MSWG
MINORITY SHAREHOLDERS WATCH GROUP

The Observer Official Newsletter from MSWG

FRIDAY 14 JUNE 2024

Ajiya's RM250 million loans to Chin Hin – A strategic investment or risky bet?

In the realm of financial intrigue, the unfolding saga involving Ajiya Berhad (Ajiya) and Chin Hin Group Berhad (CHGB) presents a fascinating case where liquidity, expansion, and potential conflicts of interest intertwine.

Ajiya's recently announced RM250 million loan to CHGB is dubbed as a strategic investment, carrying a 7.5% interest rate per annum. This rate is higher than some of CHGB's current borrowing costs, which range from 3.48% to 8.07%. This raises questions about the attractiveness of the returns to Ajiya, given CHGB's risk profile.

KEY HIGHLIGHTS

- The unfolding saga involving Ajiya and Chin Hin Group presents a fascinating case where liquidity, expansion, and potential conflicts of interest intertwine.
- Ajiya's financial support for CHGB ostensibly aims to fortify its financial position and ensure sustainable growth. However, this endeavour entails considerable risks and potential conflicts of interest, with minority shareholders' interests at stake.

CHGB's balance sheet is precarious: a gearing ratio of 1.50 times, RM1.11 billion in bank borrowings (RM640.75 million due within 12 months from its financial year ending 31 December 2023 (FY2023)), and a negative operating cash flow of RM145.90 million for FY2023. Additionally, CHGB had established a Perpetual Medium-Term Note (MTN) Programme of up to RM500 million on 6 December 2023 and issued its first tranche of RM30 million on 22 December 2023 with a fixed rate of 7.50% p.a. Directors of CHGB had also advanced RM89.34 million to the company as of 31 December 2023.

Against this backdrop, securing an additional RM250 million loan from a bank seems improbable, especially without collateral. Considering CHGB's high leverage and liquidity concerns, banks would likely shy away from the loan application.

Even if a risk-taking lender were willing to lend to CHGB, a significant spread over the existing average cost of borrowing would be justified due to:

i. Higher risk: The absence of collateral increases the lender's risk.
ii. Market conditions: Prevailing economic conditions and interest rate environment.
iii. Company-specific factors: CHGB's financial leverage, negative cash flow, and existing debt obligations.

Potential conflict of interest

CHGB's substantial 55.85% stake in Ajiya sets the stage for a strategic partnership but also introduces conflicts of interest. Decisions favouring CHGB may not align with Ajiya's shareholders' best interests.

Lending substantial funds to a closely affiliated, highly leveraged company to expand similar businesses might be construed as prioritising CHGB's growth over Ajiya's interests. Specifically, RM50 million of the loan will be used by CHGB to expand its building material division, which could have been redirected towards Ajiya's own expansion initiatives.

Ajiya claimed the loan represents a strategic shift, allowing the group to re-mobilise its excess capital and provide necessary funding to CHGB. However, this rationale appears contradictory given Ajiya's recent sale of freehold land in Thailand for 208 million Baht (approximately RM26.79 million) to improve liquidity and strengthen its financial position. If Ajiya has excess capital, why did it sell the freehold land to enhance liquidity and fortify its financial position?

It was also disclosed that Ajiya generated RM3.31 million in interest and dividend income, representing an average return of 2.13% per annum on its average other investments balance of RM155.20 million in FY2023. This is puzzling, especially considering its investment portfolio grew from RM114.15 million in FY2021 to RM184.01 million in FY2023. If returns are as modest as claimed, Ajiya should have returned the excess capital to its shareholders, including the minority shareholders, rather than funding the major shareholder CHGB.

Conversely, CHGB could have explored other funding options, such as issuing new tranches of Perpetual MTN or securing advances from directors to fund its expansion plans. Such approaches would be more straightforward than turning to Ajiya for financial assistance.

Domino effects

The loan extended to CHGB is earmarked for acquiring stakes in Chin Hin Construction Engineering Sdn Bhd (CHCE) and Kayangan Kemas Sdn Bhd (KKSB) from Chin Hin Group Property Berhad (CHGPB), a 50.99%-owned subsidiary of CHGB. Notably, CHGPB exhibits a high gearing level and consistently records negative cash flows from operations.

