

**GE-SHEN CORPORATION BERHAD**  
(Incorporated in Malaysia)

**Interim Financial Statements**

**Fourth Quarter Results**  
**Period ended**  
**31 December 2022**

**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 2022**

	Notes	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
		<u>3 Months</u> <u>Ended</u> <u>31 Dec 2022</u> <u>RM'000</u>	<u>3 Months</u> <u>Ended</u> <u>31 Dec 2021</u> <u>RM'000</u>	<u>12 Months</u> <u>Ended</u> <u>31 Dec 2022</u> <u>RM'000</u>	<u>12 Months</u> <u>Ended</u> <u>31 Dec 2021</u> <u>RM'000</u>
Revenue		66,714	57,897	253,774	239,805
Other income		2,306	258	6,707	5,131
Share of results in associate		-	31	-	454
Changes in inventories of finished goods and work-in-progress		(1,103)	897	(1,386)	2,626
Raw materials used		(41,189)	(31,005)	(148,211)	(139,690)
Employee benefits		(12,251)	(11,396)	(54,420)	(50,717)
Depreciation and amortisation		(2,918)	(2,992)	(11,750)	(12,168)
Other operating expenses		(7,918)	(7,352)	(28,989)	(25,493)
Finance costs		(1,559)	(1,122)	(5,110)	(4,441)
Profit before tax		2,082	5,216	10,615	15,507
Tax income / (expenses)	B6	988	507	(1,202)	(1,539)
Profit for the period		3,070	5,723	9,413	13,968
<b>Other Comprehensive Income:</b>					
Exchange differences on translating foreign operations		(687)	(109)	616	176
Share of other comprehensive income of associate		-	-	-	-
Total Comprehensive Income for the period		2,383	5,614	10,029	14,144
<b>Profit after tax attributable to:</b>					
Owners of the Company		3,167	5,414	9,980	13,152
Non-Controlling Interest		(97)	309	(567)	816
		3,070	5,723	9,413	13,968
<b>Total Comprehensive Income attributable to:</b>					
Owners of the Company		2,480	5,305	10,596	13,328
Non-Controlling Interest		(97)	309	(567)	816
		2,383	5,614	10,029	14,144
<b>Earnings per share (Sen)</b>					
Basic	B14	2.88	4.92	9.07	12.03
Diluted	B14	2.88	4.92	9.07	11.65

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and accompanying explanatory notes attached to the interim financial statements.

**GE-SHEN CORPORATION BERHAD**

Company No. 633814-X  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022**

	Notes	<u>Unaudited</u> As at 31 Dec 2022 RM'000	<u>Audited</u> As at 31 Dec 2021 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		108,536	103,143
Investment Properties		6,897	-
Right-of-use assets		17,937	26,197
Goodwill on consolidation		31,195	31,195
		<u>164,565</u>	<u>160,535</u>
<b>Current Assets</b>			
Inventories		38,199	48,143
Trade receivables		44,305	48,429
Other receivables, deposits and prepayments		4,467	5,051
Current tax assets		1,901	1,712
Fixed deposits with licensed banks		7,104	4,341
Cash and bank balances		13,958	6,523
		<u>109,934</u>	<u>114,199</u>
<b>Total Assets</b>		<u>274,499</u>	<u>274,734</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		61,855	61,855
Treasury shares		(159)	-
Reserves		61,890	51,136
<b>Total Equity Attributable to Owners of the Company</b>		<u>123,586</u>	<u>112,991</u>
Non-controlling interests		4,945	5,512
		<u>128,531</u>	<u>118,503</u>
<b>Non-Current Liabilities</b>			
Long-term borrowings	B10	48,742	48,785
Deferred taxation		2,624	3,471
		<u>51,366</u>	<u>52,256</u>
<b>Current Liabilities</b>			
Trade payables		24,658	25,678
Other payables and accruals		16,285	22,181
Tax payables		620	209
Short-term borrowings	B10	39,276	45,717
Bank overdrafts		13,763	10,190
		<u>94,602</u>	<u>103,975</u>
<b>Total Liabilities</b>		<u>145,968</u>	<u>156,231</u>
<b>Total Equity and Liabilities</b>		<u>274,499</u>	<u>274,734</u>
Net Assets per Ordinary Share Attributable to Owners of the Company (RM)		1.12	1.03

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and accompanying explanatory notes attached to the interim financial statements.

