



KHEE SAN BERHAD

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

("KSB" or "the Company")

Interim Financial Statements
First Quarter Results
For the Financial Year ending
30 June 2024

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023**

	Individual Quarter 3 months ended 30 September (Unaudited)		Cumulative Quarter 3 months ended 30 September (Unaudited)	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	12,524	14,261	12,524	14,261
Cost of sales	(9,265)	(11,804)	(9,265)	(11,804)
Gross Profit	<u>3,259</u>	<u>2,457</u>	<u>3,259</u>	<u>2,457</u>
Other income	283	221	283	221
Distribution expenses	(67)	(27)	(67)	(27)
Administrative expenses	(3,096)	(2,852)	(3,096)	(2,852)
Other expenses	(9)	(5)	(9)	(5)
Operating profit/(loss)	<u>370</u>	<u>(206)</u>	<u>370</u>	<u>(206)</u>
Finance cost	(1)	(1,798)	(1)	(1,798)
Profit/(Loss) before tax	<u>369</u>	<u>(2,004)</u>	<u>369</u>	<u>(2,004)</u>
Income tax expense	-	-	-	-
Profit/(Loss) for the financial period	<u>369</u>	<u>(2,004)</u>	<u>369</u>	<u>(2,004)</u>
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the financial period	<u>369</u>	<u>(2,004)</u>	<u>369</u>	<u>(2,004)</u>
Profit/(Loss) for the financial period attributable to:				
Owners of the Company	<u>369</u>	<u>(2,004)</u>	<u>369</u>	<u>(2,004)</u>
Total comprehensive income/(loss) attributable to:				
Owners of the Company	<u>369</u>	<u>(2,004)</u>	<u>369</u>	<u>(2,004)</u>
Profit/(Loss) per Share (Sen)				
Basic	<u>0.27</u>	<u>(1.46)</u>	<u>0.27</u>	<u>(1.46)</u>
Diluted	<u>0.27</u>	<u>(1.46)</u>	<u>0.27</u>	<u>(1.46)</u>

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

	(Unaudited) As at 30.09.2023 RM'000	(Audited) As at 30.06.2023 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	53,521	54,140
Right-of-use assets	766	846
Intangible assets	-	-
Total Non-Current Assets	<u>54,287</u>	<u>54,986</u>
Current Assets		
Inventories	10,346	9,160
Trade receivables	2,620	1,872
Other receivables, deposits and prepayments	1,366	2,277
Cash and bank balances	2,084	2,337
Total Current Assets	<u>16,416</u>	<u>15,646</u>
Total Assets	<u><u>70,703</u></u>	<u><u>70,632</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	112,192	112,192
Reserves	(189,236)	(189,605)
Total Equity	<u>(77,044)</u>	<u>(77,413)</u>
Non-Current Liabilities		
Lease liabilities	252	280
Deferred tax liabilities	3,628	3,628
Total Non-Current Liabilities	<u>3,880</u>	<u>3,908</u>
Current Liabilities		
Trade payables	17,356	17,311
Other payables and accruals	44,497	44,740
Amount due to directors	5,333	5,364
Loans and borrowings	75,456	75,456
Lease liabilities	1,225	1,266
Total Current Liabilities	<u>143,867</u>	<u>144,137</u>
Total Liabilities	<u>147,747</u>	<u>148,045</u>
Total Equity and Liabilities	<u><u>70,703</u></u>	<u><u>70,632</u></u>
Net Liabilities per Ordinary Share (sen)	(56.39)	(56.39)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023**

	Share Capital RM'000	Non-Distributable Merger Reserves RM'000	Revaluation Reserves RM'000	Distributable Accumulated losses RM'000	Total RM'000
As at 1 July 2023	112,192	(17,444)	32,654	(204,815)	(77,413)
Total comprehensive income for the financial period	-	-	-	369	369
As at 30 September 2022	112,192	(17,444)	32,654	(204,446)	(77,044)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023**

