

GE-SHEN CORPORATION BERHAD
(Incorporated in Malaysia)

Interim Financial Statements

Fourth Quarter Results
Period ended
31 December 2019

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

	Notes	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
		<u>3 Month Ended 31 Dec 2019 RM'000</u>	<u>3 Month Ended 31 Dec 2018 RM'000</u>	<u>12 Month Ended 31 Dec 2019 RM'000</u>	<u>12 Month Ended 31 Dec 2018 RM'000</u>
Revenue		42,063	43,176	158,987	202,346
Other income		(357)	189	859	1,769
Share of results in associate		(82)	79	105	158
Changes in inventories of finished goods and work-in-progress		(529)	(990)	1,149	259
Raw materials used		(20,594)	(21,077)	(76,647)	(97,722)
Employee benefits		(10,950)	(10,929)	(46,535)	(50,521)
Depreciation and amortisation		(2,922)	(2,449)	(10,599)	(9,460)
Other operating expenses		(8,266)	(6,824)	(32,281)	(35,070)
Finance costs		(1,418)	(1,021)	(4,923)	(4,226)
(Loss) / Profit before tax		(3,055)	154	(9,885)	7,533
Tax income / (expenses)	B6	835	(259)	864	(3,018)
(Loss) / Profit for the period		(2,220)	(105)	(9,021)	4,515
Other Comprehensive (Loss) / Income					
Exchange differences on translating foreign operations		(132)	(93)	(73)	(149)
Share of other comprehensive income of associate		17	17	17	17
Total Comprehensive (Loss) / Income for the period		(2,335)	(181)	(9,077)	4,383
(Loss) / Profit after tax attributable to:					
Owners of the Company		(2,166)	(25)	(8,688)	4,501
Non-Controlling Interest		(54)	(80)	(333)	14
		(2,220)	(105)	(9,021)	4,515
Total Comprehensive (Loss) / Income attributable to:					
Owners of the Company		(2,281)	(101)	(8,744)	4,369
Non-Controlling Interest		(54)	(80)	(333)	14
		(2,335)	(181)	(9,077)	4,383
(Loss) / Earnings per share (Sen)					
Basic	B14	(3.46)	(0.68)	(12.58)	4.56
Diluted	B14	(2.02)	0.00	(8.06)	4.34

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and accompanying explanatory notes attached to the interim financial statements.

GE-SHEN CORPORATION BERHAD

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Notes	<u>Unaudited</u> As at 31 Dec 2019 RM'000	<u>Audited</u> As at 31 Dec 2018 RM'000
ASSETS			
Non-Current Assets			
Investment in an associate		1,195	1,074
Property, plant and equipment		98,596	97,989
Prepaid lease payments		-	3,874
Right-of-use assets		28,039	-
Goodwill on consolidation		31,195	31,195
		<u>159,025</u>	<u>134,132</u>
Current Assets			
Inventories		29,820	22,023
Trade receivables		30,401	31,593
Other receivables, deposits and prepayments		3,160	5,380
Current tax assets		2,385	2,676
Fixed deposits with licensed banks		3,371	3,032
Cash and bank balances		7,218	12,100
		<u>76,355</u>	<u>76,804</u>
Total Assets		<u><u>235,380</u></u>	<u><u>210,936</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		45,643	45,643
Treasury shares		(1,843)	(1,843)
Reserves		49,572	58,084
Total Equity Attributable to Owners of the Company		<u>93,372</u>	<u>101,884</u>
Non-controlling interests		5,510	5,838
		<u>98,882</u>	<u>107,722</u>
Non-Current Liabilities			
Long-term borrowings	B10	43,720	40,011
Lease liabilities		10,179	-
Redeemable convertible preference shares		-	1,195
Deferred taxation		2,573	3,555
		<u>56,472</u>	<u>44,761</u>
Current Liabilities			
Trade payables		24,748	19,375
Other payables and accruals		13,829	10,573
Lease liabilities		4,408	-
Short-term borrowings	B10	27,952	25,338
Bank overdraft		8,812	3,167
Redeemable convertible preference shares		277	-
		<u>80,026</u>	<u>58,453</u>
Total Liabilities		<u>136,498</u>	<u>103,214</u>
Total Equity and Liabilities		<u><u>235,380</u></u>	<u><u>210,936</u></u>
Net Assets per Ordinary Share Attributable to Owners of the Company (RM)		1.24	1.35

