

creating value

enabling
sustainable
communities



ABOUT THIS REPORT

The integrated report of Johor Corporation (JCorp) aims at offering a balanced and accurate narrative regarding the Group's performance and prospects, aligning with our strategic vision. We acknowledge the challenges posed by the operating environment and other key risks within the industries we operate. While primarily intended for providers of capital, this report is relevant to all stakeholders interested in understanding how JCorp creates value by balancing growth objectives against environmental and social imperatives.

MATERIALITY

The information disclosed in this report is pertinent to matters deemed material to our stakeholders and the achievement of corporate goals. These considerations encompass existing and emerging risks and opportunities that may impact our ability to create value and fulfil our core purpose.

REPORTING FRAMEWORK

Our integrated reporting process and the content of this report adhere to the principles and requirements of several standards, including:

- International Reporting <IR> Framework of the International Financial Reporting Standards (IFRS) Foundation
- Main Market Listing Requirements (MMLR) of Bursa Malaysia
- Corporate Governance Guide (Fourth Edition) issued by Bursa Malaysia
- Companies Act 2016 (CA 2016)
- Malaysian Code on Corporate Governance (MCCG) 2021
- Malaysian Financial Reporting Standards (MFRS)
- International Financial Reporting Standards (IFRS)

Furthermore, our Sustainability Statement aligns with the Global Reporting Initiative (GRI) Standards, Bursa Malaysia's Sustainability Reporting Guide (Second Edition), and the United Nations' Sustainable Development Goals (UNSDGs).

SCOPE AND BOUNDARY

This report focuses on activities, initiatives, and key events during the financial year from 1 January to 31 December 2022, unless stated otherwise. The coverage extends to all companies in the Group with a majority shareholding and substantial influence.

COMBINED ASSURANCE

The contents of the entire report have undergone scrutiny and approval by the Management and Board of Directors. Additionally, all financial data presented has been assured by both internal and external auditors.

FORWARD-LOOKING STATEMENTS

Certain sections of this report contain forward-looking statements related to future performance, premised on current assumptions and circumstances. As these factors may change, these statements inherently involve uncertainty, and actual results could differ materially from those expressed or implied.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of JCorp takes responsibility for ensuring the integrity of the Integrated Report 2022. In their opinion, the report provides a fair assessment of the Group's performance and addresses all key matters material to its ability to create value.

FEEDBACK

Enquiries, comments, and feedback on our Integrated Annual Report to clarify issues and enhance our reporting, can be channelled to:

Group Corporate Communications

Tel: 07-219 2692

Email: commccd@jcorp.com.my



HOW TO NAVIGATE OUR REPORT

OUR CAPITAL	 Financial Capital
	 Human Capital
	 Manufactured Capital
	 Intellectual Capital
	 Social and Relationship Capital
	 Natural Capital
STRATEGIC FOCUS AREA	 Expand Income Portfolio
	 Achieve Cost & Operational Efficiencies
	 Launch New Growth Areas
	 Embark On Digital Transformation
	 Improve Organisational Effectiveness
MATERIAL MATTERS	 Product delivery timeliness
	 Financial and operational performance
	 Occupational health & safety
	 Community development
	 Environmental stewardship
	 Innovation
STAKEHOLDERS	 Investors and Analysts
	 Media
	 Debt Providers
	 Existing and Potential Customers
	 Suppliers/Contractors/ Strategic Partners
	 Employees
 Regulators and Industry Affiliations	

Please scan the QR Code to read the full digital financial statement report in PDF version here:



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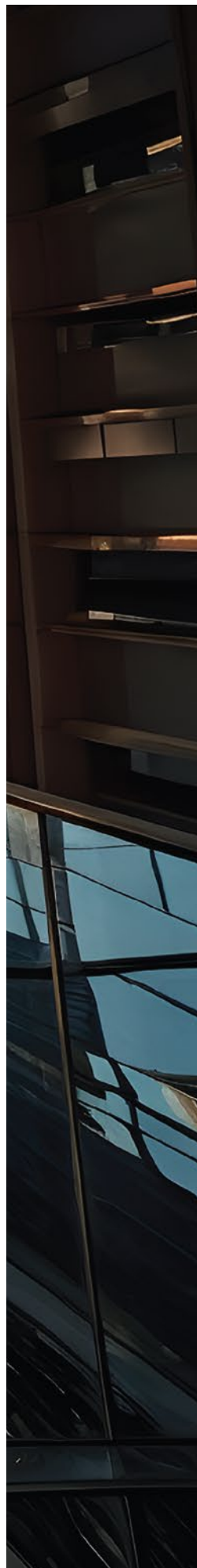
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Our
**Roadmap
to Success**



Overview of JCorp

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OUR VISION

A dynamic venture builder & agile portfolio manager known for our financial success & exemplary ESG practices

OUR MISSION

MEMBINA & MEMBELA

Creating Value, Enabling Sustainable Communities

We are stewards of tomorrow, nurturing sustainable prosperity and wellbeing



WHO WE ARE

Johor Corporation (JCorp) was incorporated through the Johor State Economic Development Corporation Enactment in 1968 as the principal development institution to drive socioeconomic growth in Johor.

We operate in four core sectors – Agribusiness, Wellness & Healthcare, Food & Restaurants and Real Estate & Infrastructure - through our flagship companies: Kulim (Malaysia) Berhad, KPJ Healthcare Berhad, QSR Brands (M) Holdings Bhd and JLand Group Sdn Bhd, respectively.

A firm advocate of responsible business, JCorp has embedded Environmental, Social and Governance (ESG) principles into our investment processes and decision-making across the Group. Our focus on ESG is consistent with our purpose of Membina & Membela (Creating Value, Enabling Sustainable Communities).





