

GE-SHEN CORPORATION BERHAD
(Incorporated in Malaysia)

Interim Financial Statements

Second Quarter Results
Period ended
30 June 2023

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

	Notes	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
		<u>3 Months</u>	<u>3 Months</u>	<u>6 Months</u>	<u>6 Months</u>
		<u>Ended</u>	<u>Ended</u>	<u>Ended</u>	<u>Ended</u>
		<u>30 Jun 2023</u>	<u>30 Jun 2022</u>	<u>30 Jun 2023</u>	<u>30 Jun 2022</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue		60,084	59,942	117,753	124,898
Other income		1,959	1,578	4,900	2,546
Changes in inventories of finished goods and work-in-progress		(1,748)	935	(1,285)	(1,483)
Raw materials used		(35,326)	(36,088)	(74,825)	(71,319)
Employee benefits		(12,166)	(14,441)	(24,189)	(27,524)
Depreciation and amortisation		(2,934)	(2,943)	(5,850)	(5,866)
Other operating expenses		(5,414)	(6,612)	(12,424)	(14,762)
Finance costs		(1,408)	(1,159)	(2,879)	(2,299)
Profit before tax		3,047	1,212	1,201	4,191
Tax expenses	B6	(902)	(912)	(1,124)	(1,544)
Profit for the period		2,145	300	77	2,647
Other Comprehensive Income:					
Exchange differences on translating foreign operations		805	541	931	592
Share of other comprehensive income of associate		-	-	-	-
Total Comprehensive Income for the period		2,950	841	1,008	3,239
Profit after tax attributable to:					
Owners of the Company		2,190	603	435	2,946
Non-Controlling Interest		(45)	(303)	(358)	(299)
		2,145	300	77	2,647
Total Comprehensive Income attributable to:					
Owners of the Company		2,995	841	1,366	3,235
Non-Controlling Interest		(45)	-	(358)	4
		2,950	841	1,008	3,239
Earnings per share (Sen)					
Basic	B14	1.98	0.55	0.39	2.68
Diluted	B14	1.98	0.55	0.39	2.68

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

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	Notes	<u>Unaudited</u> As at 30 Jun 2023 RM'000	<u>Audited</u> As at 31 Dec 2022 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		117,066	120,388
Right-of-use assets		12,912	12,966
Goodwill		31,195	31,195
		<u>161,173</u>	<u>164,549</u>
Current Assets			
Inventories		36,761	38,438
Trade receivables		34,327	44,927
Other receivables, deposits and prepayments		4,971	4,642
Current tax assets		1,690	1,649
Fixed deposits with licensed banks		5,738	9,604
Cash and bank balances		17,585	11,448
		<u>101,072</u>	<u>110,708</u>
Total Assets		<u>262,245</u>	<u>275,257</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		62,325	61,855
Treasury shares		(159)	(159)
Reserves		63,315	61,978
Total Equity Attributable to Owners of the Company		<u>125,481</u>	<u>123,674</u>
Non-controlling interests		4,588	4,946
		<u>130,069</u>	<u>128,620</u>
Non-Current Liabilities			
Long-term borrowings	B10	47,005	49,181
Deferred taxation		2,371	2,374
		<u>49,376</u>	<u>51,555</u>
Current Liabilities			
Trade payables		20,283	25,672
Other payables and accruals		13,774	16,229
Tax payables		1,014	581
Short-term borrowings	B10	35,585	38,837
Bank overdrafts		12,144	13,763
		<u>82,800</u>	<u>95,082</u>
Total Liabilities		<u>132,176</u>	<u>146,637</u>
Total Equity and Liabilities		<u>262,245</u>	<u>275,257</u>
Net Assets per Ordinary Share Attributable to Owners of the Company (RM)		1.13	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