CHGB also intends to deploy up to RM50 million of the loan for expansion via joint ventures, collaborative arrangements, business agreements, and/or mergers and acquisitions of similar businesses. These include raising its equity stake in Signature International Berhad (SIB) and CHGPB.

The primary risk of such an arrangement lies in CHGB's ability to meet its financial obligations. Should CHGB's expansion plans falter, the loan repayment obligation could strain itself, consequently impacting Ajiya's financial position.

Worse yet, Ajiya might be under significant financial pressure should CHGB fail to fulfil its commitments, potentially resulting in losses and damages under the loan agreement.

Given CHGB's substantial stakes in related companies, fluctuations in the performance of one entity could reverberate across others, amplifying volatility. This intricate web of interconnectedness elevates risk exposure and complicates CHGB and Ajiya's financial stability.

Synergy or risks? A double-edged sword

Ajiya anticipates that the strategic alliance will drive demand for its offerings of metal, safety glass, and Ajiya Green Integrated Building System (AGiBS). Further, the loan is expected to bolster CHGB's capacity to undertake additional construction and property development projects, potentially expanding Ajiya's revenue base.

However, CHGB's current revenue contribution to Ajiya is minimal. Sales to CHGB totalled approximately RM3.08 million from 1 December 2023 to 30 April 2024, compared to Ajiya's Q1FY2024 revenue of RM78.93 million.

While the strategic alliance and synergy with CHGB seem beneficial, they pose significant risks. This is a double-edged sword: as Ajiya supplies more building materials to CHGB, it is increasingly exposed to the credit risks associated with CHGB. Any setbacks in CHGB's projects could result in delayed payments for Ajiya's supplied materials, jeopardising loan and interest repayments.

In short, while the synergy with CHGB could unlock new opportunities, the associated risks and financial implications warrant scrutiny and careful consideration. This alliance could either propel Ajiya forward or set off a chain of domino effects if CHGB's expansion plans do not materialise as planned.

A bold step forward with caution

Ajiya's financial support for CHGB ostensibly aims to fortify its financial position and ensure sustainable growth. However, this endeavour is fraught with considerable risks and potential conflicts of interest. Minority shareholders of Ajiya find themselves bearing significant risks. The decision to extend a loan to CHGB at a 7.5% interest rate p.a. may underrate the risks associated with CHGB's operations.

Meanwhile, Ajiya's justification for divesting other investments due to meagre returns while simultaneously funding CHGB raises valid concerns about protecting minority shareholders' interests, effectiveness of resource allocation and capital distribution.

One must tread carefully in this intricate financial landscape, for the shadows of risk and conflict loom large over one's path.

By MSWG Team

MSWG AGM/EGM Weekly Watch 17 – 21 June 2024

The following are the AGMs/EGMs of companies on the Minority Shareholders Watch Group's (MSWG) watch list for this week.

The summary of points of interest is highlighted here, while the details of the questions to the companies can be obtained via MSWG's website at www.mswg.org.my.

Date & Time	Company	Quick-take
19.06.24 (Wed) 10.00 am	Dagang Nexchange Berhad (AGM)	In the 18-month from 1 July 2022 to 31 December 2023 (FY2023), the Group recorded a revenue of RM1.91 billion (12-month FY2022: RM1.46 billion) and net loss RM190.79 million ((FY2022: net profit of RM707.27 million). It faced significant headwinds due to unfavourable market, regulatory and operational conditions. SilTerra's performance was significantly impacted by the decline in semiconductor demand. Nevertheless, its core profitability remained healthy and sound, with normalised net profit and PATANCI of RM88.7 million and RM101.0 million, respectively, demonstrating the underlying strength of its operations.
19.06.24 (Wed) 11.00 am	Parkwood Holdings Berhad (AGM)	Despite challenging operational conditions in FY2023, the Group achieved a revenue of RM27.43 million, representing a 49% increase y-o-y from RM18.42 million in FY2022, thanks to higher revenue contribution from the property development segment with RM25.22 million (FY2022: RM16.20 million). The Group registered a pre-tax loss of RM4.25 million in FY2023 (FY2022: PBT of RM3.28 million, including the recognition of fair value gain of RM5.1 million on investment property).
19.06.24 (Wed) 2.30 pm	Cuscapi Berhad (AGM)	For the 18-month financial period ended 31 December 2023, Cuscapi recorded revenue of RM28.4 million, driven by Digital Assets trading, yielding a pre-tax profit of RM2.2 million.

