



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 2025

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2024**

	(Unaudited) Individual Quarter 3 months ended 30 September		(Unaudited) Cumulative Quarter 3 months ended 30 September	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	11,839	12,524	11,839	12,524
Cost of sales	(8,423)	(9,265)	(8,423)	(9,265)
Gross Profit	<u>3,416</u>	<u>3,259</u>	<u>3,416</u>	<u>3,259</u>
Other income	1,842	283	1,842	283
Distribution expenses	(236)	(67)	(236)	(67)
Administrative expenses	(4,103)	(3,083)	(4,103)	(3,083)
Impairment loss	-	(13)	-	(13)
Other expenses	(11)	(9)	(11)	(9)
Operating profit	<u>908</u>	<u>370</u>	<u>908</u>	<u>370</u>
Finance costs	(29)	(1)	(29)	(1)
Profit before tax	<u>879</u>	<u>369</u>	<u>879</u>	<u>369</u>
Income tax credit	50	-	50	-
Profit for the financial period	<u>929</u>	<u>369</u>	<u>929</u>	<u>369</u>
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the financial period	<u><u>929</u></u>	<u><u>369</u></u>	<u><u>929</u></u>	<u><u>369</u></u>
Profit for the financial period attributable to:				
Owners of the Company	<u>929</u>	<u>369</u>	<u>929</u>	<u>369</u>
Total comprehensive income attributable to:				
Owners of the Company	<u><u>929</u></u>	<u><u>369</u></u>	<u><u>929</u></u>	<u><u>369</u></u>
Profit per Share (Sen)				
Basic	<u>0.68</u>	<u>0.27</u>	<u>0.68</u>	<u>0.27</u>
Diluted	<u>0.68</u>	<u>0.27</u>	<u>0.68</u>	<u>0.27</u>

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

	(Unaudited) As at 30.09.2024 RM'000	(Audited) As at 30.06.2024 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	51,811	52,115
Right-of-use assets	219	251
Total Non-Current Assets	<u>52,030</u>	<u>52,366</u>
Current Assets		
Inventories	12,609	11,429
Trade receivables	2,178	2,475
Other receivables, deposits and prepayments	1,129	1,446
Fixed deposit with a licensed bank	2,520	2,010
Cash and bank balances	1,421	2,172
Total Current Assets	<u>19,857</u>	<u>19,532</u>
Total Assets	<u><u>71,887</u></u>	<u><u>71,898</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	112,192	112,192
Reserves	(187,892)	(188,821)
Total Equity	<u>(75,700)</u>	<u>(76,629)</u>
Non-Current Liabilities		
Lease liabilities	121	154
Deferred tax liabilities	3,628	3,628
Total Non-Current Liabilities	<u>3,749</u>	<u>3,782</u>
Current Liabilities		
Trade payables	17,608	17,855
Other payables and accruals	44,209	44,895
Amount due to directors	5,324	5,316
Loans and borrowings	75,456	75,456
Lease liabilities	1,241	1,223
Total Current Liabilities	<u>143,838</u>	<u>144,745</u>
Total Liabilities	<u>147,587</u>	<u>148,527</u>
Total Equity and Liabilities	<u><u>71,887</u></u>	<u><u>71,898</u></u>
Net Liabilities per Ordinary Share (sen)	(55.14)	(55.82)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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 2024	112,192	(17,444)	32,654	(204,031)	(76,629)
Total comprehensive income for the financial period	-	-	-	929	929
As at 30 September 2024	<u>112,192</u>	<u>(17,444)</u>	<u>32,654</u>	<u>(203,102)</u>	<u>(75,700)</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2024**