**GE-SHEN CORPORATION BERHAD**

Company No. 633814-X

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022**

	<b>12 Months Ended 31 Dec 2022 RM'000</b>	<b>12 Months Ended 31 Dec 2021 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	10,615	15,507
Adjustments for:		
Depreciation of property, plant and equipment	9,756	9,107
Depreciation of investment properties	39	-
Depreciation of right-of-use asset	1,955	3,061
Property, plant and equipment written off	19	-
Interest expense	674	797
Other receivables written off	137	-
Other interest expense	4,436	3,644
Gain on foreign exchange - unrealised	(1,384)	(1,160)
Share of results of an associate	-	(454)
Employee benefits expense	95	-
Gain on disposal of property, plant and equipment	(32)	(156)
Gain on disposal of right-of-use asset	(78)	(63)
Gain on reclassifying foreign exchange reserve upon acquisition of subsidiary	-	(85)
Bargain purchase	-	(734)
Waiver of RCPS dividend	-	(2,266)
Loss on re-measurement to fair value of an associate	-	338
Loss on foreign exchange - unrealised	1,020	-
Interest income	(112)	(67)
Inventories written down	446	395
Reversal of inventories previously written down	(435)	(808)
Operating profit before working capital changes	27,151	27,056
Net changes in inventories	9,934	(8,800)
Net changes in trade and other receivables	4,028	(4,644)
Net changes in trade and other payables	(8,810)	(10,375)
<b>CASH FLOWS FROM OPERATIONS</b>	<b>32,303</b>	<b>3,237</b>
Tax paid	(1,940)	(863)
Tax refunded	32	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>30,395</b>	<b>2,374</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Interest received	112	67
Increase in pledged of fixed deposits with licensed banks	(2,762)	(1,507)
Deposit paid for purchase of property, plant & equipment	-	(577)
Proceeds from disposal of property, plant and equipment	37	165
Proceeds from disposal of right-of-use asset	78	208
Purchase of property, plant and equipment	(4,581)	(3,803)
Purchase of right-of-use asset	-	(409)
Acquisition of a subsidiary, net of cash and bank balances acquired	(37)	622
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<b>(7,153)</b>	<b>(5,234)</b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022 - CONTINUED**

	<b>12 Months Ended 31 Dec 2022 RM'000</b>	<b>12 Months Ended 31 Dec 2021 RM'000</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Interest paid	(5,110)	(4,441)
Net repayment of term loan	(2,374)	(11,863)
Net (repayment)/ drawdown of multi currency trade loan	(668)	4,292
Net (repayment)/ drawdown of invoice financing	(2,367)	463
Drawdown of bankers' acceptance	41,185	47,715
Repayment of bankers' acceptance	(43,594)	(42,286)
Net (repayment)/ drawdown of revolving credits	(2,131)	4,207
Repayment of lease liabilities	(4,591)	(5,139)
Proceeds from resale of treasury shares	-	4,317
Repurchase of treasury shares	(159)	-
<b>NET CASH FOR FINANCING ACTIVITIES</b>	<b>(19,809)</b>	<b>(2,735)</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3,433</b>	<b>(5,595)</b>
Effect of changes in exchange rates	429	477
<b>CASH AND CASH EQUIVALENT AS AT BEGINNING OF PERIOD</b>	<b>(3,667)</b>	<b>1,451</b>
<b>CASH AND CASH EQUIVALENT AS AT END OF PERIOD</b>	<b>195</b>	<b>(3,667)</b>

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

	<b>31 Dec 2022 RM'000</b>	<b>31 Dec 2021 RM'000</b>
Fixed deposits with licensed banks	7,104	4,341
Cash and bank balances	13,958	6,523
Less: Bank overdrafts	(13,763)	(10,190)
Less: FD pledged to licensed banks	(7,104)	(4,341)
	<b>195</b>	<b>(3,667)</b>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and accompanying explanatory notes attached to the interim financial statements.

