



KHEE SAN BERHAD

Reg no. 199401018697 (304376-A)

ANNUAL REPORT 2024



STATEMENTS CONTENTS

Corporate Information	2
Corporate Structure	3
Directors' Profile	4
Key Senior Management Profile	9
Management Discussion and Analysis	13
Sustainability Statement	19
Corporate Governance Overview Statement	34
Audit Committee Report	41
Statement of Risk Management and Internal Control	44
Directors' Responsibility Statement	47
Directors' Report	48
Independent Auditors' Report	53
Statements of Financial Position	59
Statements of Profit or Loss and Other Comprehensive Income	61
Statements of Changes in Equity	62
Statements of Cash Flows	63
Notes to the Financial Statements	67
Statement by Directors	125
Statutory Declaration	126
Additional Compliance Information	127
List of Properties of the Group	128
Analysis of Shareholdings	129
Notice of 29th Annual General Meeting	132

Enclosed
Form of Proxy

CORPORATE INFORMATION

BOARD OF DIRECTORS

YONG LOONG CHEN
Executive Chairman

**DATO' SRI NGU
TIENG UNG, JP**
*Non-Independent
Non-Executive Director*

EDWARD TAN JUAN PENG
Chief Executive Officer

NGU CHIENN YING
Executive Director

**MOHANADAS A/L
K.P.BALAN**
*Independent Non-Executive
Director*

ONG PHUI FATT
*Independent Non-Executive
Director*

**SUZANA MANJA BINTI
IBRAHIM**
*Independent Non-Executive
Director*

AUDIT COMMITTEE

**MOHANADAS A/L
K.P.BALAN**
Chairman

ONG PHUI FATT
Member

**SUZANA MANJA BINTI
IBRAHIM**
Member

REMUNERATION COMMITTEE

**MOHANADAS A/L
K.P.BALAN**
Chairman

ONG PHUI FATT
Member

EDWARD TAN JUAN PENG
Member

NOMINATING COMMITTEE

ONG PHUI FATT
Chairman

MOHANADAS A/L K.P.BALAN
Member

**SUZANA MANJA BINTI
IBRAHIM**
Member

CORPORATE ADMINISTRATION & COMPLIANCE COMMITTEE

ONG PHUI FATT
Chairman

EDWARD TAN JUAN PENG
Member

NG CHEE KEONG
Member

LEE CHAI HONG
Member

RISK COMMITTEE

ONG PHUI FATT
Chairman

**SUZANA MANJA BINTI
IBRAHIM**
Member

EDWARD TAN JUAN PENG
Member

COMPANY SECRETARIES

SIEW SUET WEI
(MAICSA 7011254)
SSM PC No. 202008001690

KHOO MING SIANG
(MAICSA 7034037)
SSM PC No. 202208000150

SHARE REGISTRAR

BINA MANAGEMENT (M) SDN. BHD.
Lot 10, The Highway Centre
Jalan 51/205, 46050 Petaling Jaya
Selangor Darul Ehsan
Tel : +603-7784 3922
Fax : +603-7784 1988
Email : binawin@binamg168.com

AUDITORS

**KRESTON JOHN & GAN (AF
0113)**

Unit B-10-8, Megan Avenue II
Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : +603-2381 2828

REGISTERED OFFICE

Unit 7-01, Level 7, Menara Lagenda
No. 3, Jalan SS20/27
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : +603-7727 0033
Fax : +603-7728 8955
Email : cosec@accoris.my

PRINCIPAL PLACE OF BUSINESS

Lot 1819 - 1824 & 1832
Jalan Kolej
43300 Seri Kembangan
Selangor Darul Ehsan
Tel : +603-8943 1390
Fax : +603-8943 1351
Website : www.kheesanbhd.com

STOCK EXCHANGE LISTING

**BURSA MALAYSIA
SECURITIES BERHAD**
- Main Market Stock Code: 6203

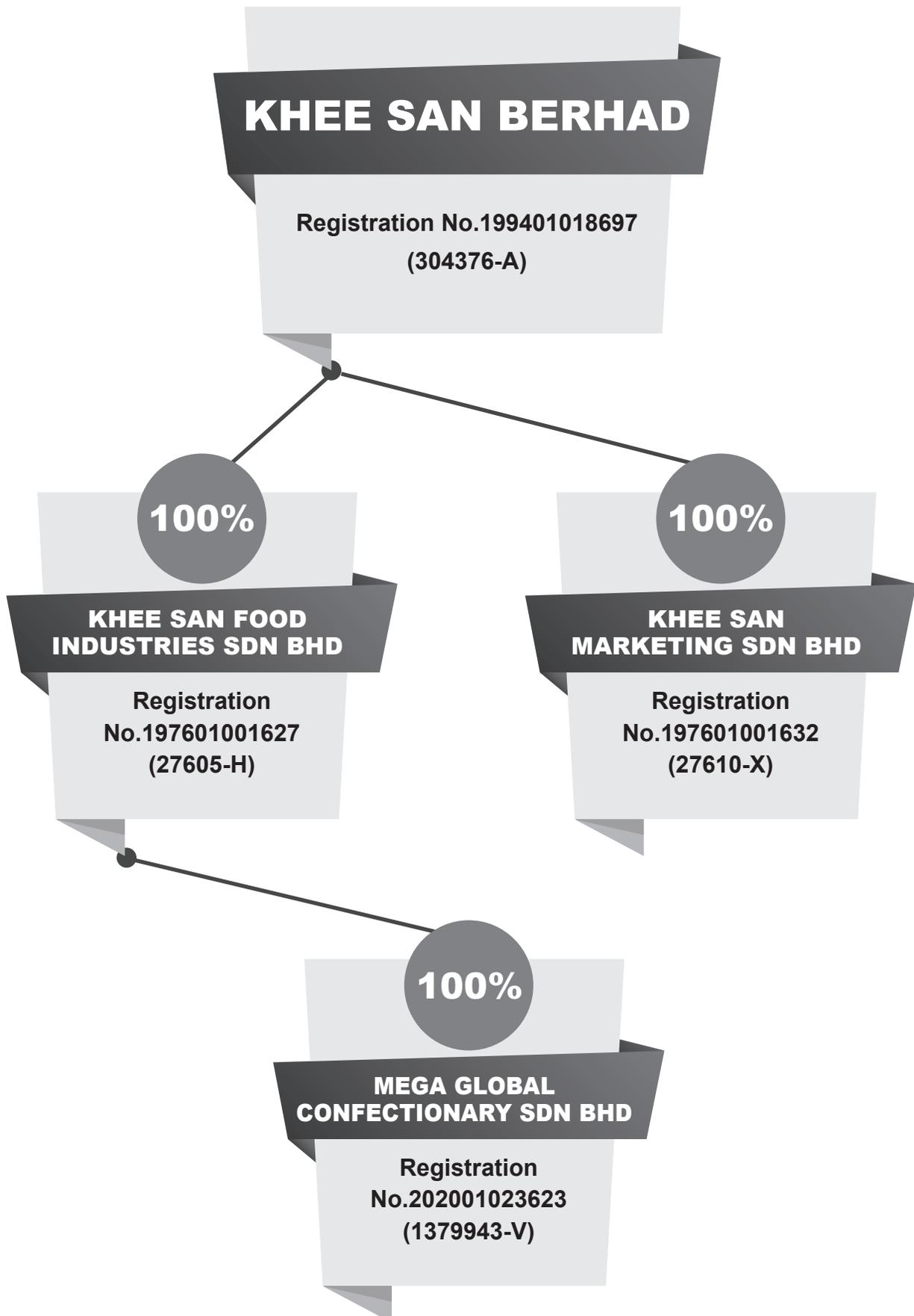
SUBSIDIARIES

Khee San Food Industries Sdn Bhd
(100%)

Khee San Marketing Sdn Bhd
(100%)

Mega Global Confectionary Sdn Bhd
(100%)

CORPORATE STRUCTURE



DIRECTORS' PROFILE

YONG LOONG CHEN Executive Chairman

NATIONALITY

Malaysian

AGE/GENDER

58 / Male

NO OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

6 out of 6

DATE OF APPOINTMENT

10 February 2023

QUALIFICATIONS

- Chartered Accountant, Malaysian Institute of Accountants
- Member of the Malaysian Institute of Certified Public Accountants

EXPERIENCE

He is a Chartered Accountant by profession as well as a member of the Malaysian Institute of Certified Public Accountants and also a member of the Malaysian Institute of Accountants. He joined Messrs KPMG Peat Marwick as audit senior in year 1990 until 1994. Subsequently, he was attached with Paul Chuah & Co as Audit Manager from year 1994 to 1995. From year 1995 to 2010, he was a dealer representative with Affin Investment Bank Berhad.

He was the Independent Non-Executive Director of Scope Industries Berhad from 1 December 2008 until his retirement on 23 November 2021.

MEMBERSHIP IN BOARD COMMITTEE(S)

None

DIRECTORSHIP IN OTHER PUBLIC COMPANIES

None

DECLARATION OF CONFLICT OF INTEREST OR ANY FAMILY RELATIONSHIP WITH ANY OTHER DIRECTOR AND/OR MAJOR SHAREHOLDERS

He has no conflict of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group.

DECLARATION ON CONVICTION OF OFFENCES WITHIN THE PAST 5 YEARS

He maintains a clean record with regards to convictions for offences (other than traffic offences, if any) within the past 5 years.

EDWARD TAN JUAN PENG Chief Executive Officer

NATIONALITY

Malaysian

AGE/GENDER

51 / Male

NO OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

6 out of 6

DATE OF APPOINTMENT

5 January 2017

QUALIFICATIONS

- Bachelor of Arts (Hons) in Business Administration from Coventry University, Warwickshire, United Kingdom.
- Associate Member of the Asian Institute of Chartered Bankers (AICB)

EXPERIENCE

He has a career experience of over 20 years in Banking, Securities and Finance, rising to the position as a Director and Head in various departments.

He has established a well and good networked across Malaysia Corporate and Financial Institutions. He is well known for his successful management, superior service and innovative solutions covering the whole range of functions from front line sales and possesses depth industry experience especially in the corporate and consumer market. His long tenor with the financial institutions had also provided him an immense knowledge of the regulatory process, risk management, compliance knowledge, structure of public equities and novel financing products.

MEMBERSHIP IN BOARD COMMITTEE(S)

- Member, Remuneration Committee
- Member, Risk Committee
- Member, Corporate Administration and Compliance Committee

DIRECTORSHIP IN OTHER PUBLIC COMPANIES

None

DECLARATION OF CONFLICT OF INTEREST OR ANY FAMILY RELATIONSHIP WITH ANY OTHER DIRECTOR AND/OR MAJOR SHAREHOLDERS

He has no conflict of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group.

DECLARATION ON CONVICTION OF OFFENCES WITHIN THE PAST 5 YEARS

He was publicly reprimanded and fined RM205,000 for breaching Paragraph 16.13(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on 29 June 2022.

DIRECTORS' PROFILE

DATO' SRI NGU TIENG UNG, JP

Non-Independent
Non-Executive Director

NATIONALITY

Malaysian

AGE/GENDER

57 / Male

DATE OF APPOINTMENT

24 September 2024

NO OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

Not applicable

QUALIFICATIONS

- Honours United Kingdom Degree in Accountancy
- Member of the Association International Accountants

EXPERIENCE

Dato' Sri Ngu Tieng Ung, JP ("Dato' Sri Ngu") graduated with an Honours UK Degree in Accountancy and a Member of the Association International Accountants.

He is equipped with more than three decades of experience as an accountant-turned entrepreneur and a venture capitalist with specialisation in corporate finance, business consultancy, investment banking, mezzanine financing and venture capital.

Dato' Sri Ngu diverted his business ventures beyond Malaysia frontiers and participated in several public and private investments as chief investment strategist and investor in Mongolia, Kazakhstan, Middle East, China, Hong Kong, Indo-China, Australia, Papua New Guinea, New Zealand, United States of America, Canada, United Kingdom and Indonesia. These investments span across a broad spectrum of business sectors including oil & gas, mineralisation, commodities & non-ferrous metals, info technology, manufacturing, financial services, plantations, real-estate developments, food and consumer goods. The broad-based business set-up has created for him a wealth of business experience and valuable business networking from the Asia to Europe and the North America business community.

He currently sits on the Board of Director of various private and public companies. He is the largest shareholder of Khee San Berhad and the substantial shareholder of Ta Win Holdings Berhad Group. He is also currently an Executive Director of Ta Win Holdings Berhad Group.

MEMBERSHIP IN BOARD COMMITTEE(S)

None

DIRECTORSHIP IN OTHER PUBLIC COMPANIES

Ta Win Holdings Berhad

DECLARATION OF CONFLICT OF INTEREST OR ANY FAMILY RELATIONSHIP WITH ANY OTHER DIRECTOR AND/OR MAJOR SHAREHOLDERS

He is the father of Ngu Chienn Ying, Executive Director of the Company.

DECLARATION ON CONVICTION OF OFFENCES WITHIN THE PAST 5 YEARS

He maintains a clean record with regards to convictions for offences (other than traffic offences, if any) within the past 5 years.

DIRECTORS' PROFILE

**NGU
CHIENN YING**

Executive Director

NATIONALITY

Malaysian

AGE/GENDER

25 / Female

DATE OF APPOINTMENT

24 September 2024

NO OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

Not applicable

QUALIFICATIONS

- Bachelor's Degree in Business Studies from Lancaster University

EXPERIENCE

Ms. Ngu Chienn Ying ("Ms. Ngu") joined the Company on 24 September 2024 as an Executive Director. She graduated with a Bachelor's Degree in Business Studies from Lancaster University, United Kingdom.

Upon graduation, Ms. Ngu joined Ta Win Holdings Berhad ("Ta Win") as a Senior Executive in Corporate Secretarial and Administrative. Her duties involved supporting the Corporate Secretary in managing all secretarial functions, attending board and board committee meetings, also include other related secretarial matters, in line to compliance of Listing Requirements of Bursa Malaysia Securities Berhad, Securities Commission and other authorities. She also has extensive experience in human resources and administrative matters.

After two years at Ta Win, she was promoted to Assistant Manager in Corporate Affairs. She has expanded her duties to Corporate Finance and Corporate Strategy & Development while having experience in managing stakeholder relationships, internal communications, and community engagement Corporate Social Responsibility (CSR) initiatives. In addition, she was involved with overseeing due diligence and handling transaction-related legal agreements.

Currently, she is a director and shareholder of various private companies in different field of industries.

MEMBERSHIP IN BOARD COMMITTEE(S)

None

DIRECTORSHIP IN OTHER PUBLIC COMPANIES

None

DECLARATION OF CONFLICT OF INTEREST OR ANY FAMILY RELATIONSHIP WITH ANY OTHER DIRECTOR AND/OR MAJOR SHAREHOLDERS

She is daughter of Dato' Sri Ngu Tieng Ung, JP, the major shareholder and Non-Independent Non-Executive Director of the Company.

DECLARATION ON CONVICTION OF OFFENCES WITHIN THE PAST 5 YEARS

She maintains a clean record with regards to convictions for offences (other than traffic offences, if any) within the past 5 years.

DIRECTORS' PROFILE

MOHANADAS A/L K.P. BALAN

Independent
Non-Executive Director

NATIONALITY

Malaysian

AGE/GENDER

71 / Male

DATE OF APPOINTMENT

13 September 2018

NO OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

6 out of 6

QUALIFICATIONS

- Fellow Chartered Association of Certified Accountants (UK)
- Chartered Accountant, Malaysian Institute of Accountants

EXPERIENCE

He has more than 40 years of experience in accounting, financial reporting, liquidity management and management control systems in various industries which including manufacturing, property development, international trading, distribution, oil palm plantation and agro & industrial chemical.

MEMBERSHIP IN BOARD COMMITTEE(S)

- Chairman, Audit Committee
- Chairman, Remuneration Committee
- Member, Nominating Committee

DIRECTORSHIP IN OTHER PUBLIC COMPANIES

None

DECLARATION OF CONFLICT OF INTEREST OR ANY FAMILY RELATIONSHIP WITH ANY OTHER DIRECTOR AND/OR MAJOR SHAREHOLDERS

He has no conflict of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group.

DECLARATION ON CONVICTION OF OFFENCES WITHIN THE PAST 5 YEARS

He was publicly reprimanded and fined RM110,000 for breaching Paragraph 16.13(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on 29 June 2022.

ONG PHUI FATT

Independent
Non-Executive Director

NATIONALITY

Malaysian

AGE/GENDER

64 / Male

DATE OF APPOINTMENT

10 February 2023

NO OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

6 out of 6

QUALIFICATIONS

- Degree in Economics from University of Malaya

EXPERIENCE

He has over 30 years' experience in the banking and corporate finance sectors. He had previously held various senior position in Morgan Grenfell (Asia) Limited, Bank of America, ABN Amro Bank Berhad and Societe Generale. He was attached to Crimson Petroleum Asia Limited in Shanghai, China from year 2014 until 2020. Prior to that, he held the position as Director-Investment Banking in Affin Hwang Investment Bank Berhad where he was attached to Bank of East Asia (China) Limited in Shanghai. He ventures into his own investment advisory business in 2020.

MEMBERSHIP IN BOARD COMMITTEE(S)

- Chairman, Nominating Committee
- Chairman, Corporate Administration and Compliance Committee
- Chairman, Risk Committee
- Member, Audit Committee
- Member, Remuneration Committee

DIRECTORSHIP IN OTHER PUBLIC COMPANIES

None

DECLARATION OF CONFLICT OF INTEREST OR ANY FAMILY RELATIONSHIP WITH ANY OTHER DIRECTOR AND/OR MAJOR SHAREHOLDERS

He has no conflict of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group.

DECLARATION ON CONVICTION OF OFFENCES WITHIN THE PAST 5 YEARS

He maintains a clean record with regards to convictions for offences (other than traffic offences, if any) within the past 5 years.

DIRECTORS' PROFILE

**SUZANA MANJA
BINTI IBRAHIM** Independent
Non-Executive Director

NATIONALITY

Malaysian

AGE/GENDER

58 / Female

DATE OF APPOINTMENT

17 February 2023

NO OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

6 out of 6

QUALIFICATIONS

- Master in Business & Industrial Management, Asia
e University

EXPERIENCE

She has over 25 years of experience in a diverse range of business from construction, hotel, information technology and insurance.

Currently, she sits on the Boards of numerous business and non-business organisations and she is also the Chairperson of People's Empowerment Organisation of Perak ("Pertubuhan Pemerkasaan Rakyat Negeri Perak").

MEMBERSHIP IN BOARD COMMITTEE(S)

- Member, Audit Committee
- Member, Nominating Committee
- Member, Risk Committee

DIRECTORSHIP IN OTHER PUBLIC COMPANIES

None

DECLARATION OF CONFLICT OF INTEREST OR ANY FAMILY RELATIONSHIP WITH ANY OTHER DIRECTOR AND/OR MAJOR SHAREHOLDERS

She has no conflict of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group.

DECLARATION ON CONVICTION OF OFFENCES WITHIN THE PAST 5 YEARS

She maintains a clean record with regards to convictions for offences (other than traffic offences, if any) within the past 5 years.

KEY SENIOR MANAGEMENT PROFILE

**NG
CHEE KEONG**

Deputy Chief Executive
Officer (Legal, Compliance,
Internal Controls and
Corporate Governance)

NATIONALITY

Malaysian

AGE/GENDER

53 / Male

DATE OF APPOINTMENT

24 June 2020

QUALIFICATIONS

- Bachelor of Law from Bond University, Australia

EXPERIENCE

He was called to the Malaysian Bar in 1996 and has over 20 years of experience as a legal practitioner.

He was also a partner in Messrs Tan, Ng & Ong (Advocates and Solicitors) from 2001 to 2019 and as a consultant from 2019 to 2020.

He was appointed as Independent Non-Executive Director of Revenue Group Berhad since 1st December 2017.

He is currently the Deputy Chief Executive Officer in charge of legal, compliance, internal controls and corporate governance of the Group.

DIRECTORSHIP IN OTHER PUBLIC COMPANIES

Revenue Group Berhad

**YEN
PENG YEW**

Head of Factory
and Production

NATIONALITY

Malaysian

AGE/GENDER

55 / Male

DATE OF APPOINTMENT

22 December 2022

QUALIFICATIONS

- Certificate in Marketing from Advance Tutorial Centre
- Cambridge General Certificate of Education A Level from Thomson Pre-University Singapore

EXPERIENCE

Since his graduation from Advance Tutorial Centre, he joined Khee San Food Industries Sdn Bhd as Production Supervisor mainly supervising Deposited Candy section. In 1997, he was transferred to Victory Sochow Food Industries Ltd. (Chouzhou), a subsidiary of Khee San Food Industries Sdn. Bhd. as a Production Manager, to set up and design the new candy line in their China plant. His duty is to in-charge of the day-to-day production planning and execution of all manufacturing and operations functions and to seek for raw and packaging material to meet the production requirement.

In 2003, he was transferred back to Malaysia, involve in the new wafer line set up, design and operation. Eventually, he was promoted to Deputy Factory Manager in Year 2008. In 2021, he was transferred back to HQ to take charge of the day-to-day production planning and execution of all the manufacturing and operations function to ensure the maximization of the utilization of resources, cost and quality standard maintenance. Subsequently, he was promoted to Head of Factory and Production in year 2022.

KEY SENIOR MANAGEMENT PROFILE

**THYE
CHEE LIN** Deputy Factory Manager

NATIONALITY

Malaysian

AGE/GENDER

54 / Male

DATE OF APPOINTMENT

1 July 2013

QUALIFICATIONS

- Diploma in Electrical and Electronic-City of Guilds of London Institute (Institute Technology Pertama, Kuala Lumpur)

EXPERIENCE

He joined Khee San Food Industries Sdn Bhd in 1999 as Production Supervisor Cum Technician (Electrical) mainly responsible for the Hard candy and Soft candy Auto cooker.

He was promoted on 1 May 2009 as Assistant Production Manager and was responsible for daily production operation and organize machinery maintenance and upkeep.

He was promoted to Production Manager on 1 January 2012 and was responsible to meet daily production output and reporting to top management. He was also responsible to liaise with supplier and contractor on machinery spare parts and service job.

He was promoted to Deputy Factory Manager on 1 July 2013 and is responsible for the factory operation including production, housekeeping, infrastructure and maintenance.

**LEE
CHAI HONG** Head of Procurement/
Purchasing Division

NATIONALITY

Malaysian

AGE/GENDER

65 / Female

DATE OF APPOINTMENT

1 May 2021

QUALIFICATIONS

- Kuen Cheng High School, SPM
- Unified Examination Certificate
- Certificate in London Chamber of Commerce & Industry (LCCI)

EXPERIENCE

Ms Lee Chai Hong joined Khee San Food Industries Sdn Bhd in July 1977 as Account Clerk. She was responsible for Account Payable / Account Receivable and Sales Analysis in 1986. In 1995, she was promoted to Account Supervisor, in charge full set of Accounts. In October 2008, she was promoted to Accounts Assistant Manager, assisting in managing cash flow and day to day transactions. In August 2010, she was promoted to Accounts Manager and subsequently to Group Manager (Accounts and Finance) in February 2020. In 2021, she transferred to manage procurement department and promoted to Head of Procurement.

KEY SENIOR MANAGEMENT PROFILE

**VOO
LIP SANG @ PHILIP**

Financial
Controller

NATIONALITY

Malaysian

AGE/GENDER

57 / Male

DATE OF APPOINTMENT

10 November 2022

QUALIFICATIONS

- Chartered Accountant, Malaysian Institute of Accountant
- Member of the Malaysian Institute of Certified Public Accountants

EXPERIENCE

He started his career with a Big Five (5) international accounting in assurance and business advisory services and held the last position as Audit Manager. He has accumulated professional experience of more than 30 years and held senior financial position with a multinational semi-conductor industry equipment trading company (Regional Controller) and listed companies (Chief Financial Officer or Group Financial Controller).

**BAIDAH
BINTI ISMAIL**

Head of Human Resources,
Corporate & Administration

NATIONALITY

Malaysian

AGE/GENDER

47 / Female

DATE OF APPOINTMENT

21 November 2022

QUALIFICATIONS

- Bachelor of Accountancy, University Putra Malaysia (UPM)

EXPERIENCE

Puan Baidah Ismail joined Khee San Food Industries Sdn Bhd in November 2022 as Head of Human Resources, Corporate & Administration. She is responsible for the overall Human Resources & Administrative and Information Technology functions of the Group. In her working experience of more than 20 years, she has previously held managerial positions in Human Resources and Administration of manufacturing companies.

KEY SENIOR MANAGEMENT PROFILE

**TAN
SEOK GAIK @ RENEE** Head of Sales
& Marketing

NATIONALITY

Malaysian

AGE/GENDER

43 / Female

DATE OF APPOINTMENT

3 March 2023

QUALIFICATIONS

- Diploma in Management, University Teknologi Malaysia

EXPERIENCE

She joined Khee San Food Industries Sdn Bhd in March 2023 as Head of Sales and Marketing. She is responsible in developing strategic objectives related to sales and marketing functions and also establishing a brand and corporate identity for local and export business. She has more than 18 years of working experience.

DECLARATION OF CONFLICT OF INTEREST OR ANY FAMILY RELATIONSHIP WITH ANY OTHER DIRECTOR AND/OR MAJOR SHAREHOLDER

She is the sister-in-law of Dato' Sri Ngu Tieng Ung, JP, the major shareholder and Non-Independent Non-Executive Director of the Company.

She is also the aunt of Ngu Chienn Ying, the Executive Director of the Company.

Notes:

Save as disclosed above, none of the key senior management has:

- (a) Any directorship in public companies and listed issuers;
- (b) Any family relationship with any director and/or major shareholder of the Company;
- (c) Any conflict of interest with the Company;
- (d) Any convictions for offences (other than traffic offences) within the past 5 years; and
- (e) Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

1. INTRODUCTION

Khee San Berhad (“KSB”) and its three (3) subsidiaries Khee San Food Industries Sdn Bhd (“KSFI”), Khee San Marketing Sdn Bhd and Mega Global Confectionary Sdn Bhd (collectively known as “the Group”), are the largest manufacturers of candy in Malaysia.

The Group’s headquarter and facilities are located in Seri Kembangan where it produces and distributes the following products:

SWEETS & CANDIES	
<ul style="list-style-type: none"> • Chewy • Deposited • Hard 	<ul style="list-style-type: none"> • Tablet • Chewing Gum • Bubble Gum

2. FINANCIAL REVIEW

a) Review of Statement of Comprehensive Income

The summary of the Statement of Comprehensive Income is as follows:

RM MILLION	FYE 2024	FYE 2023
Revenue	52.3	55.6
Gross Profit	13.5	11.8
Gross Profit Margin (“GPM”)	25.8%	21.2%
Other Income	0.5	2.4
Distribution Expenses	(0.6)	(0.1)
Administrative Expenses	(12.3)	(11.2)
Impairment losses	(0.1)	(0)*
Other Expenses	(0.2)	(0.2)
Finance Costs	(0)*	(1.8)
Profit Before Tax	0.8	0.9
Profit After Tax	0.8	1.7

*Less than RM100,000

MANAGEMENT DISCUSSION AND ANALYSIS

The Group reported revenue of RM52.3 million for the current financial year, marking a decline of RM3.3 million, or 6%, as compared to the previous financial year. This decrease is primarily attributed to a reduction in sales orders from the local market.

The Group achieved a gross profit of RM13.5 million in the current financial year, reflecting a gross profit margin of 25.8%. This represents an improvement over the previous financial year's gross profit of RM11.8 million or 21.2%.

The Group's profit after tax for the current financial year was RM0.8 million, marking a decrease of RM0.9 million as compared to the previous financial year. There is a decrease in profit after tax as there was a reversal of deferred tax liabilities of RM1.3 million that boost the result of the Group in the financial year 2023. Without the effect from the reversal of deferred tax liabilities in FYE 2023, result of the Group was consistent as compared to FYE 2023 largely due to the Group's higher gross profit margin, stringent cost management, and improvements in production efficiency.

b) Review of Statement of Financial Position

The summary of the Statement of Financial Position is as follows:

RM MILLION	FYE 2024	FYE 2023	VARIANCE
Property, Plant and Equipment	52.1	54.1	(2.0)
Right-Of-Use Assets	0.3	0.9	(0.6)
Inventories	11.4	9.1	2.3
Trade and Other Receivables	3.9	4.2	(0.3)
Fixed Deposit	2.0	-	2.0
Cash and Bank Balances	2.2	2.3	(0.1)
Total Assets	71.9	70.6	1.3
Trade and Other Payables	62.8	62.1	0.7
Deferred Tax Liabilities	3.6	3.6	-
Total Borrowings	75.4	75.4	-
Other Liabilities	6.7	6.9	(0.2)
Total Liabilities	148.5	148.0	0.5
Shareholders' Equity	(76.6)	(77.4)	0.8

MANAGEMENT DISCUSSION AND ANALYSIS

For FYE 2024, there was a slight increase in total assets as compared to FYE 2023. This increase was driven by several factors:

1. **Inventories:** There was an increase of RM2.3 million in inventories. This increase of inventories was due to the expectation of higher sales demand in the upcoming 1st half in the financial year ending 2025.
2. **Fixed deposit with a licensed bank:** There was a placement of fixed deposit of RM2 million.