	Unaudited	
	3 months ended 30 September	
	2024	2023
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	879	369
Adjustments for:		
Depreciation of property, plant and equipment	411	614
Depreciation of right-of-use assets	32	80
Finance costs	29	1
Gain on disposal of property, plant and equipment	-	(259)
Impairment loss on trade receivables	-	13
Unrealised loss/(gain) on foreign exchange	24	(10)
Operating profit before changes in working capital	<u>1,375</u>	<u>808</u>
Changes in working capital:		
Inventories	(1,180)	(1,186)
Trade receivables	273	(670)
Other receivables	317	1,010
Trade payables	(247)	(54)
Other payables	(686)	(324)
Amount due to directors	8	(31)
Cash used in operations	<u>(140)</u>	<u>(447)</u>
Interest paid	(9)	(1)
Tax refunded	50	-
Net cash used in operating activities	<u>(99)</u>	<u>(448)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceed from disposal of property, plant and equipment	-	300
Purchase of property, plant and equipment	(107)	(36)
Net cash (used in)/from investing activities	<u>(107)</u>	<u>264</u>
CASH FLOW FROM FINANCING ACTIVITY		
Repayment of lease liabilities	(35)	(69)
Net cash used in financing activity	<u>(35)</u>	<u>(69)</u>
Net Changes in Cash and Cash Equivalents	(241)	(253)
Cash and Cash Equivalents at beginning of the period	<u>(5,423)</u>	<u>(7,268)</u>
Cash and Cash Equivalents at the end of the period	<u>(5,664)</u>	<u>(7,521)</u>
Cash and Cash Equivalents comprise the following:		
Cash and bank balances	1,421	2,084
Fixed deposit with a licensed bank	2,520	-
Bank overdraft	(9,605)	(9,605)
	<u>(5,664)</u>	<u>(7,521)</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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 2024. 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 2024.

A2. ACCOUNTING POLICIES

a) Adoption of new MFRSs and amendments to MFRSs

As of 1 July 2024, the Group adopted the following Amendments to MFRSs which have been issued by the Malaysian Accounting Standards Board (“MASB”):

Amendments to MFRSs

MFRS 7	Financial Instruments: Disclosure
MFRS 16	Leases
MFRS 101	Presentation of Financial Statements
MFRS 107	Statement of Cash Flows

The initial application of the above amendments to MFRSs did not have any significant effect on the financial statements of the Group and did not result in significant changes to the Group’s existing accounting policies, except as discussed below:

Amendments to MFRS 101 Presentation of Financial Statements

The amendments required an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements.

Accordingly, the Group disclosed its material accounting policy in these financial statements. However, the amendments did not result in changes to the accounting policies of the Group.

A2. ACCOUNTING POLICIES (Cont'd)

- b) Amendments to MFRSs and new MFRSs that have been issued, but yet to be effective

The Group has not adopted the following new MFRSs and amendments to MFRSs that have been issued but yet to be effective:

		Effective for financial periods beginning on or after
<u>Amendments to MFRSs</u>		
MFRS 7	Financial Instruments: Disclosure	1 January 2026
MFRS 9	Financial Instruments	1 January 2026
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 121	The Effect of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128	Investment in Associates and Joint Ventures	Deferred
Annual Improvement to MFRS Accounting Standard - Volumn 11		1 January 2026
<u>New MFRSs</u>		
MFRS 14	Regulatory Deferral Accounts	1 January 2026
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

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 Group's and the Company's audited financial statements for the financial year ended 30 June 2024 in their report dated 14 October 2024. The basis for qualified opinion by the auditors were as follows:

- i. The Group and the Company have prepared their financial statements by applying the going concern assumption, notwithstanding that the Group and the Company incurred accumulated losses of RM204,030,959 and RM117,830,526 respectively as at 30 June 2024, and as of that date, the Group's and the Company's current liabilities exceeded their current assets by RM125,212,667 and RM8,945,013 respectively, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.
- 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 vided 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. Consequential thereof, the Company submitted its Regularisation Plan to Bursa Securities on 18 July 2023. On 19 August 2024, the Company's Regularisation Plan was approved by Bursa Securities.

On 13 September 2024, the Company announced that an Extraordinary General Meeting ("EGM") will be held on 21 October 2024 to approve the proposed Regularisation Plan.

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

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. The Company believes that the Regularisation Plan once being approved and implemented after obtaining the approval from the shareholders, will enable the Group and the Company to generate sufficient cash flows to meet their obligations and continue sustainable and viable operations,
- b. Continuous financial support provided by substantial shareholders to the Group and the Company to meet their obligations.

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 will successfully implement the Regularisation Plan as it has yet to be approved by the shareholders.

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 other unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group for the current quarter under review except for the recovery of fee paid to Former Interim Judicial Manager ("FIJM") amounted to approximately RM2 million and legal fee incurred amounted to approximately RM1.25 million.