**GE-SHEN CORPORATION BERHAD**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022**

	← 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
<b>As at 1 January 2022</b>	61,855	-	2,450	-	2,006	46,680	112,991	5,512	118,503
<b>Profit after tax for the financial year</b>	-	-	-	-	-	9,980	9,980	(567)	9,413
<b>Other comprehensive income for the financial year</b>									
- Foreign currency translation differences	-	-	-	-	616	-	616	-	616
<b>Total comprehensive income for the financial year</b>	-	-	-	-	616	9,980	10,596	(567)	10,029
<b>Contributions by and distributions to owners of the Company:</b>									
- Share buy back	-	(159)	-	-	-	-	(159)	-	(159)
- Employees' share options exercised	-	-	95	-	-	-	95	-	95
- Subscription of subsidiary	-	-	-	-	-	63	63	-	63
<b>As at 31 December 2022</b>	61,855	(159)	2,545	-	2,622	56,723	123,586	4,945	128,531

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022 - 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
<b>As at 1 January 2021</b>	59,381	(1,843)	2,450	-	1,830	33,528	95,346	4,696	100,042
<b>Profit after tax for the financial year</b>	-	-	-	-	-	13,152	13,152	816	13,968
<b>Other comprehensive income for the financial year</b>									
- Foreign currency translation differences	-	-	-	-	176	-	176	-	176
- Share of an associate's other comprehensive income	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the financial year</b>	-	-	-	-	176	13,152	13,328	816	14,144
<b>Contributions by and distributions to owners of the Company:</b>									
- Resale of treasury shares	2,474	1,843	-	-	-	-	4,317	-	4,317
<b>As at 31 December 2021</b>	61,855	-	2,450	-	2,006	46,680	112,991	5,512	118,503

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and accompanying explanatory notes attached to the interim financial statements.

**GE-SHEN CORPORATION BERHAD**

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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 2021. 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 2021.

**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 2021.
- (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:

<b>MFRSs and Interpretations</b>	<b>Effective for financial periods beginning on or after</b>
MFRS 17: Insurance Contracts	1 January 2023
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

**A2. Seasonality or Cyclicity Factors**

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

**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.



**GE-SHEN CORPORATION BERHAD**

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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 other than the following:-

On 20 May 2022, the shareholders of the Company renewed their approval for the Company's plan to repurchase its own ordinary shares. As at 31 December 2022, the Company holds 172,600 of its issued ordinary shares in open market for approximately RM0.921126 per share, total value of share buy back RM158,986.39. These shares are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

**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**

	<b>Malaysia &amp; Singapore</b>	<b>Vietnam</b>	<b>Elimination</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>As at 31 December 2022</b>				
Revenue				
- sales to external parties	58,262	8,452	-	66,714
- inter-segment sales	55	-	(55)	-
Total revenue	58,317	8,452	(55)	66,714
Segment results	3,196	528	(83)	3,641
Finance costs				(1,559)
Profit before taxation				2,082

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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**

	<b>Malaysia &amp; Singapore RM'000</b>	<b>Vietnam RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>As at 30 September 2022</b>				
Revenue				
- sales to external parties	53,201	8,961	-	62,162
- inter-segment sales	30	-	(30)	-
Total revenue	53,231	8,961	(30)	62,162
Segment results	4,595	1,068	(69)	5,594
Finance costs				(1,252)
Profit before taxation				4,342

**Preceding Year Corresponding Quarter**

	<b>Malaysia RM'000</b>	<b>Vietnam RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>As at 31 December 2021</b>				
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

**(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.

**GE-SHEN CORPORATION BERHAD**

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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 2022.

**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 2022 RM'000	<u>Audited</u> 31 Dec 2021 RM'000
<b>Approved and contracted for:</b>		
Purchase of property, plant and equipment	893	3,858

**A12. Related Party Transactions**

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

	Individual Quarter ended		Cumulative Quarter ended	
	31 Dec 2022 RM'000	31 Dec 2021 RM'000	31 Dec 2022 RM'000	31 Dec 2021 RM'000
Transaction with related parties:				
Purchase of components	*211	350	*1,167	2,538
Rental of hostels	-	7	-	29
Rental of premises	38	38	153	168
Research and development	-	-	-	73
Sales of goods	*643	665	*3,141	3,475

\* Figures presented inclusive of transactions with DOSB Technology Pte Ltd ("DOSBT") which with effect from 14 December 2021, DOSBT has become subsidiary of Demand Options Sdn Bhd ("DOSB").

