

GE-SHEN CORPORATION BERHAD
(Incorporated in Malaysia)

Interim Financial Statements

Fourth Quarter Results
Period ended
31 December 2021

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Notes	<u>Unaudited</u> As at 31 Dec 2021 RM'000	<u>Audited</u> As at 31 Dec 2020 RM'000
ASSETS			
Non-Current Assets			
Investment in an associate		-	1,038
Property, plant and equipment		103,143	95,908
Right-of-use assets		26,198	27,412
Goodwill on consolidation		31,195	31,195
		<u>160,536</u>	<u>155,553</u>
Current Assets			
Inventories		48,142	38,828
Trade receivables		48,433	39,700
Other receivables, deposits and prepayments		5,051	5,232
Current tax assets		1,712	1,703
Fixed deposits with licensed banks		4,340	2,834
Cash and bank balances		6,515	8,845
		<u>114,193</u>	<u>97,142</u>
Total Assets		<u>274,729</u>	<u>252,695</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		61,855	59,381
Treasury shares		-	(1,843)
Reserves		51,137	37,808
Total Equity Attributable to Owners of the Company		<u>112,992</u>	<u>95,346</u>
Non-controlling interests		5,493	4,696
		<u>118,485</u>	<u>100,042</u>
Non-Current Liabilities			
Long-term borrowings	B10	48,785	49,343
Deferred taxation		3,471	2,838
		<u>52,256</u>	<u>52,181</u>
Current Liabilities			
Trade payables		25,678	36,895
Other payables and accruals		22,189	19,651
Tax payables		213	-
Short-term borrowings	B10	45,718	36,532
Bank overdrafts		10,190	7,394
		<u>103,988</u>	<u>100,472</u>
Total Liabilities		<u>156,244</u>	<u>152,653</u>
Total Equity and Liabilities		<u>274,729</u>	<u>252,695</u>
Net Assets per Ordinary Share Attributable to Owners of the Company (RM)		1.03	0.97

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and accompanying explanatory notes attached to the interim financial statements.

GE-SHEN CORPORATION BERHAD

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021**

	Notes	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
		<u>3 Months Ended 31 Dec 2021 RM'000</u>	<u>3 Months Ended 31 Dec 2020 RM'000</u>	<u>12 Months Ended 31 Dec 2021 RM'000</u>	<u>12 Months Ended 31 Dec 2020 RM'000</u>
Revenue		57,897	70,488	239,805	195,816
Other income		258	407	5,084	1,736
Share of results in associate		31	(59)	454	(148)
Changes in inventories of finished goods and work-in-progress		897	2,366	2,623	824
Raw materials used		(31,005)	(48,340)	(139,689)	(113,432)
Employee benefits		(11,396)	(13,160)	(50,715)	(44,006)
Depreciation and amortisation		(2,992)	(2,738)	(12,168)	(11,517)
Other operating expenses		(7,352)	(3,167)	(25,496)	(22,197)
Net impairment loss on financial asset		-	-	-	(76)
Finance costs		(1,122)	(1,161)	(4,445)	(4,934)
Profit before tax		5,216	4,636	15,453	2,066
Tax (expenses) / income	B6	507	(223)	(1,547)	(746)
Profit for the period		5,723	4,413	13,906	1,320
Other Comprehensive Income:					
Exchange differences on translating foreign operations		(109)	(245)	221	(154)
Share of other comprehensive income of associate		-	3	-	3
Total Comprehensive Income for the period		5,614	4,171	14,127	1,169
Profit / (Loss) after tax attributable to:					
Owners of the Company		5,414	4,367	13,109	2,131
Non-Controlling Interest		309	46	797	(811)
		5,723	4,413	13,906	1,320
Total Comprehensive Income / (Loss) attributable to:					
Owners of the Company		5,305	4,125	13,330	1,980
Non-Controlling Interest		309	46	797	(811)
		5,614	4,171	14,127	1,169
Earnings per share (Sen)					
Basic	B14	4.92	4.08	11.99	1.88
Diluted	B14	4.92	4.08	11.99	2.18