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

	12 Month Ended 31 Dec 2019 RM'000	12 Month Ended 31 Dec 2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before tax	(9,885)	7,533
Adjustments for:		
Depreciation and amortisation	7,371	9,346
Property, plant and equipment written off	-	408
Amortisation of right-of-use asset	3,228	-
Amortisation of prepaid lease payment	-	114
Employee benefits expense	247	740
Interest expense	4,923	4,226
Loss / (Gain) on foreign exchange – unrealised	124	(1,064)
Share of results of an associate	(105)	(158)
Gain on disposal of property, plant and equipment	(82)	(6)
Gain on disposal of right-of-use asset	(91)	-
Interest income	(98)	(101)
Inventories written down	450	516
Operating profit before working capital changes	6,082	21,554
Net changes in inventories	(8,247)	2,582
Net changes in trade and other receivables	3,305	20,019
Net changes in trade and other payables	7,371	(14,894)
CASH FLOWS FROM OPERATIONS	8,511	29,261
Tax paid	(2,269)	(5,426)
Tax refunded	2,445	158
NET CASH FROM OPERATING ACTIVITIES	8,687	23,993
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	98	101
Increase in fixed deposits with licensed bank	(332)	(112)
Proceeds from disposal of property, plant and equipment	103	545
Proceeds from disposal of right-of-use asset	165	-
Purchase of property, plant and equipment	(12,454)	(10,907)
Purchase of right-of-use asset	(147)	-
NET CASH FOR INVESTING ACTIVITIES	(12,567)	(10,373)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019 - CONTINUED**

	12 Month Ended 31 Dec 2019 RM'000	12 Month Ended 31 Dec 2018 RM'000
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividend paid to RCPS holders	-	(495)
Interest paid	(4,851)	(4,088)
Net repayment of term loan	(2,047)	(3,351)
Net drawdown/(repayment) of multi currency trade loan	2,572	(692)
Net drawdown/(repayment) of bankers' acceptance	223	(1,528)
Net drawdown of revolving credit	2,324	1,823
Net repayment of hire purchase obligations	-	(4,484)
Repayment of associate	-	(56)
Repayment of lease liabilities	(4,984)	-
NET CASH FOR FINANCING ACTIVITIES	(6,763)	(12,871)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,643)	749
Effect of changes in exchange rates	116	(352)
CASH AND CASH EQUIVALENT AS AT BEGINNING OF PERIOD	8,933	8,536
CASH AND CASH EQUIVALENT AS AT END OF PERIOD	(1,594)	8,933

Cash and cash equivalents included in the cash flows statement comprise of the followings:

	31 Dec 2019 RM'000	31 Dec 2018 RM'000
Fixed deposits with licensed banks	3,371	3,032
Cash and bank balances	7,218	12,100
Less: Bank overdrafts	(8,812)	(3,167)
Less: FD pledged to licensed banks	(2,465)	(2,422)
Less: FD with maturity more than 3 months	(906)	(610)
	(1,594)	8,933

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

	Non-Distributable					Distributable		Non-Controlling Interests	Total Equity
	Share Capital	Treasury Shares	Option Reserve	Redeemable Shares	Convertible Preference Share	Foreign Exchange Translation Reserve	Retained Earnings		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2019 (as previously stated)	45,643	(1,843)	2,204	13,738	2,038	40,104	101,884	5,838	107,722
- effect of adopting MFRS 16	-	-	-	-	-	(10)	(10)	-	(10)
As at 1 January 2019 (restated)	45,643	(1,843)	2,204	13,738	2,038	40,094	101,874	5,838	107,712
Loss for the period	-	-	-	-	-	(8,688)	(8,688)	(333)	(9,021)
Other comprehensive income:									
- Foreign currency translation - differences	-	-	-	-	(73)	-	(73)	-	(73)
- Share of an associate's other comprehensive income	-	-	-	-	12	-	12	5	17
Contributions by and distributions to owners of the Company:									
- Share options to employees	-	-	247	-	-	-	247	-	247
As at 31 December 2019	45,643	(1,843)	2,451	13,738	1,977	31,406	93,372	5,510	98,882

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019 - CONTINUED**

	← Non-Distributable →					Distributable		Non-Controlling Interests	Total Equity
	Share Capital	Treasury Shares	Option Reserve	Redeemable Shares	Convertible Preference Share	Foreign Exchange Translation Reserve	Retained Earnings		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2018	45,643	(1,843)	1,464	13,738	2,175	35,603	96,780	5,819	102,599
Profit for the period	-	-	-	-	-	4,501	4,501	14	4,515
Other comprehensive income:									
- Foreign currency translation - differences	-	-	-	-	(149)	-	(149)	-	(149)
- Share of an associate's other comprehensive income	-	-	-	-	12	-	12	5	17
Contributions by and distributions to owners of the Company:									
- Share options to employees	-	-	740	-	-	-	740	-	740
									-
As at 31 December 2018	45,643	(1,843)	2,204	13,738	2,038	40,104	101,884	5,838	107,722

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and accompanying explanatory notes attached to the interim financial statements.