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

**B1. Review of Group's Results for the Quarter Ended 31 December 2022**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	3 Months Ended 31 Dec 2022 RM'000	3 Months Ended 31 Dec 2021 RM'000	Change %	12 Months Ended 31 Dec 2022 RM'000	12 Months Ended 31 Dec 2021 RM'000	Changes %
Revenue	66,714	57,897	15.2	253,774	239,805	5.8
Operating Profit	3,641	6,307	(42.3)	15,725	19,494	(19.3)
Profit Before Interest and Tax	3,641	6,338	(42.6)	15,725	19,948	(21.2)
Profit Before Tax	2,082	5,216	(60.1)	10,615	15,507	(31.5)
Profit After Tax	3,070	5,723	(46.4)	9,413	13,968	(32.6)
Profit Attributable to Owners of the Company	3,167	5,414	(41.5)	9,980	13,152	(24.1)
EBITDAF	7,186	9,276	(22.5)	27,586	27,056	2.0

i. Quarter Ended 31 December 2022 compared to Quarter Ended 31 December 2021

The fourth quarter was a frustrating end to the year as the Group was facing a very difficult operating environment. There has been a normalization of the global Covid-19 situation and most countries have lifted Covid-19 restrictions, however the mean reversion have brought about some rather unpleasant side effects. Through most of the early part of 2022, a whole host of supply side bottlenecks such as logistics, components and also labour have impeded the fulfillment of customers' orders. This has resulted in our customers projecting rather robust demand and hence giving quite optimistic forecasts for the balance of the year. In reality, post Covid-19 normalization coupled with the resolution of the supply side bottlenecks, these over ordering have resulted in full warehouses at a time when demand is being tempered by the global coordinated interest rate rises of central banks in an attempt to control the persistently high global inflation rate. In the early part of the year, guided by the optimistic demand projections of some of our customers and we applied for and obtained approvals for a fair number of foreign workers. Unfortunately, the arrival of these workers coincided with the downturn in orders which resulted in the Group having to carry an onerous wage bill. This is particularly noticeable in the fourth quarter.

Generally, the Johor based facilities were faced with a steep fall off in demand and this negated much of the better performance of the Penang and Vietnam plants. Customers that are consumer facing have seen the greatest degree of demand retrenchment and the Johor plastics facility have a higher weightage of the consumer facing customers. Meanwhile the metal facility in Johor was impacted by a significant fall off in demand from their main customer. Manufacturing facilities have high fixed costs and overheads therefore, if sales drop below a certain point, the operational leverage downwards will result in large losses. Meanwhile for the facility in Vietnam, saw a slight increase in sales revenue due to orders from a new customer but not significant enough to make a large difference to the overall numbers. The Penang plant benefited from the resolution of the supply chain issues involving key components and this allowed the plant to supply into the strong orders of the key customer. Therefore, on an aggregate basis the revenue for the Group enjoyed a 15% increase in revenue of the fourth quarter of the previous year to RM 66.71million, which is quite commendable. However, in terms of profits, it is sadly not the same case as despite the rise in sales revenue, the rise in costs has been even faster, as all aspects of the costing line have been increased, with wages, utilities, and costs of other inputs. Moreover, the negative operational margins of the two Johor plants had a rather disproportionate effect on the overall numbers. Therefore, for the fourth quarter the Group recorded a profit after tax of RM 3.07million which is a decline of 46% from the fourth quarter of the previous year. Cashflow wise, the Group recorded RM 7.19million cashflow from operations which was a smaller drop of 23% in comparison to the fourth quarter of last year.