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 2021**

	12 Months Ended 31 Dec 2021 RM'000	12 Months Ended 31 Dec 2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	15,453	2,066
Adjustments for:		
Depreciation of property, plant and equipment	9,106	8,174
Property, plant and equipment written off	-	172
Depreciation of right-of-use asset	3,062	3,343
Interest expense	4,445	4,934
Impairment loss - other receivable	-	76
Other receivables written off	-	76
Gain on foreign exchange - unrealised	(1,167)	(901)
Share of results of an associate	(454)	148
Bargain purchase	(690)	-
Gain on disposal of property, plant and equipment	(156)	(95)
Gain on disposal of right-of-use asset	(63)	-
Gain reclassified to profit or loss on acquisition of foreign subsidiary	(85)	-
COVID-19 related rent concession	-	(34)
Waiver of RCPS dividend	(2,266)	-
Loss on re-measurement to fair value of an associate	338	-
Interest income	(67)	(63)
(Reversal of inventories)/ Inventories written down	(413)	1,527
Operating profit before working capital changes	27,043	19,423
Net changes in inventories	(8,799)	(10,535)
Net changes in trade and other receivables	(4,700)	(10,353)
Net changes in trade and other payables	(10,375)	17,091
CASH FLOWS FROM OPERATIONS	3,169	15,626
Tax paid	(863)	(748)
Tax refunded	-	950
NET CASH FROM OPERATING ACTIVITIES	2,306	15,828
CASH FLOWS FOR INVESTING ACTIVITIES		
Deposit paid for purchase of property, plant & equipment	(577)	(1,264)
Interest received	67	63
Increase in pledged of fixed deposits with licensed banks	(1,507)	(86)
Withdrawal in fixed deposits with tenure more than 3 months	-	635
Proceeds from disposal of property, plant and equipment	165	230
Proceeds from disposal of right-of-use asset	208	-
Purchase of property, plant and equipment	(3,803)	(1,944)
Purchase of right-of-use asset	(409)	(537)
Acquisition of a subsidiary, net of cash and bank balances acquired	628	-
NET CASH FOR INVESTING ACTIVITIES	(5,228)	(2,903)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021 - CONTINUED**

	12 Months Ended 31 Dec 2021 RM'000	12 Months Ended 31 Dec 2020 RM'000
CASH FLOWS FOR FINANCING ACTIVITIES		
Interest paid	(4,445)	(4,925)
Repayment of term loan	(11,863)	(3,589)
Net drawdown of multi currency trade loan	4,292	500
Net drawdown of invoice financing	463	3,414
Drawdown of bankers' acceptance	47,715	23,272
Repayment of bankers' acceptance	(42,286)	(22,805)
Net repayment of revolving credits	4,384	(2,235)
Repayment of lease liabilities	(5,139)	(4,379)
Proceeds from resale of treasury shares	4,317	-
NET CASH FOR FINANCING ACTIVITIES	(2,562)	(10,747)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(5,484)	2,178
Effect of changes in exchange rates	358	867
CASH AND CASH EQUIVALENT AS AT BEGINNING OF PERIOD	1,451	(1,594)
CASH AND CASH EQUIVALENT AS AT END OF PERIOD	(3,675)	1,451

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

	31 Dec 2021 RM'000	31 Dec 2020 RM'000
Fixed deposits with licensed banks	4,340	2,834
Cash and bank balances	6,515	8,845
Less: Bank overdrafts	(10,190)	(7,394)
Less: FD pledged to licensed banks	(4,340)	(2,834)
	(3,675)	1,451

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 2021**

	← Non-Distributable				Distributable →				
	Share Capital	Treasury Shares	Employee Share Option Reserve	Redeemable Convertible Preference Share ("RCPS")	Foreign Exchange Translation Reserve	Retained Profits	Attributable to Owners of the Company	Non-controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2021	59,381	(1,843)	2,450	-	1,830	33,528	95,346	4,696	100,042
Profit after tax for the financial year	-	-	-	-	-	13,109	13,109	797	13,905
Other comprehensive income for the financial year									
- Foreign currency translation differences	-	-	-	-	221	-	221	-	221
Total comprehensive income for the financial year	-	-	-	-	221	13,109	13,329	797	14,126
Contributions by and distributions to owners of the Company:									
- Resale of treasury shares	2,474	1,843	-	-	-	-	4,317	-	4,317
As at 31 December 2021	61,855	-	2,450	-	2,051	46,636	112,992	5,493	118,485