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PART A - EXPLANATORY NOTES IN ACCORDANCE WITH MFRS 134**A1. Basis of Preparation****Statement of compliance**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2018 except for adoption of MFRS 16.

Significant accounting policies

- (a) The significant accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the preparation of the financial statements of the Group for the financial year ended 31 December 2018 except for adoption of MFRS 16.
- (b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:

MFRSs and Interpretations	Effective for financial periods beginning on or after
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

The Group is in the process of making an assessment of the impact of the adoption of these standards and amendments to existing standards.

- (c) The accounting standards and interpretations that were issued by the Malaysian Accounting Standards Board (MASB) and effective for financial year beginning on or after 1 January 2019 have been adopted by the Group. None of these is expected to have a significant effect, except the following set out below:

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PART A - EXPLANATORY NOTES IN ACCORDANCE WITH MFRS 134**A1. Basis of Preparation - continued****Significant accounting policies - continued****MFRS 16 'Leases'**

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method.

The following table presents the impact of changes to the consolidated statement of financial position of the Group resulting from the adoption of MFRS 16 *Leases* as at 1 January 2019:

	As at 31 December 2018 RM'000	Changes RM'000	As at 1 January 2019 RM'000
Non-current assets			
Property, plant and equipment	97,989	(17,558)	80,431
Prepaid lease payments	3,874	(3,874)	-
Right-of-use assets	-	22,716	22,716
Non-current liabilities			
Long-term borrowings	40,011	(6,357)	33,654
Lease liabilities	-	7,172	7,172
Deferred taxation	3,555	(3)	3,552
Current liabilities			
Short-term borrowings	25,338	(3,614)	21,724
Lease liabilities	-	4,096	4,096
Equity			
Retained Earnings	40,104	(10)	40,094

The Group recognised right-of-use of assets for all leases with a term of more than 12 months for office and factory leases whereby the right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. Lease liabilities are recognised based on the present value of the remaining lease payments, discounted using the weighted average incremental borrowing rate of the Group.

Subsequent to initial recognition, the Group measure the lease liabilities by increasing the carrying value to reflect the interest on the lease liabilities, reducing the carrying amount to reflect lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

A2. Seasonality or Cyclical Factors

The Group's operations experience certain seasonality or cyclical factors that is common in the industry of which the Group operates in.

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PART A - EXPLANATORY NOTES IN ACCORDANCE WITH MFRS 134 (CONTINUED)**A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

During the quarter, there were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

A4. Change in Estimates

There were no significant changes in estimates that have a material effect on the results for the quarter.

A5. Issuance, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

During the quarter, there were no issuance and repayment of debts and equity securities, share buy-backs, shares cancellation, shares held as treasury shares and resale of treasury shares for the quarter under review.

A6. Dividend Paid

There was no dividend paid during the quarter under review.

A7. Segmental Reporting

The Group is organised into the two main geographical segments and operating in manufacturing of plastic moulded products, metal stamping products and components. The segmental information has been presented as follows:-

(a) By Geographical Segment**Current Quarter**

	Malaysia	Vietnam	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
As at 31 December 2019				
Revenue				
- sales to external parties	34,695	7,368	-	42,063
- inter-segment sales	8	-	(8)	-
Total revenue	34,703	7,368	(8)	42,063
Segment results	(851)	(769)	(17)	(1,637)
Finance costs				(1,418)
Loss before taxation				(3,055)

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PART A - EXPLANATORY NOTES IN ACCORDANCE WITH MFRS 134 (CONTINUED)**A7. Segmental Reporting - continued****(a) By Geographical Segment - continued****Preceding Quarter**

	Malaysia RM'000	Vietnam RM'000	Elimination RM'000	Consolidated RM'000
As at 30 September 2019				
Revenue				
- sales to external parties	35,973	8,221	-	44,194
- inter-segment sales	18	-	(18)	-
Total revenue	35,991	8,221	(18)	44,194
Segment results	1,295	(740)	(12)	543
Finance costs				(1,335)
Loss before taxation				(792)

Preceding Year Corresponding Quarter

	Malaysia RM'000	Vietnam RM'000	Elimination RM'000	Consolidated RM'000
As at 31 December 2018				
Revenue				
- sales to external parties	37,222	5,954	-	43,176
- inter-segment sales	15	-	(15)	-
Total revenue	37,237	5,954	(15)	43,176
Segment results	1,791	(604)	(12)	1,175
Finance costs				(1,021)
Profit before taxation				154

(b) By Industry Segment

Industrial segmental information is not applicable.

