



## **KHEE SAN BERHAD**

[Registration No.: 199401018697 (304376-A)]  
(Incorporated in Malaysia)

**("KSB" or "the Company")**

**Interim Financial Statements**  
**Fifth Quarter Results**  
**For the Financial Period ended**  
**31 March 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FIFTH QUARTER ENDED 31 MARCH 2020**

	Individual Quarter		Cumulative Quarter	
	Current Period Quarter Ended 31.3.2020 RM'000	Preceding Period Corresponding Quarter Ended 31.3.2019 RM'000	(Unaudited) Current Period- To-Date Ended 31.3.2020 RM'000	(Unaudited) Preceding Period Corresponding Quarter Ended 31.3.2019 RM'000
<b>Revenue</b>	9,380	N/A	138,730	N/A
Cost of sales	(3,988)	N/A	(123,822)	N/A
<b>Gross profit</b>	5,392	N/A	14,908	N/A
Other income	3,355	N/A	3,810	N/A
Selling and distribution costs	(1,290)	N/A	(6,740)	N/A
Administrative expenses	(41,173)	N/A	(116,684)	N/A
Finance costs	(588)	N/A	(4,130)	N/A
<b>Profit before tax</b>	(34,304)	N/A	(108,836)	N/A
Income tax expenses	(272)	N/A	(2,233)	N/A
<b>Profit for the period</b>	(34,576)	N/A	(111,069)	N/A
<b>Other comprehensive income</b>	-	N/A	-	N/A
<b>Total comprehensive income for the period</b>	(34,576)	N/A	(111,069)	N/A
<b>Profit for the financial period attributable to:</b>				
- Owners of the Company	(34,576)	N/A	(111,069)	N/A
- Non-controlling interest	-	N/A	-	N/A
	(34,576)	N/A	(111,069)	N/A
<b>Total comprehensive income attributable to:</b>				
- Owners of the Company	(34,576)	N/A	(111,069)	N/A
- Non-controlling interest	-	N/A	-	N/A
	(34,576)	N/A	(111,069)	N/A
<b>Earnings per share (sen)</b>				
Basic	(30.33)	N/A	(97.43)	N/A
Diluted	N/A	N/A	N/A	N/A

There are no comparative figures disclosed for the current quarter and the cumulative period-to-date results following the change in the financial year from 31 December 2019 to 30 June 2020. The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the period ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2020**

	(Unaudited) As at 31.3.2020 RM'000	(Audited) As at 31.12.2018 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	148,262	176,852
Investment property	-	-
Intangible assets	600	600
	<u>148,862</u>	<u>177,452</u>
<b>Current Assets</b>		
Inventories	6,292	10,288
Trade and other receivables	21,350	115,766
Tax recoverable	103	103
Cash and bank balances	108	19,014
	<u>27,853</u>	<u>145,171</u>
<b>TOTAL ASSETS</b>	<u><u>176,715</u></u>	<u><u>322,623</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	109,790	106,300
Merger reserve	(17,444)	(17,444)
Revaluation reserve	34,728	22,588
Retained earnings	(92,747)	19,466
<b>TOTAL EQUITY</b>	<u>34,327</u>	<u>130,910</u>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Long-term borrowings	662	3,472
Deferred tax liabilities	12,117	11,517
	<u>12,779</u>	<u>14,989</u>
<b>Current Liabilities</b>		
Trade and other payables	55,662	95,843
Short-term borrowings	73,941	80,875
Tax payable	6	6
	<u>129,609</u>	<u>176,724</u>
<b>TOTAL LIABILITIES</b>	<u>142,388</u>	<u>191,713</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>176,715</u></u>	<u><u>322,623</u></u>
Net Assets per Ordinary Share	<u>0.33</u>	<u>1.26</u>

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the period ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