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021 - CONTINUED**

	← Non-Distributable				Distributable →				
	Share Capital	Treasury Shares	Employee Share Option Reserve	Redeemable Convertible Preference Share ("RCPS")	Foreign Exchange Translation Reserve	Retained Profits	Attributable to Owners of the Company	Non-controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2020	45,643	(1,843)	2,450	13,738	1,982	31,397	93,367	5,506	98,873
Profit/(Loss) after tax for the financial year	-	-	-	-	-	2,131	2,131	(811)	1,320
Other comprehensive income for the financial year									
- Foreign currency translation differences	-	-	-	-	(154)	-	(154)	-	(154)
- Share of an associate's other comprehensive income	-	-	-	-	2	-	2	1	3
Total comprehensive income for the financial year	-	-	-	-	(152)	2,131	1,979	(810)	1,169
Contributions by and distributions to owners of the Company:									
- Conversion of RCPS	13,738	-	-	(13,738)	-	-	-	-	-
As at 31 December 2020	59,381	(1,843)	2,450	-	1,830	33,528	95,346	4,696	100,042

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 2020. 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 2020.

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 2020.
- (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 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
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 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds Before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvement to MFRS Standards 2018-2020	1 January 2022

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.

A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

Besides the Covid-19 situation as elaborated in the Additional Information section, there were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

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PART A - EXPLANATORY NOTES IN ACCORDANCE WITH MFRS 134 (CONTINUED)**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 RM'000	Vietnam RM'000	Elimination RM'000	Consolidated RM'000
As at 31 December 2021				
Revenue				
- sales to external parties	50,534	7,363	-	57,897
- inter-segment sales	89	-	(89)	-
Total revenue	50,623	7,363	(89)	57,897
Segment results	5,457	838	43	6,338
Finance costs				(1,122)
Profit before taxation				5,216

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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 2021				
Revenue				
- sales to external parties	44,468	6,753	-	51,221
- inter-segment sales	26	-	(26)	-
Total revenue	44,494	6,753	(26)	51,221
Segment results	2,093	770	(14)	2,849
Finance costs				(1,146)
Profit before taxation				1,703

Preceding Year Corresponding Quarter

	Malaysia RM'000	Vietnam RM'000	Elimination RM'000	Consolidated RM'000
As at 31 December 2020				
Revenue				
- sales to external parties	62,615	7,873	-	70,488
- inter-segment sales	131	-	(131)	-
Total revenue	62,746	7,873	(131)	70,488
Segment results	6,054	(300)	43	5,797
Finance costs				(1,161)
Profit before taxation				4,636

(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 2021 except for the acquisition of the remaining 60% equity interest in DOSB Technology Pte. Ltd. by Demand Options Sdn. Bhd., a subsidiary of the company on 16 December 2021.

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.

A11. Capital Commitments

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

	<u>Unaudited</u> 31 Dec 2021 RM'000	<u>Audited</u> 31 Dec 2020 RM'000
Approved and contracted for:		
Purchase of property, plant and equipment	<u>3,858</u>	<u>7,081</u>

A12. Related Party Transactions

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

	Individual Quarter ended		Cumulative Quarter ended	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
Transaction with related parties:				
Purchase of components	350	520	2,538	1,338
Rental of hostels	7	5	29	22
Research and development	-	110	73	395
Sales of goods	665	375	3,474	1,378
Technical fee	-	17	-	97

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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 2021**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	3 Months Ended 31 Dec 2021 RM'000	3 Months Ended 31 Dec 2020 RM'000	Changes %	12 Months Ended 31 Dec 2021 RM'000	12 Months Ended 31 Dec 2020 RM'000	Changes %
Revenue	57,897	70,488	(17.9)	239,805	195,816	22.5
Operating Profit	6,307	5,856	7.7	19,444	7,148	172.0
Profit Before Interest and Tax	6,338	5,797	9.3	19,898	7,000	184.3
Profit Before Tax	5,216	4,636	12.5	15,453	2,066	648.0
Profit After Tax	5,723	4,413	29.7	13,906	1,320	953.5
Profit Attributable to Owners of the Company	5,414	4,367	24.0	13,109	2,131	515.2
EBITDAF	9,276	8,062	15.1	30,160	17,844	69.0