A8. Material Events Subsequent to the End of the Quarter Under Review

There was no material event subsequent to the end of the quarter that require disclosure or adjustments to the unaudited interim financial statements.

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PART A - EXPLANATORY NOTES IN ACCORDANCE WITH MFRS 134 (CONTINUED)**A9. Changes in the Composition of the Group**

There are no material changes in the composition of the Group for the current financial period ended 31 December 2019.

A10. Changes in Contingent Liabilities or Contingent Assets

There were no changes in the contingent liabilities or contingent assets of the Group during the quarter except for the company provided corporate guarantee of RM133.51 million to subsidiary companies and RM84.87 million was utilised as at 31 December 2019.

A11. Capital Commitments

The amount of capital commitments not provided for in the interim financial statements are as follows:

	<u>Unaudited</u> 31 Dec 2019 RM'000	<u>Audited</u> 31 Dec 2018 RM'000
Approved and contracted for:		
Purchase of property, plant and equipment	2,846	15,696
Approved but not contracted for:		
Purchase of property, plant and equipment	1,825	1,414

A12. Related Party Transactions

Significant transactions between the Company and related parties are as follows:

	Individual Quarter ended		Cumulative Quarter ended	
	31 Dec 2019 RM'000	31 Dec 2018 RM'000	31 Dec 2019 RM'000	31 Dec 2018 RM'000
Transaction with related parties:				
Purchase of components	457	1,498	2,068	3,546
Rental of premises	45	45	181	214
Technical fee	44	44	143	134
Sales of goods	-	1,514	2,163	2,907
Research and development	109	109	437	430

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PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS**B1. Review of Group's Results for the Quarter Ended 31 December 2019**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	3 Month Ended 31 Dec 2019 RM'000	3 Month Ended 31 Dec 2018 RM'000	Changes %	12 Month Ended 31 Dec 2019 RM'000	12 Month Ended 31 Dec 2018 RM'000	Changes %
Revenue	42,063	43,176	(2.6)	158,987	202,346	(21.4)
Operating (Loss) / Profit	(1,555)	1,096	(241.9)	(5,067)	11,601	(143.7)
(Loss) / Profit Before Interest and Tax	(1,637)	1,175	(239.3)	(4,962)	11,759	(142.2)
(Loss) / Profit Before Tax	(3,055)	154	(2,083.8)	(9,885)	7,533	(231.2)
(Loss) / Profit After Tax	(2,220)	(105)	2,014.3	(9,021)	4,515	(299.8)
(Loss) / Profit Attributable to Owners of the Company	(2,166)	(25)	8,564.0	(8,688)	4,501	(293.0)
EBITDAF	1,801	3,575	(49.6)	6,083	20,597	(70.5)

i. Quarter Ended 31 December 2019 compared to Quarter Ended 31 December 2018

Due to the challenging global macro economic environment, manufacturing companies in Malaysia and regionally have been experiencing a general decline in revenues as consumers react to weak economic growth as well as the fall out from the trade war between US and China. In the case of Ge-Shen Corporation, we were similarly challenged for the most part of 2019 as our quarterly numbers have shown consecutive declines (on a year on year comparison) throughout 2019, however the only redeeming part of this fourth quarter number is that at RM42.06 million this represents the smallest percentage decline in sales revenues as compared with the same quarter of the previous year.

The revenue for the fourth quarter of 2019 came in at RM42.06 million, which represents a decline of just 2.6% as compared to the other quarters where the rate of revenue decline was substantially larger. This can be attributable to the business development work and also the capex programme that have been undertaken by the management through the past 18 months which is starting to bear fruit as projects start to kick in. However the negative side of this heavy programme of new projects starting up is that costs have risen, so has depreciation and finance charges which exerted a toll on the profitability of the company as the company registered a loss of RM 3.06 million for the fourth quarter of 2019 as compared to a small profit of RM0.15million in the similar quarter of 2018. The challenge of new programmes is that the initial cost of the programme is rather high and it is generally incurred upfront while only through mass production can the margins from the project be enjoyed.