PROFIT
AFTER TAX

RM808

million

2021: RM379 million



REVENUE

RM5.8

billion

2021: RM5.1 billion

TOTAL
ASSETS

RM24.4

billion

2021: RM23.4 billion

PROFIT
BEFORE TAX

RM843

million

2021: RM670 million



NET
ASSETS

RM10.5

billion

2021: RM9.8 billion



2022

KEY HIGHLIGHTS

Financial
Highlights

Business
Highlights

Sustainability
Highlights



AGRIBUSINESS
REVENUE:

RM1.86
billion

FOOD &
RESTAURANTS
REVENUE:

RM4.80

billion



WELLNESS &
HEALTHCARE
REVENUE:

RM2.92

billion





Collected 2,000 kg
of recyclable waste, exceeding
target of 1,000 kg.



Invested **RM3.93 million**
in training and development
programmes for employees

Amount of clinical waste
generated per patient was
0.48 kg which was below
target of **0.5kg** per patient.



Committed to reducing carbon
footprint by **50%** by 2025 from
its 2012 baseline, which translates
to achieving an emissions density
of **0.88 MT CO₂e per MT
CPO/PK**.



Green building initiatives at KFC

Green Outlet further the
sustainability efforts via water
and energy conservation,
sustainable materials and
resources, and indoor
environmental quality.



REAL ESTATE &
INFRASTRUCTURE
REVENUE:

RM851
million

YAYASAN
JCORP **Waqaf**
An-Nur

Yayasan JCorp channelled a total of
RM2.1 million towards welfare, health,
natural disaster and special projects
such as the Green House at Cerebral
Palsy Johor and many others.

Waqaf An-Nur distributed a total of
RM6.63 billion under its General
Welfare Fund.

AWARDS & ACHIEVEMENTS

We take pride in the numerous awards and accolades bestowed upon us throughout the years across various facets of our business. This serves as a testament to our unwavering commitment to excellence and a solid affirmation of the trust that our customer and industry peers in us.

AGRIBUSINESS KULIM (MALAYSIA) BERHAD

Awards

- National Annual Corporate Report Awards (NACRA) 2022: Excellence in the Non-Listed Organisations Category (Gold)
- IKM Laboratory Excellence Award 2022: Kulim's laboratory was awarded by the Malaysian Institute of Chemistry (Institut Kimia Malaysia)