	Unaudited	
	3 months ended 30 September	
	2023	2022
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	369	(2,004)
Adjustments for:-		
Depreciation of property, plant and equipment	614	778
Depreciation of right-of-use assets	80	67
Finance costs	1	1,798
Gain on disposal of property, plant and equipment	(259)	-
Impairment loss on trade receivables	13	-
Unrealised gain on foreign exchange	(10)	(93)
Operating profit/(loss) before changes in working capital	<u>808</u>	<u>546</u>
Changes in working capital:		
Inventories	(1,186)	936
Trade receivables	(670)	135
Other receivables	1,010	(413)
Trade payables	(54)	1,678
Other payables	(324)	(2,149)
Amount due to directors	(31)	(25)
Cash (used in)/generated from operations	<u>(447)</u>	<u>708</u>
Interest paid	(1)	(1,798)
Net cash used in operating activities	<u>(448)</u>	<u>(1,090)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceed from disposal of property, plant and equipment	300	-
Purchase of property, plant and equipment	(36)	(42)
Net cash from/(used in) investing activities	<u>264</u>	<u>(42)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of loans and borrowings	-	(79)
Repayment of lease liabilities	(69)	(29)
Net cash used in financing activities	<u>(69)</u>	<u>(108)</u>
Net Changes in Cash and Cash Equivalents	(253)	(1,240)
Cash and Cash Equivalents at beginning of the period	(7,268)	(7,507)
Cash and Cash Equivalents at the end of the period	<u>(7,521)</u>	<u>(8,747)</u>
Cash and Cash Equivalents comprise the following: -		
Cash and bank balances	2,084	1,089
Bank overdraft	(9,605)	(9,836)
	<u>(7,521)</u>	<u>(8,747)</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134

A1. BASIS OF PREPARATION

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board and with paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2023. The 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 30 June 2023.

A2. SIGNIFICANT ACCOUNTING POLICIES

As of 1 July 2023, the Group adopted the following Amendments to MFRSs which have been issued by the Malaysian Accounting Standards Board (“MASB”):

MFRSs, and amendments effective for annual periods beginning on or after 1 January 2023:

- MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 - Comparative Information
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies
- Amendments to MFRS 108, Accounting Policies – Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to MFRS 112, Income Taxes – International Tax Reform – Pillar Two Model Rules

The Group expects that the adoption of the above standards and amendments do not have any material impact on the current period or prior period financial statements.

The following are accounting standards and amendments of the MFRSs framework that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group:

MFRSs, and amendments effective for annual periods beginning on or after 1 January 2024:

- Amendments to MFRS 7, Financial Instruments: Disclosures
- Amendments to MFRS 16, Leases - Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, Presentation of Financial Statements - Non-current Liabilities with Covenants
- Amendments to MFRS 107, Statement of Cash Flows – Supplier Finance Arrangements

A2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

MFRSs, and amendments effective for annual periods beginning on or after a date yet to be confirmed:

- Amendments to MFRS 10, Consolidated Financial Statements and Amendments to MFRS 128, Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group plans to apply the abovementioned accounting standards and amendments in the respective financial year when the above accounting standards and amendments become effective, if applicable.

A3. QUALIFICATION OF PRECEDING YEAR'S AUDITED FINANCIAL STATEMENTS

The auditors have expressed a qualified opinion on material uncertainty related to going concern, in respect of the Company's audited financial statements for the financial year ended 30 June 2023 in their report dated 17 October 2023. The basis for qualified opinion by the auditors were as follows:

- i. For the financial year ended 30 June 2023, As of that date, the Group and the Company incurred accumulated loss of RM204,814,873 and RM13,672,100 respectively and the Group's and the Company's current liabilities exceeded their current assets by RM128,490,602 and RM4,983,337 respectively.
- ii. On 18 November 2021, the Company announced that it is an affected listed issuer under Practice Note (PN) 17 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") ("Bursa Securities"). The Company had triggered the Prescribed Criteria pursuant to paragraph 8.04 of the MMLR and paragraph 2.1(b) of PN17 and shall submit a Regularisation Plan to relevant regulatory authorities to regularise its financial condition within 12 months from 18 November 2021. Bursa Securities had voided its letter dated 20 December 2022 and 12 June 2023 respectively, granted the Company extension of time of 12 months up to 17 November 2023 to submit its Regularisation Plan.