**KHEE SAN BERHAD**

[Registration No.: 199401018697 (304376-A)] Incorporated in Malaysia


**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FIFTH QUARTER ENDED 31 MARCH 2020**

	Attributable to Equity Holders of the Parent Entity				Total RM'000
	Non - Distributable			Distributable	
	Share capital RM'000	Merger reserve RM'000	Revaluation reserve RM'000	Retained earning RM'000	
<b>At 1 January 2019</b>	106,300	(17,444)	22,588	19,466	130,910
Issuance of shares during the period	3,490	-	-	-	3,490
Revaluation surplus	-	-	12,140	-	12,140
Loss for the financial period	-	-	-	(111,069)	(111,069)
Total comprehensive income for the period	109,790	(17,444)	34,728	(91,603)	35,471
Dividend paid	-	-	-	(1,144)	(1,144)
<b>At 31 March 2020</b>	<b>109,790</b>	<b>(17,444)</b>	<b>34,728</b>	<b>(92,747)</b>	<b>34,327</b>

*There are no comparative figures disclosed for the current quarter and the cumulative period-to-date results following the change in the financial year from 31 December 2019 to 30 June 2020. The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the period ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FIFTH QUARTER ENDED 31 MARCH 2020**

	(UNAUDITED) Current year-to- date 31.3.2020 RM'000	(UNAUDITED) Preceding year corresponding period 31.3.2019 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(108,836)	N/A
Adjustment for:		
Deposit written off	120	N/A
Depreciation of property, plant and equipment	7,731	N/A
Impairment loss on trade receivables	85,684	N/A
Impairment on inventory	860	N/A
Interest expenses	4,130	N/A
Loss on disposal of property, plant and equipment	602	N/A
Property, plant and equipment written off	13,455	N/A
Revaluation surplus	12,140	N/A
Unrealised gain on foreign exchange	(1,236)	
Operating profit before changes in working capital	14,650	N/A
Changes in inventories	3,136	N/A
Changes in trade and other receivables	9,848	N/A
Changes in trade and other payables	(40,181)	N/A
Cash used in operations	(12,547)	N/A
Tax paid	(1,663)	N/A
Interest paid	(4,130)	N/A
Net cash used in operating activities	(18,340)	N/A
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(907)	N/A
Proceed from disposal of property, plant and equipment	650	N/A
Net cash generated from investing activities	(257)	N/A
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(1,114)	N/A
Share application monies	3,490	N/A
Net changes in bankers' acceptance	(4,729)	N/A
Repayment of term loans	(4)	N/A
Repayment of finance lease payables	(2,734)	N/A
Net cash used in financing activities	(5,091)	N/A
<b>Net changes in Cash and Cash Equivalents</b>	(23,688)	N/A
<b>Cash and cash equivalents at beginning of the period</b>	17,530	N/A
<b>Cash and cash equivalents at end of the period</b>	(6,158)	N/A
<b>Cash and cash equivalents included in the Unaudited Condensed Consolidated Statement of Cash Flows comprise the following:</b>		
Cash and bank balances	108	N/A
Bank overdrafts	(6,266)	N/A
	(6,158)	N/A

*There are no comparative figures disclosed for the current quarter and the cumulative period-to-date results following the change in the financial year from 31 December 2019 to 30 June 2020. The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the period ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.*

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 MARCH 2019****A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134****A1. BASIS OF PREPARATION**

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 period ended 31 December 2018. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial period ended 30 June 2020.

**A2. SIGNIFICANT ACCOUNTING POLICIES**

In addition to the accounting policies and presentations adopted by the Group for the audited financial statements for the financial period ended 31 December 2018, the Group has further adopted the following MFRS in the interim financial statement, effective from 1 January 2019:

MFRS 16	Leases
Amendments to MFRS 3	Business Combinations <sup>(1)</sup>
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 11	Joint Arrangements <sup>(1)</sup>
Amendments to MFRS 112	Income Taxes <sup>(1)</sup>
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 123	Borrowing Costs <sup>(1)</sup>
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty Over Income Tax Treatments

(1) Amendments to MFRSs contained in the document entitle Annual Improvements to MFRSs 2015-2017 Cycle.

The Group expect that the adoption of the above Standards, Amendments and IC Interpretation are not expected to have any material financial impacts to the current period and prior period financial statements.

**A3. QUALIFICATION OF PRECEDING YEAR'S AUDITED FINANCIAL STATEMENTS**

The Auditors' Report of the financial statements for the preceding financial period ended 31 December 2018 was not subject to any qualification.

