



KHEE SAN BERHAD

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

("KSB" or "the Company")

Interim Financial Statements
Fourth Quarter Results
For the Financial Year ended
30 June 2024

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 30 JUNE 2024**

	Individual Quarter 3 months ended 30 June (Unaudited)		Cumulative Quarter 12 months ended 30 June (Unaudited)	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	11,389	10,949	52,253	55,603
Cost of sales	<u>(8,388)</u>	<u>(8,409)</u>	<u>(38,786)</u>	<u>(43,807)</u>
Gross Profit	3,001	2,540	13,467	11,796
Other income	64	271	536	2,418
Distribution expenses	(146)	(28)	(638)	(106)
Administrative expenses	(2,794)	(2,486)	(12,366)	(11,187)
Impairment losses/ (reversal)	(14)	111	(172)	(30)
Other expenses	<u>(5)</u>	<u>(164)</u>	<u>(24)</u>	<u>(179)</u>
Operating profit	106	244	803	2,712
Finance cost	<u>(4)</u>	<u>(27)</u>	<u>(19)</u>	<u>(1,837)</u>
Profit before tax	102	217	784	875
Income tax expense	<u>-</u>	<u>1,311</u>	<u>-</u>	<u>851</u>
Profit for the financial period	102	1,528	784	1,726
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the financial period	<u>102</u>	<u>1,528</u>	<u>784</u>	<u>1,726</u>
Profit for the financial period attributable to:				
Owners of the Company	<u>102</u>	<u>1,528</u>	<u>784</u>	<u>1,726</u>
Total comprehensive income attributable to:				
Owners of the Company	<u>102</u>	<u>1,528</u>	<u>784</u>	<u>1,726</u>
Profit per Share (Sen)				
Basic	<u>0.07</u>	<u>1.11</u>	<u>0.57</u>	<u>1.26</u>
Diluted	<u>0.07</u>	<u>1.11</u>	<u>0.57</u>	<u>1.26</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

	(Unaudited) As at 30.06.2024 RM'000	(Audited) As at 30.06.2023 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	51,898	54,140
Right-of-use assets	468	846
Intangible assets	-	-
Total Non-Current Assets	<u>52,366</u>	<u>54,986</u>
Current Assets		
Inventories	11,429	9,160
Trade receivables	2,491	1,872
Other receivables, deposits and prepayments	1,446	2,277
Cash and bank balances	4,182	2,337
Total Current Assets	<u>19,548</u>	<u>15,646</u>
Total Assets	<u><u>71,914</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	(188,821)	(189,605)
Total Equity	<u>(76,629)</u>	<u>(77,413)</u>
Non-Current Liabilities		
Lease liabilities	154	280
Deferred tax liabilities	3,628	3,628
Total Non-Current Liabilities	<u>3,782</u>	<u>3,908</u>
Current Liabilities		
Trade payables	17,925	17,311
Other payables and accruals	44,841	44,740
Amount due to directors	5,316	5,364
Loans and borrowings	75,456	75,456
Lease liabilities	1,223	1,266
Total Current Liabilities	<u>144,761</u>	<u>144,137</u>
Total Liabilities	<u>148,543</u>	<u>148,045</u>
Total Equity and Liabilities	<u><u>71,914</u></u>	<u><u>70,632</u></u>
Net Liabilities per Ordinary Share (sen)	(55.82)	(56.39)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 30 JUNE 2024**

	← Non-Distributable →				
	Share Capital RM'000	Merger Reserves RM'000	Revaluation Reserves RM'000	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	-	-	-	784	784
As at 30 June 2024	112,192	(17,444)	32,654	(204,031)	(76,629)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FOURTH QUARTER ENDED 30 JUNE 2024**