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

	6 Months Ended 30 Jun 2023 RM'000	6 Months Ended 30 Jun 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,201	4,191
Adjustments for:		
Depreciation of property, plant and equipment	5,613	4,651
Depreciation of right-of-use asset	237	1,215
Interest expense on lease liabilities	18	340
Other receivables written off	13	-
Other interest expense	2,861	1,959
Gain on foreign exchange - unrealised	(2,402)	(1,324)
Gain on disposal of property, plant and equipment	(26)	(8)
Gain on disposal of right-of-use asset	-	(78)
Loss on foreign exchange - unrealised	697	42
Interest income	(171)	(45)
Inventories written down	241	659
Operating profit before working capital changes	8,282	11,602
Net changes in inventories	1,436	10,723
Net changes in trade and other receivables	11,208	9,258
Net changes in trade and other payables	(8,803)	(12,316)
CASH FLOWS FROM OPERATIONS	12,123	19,267
Tax paid	(734)	(451)
Tax refunded	-	32
NET CASH FROM OPERATING ACTIVITIES	11,389	18,848
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	171	45
Proceeds from disposal of property, plant and equipment	51	8
Proceeds from disposal of right-of-use asset	-	78
Purchase of property, plant and equipment	(515)	(7,824)
Purchase of right-of-use asset	(16)	(168)
Subscription of shares in a subsidiary	-	(37)
NET CASH FOR INVESTING ACTIVITIES	(309)	(7,898)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2023 - CONTINUED**

	6 Months Ended 30 Jun 2023 RM'000	6 Months Ended 30 Jun 2022 RM'000
CASH FLOWS FOR FINANCING ACTIVITIES		
Interest paid	(2,879)	(2,299)
Net repayment of term loan	(461)	5,070
Net (repayment)/ drawdown of multi currency trade loan	906	(420)
Net (repayment)/ drawdown of invoice financing	(227)	(1,362)
Increase in pledged of fixed deposits with licensed banks	3,865	(1,378)
Drawdown of bankers' acceptance	17,948	20,884
Repayment of bankers' acceptance	(21,592)	(23,062)
Net (repayment) of revolving credits	(131)	(611)
Net drawdown/(repayment) of hire purchase obligations	(1,798)	-
Proceeds from exercise of employees' share options	439	-
Repayment of lease liabilities	(122)	(2,350)
NET CASH FOR FINANCING ACTIVITIES	(4,052)	(5,528)
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,028	5,422
Effect of changes in exchange rates	728	(59)
CASH AND CASH EQUIVALENT AS AT BEGINNING OF PERIOD	(2,315)	(3,667)
CASH AND CASH EQUIVALENT AS AT END OF PERIOD	5,441	1,696

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

	30 Jun 2023 RM'000	30 Jun 2022 RM'000
Fixed deposits with licensed banks	5,738	5,719
Cash and bank balances	17,585	14,336
Less: Bank overdrafts	(12,144)	(12,640)
Less: FD pledged to licensed banks	(5,738)	(5,719)
	5,441	1,696

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.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

	← Non-Distributable			Distributable →				
	Share Capital	Treasury Shares	Employee Share Option Reserve	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
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	-	-	-	-	435	435	(358)	77
Other comprehensive income for the financial year								
- Foreign currency translation differences	-	-	-	931	-	931	-	931
Total comprehensive income for the financial year	-	-	-	931	435	1,366	(358)	1,008
Contributions by and distributions to owners of the Company:								
- Share buy back	-	-	-	-	-	-	-	-
- Employees' share options exercised	470	-	(29)	-	-	441	-	441
As at 30 June 2023	62,325	(159)	2,516	3,524	57,275	125,481	4,588	130,069

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2023 - CONTINUED**

	← Non-Distributable				Distributable →			
	Share Capital	Treasury Shares	Employee Share Option Reserve	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
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	-	-	-	-	2,946	2,946	(299)	2,647
Other comprehensive income for the financial year								
- Foreign currency translation differences	-	-	-	592	-	592	-	592
- Share of an associate's other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	592	2,946	3,538	(299)	3,239
Contributions by and distributions to owners of the Company:								
- Subscription of subsidiary	-	-	-	-	63	63	-	63
As at 30 June 2022	61,855	-	2,450	2,598	49,689	116,592	5,213	121,805

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.

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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 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.

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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

Save for the following, 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 issuance of 627,700 new ordinary shares under the Company's Employees Share Option Scheme.

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 30 June 2023				
Revenue				
- sales to external parties	52,059	8,025	-	60,084
- inter-segment sales	2,329	-	(2,329)	-
Total revenue	54,388	8,025	(2,329)	60,084
Segment results	3,813	712	(70)	4,455
Finance costs				(1,408)
Profit before taxation				3,047

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

	Preceding Year Corresponding Quarter			Consolidated RM'000
	Malaysia RM'000	Vietnam RM'000	Elimination RM'000	
As at 30 June 2022				
Revenue				
- sales to external parties	52,601	7,341	-	59,942
- inter-segment sales	2	-	(2)	-
Total revenue	52,603	7,341	(2)	59,942
Segment results	2,152	338	(119)	2,371
Finance costs				(1,159)
Profit before taxation				1,212

(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.