**A4. SEASONALITY OR CYCLICALITY OF OPERATIONS**

The business operations of the Group were not significantly affected by any seasonal or cyclical factor.

**A5. EXCEPTIONAL / UNUSUAL ITEMS**

There were no exceptional or unusual items affecting financial statements of the Group for the current quarter under review

**A6. MATERIAL CHANGES IN ESTIMATES**

There were no changes in estimates of amounts reported in prior financial year that have a material effect in the current quarter and financial year-to-date.

**A7. DEBT AND EQUITY SECURITIES**

There were no issuances and repayment of debts and equity securities for current quarter and financial year-to-date.

**A8. DIVIDENDS PAID**

A single-tier Interim Dividend in respect of the financial period ending 30 June 2020 of 1% per ordinary share amounting to RM1,144,000 was declared on 13 May 2019 and paid on 9 August 2019.

**A9. SEGMENTAL REPORTING**

MFRS 8 – *Operating Segment* requires separate reporting of segmental information for operating segments. Operating segments reflect the Group's management structure and the way financial information is regularly reviewed by the Executive Board in making decisions.

Detailed segmental reporting is not provided as the Group's primary business segments is principally engaged in the manufacturing and trading of confectionery, sweets and candies and its operation is principally located in Malaysia.

Segment assets, segment liabilities and capital additions were not disclosed as they were not regularly provided to the chief operating decision maker for the day-to-day operation decision making.

Therefore, the Group's operations can be segmented by business activities namely:

- a) Manufacturing and trading of confectionery, sweets and candies; and
- b) Investment holding

**A9. SEGMENTAL REPORTING**

The segment analysis for the current financial period-to-date:

Segment Revenue and Results	Cumulative Quarter ended 31 March, 2020			
	Investment Holding RM'000	Manufacturing and Trading RM'000	Elimination RM'000	Group (total) RM'000
<b>Revenue</b>				
- Export	-	37,326	-	37,326
- Local	-	101,404	-	101,404
Total revenue	-	<b>138,730</b>	-	<b>138,730</b>
<b>Results : Operating profit</b>	-	<b>(104,706)</b>	-	<b>(104,706)</b>

Segment Revenue and Results	Cumulative Quarter ended 31 March, 2019			
	Investment Holding RM'000	Manufacturing and Trading RM'000	Elimination RM'000	Group (total) RM'000
<b>Revenue</b>				
- Export	N/A	N/A	N/A	N/A
- Local	N/A	N/A	N/A	N/A
Total revenue	N/A	N/A	N/A	N/A
<b>Results : Operating profit</b>	N/A	N/A	N/A	N/A

Reconciliation of reportable segment profit:	Cumulative Quarter	
	31.3.2020 RM'000	31.3.2019 RM'000
Total operating profit for reporting segment	(104,706)	N/A
Finance costs	(4,130)	N/A
<b>Consolidated profit before tax</b>	<b>(108,836)</b>	N/A



**A10. Material Events Subsequent to the end of the Quarterly Period**

There were no material events subsequent to the end of quarter that has not been reflected in the Unaudited Financial Statements for the quarter under review, other than as follows:

- i) On 3 June 2020, the Company announced that it had terminated its earlier proposed Subscription Agreement with Mamee-Double Decker (M) Sdn Bhd and a Rights Issue as the Conditions precedent under the Subscription Agreement had lapsed, and that the parties have mutually agreed not to proceed with the said corporate exercise.

Despite the termination, the Group is currently finalising a corporate restructuring and financial rationalisation exercise which shall be announced in due course.

- ii) On 23 June 2020, the Company announced that it had on 22 June 2020 received a Writ of Summons together with the Statement of Claim ("the Writ of Summons") filed by Alliance Bank Malaysia Berhad on the Company and its wholly-owned subsidiary Khee San Food Industries ("KSFI"), claiming against the Company and KSFI a total sum of RM4,701,013.30, and interests on the sum, reimbursement of plaintiff's legal cost and others. The Company had entered appearance on 22 June 2020.

The Group's Solicitor has advised the Company to file the necessary defence of the Writ of Summons and to proceed with a counterclaim. The Solicitor has given its legal opinion that the probability of success is fair for both in establishing the defence and the success of the counterclaim.

