)	(90,253,580)
Trade sales	-	-	31,248,068	29,178,051
Trade purchases	-	-	(338,288)	(947,614)
Interest received on:				
Advances	-	-	7,730	63,770
Overdue account	-	-	261,880	1,313,278
Acquisition of:				
Office equipment	-	-	(3,068)	(3,071)
Plant and machinery	-	-	-	(80,000)
Disposal of motor vehicles	-	-	-	4,108
Other related company				
Advances repaid	-	(1,400,000)	-	-
Interest paid on advances	-	(39,513)	-	-
Related parties				
Trade sales				
Chuan Bee Hardware Sdn. Bhd.	1,037,896	685,683	881,364	590,051
Chua Hock Seng Hardware Sdn. Bhd.	70,902	97,269	70,902	97,269
Austcorp Manufacturing Sdn. Bhd.	1,660	-	-	-
	1,110,458	782,952	952,266	687,320
Trade purchases				
Amalgamated Industrial Steel Bhd.	(185,875)	-	-	-
Purchases of consumables				
Austcorp Marketing Sdn. Bhd.	(10,562)	-	-	-

18. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (continued)

Directors' remuneration are as disclosed in Note 6.

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 directors of the Group and of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

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 transacted from	
	amounts from Jan. 1, 2004 to Dec. 31, 2004 The Group and The Company RM	The Group RM	The Company RM
Subsidiary companies			
Trade sales	18,941,257	15,685,483 *	12,266,495 #
Trade purchases	(2,555,465)	(2,353,551) *	(35,057) #
Advances	(5,000,000)	(1,299,300) #	(1,299,300) #
Repayment of advances	-	1,299,300 #	1,299,300 #
Interest on advances	175,000	647 #	647 #
Trade sales			
Chua Hock Seng Hardware Sdn. Bhd.	333,197	70,901	70,901
Chuan Bee Hardware Sdn. Bhd.	990,719	1,037,923	881,391
Trade purchases			
Amalgamated Industrial Steel Bhd.	(831,967)	(208,124)	-

Transactions between the Company and TBH.

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

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

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Trade receivables				
Chua Hock Seng Hardware Sdn. Bhd.	20,901	77,269	20,901	77,269
Chuan Bee Hardware Sdn. Bhd.	352,806	284,690	321,790	264,625
	373,707	361,959	342,691	341,894
Other payables				
Austcorp Marketing Sdn. Bhd.	1,240	-	-	-

19. CASH AND BANK BALANCES

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Short-term deposits with licensed banks	2,080,000	1,750,000	1,400,000	1,750,000
Cash on hand and bank balances	1,277,995	1,436,272	660,456	1,073,813
	3,357,995	3,186,272	2,060,456	2,823,813

The effective interest rate for short-term deposits of the Group and of the Company is at 2.40% (2003: 2.40% to 3.20%) per annum.

Deposits of the Group and of the Company have maturities ranging from 1 to 6 days (2003: 1 to 30 days).

20. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The credit periods granted to the Company for trade purchases range from 5 to 30 days (2003: 5 to 30 days).

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Other payables	3,467,653	1,254,183	2,303,182	747,806
Accrued expenses	6,554,131	11,536,228	3,360,916	9,929,788
	10,021,784	12,790,411	5,664,098	10,677,594

Accrued expenses in 2003 comprised mainly accruals for import duties.

21. 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	
	2004 RM	2003 RM	2004 RM	2003 RM
Ultimate holding company				
Rental of land	191,935	179,060	42,000	39,500

	Mandated amounts from Jan. 1, 2004 to Dec. 31, 2004 The Group and The Company RM		Amounts transacted from Jan. 1, 2004 to Dec. 31, 2004 The Group The Company RM	
	The Group RM	The Company RM	The Group RM	The Company RM
Ultimate holding company				
Rental of land		182,760	191,935	42,000

22. SHORT-TERM BORROWINGS (UNSECURED)

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Unsecured:				
Trust receipts	34,814,374	26,775,861	25,675,000	15,850,257
Bank overdrafts	1,012,942	1,786,660	429,762	-
Bankers' acceptances	5,180,000	7,660,000	4,250,000	1,700,000
Total	41,007,316	36,222,521	30,354,762	17,550,257

The trust receipts of the Group and of the Company are denominated in United States Dollars.