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

ii. Twelve Months Ended 31 December 2022 compared to Twelve Months Ended 31 December 2021

For the twelve months of 2022, revenue came in at RM 253.77million which is 5.8% higher than 2021's revenue of RM 239.81million. The main reason for this higher revenue is due to normalization of global economies after the restrictions of the Covid-19 period. However, the overall numbers masked quite a bit of disparity in performance amongst the various facilities. The two Johor facilities were faced with declines in revenues as their end customers were demanding less goods and this decline was more pronounced in the fourth quarter. The Penang and Vietnam facilities fared better and was primarily responsible for the overall profits generated for the twelve month period.

On a cumulative basis, the profit after tax was RM 9.41million which was a drop of 32% compared to the past year's RM 13.91million. On a cashflow basis, the Group negative variance was a slightly smaller with 2022 cashflow from operations coming in at RM 27.59million against the 2021's RM 27.06million. The steady cashflow over the past two years have allowed the group to continue to manage its gearing and debt servicing capability in a more austere manner. Gearing which was almost 1.0 times two years ago have now been reduced to 0.79 times as at 31 December 2022. If we are to take out the cash of RM 13.96million at the balance sheet date, the net gearing is actually down to 0.68 times. There was a marginal increase in long term debt as the Group have completed the purchase of a new facility in Penang plus some improvements and renovations made to the new building. Also, another addition to fixed assets are the solar photovoltaic systems that have been installed in the Johor facilities and these are in line with the Group's commitment to the sustainability agenda. Better cashflow and better inventory management have managed to have a better current ratio of 1.16 times. While the debt service cover ratio for 2022 is around 1.70 times which is more than comfortable, and the Group is in compliance with all banking covenants.

**B2. Variation of Results Against Preceding Quarter**

	<b>INDIVIDUAL QUARTER</b>		<b>Changes %</b>
	<b>3 Months Ended 31 Dec 2022 RM'000</b>	<b>3 Months Ended 30 Sep 2022 RM'000</b>	
Revenue	66,714	62,162	7.3
Operating Profit	3,641	5,594	(34.9)
Profit Before Interest and Tax	3,641	5,594	(34.9)
Profit Before Tax	2,082	4,342	(52.0)
Profit After Tax	3,070	3,696	(16.9)
Profit Attributable to Owners of the Company	3,167	3,867	(18.1)
EBITDAF	7,186	8,796	(18.3)

The comparison between the fourth quarter and the third quarter saw a marginal increase in revenue from RM 62.16million to RM 66.71million, an increase of 7% but in terms of profit after tax, the Group suffered a decline of 17% from RM 3.70million to RM 3.07million. This is due to the fact that some of the Group's facilities are operating at below breakeven rates and this has the effect of pulling down the profit contribution from the profitable plants. Orders for the loss making facilities were negatively impacted by the drop off in volumes from customers and at the same time there were pressure from the costs side due to rise in wage levels. In terms of cashflow from operations, there was also a similar 18% drop from RM 8.80million to RM 7.19million. The challenge for the Group is to be able to seek higher revenues for those facilities that are operating below breakeven while pushing more on cost control measures in order to reduce the negative drag on the Group.

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**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS  
(CONTINUED)****B3. Prospects of the Group**

The next few months is likely to see a continuation of the Group's trading record of the previous quarter, that is customer's orders are generally lackluster for most of the facilities within the Group while the Board is hopeful that Penang revenue is similarly expected to be maintained also. The Board is unsure how long this uncertain period is going to last. However, there are flickers of hope emerging for the Johor metal plant and the Vietnam facility as new customers that they have onboarded over the past year are likely to increase their loading over the next twelve months. In the meantime, cost mitigation and customer engagement are keys. The Board is hopeful that this new business together with the revival of demand in the Western economies will give a significant boost to sales and indeed profitability for 2023. The over stocked situation amongst retailers and global brands and the subsequent inventory run down cannot last forever and the Board is hopeful that with central banks starting to moderate on their interest rate rises, there will be the emergence of a new cycle with more orders coming through. The operational leverage of the Group is such that a return of volume will have significant impact on the bottom line once our overhead is covered. Nevertheless, there are still strong headwinds that the Group have to contend with and that is the rising costs of labour and other manufacturing inputs like electricity, raw materials and other components. There continues to be interest from customers trying to source away from China and the Group have benefited from some of these moves, but there has not been greater success as the strength of China's supply chain is quite formidable and customers need a long lead time to move out of their vendor relationship. However, in instances where The Group have been successful, it has had a positive impact on Group sales, so we remain steadfast in our attempt to seek these customers.