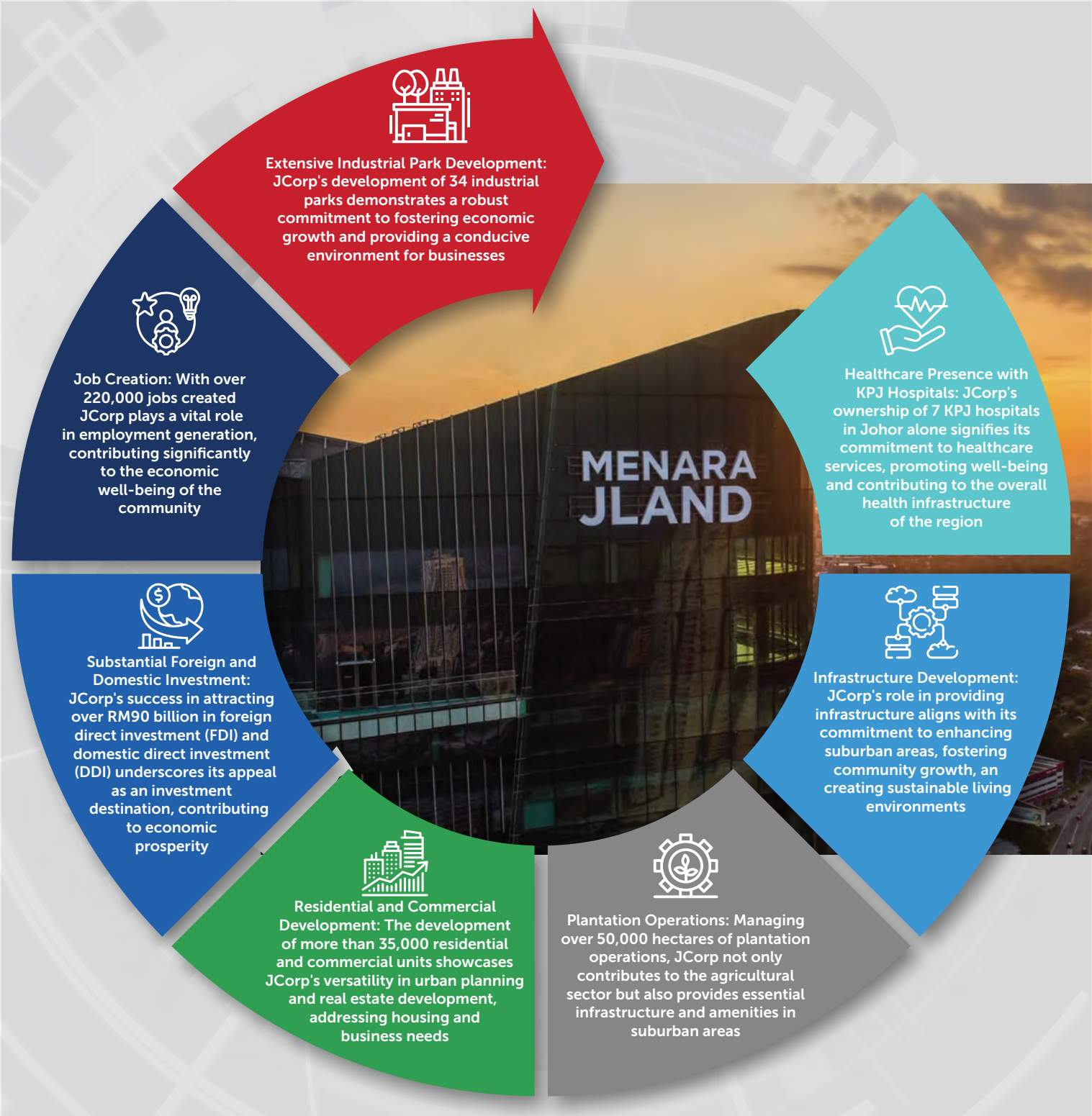


WELLNESS & HEALTHCARE **KPJ HEALTHCARE BERHAD**

- Global Health Asia-Pacific Awards 2022: Best Hospital of the Year in Malaysia
- International Finance Leadership Awards 2022: Best Emerging Woman CFO in Healthcare
- The EDGE Billion Ringgit Club 2022: Best CR Initiatives Below RM10 billion Market Capitalisation
- National Annual Corporate Report Award (NACRA) 2022: Special Award SILVER Best Designed Annual Report 2021
- Sustainability & CSR Malaysia Awards 2022: Company of the Year - Category: Healthcare (Overall CSR Excellence for Public Health Initiatives)
- Malaysian Tourism Council (MTC) Gold Awards: Gold Award Medical & Wellness Tourism Centre
- Bumiputera Business Excellence Awards 2022: CSR Excellence Award
- Graduates' Choice Awards: Best Employer Brand Graduate's Choice Award



OUR COMPETITIVE STRENGTHS



OUR GROWTH STRATEGIES



Corporate Restructuring and Investment Management



Financial Restructuring



Organisational Redesign



Digital Transformation



Reinforcing Governance



Inclusiveness

OUR STRATEGIC ALLIANCES



YAYASAN SULTAN IBRAHIM JOHOR



TUNKU LAKSAMANA JOHOR CANCER FOUNDATION



USM UNIVERSITI SAINS MALAYSIA



UTM UNIVERSITI TEKNOLOGI MALAYSIA



TIONG NAM



MITSUI & CO.



WHAT WE DO

Kulim (Malaysia) Berhad (Kulim) was incorporated in the United Kingdom in 1933 as Kulim Rubber Plantations Ltd. In 1976, Johor Corporation became the major shareholder of the plantation company that over the years refocused from rubber to oil palm. Agrofood. It owns a total of 60,339 hectares of oil palm plantations across 23 estates mainly in Johor; and is cultivating various cash crops in 20 acres of agro farms in Johor. In addition, Kulim is involved in livestock rearing and trading. It has a total workforce of 8,584 employees who are dedicated to Kulim's corporate goals and vision.

AGRIBUSINESS

FY2022 Revenue

RM1.86 billion

Landbank

74,786 ha

Operates in

Malaysia & Indonesia
32 Hospitals | 3,716 beds

 28 in Malaysia, 2 in Indonesia,
 1 in Thailand and 1 in Bangladesh

Managing

19 waqaf clinics nationwide
 & **8 mobile waqaf clinics**

KPJ Healthcare Berhad (KPJ) has been one of Malaysia's leading specialist healthcare providers since 1981. The public listed group operates 28 hospitals across Malaysia, two in Indonesia, one in Bangladesh and has a sizeable share in a hospital in Bangkok. KPJ also manages 19 Klinik Waqaf An-Nur (KWAN) and senior and assisted living care centres in Kuala Lumpur, Sibu, Kuantan, Kota Kinabalu and Australia. A range of ancillary companies provide the necessary support to KPJ's network of hospitals, clinics and care centres, while two tertiary institutions offer degrees and diplomas for the healthcare sector.

WELLNESS & HEALTHCARE



Stringent

Halal & food
safety compliance

FY2022 Revenue

RM4.80 billion

QSR Brands (M) Holdings Bhd (QSR Brands) is the first and only fully integrated food operator in Malaysia, complete with upstream, midstream and downstream businesses. It manages over 1,350 KFC and Pizza Hut restaurants in Malaysia, Singapore, Brunei and Cambodia. QSR Brands and its subsidiaries guarantee full halal compliance to customers in all of the Group's markets. Its outlets have been certified by the Department of Islamic Development Malaysia (JAKIM) as strictly adhering to MS1500:2009.



FOOD & RESTAURANTS

FY2022 Revenue

RM851 million

Strategic Pillars

- Real Estate Development
- Asset Lifecycle Management
- Real Estate Investment
- Infrastructure & Utilities