Date & Time	Company	Quick-take
		In line with higher revenue contribution from the trading of Digital Assets, its trade and other receivables surged by 640% to RM20.3 million from RM2.74 million in FY2022. Meanwhile, payables decreased by 57% y-o-y, largely due to reduced other payables. In addition, its inventory was lower at RM956,155 (FY2022: RM1.43 million) due to write-offs and better inventory planning.
20.06.24 (Thur) 10.00 am	Aeon Credit Service (M) Berhad (AGM)	Despite a 16.6% growth in revenue to RM1.91 billion in FY2024 (FY2023: RM1.64 billion), its net profit was marginally higher at RM424.02 million compared to RM417.69 million the year before. The credit lending services provider was hit by higher operating expenses, which comprised a write-off of financing receivables amounting to RM660.44 million, representing a 58.4% increase y-o-y from RM416.95 million in FY2023. The higher bad debt written-off was mainly contributed by younger customers with lower disposable income.
20.06.24 (Thur) 10.00 am	Suria Capital Holdings Berhad (AGM)	For FY2023, Suria Capital posted a revenue of RM278.4 million - a 6.6% decrease from RM298.0 million recorded in FY2022. The decline in revenue was due mainly to a one-off transaction in FY2022 involving the disposal of carpark units as entitlement in-kind to Suria for phase 1 of the Jesselton Quay project. Consequently, its net profit decreased by 32.2% to RM34.3 million from RM50.6 million registered in FY2022.
20.06.24 (Thur) 10.30 am	Harrisons Holdings (Malaysia) Berhad (AGM)	Harrisons achieved another record year in FY2023 with historically high revenue and net profit of RM2.26 billion and RM68.8 million, respectively. The higher revenue was primarily attributed to a 30.28% increase in sales from the Building Materials and Engineering Products division to RM407.41 million from RM312.72 million in FY2022.
20.06.24 (Thur) 11.00 am	FGV Holdings Berhad (AGM)	FGV's revenue declined by 24.26% to RM19.36 billion (FY2022: RM25.56 billion),

Date & Time	Company	Quick-take
		with a lower pre-tax profit of RM336 million in FY2023 (FY2022: RM1.95 billion). The Group saw declining profitability of its Plantation division due to lower crude palm oil prices. Nevertheless, increased average selling prices of sugar products and improved handling rates in the Logistics and Support Division helped mitigate the impact.
21.06.24 (Fri) 10.00 am	Sapura Resources Berhad (EGM)	The Company is proposing the following two resolutions: - Proposed settlement by Sapura Resources of the advances owing to Jurudata Sdn Bhd amounting to RM168 million via the issuance 373.33 million 9-year zero coupon Redeemable Convertible Secured Loan Stocks in SRB (RCSLS) at 45 sen per RCSLS. - Proposed renounceable rights issue of new shares in SRB to raise up to approximately RM33.5 million.
21.06.24 (Fri) 10.00 am	Senheng New Retail Berhad (AGM)	In FY2023, Senheng's revenue declined by 15.8% to RM1.31 billion due to weakened consumer spending and economic conditions. Net profit dropped to RM25.0 million from RM60.5 million, attributed to lower sales and increased operating expenses. The higher expenses were driven by the establishment of 11 new/upgraded "Territory Champion" stores, featuring expanded floor spaces and product variety, aimed at enhancing shopping experiences and driving long-term growth.
21.06.24 (Fri) 10.00 am	Kelington Group Berhad (AGM)	Despite challenges in the semiconductor industry, Kelington achieved another record high revenue of RM1.6 billion in FYE2023, with a 26% y-o-y growth driven by a strong order book and new orders.

Date & Time	Company	Quick-take
		The Group also attained a significant milestone, surpassing RM100 million in net profit for the first time. All business segments experienced revenue growth, led by Ultra High Purity (UHP), while international market expansion and high-capacity utilisation in the LCO2 plant capitalised on increasing global industrial gas demand, presenting further growth opportunities.
21.06.24 (Fri) 3.00 pm	Adventa Berhad (AGM)	Adventa' net loss widened to RM9.2 million in FY2023 from RM5.2 million in the previous year, in line with lower revenue at RM37.3 million compared to RM59.0 million a year ago. The poorer financial performance was due to wrong-footed in product range and weaker Ringgit. Changes in product requirements, particularly for specialised personal protection equipment, have substantially reduced the demand for its inventories, leading to the combined write-down and write-off of inventories amounting to RM2.1 million.

