

CHOO BEE METAL INDUSTRIES BERHAD
Registration No.: 197101000234 (10587-A)
(Incorporated in Malaysia)

2025 ANNUAL GENERAL MEETING
THURSDAY, 19 JUNE 2025 AT 11.00 A.M.

PRE-AGM QUESTIONS

(A) MD&A

Question 1	What are the top 3 problems, challenges, or risks that the Group is currently facing, and what are the strategies in place by the Group to respond them?								
Answer	<p>The top 3 problems or challenges are as per below:</p> <p>(1) Global overcapacity in the steel industry;</p> <p>(2) Steel price volatility; and</p> <p>(3) Shortage of labour.</p> <p>The strategies planned by the Management are as per below:</p> <p>(1) Increase production capacity and improve cost efficiency;</p> <p>(2) Build long-term customer relationships to strengthen market position; and</p> <p>(3) Broaden our product range to meet the market demand.</p>								
Question 2	In the Q1 quarterly announcement, it is stated that global capacity utilization estimated at approximately 75%. What is the latest utilization rate of the Pengkalan factory and Kapar factory respectively? Is it met, above, or lower than the expected utilization rate?								
Answer	<p>The average machine utilisation for Jan-May 2025 is as per table below:</p> <table><tr><td>Year-to-date</td><td>Pengkalan</td><td>Kapar</td><td>Average</td></tr><tr><td>May 2025</td><td>42.97%</td><td>88.81%</td><td>65.89%</td></tr></table> <p>The Company is working to develop and upgrade the new Kapar facility in order to maximise capacity utilisation. It is anticipated that capacity utilisation will increase if the government uplifts the freeze on applications for foreign workers.</p>	Year-to-date	Pengkalan	Kapar	Average	May 2025	42.97%	88.81%	65.89%
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May 2025	42.97%	88.81%	65.89%						
Question 3	Can the Management please further explain about the unclaimable import duty provisions written off amounting to RM8.6 million. Is it an one-off written off or whether any remaining balance that will be subsequently written off? What is the reason of the import duty being unclaimable?								
Answer	<p>Due to exhaustion of duty exemption previously granted from MIDA, the Company attempted to apply for an extension of incentives. However, MIDA turned down the application and our appeal to MOF was also denied. Consequently, the costs have to be expensed off.</p> <p>However, the Company is attempting to reclaim import tariffs paid on raw materials and using the drawback facility to export produced goods. The Company has so far been successful in recovering part of the duty paid for those applications submitted.</p>								

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Question 4	What are the strategies or ways set by the Group in continuously automating the production process and operation of the steel plants for better efficiency?
Answer	Our new Kapar Factory has installed four new tube mill machines that are the first in Malaysia to incorporate automatic stacking and packing to reduce manpower dependency and increase productivity.

(B) Sustainability Statement

Question 5	Performance Scorecard - What are the progress against targets for the nature (environment) focus areas? Instead of stating 'on track towards 2030 target', could the Management please quantitatively disclose the specific progress of respective focus areas?
Answer	We will not quantitatively disclose the specific progress of respective focus area because the Kapar Factory was setup in Year 2024 and began operations in Quarter 4 of the said year. As such, the targets shown in the Performance Scorecard only reflected Pengkalan Factory. Moving forward for Year 2025, both the Kapar and Pengkalan factory targets will be taken into consideration and reflected accordingly.
Question 6	For workplace, why the Group sets the annual target of less than 45 accident cases, which is a relatively high occurrence level? Isn't accident cases should be as low as possible, say 5 or 10 cases, or even Nil? Please justify.
Answer	The target for accident cases for Year 2024 was set as Quality Objective under ISO 9001: 2015 for Safety, Health and Environment Department. Only 5 major cases were identified, out of 26 accident cases that occurred in 2024. The Management will review the target for accident cases for Year 2025 and look into introducing scenario-based or job-specific training to high-risk areas, to reduce the number of accidents.
Question 7	Why the total waste generated (metric tonne) as disclosed in Page 31 to the Annual Report, increased by almost 4 times from about 6 metric tonne in FY2023 to 23 metric tonne in FY2024? Is this indicating increasing wastages or inefficiencies occurred during the production processes?
Answer	The increase was attributed to the major maintenance clean up performed during the year and new stringent regulations on scheduled waste classification and mandatory reporting.
Question 8	Why the training hours for Executive decreased from as high as 1,710 hours in FY2023 to 620 hours in FY2024?
Answer	Selected executives underwent competency training due to product standard BS EN 10219-1 requirements which incurred 1,216 hours in year 2023. Their competency certificate is renewable every 5 years.