	Unaudited	
	12 months ended 31 June	
	2024	2023
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	784	875
Adjustments for:-		
Depreciation of property, plant and equipment	2,620	2,962
Depreciation of right-of-use assets	432	265
Finance costs	19	1,837
Gain on disposal of property, plant and equipment	(269)	-
Impairment loss on inventories	34	-
Impairment loss on trade receivables	179	196
Reversal of impairment loss on trade receivables	(41)	(166)
Waiver of borrowing interests	-	(1,883)
Unrealised gain on foreign exchange	(150)	(81)
Operating profit before changes in working capital	3,608	4,005
Changes in working capital:		
Inventories	(2,303)	(3,647)
Trade receivables	(607)	1,170
Other receivables	831	(154)
Trade payables	614	715
Other payables	101	394
Amount due to directors	(48)	253
Cash generated from operations	2,196	2,736
Interest paid	(19)	(1,837)
Net cash from operating activities	2,177	899
CASH FLOW FROM INVESTING ACTIVITIES		
Proceed from disposal of property, plant and equipment	310	-
Purchase of property, plant and equipment	(419)	(257)
Net cash used in investing activities	(109)	(257)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of loans and borrowings	-	(294)
Repayment of lease liabilities	(223)	(109)
Net cash used in financing activities	(223)	(403)
Net Changes in Cash and Cash Equivalents	1,845	239
Cash and Cash Equivalents at beginning of the period	(7,268)	(7,507)
Cash and Cash Equivalents at the end of the period	(5,423)	(7,268)
Cash and Cash Equivalents comprise the following: -		
Cash and bank balances	4,182	2,337
Bank overdraft	(9,605)	(9,605)
	(5,423)	(7,268)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2024

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

MFRSs, and amendments effective for annual periods beginning on or after 1 January 2025:

- Amendments to MFRS 121, Lack of Exchangeability

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 June 2024</u>					
Revenue					
Revenue from external customers	-	11,395	-	(6)	11,389
Total revenue	-	11,395	-	(6)	11,389
Results					
Operating profit/(loss)	(776)	854	16	12	106
<u>3 months ended 30 June 2023</u>					
Revenue					
Revenue from external customers	-	10,906	60	(17)	10,949
Total revenue	-	10,906	60	(17)	10,949
Results					
Operating profit/(loss)	(1,667)	989	48	874	244
<u>12 months ended 30 June 2024</u>					
Revenue					
Revenue from external customers	-	52,328	55	(130)	52,253
Total revenue	-	52,328	55	(130)	52,253
Results					
Operating profit/(loss)	(3,965)	4,802	(34)	-	803
<u>12 months ended 30 June 2023</u>					
Revenue					
Revenue from external customers	-	55,666	549	(612)	55,603
Total revenue	-	55,666	549	(612)	55,603
Results					
Operating profit/(loss)	(3,685)	5,793	(270)	874	2,712

A9. SEGMENTAL REPORTING (Cont'd)

	3 months ended 30 June		12 months ended 30 June	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<u>Reconciliation of reportable segment profit</u>				
Total operating profit for reporting segment	106	244	803	2,712
Finance costs	(4)	(27)	(19)	(1,837)
Profit before tax	102	217	784	875

A10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE QUARTERLY PERIOD

There were no other material events subsequent to the end of the quarter that has not been reflected in the financial statements except the recovery of claim amounted to approximately RM2 million from former Interim Judicial Manager ("FIJM"), namely Dato' Adam Primus Varghese bin Abdullah.

Motion for leave to appeal in the Federal Court initiated by FIJM was dismissed by Federal Court on 24 July 2024.

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 other significant changes in the contingent assets and liabilities since 30 June 2023 (audited annual accounts) except for the recovery claim amounted RM2 million (contingent asset) from former Interim Judicial Manager was concluded on 24 July 2024.
- 2) Contingent liabilities of the Group as at 30 June 2024 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	75,456,069
	<u>76,632,669</u>

B. ADDITIONAL INFORMATION REQUIRED PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES
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B1. PERFORMANCE REVIEW FOR CURRENT QUARTER (Q4, 2024 VS Q4, 2023)

	3 months ended 30 June		Changes	
	2024 RM million	2023 RM million	RM million	%
Revenue	11.4	10.9	0.5	4.6
Operating profit before interest and tax	0.1	0.2	(0.1)	(50.0)
Profit before tax	0.1	0.2	(0.1)	(50.0)
Profit for the period	0.1	1.5	(1.4)	(93.3)

The Group achieved revenue of RM11.4 million for the current quarter ended 30 June 2024 and an increase of 4.6% or RM0.5 million as compared with the corresponding quarter ended 30 June 2023. The increase is due to higher market demand from local market.

The Group recorded profit before tax of RM0.1 million in the quarter under review as compared with profit before tax of RM0.2 million recorded in the corresponding quarter (Q4, 2023). This is mainly due to increase in administrative and distribution expenses in current quarter ended 30 June 2024. The increase was off-set against the decrease in other income.