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 2024</u>					
Revenue					
Revenue from external customers	-	11,818	21	-	11,839
Inter-company revenue	-	21	-	(21)	-
Total revenue	-	11,839	21	(21)	11,839
Results					
Operating profit/(loss)	(806)	1,722	(8)	-	908
<u>3 months ended 30 September 2023</u>					
Revenue					
Revenue from external customers	-	12,516	8	-	12,524
Inter-company revenue	-	-	-	-	-
Total revenue	-	12,516	8	-	12,524
Results					
Operating profit/(loss)	(1,000)	1,377	(7)	-	370

	3 months ended 30 September	
	2024 RM'000	2023 RM'000
<u>Reconciliation of reportable segment profit</u>		
Total operating profit for reporting segment	908	370
Finance costs	(29)	(1)
Profit before tax	879	369

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 for the followings:

- i. Payment of legal fees claimed by Messrs Dennis Nik & Wong amounted to RM350,000 through the settlement on consent ordered by High Court without admission of liability basis; and
- ii. The Company had conducted an Extraordinary General Meeting (“EGM”) on 21 October 2024 to seek shareholders’ approval on the proposed Regulation Plan (“PR”) which was approved by Bursa Securities on 19 August 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

There were no other significant changes in the contingent assets and liabilities since 30 June 2024 (audited annual accounts) except for the followings:

	Current quarter 30.09.2024 RM'000	Immediate preceding quarter 30.06.2024 RM'000
a) <u>Contingent assets</u>		
Disputed sum taken by Former Interim Judicial Manager	-	2,021
The Group has recovered net sum of RM1.77 million from FIJM as the result of Federal Court decision made on 24 July 2024.		
b) <u>Contingent liabilities</u>		
Outstanding legal fees claimed by third party	-	1,176

The Group or Company had entered a consent to make settlement of RM350,000 to a third party (Plaintiff) for the final settlement of outstanding legal fees claim. The consent is entered without admission to any liability basis.

B. ADDITIONAL INFORMATION REQUIRED PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES
--

B1. PERFORMANCE REVIEW FOR CURRENT QUARTER (Q1, 2025 VS Q1, 2024)

	3 months ended 30 September		Changes RM million %	
	2024 RM million	2023 RM million		
Revenue	11.8	12.5	(0.7)	(5.6)
Operating profit before interest and tax	0.9	0.4	0.5	125.0
Profit before tax	0.9	0.4	0.5	125.0
Profit for the period	0.9	0.4	0.5	125.0

The Group achieved revenue of RM11.8 million for the current quarter ended 30 September 2024 and a decrease of 5.6% or RM0.7 million as compared with the corresponding quarter ended 30 September 2023. The decrease is due to declined demand from local market, whereas gross profit margin is higher as a result of increased selling price.

The Group recorded profit before tax of RM0.9 million in the quarter under review as compared with profit before tax of RM0.5 million recorded in the corresponding quarter (Q1, 2023). This is mainly due to recovery of fee paid to Former Interim Judicial Manager ("FIJM") amounted to approximately RM2 million recorded as other income. The increase of other income is set-off with the additional legal fee of RM1.25 million incurred and recorded as administrative expenses.

B2. PERFORMANCE REVIEW WITH IMMEDIATE PRECEDING QUARTER (Q1, 2025 VS Q4, 2024)

	Current quarter 30.09.2024	Immediate preceding quarter 30.06.2024	Changes RM million %	
	RM million	RM million		
Revenue	11.8	11.4	0.4	3.5
Operating profit before interest and tax	0.9	0.1	0.8	800.0
Profit before tax	0.9	0.1	0.8	800.0
Profit for the period	0.9	0.1	0.8	800.0

The Group recorded higher revenue of RM11.8 million as compared with immediate preceding quarter of RM11.4 million and this is mainly due to improved sales derived from export market.

The Group recorded Profit before tax of RM0.9 million as compared with immediate preceding quarter of RM0.1 million was recorded due to the recovery of fee amounted to approximately RM2 million paid to FIJM. The increase of other income is set-off with the increase of legal fee of RM1.25 million incurred and recorded as administrative expenses.

B3. GROUP'S PROSPECT

The Group continues to focus on sustaining its growth and profitability by closely monitoring market conditions and implementing timely, effective sales strategies and cost control measures.

We are confident in achieving positive operating results for the financial year ending 30 June 2025, supported by a stable and favorable local market that will drive product sales and distribution.