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Question 9	Why only certain sustainability indicators (labour practices and standards, health and safety, diversity) in the performance data table being internally assured? Why not all the sustainability indicators being internally assured, and even to obtain external assurance?
Answer	There is currently no mandatory requirement under the Bursa Securities Listing Requirement for sustainability indicators to be assured by internal or external auditors. Nevertheless, the Company has voluntarily adopted a higher standard by selecting three material matters for internal review by our internal auditors to enhance the credibility of our sustainability reporting.
Question 10	For the solar system installed at the Group's premises, did the Group apply and obtain any Green Technology tax incentives?
Answer	Yes, the Company had applied for and obtained the Green Technology tax incentive for the solar system installed at our Pengkalan Factory in Year 2019.

(C) Financial Statements

Question 11	Statements of Financial Position - The Group has a total market capitalisation of about RM107 million. Comparing the market capitalisation to the total equity of RM594 million as at 31 December 2024, the total equity is five times higher than the market capitalisation. Whilst the share price is determined by the market forces, it is clearly indicating that the Group's assets are not valued by the public as worth as per stated in the accounts. Question to the Board, Management, and Auditors - How robust had the fixed assets impairment assessments being carried out to appropriately write-down the value of assets to their recoverable amount as the market valuation of the Group is way below the book amount?
Answer	The share prices of majority of steel companies listed on Bursa are below NTA.
Question 12	Note 16 Deferred Tax Liabilities - It is stated that some of the deferred tax assets arising from unutilised tax losses and unutilised reinvestment allowance were not recognised as it is not probable that taxable profits of the subsidiaries would be available against which the deferred tax assets could be utilised. Which entity(ies) that is/are having such deferred tax assets not recognised for unutilised tax losses and unutilised reinvestment allowance? If it is not probable to have sufficient taxable profits, is it an indicator that the entity(ies) is/are not expected to be profitable and hence, certain level of impairment loss should be recognised towards the Group's property, plant and equipment?
Answer	The Company adopted conservative approach to assess realisation of the tax benefits.

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Question 13	Note 6 to the financial statements - Please further explain about the transfer of owner-occupied property, plant and equipment and right-of-use assets to investment properties at the Company level. Which property(ies) involved, which subsidiary(ies) rented the property(ies), and what is/are the current usage of the property(ies)?																																				
Answer	The property involved is a freehold land and buildings located in Kapar, rented out to Choo Bee Hardwares Sdn Bhd for use as office and warehouse.																																				
Question 14	Note 10 to the financial statements - What are the raw materials inventories measured at net realisable value (NRV)? Are they specifically designated to manufacture goods that are with NRV written down? Can they be used to manufacture other goods that have no NRV concern? How much inventories is written down recognised for respective category of inventories ie, raw materials, work-in-progress, trading goods, and manufactured goods?																																				
Answer	<p>Raw materials inventories, which mainly consist of coils, are measured at NRV.</p> <p>The raw materials are not designated to manufacture goods that are with NRV written down nor to manufacture goods with no NRV written down.</p> <p>Using the raw materials, the type of manufactured goods is determined by forecasting the likely manufactured goods based on past production history.</p> <p><u>Net inventories written (down)/back</u></p> <table><tr><td></td><td>CBMI RM'000</td><td>CBH RM'000</td><td>CBHS RM'000</td><td>TBH RM'000</td><td>Group RM'000</td></tr><tr><td>- Raw materials</td><td>(737)</td><td>-</td><td>-</td><td>(1)</td><td>(738)</td></tr><tr><td>- Work in progress</td><td>(288)</td><td>-</td><td>-</td><td>-</td><td>(288)</td></tr><tr><td>- Trading goods</td><td>(8)</td><td>(222)</td><td>(325)</td><td>10</td><td>(545)</td></tr><tr><td>- Manufactured goods</td><td>(1,290)</td><td>-</td><td>-</td><td>(13)</td><td>(1,303)</td></tr><tr><td></td><td>(2,323)</td><td>(222)</td><td>(325)</td><td>(4)</td><td>(2,874)</td></tr></table> <p><u>Remarks:</u></p> <p>CBMI - Choo Bee Metal Industries Berhad CBH - Choo Bee Hardwares Sdn Bhd CBHS - Choo Bee Hardware (Sabah) Sdn Bhd TBH - Taik Bee Hardware Sdn Bhd</p>		CBMI RM'000	CBH RM'000	CBHS RM'000	TBH RM'000	Group RM'000	- Raw materials	(737)	-	-	(1)	(738)	- Work in progress	(288)	-	-	-	(288)	- Trading goods	(8)	(222)	(325)	10	(545)	- Manufactured goods	(1,290)	-	-	(13)	(1,303)		(2,323)	(222)	(325)	(4)	(2,874)
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Question 15	Note 11 Trade and Other Receivables - How the overnight policy rate impacts the probability of non-payment by the trade receivables?																																				
Answer	<p>Higher OPR means higher borrowing costs, and customers may find it harder to get financing. In consequence, customers may delay payments and increase our bad debt risk.</p> <p>For the records, our Group's trade receivable recoverability has been excellent, with no bad debts resulting from tight credit risk monitoring.</p> <p>In addition, we estimate general expected credit loss ("ECL") under MFRS 9 to ensure that our accounts are presented using a prudence concept.</p>																																				

