

GE-SHEN CORPORATION BERHAD
(Incorporated in Malaysia)

Interim Financial Statements

First Quarter Results
Period ended
31 March 2023

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2023**

	Notes	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
		<u>3 Months Ended 31 Mar 2023 RM'000</u>	<u>3 Months Ended 31 Mar 2022 RM'000</u>	<u>3 Months Ended 31 Mar 2023 RM'000</u>	<u>3 Months Ended 31 Mar 2022 RM'000</u>
Revenue		57,669	64,956	57,669	64,956
Other income		2,941	968	2,941	968
Share of results in associate		-	-	-	-
Changes in inventories of finished goods and work-in-progress		463	(2,418)	463	(2,418)
Raw materials used		(39,499)	(35,231)	(39,499)	(35,231)
Employee benefits		(12,023)	(13,083)	(12,023)	(13,083)
Depreciation and amortisation		(2,916)	(2,923)	(2,916)	(2,923)
Other operating expenses		(7,010)	(8,150)	(7,010)	(8,150)
Finance costs		(1,471)	(1,140)	(1,471)	(1,140)
(Loss)/Profit before tax		(1,846)	2,979	(1,846)	2,979
Tax expenses	B6	(222)	(632)	(222)	(632)
(Loss)/Profit for the period		(2,068)	2,347	(2,068)	2,347
Other Comprehensive Income:					
Exchange differences on translating foreign operations		126	51	126	51
Share of other comprehensive income of associate		-	-	-	-
Total Comprehensive Income for the period		(1,942)	2,398	(1,942)	2,398
(Loss)/Profit after tax attributable to:					
Owners of the Company		(1,755)	2,343	(1,755)	2,343
Non-Controlling Interest		(313)	4	(313)	4
		(2,068)	2,347	(2,068)	2,347
Total Comprehensive Income attributable to:					
Owners of the Company		(1,629)	2,394	(1,629)	2,394
Non-Controlling Interest		(313)	4	(313)	4
		(1,942)	2,398	(1,942)	2,398
Earnings per share (Sen)					
Basic	B14	(1.60)	2.13	(1.60)	2.13
Diluted	B14	(1.60)	2.13	(1.60)	2.13

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 MARCH 2023**

	Notes	<u>Unaudited</u> As at 31 Mar 2023 RM'000	<u>Audited</u> As at 31 Dec 2022 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		118,358	120,388
Right-of-use assets		12,847	12,966
Goodwill		31,195	31,195
		<u>162,400</u>	<u>164,549</u>
Current Assets			
Inventories		38,157	38,438
Trade receivables		36,160	44,927
Other receivables, deposits and prepayments		3,060	4,642
Current tax assets		1,667	1,649
Fixed deposits with licensed banks		7,323	9,604
Cash and bank balances		14,671	11,448
		<u>101,038</u>	<u>110,708</u>
Total Assets		<u><u>263,438</u></u>	<u><u>275,257</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		61,855	61,855
Treasury shares		(159)	(159)
Reserves		60,350	61,978
Total Equity Attributable to Owners of the Company		<u>122,046</u>	<u>123,674</u>
Non-controlling interests		4,632	4,946
		<u>126,678</u>	<u>128,620</u>
Non-Current Liabilities			
Long-term borrowings	B10	49,919	49,181
Deferred taxation		2,373	2,374
		<u>52,292</u>	<u>51,555</u>
Current Liabilities			
Trade payables		19,998	25,672
Other payables and accruals		15,934	16,229
Tax payables		397	581
Short-term borrowings	B10	35,723	38,837
Bank overdrafts		12,416	13,763
		<u>84,468</u>	<u>95,082</u>
Total Liabilities		<u>136,760</u>	<u>146,637</u>
Total Equity and Liabilities		<u><u>263,438</u></u>	<u><u>275,257</u></u>
Net Assets per Ordinary Share Attributable to Owners of the Company (RM)		1.11	1.12