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 September	
	2024 RM'000	2023 RM'000
Depreciation of property, plant and equipment	411	614
Depreciation of right-of-use assets	32	80
Gain on disposal of property, plant and equipment	-	(259)
Impairment loss on trade receivable	-	13
Interest expense	29	1
Realised loss/(gain) on foreign exchange	85	(50)
Unrealised loss/(gain) on foreign exchange	24	(10)

B6. TAXATION

Tax expense/(credit) comprises of the followings:

	3 months ended 30 September	
	2024 RM'000	2023 RM'000
Income tax expense/(credit)		
- Current period	-	-
- Over provision in previous financial period	-	-
- tax refund received	(50)	-
Deferred tax		
- Current period	-	-
- Over provision in previous financial period	-	-
Total income tax expense/(credit)	<u>(50)</u>	<u>-</u>

B7. CORPORATE PROPOSAL

The Company submitted its initial proposed Regularisation Plan ("RP") on 18 July 2023, followed by a revised RP on 4 July 2024. Bursa Securities approved the revised RP on 19 August 2024, and shareholder approval was subsequently obtained during an Extraordinary General Meeting held on 21 October 2024.

Management is confident in completing the implementation of the RP within the financial year ending 30 June 2025.

B8. GROUP BORROWINGS AND DEBT SECURITIES (UNSECURED)

	As at 30.09.2024 RM'000	As at 30.09.2023 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: -

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”)

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 (“OS”) No.WA-24NCC-371-07/2023	Tunai Impian Enterprise Sdn Bhd (“Tunai”)	KSB, KSFI, KSM and MGC Third Parties: HSBC Bank Malaysia Berhad (“HSBC”) and Alliance Bank Malaysia Berhad (“Alliance”)	Tunai seeks 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.	Third Parties successfully intervened this proceeding, upon non-objection by Tunai, KSB, KSFI, KSM and MGC pursuant to an order dated 16.1.2024.	-	On 22.3.2024, the Court decided to strike out Tunai’s originating summons with liberty to file afresh and for costs to follow the event.	-
2.	KLHC OS No.WA-24NCC-1067-12/2022	KSB, KSFI, KSM and MGC	Tunai, HSBC and Alliance as the Proposed Interveners	-	Following the striking out of KLHC Originating Summon No.WA-24NCC-371-07/2023, Tunai, are seeking to intervene this matter. It is also seeking 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	The case management for FIJM’s application is on 6.12.2024. The hearing for Tunai’s application is fixed on 20.1.2025.	-	-

B9. MATERIAL LITIGATION (Cont'd)

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”) (Cont'd)

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
2.					<p>Court’s Sanction order dated 21.12.2022.</p> <p>Following Tunai’s application to intervene, HSBC and Alliance also applied to intervene and oppose Tunai’s application.</p> <p>Separately, on 21.11.2024, Adam Primus Varghese b Abdullah, the former interim judicial manager of KSFI (“FIJM”) served his notice of application seeking to intervene this matter.</p> <p>The FIJM also prays for, amongst others, a stay of the Court’s Order dated 21 December 2022 and that the Applicants deposit a collective amount of RM2,431,602.68 into a stakeholder account as security pending the disposal of the proceedings in Kuala Lumpur High Court Originating Summons No. WA-24NCC-455-09/2024</p>			

B9. MATERIAL LITIGATION (Cont'd)

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”) (Cont'd)

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
2.					and Kuala Lumpur High Court Originating Summons No. WA-24NCC-490-10/2024 respectively.			
3.	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 Court has recorded a Consent Judgment on 18.10.2024 where, amongst others, KSB is to pay RM350,000.00 to DNW in 3 installments without any admission of liability.	-
4.	KLHC OS No. WA-24NCC-455-09/2024	FIJM	KSFI	The FIJM filed to claim remuneration amounting to RM1,999,435.60 pursuant to Section 407(4)(c) of the Companies Act 2016 on 20.9.2024.	KSFI filed an application to convert the proceeding in this action be continued as if this action had been begun by writ.	The hearing for KSFI’s application and the case management of the FIJM’s claim are fixed on 6.1.2025.	-	-

B9. MATERIAL LITIGATION (Cont'd)

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”) (Cont'd)

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
5.	KLHC OS No. WA-24NCC-490-10/2024	KSFI	FIJM	<p>KSFI filed this action to restrain the FIJM from presenting a winding-up petition against KSFI premised on the Statutory Notice on 14.10.2024.</p> <p>Through the Statutory Notice, the FIJM is demanding an amount of RM432,167.08 purportedly due and owing to third parties and consequently to him.</p>	-	<p>On 16.10.2024, KSFI secured an interim relief preventing the FIJM from presenting a winding-up petition until the determination of this action.</p> <p>The hearing for this action is fixed on 3.12.2024.</p>	-	-

B9A. THE PROBABILITY OF SUCCESS

1. RE KHEE SAN BERHAD, KHEE SAN FOOD INDUSTRIES SDN BHD, KHEE SAN MARKETING SDN BHD AND MEGA GLOBAL CONFECTIONARY SDN BHD (“KSB Group”)