**A11. CHANGES IN THE GROUP'S COMPOSITION**

There were no changes in the composition of the Group for the current quarter and financial year-to-date.

**A12. CONTINGENT ASSETS/LIABILITIES**

Contingent liabilities of the Group as at 31 March 2020 is RM 73.4 million being banking facilities granted to a subsidiary compared to RM 78.6 million as at 31 December 2018.

**B. ADDITIONAL INFORMATION REQUIRED PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES****B1. REVIEW OF THE GROUP PERFORMANCE****Current Quarter against Previous Year Corresponding Quarter (Individual Quarter)**

For the fifth quarter (Jan to March 2020) period, the Group recorded a revenue of RM9.4 million. There is no comparison with the previous year corresponding quarter as the Company changed its financial year-end from 31 December 2019 to 30 June 2020.

Loss before tax during the fifth quarter was RM34.3 million, despite achieving a Gross Profit of RM5.4 million. This is due to RM41.2 million in Administrative Expenses, mainly comprising RM16.8million write-off for Trade and Other Receivables and RM13.5 million in write-down in plant and equipment. There is also a RM7.1 million in reclassification of expenses from Cost of Goods Sold to Administrative expenses to better reflect the cost structure for a manufacturing entity, which the company has also adjusted retrospectively from 1 January 2019.

**B2. COMPARISON WITH PRECEDING QUARTER RESULT (2020 Q5 vs 2020 Q4)**

The Group recorded a revenue of RM9.4 million with loss before tax of RM34.3 million for the current quarter as compared to the revenue of RM9.1 million with loss before tax of RM31.7 million in the preceding quarter ended 31 Dec 2019.

Loss after tax during the quarter under review was RM34.6 million, a drop of RM2.1 million from RM32.5 million recorded during the preceding quarter.

**B3. GROUP'S CURRENT YEAR PROSPECT**

The Group expects the prospects to remain challenging for the remaining quarter (April to June 2020) on the backdrop of the prolonged Covid-19 pandemic which affected sales on both the domestic front as well as export markets.

Nonetheless, the Management believes that the coming financial year will see a slow recovery of the business. It expects the demand for its chewy candies and wafer products to remain stable in the medium to longer term, riding on the Company's established history and quality products. Much emphasis will be put to strengthen its marketing and sales initiatives, which in turn will widen its products reach and distribution network on both the domestic as well as export markets.

Working capital funding is also expected to improve through more stringent collection efforts from trade debtors. As a long-term solution, the Group is embarking a corporate and financial rationalisation exercise to holistically address the outstanding balances with the banks, trade and non-trade creditors, as well as to provide sufficient working capital to further strengthen the Group future cash flow requirements. The Company expects to undertake the corporate exercise in the near term.

**B4. PROFIT FORECAST**

The Group has not issued any profit forecast to the relevant authorities and is not subject to any profit guarantee.

**B5. OPERATING LOSS**

	<b>Current Quarter 31.3.2020 RM'000</b>	<b>Cumulative Quarter 31.3.2020 RM'000</b>
Other income including investment income	(2)	(457)
Interest expenses	589	4,130
Depreciation of property, plant and equipment	1,445	7,731
(Gain) / loss on foreign exchange	(2,289)	(3,353)
	<u>                    </u>	<u>                    </u>

**B6. TAXATION**

Tax expense comprises of the followings:

	<b>Current Quarter ended 31.3.2020 RM'000</b>	<b>Cumulative Quarter ended 31.3.2020 RM'000</b>
<b>Income tax expense</b>		
- Current year	<u>272</u>	<u>1,633</u>
	272	1,633
<b>Deferred tax</b>		
- Current year	<u>-</u>	<u>600</u>
Total income tax expense	<u>272</u>	<u>2,233</u>

**B7. CORPORATE PROPOSAL**

On 2 December 2019, UOB Kay Hian Securities (M) Sdn Bhd (“UOBKH”) has announced on behalf of the Company that the Company has proposed to undertake a corporate proposal involving:

- a) A private placement of 94,000,000 new ordinary shares, representing approximately 45.11% of the total enlarged issued in the Company to Mamee-Double Decker (M) Sdn Bhd (“Proposed Subscription”); and
- b) A renounceable rights issue of 208,400,000 new shares on the basis 1:1 Rights Share for every 1 existing share in the Company held on an entitlement date to be announced later after the completion of the Proposed Subscription (“Proposed Rights Issue”).