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 FIRST QUARTER ENDED 31 MARCH 2023**

	3 Months Ended 31 Mar 2023 RM'000	3 Months Ended 31 Mar 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(1,846)	2,979
Adjustments for:		
Depreciation of property, plant and equipment	2,774	2,253
Depreciation of right-of-use asset	142	670
Interest expense on lease liabilities	10	179
Other interest expense	1,462	961
Gain on foreign exchange - unrealised	(1,173)	(552)
Gain on disposal of property, plant and equipment	(2)	(8)
Gain on disposal of right-of-use asset	-	(78)
Loss on foreign exchange - unrealised	701	112
Interest income	(91)	(24)
Inventories written down	444	243
Operating profit before working capital changes	2,421	6,735
Net changes in inventories	(164)	10,277
Net changes in trade and other receivables	10,779	397
Net changes in trade and other payables	(6,732)	(9,649)
CASH FLOWS FROM OPERATIONS	6,304	7,760
Tax paid	(423)	(317)
Tax refunded	-	32
NET CASH FROM OPERATING ACTIVITIES	5,881	7,475
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	91	24
Proceeds from disposal of property, plant and equipment	5	8
Proceeds from disposal of right-of-use asset	-	78
Purchase of property, plant and equipment	(329)	(188)
NET CASH FOR INVESTING ACTIVITIES	(233)	(78)

GE-SHEN CORPORATION BERHAD

Company No. 633814-X

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2023 - CONTINUED**

	3 Months Ended 31 Mar 2023 RM'000	3 Months Ended 31 Mar 2022 RM'000
CASH FLOWS FOR FINANCING ACTIVITIES		
Interest paid	(1,370)	(1,140)
Net repayment of term loan	(1,229)	967
Net (repayment)/ drawdown of multi currency trade loan	1,771	1,220
Net (repayment)/ drawdown of invoice financing	(2,172)	(1,087)
Increase in pledged of fixed deposits with licensed banks	2,281	(195)
Drawdown of bankers' acceptance	10,132	10,688
Repayment of bankers' acceptance	(10,311)	(12,629)
Net (repayment) of revolving credits	427	(127)
Net drawdown/(repayment) of hire purchase obligations	(1,041)	-
Repayment of lease liabilities	(68)	(1,183)
NET CASH FOR FINANCING ACTIVITIES	(1,580)	(3,486)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	4,068	3,911
Effect of changes in exchange rates	502	121
CASH AND CASH EQUIVALENT AS AT BEGINNING OF PERIOD	(2,315)	(3,667)
CASH AND CASH EQUIVALENT AS AT END OF PERIOD	2,255	365

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

	31 Mar 2023 RM'000	31 Mar 2022 RM'000
Fixed deposits with licensed banks	7,323	4,537
Cash and bank balances	14,671	10,830
Less: Bank overdrafts	(12,416)	(10,465)
Less: FD pledged to licensed banks	(7,323)	(4,537)
	2,255	365

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2023**

	← 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 2023	61,855	(159)	2,545	-	2,593	56,840	123,674	4,946	128,620
Profit after tax for the financial year	-	-	-	-	-	(1,755)	(1,755)	(313)	(2,068)
Other comprehensive income for the financial year									
- Foreign currency translation differences	-	-	-	-	126	-	126	-	126
Total comprehensive income for the financial year	-	-	-	-	126	(1,755)	(1,629)	(313)	(1,942)
Contributions by and distributions to owners of the Company:									
- Share buy back	-	-	-	-	-	-	-	-	-
- Employees' share options exercised	-	-	-	-	-	-	-	-	-
- Subscription of subsidiary	-	-	-	-	-	-	-	-	-
As at 31 March 2023	61,855	(159)	2,545	-	2,719	55,085	122,045	4,633	126,678

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2023 - 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 2022	61,855	-	2,450	-	2,006	46,680	112,991	5,512	118,503
Profit after tax for the financial year	-	-	-	-	-	2,343	2,343	4	2,347
Other comprehensive income for the financial year									
- Foreign currency translation differences	-	-	-	-	51	-	51	-	51
- Share of an associate's other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	51	2,343	2,394	4	2,398
Contributions by and distributions to owners of the Company:									
- Resale of treasury shares									
As at 31 March 2022	61,855	-	2,450	-	2,057	49,023	115,385	5,516	120,901

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and accompanying explanatory notes attached to the interim financial statements.