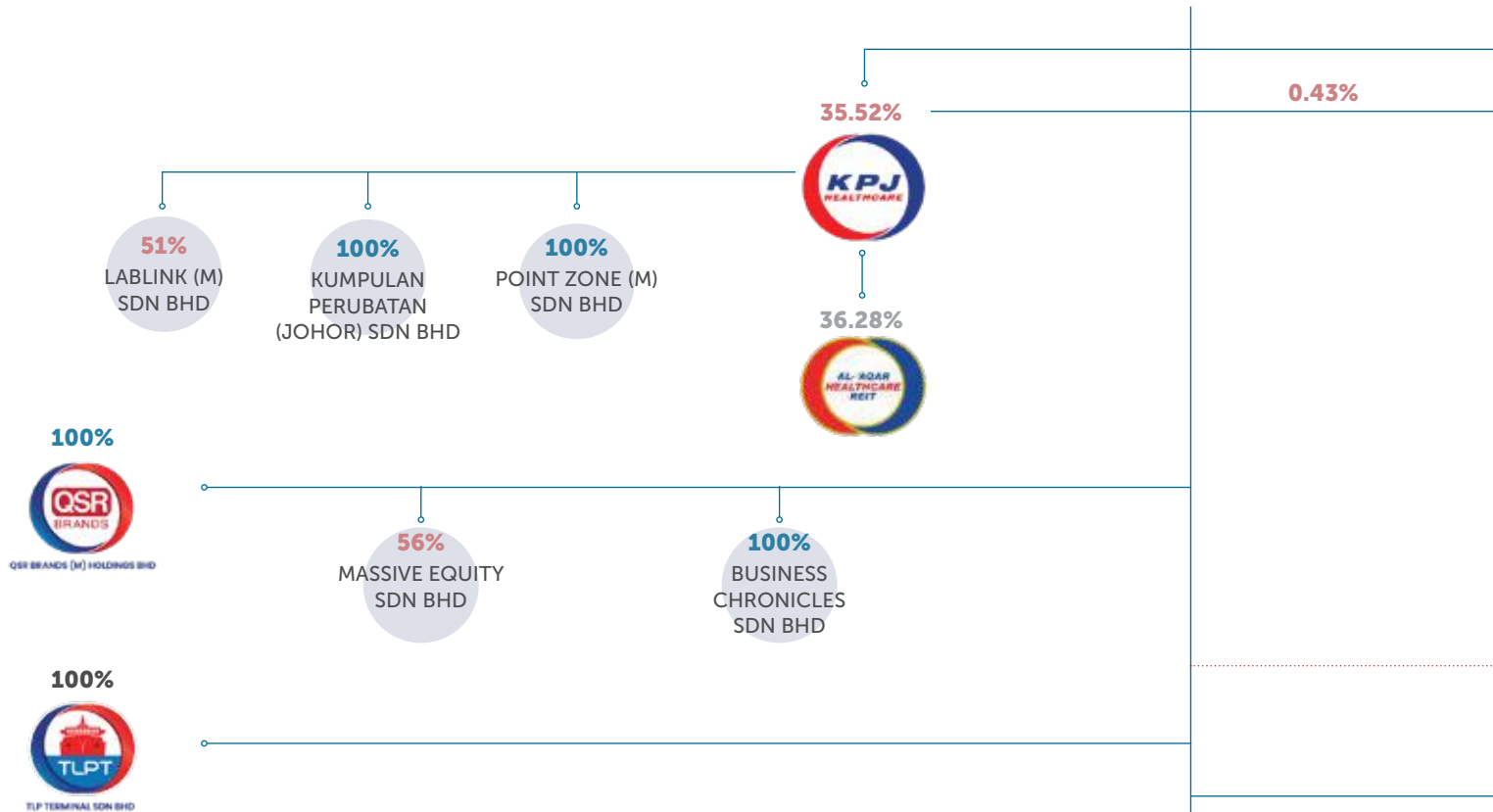
JLand Group Sdn Bhd (JLG) is a wholly owned subsidiary of JCorp, focusing on spearheading the Group's real estate and infrastructure businesses. JLG's core businesses encompass four strategic pillars, namely Real Estate Development, Asset Lifecycle Management, Real Estate Investment and Infrastructure & utilities, allowing for strategic value optimization for its businesses and assets across diverse industry presence.



REAL ESTATE & INFRASTRUCTURE

HOW WE ARE STRUCTURED

GROUP CORPORATE STRUCTURE



CORE SECTORS AND CORPORATE RESPONSIBILITY

AGRIBUSINESS

- Mahamurni Plantations Sdn Bhd
- Kulim Energy Sdn Bhd
- EPA Management Sdn Bhd

WELLNESS & HEALTHCARE

- Kumpulan Perubatan (Johor) Sdn Bhd
- Lablink (M) Sdn Bhd
- Point Zone (M) Sdn Bhd

FOOD & RESTAURANTS

- Business Chronicles Sdn Bhd
- Massive Equity Sdn Bhd

REAL ESTATE & INFRASTRUCTURE

- Johor City Development Sdn Bhd
- Bandar Baru Majidee Development Sdn Bhd
- Ibrahim International Business District (Johor) Sdn Bhd
- Bukit Damansara Development Sdn Bhd