However, the Company has on 3 June 2020 announced that the abovementioned corporate exercise had been terminated as the party involved in the exercise could not meet the Conditions Precedent under the Proposed Subscription.

The priority of the board of directors and the obligation of the Management are to safeguard the financial well-being of the Group, while providing equitable financial returns to its shareholders and stakeholders, including its creditors. This will be the guiding principles enshrined in the forthcoming corporate and financial rationalisation exercise. The Company expects to make the requisite announcement through UOBKH once the detail of the corporate structure is finalised.



**B8. GROUP BORROWINGS AND DEBT SECURITIES**

	<b>The Group 31.3.2020 RM'000</b>
<b>Short-term Borrowings:</b>	
Bankers' acceptance	65,741
Finance Lease payables	2,237
Term loans	-
	67,978
	67,978
<b>Long-term Borrowings:</b>	
Finance Lease payables	662
	662

**B9. MATERIAL LITIGATION CHANGES**

Save as those disclosed in all previous announcements, the Company and its subsidiaries are not engaged in any other material litigations, claims or arbitration, either as plaintiff or defendant as at the date of this report. The summary of the litigation disclosed in previous announcements are summarized herein below:-

**1) BANK OF CHINA (MALAYSIA) BERHAD -V- KHEE SAN FOOD INDUSTRIES SDN BHD & KHEE SAN BERHAD (WA-22NCC-425-08/2019)**

On 22 November 2019, the Board had announced that in relation to the announcements made on 8 August 2019, 9 August 2019, 14 August 2019, 15 August 2019 and 30 September 2019, on the default in payment to Bank of China (Malaysia) Berhad ("BOC") wherein parties have appeared before the Kuala Lumpur High Court Judge for a Case Management of the Company's Stay Application, BOC's Application for Summary Judgment and BOC's Striking Out of the Company's Counter Claim.

On 5 December 2019, parties have entered into a consent judgment wherein the terms are recorded as follows: -

- (a) Khee San Food Industries Sdn Bhd ("KSFI") and the Company ("Defendants") shall pay to BOC, a sum of RM16,762,980.85 as at 20 November 2019 with interest thereon at the rate of 1.25% per annum above the Plaintiff's Base Lending Rate ("BLR") which as at 21 November 2019 is at 6.60% per annum (and such BLR which may be fixed from time to time) on daily rests and additional interest of 1.00% per annum thereon from 21 November 2019 until the date of full settlement and costs of RM15,000.00;
- (b) Execution on the judgment under paragraph (1) above is stayed for 6 months on the terms and conditions stated in Messrs. Skrine's letter to Messrs. Krish Maniam & Co ("KMC") dated 5 December 2019 ("Annexure 1") which states as follows:-
  - i) the Defendants shall at their own costs and expenses, create fixed and floating charges over all their assets, movable and immovable properties ("**Assets**") by way of Debenture and National Land Code charge/s in favour of the BOC and its creditor banks (collectively referred to as the "**Creditor Banks**") on *pari passu* basis, which shall be held by HSBC Bank Malaysia Berhad as security holder on behalf of the Creditor Banks, within thirty (30) days from the date of this Order or such extended period as may be unanimously agreed by all Creditor Banks in writing ("**the Securities**").
  - ii) the Defendants shall present a debt restructuring scheme and secure or procure the agreement of all Creditor Banks to such debt restructuring scheme within forty-five (45) days from the date of execution of the Securities at paragraph i above by the Defendants and the Creditor Banks, or such extended period as may be unanimously agreed by all Creditor Banks in writing ("**Debt Restructuring Agreement**");

- iii) the debt restructuring scheme shall take a period of six (6) months to be completed from the date of the execution of the Securities at paragraph (i) above or such extended period as may be unanimously agreed by all Creditor Banks in writing;
- iv) there shall be no occurrence of any event of default as stipulated in the Securities and/or the Debt Restructuring Agreement created pursuant to paragraphs i and ii above.