GE-SHEN CORPORATION BERHAD

Company No. 633814-X

(Incorporated in Malaysia)

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 2022. 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 2022.

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 2022.
- (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 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

Company No. 633814-X

(Incorporated in Malaysia)

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 & Singapore	Vietnam	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
As at 31 March 2023				
Revenue				
- sales to external parties	52,417	5,252	-	57,669
- inter-segment sales	4	-	(4)	-
Total revenue	52,421	5,252	(4)	57,669
Segment results	(22)	(286)	(67)	(375)
Finance costs				(1,471)
Loss before taxation				(1,846)

GE-SHEN CORPORATION BERHAD

Company No. 633814-X

(Incorporated in Malaysia)

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

	Malaysia & Singapore RM'000	Vietnam RM'000	Elimination RM'000	Consolidated RM'000
As at 31 December 2022				
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

Preceding Year Corresponding Quarter

	Malaysia RM'000	Vietnam RM'000	Elimination RM'000	Consolidated RM'000
As at 31 March 2022				
Revenue				
- sales to external parties	58,042	6,914	-	64,956
- inter-segment sales	64	-	(64)	-
Total revenue	58,106	6,914	(64)	64,956
Segment results	3,018	1,115	(14)	4,119
Finance costs				(1,140)
Profit before taxation				2,979

(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

Company No. 633814-X
(Incorporated in Malaysia)

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 March 2023.

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 Mar 2023 RM'000	<u>Audited</u> 31 Dec 2022 RM'000
Approved and contracted for:		
Purchase of property, plant and equipment	-	893

A12. Related Party Transactions

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

	Individual Quarter ended		Cumulative Quarter ended	
	31 Mar 2023 RM'000	31 Mar 2022 RM'000	31 Mar 2023 RM'000	31 Mar 2022 RM'000
Transaction with related parties:				
Purchase of components	196	349	196	349
Rental of premises	38	38	38	38

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS**B1. Review of Group's Results for the Quarter Ended 31 March 2023**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	3 Months Ended 31 Mar 2023 RM'000	3 Months Ended 31 Mar 2022 RM'000	Change %	3 Months Ended 31 Mar 2023 RM'000	3 Months Ended 31 Mar 2022 RM'000	Changes %
Revenue	57,669	64,956	(11.2)	57,669	64,956	(11.2)
Operating (Loss)/Profit	(375)	4,119	(109.1)	(375)	4,119	(109.1)
(Loss)/Profit Before Interest	(375)	4,119	(109.1)	(375)	4,119	(109.1)
(Loss)/Profit Before Tax	(1,846)	2,979	(162.0)	(1,846)	2,979	(162.0)
(Loss)/Profit After Tax	(2,068)	2,347	(188.1)	(2,068)	2,347	(188.1)
(Loss)/Profit Attributable to Owners of the Company	(1,755)	2,343	(174.9)	(1,755)	2,343	(174.9)
EBITDAF	2,421	6,734	(64.0)	2,421	6,734	(64.0)