The Group has built up significant manufacturing assets over the years and this means that spending in capex is likely to be moderated for the coming year. Capex is likely to be focused on smaller sized add on capex where it helps us to reduce costs and improve operational performance as the costs inflation have to be countered with process improvements and also methods to replace manpower will continued to be stressed upon. There may also be the requirement for incremental capex based on customer demand/requirements, for specialized machinery which may help to tie in customers to a higher volume or a longer term relationship. Meanwhile the Board is also exploring other more synergistic opportunities in order to leverage the existing manufacturing platform into a wider foot print.

**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 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	RM'000	RM'000	RM'000	RM'000
In respect of the current period :				
Income tax	101	(1,150)	2,299	906
Deferred tax	(1,089)	643	(1,097)	633
Tax expenses	<u>(988)</u>	<u>(507)</u>	<u>1,202</u>	<u>1,539</u>

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**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS  
(CONTINUED)****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 were no corporate proposals during the quarter.

**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:

	<b>Unaudited</b> <b>31 Dec 2022</b> <b>RM'000</b>	<b>Audited</b> <b>31 Dec 2021</b> <b>RM'000</b>
<b>Short term borrowings:</b>		
Bankers' acceptance	11,728	14,138
Term loans	7,562	5,812
Revolving credits	7,622	9,604
Multi currency trade loan	7,032	7,700
Invoice Financing	1,510	3,877
	<u>35,454</u>	<u>41,131</u>
<b>Long term borrowings:</b>		
Term loans	44,083	41,387
	<u>44,083</u>	<u>41,387</u>
<b>Lease liabilities:</b>		
Current liabilities	3,822	4,586
Non-Current Liabilities	4,659	7,398
	<u>8,481</u>	<u>11,984</u>
	<u>88,018</u>	<u>94,502</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 2022.

**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 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Profit attributable to ordinary shareholders (RM'000)	3,167	5,414	9,980	13,152
	<u>3,167</u>	<u>5,414</u>	<u>9,980</u>	<u>13,152</u>
Weighted average number of shares in issue ('000)*	109,873	110,019	109,981	109,341
	<u>109,873</u>	<u>110,019</u>	<u>109,981</u>	<u>109,341</u>
Basic EPS (Sen)	<u>2.88</u>	<u>4.92</u>	<u>9.07</u>	<u>12.03</u>

**Diluted earnings earnings per share**

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Profit attributable to ordinary shareholders (RM'000)	3,167	5,414	9,980	13,152
	<u>3,167</u>	<u>5,414</u>	<u>9,980</u>	<u>13,152</u>
Weighted average number of shares in issue ('000)*	109,873	110,019	109,981	112,933
	<u>109,873</u>	<u>110,019</u>	<u>109,981</u>	<u>112,933</u>
Diluted EPS (Sen)	<u>2.88</u>	<u>4.92</u>	<u>9.07</u>	<u>11.65</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 2021 was not subject to any qualification.

**B16. Notes to the Statement of Comprehensive Income**

	Individual Quarter ended		Cumulative Quarter ended	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after crediting:				
Interest income	(16)	6	(112)	(67)
Gain on foreign exchange				
- realised	(1,263)	767	(3,220)	(53)
- unrealised	33	467	(1,384)	(1,220)
Gain on disposal of property, plant and equipment	(1)	-	(32)	(156)
Gain on disposal of right-of-use asset	-	-	(78)	(63)
Reversal of inventories written down	-	(1,637)	-	(413)
and after charging:				
Depreciation and amortisation	2,918	2,992	11,750	12,168
Interest expenses	1,559	1,122	5,110	4,441
Loss on foreign exchange				
- realised	1,210	(583)	2,152	486
- unrealised	950	(497)	1,020	60
Inventories written down	(591)	-	446	-

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.