However, these increases were partially offset by a decrease in property, plant, and equipment. The reduction in property, plant and equipment amounted to RM2 million, which was mainly attributable to the depreciation of property, plant and equipment.

As of 30 June 2024, total liabilities stood at RM148.5 million, reflecting a minor increase of RM0.5 million from RM148 million reported in the previous year. There were no significant changes in liabilities as compared to the prior year.

Correspondingly, Shareholders' Equity has improved from deficit RM77.4 million to deficit RM76.6 million primarily due to the factors mentioned above.

c) Review of Statement of Cash Flows

The summary of the Statement of Cash Flows is as follows:

RM MILLION	FYE 2024	FYE 2023
Net cash generated from operating activities	2.2	0.9
Net cash used in investing activities	(0.1)	(0.3)
Net cash used in financing activities	(0.2)	(0.4)
Net increase in cash and cash equivalents	1.9	0.2
Cash and cash equivalents at the beginning of the year	(7.3)	(7.5)
Cash and cash equivalents at the end of the year	(5.4)	(7.3)

The Group's net cash generated from operating activities improved to RM2.2 million for the current financial year, compared to a net cash outflow of RM0.9 million in the previous financial year.

In terms of investing activities, the Group used RM0.1 million in net cash, a slight decrease from the RM0.3 million used in the prior year. This indicates minimal change in investing cash flows compared to the previous year.

In regard to the financing activities, there was a modest improvement with net cash used amounting to RM0.2 million. This improvement is due to the absence of loan and borrowing repayments during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

3. GROUP REVENUE PERFORMANCE OVERVIEW

The Group's revenue performance for FYE 2024 and FYE 2023 on a geographical market segment basis is as follows:

RM MILLION	FYE 2024	FYE 2023
Domestic Market	33.4	39.8
Export Market	18.9	15.8
Total	52.3	55.6

4. BUSINESS OPERATIONS REVIEW

In FYE 2024, the Group recorded total sales revenue of RM52.3 million of which the domestic sales accounted for 64% and the export sales accounted for the balance of 36%. The main sales product category of the Group is Candy.

Candy

The Candies segment is subdivided into various categories as follows:

CATEGORIES	BRANDS
Chewy	Fruitplus, Mintplus, Choco Plus and Milk Plus, Victory, Snackie, Sochews and Beyond
Deposited	Victory Brand
Hard	Torrone, Snackie, Kiss Me, BonBon, Fizzy, Salt Plus, Salt & Lemon, Comilk, Nini, Golly Pop, Crystal Pop and Ong Mali
Tablet	Bento
Chewing Gum	Victory
Bubble Gum	88 Super Bubble Gum

The Candy segment comprises the majority of the Group's revenue and was the main contributor of the Group. The bestselling product was the *Fruitplus* range of chewy candies whilst *Torrone Barley Mint* hard candies were an iconic product which was easily recognisable as it has been present in the market for over three decades. The overall market condition remained strong for the segment with strong demand for the chewy and soft candy products.

Production Operations

The Group's production operations are based at its plant located in Seri Kembangan, Selangor which produces the candy products. The Group's operation capacity is sufficient to meet the market demand. The Group is currently operating 8 lines of operational production lines.

MANAGEMENT DISCUSSION AND ANALYSIS

Similarly, for the *Fruitplus* chewy candy, the Group has progressively increased its packaging machines capacity over the last decade to meet its increasing demand on *Fruit Plus Chewy Candy*. Additional upgrades have also been made to the production lines to further automate the chewy candy process which help in increasing the production output, reduce wastage as well as to reduce the Group's reliance on manpower. These efforts put forth by the Group will address the constraints faced by the production department.

Sales and Marketing

Whilst the Group has established a strong footing in the domestic market, it has made significant headwinds to grow its export markets. The Group currently exports to over 20 countries with major destinations being China, Hong Kong, Vietnam, Japan, South Africa and other Asia Pacific countries. For the domestic market, the focus will be on widening its coverage to all the various retail sales point across both the wholesale and modern distribution channels. These sales points can range from 24-hour convenient stores, to the various big hypermarket chains.

Distribution Channels

The Group sells its products via two distribution channels, through wholesale and modern distribution channels.

In an effort to achieve higher sales volume, the Group distributes its products via both the wholesale and modern distribution channels in Malaysia. For export sales, our distribution network extends across countries in Asia, Europe, Africa and Middle East.

5. BUSINESS RISK OVERVIEW

The Group faces several risk factors that may affect the Group's profitability. Those risks include the following:

Labour shortages and wage fluctuations

The Group's production activities are labour intensive in nature, thus it is prone to labour shortages. By the same, it is also subject to wage fluctuations as the increase in minimum wage level in peninsular Malaysia. In an effort to reduce the over-reliance to the labour issues, the Group will continue to invest in automating the production operation.

Fluctuation of raw materials price

The fluctuation of raw materials' prices has been an inherent issue for the Group, as well as its competitors in the similar industry. As an example, sugar price fluctuations may severely impact the Group as it is a major component of the Group's products. Realising this issue, the Group has taken necessary steps to reduce the risk of constant price fluctuations by engaging with its various raw material suppliers to strive for favourable longer-term supply arrangements. At the same time, the Group are constantly exploring with new suppliers to ensure that it is not overly dependent and reliant on its current key suppliers. The Group shall ensure that these initiatives are carried out without compromising its products quality.

Fluctuation of foreign currency exchange rate

Significant fluctuation of foreign currency exchange rate will impact the Group's cash flow movement and profitability as most of its input materials are sourced from abroad. In addition, the Group also relies on its export sales which are also subject to changes in currency exchange rates. The Group shall manage currency exchange rate fluctuations by continuing to monitor global currency movements and, if necessary, take proactive hedging positions to mitigate such risk.

MANAGEMENT DISCUSSION AND ANALYSIS

Changes in consumers' preferences

The Group is aware of the continuous shift in consumers' taste preferences. As such it is constantly introducing innovative new flavours for its existing product range, as well as new products and product packaging to the market.

Product quality

The Group recognises that it is crucial to ensure its food-base products are high of quality. Deterioration in quality may bring severe negative image to the Group's product brands and create harmful long-term impact to the Group's reputation. To mitigate such occurrences, the Group has implemented strict quality management systems and quality assurance processes to ensure that there is no deterioration in product quality. Furthermore, the group is certified as an ISO and Halal candy and wafer manufacturer.

Interest rate & liquidity risk

The Group is exposed to interest rate and liquidity risk as it has considerably high bank borrowings. The board is cognisant of this inherent risk and shall monitor its cashflow position diligently while exploring alternate avenues of funding. The Group may consider raising funds through the capital markets when the stock market condition is much more favourable. This will help mitigate over-reliance on banking facility which is prone to interest rate movements.

6. OUTLOOK OF FUTURE PROPECTS

The Group believes that the demand for our candy products and business prospects will remain positive due to the growing demand for confectionery products.

According to Independent Market Research Report by Providence Strategic Partners Sdn Bhd, demand for confectionary products in Malaysia, based on manufacturing sales value, rose from RM8.2 billion in 2019 to RM13.8 billion in 2023 at a CAGR of 13.9%. Demand for confectionery products remained positive despite the COVID-19 pandemic which affected economic activities and consumer spending. Providence projects that the manufacturing sales value of confectionery products will increase from RM13.8 billion in 2023 to RM19.4 billion in 2026, at a CAGR of 12.0%. Demand for sugar confectionery products in Malaysia, based on retail sales value, rose from RM449.6 million in 2018 to RM452.8 million in 2019. Due to the COVID-19 pandemic, the demand for sugar confectionery products experienced a year-on-year contraction of 5.7% and dropped to RM427.0 million in terms of retail sales value in 2020. The high vaccination rates and gradual reopening of the economy in 2021 contributed to the retail sales of sugar confectionery improving to RM436.7 million and further rising to RM448.7 million in 2022 and RM460.0 million in 2023. Providence projects that the retail sales of sugar confectionery will increase from RM460.0 million in 2023 to RM485.0 million in 2026, at a CAGR of 1.8%.
<Source: Independent Market Research Report, Providence Strategic Partners Sdn Bhd>

The Group is expanding its oversea market and had entered into a Strategic Cooperation Agreement with Wellspire Global Trading Sdn Bhd as the sole and exclusive distributor of the "Khee San" brand products in Thailand for a period of three (3) years from 23 August 2023 to 22 August 2026.

The Group is optimistic about achieving positive operating results following the completion of its proposed business regularization plan and scheme of arrangement, which were initially submitted to Bursa Securities on July 18, 2023. On July 4, 2024, the Group submitted a Revised Regularization Plan to Bursa Securities. This revised plan was approved by Bursa Securities on August 19, 2024, subject to certain specified terms and conditions.

The Group is weighing all options and will decide on the best course of action moving forward and will act in the best interest of its shareholders.

SUSTAINABILITY STATEMENT

It is with great pleasure the Board of Directors present Khee San Berhad's ("KSB" or "the Group") Sustainability Report for the financial year ended ("FYE") 30 June 2024. This report serves as a channel to communicate our initiatives in managing sustainability key governance, economic, environmental and social risks as well as opportunities to create value to the stakeholders.

The Group acknowledges that sustainability has been a vital element contributing to the growth of our business.

SCOPE AND BOUNDARY

The scope of this report is limited to the sustainability progress and impact of all business operations and initiatives carried out by KSB, covering both financial and non-financial aspects for the period from 1 July 2023 to 30 June 2024.

GUIDELINES AND STANDARDS

Bursa Malaysia's Sustainability Reporting Guide (3rd Edition) was referenced in the preparation of our Sustainability Statement 2024.

REPORT QUALITY AND ASSURANCE

This Statement has not been subjected to an assurance process. The data reported in this Statement has been internally sourced and verified by the respective business units or information owners. The Group shall continue to strengthen its data collection and analysis procedures to enhance the quality and accuracy of its data subjected to internal review by our internal auditors going forward.

SUSTAINABILITY GOVERNANCE

The Board of Directors ("the Board") of the Group is the main driver in overseeing the sustainability matters, setting the sustainability strategies and ensuring that our sustainability initiatives are aligned with the Group's vision and mission. The Board is supported by the Risk Management Committee in setting sustainability strategies as well as monitoring the progress of implementation of sustainability initiatives, based on the directions set by the Board. During the financial year under review, various departments, business units and teams have been involved in the various aspects of sustainability management.

KSB Group's Sustainability Governance Structure and their key roles is as follows:

Board of Directors

Deliberate and approve the Group's strategies, initiatives, budget and related matters.

Board Risk Management Committee

Review and oversee the implementation and monitoring of sustainable policies, measures and practices, including climate-related risk and opportunities.

Sustainability Working Group

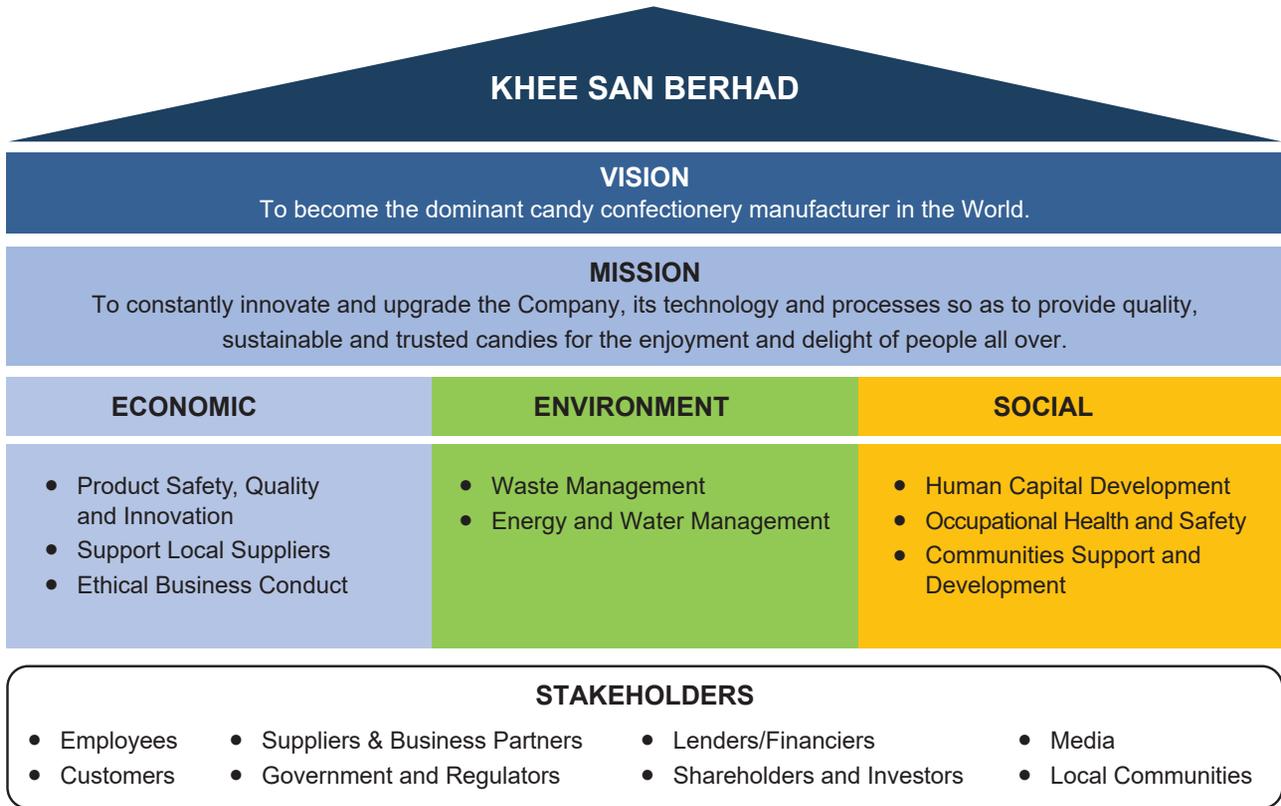
Identify, plan and initiate the policies, measures and practices including day-to-day management of sustainability of risks and issues. In addition, provide status updates on sustainability performance to the Management.

KSB Group believes that operating our business with strong corporate governance is not only key to our business performance but is an integral part of our sustainability methodology. KSB constantly works to cultivate a company culture that drives our people to create value by conducting our business responsibly and conforming to the highest ethical standards through our Code of Conduct and Ethics and business practices of our industry. To ensure these practices are instilled from the top-level down, the Group holds our Board of Directors and management team accountable for their duties through our Board Charter, which sets out the principles responsibilities of sustainability.

SUSTAINABILITY STATEMENT

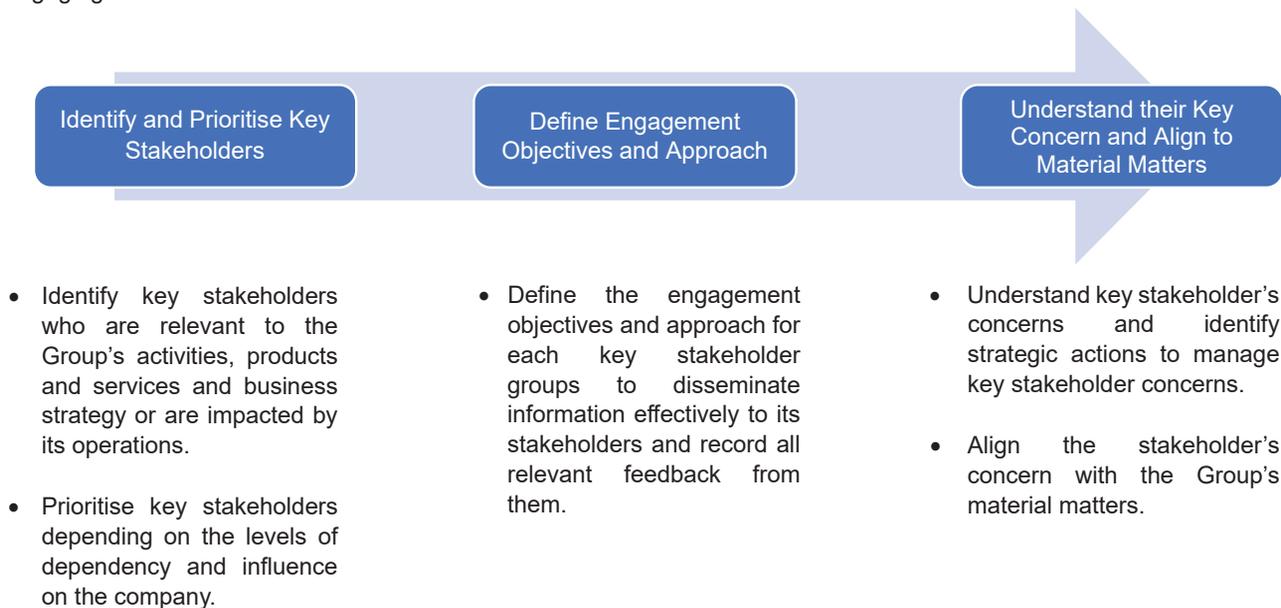
SUSTAINABILITY FRAMEWORK

The Group has implemented a sustainability framework to bolster the sustainability management practices. The framework incorporates our ESG vision and mission, material sustainability matters and our engagement with the stakeholders.



STAKEHOLDERS ENGAGEMENT PROCESS

Engaging with stakeholders enables the Group to gain deeper insights into how its operations affect the economy, environment, and society. This interaction allows the Group to uncover sustainability risks and opportunities progressively as the business matures. The primary audience for the Group’s sustainability efforts and disclosures consists of key stakeholders, who are distinguished by their significant influence or interest. The Group has adopted a 3-step process in engaging stakeholders:



SUSTAINABILITY STATEMENT

STAKEHOLDERS ENGAGEMENTS

Engagement with stakeholders helps the Group to make informed decisions by understanding stakeholder needs and concerns. Strong stakeholder relationships and a positive reputation gives us a competitive edge in the marketplace. The following are the areas of interest and methods of engagement used for the Group's key stakeholder groups:

Stakeholder Groups	Engagement Method	Frequency
Employees 	<ul style="list-style-type: none"> • Performance Review • Department and Management meeting • One to one engagement 	<ul style="list-style-type: none"> • Annually • Monthly • As needed
	Key Concern <ul style="list-style-type: none"> • Fair employment practices and diversity in gender and ethnic groups • Training and career progression • Safe and healthy working environments • Employee benefits and welfare • Succession planning Our Responses: <ul style="list-style-type: none"> • Adherence to employment laws • Establishment of Employee Handbook, diversity policies, code of conduct etc. • Training programs to support career growth and personal development • Annual performance appraisal • Production team attends health and safety briefings and trainings • Competitive Incentive Scheme 	
Customers 	<ul style="list-style-type: none"> • Company Website • Corporate and Media Announcement • Customer Survey 	As needed
	Key Concern <ul style="list-style-type: none"> • Quality and pricing Our Responses: <ul style="list-style-type: none"> • Produce candies under strict quality control process so as to ensure quality and consistency • Better understand the customers' requirements (i.e Price point, size, variety) • Conduct market survey & research 	
Suppliers 	<ul style="list-style-type: none"> • Updates and meetings • Suppliers evaluation 	<ul style="list-style-type: none"> • Monthly • Annually
	Key Concern <ul style="list-style-type: none"> • Fair and transparent tender and procurement process • Prompt payment • Continuous and future business opportunities Our Responses: <ul style="list-style-type: none"> • Professional approaches to reviewing suppliers proposal, adhere to the available Standard Operating Procedures ("SOPs") • Ensuring product quality by conducting annual supplier and vendor evaluations • Standard payment cycles and procedures, adhere to the available SOPs • Support local suppliers throughout our value chain 	
Government and Regulators 	<ul style="list-style-type: none"> • Production plant visit • Compliance and regulatory requirements reporting 	As needed
	Key Concern <ul style="list-style-type: none"> • Ensuring adherence to applicable regulations (Environmental and Occupational Safety and Health Act etc) • Upholding corporate governance and best business practices • Other authorities approvals, such as Halal, Water, Electricity, etc Our Responses: <ul style="list-style-type: none"> • Maintain close consultations with, and provide regular updates to, the regulatory authorities and local governments, this ensures that we are in compliance with the law. • Corporate governance internal policies such as ABAC Policy, Whistleblowing Policy etc. 	

SUSTAINABILITY STATEMENT

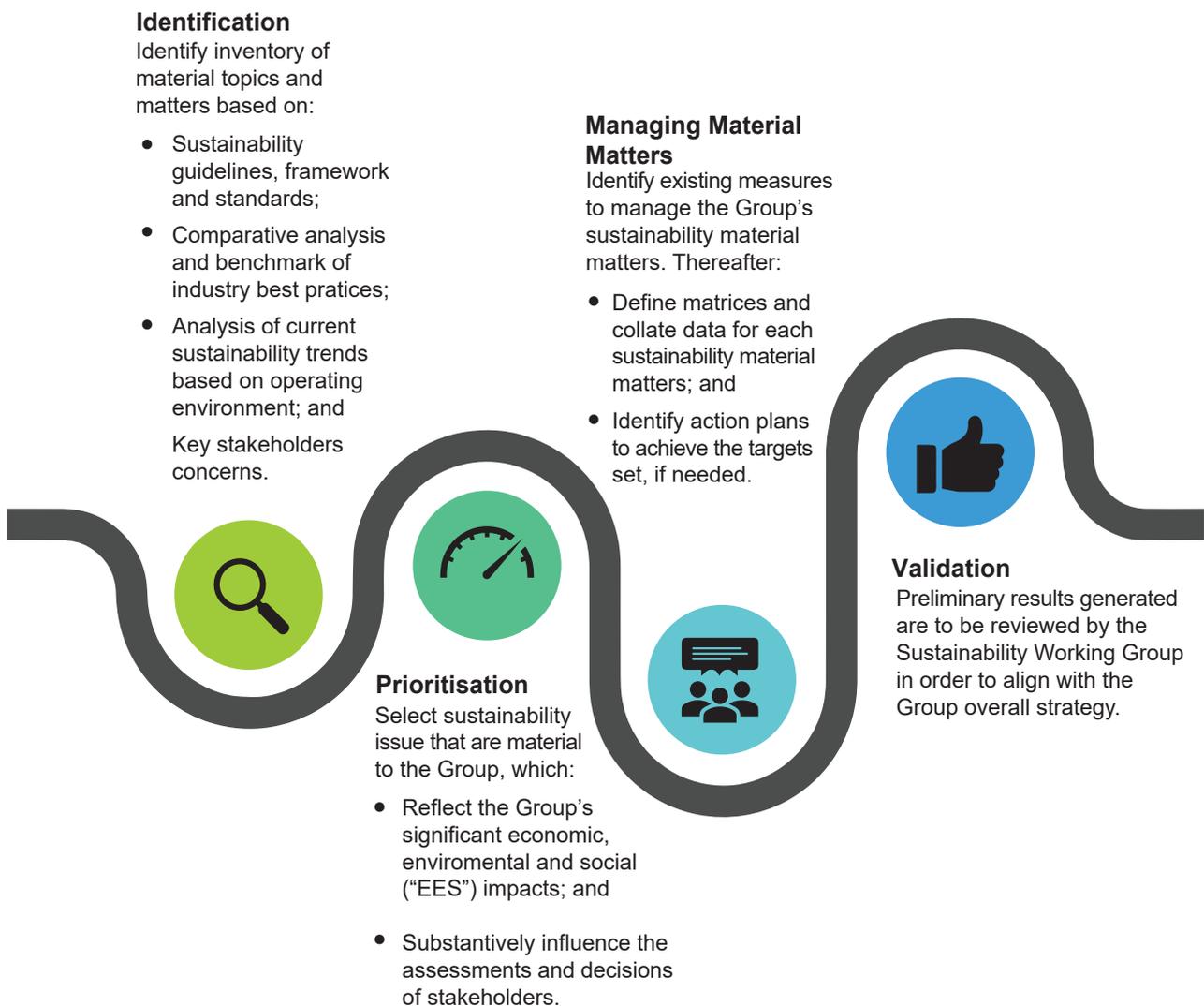
Stakeholder Groups	Engagement Method	Frequency
Lenders/ Financiers 	<ul style="list-style-type: none"> • Company website • Corporate and media announcement • Loan covenant and compliance reporting • Ad-hoc company festive event 	As needed
	Key Concern <ul style="list-style-type: none"> • Sustainable performance in loan repayment Our Responses: <ul style="list-style-type: none"> • Provide timely updates on the Group's financial performance and corporate developments 	
Shareholders and Investors 	<ul style="list-style-type: none"> • Quarterly Report • Corporate and media announcement • Social Media/Company Website • Annual General Meeting ("AGM")/ Extraordinary General Meeting ("EGM") • Annual report 	<ul style="list-style-type: none"> • Quarterly • As needed • Annually
	Key Concern <ul style="list-style-type: none"> • Sustainable performance which can build/improve confidence levels of shareholders, boost share price and continue to pay dividends to shareholders • Corporate governance, risk management and internal controls Our Responses: <ul style="list-style-type: none"> • Communicate financial results, key development and strategies via quarterly result announcements and annual report • Provide responses to shareholders and investors queries during AGM/ EGM • Corporate governance internal policies such as Anti-Bribery and Corruption ("ABAC") Policy, Whistleblowing Policy, Board Diversity Policy, etc., made available on the website. 	
Media 	<ul style="list-style-type: none"> • Company website • Corporate and media announcement • Social media • Conferences and corporate events • AGM/ EGM 	<ul style="list-style-type: none"> • Quarterly • As needed • Annually
	Key Concern <ul style="list-style-type: none"> • Transparency and promptness in sharing information with stakeholders Our Responses: <ul style="list-style-type: none"> • Proactively engage with diverse media and press representatives • Maintain open-door communication with the media • Swiftly respond to all media inquiries • Briefing sessions to media to share updates on products 	
Local Communities 	<ul style="list-style-type: none"> • Company website • Corporate and media announcement • Corporate social responsibility event 	As needed
	Key Concern <ul style="list-style-type: none"> • Impact of operations/development on surrounding communities and environment Our Responses: <ul style="list-style-type: none"> • Provide social and economic benefits to the communities, for example job opportunities and supporting local businesses. • Monitor production compliance to local authorities requirements on production hours, noise exposure and environmental-related laws and regulations. 	

SUSTAINABILITY STATEMENT

DETERMINATION OF OUR MATERIAL MATTERS

The goal of our materiality assessment is to determine which issues are most relevant and significant to our business and stakeholders, helping us to focus our efforts on addressing the most important sustainability and corporate responsibility challenges.