i. Quarter Ended 31 December 2021 compared to Quarter Ended 31 December 2020

Within the Covid-19 environment that we are operating in nowadays, it can be said that the only constant that we face is that of uncertainty itself. The quarter started quite ominously with Covid-19 numbers around record levels and that was before the vaccination programme started to take effect. However, we ended the quarter with Covid-19 cases seemingly under much better control and this helped to create an improved operating environment at our facilities. The higher vaccination rate coupled with the more conscious efforts by all stake holders in approaching the Covid-19 situation helped to stabilise our own operational environment, and this helped the Group to post a reasonable set of revenue numbers and an improved profit number. The challenge that the Group faced most acutely is in the supply chain bottlenecks, the list of items that are affected seemed to be growing by the day. Initially the disruption was centred primarily on semiconductors and ocean shipping schedules but nowadays it also includes special grade of plastic resins and or steel. The challenge is to be able to source them in the right quantities as well as right pricing for us to maintain uninterrupted production and therefore shipment to our customers. Another area of shortage that is growing into a very serious issue is that of manpower supply. Over the past two years, there have been a depletion in the number of foreign workers who are working in Malaysia as those returning workers have not been replaced by new workers. Given the Covid-19 situation and borders remaining closed, this one-way flow of workers back to their home countries have resulted in a serious shortage of workers thereby affecting the ability to produce and supply to our customers. Generally, all the Group's operating businesses have seen healthy customers' orders, but it is the constrictions on the supply chain that is affecting our ability to produce the required quantities thereby holding back our revenue for the fourth quarter.

As a result of the challenges that the Group is faced with, the revenue for the fourth quarter of 2021 was RM57.90 million or 17.9% lower in comparison to RM70.50 million recorded for the fourth quarter of 2020. The biggest factor to the decreased sales lies with the Penang facility as we faced a shortage of electronics components and was forced to reduce shipment to a key customer quite substantially. While the sheet metal plant experienced a somewhat positive variance, and the other two facilities were pretty much on par with previous year. Notwithstanding the drop in revenue, the Group managed to record an improve profitability, profit after tax for the fourth quarter came in at RM5.72 million an improvement of over 29.7% in comparison to the RM4.41 million of the similar period of previous year. Part of the improvement came from improvement in our manufacturing process while another major contributor was better product mix as some of the products shipped out had better margins. At the margin the Vietnam facility was a major swing factor as it swung from being loss making to profit making while at the sheet metal facility in Johor Bahru ("JB") profit margin improved as increased sales allowed for better overhead absorption.

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

In line with the improved profitability, the cashflow from operations i.e., the EBITDAF for the fourth quarter recorded RM9.28 million an improvement of 15.1% from the RM8.06 million recorded for corresponding quarter of the previous year. This improved in cashflow from operations helps to keep the gearing ratio in check as our long-term debt ratio is a very contained 0.41. There was nonetheless some increase in working capital requirement as we are generally holding a bit more of raw materials, finished goods and work-in-progress ("WIP") due to the supply chain issues and changing customer demand pattern. Nevertheless, on an overall Group level basis, the debt service cover ratio and the gearing ratio (both long and short term) has improved with this year's improved profitability adding to shareholder's funds and we are in compliance with all of our banking covenants without the seeking of any indulgences from financial institutions.

ii. Twelve Months Ended 31 December 2021 compared to Twelve Months Ended 31 December 2020

The comparison over the twelve months period is pretty interesting as these are the two twelve months period that were similarly affected by Covid-19 though not necessarily in the exact same pattern. Firstly, the revenue number was rather encouraging as revenue saw a healthy improvement from RM195.82 million for 2020 to RM239.81 million of 2021 an improvement of RM44.00 million or a 22.5% increase. These was most evident in the JB plants as the sheet metal saw an increase in revenue due to the onboarding of a couple of new customers who were able to contribute in a meaningful manner to the sales revenues and the JB plastic plant which also seen significant rise in revenue again due to the new customer coming on stream after a long on boarding process as well as new models ramp up of existing customer. Meanwhile the other two plants did not enjoy the same degree of uplift in sales but thankfully did not experience any fall off in revenues neither as they recorded a more modest revenue growth. All in all, these numbers added together is quite significant improvement by the Group as all these happened during the pandemic period which was highly disruptive in terms of the qualification process for new products as well as production planning.