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 30 June 2023 except for the acquisition of 1 share representing 100% equity interest in Mercu Cahaya Sdn. Bhd. for a cash consideration of RM1.00 on 14 June 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.

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PART A - EXPLANATORY NOTES IN ACCORDANCE WITH MFRS 134 (CONTINUED)**A11. Capital Commitments**

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

	<u>Unaudited</u> 30 Jun 2023 RM'000	<u>Audited</u> 31 Dec 2022 RM'000
Approved and contracted for:		
Purchase of property, plant and equipment	12,500	893

A12. Related Party Transactions

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

	Individual Quarter ended		Cumulative Quarter ended	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	RM'000	RM'000	RM'000	RM'000
Transaction with related parties:				
Purchase of components	205	436	401	801
Rental of premises	38	38	76	76

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PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS**B1. Review of Group's Results for the Quarter Ended 30 June 2023**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	3 Months Ended 30 Jun 2023 RM'000	3 Months Ended 30 Jun 2022 RM'000	Chang %	6 Months Ended 30 Jun 2023 RM'000	6 Months Ended 30 Jun 2022 RM'000	Changes %
Revenue	60,084	59,942	0.2	117,753	124,898	(5.7)
Operating Profit	4,455	2,371	87.9	4,080	6,490	(37.1)
Profit Before Interest and Tax	4,455	2,371	87.9	4,080	6,490	(37.1)
Profit Before Tax	3,047	1,212	151.4	1,201	4,191	(71.3)
Profit After Tax	2,145	300	615.0	77	2,647	(97.1)
Profit Attributable to Owners of the Company	2,190	603	263.2	435	2,946	(85.2)
EBITDAF	5,860	4,870	20.3	8,281	11,604	(28.6)

i. Quarter Ended 30 June 2023 compared to Quarter Ended 30 June 2022

In this quarter under review, Ge-Shen performed considerably better than the previous year quarter just as revenue was slightly higher and operating cost that was managed better, just as we had anticipated a tough operating environment since the final quarter of 2022. The resultant profitability of the Group increased on back of significant focus on loss making production units and serious cost cutting measures undertaken by the Management. This is despite unfavourable operating environment and higher cost for example the implementation of new labour laws and ICPT rates that have increased.

ii. Six Months Ended 30 June 2023 compared to Six Months Ended 30 June 2022

For the 6 months ended 30 June 2023, overall performance of the Group is lower than the 6 months of 2022 as the Group underperformed in the first quarter of 2023. This was despite a better second quarter of 2023 than second quarter of 2022. Nevertheless, with a better performing second quarter, we were able to turnaround the profit & loss ("P&L") to profitability for the 6 months of 2023. Interest cost has increased by RM0.58 million in the first half of the year attributed to the rising interest rate, despite overall lower gearing of the Group. Revenue was 5.7% or RM7.15 million lower, attributing to the challenging operating environment whereas operating profit is lower by RM2.41 million. Consequentially, the profit after tax reduced by RM2.57 million from RM2.65 million to RM0.07 million. However, EBITDAF remains resilient at RM8.28 million a drop of RM3.32 million from RM11.6 million.

B2. Variation of Results Against Preceding Quarter

	INDIVIDUAL QUARTER		
	3 Months Ended 30 Jun 2023 RM'000	3 Months Ended 31 Mar 2023 RM'000	Changes %
Revenue	60,084	57,669	4.2
Operating Profit/(Loss)	4,455	(375)	(1,288.0)
Profit/(Loss) Before Interest and Tax	4,455	(375)	(1,288.0)
Profit/(Loss) Before Tax	3,047	(1,846)	(265.1)
Profit/(Loss) After Tax	2,145	(2,068)	(203.7)
Profit/(Loss) Attributable to Owners of the Company	2,190	(1,755)	(224.8)
EBITDAF	5,860	2,421	142.0

As compared to the preceding quarter, revenue has improved by a small 4.2% or RM2.42 million. However, due to the cost cutting measures as mentioned in the preceding explanations, we were able to reduce operating cost and turn the quarter to a profit. The resulting EBITDAF has improved by RM3.43 million whereas profit after tax has turned from a loss of RM2.07 million to a profit of RM2.15 million, an increase of RM4.213 million. The increase in profitability can be attributed to amongst others, a stronger USD, lower labour and material cost and other cost.