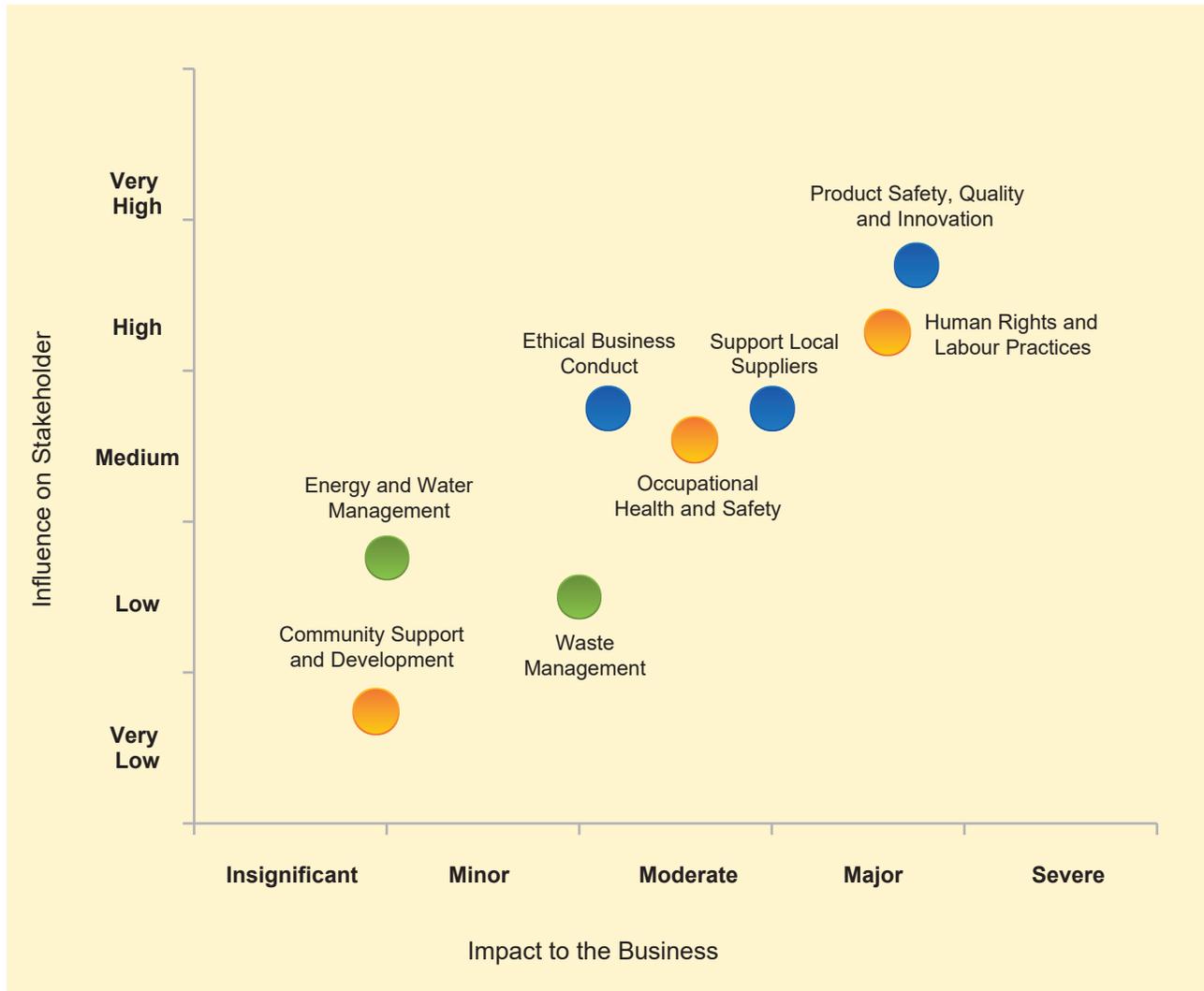
We have adopted a 4-step materiality assessment approach in line with the guidance prescribed by Bursa Malaysia's Sustainability Reporting Guide 3rd Edition.



SUSTAINABILITY STATEMENT

MATERIAL SUSTAINABILITY MATTERS

The Group have identified the material topic that is aligned with KSB's economic, environmental, and social impacts and its significance, based on the perspective of our core business and stakeholders. The material matrix is shown as below:



 ECONOMIC	 ENVIRONMENT	 SOCIAL
<ul style="list-style-type: none"> • Product Safety, Quality and Innovation • Support Local Suppliers • Ethical Business Conduct 	<ul style="list-style-type: none"> • Waste Management • Energy and Water Management 	<ul style="list-style-type: none"> • Human Rights and Labour Practices • Occupational Health and Safety • Communities Support and Development

SUSTAINABILITY STATEMENT

SUSTAINABLE STRATEGIES AND PERFORMANCE

The following are the areas of interest and methods of engagement used for the Group’s key stakeholder groups:

ECONOMIC

PRODUCT SAFETY, QUALITY AND INNOVATION

The Group take pride in ensuring the quality of product. All of our finished goods are required to undergo meticulous examination by our Quality Assurance Department.

As our social responsibility to our customers, the Group is committed to produce good quality products for the market by adhering to the Good Manufacturing Practice (“GMP”) and continuous compliance with Halal certificate & ISO 9001:2015 Quality Management System certificate, Safety Food Industry Responsibility (MeSTI) certification to ensure food safety and hygiene.



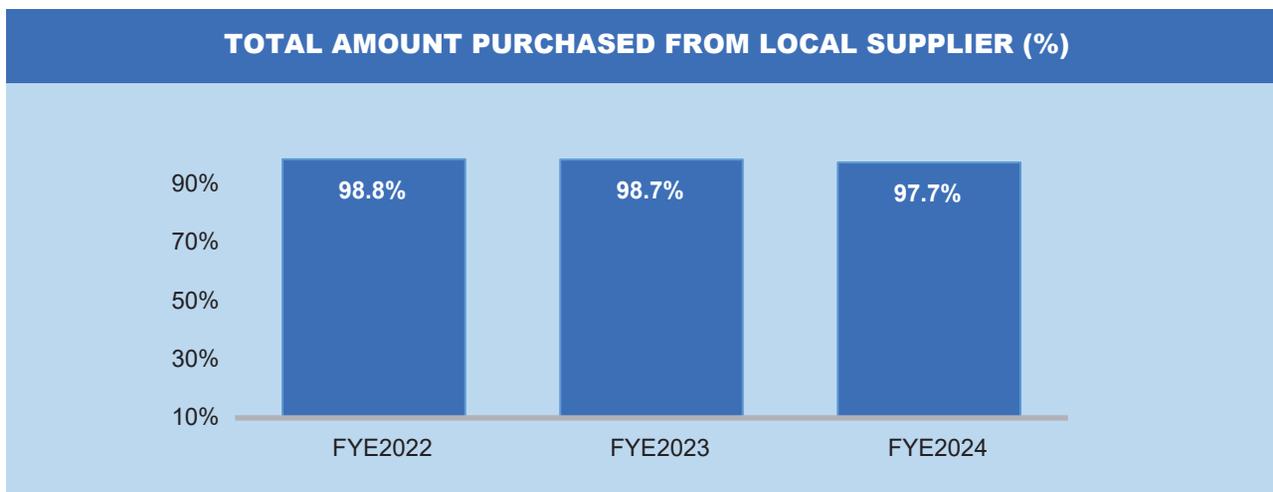
To meet present and evolving consumer expectations, we monitor emerging needs and continue to innovate our products to satisfy their evolving needs. As more customers look for alternatives, the Group has developed a new plant-based product, Fruit Plus Beyond that is free from animal substances such as gelatin. To cope with Chinese New Year 2024, the Group introduced Victory, Ong Mali that is pineapple flavoured that contains vitamin C.



SUSTAINABILITY STATEMENT

SUPPORT LOCAL SUPPLIERS

Supporting local suppliers is our way of ensuring ethical and sustainable procurement practices throughout our operations. KSB conduct rigorous pre-qualification and selection process to improve the selection of suppliers.



The Group actively partner with local suppliers, whenever possible. During FYE2024, the proportion of spending on local suppliers is approximately RM30 million (FYE2023: RM37 million), which is 97.7% of total purchases of FYE2024. Active negotiations with suppliers and effective production planning are in place to ensure the availability of raw materials in fulfilling customer orders.

ETHICAL BUSINESS CONDUCT

Upholding the highest ethical standards is a core principle at KSB. Whistleblowing Policy is in place to provide a framework to promote responsibility and commitment to carrying out our business with honesty, integrity and accountability. This policy is also designed to support and protect our workforce in their efforts to adhere to the Group’s Code of Conduct and Ethics by establishing a communication channel for any stakeholders to report any issues that they may encounter.

The Group’s Code of Conduct and Ethics (“COCE”), Whistleblowing Policy and Board Charter are made available on KSB’s website at www.kheesanbhd.com.

In ensuring compliance with the Group’s ABAC Policy, COCE and other accompanying policies, all the new joiners must undergo the induction program. Additionally, all business associates and employees are required to complete the Declaration Form indicating the agreement to abide with the Group’s ABAC and COCE.

In FYE2024, there was no bribery and corruption case being reported.

Indicator	Unit	FYE2022	FYE2023	FYE2024
Confirmed incident of corruption and action taken	Cases	Zero	Zero	Zero

SUSTAINABILITY STATEMENT

SOCIAL

HUMAN RIGHTS AND LABOUR PRACTICES

The Group is committed to preventing any human rights violations by adhering to the Employment Act 1955 and other labour practices and standards (i.e. Minimum Wages Order, Social Security Act 1969, Anti-Sexual Harrassment Act 1994, etc).

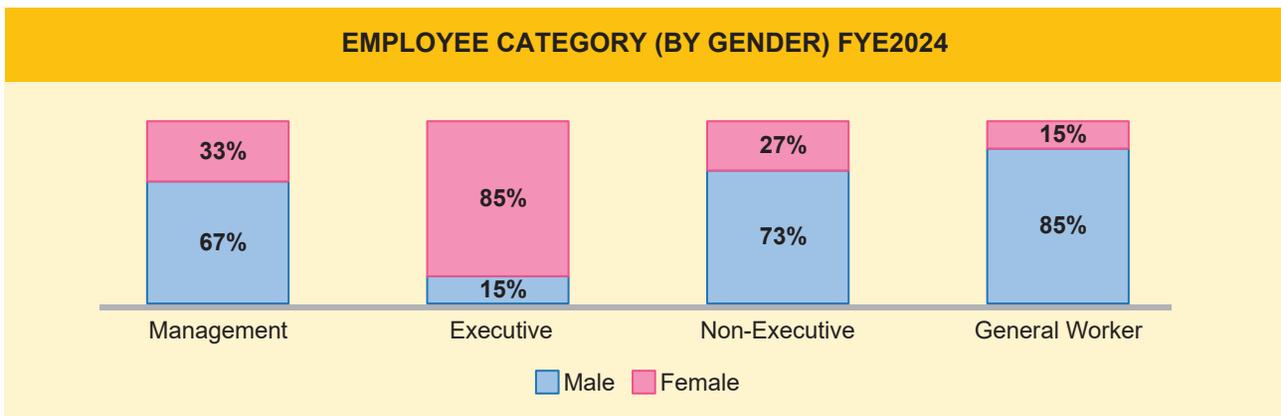
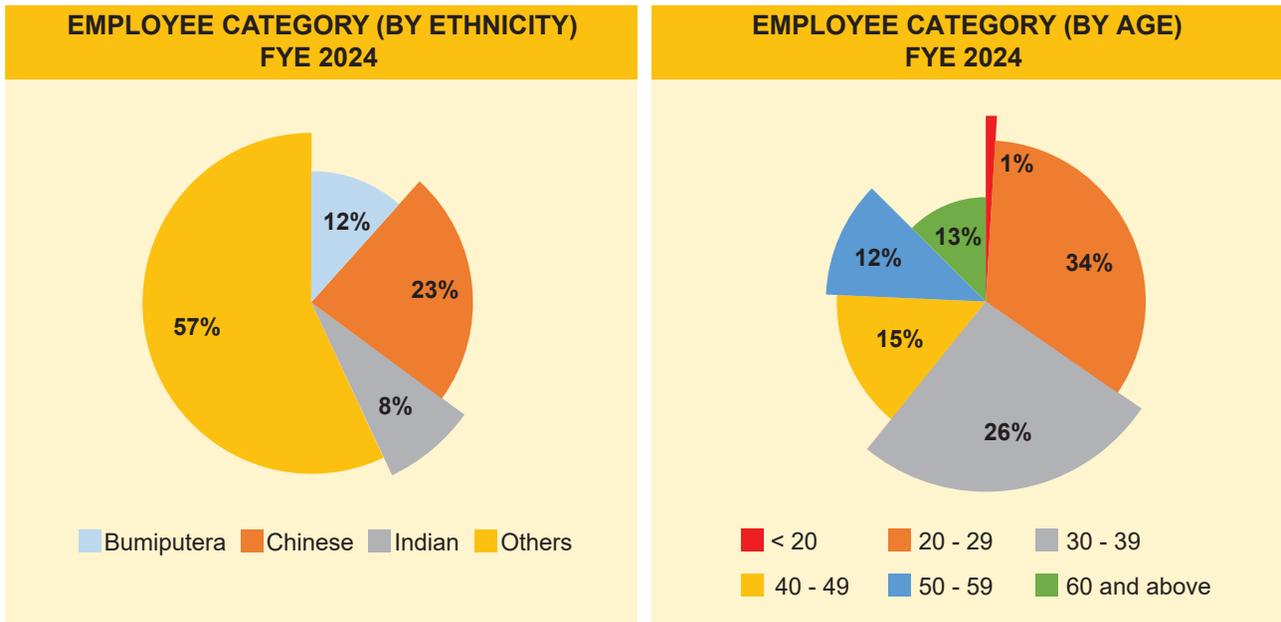
In FYE2024, there were no complaints received concerning human rights violations.

Indicator	Unit	FYE2022	FYE2023	FYE2024
Complaints concerning human rights violations	Number	Zero	Zero	Zero

Diversity & Inclusivity

Our employees are a vital component of the Group to achieve sustainable results. Their performance and commitment to their respective jobs are crucial to allow the Group to operate in a very efficient and effective manner to develop a long-lasting sustainable business.

We actively cultivate an inclusive environment where everyone feels valued and empowered to contribute their unique talents and perspectives. KSB embrace diversity in all its forms, including race, ethnicity, gender, and age.



SUSTAINABILITY STATEMENT

The Group takes efforts to develop a sustainable talent pool that can realise its potential and at the same time create a balanced and conducive working environment for its employees. The Group organises in-house as well as external training programs and workshops which are tailor-made to different departments and job functions to cater for their respective skill sets. This is to elevate our employees in broadening their knowledge base and technical know-how on new developments in their respective fields of expertise, as well as improving the soft skills of our employees.

A minimum of 8 training hours per employee has been set as a key performance indicator on annual performance appraisal to encourage the participation of training. Furthermore, a series of training is required to be undertaken by new employees as part of their induction program. During FYE2024, the total training hours spent was 2,551 hours or 11.9 training hours per employee.

Indicator	Unit	FYE2022	FYE2023	FYE2024
Total hours of training	Hours	536	844	2,551
Total headcount	Pax	195	190	214
Average training hours per headcount	Hours	2.7	4.4	11.9

Moreover, we also provide other employee benefits such as hospitalisation, group insurance coverage and long service awards in honour of our employees' dedication, commitment and hard work.

OCCUPATIONAL HEALTH & SAFETY

We prioritise a safe and healthy environment for our employees. The Group implement measures such as:

- Surveillance at work (installation of CCTV)
- Established Health & Safety policy
- Providing personal protective equipment ("PPE") to our production team to prevent accidents and injuries
- Conduct toolbox meetings on a weekly basis.
- Appointment of pest control service provider to ensure hygiene at workplace
- Fire drill exercise and compliance to Fire Services Act 1988

In FYE2024, the work-related fatalities and lost time incident rate ("LTIR") remains at zero

COMMUNITIES SUPPORT AND DEVELOPMENT

The Group's commitment extends beyond business, actively supporting the growth of our local communities. The Group makes charitable contributions to the local communities by way of donations and sponsorship for education purposes, candies giveaways and sponsors for events.

In FYE2024, contributions are made to the local communities (i.e. schools, fire-fighters, non-profit organisations) as below:

Indicator	Unit	FYE2022	FYE2023	FYE2024
Amount invested in the community	RM	Zero	RM6,500	RM6,618
Beneficiaries of the investment in the community	Number	Zero	4	7



SUSTAINABILITY STATEMENT

ENVIRONMENT

Being a responsible corporate citizen, KSB Group continues to adhere to a cleaner, greener and healthier working environment. It is mindful of the environmental impact of its activities and has maintained full compliance with all environmental regulations and will continue to develop effective initiatives to protect the environment.

WASTE MANAGEMENT

KSB is committed to implementing sustainable practices throughout the production process, from sourcing of raw materials, consumption, and disposal. The Group prioritise the procurement of packaging materials with lower plastic content. Moreover, we encourage digital communication and submission to minimise printing and paper usage.

The total waste generated by KSB for the past 3 financial years are shown below:

Indicator	Unit	FYE2022	FYE2023	FYE2024
Waste diverted from disposal (recyclable)	Metric tons	Data not available	22.992	30.727
Waste directed to disposal (non-recyclable)			1.600	1.000
Total waste generated			23.992	31.727

The Group has appointed a certified waste disposer to handle the waste generated, particularly on solid waste such as used lubricant oil and cooking oil that is produced during the manufacturing process. In addition, the Group recycle its scrap cartons, plastic film, paper core, sugar bags and empty milk tins by selling them to local scrap collectors.

Amongst some of the initiatives undertaken by the Group to reduce waste are:

- Comply with preservation of environmental aspects
- Avoid contamination and improve quality of environment
- Ensure all materials used, where possible, are sourced from sustainable or recycled means
- Ensure wastes are responsibly disposed at designated premises
- Recycled obsolete packaging materials

ENERGY AND WATER MANAGEMENT

The Group recognise that electricity consumption is one of the key contributors to greenhouse gas emissions and is mindful of the need to conserve water in our operations, even though our operations are not located in water-stressed areas. During FYE2024, the energy and water consumption was summarised as below:

Indicator	Unit	FYE2022	FYE2023	FYE2024
Energy management	Megawatt (MWh)	1,840	2,352	2,174
Water management	Megaliter	48	47	56

In the effort to reduce energy consumption to combat climate change, we have undertaken multiple measures for energy savings such as using battery-powered forklifts, energy efficient lighting and equipment such as light-emitting diode ("LED") bulbs and switching off electronics when not in use. We also optimise manufacturing efficiency through energy-efficient production machinery and other natural resources in the business operations.

The Group emphasises the importance of keeping machinery, tools, and equipment clean. At the end of each business day, all will be thoroughly cleaned. Conservation methods are practised during the cleaning process to ensure consumption of water remains low.

SUSTAINABILITY STATEMENT

KSB GROUP'S COMMITMENTS

The KSB Group acknowledge the importance of the sustainability element in the business and the Group pledge to work collectively to mould a better future for generations to come by improving our sustainability performance.

This report was approved by the Board on 14 October 2024.

SUSTAINABILITY STATEMENT

Bursa ESG Reporting Platform

Common Indicator	Measurement Unit	FYE2022	FYE2023	FYE2024
Anti-Corruption				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Management	Percentage	0	50	96
Executive	Percentage	0	0	100
Non-executive/ Technical Staff	Percentage	0	0	98
General Workers	Percentage	0	0	100
Bursa C1(b) Percentage of operations assessed for corruption related risks				
Bursa C1(c) Confirmed incidents of corruption and action taken				
Community/ Society				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer				
	Unit of currency	0	RM 6,500	RM 6,618
Bursa C2(b) Total number of beneficiaries of the investment in communities				
	Number	0	4	7
Diversity				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Gender Group by Employee Category				
Management Male	Percentage	61	55	67
Management Female	Percentage	39	45	33
Executive Male	Percentage	20	13	15
Executive Female	Percentage	80	87	85
Non-executive/ Technical Staff Male	Percentage	61	62	73
Non-executive/ Technical Staff Female	Percentage	39	38	27
General Workers Male	Percentage	77	78	85
General Workers Female	Percentage	23	22	15
Age Group by Employee Category				
Management Under 30	Percentage	0	5	4
Management Between 30-50	Percentage	33	28	25
Management Above 50	Percentage	67	67	71
Executive Under 30	Percentage	30	38	31
Executive Between 30-50	Percentage	60	62	61
Executive Above 50	Percentage	10	0	8
Non-executive/ Technical Staff Under 30	Percentage	18	11	20
Non-executive/ Technical Staff Between 30-50	Percentage	36	41	34
Non-executive/ Technical Staff Above 50	Percentage	46	48	46
General Workers Under 30	Percentage	41	41	45
General Workers Between 30-50	Percentage	47	47	44
General Workers Above 50	Percentage	12	12	11

SUSTAINABILITY STATEMENT

Common Indicator	Measurement Unit	FYE2022	FYE2023	FYE2024
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	100	100	80
Female	Percentage	0	0	20
Under 30	Percentage	0	0	0
Between 30-50	Percentage	50	33	0
Above 50	Percentage	50	67	100
Energy Management				
Bursa C4(a) Total energy consumption	Megawatt	1,840	2,352	2,174
Health and Safety				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0	0	0
Bursa C5(c) Number of employees trained on health and safety standards	Number	31	0	202
Labour practices and standards				
Bursa C6(a) Total hours of training by employee category				
Management	Hours	176	392	1044
Executive	Hours	72	132	544
Non-Executive/ Technical Staff	Hours	144	160	360
General Workers	Hours	144	160	604
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	68	69	70
Bursa C6(c) Total number of employee turnover by employee category				
Management	Number	7	11	1
Executive	Number	8	10	2
Non-Executive/ Technical Staff	Number	23	19	5
General Workers	Number	54	25	29
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Supply chain management				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	98.8	98.7	97.8
Data privacy and security				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Water				
Bursa C9(a) Total volume of water used	Megalitres	48	47	56
Waste Management				
Bursa C10(a) Total Waste generated	Metric tonnes	*	23.992	31.727

SUSTAINABILITY STATEMENT

Common Indicator	Measurement Unit	FYE2022	FYE2023	FYE2024
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	*	22.392	30.727
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	*	1.600	1.000
Emission Management				
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	0	0	0
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	711.4	909.3	840.8
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	*	*	12.21

* Data are not available.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

THE BOARD OF DIRECTORS (“BOARD”) OF KHEE SAN BERHAD (“KHEE SAN” OR “COMPANY”) PRESENTS THIS STATEMENT TO PROVIDE SHAREHOLDERS AND INVESTORS WITH AN OVERVIEW OF THE CORPORATE GOVERNANCE PRACTICES OF THE COMPANY DURING THE FINANCIAL YEAR ENDED 30 JUNE 2024 (“FYE 2024”).

The Corporate Governance Overview Statement (“CG Statement”) is made pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and guidance was drawn from Practice Note 9 of Bursa Securities’ Listing Requirements and the Corporate Governance Guide (4th Edition) issued by Bursa Securities with reference to the following three (3) key principles under the leadership of the Board:

Principle A	Board leadership and effectiveness	<ul style="list-style-type: none">• Board responsibilities• Board composition• Remuneration
Principle B	Effective audit and risk management	<ul style="list-style-type: none">• Audit committee• Risk management and internal control framework
Principle C	Integrity in corporate reporting and meaningful relationship with stakeholders	<ul style="list-style-type: none">• Engagement with stakeholders• Conduct of general meetings

This CG Statement is to be read together with the Corporate Governance Report 2024 (“CG Report”) of the Company which is available at www.kheesanbhd.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board’s Responsibilities

The Board takes full responsibility for the oversight and overall performance of the Company and provided leadership within a framework of prudence and effective controls which enables risks to be appropriately assessed and managed. To ensure effective discharge of their function and responsibilities, the Board has defined and collectively reviewed and approved the roles and responsibilities as well as the schedule of reserved matters in the Board Charter. In order to assist the Board in the oversight function on specific responsibility areas, the Board has established five (5) Board Committees, namely:

- 1) Audit Committee (“AC”)
- 2) Nominating Committee (“NC”)
- 3) Remuneration Committee (“RC”)
- 4) Corporate Administration and Compliance Committee (“CACC”)
- 5) Risk Committee (“RIC”)

All committees have a written Terms of Reference to guide them to perform its roles and responsibilities respectively. The Chairman of the respective Committees will report to the Board of the outcome of the Committee meetings for the Board’s considerations and approvals and extracts of such reports are incorporated in the minutes of the Board meetings. The Board retains full responsibility for the direction and control of the Company.

The Executive Chairman instils good governance practices, leadership and effectiveness in the Board through chairing of board meetings and deliberating together with the Board members on board matters and policies.

The position of the Chairman and Chief Executive Officer (“CEO”) are held by two (2) different individuals with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making, and are clearly defined in the Board Charter. Mr. Yong Loong Chen is an Executive Chairman and leads the Board and is responsible for the effective performance of the Board. He is supported by the CEO, Mr. Edward Tan Juan Peng and Deputy CEO, Mr. Ng Chee Keong who manage and lead the senior management team of the Group on the day-to-day business operations and implements the Board’s decisions and policies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Chairman of the Board is not a member of any Board Committees. However, the Chairman is invited to attend the Board Committee meetings to provide explanation and answers where appropriate.

The Board is supported by suitably qualified and competent Company Secretaries who are qualified secretaries under Section 235(2)(a) of the Companies Act 2016. The appointment of Company Secretaries is based on the capability and proficiency determined by the Board. The Constitution of the Company permits the removal of Company Secretaries by the Board. All members of the Board, whether as a whole or in their individual capacity, have access to the advice and services of the Company Secretaries on all matters relating to the Group to assist them in the furtherance of their duties. The Board is regularly updated and kept informed by the Company Secretaries and the Management of the requirements such as restrictions in dealing with the securities of the Company and updates as issued by the various regulatory authorities including the latest developments in the legislation and regulatory framework affecting the Group.

During the FYE 2024, the Board had reviewed and approved, amongst others:

- 1) Audited Financial Statements for FYE 30 June 2023
- 2) Annual Report 2023
- 3) AC's Report on Audit Plan for FYE 2024
- 4) AC's Report on Internal Audit Plan for 2024
- 5) Quarterly results
- 6) Proposed Regularisation Plan
- 7) Scheme of Arrangement
- 8) Corporate Calendar for the year 2024
- 9) Revised Board Charter, Anti-Bribery and Corruption Prevention Policy, Whistleblowing Policy, Terms of Reference of the Audit, Nominating and Remuneration Committees.
- 10) Risk
- 11) Sustainability

The Board had established the Anti Bribery and Corruption Prevention Policy in keeping with the commitment set forth to prevent bribery and corruption. Khee San takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and integrity in all business dealings and relationships wherever the Group operates and expects the individuals and organization the Group works with to uphold and adopt the same approach.

As an additional measure to safeguard the integrity of the Group, the Board has defined its' Whistleblowing Policy to provide guidance for stakeholders to report genuine concerns of any possible improprieties pertaining to financial reporting, compliance, malpractices and unethical business conduct within the Group. In addition, the Board has also defined its Code of Conduct and Ethics which serves as a tool for the Board to convey and instill its values into the organization.

The Board Charter, Terms of Reference of the Board Committees, Director's Fit and Proper Policy, Anti Bribery and Corruption Policy, Whistleblowing Policy and Code of Conduct and Ethics are also available on the Company's website at www.kheesanbhd.com.

2.0 Board Composition

The NC oversees and reviews on an on-going basis, the overall composition of the Board in terms of size, the required mix of skills, experience and other qualities and core competencies for the Directors of the Company. The effectiveness of the Board as a whole and the contribution and performance of each individual Director to the effectiveness of the Board and the Board Committees will also be assessed by the NC on an annual basis.

The Board comprised of seven (7) members, of which three (3) are Independent Non-Executive Directors. The Board's composition is in compliance with the provisions of the Listing Requirements of Bursa Securities for independent non-executive directors to make up at least one third (1/3) of the Board membership. The profiles of the individual Directors are set out in the Directors' Profile in this Annual Report 2024.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The presence of Independent Non-Executive Directors from various fields are invaluable assets to the Company and fulfil the pivotal role in corporate accountability. The role of Independent Non-Executive Directors is particularly important as they provide unbiased and independent views, advices and judgements to take into account the interests of the Group and stakeholders.

The Board is supportive of boardroom diversity as it can offer greater depth and breadth compared to non-diverse board. The Board practices no discrimination in terms of appointment of Directors as well as hiring employees wherein the Directors and Senior Management are recruited based on their merit, skills and experiences and not driven by age, cultural background and gender. In line with promotion of gender diversity as recommended under the Malaysian Code on Corporate Governance ("MCCG"), the Board currently has two (2) female Directors, namely Puan Suzana Manja Binti Ibrahim and Ms. Ngu Chienn Ying.

The Board understands that the quality of information affects the effectiveness of the Board to oversee the conduct of business and to evaluate the Management's performance of the Group. Information and materials that are important to the Board's understanding of the business to be conducted at a Board or committee meeting will be distributed to the Directors in order to provide ample time for review beforehand. Notice of Board meetings are usually issued at least five (5) working days prior to the meeting. Upon conclusion of meeting, the Company Secretary will ensure that accurate and proper records of the proceedings and resolutions passed are recorded and the minutes is circulated to the Board members before the next meetings.