The average effective interest rates are as follows:

	The Group		The Company	
	2004 %	2003 %	2004 %	2003 %
Trust receipts	1.65 - 2.78	1.55 - 1.70	1.65 - 2.70	1.55 - 1.65
Bank overdrafts	6.50 - 7.00	6.50 - 7.40	6.50 - 7.00	6.50 - 7.40
Bankers' acceptances	2.80 - 3.36	3.04 - 3.25	2.80 - 3.30	3.04 - 3.14

23. PROVISION FOR RETIREMENT BENEFITS

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
At beginning of year	352,197	76,305	280,725	66,802
Addition	38,137	328,125	33,708	250,462
Utilised	(7,825)	(52,233)	(7,825)	(36,539)
At end of year	382,509	352,197	306,608	280,725

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

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

	The Group and The Company	
	2004 %	2003 %
Discount rate at December 31	4.0	4.0
Future salary increases	4.0	4.5
Resignation before attaining retirement age	40.0	40.0

24. DEFERRED TAX LIABILITIES/(ASSETS)

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Deferred tax liabilities:				
At beginning of year	5,286,079	5,472,736	3,670,620	3,932,958
Transfer to income statements (Note 11)	(1,100,648)	(186,657)	(480,329)	(262,338)
At end of year	4,185,431	5,286,079	3,190,291	3,670,620

The deferred tax liabilities are in respect of the following:

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Tax effects of:				
Temporary differences arising from:				
Property, plant and equipment	5,023,000	5,443,000	3,547,000	3,876,000
Surplus on revaluation of property, plant and equipment	352,431	359,079	226,291	229,620
General allowances for doubtful debts	(85,000)	(187,000)	(83,000)	(183,000)
Provision for retirement benefits	(96,000)	(89,000)	(86,000)	(79,000)
Others	(1,009,000)	(240,000)	(414,000)	(173,000)
At end of year	4,185,431	5,286,079	3,190,291	3,670,620

	The Group	
	2004 RM	2003 RM
Deferred tax assets:		
At beginning of year	(214,000)	(20,000)
Transfer to income statements (Note 11)	(16,000)	(194,000)
At end of year	(230,000)	(214,000)

The deferred tax assets are in respect of the following:

	The Group	
	2004 RM	2003 RM
Temporary differences arising from:		
Property, plant and equipment	139,000	138,000
General allowance for doubtful debts	(88,000)	(122,000)
Allowance for slow moving inventories	-	(10,000)
Provision for retirement benefits	(11,000)	(10,000)
Others	(270,000)	(210,000)
At end of year	(230,000)	(214,000)

25. SHARE CAPITAL

	The Group and The Company	
	2004 RM	2003 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	103,612,000	102,139,000
Issued pursuant to the ESOS	1,981,000	1,473,000
At end of year	105,593,000	103,612,000

The shareholders of the Company renewed the authority given to the directors to repurchase its own shares at the Annual General Meeting held on June 11, 2004. 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 Company and its shareholders.

In 2004, the Company repurchased a total of 1,000 (2003: 36,000) of its issued shares from the open market for a total cost of RM2,298 (2003: RM53,251). The average price paid for the shares repurchased during the year was RM2.30 (2003: RM1.48) per share. The repurchase transaction was 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 December 31, 2004, 2,747,000 (2003: 2,746,000) out of the total of 105,593,000 (2003: 103,612,000) 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 December 31, 2004 after excluding the Treasury Shares is 102,846,000 (2003: 100,866,000).

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 one (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 three (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:

	2004	2003
Outstanding at January 1	6,333,000	7,565,000
Granted	263,000	408,000
Exercised	(1,981,000)	(1,473,000)
Lapsed	(229,000)	(167,000)
Outstanding at December 31	4,386,000	6,333,000

25. SHARE CAPITAL (continued)

Details of share options granted during the year:

	2004	2003
Expiry date	25.11.2006	25.11.2006
Exercise price per share (RM)	1.94	1.05
Aggregate proceeds if shares are issued (RM)	510,220	428,400

Details of share options exercised during the year:

Expiry date	25.11.2006	25.11.2006
Exercise price per share (RM)	1.05 - 1.94	1.05 - 1.20
Aggregate issue proceeds (RM)	2,403,790	1,755,000

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

	2004	2003
At January 1	3,374,000	3,564,000
Exercised during the year	(958,000)	(190,000)
At December 31	2,416,000	3,374,000