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

On back of quite a challenging economic environment, the Group has managed to turn its profitability around through a rigorous focus on cost savings projects like right sizing of headcount, automation implementation and process improvement. The Management is cognizant of the fact that while purchase orders may be significantly reduced and is out of our control, it is still incumbent of the Management team to control cost to the extend where possible while stepping up efforts on business development activities. Where projects or business units that is not profitable, the Management is looking to focus significant attention to turn it around, or to the extend, cease operations or downsize in order to achieve breakeven or profitability. This will not only be beneficial to the Company on a EBITDAF basis but also on a profit after tax basis.

Existing customers in the semiconductor, testing equipment and consumer electronics sector do not seem to have a strong lead for the rest of the year which is impacting both our sheet metal facility and plastic facility, however, through cost savings activities the Management has been able to stem its losses quite significantly in the metal facility. Customers in the theft prevention on the other hand is showing very good signs of stability and new product development is still ongoing for one particular customer for ramp up in 3Q/4Q2023. And while some customers have had product launched delayed, we are confident that the combination of business development and cost savings will enable the Group to continue its recovery and growth trajectory. To this end, on the business development front, there seems to be a number of good customer enquiries from potential customers who are looking to either diversify their supply chain or to develop new sources in Malaysia or Vietnam, especially in the medical and life-science sector, which the Group is putting more emphasis on going forward and the Management hopes that this sector contributes a larger portion of our Group sales. On the other hand, potential enquiries from customers that currently manufacture in China have continued and we are in the process of assisting them with transfer projects from China or other sources to our factories.

The softer US-inflation rate news comes as a sigh of relief and as the US Feds is indicating perhaps less drastic interest rate hikes which will in turn result in better consumer spending. While the US-MYR exchange rate has fluctuation a fair bit over the past months, the overall rate has assisted the Group to defray certain domestic inflationary cost for example electricity cost from TNB. Domestic Malaysian inflation has also showed signs of cooling off and may also likewise result in slower increases or reduction in interest rate; with a resultant lowering of interest expense. Nevertheless, with the global commodity prices stabilizing or reducing, we were able to see the announcement of reduction of ICPT rates from 20c to 17c which will see the reduction electricity cost by 5% to 8% although still higher by 35% to 40% from end of 2022.

Having said that, the balance sheet of Ge-Shen has considerably improved and continues to be quite robust with net gearing dropping from 0.63 in Dec 2022 to 0.54 as at the end of Jun 2023. This is despite existing challenging environment but testimony to the cash generative nature of our business. With growing cash reserves and healthy balance sheet, it is a ripe time for Ge-Shen to continue its expansion plans.

With the series of corporate activities and expansion program, namely the acquisition of an approximately 200,000 sqft factory facility in Sg Petani, the announcement of a private placement to recapitalize the Group and the announcement of the proposed acquisition of Kibaru, a leading rubber components and in medical device company up north, the Group is set to transform itself to a much larger company in the near future. Efforts have started for the Group to tap on Kibaru's capabilities for cost savings projects by internalizing certain components manufacturing hence reducing our overall material cost, or to offer customers value-added services, for example more assembly projects, which will again accelerate revenue growth. Internally, the Group may be also looking to accelerate our organic growth through the expansion of our Penang and Vietnam facility to gather for existing customers project or new potential projects in the near future.

In conclusion, despite the extreme challenging environment, the leadership of Ge-Shen group was able to manage the company to profitability in the 2Q2023 reversing earlier losses. The Management believes that with the continual razor sharp focus on our core capabilities within the group, along with the synergistic corporate activities to boost our engineering and manufacturing capabilities, overall sales of the Group can continue to grow significantly with a majority of our revenue coming from complete assembly projects which have better value-add and profit contribution.

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

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

B5. Explanation Note on Profit Forecast

Not Applicable.

B6. Tax Expense

Tax expense comprises of the followings:

	Individual Quarter ended		Cumulative Quarter ended	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	RM'000	RM'000	RM'000	RM'000
In respect of the current period :				
Income tax	904	914	1,128	1,549
Deferred tax	(2)	(2)	(4)	(5)
Tax expenses	<u>902</u>	<u>912</u>	<u>1,124</u>	<u>1,544</u>

B7. Sale of Unquoted Investments, or Properties

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

B8. Purchase or Disposal of Quoted and Marketable Securities

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

B9. Corporate Proposals

The following are the corporate proposal that have been announced by the Company which have not yet completed as at 3rd August 2023, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report:

(a) On 26th June 2023, Mercu Cahaya Sdn Bhd's proposed acquisition of a parcel of industrial land known as HS(M) 18597 Plot 1a Bandar Sungai Petani HS(M) 1/1976, Plot 1a, Bandar Sungai Petani, Daerah Kuala Muda, Kedah with a total area measuring approximately 8903.0841 square meters ("Lease Land 1"); and a parcel of industrial land known as HS(M) 1/1976, PT, Mukim Sungai Pasir, Daerah Kuala Muda, Kedah with a total area measuring approximately 10147.5015 square meters ("Lease Land 2"), for the consideration of RM12,500,000.00. The Proposed Acquisition is expected to be completed by the forth quarter of 2023.