During FYE 2024, six (6) Board meetings were held and all the Board Papers were circulated to the Board in a timely manner. The Directors attendance at the Board meetings during FYE 2024 were as follows:

DIRECTORS	DESIGNATION	ATTENDANCE
Yong Loong Chen	Executive Chairman	6/6
Edward Tan Juan Peng	Chief Executive Officer	6/6
Mohanadas A/L K.P.Balan	Independent Non-Executive Director	6/6
Ong Phui Fatt	Independent Non-Executive Director	6/6
Suzana Manja Binti Ibrahim	Independent Non-Executive Director	6/6
Dato' Sri Ngu Tieng Ung, JP	Non-Independent Non-Executive Director	Not applicable
Ngu Chienn Ying	Executive Director	Not applicable

The Directors are encouraged and afforded the opportunity to upskill and keep themselves abreast with the market and regulatory changes throughout the financial year. During the FYE 2024, the Directors attended continuous professional development programmes covering various topics ranging from financial, changes in statutory and regulatory requirements, governance, sustainability and industry knowledge. During FYE 2024, the Directors attended the following training programmes:

CORPORATE GOVERNANCE OVERVIEW STATEMENT

DIRECTORS	PROGRAMME	ATTENDANCE
Yong Loong Chen	HACCP Awareness Training by Global Knowledge Hub PIt	11 August 2023
	Sustainability in the Digital Age by Asia School of Business	14 September 2023
	Unlocking Warrants: A Glimpse into the US and China Market 2023 by WealthFort International Sdn Bhd	16 October 2023
	ICDM Advocacy Dialogue: Managing Turnaround for PLCs by Sage 3	2 November 2023
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	4-5 March 2024
	Sustainability Training [in-house]	6 March 2024
Edward Tan Juan Peng	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	4-5 March 2024
	Sustainability Training [in-house]	6 March 2024
Mohanadas A/L K.P.Balan	Virtual Tax Conference 2024 by Thannees Tax Consulting Services Sdn Bhd	5 March 2024
Ong Phui Fatt	Advocacy Session for Directors and CEOs of Main Market Listed Issuers by Bursa Malaysia Berhad	12 September 2023
	Corporate Innovation through Venture Building – A Capital Efficient & Risk Mitigated Approach	23 February 2024
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	4-5 March 2024
	Recent Developments with the Listing Requirements, including COI amendments by CKM Advisory Sdn Bhd	5 June 2024
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	4-5 March 2024
Suzana Manja Binti Ibrahim	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	4-5 March 2024

The directors will continue to undergo a periodic training in the relevant courses as well as attend seminars, conferences and similar events in keeping themselves abreast with the latest skills and knowledge to discharge their duties effectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

NC Statement

The NC comprised three (3) Independent Non-Executive Directors as follows:

NAME	DESIGNATION	DIRECTORSHIP
Ong Phui Fatt	Chairman	Independent Non-Executive Director
Mohanadas A/L K.P.Balan	Member	Independent Non-Executive Director
Suzana Manja Binti Ibrahim	Member	Independent Non-Executive Director

Activities of the NC

During the FYE 2024, the NC conducts annual assessment via questionnaires, of individual Director in respect of his skill, experience, contribution and other core competencies, of Independent Directors on whether they continue to meet the independence criteria prescribed in the Listing Requirements of Bursa Securities and the ability to discharge their duties with unbiased judgement as well as the effectiveness of the board as a whole and various board committees in terms of mix of skills and expertise. The NC also recommended the appointment of additional Directors.

In recommending suitable candidates for directorships and Board committees to the Board, the NC takes into consideration the candidate's experience, competency, character, time commitment and potential contribution to the Group. Any new nomination received is recommended to the Board after a comprehensive assessment and the NC's endorsement.

3.0 Remuneration

The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively. The RC oversees the remuneration of directors. The remuneration for directors is in line with the Board's aim to retain, attract and reward talent based on industry benchmarks.

The remuneration packages for executive directors are reviewed by the RC and recommended to the Board for approval. It is then decided by the Board without the respective executive directors' participation in determining their remuneration.

Bonuses payable to executive directors are performance-based and relate to the individual and the Company's as well as Group's achievement of specific goals. The non-executive directors do not receive any performance related remuneration.

The detailed disclosure on named basis for the remuneration of individual Directors that includes fee, allowance, salary and other emoluments from the Company for the FYE 2024 and the senior management's remuneration in bands of RM50,000 are set out in Practice 8.1 and Practice 8.2 of the CG Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1.0 Audit Committee

The members of AC comprise of all Independent Non-Executive Directors. The Chairman of the AC is distinct from the Chairman of the Board so as to promote unfettered objectivity during the Board's review of the AC's findings and recommendations. The current AC composition meets the requirements of Paragraph 15.09 of the Listing Requirements of Bursa Securities where the AC Chairman, Mr. Mohanadas A/L K.P.Balan is a member of Malaysian Institute of Accountants. The present composition of the AC allows it to possess the requisite level of financial literacy and business acumen to have a sound understanding of the financial matters of the Group as well as an understanding of the latest developments in financial reporting, accounting and auditing standards.

None of the members of the AC are former audit partners of the current external audit firm of the Group. As stated in the Terms of Reference of the AC, the Committee is mindful of the minimum three (3) years cooling off period best practice under the MCCG when considering the appointment of former key audit partner from its current external audit firm to ensure that the review of the Group's financial statements and the performance and independence of the External Auditors are being done objectively by the Committee.

Before the commencement of the current financial year audit, the AC had reviewed and deliberated with the External Auditors on their audit planning memorandum, covering the audit risk areas, approach, emphasis and timeline. The AC also noted the External Auditors' independence check and confirmation procedures carried out in the firm as well as no conflict of interest for rendering their non-audit services to the Group presently.

Full details of the AC's duties and responsibilities are stated in its Terms of Reference which is made available on the Company's website at www.kheesanbhd.com and the detailed disclosure on the role and activities undertaken by the AC during the financial year is provided in the AC Report of this Annual Report 2024.

2.0 Risk Management and Internal Control Framework

The Board has ultimate responsibility for reviewing the Company's risks, approving the risk management framework and policy and overseeing the Company's strategic risk management and internal control framework to achieve its objectives within an acceptable risk profile as well as safeguarding the interest of stakeholders and shareholders and the Group's assets.

The Board is supported by the RIC which reports to the Board regarding the Group's risk exposures, including a review of risk assessment model used to monitor the risk exposures and the Management's view on the acceptable and appropriate level of risks faced by the Group. The RIC will continue to evaluate, review and monitor the Group's risk management framework and activities on on-going basis to identify, assess and monitor the key business risks of the Company to safeguard shareholders' investment and Company's assets.

The Company also engaged outsourced the internal auditors to provide independent assessments on the adequacy, efficiency and effectiveness of the Company's internal control system. The internal auditors report directly to the AC and internal audit plans are tabled to the AC for review and approval by the Board to ensure adequate coverage.

The process of the risk management and internal control are ongoing, which are undertaken by each department within the Company. The Company will continuously enhance the existing system of risk management and internal control by taking into consideration the changing business environment.

Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework, are disclosed in the Statement on Risk Management and Internal Control in this Annual Report 2024.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

1.0 Engagement with Stakeholders

The Board is committed to provide effective, transparent and regular communication with its shareholders and other stakeholders regarding the business, operations and financial performance of the Group to enable them to make informed decisions.

Through its website www.kheesanbhd.com and its announcements on Bursa Malaysia's website, the Group shares mandatory public announcements as well as publishes its quarterly and annual results. The quarterly financial results are announced via Bursa LINK immediately after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

2.0 Conduct of General Meetings

The Annual General Meeting ("AGM") serves as the primary platform for shareholders to engage the Board and Senior Management in a productive two-way dialogue. Shareholders are accorded with the opportunity to put forward questions and seek clarifications on the broad areas of the Group's performance, business activities and outlook during a Question & Answer session held during the AGM.

The Notice for the 28th AGM that was held on 29 November 2023 was issued on 27 October 2023 which is more than the 28 days recommended notice period. This gave shareholders sufficient time to read and consider the resolutions to be resolved and enable shareholders to make an informed decision in exercising their voting rights. The Minutes of the 28th AGM, which includes the questions raised by shareholders together with the responses by the Company and outcome of the voting results, was made available to the shareholders within thirty (30) business days after the 28th AGM at www.kheesanbhd.com.

All Directors of the Company will also attend the 29th AGM of the Company scheduled on 28 November 2024 to engage with shareholders and proxies proactively. The Chairman will ensure that sufficient opportunities are given to shareholders and proxies to raise questions relating to the affairs of the Company and that adequate responses are given.

COMPLIANCE STATEMENT

The Board is satisfied that during the FYE 2024, the Company has substantially complied with the best practices of the MCCG on the application of the principles and best practices in corporate governance.

This CG Statement has been reviewed and approved by the Board on 14 October 2024.

AUDIT COMMITTEE REPORT

1. MEMBERSHIP AND MEETINGS

The Audit Committee (“AC”) comprises of three (3) members of which all are Independent Non-Executive Directors, in compliance with Paragraph 15.09 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The members of the AC and details of their attendance at the AC Meetings for the financial year ended 30 June 2024 (“FYE 2024”) are as follows:

NAME	DESIGNATION	NUMBER OF MEETING(S) ATTENDED
Mohanadas A/L K.P.Balan [^]	Chairman, Independent Non-Executive Director	5/5
Ong Phui Fatt	Member, Independent Non-Executive Director	5/5
Suzana Manja Binti Ibrahim	Member, Independent Non-Executive Director	5/5

[^] Member of the Malaysian Institute of Accountants

The AC met five (5) times during the financial year. Mr. Edward Tan Juan Peng, the Company’s Chief Executive Officer and other senior management staff attended the meetings by invitation of the AC. The representatives of internal and external auditors were also present during deliberations of the subjects which required their input and advices.

2. TERMS OF REFERENCE

The Terms of Reference (“TOR”) of the AC are aligned with the MMLR of Bursa Securities and recommendations of the Malaysian Code on Corporate Governance. The TOR is available at the Company’s website at www.kheesanbhd.com.

3. SUMMARY OF ACTIVITIES

During the FYE 2024, the AC carried out the following activities and believed it had discharged its duties in accordance with its TOR:

1. Financial Reporting

- The AC had reviewed and ensured that the four (4) the quarterly financial results of the Group complied with the Malaysian Financial Reporting Standards (“MRFS”) and Appendix 9B of the MMLR.
- The AC had reviewed and made recommendation to the Board in respect of the annual Audited Financial Statements of the Company and the Group for the FYE 30 June 2023 to ensure that it presented a true and fair view of the Company’s financial position and performance for the year and compliance with all the regulatory requirements.

AUDIT COMMITTEE REPORT

The summary of the AC meetings held were as follows:

DATE OF MEETING	SUBJECT MATTERS
28 August 2023	<ul style="list-style-type: none"> • Discussed on the Audit Review Memorandum for FYE 30 June 2023 from Kreston John & Gan • Reviewed the Quarterly Results for period ended 30 June 2023 • Reviewed the Internal Audit Review Report on Product Pricing and Inventory Costing
17 October 2023	<ul style="list-style-type: none"> • Reviewed the Audited Financial Statements for the FYE 30 June 2023
29 November 2023	<ul style="list-style-type: none"> • Reviewed the Quarterly Results for period ended 30 September 2023
19 February 2024	<ul style="list-style-type: none"> • Reviewed the Quarterly Results for period ended 31 December 2023
24 May 2024	<ul style="list-style-type: none"> • Discussed on the audit planning for FYE 30 June 2024 • Reviewed the Internal Audit Review Report on Sales & Marketing and Credit Control & Collection • Reviewed the Quarterly Results for period ended 31 March 2024

2. Annual Reporting

The AC had reviewed the AC Report and Statement on Risk Management & Internal Control to ensure adherence to legal and regulatory reporting requirements and recommended the same to the Board for approval.

3. External Audit

- The AC had reviewed and discussed the Audit Review Memorandum for the FYE 30 June 2023 with Kreston John & Gan ("Kreston") at the meeting held on 28 August 2023.
- The AC also had a private session with Kreston to discuss on the areas of audit concern and recommendations regarding opportunities for improvement to the internal controls based on observations.
- The AC evaluated the performance of the External Auditors covering areas such as caliber, quality processes, audit team, independence, audit scope and audit communication as well as the audit fees.
- On 24 May 2024, the AC had reviewed the Audit Planning Memorandum for the FYE 30 June 2024 presented by Kreston.

4. Internal Audit

- The AC had reviewed the results of Internal Audit Report together with the recommendations from Resolve IR Sdn Bhd ("Resolve IR"). The AC considered Resolve IR's recommendations and considered the Management's responses and made appropriate advise to the management on issues which require adoption and improvement.
- The AC had undertaken assessment of the performance of Resolve IR and was satisfied with the competency, experience and resources of the Internal Audit Function for discharging its role and responsibilities.

AUDIT COMMITTEE REPORT

4. INTERNAL AUDIT FUNCTION

The Group's Internal Audit function is outsourced to Resolve IR Sdn Bhd who assists the AC and the Board in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system. The IA audit processes were mainly:

- To review the adequacy and test the integrity of the system of internal controls;
- To assess compliance with policies and procedures and recommended best practices; and
- To review and identify any potential areas for improvement in the effectiveness and efficiency of the processes (if any).

The Internal Auditor reports directly to the AC. During the FYE 2024, the Internal Auditors presented the following Internal Control Report to the AC:

DATE OF AC MEETING	INTERNAL CONTROL REPORT
28 August 2023	Internal Audit Review Report on Product Pricing and Inventory Costing
24 May 2024	Internal Audit Review Report on Sales & Marketing and Credit Control & Collection

The Internal Auditor is guided by the Professional Practices Framework by the Institute of Internal Auditors. Observations and findings from the audit reviews, including the recommended corrective actions were discussed with the Management. The internal audit report together with the Management's response and proposed corrective action plans were then presented to the AC for their review during the quarterly meetings. Follow up review was also conducted to ensure corrective actions have been implemented.

The fees incurred for the outsourcing of the internal audit function for the FYE 2024 was RM25,000.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

Pursuant to paragraph 15.26(b) and Practice 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad in relation to the requirement to prepare the statement on risk management and internal controls, in which the Statement shall be guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. The Board of Directors (“the Board”) of Khee San Berhad (“the Company”) is pleased to present the statement on the state of the risk management and internal controls of the Company and its subsidiaries (“the Group”) for the financial year ended 30 June 2024.

The Board believes the practice of good risk management and internal control is an important continuous process to safeguard Shareholders’ investment and the Group’s assets.

2. BOARD’S RESPONSIBILITIES

The Board upholds its overall responsibility for the Group’s system of internal control, including the assurance of its adequacy and integrity of the risk management and internal control system and its alignment with the corporate objectives. The internal control system of the Company covering the risk management, financial, organisational and operation, business environment and compliance controls.

The Board also affirms that they will continuously improve the process for identifying, evaluating, monitoring and managing the significant risks faced by the Group as to safeguard the Shareholders’ and Stakeholders’ interest. However, in view of the limitation inherent in any system of internal controls and risk management, it should be noted that a system of internal controls and risk management framework are designed to manage the principal risks of the Group rather than to eliminate the risks of failure. As such, the internal control system can only provide reasonable and adequate, but not absolute assurance against material misstatement of management and financial information or against any loss or fraud.

The Board is assisted by the Management in implementing the Board’s policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to manage and control these risks.

A Board Committee, Risk Committee had been established to assist the Board in their responsibilities to identify, assess and monitor key business / operation / financial / reputational risks to safeguard shareholders’ investments and the Company’s assets. The formulation of this committee is to complement the groups’ existing Board committees which include Corporate Administration and Compliance Committee aimed to inculcate good corporate governance culture within the company by reinforcing ethical, prudent and professional behaviour.

The above additional board committee serve as an as testament of the boards long-term commitment in maintaining an effective risk management framework and internal control systems which will ensure the perseverance of Company’s shareholder interest and shall allow the Group to effectively meet its business objectives in the current challenging business environment.

3. RISK MANAGEMENT FRAMEWORK

With the increasingly complex and dynamic business environment, proactive management of the overall business risks is a prerequisite in ensuring that the risk management and control framework is embedded into the culture, processes and structures of the Company to achieve its strategic objectives. The Group is committed to ensure that the risks inherent in its business are identified and effectively managed through its planned activities.

As the effectiveness of the risk management system is dependent on constant awareness of potential risks and regular practice of risk assessment processes by all levels of an organisation, the level of success in the implementation of mitigation actions have been incorporated as one of the criteria in the annual performance appraisal of Senior Management. The deliberation of risks and related mitigating responses are carried out at regular management meetings of the Group and significant risks are conveyed to the Board at the quarterly scheduled meetings, if necessary.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

4. INTERNAL AUDIT FUNCTION

The Internal Audit was carried out by the Group's outsourced internal audit function Messrs. Resolve IR Sdn Bhd ("Resolve") which was engaged on 18 January 2024 by the Audit Committee to conduct a holistic independent review of the adequacy, efficiency and effectiveness of the Group's internal control system. The review was conducted on the key areas of the Group's operations namely Product Pricing and Inventory Costing, Sales and Marketing Credit and Control and Collection. The scope of work of the internal audit includes reviewing the adequacy and the integrity of the Group's internal control systems, management information systems and the system methodology on compliance with the applicable laws, regulations, rules and guidelines. The Internal Auditors had reported their key findings directly to the Audit Committee and they are independent of the Management and operations.

The Audit Committee had approved the Internal Audit Plan for the internal control system of the Group. The Internal Auditors carries out continuous internal controls to ascertain the effectiveness of the system of internal controls, assess compliance with policies and procedures and recommended best practices and review and identify any potential areas for improvement in the effectiveness and efficiency of the Group.

All findings and the recommendations together with the management actions for further improvement were submitted to the Audit Committee on a quarterly basis. In assessing the adequacy and effectiveness of the system, the Audit Committee reports to the Board on its activities, audit findings and the necessary recommendations or actions needed to be taken by the Management to rectify those issues.

During the financial year ended 30 June 2024, the Internal Auditors have conducted approved internal audit plans which were in consistent with the corporate goal of the Group and all internal Auditors' reports were deliberated by the Audit Committee during its Audit Committee Meetings and recommendations made to the Board and/or the Management was acted upon thereafter.

5. KEY ELEMENTS OF INTERNAL CONTROL

The key elements of risk management and internal control system are described as follows:

- Establishment of a conducive control environment in accordance with the increasing of level of awareness as well as the actions of the Directors and Management and overall attitude in relation to the risk management and internal control system and its importance to the Group;
- Establishment of the relevant terms of reference and organisational structure which defined, responsibility and accountability to enhance the Group's ability to achieve its strategies and operational objectives;
- A clear and detailed organisational structure has been established to focus on the related reporting responsibilities and accountabilities to ensure and clarify task ownership;
- Board meetings and Management meetings are held more often on the operational issues, financial performance, human resources matter and business plans to review, discuss, identify and manage the key risks so that it is still within controlled environment;
- The initiative to implement a comprehensive policies and procedures manuals including staff handbook to ensure adherence with internal controls and the relevant laws and regulations that have been enforced, provide general rules on, and authority limits over diverse operating, financial, human resources inclusive of health and safety matters;
- Internal policies and procedures as set out in the Group's policies and procedures which include different operational and management aspects are being updated from time to time to address operational deficiencies and changes of risk;
- Different types of communication such as email and teleconferencing are seen as effective instruments for communication and knowledge sharing among the employees;

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

- A Code of Ethics which defines the ethical standards is introduced to all employees and conduct at work. New employees are briefed on the Group's culture, organisational structure, relevant job descriptions, responsibilities and key performance index expectations upon joining the Group by their immediate supervisors and documents copy of the same is filed in their respective personnel files;
- Recruitment of experienced, skilled and professional staff to fulfil the respective responsibilities and ensuring adequate control are in place;
- Continuous provision of information to the management, which covers the financial performance of the Company, such as cashflow performance;
- The major capital expenditure and assets disposals are appraised and approved by the Board as well as the Board of Directors of the subsidiaries, whenever applicable; and
- The Group's financial performance and statements has been reviewed by Audit Committee which is then reported to the Board. Regular and comprehensive management reports to the Audit Committee from various lines of operations and business units, on key business performance, operating statistics and regular matters to allow an effective monitoring of significant variances and deviation from standard operating procedures and budget.

6. BOARD ASSESSMENT

The Executive Chairman and Chief Executive Officer, being the persons primarily responsible for the overseeing and managing of the operational affairs of the Company has provided assurance to the Board that the Group's risk management and internal control system, have been operated adequately and effectively, in all material aspects, based on the Group's policies and procedures.

For the financial year under review, with the implementation of recommended improvements to internal control process proposed in year 2023, the management had improved on its internal control system with no significant internal control deficiencies or material weaknesses noted.

The Board opines that the existing Group's system of internal controls is adequate to safeguard shareholders' investment and Group's assets. However, the Board is also cognisant of the fact that the Group's system of risk management and internal controls must continuously evolve to meet the changing and challenging business environment. Therefore, the Board shall continue to strive to further improve upon the internal control processes and strengthen the risk management framework of the Group on an ongoing basis.

7. REVIEW BY EXTERNAL AUDITORS

As required under Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors, Messrs. Kreston John & Gan have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide issued by the Malaysian Institute of Accountants. The Practice Guide does not require the External Auditors to consider whether the Statement covers all risks and controls, or to for, an opinion on the adequacy and effectiveness of the risk management and internal controls system of the Group.

The External Auditors had reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the internal controls system within the Group.

This Statement was approved by the Board on 14 October 2024.

DIRECTORS' RESPONSIBILITY STATEMENT FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("the Act") to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs"), the requirements of the Act in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- (i) adopted appropriate accounting policies and applied them consistently;
- (ii) made judgements and estimates that are reasonable and prudent; and
- (iii) prepared the financial statements on a going concern basis, the validity of which is dependent on the following:
 - a. The Company had on 18 July 2023 submitted the Proposed Regularisation Plan ("PRP") to Bursa Securities ("Bursa") which entails a scheme of arrangement to address the financial condition of the Group and of the Company.

On 5 July 2024, the Company had submitted the revised PRP to Bursa and Bursa approved the PRP via its letter dated 19 August 2024.

The Company believes that the PRP once being approved and 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.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company and to detect and prevent fraud and other irregularities.

DIRECTORS' REPORT

for the financial year ended 30 June 2024

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2024.

Principal activities

The Company is principally an investment holding company. The principal activities of the subsidiary companies are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Results

	Group	Company
	RM	RM
Profit/(Loss) for the financial year attributable to owners of the Company	783,914	(4,158,426)

Dividend

No dividend has been paid, declared or proposed since the end of the previous financial year.

The directors do not recommend any dividend payment in respect of the current financial year.

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year other than those as disclosed in the financial statements

Bad and doubtful debts

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, in the financial statements of the Group and of the Company inadequate to any substantial extent.

Shares and debentures

The Company did not issue any shares and debentures during the financial year.

DIRECTORS' REPORT

for the financial year ended 30 June 2024

Current assets

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, were unlikely to realise in the ordinary course of business. Their value as shown in the accounting records of the Group and of the Company and to the extent so ascertained were written down to an amount that they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

Valuation methods

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Contingent and other liabilities

At the date of this report, there does not exist : -

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due other than those as disclosed in Note 32 to the financial statements.

Change of circumstances

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company, that would render any amount stated in the financial statements misleading.

Items of an unusual nature

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the current financial year.

DIRECTORS' REPORT

for the financial year ended 30 June 2024

Directors of the Company

The directors of the Company in office at any time during the financial year until the date of this report are : -

Edward Tan Juan Peng

Mohanadas A/L K.P.Balan

Ong Phui Fatt

Yong Loong Chen

Suzana Manja Binti Ibrahim

Dato' Sri Ngu Tieng Ung, JP (Appointed on 24 September 2024)

Ngu Chienn Ying (Appointed on 24 September 2024)

The directors who hold office in the subsidiary companies (excluding directors who are also directors of the Company) during the financial year until the date of this report are: -

Ng Chee Keong

Directors' interests

None of the directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations.

Directors' benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by director as shown below, or the fixed salary of a full-time employee of the Company) by reason of a contract made the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except for any benefits which may deemed to have arisen by virtue of the significant related party transactions as disclosed in Note 33 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT

for the financial year ended 30 June 2024

Directors' benefits (Cont'd.)

The details of the remuneration paid to or receivable by the Directors of the Group and the Company in respect of the financial year ended 30 June 2024 are as follows : -

	RM
Executive directors	
- Fees	72,000
- Other emoluments	1,217,777
	<u>1,289,777</u>
Non-executive directors	
- Fees	108,000
- Other emoluments	50,200
	<u>158,200</u>
Total excluding benefits-in-kind	<u>1,447,977</u>

Indemnifying Directors, Officers or Auditors

No indemnities have been given to or insurance premium paid, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Company.

Significant events

Details of significant events are disclosed in Note 34 to the financial statements.

Subsequent events

Details of subsequent events are disclosed in Note 35 to the financial statements.

DIRECTORS' REPORT

for the financial year ended 30 June 2024

Auditors

- a) The auditors' remuneration of the Group and the Company for the financial year ended 30 June 2024 are as follows : -

	Group RM	Company RM
Auditors' remuneration		
- Kreston John & Gan	101,500	30,000
- Other services	13,000	13,000
	<u>114,500</u>	<u>43,000</u>

- b) The auditors, Kreston John & Gan, Chartered Accountants, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors

Yong Loong Chen

Edward Tan Juan Peng

INDEPENDENT AUDITORS' REPORT

to the members of Khee San Berhad
(Incorporated in Malaysia, Registration No. 199401018697 (304376-A))

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Khee San Berhad, which comprise the statements of financial position as at 30 June 2024 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of material accounting policy information, as set out on pages 59 to 124.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Qualified Opinion

Material Uncertainty Related to Going Concern

We draw attention to Note 2(a) to the financial statements, which discloses the following : -

- 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 ("MMLR") of Bursa Malaysia Securities Berhad ("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 letters 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.

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.

INDEPENDENT AUDITORS' REPORT

**to the members of Khee San Berhad
(Incorporated in Malaysia, Registration No. 199401018697 (304376-A))**

Basis for Qualified Opinion (Cont'd.)

Material Uncertainty Related to Going Concern (Cont'd.)

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.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITORS' REPORT

to the members of Khee San Berhad
(Incorporated in Malaysia, Registration No. 199401018697 (304376-A))

Group

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSES THIS MATTER
<p>Revenue recognition</p> <p>Refer to Note 3(j)(i) - Material accounting policy information and Note 19 - Revenue.</p> <p>Revenue is one of the significant accounts in the financial statements and also an important driver of the Group's operating results. We identified revenue recognition to be an area of audit focus as it is to be a possible cause of higher risk of material misstatements in the timing and amount of revenue recognised. Specifically, we focused our audit efforts to determine the possibility of overstatement of revenue.</p>	<ul style="list-style-type: none"> • Evaluated whether the accounting policy adopted by the management is consistent with the requirements of MFRS 15, Revenue from Contracts with Customers; • Tested the operating effectiveness of the Group's internal controls over timing and amount of revenue recognised; • Verified the documents for transactions selected based on sampling basis; • Checked the sales prior and subsequent to the year end and inspect the documents which evidenced the performance obligation had been fulfilled; • Assessed the related disclosures in Note 3(j) and Note 19 to the financial statements.
<p>Property, plant and equipment</p> <p>Refer to Note 3(d) - Significant accounting policies and Note 4 - Property, plant and equipment.</p> <p>The carrying amount of the Group's property, plant and equipment ("PPE") amounted to RM52,115,423 represent 72% of the Group's total assets as at 30 June 2024.</p> <p>The management has assessed if there are indication of impairment and performed an assessment on the carrying amount of the PPE.</p> <p>For freehold land and buildings, the management estimated the fair value of the freehold land and buildings based on the valuation performed by external independent valuers performed in financial period 2020.</p>	<ul style="list-style-type: none"> • Reviewed and checked the ownership and physical existence of major PPE; • Reviewed the insurance coverage of major items, if any; and • Assessed and reviewed whether there is any indication that the assets may be impaired and the adequacy of impairment loss on the PPE.

Company

We have determined that there are no key audit matters to communicate in our report which arose from the audit of the financial statements of the Company.

INDEPENDENT AUDITORS' REPORT

**to the members of Khee San Berhad
(Incorporated in Malaysia, Registration No. 199401018697 (304376-A))**

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also : -

- Identify and assess the risk of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT

to the members of Khee San Berhad
(Incorporated in Malaysia, Registration No. 199401018697 (304376-A))

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also : - (Cont'd.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that in our opinion, we have not obtained all the information and explanations that required for the matter as described in the *Basis of Qualified Opinions* section.