KUALA LUMPUR HIGH COURT ORIGINATING SUMMONS NO.:WA-24NCC-1067-12/2022

A. Description & Status

- a. On 5 April 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 March 2019 and consequently, to set aside or “reverse” the Court’s Sanction Order dated 21 December 2022 (“Sanction Order”).
- b. On 22 April 2024, HSBC Bank Malaysia Berhad and Alliance Bank Malaysia Berhad applied to intervene this action and oppose Tunai’s application.
- c. The hearing for Tunai’s application is fixed on 20 January 2025.
- d. Separately, on 21 November 2024, Adam Primus Varghese b Abdullah, the former interim judicial manager of KSFI (“FIJM”), filed an application to, amongst others, intervene this matter, and for the KSB Group to deposit a collective amount of RM2,431,602.68 into a stakeholder account as security pending the disposal of the proceedings in Kuala Lumpur High Court Originating Summons No. WA-24NCC-455-09/2024 and Kuala Lumpur High Court Originating Summons No. WA-24NCC-490-10/2024 respectively and stay the Sanction Order pending the deposit of such amount into a stakeholder account.

B. Amount Involved

- a. In its intervention application, 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 may 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 dated 3 June 2021 (“Consent Order”).
- c. Separately, if the relief sought by the FIJM is allowed, KSB Group may have to deposit a total of RM2,431,602.68 into a stakeholder account and the execution of the Sanction Order may be stayed pending such deposit be made.

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 is regulated under 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 March 2019 as their reading of the provision is misconceived.

B9A. THE PROBABILITY OF SUCCESS (Cont'd)

1. RE KHEE SAN BERHAD, KHEE SAN FOOD INDUSTRIES SDN BHD, KHEE SAN MARKETING SDN BHD AND MEGA GLOBAL CONFECTIONARY SDN BHD (“KSB Group”) (Cont'd)

KUALA LUMPUR HIGH COURT ORIGINATING SUMMONS NO.:WA-24NCC-1067-12/2022 (Cont'd)

C. Opinion on Probable Outcome (Cont'd)

- a. KSB Group has a fair chance of resisting Tunai’s application due to, amongst others, the following: (Cont'd)
 - 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. In any event, such “independent dealing”, if exists (which is denied), is illegal and unenforceable since it was for the benefit of KSFI, the borrower, who is the subject of protection under the legislation.
- b. As to the FIJM’s application, KSB Group’s solicitors would be able to furnish their opinion after the FIJM files his affidavit supporting his application as per his undertaking. In any event, the relief sought by the FIJM herein overlap with the relief sought by the FIJM in Kuala Lumpur High Court Originating Summons No.: WA-24NCC-455-09/2024 and his Statutory Notice dated 26.9.2024 (see further below).

2. 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 September 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 18 October 2024.

B. Amount Involved

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

C. Opinion on Probable Outcome

In order to focus on the rehabilitation of KSB, KSB had reached a settlement with DNW on a without admission to any liability basis, where KSB is to pay to DNW a sum of RM350,000 in 3 instalments.

B9A. THE PROBABILITY OF SUCCESS (Cont'd)

3. DATO' ADAM PRIMUS VARGHESE BIN ABDULLAH (FORMER INTERIM JUDICIAL MANAGER OF KHEE SAN FOOD INDUSTRIES SDN. BHD.) -V- KHEE SAN FOOD INDUSTRIES SDN. BHD.

KUALA LUMPUR HIGH COURT ORIGINATING SUMMONS NO.: WA-24NCC-455-09/2024

A. Description & Status

- a. On 20 September 2024, Dato' Adam Primus Varghese Bin Abdullah, the Former Interim Judicial Manager of KSFI ("FIJM") initiated an action against KSFI for, amongst others, that his remuneration as the FIJM of the Defendant shall be based on time cost expended at the composite man hour rate of RM800.00 per hour by the FIJM and his personnel at Messrs AdamPrimus & Co PLT, bringing to a total of RM1,999,435.60 (inclusive of 6% SST) and to be paid out of the assets of KSFI.
- b. On 18.10.2024, KSFI filed an application seeking for, amongst others, the conversion of this action to a writ action.
- c. On 5 November 2024, parties were called up for a case management with respect to KSFI's application. The Court directed that, amongst others, hearing for KSFI's application is fixed on 6.1.2025 and any further directions as to FIJM's claim will be dealt after the determination of KSFI's application.