The comparison was even more stark when it comes to profitability as the Group managed to improve profits from RM1.32 million in 2020 to over RM13.90 million in 2021, an improvement of over 9 times or 900%. The improvement in profitability is accentuated by the improvement in all facilities as for the first time in recent history as all four facilities are profitable due to increased sales and hence better cost management. In particular, the plant in Vietnam which historically faces a very tough operating environment, the Management have implemented better cost controls and at the same time transitioned the business into a higher volume sales composition away from the higher mix of previous years. Likewise, in the sheet metal facility another historically challenging facility, but in the past twelve months an improvement in sales volume allowed it to move beyond its breakeven point and therefore was able to enjoy better margins and profitability. The other two larger plastic facilities also enjoyed an improvement in profitability and hence added together it accounts for the substantially improved performance. The tax rate was also lower in comparison to the previous twelve months as some of the Capital Expenditure ("CAPEX") completed in 2021 is deemed to be eligible for reinvestment allowances on top of the normal capital allowances. As a consequence of the profit improvement, the EBITDAF for the past twelve months was a very strong RM30.16 million which is a 69.0% improvement from the RM17.84 million of the previous year.

In summary the twelve months numbers across the key matrices of revenue at RM239.81 million, profit after tax at RM13.91 million and EBITDAF of RM30.16 million is pretty much a record for any twelve months period in recent history of the Group. It is indeed a very commendable effort given the extremely challenging circumstances of Covid-19 disruption and a great testimony to the managers and workers at all our facilities.

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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 Months Ended 31 Dec 2021 RM'000	3 Months Ended 30 Sep 2021 RM'000	
Revenue	57,897	51,221	13.0
Operating Profit	6,307	2,682	135.2
Profit Before Interest and Tax	6,338	2,849	122.5
Profit Before Tax	5,216	1,703	206.3
Profit After Tax	5,723	1,471	289.1
Profit Attributable to Owners of the Company	5,414	1,302	315.8
EBITDAF	9,276	5,579	66.3

The comparison for the preceding quarter has also shown improvement with revenue improving by RM6.68 million or 13.0% to RM57.90 million, profit after tax improving more substantially by RM4.25 million or 289.1% to RM5.72 million and EBITDAF by RM3.70 million or 66.3% to RM9.28 million. All the four facilities saw improved revenues figures though the Penang plant was the key marginal swing factor as it managed to achieve good shipment numbers out to a significant customer negating some of the somewhat slower order flow from other customers. This turnaround from lossmaking to profit making is a key contributor to the variance between the fourth quarter and that of the third quarter for the Penang facility. Elsewhere there was marginal improvement in volume in the other plants and generally profitability was a touch better than that of the preceding quarter. The fourth quarter was a tougher quarter than it appeared as the beginning of the fourth quarter was still pretty much clouded by the high Covid-19 numbers and there was great uncertainty as to the extent in which the landscape can be normalised. The implementation of the National Recovery Plan together with the effective vaccination programme somewhat eased the severe disruptions for those in the manufacturing industry to be able to ship out better volume therefore contributing to the recovery.

B3. Prospects of the Group

The immediate prospect of the Group depends on the trajectory of Covid-19 disruptions over the coming twelve months. It is true that there has been a surge in global and domestic Covid-19 cases but the threat has been lowered by the successful rollout of the vaccination programme and also the less deadly variant currently in circulation. This brings about a slow movement to normality in terms of most aspects of domestic life, but for manufacturers the persistent issue that have to face up to is the shortage of workers and in this case it is getting to one of the most important variable in determining the revenue and profitability of the Group's ongoing business. Similarly, the supply side issues of component and raw material shortage is another important factor as well. It is a bit of a tautological discussion on growth prospect as the whole discussion really revolves around the ability of these few issues to be satisfactorily resolved. On the business development side there have been an increase in customer engagement in the JB sheet metal facility and in Vietnam as well and this will hopefully result in a more robust revenue and profits growth. Elsewhere we remain hopeful that we may be able to garner some increase in volume out of existing customers as they ramp up on earlier approved models. The transfer of production out of China remains a large potential for our Group to tap into and we remain working steadfastly on this course.