In the case of the performance of individual subsidiaries, we are pleased to note that the Vietnam plastic facility as well as the Johor metal subsidiary recording improved revenues and profitability while the Penang plastic facility have seen the a moderate decline in volumes but significant costs pressure associated with new programmes pushing the loss higher. The Johor plastic facility experienced larger losses due to the revenue decline while increased costs eroded the margins. Notwithstanding the losses, the company is continues to record a positive EBITDAF of RM1.9mil for the fourth quarter.

ii. Financial Year Ended 31 December 2019 compared to Financial Year Ended 31 December 2018

The comparable numbers for revenue and profits for the whole year 2019 are RM158.99 million in revenue, a drop of 21% as compared to the RM202.35 million of 2018 while profitability registered a loss of RM9.89mil for 2019 against a profit of RM7.53mil for 2018. The reasons for this loss have been the rather short sharp decline in revenue due to falloff in customer orders while costs have been increased through minimum wage increases and also in finance and depreciation charges as a result of the investment made in plant and machinery.

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**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS
(CONTINUED)**

B2. Variation of Results Against Preceding Quarter

	INDIVIDUAL QUARTER		Changes %
	3 Month Ended 31 Dec 2019 RM'000	3 Month Ended 30 Sep 2019 RM'000	
Revenue	42,063	44,194	(4.8)
Operating Profit / (Loss)	(1,555)	503	409.1
Profit / (Loss) Before Interest and Tax	(1,637)	543	401.5
Loss Before Tax	(3,055)	(792)	(285.7)
Loss After Tax	(2,220)	(689)	(222.2)
Loss Attributable to Owners of the Company	(2,166)	(958)	(126.1)
EBITDAF	1,801	3,306	45.5

Revenue of RM42mil in the fourth quarter was a drop of 4.8% as compared to the third quarter revenue of RM44.2mil. This is actually a smaller drop than the seasonal trend partly due to the fact that the third quarter ramp up was lower than previous years and also the commencement of mass production for a few models in the fourth quarter. However the profitability suffered as the loss of RM2.22mil was larger than the loss of RM0.69mil of the preceding quarter as significant costs was involved the new projects that is being undertaken.

B3. Prospects of the Group

The ongoing issue of the Coronavirus adds a new element of unknown to the challenges that the Group is facing. At the time of the writing of this report, the outlook is still rather hazy, and the attention have been quite rightly focused on the human toll of those who are infected and the communities that have to live through these anxious moments. However if we were to take away this arguably huge element of uncertainty from the equation, the prospect for the Group have been gradually improving as more of the projects that the Group have won in 2019 starts to go into mass production mode. There may be good revenue gains for the Penang facility as a high volume part has just entered mass production while moderate gains can be expected elsewhere within the company as other new projects kick in. In the meantime, the business development programs have also started to lead to more direct interaction with end customers while at the same time venturing further up into the value chain which will foster a widening and deepening of the Group's core competencies. The realignment of the global supply chain continues to present opportunities for the Group but it does require a considerable amount of time and effort in order for it to be actualized.

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**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS
(CONTINUED)****B4. Profit Forecast**

The Group did not publish any profit forecast during the quarter.

B5. Explanation Note on Profit Forecast

Not Applicable.

B6. Tax Expense

Tax expense comprises of the followings:

	Individual Quarter ended		Cumulative Quarter ended	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
In respect of the current period :				
Income tax	114	165	114	2,960
Deferred tax	(950)	94	(979)	58
Tax expenses	<u>(835)</u>	<u>259</u>	<u>(864)</u>	<u>3,018</u>

B7. Sale of Unquoted Investments, or Properties

There was no disposal of unquoted investments, or properties during the quarter.

B8. Purchase or Disposal of Quoted and Marketable Securities

There was no purchase or disposal of quoted and marketable securities during the quarter.

B9. Corporate Proposals

The following corporate proposal that was announced by the Company had been completed as at 31 October 2019, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report:

The following corporate proposal had been completed on 23 October 2019.

Ge-Shen Plastic (M) Sdn Bhd's proposed acquisition of a piece of land held under H.S.(D) 6136, No. PT: lot 3929, Mukim Terbau, District of Johor Bahru, State of Johor Darul Takzim measuring approximately 0.383 hectare together with one (1) unit of detached factory erected thereon measuring approximately 25,755 square feet ("property") for the consideration of RM6,300,000.00.

