

The first public lady urinal in Malaysia.

Ergonomically designed for women.

Conserves 50% more water.

Pressure controlled water flow.

User friendly.

Simply more hygienic.

So intimate we made it public.



**GBH**

[www.gbhgroup.com.my](http://www.gbhgroup.com.my)

## Chairman's Statement

On behalf of your Board of Directors, I am pleased to present the Annual Report and Financial Statements of the Goh Ban Huat Group of Companies for financial year ended 31 December 1999.

### Group Operations:

With the aid of effective Government economic policies, that provided a viable business environment for the private sector, we are pleased that the GBH Group of Companies has come through financial year 1999 satisfactorily. The building industry sector was generally in a state of severe recession with domestic demand levels falling off by some 40%. Group sales in the GBH Group fell by 9.0% to RM 47.4 million from RM52.0 million in the previous year. At the onset of the current recession, the Company refocused its marketing strongly into the export markets as a result of which export sales for the Group increased substantially to RM10.6 million compared to RM5.4 million in the previous year.

Sectorally, the Group's Bathroom Ware business enjoyed the best performance with a divisional turnover increase of 20.7%, as this division was best able to adapt its product lines to the different technical standard requirements of the various export markets. Exports constituted some 23% of sales in this division compared to only 13% in the previous year. The Group's Ceramic Formers



division also performed well with sales increasing by 6.5% with around 50% of its sales constituted by the export markets. The worst performance within Group was recorded in the Ceramic Clay Pipes Division, as domestic demand plummeted in line with the recession that affected the building industry sector. Sales of clay pipes decreased by 28 % compared to the previous year and this division made a loss before tax of RM1.7 million. The Tableware division, which is essentially an import-substitution product also, suffered a fall of 30% in sales.



Spreading cheer and well-being... Environments are also about people, coming together, enjoying each other's company, experiencing a feeling of well-being. GBH products help bring out the best in people.

Given the mixed, but generally lackluster overall performance, profit before tax earned by the Group amounted to RM0.207 million compared to RM0.742 million earned last year. After tax profits amounted to RM0.473 million with the benefit of a RM0.266 million tax write-back from over provision in previous years.

#### Steps for Group Improvement:

The Company is in the process of implementing several strategies to improve its overall performance. Foremost within this restructurising of our business units is the need for us to further innovate upon our products to make them compatible with new products as they are developed in other parts of the world in an attempt to further promote export growth of more of the Group's core products. In this regard, we are pleased to have introduced perhaps the first female urinal in Asia. We are pleased with

its initial reception by the market. Our Clay Pipes division is focusing on redesigning new technology pipes that are exportable to external markets with technical standards equivalent to the highest standards in the world. Initial successes have been attained in this area of development. Trading of accessory products relating to our core business units have performed well in the past and steps have been taken to broaden and deepen this particular activity. Major changes in quality of our Ceramic Formers will make them more competitive in both local and offshore markets. New marketing strategies that enable the Group to track all major developments that require our products in the country are being

implemented to enable more direct and widespread marketing efforts. In addition, new incentive-based remuneration packages are offered to both marketing and production personnel in key areas of performance to stimulate aggressive achievement of desired objectives and to create a more dynamic marketing and production framework within the Group. In addition, our Research & Development Group has been asked upon to develop new and non-conventional ceramic-based product lines to broaden the market base of


the Groups products. It is fortunate that all these strategies are being implemented within an economic environment of constant improvement in our economy, which will be paramount to the success of the various strategies being adopted.

Additionally, our Company is one of the first commercial enterprises in the country to post a full-scale website on the Internet, which details all of the Group's products and technical features. New export businesses have been struck from the website and invariably such had been deals of high quality. An active e-commerce group has been formed and will spearhead e-based marketing for the Group's products.

#### New Difficulties:

New challenges and difficulties will no doubt abound, and the biggest challenge facing the ceramic industry in Malaysia is the recent continuing and substantial increase in the price of piped natural gas. The domestic pricing for piped natural gas to





One of life's greatest and simplest pleasures comes the moment you step out of the bath or the shower. Cleanliness rejuvenates the body, mind and spirit. It gives us renewed vigour and vitality. And GBH is there. Every day.

industrial consumers like ourselves is based on a floating formula linking the domestic price of piped natural gas to prevailing RM/USD exchange rates as well as prevailing international crude oil prices. As a result, manufacturers like ourselves are having to pay prices for piped natural gas that are some 3 times more expensive than prices available in free international markets as well as prices available to competing manufacturers in our neighboring ASEAN countries. In this regard the impending full implementation of AFTA will place

domestic manufacturers like us on an uncompetitive footing. This is obviously a serious matter and continued representations will have to be made to the relevant authorities to reconsider this obvious misalignment. It is hoped that the relevant authorities will take the timely and correct action to eliminate this difficult situation facing domestic manufacturers.

#### Other Matters:

Partly to satisfy the new KLSE Main Board listing requirement in respect of the minimum issued capital requirement of RM60 million as well to supplement the working capital requirements of the Group, the Company successfully increased its paid-up capital on 8 March 2000 via the issuance of 5,629,000 new shares priced at RM1.44 per share which raised gross proceeds of RM8,105,760. The new shares were privately placed and were issued pursuant to Section 132D of the Companies Act, 1965.



### Conclusion:

The Group looks upon the immediate future with cautious optimism on the basis of its new efforts and strategies amidst the undoubted economic recovery

in the economy. More widespread export markets will need to be found to enable the Group to further take advantage of the favorable exchange rate policy adopted by the authorities. In addition more concentrated marketing efforts will be implemented to create a larger marketing base for the Groups' core products. In conclusion, I wish to record my sincere appreciation of all the efforts put in by our personnel in facing up to the difficult times that we have faced and hope that such continued dedicated efforts will pay off in the forthcoming future.

Alex Goh Tai Seng  
Chairman of the Board



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