B. Amount Involved

- a. The amount claimed by FIJM is RM1,999,435.60 (including SST).

C. Opinion on Probable Outcome

- a. KSFI has a fair chance of resisting FIJM's action due to, amongst others, the following:
 - i. The validity of the FIJM's appointment through an *ex-parte* order was questionable, due to, amongst others, the following reasons:
 - (1) it was made through an *ex-parte* application by a creditor of KSFI who later withdrew the inter-partes application of the appointment of a judicial manager for KSFI and the basis of the *ex-parte* appointment application was never tested; and
 - (2) the *ex-parte* order ought to have expired after 21 days from the date of such order.
 - ii. In any event, the amount of the FIJM's purported time costs is unreasonable where, for example, many claims overlap each other. The determination of the validity of the FIJM's purported time costs ought to be tested through *viva voce* evidence.
 - iii. KSFI is also pursuing a counterclaim against FIJM for his misconduct during his tenure which caused loss and damages to KSFI.
 - iv. There are also outstanding costs from previous litigation which remain unpaid by the FIJM.
 - v. The relief sought by the FIJM herein overlap with the relief sought by the FIJM in Kuala Lumpur High Court Originating Summons No.: WA-24NCC-1067-12/2022 and his Statutory Notice dated 26.9.2024 (see further above and below).

B9A. THE PROBABILITY OF SUCCESS (Cont'd)

4. KHEE SAN FOOD INDUSTRIES SDN. BHD. -V- DATO' ADAM PRIMUS VARGHESE BIN ABDULLAH (FORMER INTERIM JUDICIAL MANAGER OF KHEE SAN FOOD INDUSTRIES SDN. BHD.)

KUALA LUMPUR HIGH COURT ORIGINATING SUMMONS NO.: WA-24NCC-490-10/2024 ("OS 490")

A. Description & Status

- a. On 26 September 2024, Dato' Adam Primus Varghese Bin Abdullah, the Former Interim Judicial Manager of KSFI ("FIJM") served a statutory notice pursuant to Section 466(1)(a) of the Companies Act 2016 ("Statutory Notice") to KSFI, demanding for the payment of an alleged sum of RM432,167.08 ("Alleged Debt"). In the Statutory Notice, KSFI was given 21 days to fully satisfy the Alleged Debt, failing which, the FIJM will commence winding-up proceedings against KSFI.
- b. On 7 October 2024, KSFI responded to the Statutory Notice stating, amongst others, for the FIJM to provide an undertaking not to present the winding up petition. However, there is no response forthcoming from the FIJM and resulting for the filing of this action.
- c. On 14 October 2024, KSFI filed this action seeking to prevent FIJM from presenting a winding up petition premised on the Alleged Debt. KSFI also filed an application seeking for an interim relief against FIJM from presenting a winding up petition until the disposal of this action.
- d. On 16 October 2024, parties were called up for a case management with respect to KSFI's application. The Court allowed KSFI's application for an interim relief against FIJM where he is restrained from presenting a winding up petition against KSFI pending the determination of this action. The Court then fixed a hearing date for this action on 3 December 2024.

B. Amount Involved

- a. The amount claimed by FIJM is RM432,167.08.

C. Opinion on Probable Outcome

- a. KSFI has a fair chance to succeed in this action due to, amongst others, the following:
 - i. The circumstances surrounding the Alleged Debt are bona fide disputed and the winding up court is not a proper forum to deal with such dispute. Amongst others, KSFI's management team were not privy to the purported agreement with third parties during the FIJM's tenure relating to the Alleged Debt such debt and various inconsistencies of events were discovered through contemporaneous documents.
 - ii. If a winding up petition is presented, KSFI would suffer loss and damages which could not be compensated by costs, especially considering that it is in the midst of restructuring.
 - iii. The Alleged Debt also overlaps with the relief sought by the FIJM in Kuala Lumpur High Court Originating Summons No.: WA-24NCC-1067-12/2022 and Kuala Lumpur High Court Originating Summons No.: WA-24NCC-455-09/2024 (see further above).

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	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
Net profit attributable to ordinary shareholders (RM'000)	929	369	929	369
Weighted average number of ordinary shares - in units ('000)	137,280	137,280	137,280	137,280
Basic Profit Per Share (sen)	0.68	0.27	0.68	0.27

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

**MOHANADAS A/L K.P.BALAN
AUDIT COMMITTEE CHAIRMAN
28 November 2024**