Points of interest:

Company	Points/Issues to Be Raised
Dagang Nexchange Berhad (AGM)	The Group's approach is to treat sustainability not merely as a compliance issue but to see it as an enabler for improved business performance. As an example, the Group has plans to install solar panels within SilTerra's operations. This not only reduces carbon footprint, but it is also in line with DNeX's efforts to become a net zero emissions company by 2050 as well as driving long-term cost efficiency in production, with the potential to sell excess energy generated back to the grid for profit. (page 7 of AR2023) a) What would be the total estimated cost and timeline for installing solar panels within SilTerra's operations? In terms of value, what would be the estimated savings through the use of solar energy?

Company	Points/Issues to Be Raised
	b) What would be the estimated solar power capacity and the expected reduction in Scope 2 carbon emissions?
Parkwood Holdings Berhad (AGM)	Despite recording a year-on-year increase in revenue, Parkwood recorded a loss before tax of RM4.3 million in FY2023 compared to a profit of RM3.3 million (including the significant fair value gain of RM5.1 mill) in FY2022 (Page 10 of Annual Report 2023/AR2023), which due to higher operating cost incurred in order to deal with market challenges still lingering from pandemic (Page 8 of AR2023). As the Group forges ahead in FY2024, it anticipates challenges due to escalating building material and labour costs, which may drive up construction costs for its forthcoming projects (Page 12 of AR2023). As higher costs already impacted the Group's pre-tax result in FY2023, how does it plan to mitigate the impact of the anticipated building material and labour costs on construction costs for the next project? How can the Group ensure the next project generates a reasonable profitability margin?
Cuscapi Berhad (AGM)	The Group registered 18 months revenue and pre-tax profit of RM28.4 million and RM2.16 million, respectively. The higher revenue is mainly from the trading of Digital Assets (page 11 of Annual Report (AR) 2023). Worldcoin (WLD) is among the digital assets traded. Yet, WLD, employing iris biometric authentication, faces notable privacy issues. On 24 April 2024, Co[1]founders Sam Altman and Alex Blania met with Prime Minister YAB Datuk Seri Anwar Ibrahim to emphasise privacy commitment and regulatory cooperation. a) What was the outcome of the discussion with Malaysian officials? b) How did privacy concerns affect WLD's progress and adoption globally, as many regulators around the world are banning it? Please shed more light on WLD's future trajectory. c) How does WLD plan to compete with Humanity Protocol, which aims to rival WLD with its less invasive consensus model? d) What is the Group's outlook on trading activities involving Digital Assets? Can we expect this performance to be maintained over time?

Company	Points/Issues to Be Raised
Aeon Credit Service (M) Berhad (AGM)	In FY2024, AEONCR wrote off RM660.44 million of financing receivables from its book, representing a 58.4% increase y-o-y from RM416.95 million in FY2023. The higher bad debt written-off mainly contributed from the younger age group with lower disposable income from delinquent account movement in the first half year (page 19 of Q4FY2024 Financial Results Presentation). a) AEONCR shared similar observations in last year's AGM that younger customers (aged 25 and below), and those with disposable income of less than RM1,500 per month had difficulties servicing their debt obligations on time. Has the Group seen improvement in the loan repayment ability of these customers? What is the estimated size of total financing extended to those aged 25 and below and customers with disposable income below RM1,500 per month? Please comment on the likelihood and the extent of financing receivables write-off in FY2025. b) What is the breakdown of the written-off receivables by business segment? c) On page 17 of the Q4FY2024 Financial Results Presentation, AEONCR said improved collection performance q-o-q was attributed to early outsourcing of delinquent accounts to external collection agencies and reactivation of field visit team. At which stage (1, 2, or 3) would AEONCR outsource delinquent accounts to debt collection agencies? Generally, what is the recovery rate of bad debts upon outsourcing to third-party collectors? d) The Group leverages AI-based solutions for collection risk assessment and utilise AI credit scoring methods as an alternative scorecard to improve decision-making accuracy. i) How different are the AI-driven collection risk analytics compared to AEONCR's conventional collection risk assessment framework? How has AEONCR's debt collection improved before and after the adoption of AI-driven analytics?