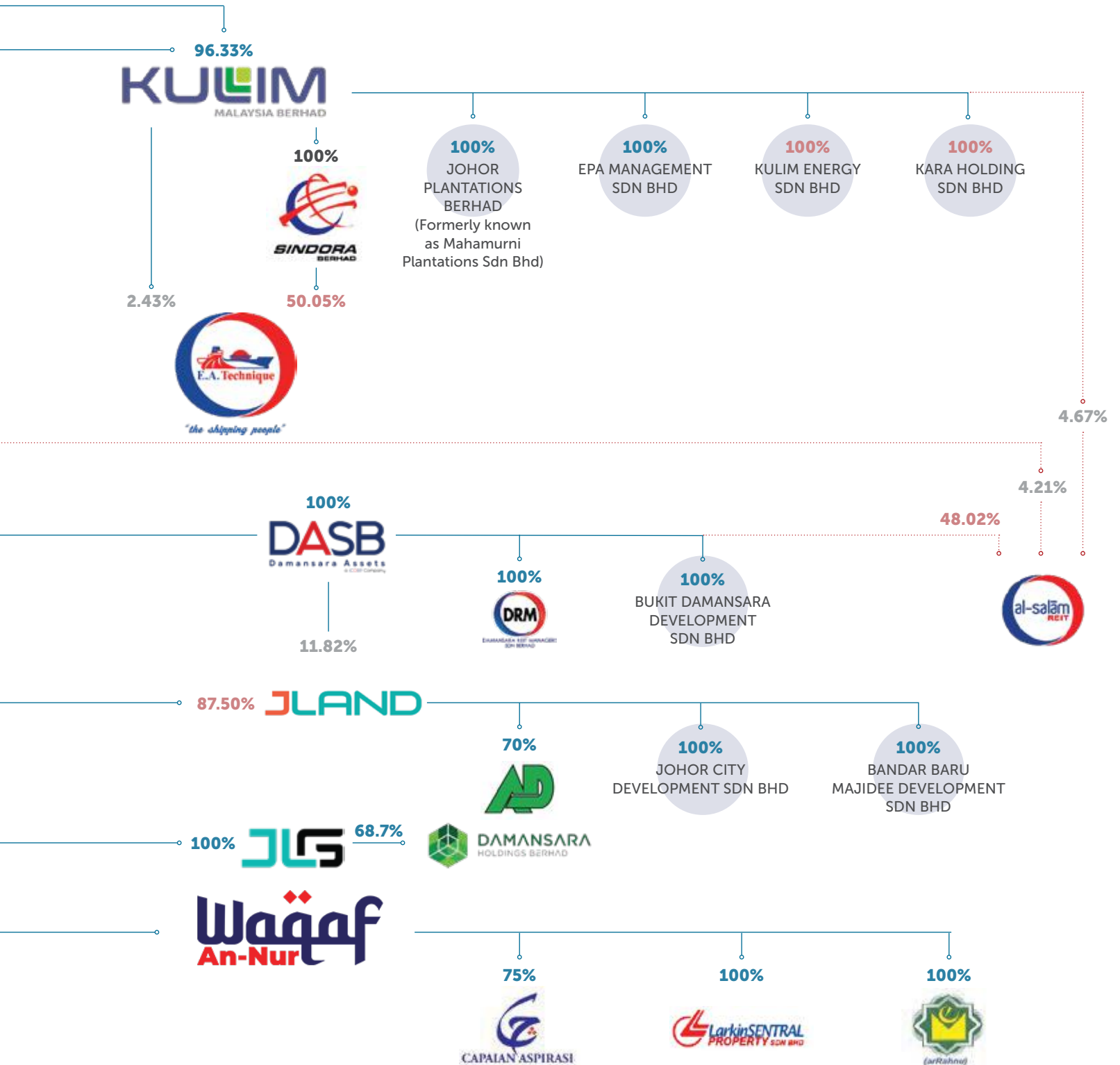
CORPORATE RESPONSIBILITY

100%

60%

IBRAHIM INTERNATIONAL BUSINESS DISTRICT (JOHOR) SDN BHD

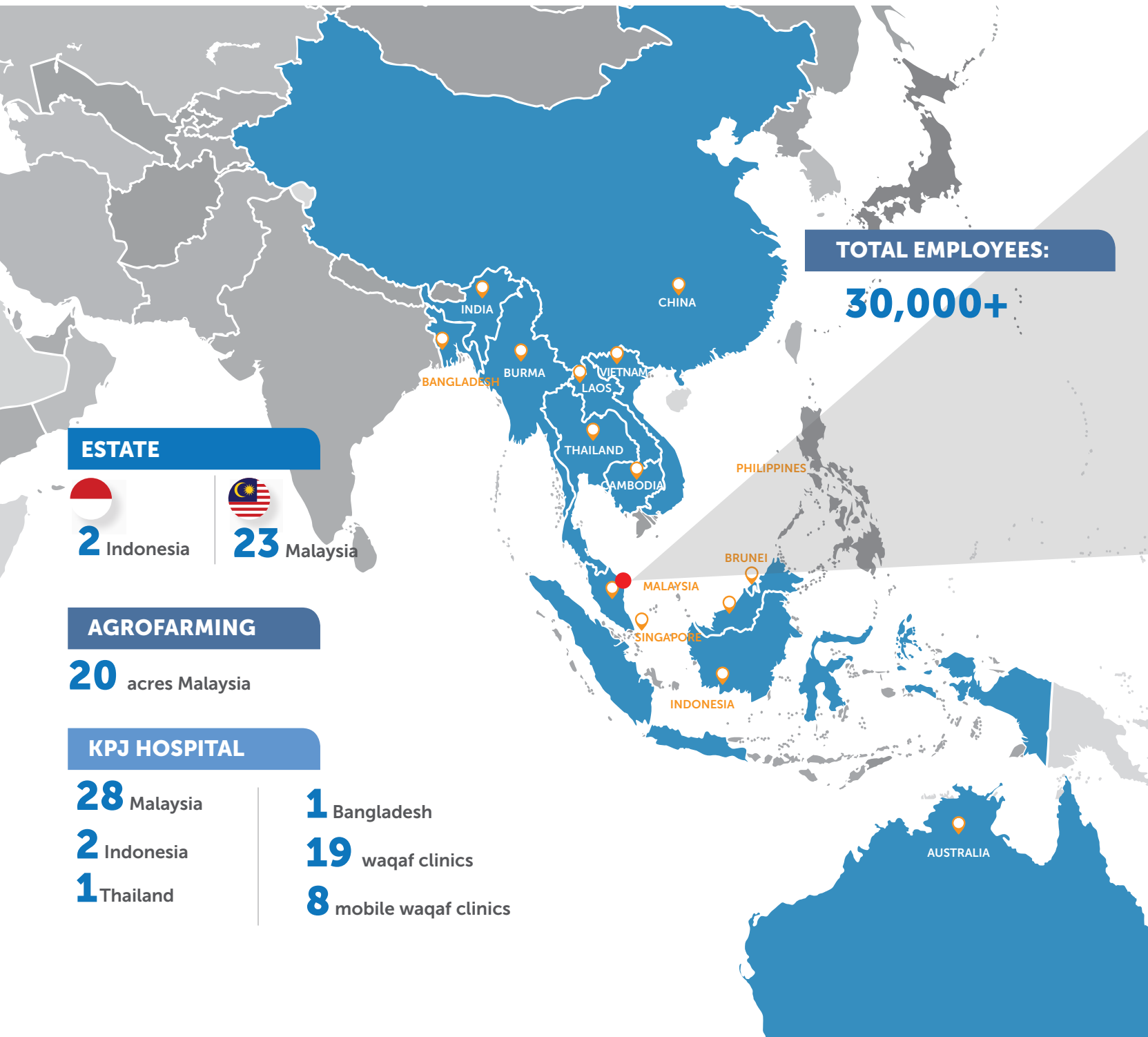
YAYASAN JCORP

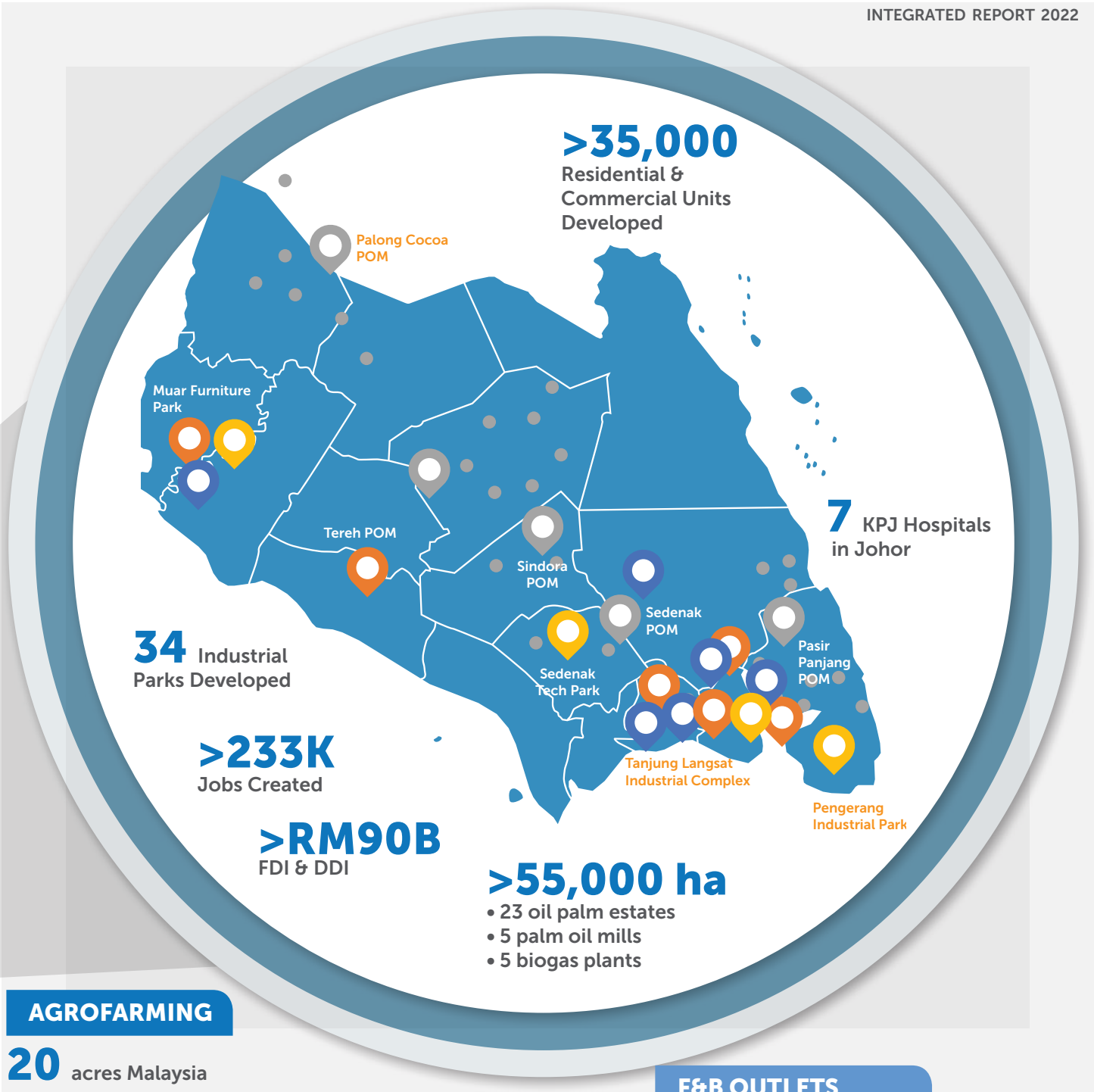


OUR PRESENCE

From humble beginnings in plantations, JCORP has scaled up to deliver the Johor dream and will continue on its 'Membina' mission to develop industrial parks and nurture budding local entrepreneurs.

...AND BEYOND





AGROFARMING

20 acres Malaysia

5 EDUCATION CENTRES

- 1** KPJ Healthcare University College (KPJUC)
- 3** campuses: Nilai (Master), Johor Bahru & Penang
- 1** Johor Skills Development Centre (TVET)

F&B OUTLETS

1,350 KFC and Pizza Hut - Malaysia, Singapore, Brunei, and Cambodia.
83 outlets - Kedai Ayamias/ Kiosk Roaster Express / Ayamias Roaster Express

REID Strategic Projects

6 Malaysia **1** Australia

We have established our regional footprint in Australia, Indonesia, Brunei, Cambodia, Thailand, Bangladesh and Singapore via our investee companies

KEY MILESTONES

JCORP 1.0 – ERADICATING POVERTY & REORGANISING SOCIETY



Investment in KPJ Healthcare Berhad (KPJ) marked JSEDC's first strategic investment in private healthcare.