Terms of options outstanding at December 31:

Expiry date	Exercise price	Number	Number
Nov. 25, 2006	1.20	4,056,000	6,027,000
Nov. 25, 2006	1.05	156,000	306,000
Nov. 25, 2006	1.94	174,000	-
		4,386,000	6,333,000

26. RESERVES

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Non-distributable reserves:				
Share premium	23,166,095	22,743,305	23,166,095	22,743,305
Reserve on consolidation	1,366,071	1,366,071	-	-
General reserve	1,186,293	1,186,293	-	-
Treasury shares	(4,020,840)	(4,018,542)	(4,020,840)	(4,018,542)
	21,697,619	21,277,127	19,145,255	18,724,763
Distributable reserves:				
Unappropriated profit	145,645,162	105,827,976	95,569,704	76,026,365
	167,342,781	127,105,103	114,714,959	94,751,128

26. RESERVES (continued)

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	
	2004 RM	2003 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	-
	<hr/>	<hr/>
	23,166,095	22,743,305

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 13, based on a valuation carried out by a firm of professional valuers.

Unappropriated profit

As at December 31, 2004, subject to agreement with the Inland Revenue Board, the Company has tax-exempt accounts and Section 108 tax credit as follows:

	The Company	
	2004 RM	2003 RM
Reinvestment allowances utilised	8,438,000	7,565,000
Tax-exempt dividends received	548,000	539,000
Exempt income arising from tax waiver	22,225,000	22,225,000
	<hr/>	<hr/>
Section 108 tax credit	42,798,000	38,372,000

Accordingly, the Company may distribute all of its unappropriated profit as at December 31, 2004 by way of dividends 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.

27. DIVIDENDS

	The Group and The Company	
	2004 RM	2003 RM
Final dividends paid		
6%, less tax for 2003 (5%, less tax for 2002):		
Proposed in previous year	4,357,411	3,579,444
Addition due to exercise of options for shares	76,507	6,948
Reduction due to shares repurchased	-	(720)
	<hr/> 4,433,918	<hr/> 3,585,672

The directors have proposed a final dividend of 6%, less 28% tax, and a special dividend of 3%, less 28% tax, amounting to RM4,442,947 and RM2,221,474 respectively in respect of the year ended December 31, 2004. The proposed dividends are subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and have not been included as a liability in the financial statements. Dividend per share is 6.48 sen (2003: 4.32 sen).

28. CONTINGENT LIABILITIES (UNSECURED)

Kent Engineering Works Sdn. Bhd. (KEW), a debtor of Taik Bee Hardware Sdn. Bhd. (TBH) which is a subsidiary of Choo Bee Metal Industries Berhad, filed a suit for defamation on March 7, 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 April 24, 2000 against the defamation suit and for the recovery of a debt amounting to RM118,092.

The date of hearing has been fixed on September 20, 2005 by the Court.

29. CAPITAL COMMITMENTS

	The Group and The Company	
	2004 RM	2003 RM
Capital expenditure:		
Contracted but not provided for	29,937,000	543,620
Approved but not contracted for	4,334,000	54,000,000
	<hr/> 34,271,000	<hr/> 54,543,620

30. 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 realization 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.

Financial Assets

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

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

30. FINANCIAL INSTRUMENTS (continued)**Financial Liabilities**

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

Bank overdrafts are recorded at the proceeds received. Finance charges are accounted for on an accrual basis.

Foreign Currency Forward Contracts

During the financial year, the Group and the Company entered into non-deliverable forward contracts for its purchase of plant and equipment, which is denominated in foreign currencies.

At the balance sheet date, the Group and the Company had contracted to buy USD3,449,000 (2003: Nil) worth of New Taiwan Dollars ("TWD") under forward contracts where the settlement currency is in United States Dollar ("USD"). The average exchange rate for TWD per unit of USD is 33.05 (2003: Nil). The contracts mature within eight (8) months of the balance sheet date.

Fair Values

The carrying amounts and the estimated fair values of the Group's and the Company's investments as at December 31, 2004 are as follows:

	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	15	1,668,776	1,668,776	1,633,826	1,633,826
Off Balance Sheets Items					
Foreign currency forward contracts		-	13,929,000	-	13,929,000

The market values of quoted investments, unit trusts 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 fair values because of the short 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 the non-deliverable forward contracts are calculated by reference to the current rates for contracts with similar maturity profiles, and converted into Ringgit Malaysia at the exchange rate prevailing as at balance sheet date.

31. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Short-term deposits with licensed banks	2,080,000	1,750,000	1,400,000	1,750,000
Cash and bank balances	1,277,995	1,436,272	660,456	1,073,813
Bank overdrafts	(1,012,942)	(1,786,660)	(429,762)	-
	<hr/> 2,345,053	1,399,612	1,630,694	2,823,813

32. COMPARATIVE FIGURES

Certain comparative figures in the income statements have been reclassified to conform with the current year's presentation, as follows:

	The Group	
	As previously reported RM	As restated RM
Other operating income	1,854,736	2,844,429
Other operating expenses	(9,432,457)	(10,422,150)

33. SUBSEQUENT EVENT

Subsequent to the financial year end, the issued and paid-up capital of the Company was increased from RM105,593,000 to RM105,635,000 by way of issues of 42,000 new ordinary shares of RM1.00 each at exercise prices of RM1.05, RM1.20 and RM1.94 per ordinary share for cash pursuant to the ESOS of the Company. These new shares issued rank pari passu with the then existing ordinary shares of the Company.

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 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 December 31, 2004 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,
February 25, 2005

**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 25th day of February, 2005.

Before me,

COMMISSIONER FOR OATHS
ABD. RAHIM B. HJ. MAT TAIB, AMN., AMP.

LIST OF GROUP'S PROPERTIES

AS AT DECEMBER 31, 2004

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	24	185,519	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	27	648,841	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	33	2,528,305	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 13.2.2056	11.5	12,236,865	Factory
5) CII Apartment Greenhill Resort Cameron Highlands	Apartment	1,006 sq.ft.	Leasehold 46 years expiring on 27.10.2038	9	147,847	Staff use
6) HS(D) 86887 PT 74 Mukim Damansara, Daerah Petaling, Selangor Darul Ehsan	Condominium	1,668 sq.ft.	Freehold	6	345,536	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	8	2,705,695	Warehouse

LIST OF GROUP'S PROPERTIES

AS AT DECEMBER 31, 2004 (continued)

LOCATION	DESCRIPTION	AREA	TENURE	AGE OF BUILDING (YEARS)	NET BOOK VALUE RM	USAGE
Choo Bee Hardwares Sdn. Berhad						
1) Lots 5592S and 5593S, Town of Ipoh, District of Kinta, Perak Darul Ridzuan (No. 48 and 46 Lebu Raya Bendahara, Ipoh)	Commercial land with three-storey shophouse	Lot 5592S 1,916.6 sq.ft. Lot 5593S 1,829.5 sq.ft.	Freehold Freehold	24))) 24))	468,970	Office
2) Lots 5594S, Town of Ipoh, District of Kinta, Perak Darul Ridzuan (No.44 Lebu Raya Bendahara, Ipoh)	Commercial land with three-storey shophouse	1,829.5 sq.ft.	Freehold	24	83,427	Office
3) Lots 2874S and 2875S, Town of Ipoh, District of Kinta, Perak Darul Ridzuan (No.42 and 44 Jalan Bendahara, Ipoh)	Commercial land with double-storey shophouse	Lot 2874S 2,400 sq.ft. Lot 2875S 1,742 sq.ft.	Freehold Freehold	43))) 43))	123,158	Office
4) Lots 18001 and 22970, Mukim of Ulu Kinta, District of Ulu Kinta, Perak Darul Ridzuan	Land with no specific zoning; has a steel portal frame-work building used as a warehouse on Lot 18001 and a single-storey detached house which is owner occupied on Lot 22970	Lot 18801 131,499 sq.ft. Lot 22970 117,886.5 sq.ft.	Long-term leasehold 999 years expiring on 5.8.2895	N/A)))) 33)))	1,434,817	Warehouse
5) Lot P.T.23017, Mukim of Ulu Kinta, District of Kinta, Perak Darul Ridzuan (619 & 619A Jalan Tasek, Taman Seri Tasek, Ipoh)	Commercial land with two-storey shophouse	1,540 sq.ft.	Leasehold 99 years expiring on 11.3.2079	17	83,383	Let out