The above events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern and therefore, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business.

Nevertheless, the financial statements of the Group and of the Company have been prepared on a going concern basis, the validity of which is dependent on the following: -

- a. On 18 July 2023, the Company submitted the Regularisation Plan to Bursa Securities which entails a scheme of arrangement to address the financial condition of the Group and of the Company and believes that the Regularisation Plan once implemented after obtaining the approval from relevant regulatory authorities, will enable the Group and the Company to generate sufficient cash flows to meet their obligations and continue sustainable and viable operations; and
- b. Continuous financial support provided by substantial shareholders to the Group and the Company to meet their obligations.

A3. QUALIFICATION OF PRECEDING YEAR'S AUDITED FINANCIAL STATEMENTS (Cont'd)

However, as at the date of this report, we have not been able to obtain sufficient appropriate audit evidence regarding the ability of the Group and the Company to successfully implement the regularisation plan as it has yet to be approved by the relevant regulatory authorities.

Should the going concern basis for the preparation of the financial statements be no longer appropriate, adjustments will have to be made to state the assets at their realisable values and to provide for further liabilities which may arise.

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

A4. SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS

The Group's business operation results for the current quarter under review were not materially affected by any seasonal or cyclical factor.

A5. NATURE AND UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group for the current quarter under review.

A6. NATURE AND CHANGES IN ESTIMATES

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

A7. DEBT AND EQUITY SECURITIES

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

A8. DIVIDENDS PAID

There were no dividends paid during the quarter under review.

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 Group's chief operating decision maker, which is defined as the Executive Board. The Group's operations can be segmented by business activities namely:

- a) Investment holding
- b) Manufacturing and sale of confectionery; and
- c) Trading of confectionery

The Group's segment analysis for the current financial period-to-date is as below:

	Investment Holding RM'000	Manufacturing RM'000	Trading RM'000	Elimination RM'000	Total RM'000
<u>3 months ended 30 September 2023</u>					
Revenue					
Revenue from external customers	-	12,516	8	-	12,524
Total revenue	-	12,516	8	-	12,524
Results					
Operating (loss)/profit	(1,000)	1,377	(7)	-	370

3 months ended 30 September 2022

Revenue					
Revenue from external customers	-	13,688	573	-	14,621
Total revenue	-	13,688	573	-	14,621
Results					
Operating (loss)/profit	(317)	263	(152)	-	(206)

	3 months ended 30 September	
	2023 RM'000	2022 RM'000
<u>Reconciliation of reportable segment profit/(loss)</u>		
Total operating profit/(loss) for reporting segment	370	(206)
Finance costs	(1)	(1,798)
Profit/(Loss) before tax	369	(2,004)

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 financial statements.

A11. CHANGES IN THE GROUP'S COMPOSITION

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

A12. CONTINGENT ASSETS/LIABILITIES

- 1) There were no significant changes in contingent assets and liabilities since 30 June 2023 (audited annual accounts).
- 2) Contingent asset of the Group as at 30 September 2023 is RM2 million being disputed sum taken by Former Interim Judicial Manager.
- 3) Contingent liabilities of the Group as at 30 September comprise as follow:

	RM
Outstanding legal fees claimed by a third party	1,176,000
Unsecured corporate guarantee issued to bank for bank facilities granted to subsidiary company	<u>75,456,069</u>
	<u><u>76,632,669</u></u>