INDEPENDENT AUDITORS' REPORT

to the members of Khee San Berhad
(Incorporated in Malaysia, Registration No. 199401018697 (304376-A))

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Kreston John & Gan

(AF 0113)
Chartered Accountants

Thien Tze Vui

Approval No: 03653/04/2026 J
Chartered Accountant

Kuala Lumpur,
Date: 14 October 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2024

		Group		Company	
	Note	2024	2023	2024	2023
		RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	52,115,423	54,140,119	15,040	17,013
Right-of-use assets	5	250,609	846,100	-	-
Intangible assets	6	-	-	-	-
Investment in subsidiary companies	7	-	-	3,291,364	3,486,141
Amount due from a subsidiary company	8	-	-	-	-
Total Non-Current Assets		52,366,032	54,986,219	3,306,404	3,503,154
Current Assets					
Inventories	9	11,428,753	9,160,454	-	-
Trade receivables	10	2,475,075	1,871,597	-	-
Other receivables, deposits and prepayments	11	1,446,461	2,276,931	28,148	607,941
Amount due from a subsidiary company	8	-	-	1,366	1,366
Fixed deposit with a licensed bank	28	2,010,498	-	-	-
Cash and bank balances	28	2,171,459	2,336,763	1,605	50,854
Total Current Assets		19,532,246	15,645,745	31,119	660,161
Total Assets		71,898,278	70,631,964	3,337,523	4,163,315
EQUITY AND LIABILITIES					
Share capital	12	112,191,917	112,191,917	112,191,917	112,191,917
Reserves	12	15,209,933	15,209,933	-	-
Accumulated losses		(204,030,959)	(204,814,873)	(117,830,526)	(113,672,100)
Equity attributable to owners of the Company		(76,629,109)	(77,413,023)	(5,638,609)	(1,480,183)

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2024

		Group		Company	
	Note	2024	2023	2024	2023
		RM	RM	RM	RM
Non-Current Liabilities					
Lease liabilities	13	154,293	280,459	-	-
Deferred tax liabilities	14	3,628,181	3,628,181	-	-
Total Non-Current Liabilities		3,782,474	3,908,640	-	-
Current Liabilities					
Trade payables	15	17,855,195	17,311,234	-	-
Other payables and accruals	16	44,895,490	44,739,287	2,623,729	2,546,991
Amount due to directors	17	5,315,604	5,364,004	315,604	364,004
Amount due to subsidiary companies	8	-	-	6,036,799	2,732,503
Borrowings	18	75,456,069	75,456,069	-	-
Lease liabilities	13	1,222,555	1,265,753	-	-
Total Current Liabilities		144,744,913	144,136,347	8,976,132	5,643,498
Total Liabilities		148,527,387	148,044,987	8,976,132	5,643,498
Total Equity and Liabilities		71,898,278	70,631,964	3,337,523	4,163,315

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2024

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Revenue	19	52,303,044	55,602,529	-	-
Cost of sales		(38,832,728)	(43,806,639)	-	-
Gross Profit		13,470,316	11,795,890	-	-
Other income	21	551,498	2,418,816	391	3,217
Distribution expenses		(611,657)	(105,632)	-	-
Administrative expenses		(12,178,879)	(11,187,737)	(3,964,040)	(2,812,654)
Impairment loss on investment in subsidiary companies		-	-	(194,777)	(16,965)
Impairment loss on trade receivables		(137,562)	(29,913)	-	-
Other expenses		(296,147)	(179,058)	-	-
Profit/(Loss) from operations		797,569	2,712,366	(4,158,426)	(2,826,402)
Finance costs	22	(13,655)	(1,837,137)	-	-
Profit/(Loss) before taxation	23	783,914	875,229	(4,158,426)	(2,826,402)
Income tax credit	26	-	850,747	-	-
Profit/(Loss) for the financial year, representing total comprehensive income/(loss) for the financial year		783,914	1,725,976	(4,158,426)	(2,826,402)
Total comprehensive income/(loss) for the financial year attributable to : -					
Owners of the Company		783,914	1,725,976	(4,158,426)	(2,826,402)
Basic earnings per share (sen)	27	0.57	1.26		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 30 June 2024

	<----- Attributable to owners of the Company ----->				
	<----- Non-distributable ----->				
	<u>Share capital</u> RM	<u>Merger reserves</u> RM	<u>Revaluation reserves</u> RM	<u>Accumulated losses</u> RM	<u>Total</u> RM
Group					
At 1 July 2022	112,191,917	(17,443,699)	32,653,632	(206,540,849)	(79,138,999)
Total comprehensive income for the financial year	-	-	-	1,725,976	1,725,976
At 30 June 2023	112,191,917	(17,443,699)	32,653,632	(204,814,873)	(77,413,023)
Total comprehensive income for the financial year	-	-	-	783,914	783,914
At 30 June 2024	112,191,917	(17,443,699)	32,653,632	(204,030,959)	(76,629,109)
Company					
At 1 July 2022	112,191,917	-	-	(110,845,698)	1,346,219
Total comprehensive loss for the financial year	-	-	-	(2,826,402)	(2,826,402)
At 30 June 2023	112,191,917	-	-	(113,672,100)	(1,480,183)
Total comprehensive loss for the financial year	-	-	-	(4,158,426)	(4,158,426)
At 30 June 2024	112,191,917	-	-	(117,830,526)	(5,638,609)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS

for the financial year ended 30 June 2024

	Note	Group 2024 RM	2023 RM	Company 2024 RM	2023 RM
Cash flows from operating activities					
Profit/(Loss) before taxation		783,914	875,229	(4,158,426)	(2,826,402)
Adjustments for : -					
Depreciation of property, plant and equipment	4	2,938,886	2,961,978	1,973	1,972
Depreciation of right-of-use assets	5	112,899	265,545	-	-
Gain on disposal of plant and equipment		(267,201)	-	-	-
Impairment loss on investment in subsidiary companies	7	-	-	194,777	16,965
Impairment loss on inventories	9	33,526	-	-	-
Impairment losses on trade receivables	30(c)(i)	137,562	29,913	-	-
Interest expenses	22	13,655	1,837,137	-	-
Reversal of overprovision of interest expense		-	(1,883,341)	-	-
Reversal of impairment loss on investment in a subsidiary company no longer required		-	-	-	(100)
Unrealised gain on foreign exchange		(149,802)	(81,101)	-	-
Operating profit/(loss) before working capital changes		3,603,439	4,005,360	(3,961,676)	(2,807,565)

STATEMENTS OF CASH FLOWS

for the financial year ended 30 June 2024

	Group 2024	2023	Company 2024	2023
Note	RM	RM	RM	RM
Changes in working capital : -				
Amount due to subsidiary companies	-	-	3,304,296	2,087,059
Amount due to directors	(48,400)	253,654	(48,400)	253,654
Inventories	(2,301,825)	(3,647,327)	-	-
Other payables and accruals	156,203	393,738	76,738	925,710
Other receivables, deposits and prepayments	830,470	(153,997)	579,793	(605,000)
Trade payables	543,961	714,902	-	-
Trade receivables	(591,238)	1,169,974	-	-
Cash generated from/(used in) operations	2,192,610	2,736,304	(49,249)	(146,142)
Interest paid	(13,655)	(1,837,137)	-	-
Net cash from/(used in) operating activities	2,178,955	899,167	(49,249)	(146,142)
Cash flows from investing activities				
Proceeds from disposal of plant and equipment	310,000	-	-	-
Purchase of plant and equipment	(420,885)	(257,196)	-	-
Net cash used in investing activities	(110,885)	(257,196)	-	-

STATEMENTS OF CASH FLOWS

for the financial year ended 30 June 2024

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Cash flows from financing activities					
Repayment of borrowings	(b)	-	(293,985)	-	-
Repayment of lease liabilities	(b)	(222,876)	(109,411)	-	-
Net cash used in financing activities		(222,876)	(403,396)	-	-
Net increase/(decrease) in cash and cash equivalents		1,845,194	238,575	(49,249)	(146,142)
Cash and cash equivalents at the beginning of the financial year		(7,268,703)	(7,507,278)	50,854	196,996
Cash and cash equivalents at the end of the financial year	28	(5,423,509)	(7,268,703)	1,605	50,854

a) Cash outflows for leases as a lessee

	Note	Group	
		2024 RM	2023 RM
Included in net cash from operating activities : -			
Payment relating to short-term leases	23	7,380	77,400
Payment relating to leases of low-value-assets	23	4,310	8,560
Interest paid in relation to lease liabilities	22	13,136	22,779
Included in net cash from financing activities : -			
Payment of lease liabilities	(b)	222,876	109,411
Total cash outflows for leases		247,702	218,150

STATEMENTS OF CASH FLOWS

for the financial year ended 30 June 2024

b) Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	At 1 July 2023 RM	Net change from financing cash flows RM	Acquisition of new lease RM	At 30 June 2024 RM
Bankers' acceptances	65,850,603	-	-	65,850,603
Lease liabilities	1,546,212	(222,876)	53,512	1,376,848
Total liabilities from financing activities	67,396,815	(222,876)	53,512	67,227,451

Group	At 1 July 2022 RM	Net change from financing cash flows RM	Acquisition of new lease RM	At 30 June 2023 RM
Bankers' acceptances	65,850,603	-	-	65,850,603
Lease liabilities	1,328,542	(109,411)	327,081	1,546,212
Term loans	293,985	(293,985)	-	-
Total liabilities from financing activities	67,473,130	(403,396)	327,081	67,396,815

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

1. General information

Khee San Berhad (“the Company” or “KSB”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the registered office and principal place of business of the Company are as follows : -

Registered office	:	Unit 7-01, Level 7, Menara Legenda No.3 Jalan SS20/27 47400 Petaling Jaya Selangor Darul Ehsan
Principal place of business	:	Lot 1819 – 1824 & 1832 Jalan Kolej 43300 Seri Kembangan Selangor Darul Ehsan.

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2024 comprise the Company and its subsidiary companies (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the year ended 30 June 2024 do not include other entities.

The Company is principally an investment holding company. The principal activities of the subsidiary companies are set out in Note 7 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 14 October 2024.

2. Basis of preparation

a) Financial position of the Group and the Company

For the financial year ended 30 June 2024, the Group and the Company incurred accumulated losses of RM204,030,959 and RM117,830,526 respectively, 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.

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 (“MMLR”) of Bursa Malaysia Securities Berhad (“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 Securities Commission Malaysia to regularise its financial condition within 12 months from 18 November 2021. Bursa Securities had vided its letters 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

2. Basis of preparation (Cont'd.)

a) Financial position of the Group and the Company (Cont'd.)

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 19 August 2024, the Company's Regularisation Plan was approved by Bursa Securities. The Company believes that the Regularisation Plan once 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.

The directors of the Company are of the opinion that the preparation of the financial statements of the Group and of the Company on a going concern basis remains appropriate as they believe the Group's business operations are gradually turnaround. Accordingly, the Group and the Company are able to realise their assets and discharge their liabilities in the normal course of business.

b) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

c) Adoption of new MFRSs and amendments to MFRSs

The Group and the Company have adopted the following applicable new MFRS and amendments to MFRSs for the current financial year : -

New MFRS

MFRS 17	Insurance Contracts
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Amendments to MFRSs

MFRS 17	Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 112	Income Taxes

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

2. Basis of preparation (Cont'd.)

c) Adoption of new MFRSs and amendments to MFRSs (Cont'd.)

The initial application of the above new MFRS and amendments to MFRSs did not have any significant effect on the financial statements of the Group and the Company and did not result in significant changes to the Group and the Company'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 and the Company disclosed their material accounting policy in these financial statements. However, the amendments did not result in changes to the accounting policies of the Group and the Company.

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

- i) The Group and the Company have not adopted the following new MFRS 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 2024 & 1 January 2026
MFRS 9	Financial Instruments	1 January 2026
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2024
MFRS 107	Statement of Cash Flows	1 January 2024
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 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

2. Basis of preparation (Cont'd.)

d) Amendments to MFRSs and new MFRS that have been issued, but yet to be effective (Cont'd.)

- ii) The Group and the Company plan to adopt the above applicable amendments to MFRSs when they become effective. A brief discussion on the above significant amendment to MFRSs that may be applicable to the Group and the Company are summarised below.

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 replaces MFRS 101 Presentation of Financial Statements. It retains many requirements from MFRS 101 without modification.

MFRS 18 introduces two subtotals which are to be presented in the statement of profit or loss – including “operating profit”, which has been specifically defined. Income and expenses shall be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

MFRS 18 requires disclosure of explanations of the entity’s company-specific measures that are related to the statement of profit or loss, referred to as management-defined performance measures (“MPMs”). The entity is required to reconcile MPMs to a total or subtotal required by MFRS 18 or another MFRS Accounting Standards. MFRS 18 also requires other disclosures, including how each MPM is calculated, what the MPM communication about the entity’s financial performance, and any changes made to the MPMs in the year.

MFRS 18 adds new principles for aggregation and disaggregation of information. It requires the entity to classify the expenses in the “operating” category in the profit or loss by nature or function, or both. The entity that classifies operating expenses by functions are required to disclose in the notes to the financial statements, the amount of depreciation, amortisation, employee benefits, impairment losses and write-downs of inventories included in each line in the operating category. Subject to materiality, MFRS 18 requires items presented or disclosed as “other” to be labelled and/or described in as faithfully representative and precise a way as possible.

Amendments to MFRS 16 Leases

The amendments clarify how an entity should subsequently measure the leaseback liability that arise in a sale and leaseback transaction. Although MFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place, it has not specified how to measure the sale and leaseback transaction when reporting after that date.

The amendments add subsequent measurement requirements for the right-of-use assets and lease liability arising from a sale and leaseback transaction by clarifying that a seller-lessee in a sale and leaseback transaction shall apply paragraphs 29 to 35 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 to the lease liability arising from the leaseback. The amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

2. Basis of preparation (Cont'd.)

d) Amendments to MFRSs and new MFRS that have been issued, but yet to be effective (Cont'd.)

- ii) The Group and the Company plan to adopt the above applicable amendments to MFRSs when they become effective. A brief discussion on the above significant amendment to MFRSs that may be applicable to the Group and the Company are summarised below. (Cont'd.)

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about the covenants in the notes to the financial statements.

Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 107 and MFRS 7 respond to investors' concerns that some supplier finance arrangement – also referred to as supply chain finance, trade payables finance or reverse factoring arrangements – used by entities are not sufficiently visible, hindering investors' analysis.

The disclosure requirements require entities to disclose information that would enable users of financial statements to assess how supplier finance arrangements affect an entity's operations; including the effect supplier finance arrangements have on an entity's liability, cash flows and exposures to liquidity risk. The new disclosure requirements would also inform users of financial statements on how an entity might be affected if the arrangements were no longer available to it.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

2. Basis of preparation (Cont'd.)

d) Amendments to MFRSs and new MFRS that have been issued, but yet to be effective (Cont'd.)

- ii) The Group and the Company plan to adopt the above applicable amendments to MFRSs when they become effective. A brief discussion on the above significant amendment to MFRSs that may be applicable to the Group and the Company are summarised below. (Cont'd.)

Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures

These narrow scope amendments to MFRS 9 clarify the classification and measurement requirements, including :-

- clarify how the contractual cash flows on financial assets with environmental, social and corporate governance and similar features should be assessed, specifically the assessment of interest focuses on what an entity is being compensated for, rather than how much compensation it receives. Nonetheless, the amount of compensation the entity receives may indicate that it is being compensated for something other than basic lending risks and costs.
- clarify the date on which a financial asset or a financial liability settled via electronic payment systems is derecognised. The Amendments permit an entity to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.

Amendments to MFRS 7 introduces new disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.

e) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 3 to the financial statements.

f) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

2. Basis of preparation (Cont'd.)

g) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than the following items : -

i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated in a straight-line basis over their estimated useful life. Management estimated that useful life of these assets as disclosed in Note 3(d). Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment is disclosed in Note 4 to the financial statements.

ii) Depreciation of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over their useful life or the end of the lease term. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised.

iii) Impairment of investment in subsidiary companies

The Company reviews the investments in subsidiary companies for impairment when there is an indication of impairment and assess the impairment of receivables on the amounts due from subsidiary companies when the receivables are long outstanding.

The recoverable amounts of the investments in subsidiary companies and amounts due from subsidiary companies are assessed by reference to the value in use of the respective subsidiary companies.

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiary companies discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set assumption of reflect their income and cash flows. Judgement had also been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiary companies.

The carrying amounts of investment in subsidiary companies is disclosed in Note 7 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

2. Basis of preparation (Cont'd.)

g) Use of estimates and judgements (Cont'd.)

- iv) Allowance for slowing moving inventories to net realizable value

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews are required judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories is disclosed in Note 9 to the financial statements.

- v) Measurement of Expected Credit Loss ("ECL") allowance for financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of reporting period. Details of ECL are disclosed in Note 30(c)(i) to the financial statements.

- vi) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses, unabsorbed capital allowances and other temporary differences to the extent that it is probable that taxable profit will be available against which the unabsorbed tax losses, unabsorbed capital allowances and other temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised deferred tax assets arising from unabsorbed tax losses, capital allowances and other temporary differences is disclosed in Note 14 to the financial statements.

- vii) Income tax expense

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on their understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense is disclosed in Note 26 to the financial statements.

- viii) Leases

The Group applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

2. Basis of preparation (Cont'd.)

g) Use of estimates and judgements (Cont'd.)

ix) Revenue recognition

The Group applies significant judgements and assumptions to determine the probability of sales achievement of the customers, the probability that the customers will pay within 30 days from invoice date and the probability of goods returned. The Group considered internal information to estimate the probability. In applying judgement, the Group also determined that the recognition of revenue will not result in significant revenue reversal.

3. Material accounting policy information

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group and the Company, unless otherwise stated.

a) Basis of consolidation

i) Subsidiaries and business combination

The Group applies the acquisition method to account for business combinations from the acquisition date when the acquired set of activities meets the definition of a business and control is transferred to Group.

ii) Non-controlling interests

At the acquisition date, components of non-controlling interests of the Group are measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

b) Separate financial statements

In the Company's statement of financial position, investment in subsidiaries is measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

c) Financial instruments

Financial assets – subsequent measurements and gains and losses

Debt instruments at amortised cost

These assets are subsequently measured at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – subsequent measurements and gains and losses

Financial liabilities are classified at amortised cost. Financial liabilities are subsequently measured at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

3. Material accounting policy information (Cont'd.)

d) Property, plant and equipment

Property, plant and equipment (other than freehold land and buildings) are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land and buildings are measured using revaluation model, based on valuations by external independent valuers, less accumulated depreciation on buildings and any impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the freehold land and buildings does not differ materially from the carrying amount. The gross carrying amount is restated and the difference compared to the revalued amount of asset is absorbed by the accumulated depreciation.

The revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Revaluation on freehold land and buildings are performed once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued freehold land and buildings materially differ from the market value.

Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Freehold land has an unlimited useful life and therefore is not depreciated. All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

Buildings	50 years
Electrical equipment	10 years
Furniture, fittings and equipment	10 years
Motor vehicles	5 years
Plant and machinery	5 - 20 years

e) Leases

i) Lessee accounting

The Group presents right-of-use assets and lease liabilities as separate lines in the statements of financial position.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Accordingly, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of lease.

Right-of-use assets

The right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

3. Material accounting policy information (Cont'd.)

e) Leases (Cont'd.)

i) Lessee accounting (Cont'd.)

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate. The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

f) Intangible asset

Intangible assets represent the trademarks at cost less any accumulated impairment losses. Trademarks have an indefinite useful life as it is maintained through continuous marketing and introduction of new products. Trademarks are tested annually for impairment. Where an indication of impairment exists, the carrying amount of trademarks are assessed and written down immediately to its recoverable amount.

g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less than estimated costs of completion and the estimated costs necessary to make the sale.

h) Impairment

i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without under cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

3. Material accounting policy information (Cont'd.)

h) Impairment (Cont'd.)

i) Financial assets (Cont'd.)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

ii) Other assets

The carrying amounts of other assets (except for inventories, lease receivables, deferred tax asset, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal groups) classified as held for sale are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

3. Material accounting policy information (Cont'd.)

h) Impairment (Cont'd.)

ii) Other assets (Cont'd.)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial period in which the reversals are recognised.

i) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

j) Revenue and other income

i) Revenue from contract with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met : -

- the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
- the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

Revenue is recognised at a point in time when the customer obtain control over the goods or service.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

3. Material accounting policy information (Cont'd.)

j) Revenue and other income (Cont'd.)

i) Revenue from contract with customers (Cont'd.)

Good sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sale agreement, that the control of the goods have been transferred to the customer and recovery of the consideration is probable. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

k) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segments and to assess its performance, and for which discrete financial information is available.

l) Contingencies

i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

4. Property, plant and equipment

Group	At valuation		At costs				Total RM
	Freehold land RM	Buildings RM	Electrical equipment RM	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machinery RM	
Cost							
At 1.7.2022	32,810,000	13,871,095	14,479,796	984,300	647,463	96,030,759	158,823,413
Additions	-	34,230	52,920	37,463	-	132,583	257,196
At 30.6.2023	32,810,000	13,905,325	14,532,716	1,021,763	647,463	96,163,342	159,080,609
Additions	-	159,209	14,280	59,316	26,580	161,500	420,885
Disposal	-	-	-	-	(62,100)	(17,987,796)	(18,049,896)
Transfer from right-of-use assets	-	-	-	-	150,629	6,376,877	6,527,506
At 30.6.2024	32,810,000	14,064,534	14,546,996	1,081,079	762,572	84,713,923	147,979,104
Accumulated depreciation							
At 1.7.2022	-	1,097,807	11,847,282	697,261	582,176	45,847,162	60,071,688
Charge for the financial year	-	284,838	876,200	50,764	36,447	1,713,729	2,961,978
At 30.6.2023	-	1,382,645	12,723,482	748,025	618,623	47,560,891	63,033,666
Charge for the financial year	-	274,949	521,075	44,387	10,425	2,088,050	2,938,886
Disposals	-	-	-	-	(60,883)	(8,961,478)	(9,022,361)
Transfer from right-of-use assets	-	-	-	-	150,629	1,785,591	1,936,220
At 30.6.2024	-	1,657,594	13,244,557	792,412	718,794	42,473,054	58,886,411
Accumulated impairment loss							
At 1.7.2022/30.6.2023	-	-	-	-	-	41,906,824	41,906,824
Disposals	-	-	-	-	-	(8,984,736)	(8,984,736)
Transfer from Right-of-use assets	-	-	-	-	-	4,055,182	4,055,182
At 30.6.2024	-	-	-	-	-	36,977,270	36,977,270
Carrying amount							
At 30.6.2024	32,810,000	12,406,940	1,302,439	288,667	43,778	5,263,599	52,115,423
At 30.6.2023	32,810,000	12,522,680	1,809,234	273,738	28,840	6,695,627	54,140,119

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

4. Property, plant and equipment (Cont'd.)

Company	Furniture, fittings and equipment RM
Cost	
At 1.7.2022/30.6.2023/30.6.2024	<u>19,727</u>
Accumulated depreciation	
At 1.7.2022	742
Charge for the financial year At 30.6.2023	<u>1,972</u> 2,714
Charge for the financial year At 30.6.2024	<u>1,973</u> <u>4,687</u>
Carrying amount	
At 30.6.2024	<u>15,040</u>
At 30.6.2023	<u>17,013</u>

- i) The freehold land and buildings of the Group at carrying amount of RM45,216,941 (2023 – RM45,332,680) are stated at directors' valuation based on professional valuations made by an independent professional qualified valuer on the open market value basis conducted in year 2020.

Had the freehold land and buildings been carried at historical cost less accumulated depreciation, the carrying amounts of the revalued assets that would have been included in the financial statements at the end of the financial year as follows : -

	Group	
	2024	2023
	RM	RM
Freehold land	3,795,500	3,795,500
Buildings	<u>7,268,340</u>	<u>7,542,063</u>
	<u>11,063,840</u>	<u>11,337,563</u>

- ii) The freehold land and buildings at carrying amount of RM32,810,000 and RM12,406,941 (2023 – RM32,810,000 and RM12,522,680) respectively are used as securities for an advance received from other payable to the Group as disclosed in Note 16(i) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

4. Property, plant and equipment (Cont'd.)

- iii) Details of the Group's freehold land and buildings and information about the fair value hierarchy are as follows : -

	Group Level 2 RM
2024	
Freehold land	32,810,000
Buildings	12,406,941
	<u>45,216,941</u>
2023	
Freehold land	32,810,000
Buildings	12,522,680
	<u>45,332,680</u>

The fair values of the freehold land and buildings of the Group are categorised as Level 2. The properties are valued by an independent firm of professional valuers based on the "market value" which is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

Level 2 fair value

Level 2 fair value freehold land and buildings have been generally derived using the open market value approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is comparing the subject property with comparable properties which have been sold or are being offered for sale and making adjustment for factors which affect value such as location, floor level and siting, floor area, finishes, building services, management and maintenance, age and state of repair, market conditions and other relevant factors.

The Group does not have non-financial assets measured at Level 1 and Level 3 hierarchy.

- iv) The gross carrying amounts of fully depreciated property, plant and equipment are as follows : -

	Group	
	2024	2023
	RM	RM
Buildings	208,863	208,863
Furniture, fittings and equipment	558,093	575,556
Electrical equipment	10,031,506	7,966,229
Motor vehicles	549,513	468,313
	<u>11,347,975</u>	<u>9,218,961</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

5. Right-of-use assets

Group	Buildings RM	Motor vehicles RM	Plant and machinery RM	Total RM
Cost				
At 1.7.2022	100,726	523,046	7,823,408	8,447,180
Addition	327,081	-	-	327,081
Derecognition due to lease ceasation	(100,726)	-	-	(100,726)
At 30.6.2023	327,081	523,046	7,823,408	8,673,535
Addition	53,512	-	-	53,512
Transfer to property, plant and equipment	-	(150,629)	(6,376,877)	(6,527,506)
At 30.6.2024	380,593	372,417	1,446,531	2,199,541
Accumulated depreciation				
At 1.7.2022	71,348	523,046	1,743,960	2,338,354
Charge for the financial year	46,463	-	219,082	265,545
Derecognition due to lease ceasation	(100,726)	-	-	(100,726)
At 30.6.2023	17,085	523,046	1,963,042	2,503,173
Charge for the financial year	112,899	-	-	112,899
Transfer to property, plant and equipment	-	(150,629)	(1,785,591)	(1,936,220)
At 30.6.2024	129,984	372,417	177,451	679,852
Accumulated impairment loss				
At 1.7.2022/30.6.2023	-	-	5,324,262	5,324,262
Transfer to property, plant and equipment	-	-	(4,055,182)	(4,055,182)
At 30.6.2024	-	-	1,269,080	1,269,080
Carrying amount				
At 30.6.2024	250,609	-	-	250,609
At 30.6.2023	309,996	-	536,104	846,100

The Group leases a number of plant and machinery, motor vehicles and hostels for its foreign workers with lease term of 1 to 3 years. Fixed lease payments are made on a monthly basis.

Significant judgements and assumptions in relation to leases : -

- i) The Group assesses a lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

5. Right-of-use assets (Cont'd.)

Significant judgements and assumptions in relation to leases : - (Cont'd.)

- ii) The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

The gross carrying amount of fully depreciated right-of-use assets comprises of motor vehicles amounting to RM372,417 (2023 – RM523,046).