i. Quarter Ended 31 March 2023 compared to Quarter Ended 31 March 2022

The first quarter of 2023 was altogether a very different quarter from the first quarter of the past two years. The normalisation of economic activities post Covid-19 have had an unexpected outcome as economic reality clashed with the long lingering effects of the Russian Ukraine war to produce an unexpected backdrop to the operating environment. The spectra of persistent high rate of inflation experienced in most parts of the world have pushed global central banks to embark on a course of monetary tightening and interest rate rises with the whole intention to reduce consumer demand. This demand reduction exercise coupled with the over inventorised supply chain have resulted in a fall off in demand for goods especially for consumer goods in the electrical and electronics segment. This is a segment in which the Group has had a historic high representation in. The revenue for the first quarter fell by 11.2% in comparison to the first quarter of 2022 to RM 57.70million or a drop of RM 7.29million but more significantly, was the turnaround in the Profit & Loss as the Group swung to a loss making position as this fall off in revenue is happening at a time of significant increase in costs such as the sudden increase in ICPT rates have caused the cost of electricity to increase in excess of 40% for this quarter, there was also more headcount taken on when foreign workers were allowed to enter Malaysia. As with the case of most manufacturing companies, there is a reliance on sustaining high volume of sales in order to absorb the overheads that are inherent in the running of these businesses, therefore when revenue falls off, the swing in profitability was unavoidable. Mitigation efforts takes time to take effect while Management had immediately implemented cost cutting measures, it didn't have much time to take effect. The Group registered a loss for the quarter of RM 2.07million versus a profit of RM 2.35million recorded for the first quarter of 2022. There was also a higher tax rate suffered as a Group as there wasn't group relief in terms of tax payable as the operating plants are organised as private limited companies and hence the profitable company had to pay tax without the ability to offset it against losses of the other plants.

Within the Group there was much differentiation in performance as the Penang factory did rather well in comparison to the other three facilities. Revenue was running at a higher rate against the comparable quarter of last year, but this good performance was undone by the slower demand and revenue for the other three facilities. Therefore, the under absorption of the overhead and operating expenses of the other facilities lead to a more significant loss than would have been implied from the drop in group revenue. The consumer electronics segment of the business suffered the biggest revenue decline, and it was across all the businesses. There was also considerable fluctuation in the exchange rate and this also had a slight negative effect on the operating margins as the timing differences worked out in a unfavourable manner, as was higher interest rates which lead to higher finance charges. Nevertheless, there was a slight cause for optimism within the quarter as there was a large number of business development contact points having been established. This is a result of many principals reaching out to manufacturers outside of China in an attempt to diversify their supply chain in this age of uncertain geopolitical tensions. The other significant cause for optimism is that these contact points are customers who are not in the consumer electronics sector and it is contact from the end customers directly and not through traditional contract manufacturers which means that as a Group we have a more direct control of the customer's order flow and also overall relationship.

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS
(CONTINUED)****B2. Variation of Results Against Preceding Quarter**

	<u>INDIVIDUAL QUARTER</u>		Changes %
	3 Months Ended 31 Mar 2023 RM'000	3 Months Ended 31 Dec 2022 RM'000	
Revenue	57,669	66,714	(13.6)
Operating (Loss)/Profit	(375)	3,641	(110.3)
(Loss)/Profit Before Interest and Tax	(375)	3,641	(110.3)
(Loss)/Profit Before Tax	(1,846)	2,082	(188.7)
(Loss)/Profit After Tax	(2,068)	3,070	(167.4)
(Loss)/Profit Attributable to Owners of the Company	(1,755)	3,167	(155.4)
EBITDAF	2,421	7,186	(66.3)