B. ADDITIONAL INFORMATION REQUIRED PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES
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B1. PERFORMANCE REVIEW FOR CURRENT QUARTER (Q1, 2024 VS Q1, 2023)

	3 months ended 30 September		Changes	
	2023 RM million	2022 RM million	RM million	%
Revenue	12.5	14.3	(1.8)	(12.6)
Operating profit/(loss) before interest and tax	0.4	(0.2)	0.6	300.0
Profit/(Loss) before tax	0.4	(2.0)	2.4	120.0
Profit/(Loss) for the period	0.4	(2.0)	2.4	120.0

The Group achieved revenue of RM12.5 million for the current quarter ended 30 September 2023 and an decrease of 12.6% or RM1.8 million as compared with the corresponding quarter ended 30 September 2022. The decrease is due to declined market demand from export market.

The Group recorded profit before tax of RM0.4 million in the quarter under review as compared with loss before tax of RM2.0 million recorded in the corresponding quarter (Q1, 2023). This is mainly due to improved profit margin from 17.2% to 26.0% and reduction of finance cost by RM1.8 million.

B2. PERFORMANCE REVIEW WITH IMMEDIATE PRECEDING QUARTER (Q1, 2024 VS Q4, 2023)

	Current quarter 30.09.2023 RM million	Immediate preceding quarter 30.06.2023 RM million	Changes	
			RM million	%
Revenue	12.5	11.0	1.5	13.6
Operating profit before interest and tax	0.4	0.2	0.2	100.0
Profit before tax	0.4	0.2	0.2	100.0
Profit for the period	0.4	1.5	(1.1)	(73.3)

The Group recorded higher revenue of RM12.5 million as compared with immediate preceding quarter of RM11.0 million and this is mainly due to improved sales order from export market.

The Group recorded Profit before tax of RM0.4 million as compared with immediate preceding quarter of RM0.2 million was recorded mainly due to gain on disposal of property, plant and equipment of RM0.3 million and improved profit margin from 23.1% to 26.0%.

B3. GROUP'S PROSPECT

The Group will continue its efforts to improve operational efficiency to meet current challenging operating environment in year 2024 due to global economic headwinds.

The Group continues to expand its market share particularly in its overseas footprint with the appointment of new distributors in both modern distribution channel or wholesale channel. The Group also continues to develop new products such as its "Beyond" brand series which are categorised as vegan chewy candy, which was launched in the market in October 2023.

The Group is confident to achieve positive operating results after the completion of proposed business Regularisation Plan and the proposed scheme of arrangement (SOA) which has been submitted to Bursa Securities on 18 July 2023.

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 PROFIT/(LOSS)

	3 months ended 30 September	
	2023	2022
	RM'000	RM'000
Depreciation of property, plant and equipment	614	778
Depreciation of right-of-use assets	80	67
Gain on disposal of property, plant and equipment	(259)	-
Impairment loss on trade receivable	13	-
Interest expense	1	1,798
Realised (gain)/loss on foreign exchange	(50)	58
Unrealised gain on foreign exchange	(10)	(93)

B6. TAXATION

Tax expense/(credit) comprises of the followings:

	3 months ended 30 September	
	2023	2022
	RM'000	RM'000
Income tax expense		
- Current period	-	-
- Under provision in previous financial period	-	-
Deferred tax		
- Current period	-	-
- Over provision in previous financial period	-	-
Total income tax credit	-	-

B7. CORPORATE PROPOSAL

On 20 December 2022, Bursa Securities has granted the Company an extension of time of six (6) months up to 17 May 2023 for the Company to submit its Regularisation Plan to the regulatory authorities.

The Company had on 9 May 2023 made a requisite announcement to regularize its financial condition in accordance with Paragraph 8.04(3) of the Listing Requirements.

In addition to the requisite announcement, Company had received approval on 12 June 2023 from Bursa Securities for a further extension of time of six (6) months up to 17 November 2023 to submit its regularization plan.