6. Intangible assets

Group	Trademarks RM
Cost	
At 1.7.2022/30.6.2023/30.6.2024	1,600,000
Impairment loss	
At 1.7.2022/30.6.2023/30.6.2024	(1,600,000)
Carrying amount	
At 1.7.2022/30.6.2023/30.6.2024	-

7. Investment in subsidiary companies

	Company 2024 RM	2023 RM
Unquoted shares, at cost	35,567,639	35,567,639
Less: Impairment losses	(32,276,275)	(32,081,498)
	<u>3,291,364</u>	<u>3,486,141</u>

The reconciliation of the allowance for impairment loss account is as follows : -

	Company 2024 RM	2023 RM
At beginning of the financial year	32,081,498	32,064,633
Impairment loss recognised	194,777	16,965
Reversal of impairment loss no longer required	-	(100)
At end of the financial year	<u>32,276,275</u>	<u>32,081,498</u>

The Company reviews the investment in subsidiaries for impairment when there is an indication of impairment. The recoverable amounts of the investment in subsidiaries are assessed by reference to their fair value less cost to sell, which approximate the net assets of subsidiaries at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

7. Investment in subsidiary companies (Cont'd.)

The details of the subsidiary companies are as follows : -

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest	
			2024 %	2023 %
Khee San Food Industries Sdn. Bhd. *	Malaysia	Manufacturer of candy confectionery and wafer products	100	100
Khee San Marketing Sdn. Bhd.	Malaysia	Distribution of candy, confectionery and wafer products	100	100
<u>Subsidiary company of Khee San Food Industries Sdn. Bhd.</u>				
Mega Global Confectionary Sdn. Bhd. **	Malaysia	Dormant	100	100

* The auditors' report of the subsidiary company contains qualified opinion on material uncertainty related to going concern.

** The auditors' report of the subsidiary company contains an emphasis of material uncertainty related to going concern.

8. Amount due from/(to) subsidiary companies

	Note	Company 2024 RM	2023 RM
Non-Current			
Amount due from a subsidiary company	(a)	68,696,993	68,696,993
Less: Impairment losses	30(c)(i)	(68,696,993)	(68,696,993)
		-	-
Current			
Amount due from a subsidiary company	(b)	1,366	1,366
Amount due to subsidiary companies	(b)	(6,036,799)	(2,732,503)

a) The amount due from a subsidiary company represents unsecured, interest-free advances with no fixed term of repayment.

b) The amount due from/(to) subsidiary companies are non-trade in nature, unsecured, interest-free and repayable on demand by cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

9. Inventories

	Group 2024 RM	2023 RM
At cost		
Raw materials	5,440,011	4,765,232
Work-in-progress	4,398,462	2,295,103
Finished goods	1,590,280	2,100,119
	11,428,753	9,160,454
Recognised in profit or loss : -		
- Inventories recognised as cost of sales	28,634,787	33,309,760
- Impairment loss on inventories	33,526	-
	33,526	-

10. Trade receivables

	Note	Group 2024 RM	2023 RM
Trade receivables		2,654,481	2,067,156
Less: Impairment losses	30(c)(i)	(179,406)	(195,559)
		2,475,075	1,871,597

The normal credit terms of trade receivables range from immediate payment to 30 days (2023 – immediate payment to 30 days). Other terms are assessed and approved on a case-by-case basis.

The foreign currency exposure of trade receivables of the Group is as follows : -

	Group 2024 RM	2023 RM
EURO	115,947	-
Singapore Dollar	137,543	-
United States Dollar	178,473	244,423
	431,963	244,423

11. Other receivables, deposits and prepayments

	Group 2024 RM	2023 RM	Company 2024 RM	2023 RM
Other receivables	527,157	711,584	-	-
Deposits	519,204	1,316,184	8,148	605,000
Prepayments	400,100	249,163	20,000	2,941
	1,446,461	2,276,931	28,148	607,941

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

12. Share capital and reserves

	Group and Company			
	2024	2023	2024	2023
	Number of ordinary shares		RM	
	Unit	Unit	RM	RM
Issued and fully paid shares with no par value classified as equity instruments : -				
Ordinary shares				
At beginning /end of the financial year	137,280,000	137,280,000	112,191,917	112,191,917

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Merger reserves

The merger reserve is related to the subsidiary companies which were consolidated under the merger method of accounting. The merger reserve arose from the difference between the carrying value of the investment and the nominal value of the shares of the subsidiary companies upon consolidation using merger accounting principles.

Revaluation reserves

The revaluation reserves of the Group represent surplus on revaluation of freehold land and buildings of the subsidiary companies.

13. Lease liabilities

	Factory rental RM	Hire purchase RM	Total RM
Group			
2024			
Minimum lease payments : -			
- not later than one year	125,400	1,109,976	1,235,376
- later than one year not later than two years	91,100	22,423	113,523
- later than two years not later than five years	47,300	-	47,300
	263,800	1,132,399	1,396,199
Less: Future interest charges	(9,229)	(10,122)	(19,351)
Present value of lease liabilities	254,571	1,122,277	1,376,848
Repayable as follows : -			
Non-Current Liabilities			
- later than one year not later than two years	88,498	19,197	107,695
- later than two years not later than five years	46,598	-	46,598
	135,096	19,197	154,293
Current liabilities			
- not later than one year	119,475	1,103,080	1,222,555
	254,571	1,122,277	1,376,848

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

13. Lease liabilities (Cont'd.)

	Factory rental RM	Hire purchase RM	Total RM
Group			
2023			
Minimum lease payments : -			
- not later than one year	97,800	1,181,300	1,279,100
- later than one year not later than two years	97,800	46,837	144,637
- later than two years not later than five years	131,500	18,275	149,775
	<u>327,100</u>	<u>1,246,412</u>	<u>1,573,512</u>
Less: Future interest charges	(16,395)	(10,905)	(27,300)
Present value of lease liabilities	<u>310,705</u>	<u>1,235,507</u>	<u>1,546,212</u>
Repayable as follows : -			
Non-Current Liabilities			
later than one year not later than two years	92,558	41,260	133,818
later than two years not later than five years	128,230	18,411	146,641
	<u>220,788</u>	<u>59,671</u>	<u>280,459</u>
Current liabilities			
not later than one year	89,917	1,175,836	1,265,753
	<u>310,705</u>	<u>1,235,507</u>	<u>1,546,212</u>
		2024	2023
		%	%
Effective interest rate		<u>2.34 – 5.30</u>	<u>2.34 – 5.30</u>

Included in the Group's lease liabilities were leases of motor vehicles, workers' hostel, plant and machinery under leases expiring from 1 to 3 years. Implicit interest rate of the lease is fixed at the inception of the lease arrangements, and the lease instalments are fixed throughout the lease period. There are no significant restriction clauses imposed on the lease arrangements.

14. Deferred tax liabilities

	Group 2024 RM	2023 RM
At beginning of the financial year	3,628,181	4,938,927
Recognised in profit or loss (Note 26)	-	(1,310,746)
At end of the financial year	<u>3,628,181</u>	<u>3,628,181</u>

Recognised deferred tax liabilities is attributable to the following : -

	2024 RM	2023 RM
Group		
Revaluation reserve	<u>3,628,181</u>	<u>3,628,181</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

14. Deferred tax liabilities (Cont'd.)

Deferred tax assets have not been recognised in respect of the following items (stated at gross): -

	Group 2024 RM	2023 RM
Unabsorbed tax losses	37,721,860	37,535,936
Other deductible temporary differences	22,127,307	30,140,055
	<u>59,849,167</u>	<u>67,675,991</u>

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be against which the Group can utilise the benefits there from.

Pursuant to the latest tax legislation in Malaysia, unabsorbed tax losses from year of assessment 2019 onwards can be carried forward for a maximum of 10 years.

The unabsorbed tax losses are available for offset against future taxable profits of the Group which will expire in the following financial year : -

	Group 2024 RM	2023 RM
2030	7,617,636	7,617,636
2032	8,522,276	8,522,276
2033	21,396,024	21,396,024
2034	185,924	-
	<u>37,721,860</u>	<u>37,535,936</u>

15. Trade payables

The normal credit terms of the Group's trade payables range from immediate payment to 60 days (2023 – immediate payment to 60 days). However, the terms may vary upon negotiation with the trade payables.

The foreign currency exposure of trade payables of the Group is as follows : -

	Group 2024 RM	2023 RM
Singapore Dollar	99,723	181,185
United States Dollar	33,119	32,727
	<u>132,842</u>	<u>213,912</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

16. Other payables and accruals

	Group 2024 RM	2023 RM	Company 2024 RM	2023 RM
Other payables	40,129,963	39,987,696	1,969,851	1,927,280
Accruals	4,765,527	4,751,591	653,878	619,711
	44,895,490	44,739,287	2,623,729	2,546,991

Group

Included in other payables and accruals are as follows : -

- i) an advance amounted to RM18,000,000 (2023 – RM18,000,000) which is secured by freehold land and buildings of the Group as disclosed in Note 4 to the financial statements.
- ii) an amount of RM12,140,546 (2023 – RM12,140,546) is due to the financial creditors as provisions for interest of bankers' acceptances.

17. Amount due to directors

The amounts outstanding are non-trade in nature, unsecured, interest free and repayable on demand in cash and cash equivalents.

18. Borrowings

	Group 2024 RM	2023 RM
Current		
<u>Secured</u>		
Bankers' acceptances	65,850,603	65,850,603
Bank overdraft	9,605,466	9,605,466
	75,456,069	75,456,069

Group

Secured

The bankers' acceptances and bank overdraft are secured by corporate guarantee given by the Company and negative pledge over the unencumbered assets of the Group.

Effective interest rates per annum on the borrowings of the Group is as follows : -

	Group 2024 %	2023 %
Bankers' acceptances	2.18 - 10.42	2.18 - 10.42
Bank overdraft	1.80 - 9.07	1.80 - 9.07

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

19. Revenue

	Group 2024 RM	2023 RM
Revenue from contract with customers : -		
- Sale of goods	52,303,044	55,602,529
Timing of revenue : -		
- At a point in time	52,303,044	55,602,529

20. Revenue – Analysis and Nature

a) Disaggregation of revenue

Group

	Manufacturing		Trading		Total	
	2024 RM	2023 RM	2024 RM	2023 RM	2024 RM	2023 RM
Primary geographical markets						
Malaysia	33,297,677	39,229,479	55,476	549,205	33,353,153	39,778,684
Rest of Asia	17,826,040	15,823,845	-	-	17,826,040	15,823,845
Europe	557,610	-	-	-	557,610	-
Africa	566,241	-	-	-	566,241	-
	52,247,568	55,053,324	55,476	549,205	52,303,044	55,602,529

b) Nature of goods and services

The following information reflects the typical transactions of the Group : -

Nature of goods or services	- Confectionery products
Timing of recognition or method used to recognise revenue	- Revenue is recognised at a point in time when the goods are delivered and accepted by the customers at their premises.
Significant payment terms	- Cash terms and credit period of 30 days from invoice date.
Variable element in consideration	- Discounts are given to customer where the customer pay within 30 days from invoice date.
Obligation for returns or refunds	- The Company allows for returns with cash refunds
Warranty	- Not applicable.

c) Transaction price allocated to the remaining performance obligations

The Group applies the practical expedient that exempts the disclosure of information on remaining performance obligations that have original expected durations of one year or less. As at year end, all remaining performance obligations of the Group have original expected durations of one year or less.

d) Significant judgements and assumptions arising from revenue recognition

The Group applies significant judgements and assumptions to determine the probability of sales achievement of the customers, the probability that the customers will pay within 30 days from invoice date and the probability of goods returned. The Group considered internal information to estimate the probability. In applying judgement, the Group also determined that the recognition of revenue will not result in significant revenue reversal.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

21. Other income

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Interest income	22,508	9,556	391	3,117
Dividend received from liquidator	21,089	147,626	-	-
Human resources development fund claim	23,475	-	-	-
Gain on disposal of plant and equipment	267,201	-	-	-
Insurance claim	-	133,000	-	-
Sales of scrap	28,189	12,542	-	-
Sundry income	39,234	151,650	-	-
Reversal of overprovision of interest expenses	-	1,883,341	-	-
Reversal of impairment losses no longer required : -				
- investment in a subsidiary company	-	-	-	100
Unrealised gain on foreign exchange	149,802	81,101	-	-
	<u>551,498</u>	<u>2,418,816</u>	<u>391</u>	<u>3,217</u>

22. Finance costs

	Group	
	2024 RM	2023 RM
Interest expense of financial liabilities that are not fair value through profit or loss	519	1,814,358
Interest expense on lease liabilities	13,136	22,779
	<u>13,655</u>	<u>1,837,137</u>

23. Profit/(Loss) before taxation

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
This is arrived at after charging : -				
Auditors' remuneration				
- current year provision	101,500	101,500	30,000	30,000
- other services	13,000	13,000	13,000	13,000
Depreciation of : -				
- property, plant and equipment	2,938,886	2,961,978	1,973	1,972
- right-of-use assets	112,899	265,545	-	-
Expenses relating to short-term leases *	7,380	77,400	-	-
Expenses relating to lease of low value assets *	4,310	8,560	-	-
Finance costs (Note 22)	13,655	1,837,137	-	-
Employees benefits expense (Note 24)	10,118,933	8,809,352	1,649,079	1,070,368
Impairment loss on : -				
- subsidiary companies	-	-	194,777	16,965
- trade receivables	137,562	29,913	-	-
- inventories	33,526	-	-	-
Realised loss on foreign exchange	272,503	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

23. Profit/(Loss) before taxation (Cont'd.)

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
This is arrived at after crediting : -				
Gain on disposal of plant and equipment	(267,201)	-	-	-
Reversal of overprovision of interest expense	-	(1,883,341)	-	-
Reversal of impairment loss on investment in a subsidiary company	-	-	-	(100)
Interest income	(22,508)	(9,556)	(391)	(3,117)
Unrealised gain on foreign exchange	(149,802)	(81,101)	-	-

* The Group leases buildings and office equipment with contract term of 1 to 2 years. These leases are short-term and/or leases of low value items.

24. Employee benefits expense

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Salaries, wages, overtime and allowance	9,209,078	8,086,926	1,474,529	958,003
Employee Provident Fund	617,570	487,033	166,276	107,685
Employment Insurance System	5,453	4,998	451	359
Social security costs	98,207	88,365	3,945	3,137
Other staff related expenses	102,426	142,030	3,878	1,184
	<u>10,118,933</u>	<u>8,809,352</u>	<u>1,649,079</u>	<u>1,070,368</u>

Employee benefits expense included directors' remuneration (exclude benefits-in-kind) amounting to RM1,447,977 (2023 – RM932,342) as disclosed in Note 25 to the financial statements.

25. Directors' remuneration

	Group and Company	
	2024	2023
	RM	RM
Executive directors		
- Fees	72,000	56,287
- Other emoluments	1,217,777	721,520
	<u>1,289,777</u>	<u>777,807</u>
Non-executive directors		
- Fees	108,000	76,235
- Other emoluments	50,200	78,300
	<u>158,200</u>	<u>154,535</u>
Total excluding benefits-in-kind	<u>1,447,977</u>	<u>932,342</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

26. Income tax credit

	Group 2024 RM	2023 RM	Company 2024 RM	2023 RM
Under provision in previous financial year	-	459,999	-	-
Deferred taxation (Note 14)	-	(1,310,746)	-	-
	-	(850,747)	-	-

Income tax is calculated at the Malaysian statutory tax rates of 24% (2023 – 24%) of the estimated assessable profit for the financial year.

	Group 2024 %	2023 %	Company 2024 %	2023 %
Applicable tax rate	24	24	(24)	(24)
Non-deductible expenses	241	167	24	24
Non-taxable income	-	(3)	-	-
Current year losses for which no deferred tax asset was recognised	-	59	-	-
Utilisation of temporary difference not recognised in prior year	(265)	(194)	-	-
Deferred taxation	-	(150)	-	-
Effective tax rates	-	(97)	-	-

27. Earnings per share

Basic:

Basic earnings per share is calculated by dividing the earnings for the financial year attributable to equity holders of the Company by the weighted-average number of ordinary shares in issue during the financial year.

	Group 2024	2023
Profit for the financial year attributable to ordinary equity holders of the Company (RM)	783,914	1,725,976
Weighted-average number of ordinary shares in issue (Unit)	137,280,000	137,280,000
Basic earnings per share (sen)	0.57	1.26

Diluted:

The basic and diluted earnings per share are equal as the Company has no dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

28. Cash and cash equivalents

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Cash and bank balances		2,171,459	2,336,763	1,605	50,854
Fixed deposit with a licensed bank		2,010,498	-	-	-
Bank overdraft	18	(9,605,466)	(9,605,466)	-	-
		<u>(5,423,509)</u>	<u>(7,268,703)</u>	<u>1,605</u>	<u>50,854</u>

The foreign currency exposure of cash and bank balances of the Group is as follows : -

	2024 RM	2023 RM
Cash and bank balances		
- EURO	5,276	5,683
- Hong Kong Dollar	78,348	213,469
- Japanese Yen	290,414	136,702
- United States Dollar	<u>33,850</u>	<u>368,543</u>

The fixed deposit with a licensed bank of the Group has maturity period of 1 to 6 months. The interest rate of fixed deposit with a licensed bank is 3.60% (2023 — Nil) per annum.

29. Segmental information

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

Business segments

The Group comprises the following main business segments : -

Investment holding : Investment in subsidiary companies.

Manufacture and trading : Manufacturing and trading of food and all related products.

There are varying levels of integration amount the reportable segments. This integration includes transfers of raw materials, shared managed services and financial resources. Inter-segment pricing is determined on negotiated basis in a manner similar to transactions with third parties.

Performance is measured based on segment profit before tax, interest, depreciation and amortization, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

29. Segmental information (Cont'd.)

Segment assets and liabilities

The total of segment assets and liabilities are measured based on all assets and liabilities of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, and intangible assets other than goodwill.

a) Business Segment

2024	Investment holding RM	Manufacturing and trading RM	Elimination RM	Total RM
Revenue				
Revenue from external customers	-	52,303,044	-	52,303,044
Inter-company revenue	-	77,845	(77,845)	-
Total revenue	-	52,380,889	(77,845)	52,303,044
Results				
Segment results	(4,158,817)	4,208,745	194,777	244,705
Other income	391	552,473	-	552,864
Finance costs	-	(13,655)	-	(13,655)
(Loss)/Profit before taxation	(4,158,426)	4,747,563	194,777	783,914
Income tax credit	-	-	-	-
(Loss)/Profit for the financial year	(4,158,426)	4,747,563	194,777	783,914

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

29. Segmental information (Cont'd.)

a) Business Segment (Cont'd.)

2024	Investment holding RM	Manufacturing and trading RM	Elimination RM	Total RM
Other information				
Segment assets	3,337,523	80,147,351	(11,586,596)	71,898,278
Segment liabilities	(8,976,132)	(216,543,480)	76,992,225	(148,527,387)
Non-cash expenses/ (income)				
- Depreciation of property, plant and equipment	1,973	2,936,913	-	2,938,886
- Depreciation of right-of-use assets	-	112,899	-	112,899
- Impairment loss on inventories	-	33,526	-	33,526
- Impairment losses on trade receivables	-	137,562	-	137,562
- Gain on disposal of plant and equipment	-	(267,201)	-	(267,201)
- Impairment loss on investment in subsidiary companies	194,777	-	(194,777)	-
- Unrealised gain on foreign exchange	-	(149,802)	-	(149,802)
Included in the measure of segment assets are :-				
- Additions to non-current assets other than financial instruments and deferred tax assets	-	420,885	-	420,885

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

29. Segmental information (Cont'd.)

a) Business Segment (Cont'd.)

2023	Investment holding RM	Manufacturing and trading RM	Elimination RM	Total RM
Revenue				
Revenue from external customers	-	55,602,529	-	55,602,529
Inter-company revenue	-	645,575	(645,575)	-
Total revenue	-	56,248,104	(645,575)	55,602,529
Results				
Segment results	(2,829,619)	3,106,204	16,965	293,550
Other income	3,217	2,415,699	(100)	2,418,816
Finance costs	-	(1,837,137)	-	(1,837,137)
(Loss)/Profit before taxation	(2,826,402)	3,684,766	16,865	875,229
Income tax credit	-	850,747	-	850,747
(Loss)/Profit for the financial year	(2,826,402)	4,535,513	16,865	1,725,976

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

29. Segmental information (Cont'd.)

a) Business Segment (Cont'd.)

2023	Investment holding RM	Manufacturing and trading RM	Elimination RM	Total RM
Other information				
Segment assets	4,163,315	78,313,030	(11,844,381)	70,631,964
Segment liabilities	(5,643,498)	(219,456,623)	77,055,134	(148,044,987)
No-cash expenses				
- Depreciation of property, plant and equipment	1,972	2,960,006	-	2,961,978
- Depreciation of right-of-use assets	-	265,545	-	265,545
- Impairment loss on investment in subsidiary companies	16,965	-	(16,965)	-
- Impairment losses on trade receivables	-	29,913	-	29,913
- Reversal of overprovision of interest expenses	-	(1,883,341)	-	(1,883,341)
- Reversal of impairment loss on investment in a subsidiary	(100)	-	(100)	-
- Unrealised gain on foreign exchange	-	(81,101)	-	(81,101)
Included in the measure of segment assets are :-				
- Additions to non-current assets other than financial instruments and deferred tax assets	-	257,196	-	257,196

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

29. Segmental information (Cont'd.)

b) Geographical segment

The manufacturing and trading operations are based not only in Malaysia but also spread throughout the rest of Asia, Europe, and Africa.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers whereas segment assets are based on the geographical location of assets.

	Segment revenue		Segment assets	
	2024 RM	2023 RM	2024 RM	2023 RM
Malaysia	33,353,153	39,778,684	71,898,278	70,631,964
Rest of Asia	17,826,040	15,823,845	-	-
Europe	557,610	-	-	-
Africa	566,241	-	-	-
	<u>52,303,044</u>	<u>55,602,529</u>	<u>71,898,278</u>	<u>70,631,964</u>

30. Financial instruments

a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows :-

- Financial assets measured at amortised cost ("FAAC"); and
- Financial liabilities measured at amortised cost ("FLAC").

Group	Carrying amount RM	FAAC RM	FLAC RM
2024			
Financial assets			
Trade receivables	2,475,075	2,475,075	-
Other receivables and deposits	1,046,361	1,046,361	-
Fixed deposit with a licensed bank	2,010,498	2,010,498	-
Cash and bank balances	2,171,459	2,171,459	-
	<u>7,703,393</u>	<u>7,703,393</u>	<u>-</u>
Financial liabilities			
Trade payables	(17,855,195)	-	(17,855,195)
Other payables and accruals	(44,895,490)	-	(44,895,490)
Amount due to directors	(5,315,604)	-	(5,315,604)
Borrowings	(75,456,069)	-	(75,456,069)
Lease liabilities			
- Hire purchase	(1,122,277)	-	(1,122,277)
	<u>(144,644,635)</u>	<u>-</u>	<u>(144,644,635)</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

30. Financial instruments (Cont'd.)

a) Categories of financial instruments (Cont'd.)

Group	Carrying amount RM	FAAC RM	FLAC RM
2023			
Financial assets			
Trade receivables	1,871,597	1,871,597	-
Other receivables and deposits	2,027,768	2,027,768	-
Cash and bank balances	2,336,763	2,336,763	-
	<u>6,236,128</u>	<u>6,236,128</u>	<u>-</u>
Financial liabilities			
Trade payables	(17,311,234)	-	(17,311,234)
Other payables and accruals	(44,739,287)	-	(44,739,287)
Amount due to directors	(5,364,004)	-	(5,364,004)
Borrowings	(75,456,069)	-	(75,456,069)
Lease liabilities			
- Hire purchase	(1,235,507)	-	(1,235,507)
	<u>(144,106,101)</u>	<u>-</u>	<u>(144,106,101)</u>
Company			
2024			
Financial assets			
Deposits	8,148	8,148	-
Amount due from a subsidiary company	1,366	1,366	-
Cash and bank balances	1,605	1,605	-
	<u>11,119</u>	<u>11,119</u>	<u>-</u>
Financial liabilities			
Other payables and accruals	(2,623,729)	-	(2,623,729)
Amount due to directors	(315,604)	-	(315,604)
Amount due to subsidiary companies	(6,036,799)	-	(6,036,799)
	<u>(8,976,132)</u>	<u>-</u>	<u>(8,976,132)</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

30. Financial instruments (Cont'd.)

a) Categories of financial instruments (Cont'd.)

Company	Carrying amount RM	FAAC RM	FLAC RM
2023			
Financial assets			
Deposits	605,000	605,000	-
Amount due from a subsidiary company	1,366	1,366	-
Cash and bank balances	50,854	50,854	-
	<u>657,220</u>	<u>657,220</u>	<u>-</u>
Financial liabilities			
Other payables and accruals	(2,546,991)	-	(2,546,991)
Amount due to directors	(364,004)	-	(364,004)
Amount due to subsidiary companies	(2,732,503)	-	(2,732,503)
	<u>(5,643,498)</u>	<u>-</u>	<u>(5,643,498)</u>

b) Net losses arising from financial instruments

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Financial assets at amortised cost	7,703,393	6,236,128	11,119	657,220
Financial liabilities at amortised cost	(144,644,635)	(144,106,011)	(8,976,132)	(5,643,498)
	<u>(136,941,242)</u>	<u>(137,869,883)</u>	<u>(8,965,013)</u>	<u>(4,986,278)</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

30. Financial instruments (Cont'd.)

c) Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments as follows : -

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

i) Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from advances to subsidiary company and financial guarantees given to banks for credit facilities granted to subsidiary companies. There are no significant changes as compared to previous financial year.

Trade receivables

Risk management objectives, policies and processes for managing the risk

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high credit worthiness. The Group also has an internal credit review which is conducted if the credit risk is material. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

At each reporting date, the Group or the Company assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous financial year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables are represented by carrying amounts in the statement of financial position. Credit risk and receivables are monitored on an ongoing basis. These procedures substantially mitigate credit risk of the Group.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any past due receivables having significant balances, which are deemed to have higher credit risk, are monitored individually.

The trade receivables are not secured by any collateral or supported by any other credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

30. Financial instruments (Cont'd.)

c) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Trade receivables (Cont'd.)

Recognition and measurement of impairment losses

The Group uses an allowance matrix to measure the expected credit losses ("ECL") of trade receivables from individual customers, which comprise a very large number of insignificant balances outstanding.

To measure the ECLs, trade receivables have been grouped based on credit risk and days past due. The Group considers a receivable to have significant high credit risk when its outstanding balance is more than 12 months.

Where a receivable has a low credit risk, it is excluded from the allowance matrix and its ECL is assessed individually by considering historical payment trends and financial strength of the receivable.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the reporting date which are grouped together as they are expected to have similar risk nature : -

Group	Gross RM	Loss Allowance RM	Net RM
2024			
No past due	2,139,640	-	2,139,640
Past due 1 - 30 days	208,012	-	208,012
Past due 31 - 60 days	29,148	-	29,148
Past due 61 - 90 days	1,858	-	1,858
Past due 91 - 120 days	30	-	30
Past due 121 - 150 days	-	-	-
Past due 151 - 180 days	145	-	145
Past due over 180 days	275,648	(179,406)	96,242
	2,654,481	(179,406)	2,475,075
2023			
No past due	1,726,692	-	1,726,692
Past due 1 - 30 days	68,393	-	68,393
Past due 31 - 60 days	-	-	-
Past due 61 - 90 days	140,755	(140,755)	-
Past due 91 - 120 days	2,571	-	2,571
Past due 121 - 150 days	64,713	(54,804)	9,909
Past due 151 - 180 days	-	-	-
Past due over 180 days	64,032	-	64,032
	2,067,156	(195,559)	1,871,597

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

30. Financial instruments (Cont'd.)

c) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Trade receivables (Cont'd.)

Recognition and measurement of impairment losses (Cont'd.)

The movements in the allowance for impairment in respect of trade receivables during the financial year are as follows : -

Group	Lifetime ECL RM	Credit impaired RM	Total RM
At 1.7.2022	-	29,267,385	29,267,385
Addition	-	195,559	195,559
Reversal of impairment losses on trade receivable no longer required	-	(165,646)	(165,646)
Written off	-	(29,101,739)	(29,101,739)
At 30.6.2023	-	195,559	195,559
Addition	-	178,606	178,606
Reversal of impairment losses on trade receivable no longer required	-	(41,044)	(41,044)
Written off	-	(153,715)	(153,715)
At 30.6.2024	-	179,406	179,406

Other receivables

Risk management objectives, policies and processes for managing the risk

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high credit worthiness. The Group also has an internal credit review which is conducted if the credit risk is material. Other receivables are monitored on an ongoing basis via Group management reporting procedures.