B2. PERFORMANCE REVIEW WITH IMMEDIATE PRECEDING QUARTER (Q4, 2024 VS Q3, 2024)

	Current quarter 30.06.2024 RM million	Immediate preceding quarter 31.03.2024 RM million	Changes	
			RM million	%
Revenue	11.4	13.6	(2.2)	(7.5)
Operating profit before interest and tax	0.1	0.1	-	-
Profit before tax	0.1	0.1	-	-
Profit for the period	0.1	0.1	-	-

The Group recorded lower revenue of RM11.4 million as compared with immediate preceding quarter of RM13.6 million and this is mainly due to lower sales order from export market.

The Group recorded Profit before tax of RM0.1 million as compared with immediate preceding quarter of RM0.1 million was recorded, it maintains equal result with no significant change. This was due to decrease of gross profit amounted RM279,000 was off-set against the increase of distribution cost of RM74,000 and administrative expenses of RM245,000.

B3. GROUP'S PROSPECT

The Group will continue its efforts to sustain its growth and profitability and is vigilant and adaptable to market shifts and wider geopolitical issues will affect distribution cost.

We are confident to achieve positive operating results for the new financial year results ending 30 June 2025.

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

	3 months ended 30 June		12 months ended 30 June	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Depreciation of property, plant and equipment	612	699	2,620	2,962
Depreciation of right-of-use assets	111	72	432	265
Gain on disposal of property, plant and equipment	(10)	-	(269)	-
Impairment loss on inventories	34	-	34	-
Impairment loss on trade receivable	-	55	179	196
Interest expense	4	27	19	1,837
Reversal of accrued bank borrowing expense	-	6	-	(1,883)
Reversal of impairment loss on trade receivables	(20)	(166)	(41)	(166)
Realised loss/(gain) on foreign exchange	84	-	273	145
Unrealised (gain)/loss on foreign exchange	(36)	(24)	(150)	(81)

B6. TAXATION

Tax expense/(credit) comprises of the followings:

	3 months ended 30 June		12 months ended 30 June	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Income tax expense				
- Current period	-	-	-	-
- Under provision in previous financial period	-	-	-	460
Deferred tax				
- Current period	-	(1,311)	-	(1,311)
- Over provision in previous financial period	-	-	-	-
Total income tax expense	<u>-</u>	<u>(1,311)</u>	<u>-</u>	<u>(851)</u>

B7. CORPORATE PROPOSAL

The Company had on 4 July 2024 submitted the Revised Regularisation Plan to Bursa Securities.

The initial proposed Regularisation Plan was submitted to Bursa Securities on 18 July 2023.

The Company had on 19 August 2024 received the approval from Bursa Securities vide its letter dated 19 August 2024 with terms and condition stated and disclosed in the said letter.

B8. GROUP BORROWINGS AND DEBT SECURITIES (UNSECURED)

	As at 30.06.2024 RM'000	As at 30.06.2023 RM'000
Short-term Borrowings:		
Bankers' acceptance	65,851	65,851
Bank overdraft	9,605	9,605
	<u>75,456</u>	<u>75,456</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")	-	Enclosure 47 (KSB's Notice of Application to Intervene) Enclosure 57 (Tunai Impian's Notice of Application to Intervene) Enclosure 157 (Interim Judicial Manager's Notice of Application for Remuneration) Enclosure 288 (Former Interim Judicial Manager's Notice of Application to Vary Court Order)	-	Enclosure 1 has been dismissed by the Honourable Court on 1.9.2022. Enclosure 157 has been dismissed by the Honourable Court on 20.3.2023. Enclosure 288 has been withdrawn and concluded on 29.07.2024.	-

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)	-	-	On 9.1.2024, the Honourable COA unanimously allowed the preliminary objection raised by Messrs Krish Maniam & Co ("KMC") and struck off Enclosure 1 with no order as to costs, and directed that the costs awarded by the Honourable High Court be paid in lieu thereof. On 24.7.2024, hearing for the Notice of Motion for Leave to Appeal to the Federal Court which was dismissed by the Federal Court.	On 7.2.2024, the Former Interim Judicial Manager had filed a Notice of Motion for Leave to Appeal to the Federal Court and served the sealed copy to the company on 14.2.2024.