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(CONTINUED)**

In terms of other key parameter for the Group, this year is not likely to see large capital investment as we have just added significantly to the plant and machinery of the JB plastic facility. In fact, the JB plastic facility is ready for significantly larger revenue if the worker issue is resolved, and customer orders increases to anticipated levels. As for other locations, the emphasis is on incremental CAPEX on debottlenecking and on improving the production processes to control costs and rejects. The Management does not think that it is likely to be a year of wild swings but suffice to say that the financial conditions of the Group is at a comfortable level to ride through much volatility as the improvement in cashflow and profitability for 2021 have added significantly to the balance sheet and shareholder's funds. The Management is always on the lookout for ways to add value to the company and is always weighing on options for the future growth trajectory either through organic means or inorganic means. In the case of the sheet metal facility there was a rationalisation of the operations through the buyout of the majority owners of the Singapore associate company as previously announced. This allows the Group to capitalise on the existing customers to get a larger share of their purchases. The objective of the Management of the Group is to explore channels for significant growth opportunities and ways to enhance shareholder returns.

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 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
In respect of the current period :				
Income tax	(1,150)	(92)	914	481
Deferred tax	643	315	633	265
Tax expenses / (income)	<u>(507)</u>	<u>223</u>	<u>1,547</u>	<u>746</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

There were no corporate proposals during the quarter except for the acquisition of the remaining 60% equity interest in DOSB Technology Pte. Ltd. by Demand Options Sdn. Bhd., a subsidiary of the company on 16 December 2021.

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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 2021 RM'000	<u>Audited</u> 31 Dec 2020 RM'000
Short term borrowings:		
Bankers' acceptance	14,138	8,709
Term loans	5,812	11,165
Revolving credits	9,603	5,220
Multi currency trade loan	7,700	3,408
Invoice Financing	3,877	3,414
	<u>41,130</u>	<u>31,916</u>
Long term borrowings:		
Term loans	41,387	40,152
	<u>41,387</u>	<u>40,152</u>
Lease liabilities:		
Current liabilities	4,588	4,616
Non-Current Liabilities	7,398	9,191
	<u>11,986</u>	<u>13,807</u>
	<u>94,503</u>	<u>85,875</u>

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 material proceedings pending or threatened against the Group as the date of this report.

B13. Dividend Proposed

There was no dividend declared or proposed by the company for the current quarter ended 31 December 2021.

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**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS
(CONTINUED)****B14. Earnings per share (Sen)****Basic earnings per share**

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Profit attributable to ordinary shareholders (RM'000)	5,414	4,367	13,109	2,131
Dividends on RCPS (RM'000)	-	-	-	(286)
	<u>5,414</u>	<u>4,367</u>	<u>13,109</u>	<u>1,845</u>
Weighted average number of shares in issue ('000)*	110,019	106,927	109,341	98,132
Basic EPS (Sen)	<u>4.92</u>	<u>4.08</u>	<u>11.99</u>	<u>1.88</u>

Diluted earnings earnings per share

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Profit attributable to ordinary shareholders (RM'000)	5,414	4,367	13,109	2,131
Interests on RCPS (RM'000)	-	-	-	9
	<u>5,414</u>	<u>4,367</u>	<u>13,109</u>	<u>2,140</u>
Weighted average number of shares in issue ('000)*	110,019	106,927	109,341	98,132
Diluted EPS (Sen)	<u>4.92</u>	<u>4.08</u>	<u>11.99</u>	<u>2.18</u>

* The potential conversion of ESOS are anti-dilutive as the exercise price is higher than the average market price of the Company's ordinary shares during the current financial year. Accordingly, the exercise of ESOS has been ignored in the calculation of dilutive EPS.

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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 2020 was not subject to any qualification.

B16. Notes to the Statement of Comprehensive Income

	Individual Quarter ended		Cumulative Quarter ended	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after crediting:				
Interest income	6	-	(67)	(63)
Gain on foreign exchange				
- realised	767	668	(50)	(45)
- unrealised	467	(674)	(1,220)	(965)
Gain on disposal of property, plant and equipment	-	(79)	(156)	(95)
Gain on disposal of right-of-use asset	-	-	(63)	-
Reversal of inventories written down	(1,637)	1,527	(413)	1,527
and after charging:				
Depreciation and amortisation	2,992	2,738	12,168	11,517
Interest expenses	1,122	1,161	4,445	4,934
Loss on foreign exchange				
- realised	(583)	(101)	501	1,153
- unrealised	(497)	101	53	64
Property, plant and equipment written off	-	43	-	172

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.