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**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS
(CONTINUED)****B10. Borrowings (Secured)**

The Group's borrowings, all are repayable in Ringgit Malaysia, United States Dollar and Vietnamese Dong secured, as of the end of the quarter are as follows:

	<u>Unaudited</u> 31 Dec 2019 RM'000	<u>Audited</u> 31 Dec 2018 RM'000
Short term borrowings:		
Bankers' acceptance	8,242	8,019
Hire purchase payables**	-	3,614
Term loans	9,267	8,139
Revolving credit	7,535	5,230
Multi currency trade loan	2,908	336
	<u>27,952</u>	<u>25,338</u>
Long term borrowings:		
Hire purchase payables**	-	6,357
Term loans	43,720	33,654
	<u>43,720</u>	<u>40,011</u>
Lease liabilities		
Current liabilities	4,408	-
Non-Current Liabilities	10,179	-
	<u>14,587</u>	<u>-</u>
	<u>86,259</u>	<u>65,349</u>

Hire purchase payables have been represented as lease liabilities following the application of MFRS 16 by the Group using the modified retrospective approach.

B11. Off Balance Sheet Financial Instrument

There were no off balance sheet financial instruments as at the date of this report.

B12. Material Litigation

The directors do not have any knowledge of any proceedings pending or threatened against the Group as the date of this report.

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**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS
(CONTINUED)****B13. Dividend Proposed**

There was no dividend declared or proposed by the company for the current quarter ended 31 December 2019.

B14. (Loss) / Earnings per share (Sen)**Basic (loss) / earnings per share**

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
(Loss) / Profit attributable to ordinary shareholders (RM'000)	(2,166)	(25)	(8,688)	4,501
Dividends on RCPS (RM'000)	(495)	(495)	(990)	(990)
	<u>(2,661)</u>	<u>(520)</u>	<u>(9,678)</u>	<u>3,511</u>
Weighted average number of shares in issue ('000)*	76,927	76,927	76,927	76,927
Basic EPS (Sen)	<u>(3.46)</u>	<u>(0.68)</u>	<u>(12.58)</u>	<u>4.56</u>

Diluted (loss) / earnings per share

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
(Loss) / Profit attributable to ordinary shareholders (RM'000)	(2,166)	(25)	(8,688)	4,501
Interests on RCPS (RM'000)	9	27	72	138
	<u>(2,157)</u>	<u>2</u>	<u>(8,616)</u>	<u>4,639</u>
Weighted average number of shares in issue ('000)*	76,927	76,927	76,927	76,927
Weighted average number of new ordinary shares, assumption on conversion of the remaining:-				
- RCPS ('000)	30,000	30,000	30,000	30,000
- ESOS ('000)	-	-	-	-
	<u>106,927</u>	<u>106,927</u>	<u>106,927</u>	<u>106,927</u>
Diluted EPS (Sen)	<u>(2.02)</u>	<u>0.00</u>	<u>(8.06)</u>	<u>4.34</u>

Note:

* Upon deducting 3,092,000 treasury shares held by the company as at end of the quarter under review.

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**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS
(CONTINUED)****B15. Audit Report**

The auditors' report of the company for the financial year ended 31 December 2018 was not subject to any qualification.

B16. Notes to the Statement of Comprehensive Income

	Individual Quarter ended		Cumulative Quarter ended	
	31 Dec 2019 RM'000	31 Dec 2018 RM'000	31 Dec 2019 RM'000	31 Dec 2018 RM'000
(Loss) / Profit before taxation is arrived at after crediting:				
Interest income	(13)	(15)	(98)	(101)
Gain on foreign exchange				
- realised	283	(285)	(5)	(155)
- unrealised	265	-	(128)	(1,142)
Gain on disposal of property, plant and equipment	(7)	(5)	(82)	(89)
Gain on disposal of right-of-use asset	-	-	(91)	-
and after charging:				
Depreciation and amortisation	2,922	2,449	10,599	9,460
Interest expenses	1,418	1,021	4,923	4,226
Loss on foreign exchange				
- realised	(142)	-	446	597
- unrealised	229	122	252	77
Property, plant and equipment written off	-	(5)	-	408
Inventories written down	359	516	450	516
Loss on disposal of property, plant and equipment	-	382	-	83

Save as disclosed in the above, there were no gain/(loss) on disposal of quoted/unquoted investments, exceptional items, and other items required to be disclosed under the additional disclosure requirement for public listed companies that are listed on Main or Ace Markets of the Bursa Malaysia Securities Berhad.