The establishment of Damansara Assets Sdn Bhd (DASB) replacing Harta Consult Sdn Bhd to manage commercial, industrial, residential and government properties portfolio owned by JSEDC.

The State Government of Johor established the Johor State Economic Development Corporation (JSEDC) through Enactment No. 4 1968 to contribute to the State's socio-economic development.

1968

1970

- JSEDC commenced operation on 1 August 1970.
- Tan Sri Dato' Haji Othman Mohd Saat, the then Chief Minister of Johor, was appointed the first Chairman and Tan Sri Basir Ismail as the Chief Executive.
- Started with Plantation, JSEDC launched two projects in 1970, Ladang Tebrau (Tebrau Rubber Estates Limited) and mining of silica sand in Kota Tinggi.

1974

JSEDC crossed its first million earning when it recorded RM1.76 million in net profit compared to RM500,311.32 in 1972, mainly from rubber and palm oil plantation.

1973



JSEDC developed a string of industrial zones of 1,677 acres located in Pasir Gudang, Tanjung Agas, Tongkang Pecah, Segamat, as well as the Senai Free Trade Zone, which attracted a total of 325 entrepreneurs.

The State's development arm hit significant milestones, with Group revenue surpassing the RM1 billion mark for the first time in 1988 with assets over RM1.11 billion.