There are no significant changes as compared to previous financial period.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Recognition and measurement of impairment losses

The Group uses an allowance matrix to measure the expected credit losses ("ECL") of its receivables, where a receivable has a low credit risk, it is excluded from the allowance matrix and its ECL is assessed individually by considering historical payment trends and financial strength of the receivable.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

30. Financial instruments (Cont'd.)

c) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Financial guarantee

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of subsidiary companies and repayments made by the subsidiary companies.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM75,456,069 (2023 – RM75,456,069) representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantees provided as credit enhancement to subsidiaries' secured borrowings.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiary companies. The Company monitors the ability of the subsidiary companies to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment losses

Generally, the Company considers loans and advances to subsidiary companies have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary company's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiary companies' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiary companies are not able to pay when demanded. The Company considers a subsidiary company's loan or advance to be credit impaired when : -

- The subsidiary company is unlikely to repay its loan or advance to the Company in full;
- The subsidiary company's loan or advance is overdue for more than 365 days; or
- The subsidiary company is continuously loss making and is having a deficit shareholders' funds.

The Company determines the probability of default for these loans and advances individually using internal information available.

The movements in the allowance for impairment in respect of inter-company loans and advances during the financial period are as follows : -

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

30. Financial instruments (Cont'd.)

c) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Recognition and measurement of impairment losses (Cont'd.)

Company	Lifetime ECL RM	Credit impaired RM	Total RM
At 1.7.2022/30.6.2023/30.6.2024	-	68,696,993	68,696,993

ii) Liquidity risks

Liquidity risks is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments : -

Group	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM
2024						
Non-derivative financial liabilities						
Trade payables	17,855,195	-	17,855,195	17,855,195	-	-
Other payables and accruals	44,895,490	-	44,895,490	44,895,490	-	-
Amount due to directors	5,315,604	-	5,315,604	5,315,604	-	-
Bankers' acceptances	65,850,603	2.18 - 10.42	65,850,603	65,850,603	-	-
Bank overdraft	9,605,466	1.80 - 9.07	9,605,466	9,605,466	-	-
Lease liabilities	1,376,848	2.34 - 5.30	1,396,199	1,235,376	113,523	47,300
	<u>144,899,206</u>		<u>144,918,557</u>	<u>144,757,734</u>	<u>113,523</u>	<u>47,300</u>
2023						
Non-derivative financial liabilities						
Trade payables	17,311,234	-	17,311,234	17,311,234	-	-
Other payables and accruals	44,739,287	-	44,739,287	44,739,287	-	-
Amount due to directors	5,364,004	-	5,364,004	5,364,004	-	-
Bankers' acceptances	65,850,603	2.18 - 10.42	65,850,603	65,850,603	-	-
Bank overdraft	9,605,466	1.80 - 9.07	9,605,466	9,605,466	-	-
Lease liabilities	1,546,212	2.34 - 5.30	1,573,512	1,279,100	144,637	149,775
	<u>144,416,806</u>		<u>144,444,106</u>	<u>144,149,694</u>	<u>144,637</u>	<u>149,775</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

30. Financial instruments (Cont'd.)

c) Financial risk management (Cont'd.)

ii) Liquidity risks (Cont'd.)

Company	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM
2024				
Non-derivative financial liabilities				
Other payables and accruals	2,623,729	-	2,623,729	2,623,729
Amount due to directors	315,604	-	315,604	315,604
Amount due to subsidiary companies	6,036,799	-	6,036,799	6,036,799
Financial guarantee	75,456,069	-	75,456,069	75,456,069
	<u>84,432,201</u>		<u>84,432,201</u>	<u>84,432,201</u>
2023				
Non-derivative financial liabilities				
Other payables and accruals	2,546,991	-	2,546,991	2,546,991
Amount due to directors	364,004	-	364,004	364,004
Amount due to subsidiary companies	2,732,503	-	2,732,503	2,732,503
Financial guarantee	75,456,069	-	75,456,069	75,456,069
	<u>81,099,567</u>		<u>81,099,567</u>	<u>81,099,567</u>

iii) Market risk

Foreign currency risk

The Group is exposed to foreign currency risk on sales that are denominated in a currency other than the respective functional currency of Group entities. The currency giving rise to this risk were primarily Euro ("EURO"), Japanese Yen ("JPY"), Singapore Dollar ("SGD"), United States Dollar ("USD") and Hong Kong Dollar ("HKD").

Risk management objectives, policies and processes for managing the risk

The Group is closely monitoring the foreign currency risk on an ongoing basis to ensure that the net exposure is at acceptable level.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

30. Financial instruments (Cont'd.)

c) Financial risk management (Cont'd.)

iii) Market risk (Cont'd.)

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was : -

	2024	2023
	RM	RM
Trade receivables (Note 10)		
- EURO	115,947	-
- Singapore Dollar	137,543	-
- United States Dollar	178,473	244,423
Trade payables (Note 15)		
- Singapore Dollar	(99,723)	(181,185)
- United States Dollar	(33,119)	(32,737)
Cash and bank balances (Note 28)		
- EURO	5,276	5,683
- Hong Kong Dollar	78,348	213,469
- Japanese Yen	290,414	136,702
- United States Dollar	33,850	368,543

Currency risk sensitivity analysis

At 5% (2023 – 5%) strengthening of Ringgit Malaysia ("RM") against the following currencies at the end of the reporting period would have increased equity and post-tax profit or loss by the amount shown below. This analysis is based on foreign currency exchange rate variance that the Group considered to be reasonable possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant.-

	2024		2023	
	Equity	Profit or loss	Equity	Profit or loss
	RM	RM	RM	RM
Increase	31,751	31,751	28,686	28,686

At 5% (2023 – 5%) of weakening of RM against the above foreign currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remained constant.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

30. Financial instruments (Cont'd.)

c) Financial risk management (Cont'd.)

iii) Market risk (Cont'd.)

Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rate. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk Management objectives, policies and processes for managing the risk

The Group's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rate fall.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was: -

	2024	Interest rate	2023	Interest rate
	RM	%	RM	%
Group				
<u>Fixed rate instruments</u>				
Lease liabilities	(1,376,848)	2.34 - 5.30	(1,546,212)	2.34 - 5.30
<u>Floating rate instruments</u>				
Bankers' acceptances	(65,850,603)	2.18 - 10.42	(65,850,603)	2.18 - 10.42
Bank overdraft	(9,605,466)	1.80 - 9.07	(9,605,466)	1.80 - 9.07

Interest rate risk sensitivity analysis : -

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change on interest rates at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

30. Financial instruments (Cont'd.)

c) Financial risk management (Cont'd.)

iii) Market risk (Cont'd.)

Interest rate risk sensitivity analysis : - (Cont'd.)

Cash flow sensitivity analysis for variable rate instruments

At the reporting date, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's profit/(loss) net of tax would have been RM573,466 (2023 – RM573,466) higher /lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis point for interest rate sensitivity analysis is based on the currently observable market environment.

iv) Operational risk

The operational risk arises from the daily activities of the Group which includes legal, credit reputation and financing risk and other risks associated to daily running of its business operations.

Such risks are mitigated through proper authority levels of approval limits, clear reporting structure, segregation of duties, policies and procedures implemented and periodic management meetings.

In dealing with its stewardship, the directors recognise that effective risk management is an integral part of good business practice.

The directors will pursue an ongoing process of identifying, assessing and managing key business areas, overall operational and financial risk faced by the business units as well as regularly reviewing and enhancing risk mitigating strategies with its appointed and key management personnel.

d) Fair value information

The carrying amount of cash and cash equivalents, trade and other receivables, inter-company balances, trade and other payables, amount due to directors, short term borrowings and current portion of lease payables approximate fair value due to the relatively short-term nature of these financial instruments.

The aggregate fair value of the other financial assets and liabilities carried on the statements of financial position approximates its carrying value and the Group does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be settled.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique : -

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : other techniques for which all inputs which have a significant effect on the recorded fair value is observable, either directly or indirectly.

Level 3 : techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Group does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be settled. Therefore, the fair value hierarchy is not presented.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

31. Capital management

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to owners and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group considers its total equity to be the key component of its capital structure and may, from time to time, adjust the dividend payouts, purchase own shares, issued new shares, redeem debts or sell assets, where necessary, to maintain an optimal capital structure. Management has not formulated any formal policies and processes for monitoring the Group's capital in view of its simple structure. Nevertheless, management will always strive to improve those policies and processes whenever the need arises.

Under the requirement of Bursa Malaysia Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal or not less than 25% of the issued and paid-up capital and such shareholders' equity is not less than RM40 million. As disclosed in Note 2(a) to the financial statements, the Company has triggered the Prescribed Criteria of paragraph 2.1(b) of Practice Note 17 ("PN17") pursuant to paragraph 8.04(2) of the Main Market Listing Requirements of Bursa Malaysia.

32. Contingent assets/liabilities

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
(a) Contingent assets				
Disputed sum taken by Former Interim Judicial Manager ("FIJM")	2,020,852	2,020,852	-	-
(b) Contingent liabilities				
Outstanding legal fees claimed by a third party	1,176,000	1,176,600	1,176,000	1,176,600

The Disputed sum of RM2,020,852 is recovered and concluded on 24 July 2024, in which the details are disclosed in Note 36(v) to the financial statements.

The outstanding legal fees claimed by a third party is not admitted and the details are disclosed in Note 36 (vi) to the financial statements.

33. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of the senior management of the Group.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

33. Related parties (Cont'd.)

Significant related party transactions

There is no related party transaction has been entered during the financial year. The related party balances are shown in Notes 8 and 17 to the financial statements.

Compensation of key management personnel

The remuneration paid by the Group and the Company to key management personnel during the financial year are disclosed in Note 25 in the financial statements.

34. Significant events

On 18 July 2023, the Company submitted the Regularisation Plan to Bursa Securities and obtained approval on 19 August 2024 as per Note 35(ii).

35. Subsequent events

- i) On 5 July 2024, the Company submitted the Revised Regularisation Plan to Bursa Securities.
- ii) On 19 August 2024, the Company received the approval from Bursa Securities in relation to the Proposed Regularisation Plan. Bursa Securities had vide its letter dated 19 August 2024 with terms and condition stated as follows : -
 1. Proposed renounceable rights issue of up to 960,960,000 new KSB Shares on the basis of 7 new Shares for every 1 existing KSB Share held, at an issue price of RM0.10 per Rights Share together with up to 549,120,000 Warrants on the basis of 4 Warrants for every 7 Rights Shares subscribed for, at an exercise price of RM0.10 by the entitled shareholders whose names appear in the record of depositors of KSB on an entitlement date to be determined and announced later;
 2. Proposed scheme of arrangement with creditors pursuant to Section 366 of the Act in respect of the amount owing to the Scheme Creditors aggregating RM138.47 million as at 31 March 2022;
 3. Proposed reduction of issued share capital of KSB of RM137,520,178 pursuant to Section 117 of the Act;
 4. Proposed establishment of an Employees' Share Scheme ("ESS"), which comprises the following : -
 - a. proposed establishment of an Employees' Share Option Scheme ("ESOS"); and
 - b. proposed establishment of an Employees' Share Grant Scheme ("ESGS") of up to 15.00% of the total number of issued shares of KSB (excluding treasury shares, if any) at any point in time during the duration of the Proposed ESS; and
 5. Proposed amendments to the Company's existing constitution to facilitate the Proposed ESS.

Bursa Securities has also resolved to approve the listing of and quotation for : -

1. up to 960,960,000 Rights Shares together with up to 549,120,000 Warrants to be issued pursuant to the Proposed Rights Issue with Warrants;
2. up to 549,120,000 Shares in KSB to be issued arising from the exercise of the Warrants;
3. 210,607,199 Shares in KSB to be issued pursuant to the Proposed Scheme of Arrangement; and
4. such number of KSB Shares, representing up to 15.00% of the Company's total number of issued Shares (excluding treasury shares, if any) to be issued under the Proposed ESS on the Main Market of Bursa Securities.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

35. Subsequent events (Cont'd.)

- ii) The approval granted by Bursa Securities for the Proposed Regularisation Plan is subject to the following conditions :-
1. KSB and M&A Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Regularisation Plan;
 2. KSB and M&A Securities to confirm all approvals of relevant authorities have been obtained for the implementation of the Proposed Regularisation Plan and furnish a copy of all approval letters from the relevant authorities;
 3. KSB and M&A Securities to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders at the general meeting for the Proposed Regularisation Plan;
 4. KSB and M&A Securities to ensure compliance with Paragraph 8.02 of the Listing Requirements prior to the quotation for the Rights Shares to be issued pursuant to the Proposed Regularisation Plan and furnish Bursa Securities with the public shareholding spread pursuant to Appendix 8E of the Listing Requirements upon allotment and issuance of all the new Rights Shares to be issued pursuant to the Proposed Regularisation Plan;
 5. M&A Securities is required to furnish Bursa Securities of full compliance of the Proposed ESS pursuant to the paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation; and
 6. KSB and M&A Securities to inform Bursa Securities upon the completion of the Proposed Regularisation Plan and furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Regularisation Plan is completed.
- iii) 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

36. Material litigation

i) **MAYBANK ISLAMIC BERHAD -V- KHEE SAN BERHAD AND KHEE SAN FOOD INDUSTRIES SDN BHD (WA-22M-269-07/2020)**

On 27 July 2020, the Company and KSFI received a sealed copy of Writ and Statement of Claim filed by Maybank Islamic Berhad ("MIB"). MIB's claim against KSFI and KSB are as follows : -

1. The sum of RM1,060,412.56 as at 30 June 2020;
2. Further profit on the utilised Facility Amount in the sum of RM1,000,000.00 at 1.75% per annum above the Plaintiff's Base Financing Rate calculated on daily basis from 1 July 2020 until full settlement or upon reaching maximum Plaintiff's Profit from the Plaintiff's Sale Price of RM1,542,500.00, whichever is earlier;
3. The sum of RM5,467,194.64 as at 30 June 2020;
4. Ta'widi (Compensation) at the prevailing daily overnight Islamic Interbank Money Market rate calculated on the sum of RM5,408,950.95 from 1 July 2020 until full settlement;
5. Costs on a solicitor-client basis; and
6. Such further and/or other relief as the Court deems fit.

The Court has allowed the Plaintiff's Summary Judgment Application and Striking Out the Defendants' counterclaim against the Plaintiff on 30 March 2021.

On 25 June 2021, MIB issued a notice pursuant to Section 466(1)(a) of the Companies Act, 2016.

Further to the above disclosures, there is no further update as at 30 June 2024.

ii) **STANDARD CHARTERED BANK MALAYSIA BERHAD ("Plaintiff") -V- KHEE SAN BERHAD AND KHEE SAN FOOD INDUSTRIES SDN BHD ("Defendants") (WA-22NCC-589-11/2020)**

On 3 December 2020, the Company and KSFI received a sealed copy of Writ and Statement of Claim filed by Standard Chartered Bank Malaysia Berhad ("Plaintiff") with details as follows:

- a) the sum of RM8,268,669.88 as at 30 September 2020 with interest thereon at the rate of 6.7% per annum, calculated on daily basis, from 1 October 2020 until date of full payment;
- b) the sum of RM6,703.54 with interest thereon at 5% per annum from date hereof until date of full payment;
- c) cost on a solicitor-client and full indemnity basis; and
- d) such further and/or other relief as the Court deems fit.

On 21 August 2021, the parties have come to a consensus that the Plaintiff would stay the execution of the judgment as long as there is settlement negotiation between the parties.

Further to the above disclosures, there is no further update as at 30 June 2024.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

36. Material litigation (Cont'd.)

iii) TUNAI IMPIAN ENTERPRISE SDN. BHD. ("TIESB") -V- KHEE SAN BERHAD, KHEE SAN MARKETING SDN. BHD., MEGA GLOBAL CONFECTIONARY AND KHEE SAN FOOD INDUSTRIES SDN BHD (WA-24NCC-371-07/2023)

Tunai Impian Enterprise Sdn. Bhd. prays for declarations that it had withdrawn its support for Khee San Berhad Group's Scheme of Arrangement and an order to consequently set aside the Court's Sanction order dated 21 December 2022.

On 3 November 2023, the Company announced that this matter came up for Case Management for Notice of Application to intervene filed by Alliance Bank Malaysia Berhad and HSBC Bank Malaysia Berhad. The Court had given the following directions : -

1. Reply Affidavit must be filed by 16 November 2023;
2. Response Affidavit must be filed by 30 November 2023;
3. Supplemental Affidavit is not allowed to be filed except with the Court's leave; and
4. the next Case Management for this matter is fixed on 30 November 2023 via e-Review

On 30 November 2023, this matter came up for Case Management for Notice of Applications to intervene filed by Alliance Bank Malaysia Berhad and HSBC Bank Malaysia Berhad. The Court had given the following directions : -

1. Written submissions to be filed and exchanged on 14 December 2023;
2. Reply written submissions to be filed and exchanged on 28 December 2023; and
3. The hearing for these Notice of Applications are fixed on 16 January 2024.

On 16 January 2024, Hearing of the Notice of Applications to intervene ("Intervener Applications") filed by Alliance Bank Malaysia Berhad and HSBC Bank Malaysia Berhad ("Interveners") and the Originating Summons filed by TIESB.

TIESB's counsel informed the Court that they had no objection to the Intervener Applications and sought for costs in the cause. Upon confirmation by the Interveners' counsel, the Court allowed the Intervener Applications with costs in the cause.

Since the Interveners have now intervened in the proceedings, the Court has vacated the hearing of the Originating Summons to regulate the exchange of affidavits and submissions with the Interveners. The Court had given the following directions : -

1. The Interveners to file their respective affidavit with respect to the Originating Summons by 30 January 2024;
2. Parties to file reply affidavit (if any) to the Interveners' affidavits by 13 February 2024;
3. Parties to file written submissions by 13 March 2024; and
4. the hearing for the Originating Summons has been fixed on 22 March 2024.

On 22 March 2024, this matter came up for hearing and decision of the Originating Summons filed by TIESB.

After hearing parties, the Court struck out TIESB's Originating Summons with liberty to file afresh and costs to follow the event.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

36. Material litigation (Cont'd.)

iv) **Khee San Berhad & 3 ORS ("APPLICANTS") VS 1. TUNAI IMPIAN ENTREPRISE SDN BHD 2. HSBC BANK MALAYSIA 3. ALLIANCE BANK MALAYSIA BERHAD (WA-24NCC-1067-12/2022)**

On 29 April 2024, the Company received a letter dated 25 April 2024 with enclosures from Messrs. Dennik Nik Wong ("DNW"), whereby 3 separate intervener applications have been filled by the following parties : -

- 1) Tunai Impian Entrepriase Sdn Bhd;
- 2) HSBC Bank Malaysia Berhad; and
- 3) Alliance Bank Malaysia Berhad

In the letter dated 25 April 2024, DNW also informed the Company for the first time (and without prior instructions from that Company) that : -

- 1) DNW attended a case management on 23 April 2024;
- 2) DNW obtained the Court's directions on the filing of affidavits (and listed the same); and
- 3) the next case management is fixed on 17 May 2024

The Company is currently taking advice on the intervener applications as well as DNW's conduct towards preserving and protecting the Company's rights.

On 29 May 2024, this matter came up for a case management of this matter. The Court has given the following directions : -

- 1) Tunai Impian Entrepriase Sdn Bhd to file their reply affidavit by 31 May 2024; and
- 2) the next case management is fixed on 5 June 2024

On 5 June 2024, this matter was called up for a case management. The Court has given the following instructions : -

- 1) The Company to file reply affidavit (if any) by 12 June 2024;
- 2) Tunai Impian Entrepriase Sdn Bhd to file their reply affidavit by 19 June 2024;
- 3) parties to file their written submissions by 30 August 2024;
- 4) parties to file their reply submissions by 27 September 2024; and
- 5) the hearing of this matter is fixed on 28 November 2024

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

On 19 April 2023, the Company announced that this matter came up for Case Management for the Former Interim Judicial Manager's ("FIJM") Notice of Application to Vary the Court Order dated 20 March 2023 ("Enclosure 288") and the Court had directed as follows : -

- 1) Any parties who oppose Enclosure 288 to file Affidavit in Reply on or before 3 May 2023;
- 2) The Applicant of Enclosure 288 to file Affidavit in Reply on or before 17 May 2023; and
- 3) Then the filing of the affidavits will be exhausted.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

36. Material litigation (Cont'd.)

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

The initial hearing of Enclosure 288 had been fixed on 19 May 2023.

On 23 May 2023, FIJM filed his affidavit in reply in relation to Enclosure 288 wherein FIJM had raised new allegations in his affidavit. Thus, the Company has requested the Court to allow the Company to reply to those allegations.

On 24 August 2023, the next hearing of Enclosure 288 was fixed on 29 November 2023

On 29 November 2023, Khee San Food Industries Sdn Bhd's solicitors had attended the hearing for the Former Interim Judicial Manager's Notice of Application to Vary the Court Order dated 20 March 2023 ("Enclosure 288") and the Court had directed a further submission on Enclosure 288 based on the outcome of the appeal which has been scheduled for 6 December 2023.

The next hearing of Enclosure 288 was fixed on 9 January 2024.

On 28 February 2024, this matter came up for Case Management for the Former Interim Judicial Manager's Notice of Application to Vary the Court Order dated 20 March 2023 ("Enclosure 288") and the Court had directed all parties to provide their common dates via letter in order for the Court to fix the further hearing date of Enclosure 288.

On 11 March 2024, the hearing of the Former Interim Judicial Manager's Notice of Application to Vary the Court Order dated 20 March 2023 ("Enclosure 288") has been fixed on 13 May 2024.

On 13 May 2024, this matter came up for Hearing for the Former Interim Judicial Manager's Notice of Application to Vary the Court Order dated 20 March 2023 ("Enclosure 288").

The Court had directed as follows : -

- 1) Khee San Food Industries Sdn Bhd and Khee San Berhad to file their further submissions in reply;
- 2) A case management has been fixed on 29 July 2024 to update the Court on the Leave Application to Appeal filed by the Former Interim Judicial Manager in the Federal Court; and
- 3) Decision for Enclosure 288 has been fixed for 29 August 2024.

On 29 July 2024, The parties updated the Court on the status of the Federal Court's Leave Motion filed by the Former Interim Judicial Manager ("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 :

1. Khee San Food Industries Sdn Bhd - RM5,000;
2. Khee San Berhad - RM3,000;
3. HSBC Bank Malaysia Berhad - RM3,000; and
4. Alliance Bank Malaysia Berhad - RM3,000

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

36. Material litigation (Cont'd.)

- v) **MAYBANK ISLAMIC BERHAD -V- KHEE SAN FOOD INDUSTRIES SDN BHD (WA-28JM-21-11/2021)**
(Cont'd.)

Notice of Appeal (W-02(IM)(NCC)-475-03/2023)

On 21 March 2023, Notice of Appeal filed by FIJM under the capacity of Khee San Food Industries Sdn Bhd (Enclosure 1).

The hearing of Enclosure 1 has been fixed on 6 December 2023 and the Court's instructions are as follows : -

- a) all documents (including Common Core Bundle of Documents, Submissions, and Executive Summary be filed before 8 November 2023 and the Reply Submissions be filed before 21 November 2023); and
- b) Case Management to inform the status of the filing has been fixed on 22 November 2023.

On 22 November 2023, Khee San Food Industries Sdn Bhd's solicitors had attended the Case Management for the appeal filed by the former interim judicial manager ("FIJM") ("Enclosure 1") wherein the status of the filings of the respective written submissions and reply submissions has been informed to the Court.

The Hearing of Enclosure 1, which was initially fixed for 6 December 2023 has been adjourned by the Court due to voluminous list of hearing before the Court to 9 January 2024.

On 9 January 2024, Messrs Krish Maniam & Co. ("KMC"), representing Khee San Food Industries Sdn Bhd (the Appellant) and Khee San Berhad (Intervener), had attended the Hearing for the appeal filed by the former interim judicial manager ("FIJM") ("Enclosure 1").

During the hearing, KMC raised a preliminary objection with regard to the authority of the FIJM. As such, the Court 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 High Court be paid in lieu thereof.

Federal Court Motion (08(I)-36-02/2024(W))

On 14 February 2024, the Company had received a sealed copy of Notice of Motion for Leave to Appeal to the Federal Court ("Motion") and a Court Notice dated 8 February 2024 ("Court Notice") filed by the Former Interim Judicial Manager, Dato' Adam Primus Varghese Bin Abdullah ("FIJM") via their solicitors, Messrs. Firoz Julian, to seek the following orders : -

1. that leave to appeal be granted to the Applicant against the decision of the Court of Appeal given on 9 January 2024, which dismissed the Applicant's appeal;
2. costs; and
3. any other or further reliefs which the Court deems fit and proper.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

36. Material litigation (Cont'd.)

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

Federal Court Motion (08(I)-36-02/2024(W)) (Cont'd.)

The Court had directed as follows : -

1. A copy of the Sealed Notice of Motion and the Affidavit in Support be served to the Respondent two (2) weeks from the date of the Court Notice;
2. Respondent to file their Affidavit in Reply two (2) weeks from the date of receipt of the sealed Notice of Motion; and
3. Applicant to file their Affidavit in Reply (if any) two (2) weeks from the date of receipt of the Respondent's Affidavit in Reply

A Case Management for the Motion has been fixed on 11 March 2024.

On 11 March 2024, this matter came up for Case Management for the Notice of Motion for Leave to Appeal to the Federal Court ("Motion") filed by the former interim judicial manager ("FIJM") ("Enclosure 1") and the Court had directed for the following : -

1. Parties to file the Common Bundle of Documents on or before 20 May 2024;
2. The Applicant and the Intervener are to file their respective written submission on or before 20 May 2024; and
3. The Applicant and the Intervener are to file their respective reply submission on or before 4 June 2024.

The next Case Management has been fixed on 5 June 2024 to check on the filing status of Enclosure 1 and the hearing of Enclosure 1 has been fixed on 19 June 2024.

On 5 June 2024, this matter came up for Case Management for the Notice of Motion for Leave to Appeal to the Federal Court ("Motion") filed by the former interim judicial manager ("FIJM") ("Enclosure 1") and the Parties confirmed that all-cause papers had been duly filed to the Court. The hearing of Enclosure 1 is scheduled for 19 June 2024.

On 20 June 2024, the former interim judicial manager's solicitor tested positive for COVID-19 and requested an adjournment of the hearing of the Notice of Motion for Leave to Appeal to the Federal Court ("Motion") filed by the former interim judicial manager of Khee San Food Industries Sdn Bhd ("FIJM") ("Enclosure 1"), which was initially fixed for 19 June 2024.

In light of the above, the Court vacated the hearing of Enclosure 1 and a case management conducted on 19 June 2024 wherein the hearing date of Enclosure 1 has been rescheduled for 24 July 2024.

The Court had directed that all parties to file their further written submission (if any) on or before 9 July 2024 and a case management has been fixed for 10 July 2024 to check on the filing status of Enclosure 1.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

36. Material litigation (Cont'd.)

- v) **MAYBANK ISLAMIC BERHAD -V- KHEE SAN FOOD INDUSTRIES SDN BHD (WA-28JM-21-11/2021) (Cont'd.)**

Federal Court Motion (08(l)-36-02/2024(W)) (Cont'd.)

On 10 July 2024, this matter came up for Case Management for the Notice of Motion for Leave to Appeal to the Federal Court ("Motion") filed by the former interim judicial manager ("FIJM") ("Enclosure 1") and the Parties confirmed that all-cause papers had been duly filed to the Court. The hearing of Enclosure 1 shall remain on 24 July 2024.

On 24 July 2024, this matter came up for Hearing for the Notice of Motion for Leave to Appeal to the Federal Court ("Motion") filed by Dato' Adam Primus Varghese Bin Abdullah, the Former Interim Judicial Manager ("FIJM") ("Enclosure 1").

Following the submissions, 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 be paid by the FIJM to Khee San Food Industries Sdn Bhd.

- vi) **MESSRS DENNIS NIK & WONG -V- KHEE SAN BERHAD (WA-24NCvC-4185-09/2023)**

On 21 September 2023, the Company received an Originating Summons dated 20 September 2023 filed by Messrs Dennis, Nik & Wong ("Plaintiff") for a sum of RM1,176,600 being the outstanding legal fees for professional services rendered.

The Court had directed the Company to file its reply affidavit by 12 October 2023 and the Plaintiff to file its affidavit in response by 26 October 2023.

The abovementioned suit has been fixed for Case Management on 27 October 2023.

On 27 October 2023, this matter came up for Case Management and the Court had given the following directions : -

1. Parties to file and exchange written submissions and bundle of authorities by 26 December 2023;
2. Parties to file and exchange written reply submissions and bundles of authorities by 9 January 2024; and
3. The hearing for this matter is fixed on 23 January 2024

On 22 January 2024, this matter came up when they have received a notification from Court informing the parties that the hearing of this matter, initially fixed on 23 January 2024 is vacated due to the Judge presiding over this matter is on medical leave until April 2024.