Company	Points/Issues to Be Raised
	ii) Apart from general metrics such as age, the level of disposable income, credit history, and payment behaviour, what are the other criteria fed to AI-based solutions that would enable more accurate and reliable collection risk assessment?
Suria Capital Holdings Berhad (AGM)	1. Overall, Sabah Ports handled a total of 27.5 million MT of cargo (including containers) during the financial year as against 29.2 million MT in 2022, with bulk oil making up the biggest component of the cargo handled (Page 10 of the Annual Report 2023/AR2023). What is the outlook for FY2024 and the expected growth rate in each type of cargo? 2. Another significant development in 2023 was the preparation for a comprehensive revision of the "The Sabah Ports Authority (Scales of Dues & Charges) Regulations, 1977" Tariff. The tariff has remained relatively unchanged since its enactment over 40 years ago, and with the evolving environment of ports and terminals, there is a need to modernise and streamline charges in line with industry dynamics. Upon approval by the Sabah State Cabinet, the tariff revision is targeted to be implemented in 2024 (Page 11 of AR2023). What is the expected % of increase in tariff, and in which part of the year is it likely to be implemented?
FGV Holdings Berhad (AGM)	**Plantation division:** a) Replanting remains a high priority for maintaining the productivity and sustainability of the Group's plantations. In 2023, the Group achieved felling of 16,547 Ha and replanted 19,862 Ha (page 53 of AR2023). Based on FGV's reply to MSWG's question raised at its 15th AGM, the replanting target for 2023 is to complete the planting of 24,800 Ha including the incomplete replanting program from the previous year, 2022. To what extent is the Group falling behind its replanting programme? What are the Group's replanting plans for the financial year 2024? b) Currently, oil palm trees classified as old (24,718 Ha) and very old (47,475 Ha) have dropped by 2% & 25% respectively as compared to 2022 (old: 25,325 Ha, very old: 63,016 Ha) (page 28 of Sustainability Report 2023 ("SR2023")).

Company	Points/Issues to Be Raised
	Based on the Group's current rate of replanting, by when and how many years does the Group need to replant all its very old oil palm trees? c) The Group is planning to extend mechanisation to include non-harvesting tasks, aligning with its commitment to achieving the targeted man-to-land ratio of 1:12 (page 53 of AR2023). What was the Group's man-to-land ratio for FY2023? d) On the labour management front, the Group temporarily halted its recruitment process in the third quarter of 2023 to further enhance its sustainability practices in source countries. By the end of 2023, the Group had reached 84% of its targeted workforce strength of 110%. (page 53 of AR2023) How long was the recruitment process halted? To date, has the Group restarted its recruitment process for foreign labour? Will the Group be able to achieve its target of 110% workforce strength by the financial year 2024?
Senheng New Retail Berhad (AGM)	Group revenue amounted to RM1,315.0 million, a 15.8% decrease from the previous year, primarily attributed to weakened consumer spending and subdued economic conditions. Concurrently, group net profit decreased to RM25.0 million from RM60.5 million in the previous year, reflecting lower sales and higher operating expenses (page 9 of AR2023). a) Given that the market conditions are expected to remain challenging, especially with weakened consumer spending, how is the Group addressing these challenges? b) How does the Group intend to drive sales moving forward to mitigate the decline in profitability?
Kelington Group Berhad (AGM)	1. Revenue from the Process Engineering segment more than doubled to RM123.9 million from RM51.0 million previously due to a significant project undertaken in Malaysia (page 19 of AR2023). a) Has the project awarded in 2022 been completed? If so, what are the next upcoming significant projects for this business segment?