The comparison of the first quarter result with the fourth quarter is pretty much the same narrative as the commentary for that against the previous year's comparison. The only difference is that there are less working days in the first quarter in comparison with the fourth quarter as Chinese New Year falls in the first quarter. The increased cost pressure in the business is exacerbated by the lower revenue and hence the decline in profitability is more apparent with the comparison period of the preceding quarter. In fact most of the slowdown in demand happened at the start of the year and January was the worst month for the Group as the global economy was most hesitant, there was a recovery in sales as the quarter moved along as the customers came back with small increases in orders. Therefore, most of the losses for the Group happened at the January month and the rest of the quarter was in gradual recovery. Despite the quarterly loss, there is one mitigating factor and that is the Group as a whole continues to be cashflow positive. The EBITDAF of the Group came in at RM 2.42million and this is more than adequate to cover the financial obligations of the Group on an ongoing basis. The reduced revenue have resulted in an overall reduction in working capital and this has allowed the Group to record a higher closing cash balance of RM 21.99million at the end of the first quarter against the cash balance of RM 21.05million at the end of the fourth quarter. Gross gearing and net gearing have improved from 0.79 to 0.77 and 0.63 to 0.60 respectively. This is due to a reduction in the working capital requirements as short-term borrowings were reduced in line with the reduction in trade receivable. There is continued strength in the balance sheet of the Group and the overall gearing of the Group have been reduced slightly in line with the reduction in short-term working capital requirements.

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

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

Within the rather subdued first quarter revenue, there are already a silver lining in the clouds that can be found. Longer term, the Group have been rather busy on the business development and there are encouraging results that have been achieved in this quarter. The business development efforts are benefitting from an acceleration in the trend of global supply chains moving away from China in view of the geopolitical atmosphere. We have been winning projects that are substantive in nature which will hopefully add significantly to the revenues of the Group in the coming years. There are some notable new project awards and developments with new or existing customers. Notably these customers are not in the traditional consumer electronics sector but in a more desired new sector with better growth prospects. One new customer awarded a project to the Johor plastics plant from which we will be supplying plastic components, is in the energy storage space. They have a revolutionary approach with an already proven technology and the customer has indicated substantial volumes in demand. Johor have also been awarded a project from a home automation company for supply of plastic components to a well-known global brand, especially in the States. For the Johor metal plant, there was also a step up in orders from an electric vehicle (EV) charger company from which we are starting to supply significant volumes of metal parts and there is a good chance for us to go one step up in terms of process into the sub assembly space. Management is hopeful that the energy storage and EV charging space will become a significant contributor to the Group's turnover in a short period of time. The Johor metal company is also well positioned to be taking part in the recovery of the semiconductor cycle as it is being qualified by a tier one vendor from Singapore in anticipation of a turn around in the orders for front end semiconductor equipment orders. In Penang, the plant have been running on high volumes from their key customer and now the discussion is on how much more we can collaborate with them on their new models and also how deeply entrenched we are going to be with their supply chain as we contemplate more upstream investments to support their post China initiatives. There are also significant projects that have been won previously coming on stream as the Penang plant is supplying the parts for the proto built for this healthcare customer's FDA certification. Upon certification, this revolutionary product is expected to be a huge seller in 2024 and beyond as the developer for this product is expecting it to be a trailblazing product. Over in Vietnam, the box build customer which we have been supplying for more than a year now, which unfortunately their shipment temporarily halted in 1Q2023 due to certain supply chain issue but we have since resumed deliveries in 2Q2023. Furthermore, we have just recently qualified a second and third product for mass production, and we are working on the fourth product with a targeted mass production start date in 3Q2023/4Q2023. Our box-build customer who is in theft prevention products, has indicated that they are aggressively looking to increase their market share and possibly increasing more volumes in the next few quarters to come. Overall it can be said that the project wins have been on a trajectory which have not been experienced before and what is interesting is that there are more and more enquiries coming into the business development department than ever before.

In conclusion, the Group is moving in the right direction with promising wins in new customers, new models and exposure to new segments. The short-term demand retrenchment is hopefully well on the course of being played out as global inventories continued to be drawn down. The exact timing of this turnaround is difficult to forecast but Management is confident that with the new projects coming on stream, there can be a significant turnaround in the sales as well as profitability of the Group. At the time of writing of this report, the flow of enquiries is still coming in at a good pace, thereby validating Management's strategy of being scaling up enough for customers even halfway round the world to take note. In the meantime, the balance sheet of the Group is in good health and the great thing with most of these new projects is that there isn't really a requirement for much CAPEX spend beyond incremental spending on a few machineries and also process improvements but the Management is also always looking for more synergistic tie up to enlarge the customer reach as well as process and capability reach. This can take many forms and not limited to augmenting our core capability but also other forms of ventures to grow the portfolio of the Group. This is to position the Group to be a significant player in the global supply chain for manufactured goods. It has taken the management the Group several years to reach this stage and now there is enough capability and experience to undertake this step up.