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Question 16	Note 11 Trade and Other Receivables - How much of the RM95 million trade receivables have been collected after year end, especially the RM14 million of past due balances?																																																						
Answer	<p>Subsequent receipt comprising 80% has been verified by external auditors.</p> <table><tr><td><u>(Excluded inter company)</u></td><td>CBMI</td><td>CBH</td><td>CBHS</td><td>TBH</td><td>Group</td></tr><tr><td>Trade receivable</td><td>RM</td><td>RM</td><td>RM</td><td>RM</td><td>RM</td></tr><tr><td>Non past due</td><td>34,180</td><td>24,962</td><td>2,759</td><td>8,825</td><td>70,726</td></tr><tr><td>Subsequent receipts</td><td>23,208</td><td>21,956</td><td>2,329</td><td>7,129</td><td>54,622</td></tr><tr><td></td><td>10,972</td><td>3,006</td><td>430</td><td>1,696</td><td>16,104</td></tr><tr><td>Past due</td><td>5,158</td><td>7,776</td><td>1,026</td><td>39</td><td>13,999</td></tr><tr><td>Subsequent receipts</td><td>5,158</td><td>7,251</td><td>852</td><td>39</td><td>13,300</td></tr><tr><td></td><td>-</td><td>525</td><td>174</td><td>-</td><td>699</td></tr><tr><td></td><td>72%</td><td>89%</td><td>84%</td><td>81%</td><td>80%</td></tr></table>	<u>(Excluded inter company)</u>	CBMI	CBH	CBHS	TBH	Group	Trade receivable	RM	RM	RM	RM	RM	Non past due	34,180	24,962	2,759	8,825	70,726	Subsequent receipts	23,208	21,956	2,329	7,129	54,622		10,972	3,006	430	1,696	16,104	Past due	5,158	7,776	1,026	39	13,999	Subsequent receipts	5,158	7,251	852	39	13,300		-	525	174	-	699		72%	89%	84%	81%	80%
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Question 17	Note 31(v) - Market price risk - It is stated that the market risk of the Group and the Company arises mainly from the changes in steel raw materials and finished goods prices. However, there is no disclosure on how the Group and Company manage this risk. Could the Board and Management please elaborate further on how this market risk is being managed?																																																						
Answer	<p>To manage the market risk from the changes in steel raw materials and finished goods prices, the Company:-</p> <p>(1) Diversified sourcing by sourcing raw materials from multiple suppliers and countries to reduce dependency and ensure supply stability.</p> <p>(2) Started to source locally, to reduce the freight cost and the risk of foreign exchange fluctuations.</p>																																																						

(D) Corporate Governance

Question 18	Note 29(c) Compensation of key management personnel - Why the short-term employee benefits decreased from RM3,583k to RM2,965k but the post-employment benefits indeed increased from RM1,171k to RM1,379k?
Answer	<p>Decrease in short term employee benefits in Year 2024 was due to demise of one of the executive directors in Year 2023.</p> <p>Increase in post-employment benefits in Year 2024 was due to gratuity paid to one of the executive directors in Year 2024.</p>

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Question 19	What is/are the reason(s) to change in internal auditors from Agile Advisory Services PLT to JWC Consulting Sdn Bhd during the current financial year?
Answer	The change of Internal Audit firm was due to the demise of the experienced lead auditor of Agile Advisory Services PLT. The Board of Directors have reviewed and approved JWC Consulting Sdn Bhd as our Group's Internal Auditor commencing Year 2024.