1975

1976

JSEDC acquired plantation company, Kulim (Malaysia) Berhad and became the major shareholder by 43.77%.

1977

JSEDC appointed as the local council of Pasir Gudang, the first local council in Malaysia to be privatised until June 2009, under a five-yearly arrangement for 31 years.



1978



1994

KPJ became the first investee company listed on the main board of Bursa Malaysia, key development in JSEDC's healthcare portfolio.

JCORP 2.0 – RAPID ECONOMIC GROWTH

KPJ through its flagship social responsibility launched a community-based healthcare facility, Klinik Waqaf An-Nur (KWAN) serving low-income dialysis patients with only RM5 per treatment.

Unveiled Corporate Restructuring Master Plan, the divestment of non-strategic assets and restructuring exercise.



Kulim (Malaysia) Berhad entered Kalimantan, Indonesia, when it acquired 100% equity in EPA Management Sdn Bhd (EPA).

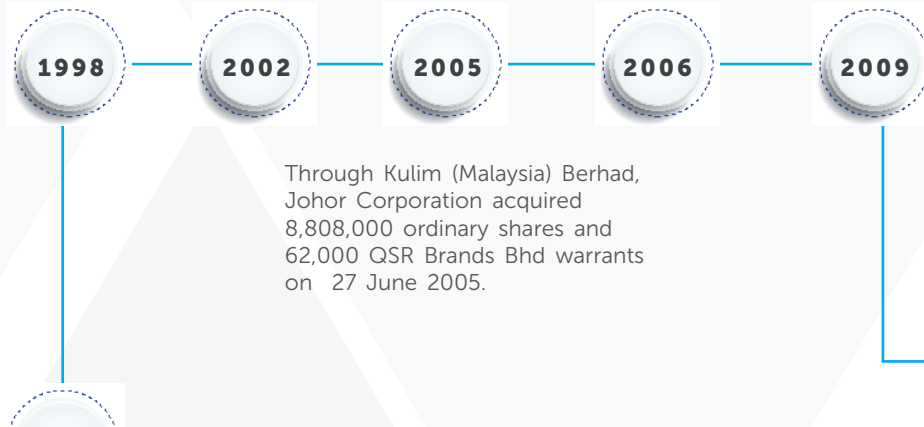
- Official Roundtable on Sustainable Palm Oil (RSPO) certification was accorded to Kulim-owned plantations in Malaysia in January.
- QSR Brands via KFC Holdings (KFCH) received the franchise rights to operate KFC restaurants in Mumbai and Pune, India.



The RM50 million Persada Johor International Convention Centre opened its doors in October.



- In 1995, JSEDC went through a metamorphosis and known as Johor Corporation (JCorp) through Enactment Amendment Number 5, 1995.
- Ventured into the new business sectors and became the largest SEDC in Malaysia.
- Introduced a new logo.



JCorp's real estate development arm, Johor Land Berhad is listed on Bursa Malaysia, and Kulim (Malaysia) Berhad became the largest shareholder with paid-up capital RM100 million.



- KPJ Healthcare embarked on the aged care business; acquired a 51% stake in Jeta Gardens – a retirement village in Queensland, Australia.
- QSR Brands via Pizza Hut announced the opening of its 200th restaurant while KFC Malaysia proudly reached and moved past the milestone of 500 restaurants nationwide in Q4.



KEY MILESTONES



- Acquired 51% of KFC & Pizza Hut Malaysia operator, QSR (M) Holdings Berhad.
- Implemented Corporate Restructuring and Rationalisation Plan through the successful issuance of Sukuk Wakalah worth RM3.0 billion.
- Launched Skim Dana Johor RM1 (SDJ1), a buy-back scheme benefiting over 35,000 unitholders.
- KPJ Healthcare bagged the Best Healthcare Service Provider of the Year at Frost & Sullivan's Malaysia excellence awards 2012.

2011

Al-'Aqar admitted to the Main Board of Bursa Securities on 10 August 2006; the first Islamic Healthcare REIT issued under Securities Commission's Guidelines on Real Estate Investment Funds and Islamic Real Estate Investment Trust.

2012

2013



KPJ in partnership with Waqaf An-Nur Corporation Berhad established 20 Klinik Waqaf An-Nur (KWAN) in 6 states nationwide.



2014



- KOMTAR JBCC opened to the public in August.
- The first Angry Birds Activity Park in Southeast Asia opened in KOMTAR JBCC in October.
- JCorp's wholly-owned E.A. Technique (M) Berhad listed in Bursa Malaysia.

2016



- Masjid Sultan Iskandar, Bandar Dato' Onn, an eco-tourism mosque developed by JLand was officiated by HRH Tunku Mahkota Johor on 8 April.
- TLP Terminal Sdn Bhd was appointed as the port manager for Tanjung Langsat in June.



2015

- His Majesty Sultan of Johor launched the Ibrahim International Business District (IIBD) valued at RM3.5 billion GDV on 22 November.
- Johor Corporation listed Real Estate Investment Trusts Al-Salām REIT on Bursa Malaysia on 29 September.
- The State Government of Johor appointed Johor Corporation as the administrator of the Pengerang Local Authority.

JCORP 3.0 – REINVENTING IN AN ERA OF DISRUPTION

2017

- JCorp officially administered the Local Authority of Pengerang in January and was mandated to oversee the Pengerang Integrated Petroleum Complex (PIPC) industrial zone and its surrounding areas.
- JCorp through JLand launched a low cost housing project, Rumah Impian Bangsa Johor (RIBJ), the brainchild of the His Majesty Sultan of Johor in March.

2018

- JCorp celebrated its 50th Anniversary and the new logo was launched, symbolising its determination to position itself on the domestic front and in the international arena.
- JCorp recorded higher revenue of RM5.616 billion in 2018 compared with RM5.564 billion posted in 2017.
- QSR Brands via KFC Malaysia won Gold recognition at the Putra Brand Awards in the Restaurants & Fast Food category.
- Johor Corporation via TPM Technopark launched Muar Furniture Park; the First Furniture Hub in Malaysia.