The Company had on 18 July 2023 submitted the Regularisation Plan to Bursa Securities.

B8. GROUP BORROWINGS AND DEBT SECURITIES (UNSECURED)

	As at 30.09.2023 RM'000	As at 30.09.2022 RM'000
Short-term Borrowings:		
Bankers' acceptance	65,851	65,851
Bank overdraft	9,605	9,836
Term Loan	-	215
	<u>75,456</u>	<u>75,902</u>

B9. MATERIAL LITIGATION

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: -

a) List of litigation matters for KSFI & KSB (Judicial Management Application)

No.	Suit No:	Applicant	Respondent	Application filed by (Applicant)	Application filed by (Respondent or other Proposed Intervener)	Hearing / Case Management Date	Decision Date	Appeal/Stay of Execution
1.	KLHC Suit No: WA-28JM-21-11/2021	Maybank Islamic Berhad	Khee San Food Industries Sdn Bhd ("KSFI")		<p>Enclosure 47 (KSB's Notice of Application to Intervene)</p> <p>Enclosure 57 (Tunai Impian's Notice of Application to Intervene)</p> <p>Enclosure 157 (Interim Judicial Manager's Notice of Application for Remuneration)</p> <p>Enclosure 288 (Former Interim Judicial Manager's Notice of Application to Vary Court Order)</p>	Hearing for Enclosure 288 has been fixed for 29.11.2023.	<p>Enclosure 1 has been dismissed by the Honourable Court on 1.9.2022.</p> <p>Enclosure 157 has been dismissed by the Honourable Court on 20.3.2023.</p>	<p>On 21.3.2023, the Former Interim Judicial Manager appeal against the decision for Enclosure 157 in the Court of Appeal vide Appeal No. W-02(IM)-475-03/2023 and the hearing of Enclosure 1 has been fixed on 6 December 2023.</p>

B9. MATERIAL LITIGATION (Cont'd)

b) List of litigation matters for KSFI & KSB (Judicial Management Application- APPEAL)

No.	Appeal No:	Appellant	Respondent	Application filed by (Appellant)	Application filed by (Respondent)	Hearing / Case Management Date	Decision Date	Appeal/Stay of Execution
1.	COA Appeal No. W-02(IM)-475-03/2023	KSFI	Maybank Islamic Berhad & Ors	Notice of Appeal filed by the Former Interim Judicial Manager under the capacity of Khee San Food Industries Sdn Bhd on 21.3.2023 (Enclosure 1)	-	Case-Management for Enclosure 1 has been fixed for 22.11.2023. Hearing for Enclosure 1 has been fixed on 6.12.2023	-	-

c) List of litigation matters for Khee San Berhad (“KSB”), Khee San Food Industries Sdn Bhd (“KSFI”), Khee San Marketing Sdn Bhd (“KSM”) and Mega Global Confectionary Sdn Bhd (“MGC”) (Scheme of Arrangement, “Scheme E” withdrawal of support)

No.	Suit No:	Applicant / Plaintiff	Respondent / Defendant	Prayer/Application filed by (Applicant)	Application filed by (Respondent)	Hearing / Case Management Date	Decision Date	Appeal/Stay of Execution
1.	KLHC Originating Summons No.WA-24NCC-371-07/2023	Tunai Impian Enterprise Sdn Bhd (“Tunai”)	KSB, KSFI, KSM and MGC	Tunai prays for declarations that it had withdrawn its support for KSB Group’s Scheme of Arrangement and an order to consequently set aside the Court’s Sanction order dated 21.12.2022 vide Originating Summons No. WA -24NCC-1067-12/2022	No application by the Respondent. However, two of the creditors, HSBC Bank Malaysia Berhad and Alliance Bank Malaysia Berhad applied to intervene on 30.10.2023.	Next case management is fixed on 30.11.2023. The hearing has been fixed on 16.1.2024.	-	-