B9. MATERIAL LITIGATION (Cont'd)

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 Summon No.WA-24NCC-1067-12/2022	KSB, KSFI, KSM and MGC	Tunai, HSBC and Alliance as the Proposed Interveners	-	Upon the striking out of KLHC Originating Summon No.WA-24NCC-371-07/2023, Tunai, HSBC and Alliance are seeking to intervene this matter In addition, Tunai prays for, amongst others, a declaration that their support for Scheme E of KSB Group’s Scheme of Arrangement is unlawful and an order to consequently set aside or “reverse” the Court’s Sanction order dated 21.12.2022	The case management is fixed for 30.8.2024 and 27.9.2024. The hearing has been fixed for 1.10.2024.	-	-

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 fixed for 13.8.2024 has been adjourned to 20.9.2024.	-	-

B9A. THE PROBABILITY OF SUCCESS

1. MAYBANK ISLAMIC BERHAD -V- KHEE SAN FOOD INDUSTRIES SDN BHD (WA-28JM-21-11/2021)

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 21 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 432,167.08 against the Stakeholding Monies, i.e. RM2,000,000.00 wherein a hearing for Enclosure 288 has been conducted on 29.11.2023 and 13.5.2024 wherein the decision of Enclosure 288 has been concluded.

The parties updated the Court on the status of the Federal Court's Leave Motion filed by the FIJM which was dismissed by the Federal Court on 24 July 2024. Subsequently, the FIJM's solicitor informed the Court that the FIJM is withdrawing Enclosure 288.

As a result, the Court struck off Enclosure 288 and ordered costs subject to allocator against the FIJM and the costs awarded are as follows:-

- a. Khee San Food Industries Sdn Bhd - RM5,000.00;
 - b. Khee San Berhad - RM3,000.00;
 - c. HSBC Bank Malaysia Berhad - RM3,000.00; and
 - d. Alliance Bank Malaysia Berhad - RM3,000.00.
2. KHEE SAN FOOD INDUSTRIES SDN BHD -V- MAYBANK ISLAMIC BERHAD & ORS (W-02(IM)-475-03/2023) ("**Appeal 475**")

FORMER INTERIM JUDICIAL MANAGER OF KHEE SAN FOOD INDUSTRIES SDN BHD -V- MAYBANK ISLAMIC BERHAD & ORS (08(i)-36-02/2024(W)) ("**Motion 36**")

Appeal 475

On 9.1.2024, Parties had attended the hearing of Appeal 475 before a three-member panel consisting of YA Datuk Seri Kamaludin bin Md. Said, H.M.R, YA Dato' Hashim bin Hamzah, H.M.R, YA Dato' Collin Lawrence Sequerah, H.M.R whereas parties attended in Enclosure 1 are as follows:-

- a. For Khee San Food Industries Sdn Bhd (the Appellant) and Khee San Berhad (Intervener) are represented by Dato' Sri S. Krishna Kumar, J.P. together with Mr.Lewis Lew Wei Hung from KMC;
- b. For Dato' Adam Primus Varghese bin Abdullah (the FIJM) is represented by Tan Sri Datuk Azhar bin Azizan Harun (the Counsel) together with Ms.Saritha Devi A/P Kirupalani and Mr.Long Mohd Noor Adman from Messrs Firoz Julian ("FJ").
- c. For HSBC Bank Malaysia Berhad, Alliance Bank Malaysia Berhad, and United Overseas Bank Malaysia Berhad (the Interveners) are represented by Ms.Koh San Tee from Messrs Benjamin Dawson ("BD");
- d. For Bank of China Malaysia Berhad (the Intervener) is represented by Ms.Karen Tan Wee Sean from Messrs Skrine ("Skrine"); and

B9A. THE PROBABILITY OF SUCCESS (Cont'd)

2. KHEE SAN FOOD INDUSTRIES SDN BHD -V- MAYBANK ISLAMIC BERHAD & ORS (W-02(IM)-475-03/2023) ("**Appeal 475**") (Cont'd)

FORMER INTERIM JUDICIAL MANAGER OF KHEE SAN FOOD INDUSTRIES SDN BHD -V- MAYBANK ISLAMIC BERHAD & ORS (08(i)-36-02/2024(W)) ("**Motion 36**") (Cont'd)

Appeal 475 (Cont'd)

- e. For Tunai Impian Enterprise Sdn Bhd (the Intervener) is represented by Mr.Daljit Singh together with Ms. Clara Oi Ai Leen from Messrs Daljit Singh Partnership ("DSP").