(b) On 17th July 2023, the Company proposed that to undertake a Private Placement of up to 11,808,800 new shares in Ge-Shen ("Ge-Shen(s) shares") representing up to approximately 10% of the total number of shares of the Company. With the indicative issue price of RM1.30 per Placement Share, the Proposed Private Placement is expected to raise gross proceeds to approximately RM15.35 million.

The adviser submitted the proposed private placement to Bursa Securities ('Bursa') on 24th July 2023, and the approval was obtained from Bursa on 27th July 2023.

(c) On 3rd August 2023, the Company proposed the acquisition of 3,333,600 ordinary shares in Kibaru Manufacturing Sdn Bhd ("KMSB"), representing 60% equity interest in KMSB with a total cash consideration of RM16,800,000.00. The Proposed Acquisition is expected to be completed by the forth quarter of 2023.

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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> 30 Jun 2023 RM'000	<u>Audited</u> 31 Dec 2022 RM'000
Short term borrowings:		
Bankers' acceptance	8,931	12,574
Term loans	7,526	7,227
Revolving credits	7,491	7,623
Multi currency trade loan	5,337	4,432
Invoice Financing	3,037	3,264
	<u>32,322</u>	<u>35,120</u>
Long term borrowings:		
Term loans	44,354	45,078
	<u>44,354</u>	<u>45,078</u>
Lease liabilities:		
Current liabilities	3,263	3,717
Non-Current Liabilities	2,651	4,103
	<u>5,914</u>	<u>7,820</u>
	<u>82,590</u>	<u>88,018</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 30 June 2023.

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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>	
	<u>30 Jun 2023</u>	<u>30 Jun 2022</u>	<u>30 Jun 2023</u>	<u>30 Jun 2022</u>
Profit attributable to ordinary shareholders (RM'000)	2,190	603	435	2,946
	<u>2,190</u>	<u>603</u>	<u>435</u>	<u>2,946</u>
Weighted average number of shares in issue ('000)*	110,365	110,019	110,226	110,019
	<u>110,365</u>	<u>110,019</u>	<u>110,226</u>	<u>110,019</u>
Basic EPS (Sen)	<u>1.98</u>	<u>0.55</u>	<u>0.39</u>	<u>2.68</u>

Diluted earnings earnings per share

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>30 Jun 2023</u>	<u>30 Jun 2022</u>	<u>30 Jun 2023</u>	<u>30 Jun 2022</u>
Profit attributable to ordinary shareholders (RM'000)	2,190	603	435	2,946
	<u>2,190</u>	<u>603</u>	<u>435</u>	<u>2,946</u>
Weighted average number of shares in issue ('000)*	110,365	110,019	110,226	110,019
	<u>110,365</u>	<u>110,019</u>	<u>110,226</u>	<u>110,019</u>
Diluted EPS (Sen)	<u>1.98</u>	<u>0.55</u>	<u>0.39</u>	<u>2.68</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 2022 was not subject to any qualification.

B16. Notes to the Statement of Comprehensive Income

	Individual Quarter ended		Cumulative Quarter ended	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after crediting:				
Interest income	(80)	(21)	(171)	(45)
Gain on foreign exchange				
- realised	(472)	(641)	(1,665)	(805)
- unrealised	(1,229)	(841)	(2,401)	(1,323)
Gain on disposal of property, plant and equipment	(24)	-	(26)	(8)
Gain on disposal of right-of-use asset	-	-	-	(78)
and after charging:				
Depreciation and amortisation	2,934	2,943	5,850	5,866
Interest expenses	1,408	1,159	2,879	2,299
Loss on foreign exchange				
- realised	500	366	1,891	793
- unrealised	(4)	-	696	42
Inventories written down	(203)	416	241	659

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.

B17. Authorisation for issue

The interim unaudited financial report was duly reviewed by Audit and Risk Management Committee and approved by the Board of Directors on 10/08/2023.