B9. MATERIAL LITIGATION (Cont'd)**d) List of litigation matters for Khee San Berhad ("KSB") (Outstanding legal fee claim)**

No.	Suit No:	Applicant / Plaintiff	Respondent / Defendant	Prayer/Application filed by (Applicant)	Application filed by (Respondent)	Hearing / Case Management Date	Decision Date	Appeal/Stay of Execution
1.	KLHC Originating Summon No. WA-24NCvC-4185-09/2023	Messrs Dennis Nik & Wong ("DNW")	KSB	DNW applied for leave to commence an action against KSB for the purported outstanding legal fee of RM1,176,000.00 on 20.09.2023	-	The hearing has been fixed on 23.1.2024.	-	-

B9A. THE PROBABILITY OF SUCCESS

1. MAYBANK ISLAMIC BERHAD -V- KHEE SAN FOOD INDUSTRIES SDN BHD (WA-28JM-21-11/2021)
2. KHEE SAN FOOD INDUSTRIES SDN BHD -V- MAYBANK ISLAMIC BERHAD & ORS (W-02(IM)-475-03/2023)

On 7.4.2023, the Former Interim Judicial Manager of Khee San Food Industries Sdn Bhd (“FIJM”) had filed a Notice of Application to Vary the Court Order for Enclosure 157 (“Enclosure 288”) in the Honourable High Court vide Suit No. WA-28JM-21-11/2021 to seek an order to deduct the FIJM’s solicitors’ fees, i.e. Messrs Zaid Ibrahim & Co’s invoice and a payment to the Agensi Pekerjaan Iramuara Maju Sdn Bhd, for a total sum of RM of RM 432,167.08 against the Stakeholding Monies, i.e. RM2,000,000.00 wherein the hearing for Enclosure 288 has been fixed for 29.11.2023.

For the above matter, the company’s solicitors, Messrs Krish Maniam & Co, is of the view that the fair chance of success is in favour of Khee San Food Industries Sdn Bhd and Khee San Berhad.

In so far as the appeal goes, Messrs Krish Maniam & Co had raised a preliminary objection that the Appellant before this Honourable Panel is Khee San Food Industries Sdn Bhd, but Messrs Zaid Ibrahim & Co (“ZICO”) without the consent of Khee San Food Industries Sdn Bhd has lodged an appeal under the name of Khee San Food Industries Sdn Bhd purporting to act for the FIJM, who is no longer in control of Khee San Food Industries Sdn Bhd since 1.9.2022 whereas the appeal was lodged on 21.3.2023.

Hence, the appeal has been fixed for disposal before the Honourable Panel on 6.12.2023.

For the above matter, the company’s solicitors, Messrs Krish Maniam & Co, is of the view that the fair chance of success is in favour of Khee San Food Industries Sdn Bhd and Khee San Berhad.

3. TUNAI IMPIAN ENTERPRISE SDN. BHD. -V- KHEE SAN BERHAD, KHEE SAN FOOD INDUSTRIES SDN BHD, KHEE SAN MARKETING SDN BHD AND MEGA GLOBAL CONFECTIONARY SDN BHD

KUALA LUMPUR HIGH COURT ORIGINATING SUMMONS NO.: WA-24NCC-371-07/2023

A. Description & Status

- (a) On 9.7.2023, Tunai Impian Enterprise Sdn Bhd (“Tunai”) initiated an action against Khee San Berhad, Khee San Food Industries Sdn Berhad, Khee San Marketing Sdn Bhd and Mega Confectionary Global Sdn Bhd (collectively “KSB Group”) for, amongst others, a declaration that Tunai had withdrawn its support for KSB Group’s Scheme of Arrangement and an order to consequently set aside the Court’s Sanction order dated 21.12.2022 *vide* Originating Summons No. WA-24NCC-1067-12/2022.
- (b) On 30.10.2023, HSBC Bank Malaysia Berhad and Alliance Bank Malaysia Berhad applied to intervene and oppose the originating summons.
- (c) The future court appointment date and deadlines are as follows:
 - (i) parties to file affidavit in response to the intervener application (if any) by 30.11.2023; and
 - (ii) next case management is fixed on 30.11.2023; and
 - (iii) the hearing of the originating summons is fixed on 16.1.2024.