On 15 January 2020, the Company's solicitors, KMC, had attended court for clarification with the learned High Court Judge in relation to the consent judgment dated 5 December 2019 as BOC's solicitors, Messrs Skrine ("Skrine") refuted that the Creditor Banks accepted the terms of their own letter and insisted that the terms only apply to BOC in exclusion of the other creditor banks and no settlement was achieved, thereby violating the consent judgment.

Hence, on 22 January 2020, the Company had instructed KMC to file an application to Set Aside the Consent Judgment dated 5 December 2019 together with an application to Stay the Execution of the Consent Judgment dated 5 December 2019 pending disposal of the matter wherein the hearing date of the above applications had been fixed on 24 July 2020.

**2) ACL COMFORT AIRCOND SDN BHD -V- KHEE SAN FOOD INDUSTRIES SDN BHD (JA-A72NCvC-1282-12/2019)**

On 21 February 2020, the Board had made the announcement that its wholly own subsidiary, KSFI has received a Writ of Summon and a Statement of Claim filed by Messrs. S K Song, the solicitors for ACL Comfort Air-Cond Sdn Bhd for the outstanding payments of which the Company would be contesting the claim as it was purchased by London Biscuits Berhad previously.

On 24 February 2020, the Company had instructed KMC to file an application to transfer the proceeding from Magistrate Johor Bahru to Magistrate Kajang as KSFI's place of business is in Seri Kembangan.

On 27 May 2020, the Board had made the announcement that the civil suit between ACL Comfort Air-Cond Sdn. Bhd. against KSFI had been fully resolved and the Plaintiff had withdrawn their claim.

**3) ALLIANCE BANK MALAYSIA BERHAD -V- KHEE SAN FOOD INDUSTRIES SDN BHD & KHEE SAN BERHAD (WA-22NCC-71-02/2020)**

The Company had on 22nd June 2020, received a Writ of Summons together with the Statement of Claim filed by Messrs. Benjamin Dawson.

KMC accepted service and had duly filed the memorandum of appearance on 22 June 2020 to represent the Company.

The Court had on 23 June 2020 directed that the Company's defence is to be filed on or before 14 July 2020.

The next case management would be held on 18 August 2020 for further directions.

**B9A. THE PROBABILITY OF SUCCESS**

- 1) **BANK OF CHINA (MALAYSIA) BERHAD -V- KHEE SAN FOOD INDUSTRIES SDN BHD & KHEE SAN BERHAD (WA-22NCC-425-08/2019)**
- 2) **ALLIANCE BANK MALAYSIA BERHAD -V- KHEE SAN FOOD INDUSTRIES SDN BHD & KHEE SAN BERHAD (WA-22NCC-71-02/2020)**

For the above cases, the Company's lawyers, KMC opined that there is a high probability of success and had appointed an additional professional to obtain expert evidence for the cases to commensurate the Company's position in the defence and counterclaim. There is sufficient causation to show that the claims made by the Banks are flawed and if so, giving rise to a substantial counter-claim.

**B10. PROPOSED DIVIDEND**

The directors did not declare any interim dividend for the financial quarter under review.

**B11. EARNINGS PER ORDINARY SHARE ("EPS")**

**(a) Basic earnings per share**

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders over the weighted average number of ordinary shares in issue during the period.

	Current Quarter		Cumulative Quarter	
	31.3.2020	31.3.2019	31.3.2020	31.3.2019
Net profit attributable to ordinary shareholders ( <i>RM'000</i> )	(34,576)	N/A	(111,069)	N/A
Weighted average number of ordinary shares - in units ('000)	114,000	N/A	114,000	N/A
<b>Basic EPS (<i>sen</i>)</b>	<b><u>(30.33)</u></b>	<b><u>N/A</u></b>	<b><u>(97.43)</u></b>	<b><u>N/A</u></b>

**BY ORDER OF THE BOARD  
KHEE SAN BERHAD**

**PROF. DR. HJ. MOHD AMY AZHAR BIN MOHD HARIF  
AUDIT COMMITTEE CHAIRMAN**

29 June 2020