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

**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 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
	RM'000	RM'000	RM'000	RM'000
In respect of the current period :				
Income tax	224	635	224	635
Deferred tax	(2)	(3)	(2)	(3)
Tax expenses	<u>222</u>	<u>632</u>	<u>222</u>	<u>632</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 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:

	Unaudited	Audited
	31 Mar 2023	31 Dec 2022
	RM'000	RM'000
Short term borrowings:		
Bankers' acceptance	12,396	12,574
Term loans	4,710	7,227
Revolving credits	8,050	7,623
Multi currency trade loan	6,203	4,432
Invoice Financing	1,091	3,264
	<u>32,450</u>	<u>35,120</u>
Long term borrowings:		
Term loans	<u>46,370</u>	<u>45,078</u>
	46,370	45,078
Lease liabilities:		
Current liabilities	3,273	3,717
Non-Current Liabilities	3,549	4,103
	<u>6,822</u>	<u>7,820</u>
	<u>85,642</u>	<u>88,018</u>

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS
(CONTINUED)****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 March 2023.

B14. Earnings per share (Sen)**Basic earnings per share**

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>31 Mar 2023</u>	<u>31 Mar 2022</u>	<u>31 Mar 2023</u>	<u>31 Mar 2022</u>
Profit attributable to ordinary shareholders (RM'000)	(1,755)	2,343	(1,755)	2,343
	<u>(1,755)</u>	<u>2,343</u>	<u>(1,755)</u>	<u>2,343</u>
Weighted average number of shares in issue ('000)*	110,019	110,019	110,019	110,019
	<u>110,019</u>	<u>110,019</u>	<u>110,019</u>	<u>110,019</u>
Basic EPS (Sen)	(1.60)	2.13	(1.60)	2.13
	<u>(1.60)</u>	<u>2.13</u>	<u>(1.60)</u>	<u>2.13</u>

Diluted earnings earnings per share

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>31 Mar 2023</u>	<u>31 Mar 2022</u>	<u>31 Mar 2023</u>	<u>31 Mar 2022</u>
Profit attributable to ordinary shareholders (RM'000)	(1,755)	2,343	(1,755)	2,343
	<u>(1,755)</u>	<u>2,343</u>	<u>(1,755)</u>	<u>2,343</u>
Weighted average number of shares in issue ('000)*	110,019	110,019	110,019	110,019
	<u>110,019</u>	<u>110,019</u>	<u>110,019</u>	<u>110,019</u>
Diluted EPS (Sen)	(1.60)	2.13	(1.60)	2.13
	<u>(1.60)</u>	<u>2.13</u>	<u>(1.60)</u>	<u>2.13</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.

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

**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 2022 was not subject to any qualification.

B16. Notes to the Statement of Comprehensive Income

	Individual Quarter ended		Cumulative Quarter ended	
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after crediting:				
Interest income	(91)	(24)	(91)	(24)
Gain on foreign exchange				
- realised	(1,193)	(164)	(1,193)	(164)
- unrealised	(1,172)	(552)	(1,172)	(552)
Gain on disposal of property, plant and equipment	(2)	(8)	(2)	(8)
Gain on disposal of right-of-use asset	-	(78)	-	(78)
and after charging:				
Depreciation and amortisation	2,916	2,923	2,916	2,923
Interest expenses	1,471	1,140	1,471	1,140
Loss on foreign exchange				
- realised	1,391	427	1,391	427
- unrealised	700	112	700	112
Inventories written down	444	243	444	243

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.