(E) Ordinary Resolution #7

Question 20	Ordinary Resolution 7 (Proposed Renewal of Share Buy-Back Authority) - RM6.5 million is allocated for the Proposed Share Buy-Back of not exceeding 6 million shares, which is averagely RM1.08/share and it is double of the current share price of RM0.54/share. Is this implied that the Board considers the current share price of the Company being deeply undervalued?
Answer	The current share price is market driven.

QUESTIONS DURING 2025 AGM

Shareholders' Questions and Responses - Kapar Project and Company Performance

Question 1 - Question from Shareholder	Unclaimable Import Duty Provisions Written off (Reference: Pre-AGM Question 3) What is the amount to be fully claimable?
Answer	The amount that is fully reclaimable would be RM8.6 million.
Question 2 - Question from Shareholder	How will the Kapar Project enhance the Company's overall performance?
Answer	<p>The Kapar Project is heavily centred on automation. Previously, operations at the Pengkalan factory required 8 to 10 workers per task. With the new Kapar facility, automation has enabled a 40% reduction in workforce needs while improving productivity and operational efficiency. This translates into significant labour cost savings.</p> <p>The Kapar factory is expected to contribute over 70% of the Company's total production output. In contrast, the machinery in Pengkalan factory is over 30 years old, often resulting in operational disruption and longer processing times. For example, changing the product sizing and specification at Pengkalan factory takes 1 to 2 days, while at Kapar factory, the same task takes only 3 hours. The improvements in efficiency and capacity at Kapar factory are expected to enhance overall profit margins.</p>

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	<p><u>Additional Clarification by Chairman:</u></p> <p>The Management had also reallocated some foreign workers from Pengkalan factory to Kapar factory as a result of foreign workers application restrictions for manufacturing sector by the government. Currently, Kapar factory is operating with only one shift and should there be a reopening of the foreign labour employment quota, additional shifts can be implemented. This will allow the Company to capture larger market shares in the Southern and East Malaysia regions.</p>
Question 3 - Question from Shareholder	<p>Given the losses in FYE 2024, can the Company's performance be improved in 2025?</p> <p>Can the Company consider declaring ½ or 1 sen dividend since the Company's cash flow is strong with very minimal loan borrowing of RM3 million?</p>
Answer	<p>In 2024, the global steel prices were at a peak and raw material costs were high. However, these costs have since decreased by 30–40%. The Kapar factory had some initial inefficiencies during commissioning, but the performance is expected to stabilise in 2025.</p> <p>The financial year ended 2024 marked the first loss since the Company's listing. Nonetheless, the Company would need to conserve cash to meet increased demand, particularly to maintain as standby funds for raw material purchases when a second shift is introduced.</p> <p><u>Shareholder's Response</u></p> <p>The shareholder wished the Company continued success.</p>
Question 4 - Question from Shareholder	<p>Why was there no Chairman's statement in the Annual Report?</p> <p>What is the profit projection for FYE 2025?</p>
Answer	<p>The Chairman's Statement was not mandatory for the Annual Report.</p> <p>The Company is projecting an improvement in profitability for FYE 2025. With the planned addition of a second shift at Kapar factory, overall capacity utilisation is expected to increase, which will enhance margins and production output.</p>

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Question 5 - Question from Shareholder	<u>Gratuity Payment (Reference: Pre-AGM Question 18)</u> Was the gratuity payment approved by the shareholders? How much was the gratuity and to whom was it paid?
Answer	The gratuity payment of RM937,000 was made to Mr. Soon Cheng Boon upon his retirement at the age of 60 as Deputy Chief Executive Officer (in the capacity as an employee of the Company) in recognition of his 34.96 years of service and contribution to the Group and in accordance with the terms of his service agreement and Company's policy. This payment was made in accordance with his service agreement and the Company's policy, and was duly approved by the Board and shareholders' approval was not required.
Question 6 - Question from Shareholder	<u>Page 76 of Annual Report - Key Audit Matters</u> There is no relationship between the net realisable value (NRV) and slow-moving inventories, why perform the audit procedure on slow moving inventories?
Response from Mr. Johnny Sia (Engagement Partner)	As part of audit assessment, the External Auditors also assessed the valuation impact on slow-moving inventories for NRV testing.
Question 7 - Question from Shareholder	To what extent does the Company observe the motto of "Strengthen, Sustain, Succeed" as appeared in the cover page of the Annual Report?
Answer	The Management is fully committed to the motto and had been proactively addressing strategic issues through ongoing internal discussions. The Shareholder expressed full support to the Board and Management in achieving these objectives.