Company	Points/Issues to Be Raised
	b) With the substantial revenue growth that nearly doubled, is it anticipated that this business segment will maintain its performance throughout FYE2024? If not, what foreseeable challenges might impact the future growth trajectory of this business segment? 2. At the Group's 23rd AGM, the management/board stated that the Group renewed its contract with Semiconductor Manufacturing International Corporation (SMIC) and landed additional orders from another significant client, ChangXin Memory Technologies (CXMT). Despite facing competition from Taiwanese and Chinese rivals, the Group remains confident in its ability to win contracts from major customers in China. a) What specific projects has the Group secured with ChangXin Memory Technologies (CXMT)? Please provide details on the nature and scope of these projects. b) What factors contributed to the Group's confidence in securing these projects amidst competition from Taiwanese and Chinese rivals?
Adventa Berhad (AGM)	1. The Group was wrong-footed in some product ranges. Several changes in product requirements, particularly for specialized personal protection equipment, have substantially reduced the demand for some of its inventories. Additionally, the Group's revenue decreased significantly to RM37.3 million from RM59.0 million a year ago. (Pages 4 and 91 of AR2023) a) Please provide a detailed breakdown of the revenue composition by product range for both FY2022 and FY2023. b) Overseas revenue saw a sharp decrease to RM0.3 million in FY2023 from RM1.4 million in FY2022, with no sales recorded in Indonesia compared to RM0.6 million in the previous year. Please update on the Group's overseas market conditions and strategies, particularly in Indonesia where a manufacturing facility for disposable medical devices is under construction. c) The Connexc brand contributed approximately 50% of the Group's revenue in FY2022. However, there was no update on the Connexc brand in the Annual Report 2023.

Company	Points/Issues to Be Raised
	Please provide an update on the sales performance of Connexc products in FY2023 and the outlook for FY2024. 2. Excluding the write-down of inventories and the write-off of inventories amounting to RM1.2 million and RM918,000 respectively, the gross profit margin in FY2023 was 13.9%, lower than the 16.1% and 15.8% margins in FY2022 and FY2021. What factors led to the lower profit margin? What are the Group's expectations and strategies regarding the profit margin for FY2024?

Announcement

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DISCLOSURE OF INTERESTS

With regard to the companies mentioned, MSWG holds a minimum number of shares in all the companies covered in this newsletter.

Upcoming Training Programmes by MSWG

MSWG
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15 JULY 2024 | MONDAY
9.00 AM - 5.00 PM
MAJESTIC HOTEL KUALA LUMPUR

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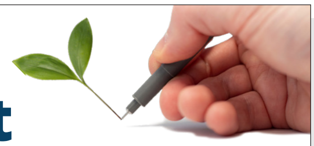

Preparing Your Sustainability Report

Navigating the evolving sustainability and climate change disclosure requirements

Programme Overview

The sustainability reporting landscape is evolving rapidly with a series of requirements being mandated over the next 3-5 years. Amongst others, Bursa Malaysia enhanced its Sustainability Reporting Framework mandating the reporting of a set of common sustainability matters and Task Force on Climate-Related Financial Disclosures (TCFD) aligned disclosures. These requirements are implemented in a phased manner commencing December 2023. Join us in understanding the requirements to prepare a comprehensive Sustainability Report that meets the regulatory requirements as well as global standards.

Part 1 | 9:00 am – 10:30 am

Introduction to Sustainability
- Sustainable Development, Sustainability, ESG – Are They the Same?
- Common Sustainability Matters within E,S,G

Deep Dive into Bursa's Sustainability Reporting Requirements

How to Prepare a "Compliant" Sustainability Report:
- **Governance**
  - How to Craft Disclosures that Address the Requirements from Multiple Frameworks
- **Scope and Basis of Scope**
  - Scope of Sustainability Report
  - Scope for Sustainability Indicators/Metrics

Part 2 | 11:00 am – 12:30 pm
- **Materiality**
  - Identification and Prioritisation of Sustainability Matters
  - How Does Bursa's Common Sustainability Matters Feature within This Process?

Part 3 | 2:00 pm – 3:30 pm

Deep Dive into Bursa's Sustainability Reporting Requirements (Cont'd)
- **Management Approach**
  - Reporting Progress of Policies, Processes and Initiatives
  - Making Use of Absolute and Intensity Indicators in Telling Your Story
- **Performance Targets**
  - What to Do When Revising Targets
- **Statement of Assurance**
  - Must the Sustainability Report Be Subjected to Assurance?