In this regard, the hearing of this matter should take place sometime from April 2024 onwards.

On 7 May 2024, this matter came up when the parties were called up for a case management of this matter and the Court has fixed a hearing date for this matter on 22 July 2024.

On 20 May 2024, the Court has fixed a hearing date for this matter on 14 June 2024.

On 14 June 2024, the hearing which was scheduled on 14 June 2024 had been adjourned to 13 August 2024.

On 13 August 2024, the hearing which was scheduled on 13 August 2024 has been adjourned to 20 September 2024 pending both parties negotiation on settlement terms.

On 20 September 2024, the hearing which was scheduled on 20 September 2024 has been adjourned to 18 October 2024.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

36. Material litigation (Cont'd.)

vii) DATO' ADAM PRIMUS VARGHESE BIN ABDULLAH (SUING IN HIS CAPACITY AS THE FORMER INTERIM JURIDICIAL MANAGER OF KHEE SAN FOOD INDUSTRIES SDN BHD)("PLAINTIFF") VS KHEE SAN FOOD INDUSTRIES SDN BHD ("DEFENDANT") (WA-24NCC-455-09/2024)

On 23 September 2024, the Company received a sealed copy of an Originating Summons dated 20 September 2024 filed by Dato' Adam Primus Varghese Bin Abdullah ("Plaintiff") for a sum of RM1,999,435 for 2,357.87 hours of work at a composite man hour rate of RM800 per hour. This amount represents the Plaintiff's remuneration for all works carried out as the Former Interim Judicial Manager of the Defendant.

The Company will seek legal advice on the next course of action.

The abovementioned suit is fixed for Case Management on 23 September by way of e-review.

On 25 September 2024, this matter came up when the parties were called up for a case management of this matter and the Court had directed for the following : -

1. The Defendant to file reply affidavit by 16 October 2024;
2. The Plaintiff to reply affidavit by 6 November 2024;
3. Parties to file their submissions by 20 November 2024;
4. Parties to file their reply submissions by 4 December 2024;and
5. The hearing is fixed on 6 January 2025

viii) STATUTORY DEMAND PURSUANT TO SECTION 466(1)(a) OF THE COMPANIES ACT 2016 TO KHEE SAN FOOD INDUSTRIES SDN BHD

On 23 September 2024, a wholly owned subsidiary of the Company, Khee San Food Industries Sdn Bhd ("KSFI") received a statutory demand pursuant to Section 466(1)(a) of the Companies Act 2016 ("Statutory Demand") from Dato' Adam Primus Varghese Bin Abdullah, the Former Interim Judicial Manager of KSFI ("FIJM") through his solicitors, Messrs Firoz Julian, demanding for the payment of an alleged sum RM432,167.

Circumstances Leading to Claim

On 15 November 2021, Maybank Islamic Berhad ("MIB") filed an originating summons through KLHC OS No. WA-28JM-21-11/2021 to seek an order to appoint a judicial manager of KSFI ("OS 21").

Pending the disposals of OS 21 and upon an ex-parte application made by MIB, the FIJM purports to have been appointed as an interim judicial manager through an ex-parte High Court Order dated 17 November 2021.

The FIJM's purported temporary appointment later came to end with MIB's subsequent withdrawal of OS 21.

The FIJM's alleged claim in the Statutory Demand is for the sums allegedly owed by KSFI to the FIJM through the FIJM's purported engagement of third party services for KSFI during his tenure, as follows : -

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

36. Material litigation (Cont'd.)

- viii) STATUTORY DEMAND PURSUANT TO SECTION 466(1)(a) OF THE COMPANIES ACT 2016 TO KHEE SAN FOOD INDUSTRIES SDN BHD (Cont'd.)

NO.	ITEM	Alleged Amount (RM)
1.	Purported legal work carried out by external solicitors on behalf of KSFI from November 2021 to August 2022	282,167
2.	Purported employment agency fees for procuring 100 foreign workers for KSFI	150,000
	TOTAL	432,167

Steps Taken and Proposal To Be Taken In Respect Of The Claim

The Company is currently investigating these matters, including the legitimacy of the purported engagements and the FIJM's authority to make such purported engagements for and on behalf of KSFI (if any).

The Company is also seeking legal advice from the Company's solicitors on this Statutory Demand including and not limited to the following : -

- a) The Merit of FIJM's demands for debt purportedly owed by third parties (and not to the FIJM);
- b) Whether this is an abuse of process; and
- c) Whether the Statutory Demand which is premised on disputed debt ought to be struck out.

Should KSFI fails to settle the alleged claim within twenty-one (21) days from the date of receipt of the Statutory Demand, the FIJM may initiate a winding up proceeding. However, the Company and KSFI are taking steps to investigate and resists this Statutory Demand and will make a response before such due date.

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

We, Yong Loong Chen and Edward Tan Juan Peng, being two of the directors of Khee San Berhad, do hereby state on behalf of the directors that in our opinion, the financial statements set out on pages 59 to 124 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2024 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors

Yong Loong Chen

Edward Tan Juan Peng

Kuala Lumpur,
Date: 14 October 2024

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Voo Lip Sang @ Philip, NRIC: 670703-12-5401, being the officer primarily responsible for the financial management of Khee San Berhad, do solemnly and sincerely declare that the financial statements set out on pages 59 to 124, to the best of my knowledge and belief, are correct.

And, I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at Kuala Lumpur on 14 October 2024.

Voo Lip Sang @ Philip
(MIA CA15143)

Before me

Shaiful Hilmi Bin Halim (W804)
Commissioner for Oaths

ADDITIONAL COMPLIANCE INFORMATION

1. SHARE BUY-BACK

There was no share buy-back of the Company's share during the financial year under review.

2. AUDIT AND NON-AUDIT FEES

During the financial year, the amount of audit and non-audit fees paid or payable to the External Auditors, Messrs. Kreston John & Gan by the Company and the Group respectively were as follows:

	COMPANY (RM)	GROUP (RM)
Statutory audit fees	30,000	101,500
Non-audit fees	13,000	13,000

3. RECEIPT PROGRAMME

During the financial year under review, the Company did not sponsor any Depository Receipt Programme.

4. OPTIONS, WARRANT OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible securities issued to any parties during the financial year under review.

5. MATERIAL CONTRACTS

The Board is not aware of any material contracts entered into by the Company (not being contracts entered into in the ordinary course of business of the Company) involving the Directors and Major Shareholders for the financial year under review.

6. REVALUATION POLICY

The Group adopts a policy to revalue at a regular interval of at least once in every five (5) years for its landed properties with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued land and buildings materially differ from the market value. The last revaluation of the properties was made on 28 June 2019.

7. UTILISATION OF PROCEEDS

There were no proceeds raised from corporate proposals in the financial year under review.

8. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

There were no RRPT of a revenue nature between the Group and its related parties during the financial year under review.

9. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

There were no ESOS granted during the financial year ended 30 June 2024.

LIST OF PROPERTIES OF THE GROUP

AS AT 30 JUNE 2024

Year of Revaluation* (Acquisition)	Location	Postal Address	Tenure & Usage (Approx. age of buildings) (Years)	Land Area (sq.m)	Description	Net Book Value as at 30 June 2024 (RM)
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KHEE SAN FOOD INDUSTRIES SDN BHD

2019 (1982)	Lot Nos. 1819 to 1824 & 1832, Mukim & District of Petaling, Selangor Darul Ehsan	Lots 1819 to 1824, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan	Freehold Own Use (38 to 57 years)	22,887.48	Factory and office	43,054,470
2019 (1993 - 1996)	GM 461, Lot No. 14254, Mukim & District of Petaling, Selangor Darul Ehsan	No CS-16A, Jalan Jinma 1, Taman Jinma, 43300 Seri Kembangan, Selangor Darul Ehsan	Freehold Workers' Hostel (47 to 52 years)	416.84	1 unit of semipermanent single storey semi-detached house with 2 sections	400,000
2019 (1993 - 1996)	GM 904, Lot No. 30731, Mukim & District of Petaling, Selangor Darul Ehsan	No. CS-30A, Jalan Jinma 3, Taman Jinma, 43300 Seri Kembangan, Selangor Darul Ehsan	Freehold Workers' Hostel (47 to 52 years)	531.13	1 unit of semipermanent single storey	503,793
2019 (1993 - 1996)	GM 68, Lot No. 14241 Mukim & District of Petaling, Selangor Darul Ehsan	No. CS-41A & 41B, Jalan Jinma 3, Taman Jinma, 43300 Seri Kembangan, Selangor Darul Ehsan	Freehold Workers' Hostel (47 to 52 years)	428.18	1 unit of semipermanent single storey semi-detached house with 2 sections	834,262
2019 (1993 - 1996)	GM 902, Lot No. 30729 Mukim & District of Petaling, Selangor Darul Ehsan	No. CS-43A, Jalan Jinma 3, Taman Jinma, 43300 Seri Kembangan, Selangor Darul Ehsan	Freehold Workers' Hostel (46 to 51 years)	413.14	1 unit of semipermanent single storey semi-detached house with 2 sections	424,415
TOTAL						45,216,940

Note:

Revalued by Independent Professional Valuer

* The last Revaluation of the Properties were performed on 28 June 2019

ANALYSIS OF SHAREHOLDINGS

AS AT 30 SEPTEMBER 2024

Number of Shares Issued : 137,280,000
 Voting rights : One vote for one ordinary share
 No. of Shareholders : 2,165

Distribution of shareholdings

CATEGORY	NO. OF HOLDERS	%	NO. OF SHARES	%
Less than 100	170	7.85	2,737	0.00
100 - 1,000 shares	333	15.38	151,887	0.11
1,001 - 10,000 shares	1,025	47.34	4,624,159	3.37
10,001 - 100,000 shares	497	22.96	17,252,017	12.57
100,001 to less than 5% of issued shares	138	6.37	79,649,200	58.02
5% and above of issued shares	2	0.10	35,600,000	25.93
TOTAL	2,165	100.00	137,280,000	100.00

Thirty (30) Largest Shareholders

NO	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	TIMUR ENTERPRISE SDN BHD	27,000,000	19.67
2	KOH CHEE MENG	8,600,000	6.26
3	TA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR TIMUR ENTERPRISE SDN BHD	4,674,000	3.40
4	KOH LIAN JIE	4,540,100	3.31
5	PUBLIC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR TAN SOON HUI (E-SJA)	4,115,000	3.00
6	PENTA NONFERROUS METALS SDN BHD	3,603,300	2.62
7	SIOW YEOW HEW	2,670,000	1.94
8	LIANG CHIANG HENG	2,556,000	1.86
9	LIM SOK HUEY	2,434,200	1.77
10	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: RAKUTEN TRADE SDN BHD FOR BEH SUI LOON	2,360,000	1.72
11	TEE YEOW	2,337,200	1.70
12	KOH AH KUAN	2,284,800	1.66
13	LEW U SING	2,000,000	1.46
14	YEOH KEAN BENG	1,910,000	1.39
15	TAN LAM MOOI	1,800,000	1.31

ANALYSIS OF SHAREHOLDINGS

AS AT 30 SEPTEMBER 2024

NO	NAME OF SHAREHOLDER	NO. OF SHARES	%
16	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR PHANG CHET PING (MY0322)	1,750,900	1.28
17	KEJAYA KAYA SDN BHD	1,417,100	1.03
18	LIEW SWEE MIO @ LIEW HOI FOO	1,300,700	0.95
19	TAN POO CHUAN	1,094,000	0.80
20	KU SOO LIH	1,020,000	0.74
21	LIM KIEN HUAT	1,000,000	0.73
22	SAHROI BIN LAARI	1,000,000	0.73
23	YEOH WEI CHIEH	971,100	0.71
24	TEM TEM SONG	931,200	0.68
25	TAN SHI LONG	900,000	0.66
26	KUAH KAI JIE	887,600	0.65
27	SANG CHOOI FUN	846,700	0.62
28	GAN THENG PUAT @ YEOW THENG PUAT	845,700	0.62
29	LIAW KIAN CHEE	800,000	0.58
30	TOW CHIN HONG	790,500	0.58
TOTAL		88,440,100	64.42

		SHAREHOLDINGS			
SUBSTANTIAL SHAREHOLDERS		DIRECT INTEREST	%	DEEMED INTEREST	%
1	TIMUR ENTERPRISE SDN BHD	31,674,00	23.07	-	-
2	ASIA CAPITAL ASSETS LIMITED	-	-	31,674,000#	23.07
3	DATO' SRI NGU TIENG UNG, JP	120,000	0.09	31,674,000#	23.07
4	KOH CHEE MENG	8,600,000	6.27	-	-

ANALYSIS OF SHAREHOLDINGS

AS AT 30 SEPTEMBER 2024

DIRECTORS' SHAREHOLDINGS		SHAREHOLDINGS			
		DIRECT INTEREST	%	DEEMED INTEREST	%
1	DATO' SRI NGU TIENG UNG, JP	120,000	0.09	31,674,000#	23.07
2	YONG LOONG CHEN	300,000	0.22	-	-
3	EDWARD TAN JUAN PENG	-	-	-	-
4	NGU CHIENN YING	-	-	31,794,000@	23.16
5	MOHANADAS A/L K.P.BALAN	-	-	-	-
6	ONG PHUI FATT	50,000	0.04	-	-
7	SUZANA MANJA BINTI IBRAHIM	-	-	-	-

Deemed interest via Timur Enterprise Sdn Bhd and Asia Capital Assets Limited.

@ Deemed interest via Dato' Sri Ngu Tieng Ung, JP, Timur Enterprise Sdn Bhd and Asia Capital Assets Limited.

NOTICE OF 29TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 29th Annual General Meeting (“AGM”) of KHEE SAN BERHAD (“the Company”) will be held at Banquet Hall, Royal Lake Club Kuala Lumpur, Taman Tasek Perdana, Jalan Cenderamulia, Off Jalan Parlimen, 50480 Kuala Lumpur on Thursday, 28 November 2024 at 10.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

- | | | |
|----|--|---------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 June 2024 together with the Reports of the Directors and Auditors thereon. | (Please refer to Note 8) |
| 2. | To approve the payment of Directors’ Fees and benefits payable up to an amount of RM400,000 for the period from the date of this 29th AGM until the next AGM of the Company in 2025. | RESOLUTION 1 |
| 3. | To re-elect Mr. Mohanadas A/L K.P.Balan, who retires in accordance with Article 120 of the Company’s Constitution and being eligible, has offered himself for re-election. | RESOLUTION 2 |
| 4. | To re-elect Mr. Yong Loong Chen, who retires in accordance with Article 120 of the Company’s Constitution and being eligible, has offered himself for re-election. | RESOLUTION 3 |
| 5. | To re-elect Dato’ Sri Ngu Tieng Ung, JP, who retires in accordance with Article 125 of the Company’s Constitution and being eligible, has offered himself for re-election. | RESOLUTION 4 |
| 6. | To re-elect Ms. Ngu Chienn Ying, who retires in accordance with Article 125 of the Company’s Constitution and being eligible, has offered herself for re-election. | RESOLUTION 5 |
| 7. | To re-appoint Messrs Kreston John & Gan (AF 0113) as Auditors of the Company and to authorise the Directors to fix their remuneration. | RESOLUTION 6 |

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolution:

- | | | |
|----|---|---------------------|
| 8. | ORDINARY RESOLUTION - AUTHORITY UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES | RESOLUTION 7 |
|----|---|---------------------|

“THAT subject always to the Companies Act 2016 (“the Act”), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors of the Company may in their absolute discretion, deem fit, provided always that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being.

THAT in connection with the above, pursuant to Section 85 of the Act read together with Article 16 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to this mandate;

NOTICE OF 29TH ANNUAL GENERAL MEETING

AND THAT the Directors of the Company be and are also empowered to obtain the approval for the listing of and quotation on Bursa Securities for the additional shares so issued;

AND FURTHER THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next AGM of the Company.”

9. ORDINARY RESOLUTION - PROPOSED ALLOCATION OF EMPLOYEES' SHARE SCHEME ("ESS") AWARDS TO DATO' SRI NGU TIENG UNG, JP **RESOLUTION 8**

“THAT pursuant to the ESS of the Company which is subject to the approval of the shareholders of the Company at the Extraordinary General Meeting scheduled to be held on 21 October 2024, approval be and is hereby given to the Board to authorise the ESS Committee, from time to time throughout the duration of the ESS, to offer and grant ESOS Options and/or Khee San Berhad Shares (“KSB Shares”) to Dato' Sri Ngu Tieng Ung, JP pursuant to the ESS, in accordance with the Main Market Listing Requirements (where applicable) or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time, for the purposes as set out in the Circular dated 13 September 2024 to the shareholders of the Company and subject always to such terms and conditions and/ or any adjustments which may be made in accordance with the provisions of the By-Laws:-

Provided always that:-

- (a) he does not participate in the deliberation or discussion of his own allocation;
- (b) not more than 10% of the new KSB Shares which may be made available under the ESS shall be allocated to him, if he, either singly or collectively through persons connected to him, holds 20% or more of the issued shares of KSB; and
- (c) subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws, the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authority, as amended from time to time;

AND THAT the Board is also authorised to issue the corresponding number of KSB Shares arising from the exercise of the ESOS Options and/or pursuant to the ESGS Award(s) that may be awarded to him under the ESS.”

10. ORDINARY RESOLUTION - PROPOSED ALLOCATION OF EMPLOYEES' SHARE SCHEME ("ESS") AWARDS TO MS. NGU CHIENN YING **RESOLUTION 9**

“THAT pursuant to the ESS of the Company which is subject to the approval of the shareholders of the Company at the Extraordinary General Meeting scheduled to be held on 21 October 2024, approval be and is hereby given to the Board to authorise the ESS Committee, from time to time throughout the duration of the ESS, to offer and grant ESOS Options and/or Khee San Berhad Shares (“KSB Shares”) to Ms. Ngu Chienn Ying pursuant to the ESS, in accordance with the Main Market Listing Requirements (where applicable) or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time, for the purposes as set out in the Circular dated 13 September 2024 to the shareholders of the Company and subject always to such terms and conditions and/ or any adjustments which may be made in accordance with the provisions of the By-Laws:-

Provided always that:-

- (a) she does not participate in the deliberation or discussion of her own allocation;

NOTICE OF 29TH ANNUAL GENERAL MEETING

- (b) not more than 10% of the new KSB Shares which may be made available under the ESS shall be allocated to her, if she, either singly or collectively through persons connected to her, holds 20% or more of the issued shares of KSB; and
- (c) subject always to such terms and conditions and/ or any adjustments which may be made in accordance with the provisions of the By-Laws, the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authority, as amended from time to time;

AND THAT the Board is also authorised to issue the corresponding number of KSB Shares arising from the exercise of the ESOS Options and/or pursuant to the ESGS Award(s) that may be awarded to her under the ESS.”

11. To transact any other business for which due notice shall have been given.

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

SIEW SUET WEI (SSM PC NO. 202008001690) (MAICSA 7011254)
KHOO MING SIANG (SSM PC NO. 202208000150) (MAICSA 7034037)
Company Secretaries

Petaling Jaya
Date: 18 October 2024

Notes:

1. For the purpose of determining a member who shall be entitled to attend, speak and vote at the 29th AGM, the Company shall be requesting the Record of Depositors as at 21 November 2024. Only a depositor whose name appears on the Record of Depositors as at 21 November 2024 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.
2. A member may appoint up to two (2) proxies who need not be members of the Company to attend, speak and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
3. Where a member is an authorised nominee as defined under the Central Depositories Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his/her attorney duly authorised in writing, and in the case of a corporation, shall be executed under its Common Seal or under the hand of an officer or attorney of the corporation duly authorised.
6. The duly completed and executed Proxy Form must be deposited with the Share Registrar of the Company at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.
7. The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to us your personal data, which may include your name and mailing address, you hereby consent, agree, and authorise the processing and/or disclosure of any personal data of or relating to you for the purposes of issuing the notice of this Meeting and convening the Meeting, including but not limited to preparation and compilation of documents and other matters, whether or not supplied by you. You further confirm to have obtained the consent, agreement, and authorisation of all persons whose personal data you have disclosed and/or processed in connection with the foregoing.

NOTICE OF 29TH ANNUAL GENERAL MEETING

EXPLANATORY NOTES

8. Audited Financial Statements for the financial year ended 30 June 2024

This Agenda item is meant for discussion only as under the provisions of Section 340(1)(a) of the Companies Act 2016, the audited financial statements do not require the approval of the shareholders. As such, this matter will not be put forward for voting.

9. Ordinary Resolution No. 1

Pursuant to Section 230(1) of the Companies Act 2016, the shareholders' approval is sought for the proposed payment of Directors' Fees for financial year ending 30 June 2025 and Benefits to the Directors for the period from 28 November 2024 until the conclusion of the next AGM of the Company to be held in 2025. The calculation of the benefits which include meeting allowance is based on the estimated number of scheduled and/or special Board and Board Committees' meetings and on the assumption that the number of Directors in office until the next AGM remains the same.

10. Ordinary Resolutions No. 2, 3, 4 and 5

Article 120 of the Company's Constitution provides that an election of Directors shall take place each year at the annual general meeting of the Company where one third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one third (1/3) shall retire from office and be eligible for re-election. PROVIDED ALWAYS THAT all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. The retiring Directors, Mr. Mohanadas A/L K.P.Balan and Mr. Yong Loong Chen are standing for re-election as Directors and being eligible, have offered themselves for re-election.

Article 125 of the Company's Constitution provides that any Director appointed as an addition to the existing Board of Directors shall hold office only until the next following annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting. Dato' Sri Ngu Tieng Ung, JP and Ms. Ngu Chienn Ying were appointed as Directors on 24 September 2024.

The profiles of the Directors standing for re-election are set out in the Annual Report 2024.

11. Ordinary Resolution No. 6

The Board had on 14 October 2024 approved the recommendation by the Audit Committee on the re-appointment of Messrs Kreston John & Gan as Auditors of the Company. Messrs Kreston John & Gan had met the criteria prescribed under the Paragraph 15.21 of the Main Market Listing Requirements of Bursa Securities and indicated their willingness to continue their services for the next financial year.

12. Ordinary Resolution No. 7

The proposed Resolution 7 is intended to renew the authority granted to the Directors of the Company at the 28th AGM of the Company held on 29 November 2023 to allot and issue shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being ("General Mandate").

The waiver of pre-emptive rights pursuant to Section 85 of the Act and Article 16 of the Constitution will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of new shares of the Company under the General Mandate.

The authority to issue shares granted by the members at the 28th AGM of the Company had not been utilised and hence, no proceeds were raised therefrom. The approval of this General Mandate will provide flexibility to the Company for any possible fundraising activities, including but not limited to further placing of shares, for purpose of funding future project(s), working capital and/or acquisitions and to avoid delay and cost in convening general meetings to approve such issue of shares.

NOTICE OF 29TH ANNUAL GENERAL MEETING

At this juncture, there is no decision to issue new shares but the Directors consider it desirable to have the flexibility permitted to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing shareholders. If there should be a decision to issue new shares after the General Mandate is obtained, the Company will make an announcement in respect thereof.

13. Ordinary Resolutions No. 8 and 9

The proposed Ordinary Resolutions 8 and 9 are to seek shareholders' approval for the Company to offer and grant ESOS Options and/or KSB Shares to Dato' Sri Ngu Tieng Ung, JP, Non-Independent Non-Executive Director and Ms. Ngu Chienn Ying, Executive Director of the Company respectively to participate in the ESOS Options and/or KSB Shares under the ESS. Dato' Sri Ngu Tieng Ung, JP and Ms. Ngu Chienn Ying, being the interested parties shall abstain from deliberation and voting in respect of his and her direct and indirect shareholdings in the Company on this resolution. They will also ensure that persons connected to them will abstain from voting on their direct and/or indirect shareholdings in the Company, if any, on this resolution. The Ordinary Resolutions 8 and 9, if passed, shareholders of the Company will agree to waive their pre-emptive rights under Section 85 of the Companies Act 2016 and under Article 16 of the Constitution of the Company, over all ESOS Options and/or KSB Shares granted and/or to be offered/granted under the ESS and all new shares to be issued pursuant thereto.

STATEMENT ACCOMPANYING NOTICE OF 29TH ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Details of individual who are standing for election as Directors (excluding Directors standing for re-election)

No individual is seeking election as a Director at the 29th AGM of the Company.

2. General mandate for issue of securities in accordance with Paragraph 6.03 of the Listing Requirements of Bursa Securities

The Company will seek the shareholders' approval at the general meeting for issue of securities in accordance with Paragraph 6.03(3) of the MMLR of Bursa Securities. Please refer to the proposed Ordinary Resolution 7 as stated in the Notice of the 29th AGM of the Company for details.

**KHEE SAN BERHAD**Registration No.: 199401018697 (304376-A)
(Incorporated in Malaysia)**FORM OF PROXY***(Before completing this form
please refer to the notes below)*

No. of shares held :	
CDS Account No. :	

I/We * _____ NRIC/Passport/Registration No.* _____
(Full name in block)of _____
(Address)being a member/members* of **KHEE SAN BERHAD** ("the Company") hereby appoint(s):-

Name of proxy	NRIC No.	No. of shares or % of shares to be represented by each proxy
1.		
2.		

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend, speak and vote for *me/us and on my/our behalf at the 29th Annual General Meeting ("AGM") of the Company to be held at Banquet Hall, Royal Lake Club Kuala Lumpur, Taman Tasek Perdana, Jalan Cenderamulia, Off Jalan Parlimen, 50480 Kuala Lumpur on Thursday, 28 November 2024 at 10:00 a.m. and, at every adjournment thereof *for/against the resolutions to be proposed thereat.

Please indicate with an "x" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the proxy will vote or abstain from voting at his/her discretion.

ORDINARY RESOLUTIONS	FIRST PROXY		SECOND PROXY	
	FOR	AGAINST	FOR	AGAINST
1. To approve the payment of Directors' Fees and benefits payable up to an amount of RM400,000 for the period from the date of this 29th AGM until the next AGM of the Company in 2025.				
2. To re-elect Mr. Mohanadas A/L K.P.Balan who retires pursuant to Article 120 of the Company's Constitution.				
3. To re-elect Mr. Yong Loong Chen, who retires in accordance with Article 120 of the Company's Constitution.				
4. To re-elect Dato' Sri Ngu Tieng Ung, JP, who retires in accordance with Article 125 of the Company's Constitution.				
5. To re-elect Ms. Ngu Chienn Ying, who retires in accordance with Article 125 of the Company's Constitution.				
6. To re-appoint Messrs Kreston John & Gan (AF 0113) as Auditors and to authorise the Directors to fix their remuneration.				
7. Authority under Sections 75 And 76 of the Companies Act 2016 for the Directors to allot and issue shares.				
8. Proposed Allocation of Employees' Share Scheme Awards to Dato' Sri Ngu Tieng Ung, JP				
9. Proposed Allocation of Employees' Share Scheme Awards to Ms. Ngu Chienn Ying				

** delete whichever is not applicable.*

Dated this _____ day of _____ 2024



Signature of Member(s) / Common Seal

Notes:-

1. For the purpose of determining a member who shall be entitled to attend, speak and vote at the 29th AGM, the Company shall be requesting the Record of Depositors as at 21 November 2024. Only a depositor whose name appears on the Record of Depositors as at 21 November 2024 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.
2. A member may appoint up to two (2) proxies who need not be members of the Company to attend, speak and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
3. Where a member is an authorised nominee as defined under the Central Depositories Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his/her attorney duly authorised in writing, and in the case of a corporation, shall be executed under its Common Seal or under the hand of an officer or attorney of the corporation duly authorised.
6. The duly completed and executed Proxy Form must be deposited with the Share Registrar of the Company at Bina Management (M) Sdn. Bhd., Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.
7. The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to us your personal data, which may include your name and mailing address, you hereby consent, agree, and authorise the processing and/or disclosure of any personal data of or relating to you for the purposes of issuing the notice of this Meeting and convening the Meeting, including but not limited to preparation and compilation of documents and other matters, whether or not supplied by you. You further confirm to have obtained the consent, agreement, and authorisation of all persons whose personal data you have disclosed and/or processed in connection with the foregoing.

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"29TH ANNUAL GENERAL MEETING"

AFFIX
STAMP

The Share Registrar
KHEE SAN BERHAD
Registration No. 199401018697 (304376-A)
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan

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KHEE SAN BERHAD

Reg no. 199401018697 (304376-A)

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