KMC raised a preliminary objection with regard to the authority of the Dato Adam Primus Varghese bin Abdullah, who is represented by Tan Sri Datuk Azhar bin Azizan Harun and assisted by Ms.Saritha Devi A/P Kirupalani and Mr.Long Mohd Noor Adman.

The Preliminary Objection is related to the fact that Dato' Adam Primus Varghese bin Abdullah is not a party to proceedings at the High Court and hence cannot be allowed to use KSFI as the Appellant as KMC are on record for KSFI.

As such, the Honourable Court of Appeal agreed with the position of KMC and unanimously allowed the preliminary objection raised by KMC and struck off Enclosure 1 with no order as to costs, and directed that the costs awarded by the Honourable High Court be paid in lieu thereof.

Motion 36

In so far as Motion 36 goes, the FIJM had on 7.2.2024, filed a Motion for leave to appeal to the Federal Court under the name of Khee San Food Industries Sdn Bhd without the consent of Khee San Food Industries Sdn Bhd, who is no longer in control of Khee San Food Industries Sdn Bhd since 1.9.2022 of which the Honourable Court of Appeal Panel had ruled that the FIJM is no longer in control of Khee San Food Industries Sdn Bhd since then.

The Court found that the FIJM failed to meet the requirements of Section 96(a) of the Court of Judicature Act 1964 and unanimously dismissed Enclosure 1 with costs of RM30,000.00 be paid by the FIJM to Khee San Food Industries Sdn Bhd.

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

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

This matter has been struck out with liberty to file afresh.

RE 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-1067-12/2022

A. Description & Status

- a. On 5.4.2024, Tunai Impian Enterprise Sdn Bhd (“Tunai”) filed an application to, amongst others, intervene this action, declare that their support for Scheme E is unlawful under the Regulation 10 of the Moneylenders (Control and Licensing) Regulations 2003 read together with Moneylending Agreement dated 13.3.2019 and consequently, to set aside or “reverse” the Court’s Sanction Order dated 21.12.2022.
- b. On 22.4.2024, HSBC Bank Malaysia Berhad and Alliance Bank Malaysia Berhad applied to intervene this action and oppose Tunai’s application.
- c. The next case management is fixed for 30.8.2024 and 27.9.2024.
- d. The hearing has been fixed for 1.10.2024.

B. Amount Involved

- a. Tunai is not seeking any monetary claim against KSB Group save for costs.
- b. However, if the relief sought by Tunai is allowed, it would mean that the Sanction Order would be set aside and the relationship between KSFI and Tunai will no longer be regulated in terms of Scheme E but instead it would be regulated in terms of the Consent Order.

C. Opinion on Probable Outcome

- a. KSB Group has a fair chance of resisting Tunai’s application due to, amongst others, the following:
 - i. the rights of Tunai and KSFI had been merged into the Consent Order dated 3.6.2021 and subsequently overtaken by Scheme E as approved by the Sanction Order;
 - ii. Tunai’s support of Scheme E is not in contravention of the Regulation 10 of the Moneylenders (Control and Licensing) Regulations 2003 read together with Moneylending Agreement dated 13.3.2019 as their reading of the provision is misconceived; and
 - iii. Tunai’s allegation of the existence of an “independent dealing” with KSB Group was unsupported and illogical as they would have been enriched with the benefit of both the Consent Order and Scheme E.

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

A. Description & Status

- a. On 20.9.2023, Messrs. Dennis, Nik & Wong (“DNW”) initiated an action against Khee San Berhad (“KSB”), for, amongst others, allegedly agreed legal fees amounting to RM1,176,600.00 for the work done in respect of KSB Group’s Scheme of Arrangement.
- b. The future court appointment date and deadlines are as follows:
 - (i) the hearing has been fixed for 20.9.2024.

B. Amount Involved

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

C. Opinion on Probable Outcome

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

- a. there is no agreement to the purported outstanding agreed legal fees between parties;
- b. 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.
- c. 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 PER ORDINARY SHARE (“EPS”/“LPS”)**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	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Net profit attributable to ordinary shareholders (RM'000)	102	1,528	784	1,726
Weighted average number of ordinary shares - in units ('000)	137,280	137,280	137,280	137,280
Basic Profit Per Share (sen)	0.07	1.11	0.57	1.26

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

**MOHANADAS A/L K.P.BALAN
AUDIT COMMITTEE CHAIRMAN
23 August 2024**