B9A. THE PROBABILITY OF SUCCESS (Cont'd)

3. TUNAI IMPIAN ENTERPRISE SDN. BHD. -V- KHEE SAN BERHAD, KHEE SAN FOOD INDUSTRIES SDN BHD, KHEE SAN MARKETING SDN BHD AND MEGA GLOBAL CONFECTIONARY SDN BHD (Cont'd)

B. Amount Involved

Tunai is not seeking any monetary claim against KSB Group save for costs.

C. Opinion on Probable Outcome

KSB Group has a fair chance in resisting OS 371 due to, amongst others, the following reasons:

- (i) the Court has limited supervisory jurisdiction over the setting aside of the sanction order which has been agreed by parties through court convened meetings;
 - (ii) Tunai is estopped from withdrawing their support to the scheme;
 - (iii) Tunai's allegation that KSB Group is unable to comply with the explanatory statement is premature as the "effective date" under the explanatory statement has not reached, and that a regularization plan has been submitted to Bursa to regulate KSB's businesses; and
 - (iv) Tunai's allegation that KSB failed to provide any consideration pursuant to the consent judgment dated 3.6.2021 is misconceived as it has been superseded by the explanatory statement approved by Tunai.
4. MESSRS DENNIS NIK & WONG-V-KHEE SAN BERHAD KUALA LUMPUR HIGH COURT ORIGINATING SUMMONS NO.: WA-24NCVC-4185-09/2023

A. Description & Status

- (a) On 20.9.2023, Messrs. Dennis, Nik & Wong ("DNW") initiated an action against Khee San Berhad ("KSB"), for, amongst others, legal fees amounting to RM1,176,600.00 for work done in respect of KSB Group's Scheme of Arrangement.
- (b) The future court appointment date and deadlines are as follows:
 - (i) parties to exchange and file the written submissions by 26.12.2023;
 - (ii) parties to exchange and file the reply submissions by 9.1.2024; and
 - (iii) the hearing is fixed on 23.1.2024.

B. Amount Involved

The amount claimed by DNW is RM1,176,600.00 (including SST).

B9A. THE PROBABILITY OF SUCCESS (Cont'd)

4. MESSRS DENNIS NIK & WONG-V-KHEE SAN BERHAD KUALA LUMPUR HIGH COURT ORIGINATING SUMMONS NO.: WA-24NCVC-4185-09/2023 (Cont'd)

C. Opinion on Probable Outcome

KSB has a fair chance in resisting this action due to, amongst others, the following reasons:

- (i) There is no agreement to the purported outstanding legal fees between parties.
- (ii) Sections 116 (1) & (2) of the Legal Profession Act 1976 require an agreement of fees to be signed by KSB and Rule 9.01(2) of the Rules and Rulings of the Bar Council Malaysia require a bill of costs tabulating work done to be produced by DNW for the claimed amount.

In any event, KSB has fully paid the agreed legal fees to DNW where official receipts were issued by DNW.

B10. PROPOSED DIVIDEND

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

B11. EARNINGS/(LOSS) PER ORDINARY SHARE ("EPS"/"LPS")**Basic earnings/(loss) per share**

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

	Current Quarter		Cumulative Quarter	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Net profit/(loss) attributable to ordinary shareholders (RM'000)	369	(2,004)	369	(2,004)
Weighted average number of ordinary shares - in units ('000)	137,280	137,280	137,280	137,280
Basic Profit/(Loss) Per Share (sen)	0.27	(1.46)	0.27	(1.46)

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

**MOHANADAS A/L K.P.BALAN
AUDIT COMMITTEE CHAIRMAN
29 November 2023**