LOCATION	DESCRIPTION	AREA	TENURE	AGE OF BUILDING (YEARS)	NET BOOK VALUE RM	USAGE
Choo Bee Hardwares Sdn. Berhad						
6) Lot 5595S, Town of Ipoh District of Kinta, Perak Darul Ridzuan	Commercial land with a temporary shed constructed on the land for cars and motor-cycles	1,829.5 sq.ft.	Freehold	N/A	12,827	Car Park
7) Lot 19493 & Lot 6969, Mukim of Kinta, Perak Darul Ridzuan	Commercial land	Lot 19493 4,356 sq.ft. Lot 6969 20,963.25 sq.ft.	Freehold Freehold	N/A))))))	67,027	Warehouse
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	31,188	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	13	2,034,125	Factory
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* The industrial land is registered in the name of PAMC while the building is owned by TBH.

Statement Of Shareholdings

As At May 6, 2005

Authorised Capital	:	RM500,000,000
Issued and fully paid-up capital	:	RM103,381,500 (Excluding 2,818,500 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	15	0.35	340	0.00
100 to 1,000	1,293	30.37	1,183,410	1.15
1,001 – 10,000	2,605	61.20	9,119,273	8.82
10,001 – 100,000	300	7.05	7,594,610	7.35
100,001 – 5,169,074 *	41	0.96	23,026,367	22.27
5,169,075 and above **	3	0.07	62,457,500	60.41
TOTAL	4,257	100.00	103,381,500	100.00

Note: * - Less than 5% of issued holdings

** - 5% and above of issued holdings

DIRECTORS' INTERESTS AS AT MAY 6, 2005

Ordinary Shares of RM1.00 each

Shares in the Company

Director	Direct Interest		Deemed Interest		Total Interest	
		%		%		%
Soon Ah Khun @ Soon Lian Huat	160,600	0.16	54,423,000	52.64	54,583,600	52.80
Soon Cheng Hai	304,000	0.29	-	-	304,000	0.29
Soon Cheng Boon	298,000	0.29	-	-	298,000	0.29
Soon Hean Hooi	2,119,055	2.05	-	-	2,119,055	2.05
Leong Keng Yuen	26,000	0.03	-	-	26,000	0.03
Lee Sieng Tzi @ Vincent Lee	105,000	0.10	-	-	105,000	0.10
Dato' Robert Lim Git Hooi, DPMP, JP	14,000	0.01	69,000	0.07	83,000	0.08
Khoo Choon Yam	-	-	-	-	-	-
Datin Shahrizan Binti Abdullah	-	-	-	-	-	-

DIRECTORS' INTERESTS AS AT MAY 6, 2005 (continued)

Options over Ordinary Shares of RM1.00 each at a price of RM1.20 each

Options in the Company

Director	Granted	%	Exercised	%	Balance	%
Soon Ah Khun @ Soon Lian Huat	600,000	6.75	360,000	4.05	240,000	2.70
Soon Cheng Hai	600,000	6.75	200,000	2.25	400,000	4.50
Soon Cheng Boon	600,000	6.75	200,000	2.25	400,000	4.50
Soon Hean Hooi	600,000	6.75	200,000	2.25	400,000	4.50
Lee Sieng Tzi @ Vincent Lee	600,000	6.75	-	-	600,000	4.50

Ordinary Shares of RM1.00 each

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

Director	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.

Ordinary Shares of RM1.00 each

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

Director	Direct Interest	%	Deemed Interest	%	Total Interest	%
Soon Ah Khun @ Soon Lian Huat	-	-	1,660,584	50.43	1,660,584	50.43
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	161,829	4.91	-	-	161,828	4.91

Ordinary Shares of RM1.00 each

**Shares in subsidiary company,
Taik Bee Hardware Sdn. Bhd.**

Director	Direct Interest	%	Deemed Interest	%	Total Interest	%
Soon Ah Khun @ Soon Lian Huat	-	-	4,556,360	87.62	4,556,360	87.62
Soon Cheng Hai	24,400	0.47	-	-	24,400	0.47
Soon Cheng Boon	24,400	0.47	-	-	24,400	0.47
Soon Hean Hooi	24,400	0.47	-	-	24,400	0.47

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 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.