Part 4 | 3:45 pm – 5:00 pm

Latest Developments on Climate Reporting:
- **Current requirements**
  - Main Market (TCFD) and ACE Market (Basic Transition Plan)
- **Future Requirements (Under Public Consultation)**
  - Applicability of the ISSB Standards

Best Practices and Pitfalls to Avoid

Trainer's Profile

San Mei Kim

Mei Kim is a sustainability trainer. Prior to this, she was the former Sustainability Lead, Corporate Governance and Sustainability with the Regulation function at Bursa Malaysia. She co-led the development of key sustainability-related initiatives for the Malaysian capital market. This includes putting in place enhancements to Bursa Malaysia's Sustainability Reporting Framework (consisting of the listing requirements, sustainability reporting guides and related toolkits) as well as capacity building initiatives for public listed companies.

She is a GRI Certified Sustainability Professional and holds a Master in Sustainable Development Management from the Jeffrey Sachs Centre (Sunway University). She is also a member of the Association of Chartered Certified Accountants (ACCA), Association of Certified Fraud Examiners (ACFE) and the Malaysian Institute of Accountants (MIA).

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16 JULY 2024 | TUESDAY
9.00 AM - 5.00 PM
MAJESTIC HOTEL KUALA LUMPUR

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Understanding IFRS S1 and IFRS S2

Learn the Impact of the New Reporting Standard and How to Navigate the Requirements for Malaysian PLCs

Programme Overview

In February 2024, the Advisory Committee on Sustainability Reporting initiated a public consultation proposing the implementation of the ISSB Standards, effective December 31, 2025, for Main Market public listed companies (PLCs) and December 31, 2027, for ACE Market PLCs and large non-listed companies with revenue of RM2 billion and above. The market is anticipating the mandatory adoption of these new reporting standards, which may be announced this year. Join us to learn and prepare for these requirements.

Part 1 | 9:00 am – 10:30 am

Developments in the International Sustainability Reporting Landscape
- **Commonly Adopted Sustainability Reporting Frameworks**
- **How the ISSB was Formed and Global Adoption Trends**
- **Proposed Adoption of the ISSB Standards in a Phased Manner for Malaysia**
- **Design and Applicability of the Standards:**
  - IFRS S1 - General Requirements for Disclosure of Sustainability-Related Financial Information
  - IFRS S2 - Climate-Related Disclosures
- **Future Developments in the Pipeline**

Part 2 | 11:00 am – 12:30 pm

IFRS S2 - Climate-Related Disclosures
- **TCFD 101 as a Foundational Base for ISSB S2**
  - Climate Risks: Physical and Transition Risks
  - Governance, Strategy, Risk Management, Metrics and Targets
- **IFRS S2**
  - Objective, Scope, Core Content, Application Guidance
- **Effective Date in Malaysia**

Part 3 | 2:00 pm – 3:30 pm

IFRS S1 - General Requirements for Disclosure of Sustainability-Related Financial Information
- Objective & Scope
- Conceptual Foundations
  - Materiality
  - Reporting Entity
- Sources of Guidance
  - SASB Standards
  - GRI
  - ESRS
- Statement of Compliance
- Treatment of Errors
- Effective Date in Malaysia

Part 4 | 3:45 pm – 5:00 pm

Reliefs - Proportionality and Scalability Mechanism, Transitioning to an ISSB Report and Other Developments
- Without Undue Cost or Effort
- Consideration of Skills, Capabilities and Resources
- What Would an ISSB Report Look Like Versus the Current Sustainability Report Format(s)
- Assurance of Sustainability Report

Trainer's Profile

San Mei Kim

Mei Kim is a sustainability trainer. Prior to this, she was the former Sustainability Lead, Corporate Governance and Sustainability with the Regulation function at Bursa Malaysia. She co-led the development of key sustainability-related initiatives for the Malaysian capital market. This includes putting in place enhancements to Bursa Malaysia's Sustainability Reporting Framework (consisting of the listing requirements, sustainability reporting guides and related toolkits) as well as capacity building initiatives for public listed companies.

She is a GRI Certified Sustainability Professional and holds a Master in Sustainable Development Management from the Jeffrey Sachs Centre (Sunway University). She is also a member of the Association of Chartered Certified Accountants (ACCA), Association of Certified Fraud Examiners (ACFE) and the Malaysian Institute of Accountants (MIA).

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