Statement Of Shareholdings

As At May 6, 2005 (continued)

LIST OF TOP THIRTY SHAREHOLDERS AS AT MAY 6, 2005

Name	Shareholdings	Percentage
1. Choo Bee Holdings Sdn Bhd	43,199,000	41.79
2. Soon Lian Huat Holdings Sdn. Berhad	11,224,000	10.86
3. Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	8,034,500	7.77
4. Allianz Life Insurance Malaysia Berhad MBA Life Assurance Berhad	2,761,500	2.67
5. Soon Hean Hooi	2,119,055	2.05
6. Employees Provident Fund Board	1,896,500	1.84
7. Allianz Life Insurance Malaysia Berhad	1,860,300	1.80
8. Universal Trustee (Malaysia) Berhad	1,532,900	1.48
9. Allianz General Insurance Malaysia Berhad	1,516,100	1.47
10. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pheim Asset Management Sdn. Bhd. for Employees Provident Fund	1,333,400	1.29
11. Yeo Lee Hong Betty	1,059,000	1.02
12. Soon Siew Leh	750,000	0.73
13. Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. Bumiputra-Commerce Trustee Berhad for Pacific Dana Aman	718,000	0.69
14. Mayban Nominees (Tempatan) Sdn. Bhd. Mayban Trustees Berhad for Hidden Treasures Fund	500,000	0.48
15. Allianz Life Insurance Malaysia Berhad	429,200	0.42
16. Soon Lian Lim	427,875	0.41
17. Soon Lian Lim	424,990	0.41
18. Tan Peng Soon	389,000	0.38
19. Cimsec Nominees (Tempatan) Sdn. Bhd. Commerce Asset Fund Managers Sdn. Bhd. for Commerce Life Assurance Bhd.	374,700	0.36
20. Soon Cheng Hai	304,000	0.29
21. Chor Sek Choon	300,000	0.29
22. Tan Peng Sum	300,000	0.29
23. Tan Peng Nam	300,000	0.29
24. Malaysia Nominees (Tempatan) Sendirian Berhad Malaysian Trustees Berhad for Alliance Vision Fund	298,000	0.29
25. Soon Cheng Boon	298,000	0.29
26. M&A Nominee (Tempatan) Sdn. Bhd. M&A Securities Sdn. Bhd.	280,440	0.27
27. Yeoh Kean Hua	260,000	0.25
28. Citicorp Nominees (Asing) Sdn. Bhd. CBNY for DFA Emerging Markets Fund	235,700	0.23
29. Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Soon Lian Lim	224,607	0.22
30. Citicorp Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Su Ming Keat	200,000	0.19
	83,550,767	80.82

SUBSTANTIAL SHAREHOLDERS AS AT MAY 6, 2005

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)	%	(A+B)	%
Amanah Raya Berhad - Skim Amanah Saham Bumiputera	8,034,500	7.77	-	-	8,034,500	7.77
Choo Bee Holdings Sdn. Bhd.	43,199,000	41.79	-	-	43,199,000	41.79
Soon Ah Khun @ Soon Lian Huat	160,600	0.16	54,423,000	52.64	54,583,600	52.80
Soon Lian Huat Holdings Sdn. Berhad	11,224,000	10.85	43,199,000	41.79	54,423,000	52.64
Tang Kim Heok	-	-	54,423,000	52.64	54,423,000	52.64

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FORM OF PROXY

CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
(Incorporated in Malaysia)

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 2005 Annual General Meeting of the Company to be held on June 17, 2005
and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Resolutions relating to:-	For	Against
1. To receive the Audited Financial Statements and Reports		
2. Declaration of a Final Dividend and Special Dividend		
3. Payment of Directors' Fee of RM186,614/-		
4. Re-election of Directors: Lee Sieng Tzi @Vincent Lee Dato' Robert Lim Git Hooi, DPMP., JP Khoo Choon Yam Datin Shahrizan Binti Abdullah		
5. Appointment of Auditors and their remuneration		
Special Business		
6. Ordinary Resolution No. 1 – Authority to allot and issue shares in general pursuant to Section 132D of the Companies Act, 1965		
7. Ordinary Resolution No. 2 - Authority to allot and issue shares pursuant to the Employees' Share Option Scheme		
8. Ordinary Resolution No. 3 - Proposed Renewal of Share Buy Back Authority		
9. Ordinary Resolution No. 4 - Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate on Recurrent Related Party Transactions of a Revenue or Trading Nature and in the Nature of Provision of Financial Assistance		

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, No. 35 Jalan Hussein, 30250 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 initialled.

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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