2019

- Menara JLand; the first Green Building Index in Johor Bahru was launched in November 2019 by His Majesty the Sultan of Johor.
- JLand received the Best Master Plan award for Bandar Dato' Onn and Affordable Housing award for Pangsapuri Kasturi, Bandar Dato' Onn at the FIABCI Malaysia Property Awards 2019.



2022



- JCorp appointed Johor Menteri Besar, YAB Dato' Onn Hafiz Ghazi as the Chairman in March.
- JCorp received a AAA/Stable rating by RAM Ratings for its proposed second tranche RM2 billion Islamic Medium-Term Notes (Sukuk Wakalah) Programme.
- JCorp partnered with SAP Malaysia to become a value-driven organisation (VDO) in the digital economy.

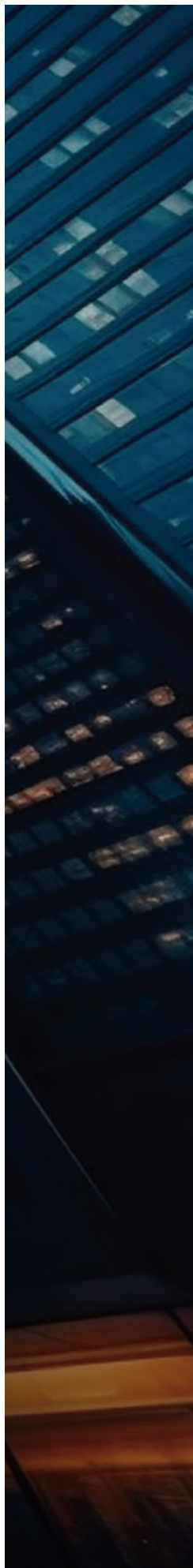
2021

- Announcement of JCorp 3.0 Reinvention; A sustainable 2021-2025 Strategic Plan to weather the era of disruption.
- JCorp strengthened Yayasan Johor Corporation's (YJC) role to build its Membela mandate through its four key focus areas namely; Education, Arts, Culture & Heritage, Environment & Community Wellbeing.
- JCorp, through YJC, pledged RM500,000 to Johor Cerebral Palsy Association (JCPA) and contributed 50 laptops to underprivileged children cancer patients via the Tunku Laksamana Johor Cancer Foundation (TLJCF).

2020

- JCorp appointed Johor Menteri Besar, YAB Dato' Hasni Mohammad as the Chairman in February and YBhg Datuk Syed Mohamed Syed Ibrahim as its new President and Chief Executive in January.
- JCorp introduced a new logo and corporate identity in July 2020 to better position itself with its vision as a highly admired institution for its financial success and exemplary social responsibility.
- JCorp and its Group of Companies, through the JCorp Prihatin initiative, contributed RM32 million nationwide in the fight against COVID-19.





Key Messages

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“ In a world reshaped by geopolitical shifts, economic uncertainties, and heightened environmental concerns, JCorp stood resilient. Anchored by our mission of **"Membina dan Membela"**, we navigated these complex waters with unwavering determination, which underscores our commitment to continuous progress and enduring sustainability in the face of global adversity ”



DATU' ONN HAFIZ GHAZI
MENTERI BESAR OF JOHOR
CHAIRMAN OF JOHOR CORPORATION



Our CHAIRMAN'S STATEMENT

DEAR STAKEHOLDERS,

At the heart of Johor Corporation (JCorp) lies a steadfast commitment: to forge a prosperous future for Johor and Malaysia. Grounded in our unwavering dedication to economic development and social well-being, our journey is making impactful strides towards uplifting communities and shaping a thriving society. With each step, we strengthen our resolve to create lasting positive change for today's society and future generations.

In our role as the State's principal development institution, JCorp has been pivotal in driving Johor's socioeconomic growth. Our vision extends beyond immediate gains, focusing on sustainable, long-term value for our stakeholders, for generations to come. We strive to be a catalyst in Malaysia's evolution into a developed, high-income nation, creating value in spheres that positively impact livelihoods and quality of lives.

As Johoreans, together we envision a future that is inclusive, resilient, and sustainable, committed to empowering generations. Our commitment to "Membina" places us at the forefront of economic development, prioritising transformative projects by investing in catalytic ventures, and building a portfolio with lasting, ethical impact.

Through "Membela", our aim is to uplift the socio-economic wellbeing of the people, ultimately elevating income levels and improving the quality of life for all Malaysians. Our work in enabling progressive communities is a vital step towards achieving our nation's high-income aspirations.

CHAIRMAN'S STATEMENT

A YEAR OF RESILIENCE

As 2022 unfolded, it presented a tapestry of global challenges. In a world reshaped by geopolitical shifts, economic uncertainties, and heightened environmental concerns, JCorp stood resilient. Anchored by our mission of "Membina dan Membela", we navigated these complex waters with unwavering determination, which underscores our commitment to continuous progress and enduring sustainability in the face of global adversity.

Our financial performance in FY2022 stands as a testament to our strength, reflecting our ability to navigate these turbulent times successfully as well as our strategic foresight.

The robustness of our wealth creation efforts is a direct result of our JCorp 3.0 Reinvention Plan and strategic asset rationalisation. These critical initiatives have bolstered our operational efficiencies, reinforcing our pursuit of sustainable, long-term value even in uncertain times.

This financial strength fuels our commitment to community development, human capital growth and environmental sustainability. Our strong fiscal position is a cornerstone for fostering positive societal change, enabling significant investment in the well-being of our communities and the sustainable stewardship of our environment.

Key achievements

I am pleased to spotlight JCorp's transformative achievements, laying a strong foundation for our future growth.

A standout in FY2022 was our outstanding financial performance. Navigating through complexities with resilience and adaptability, we achieved robust financial results, setting a solid platform for continued growth and sustainability.

PROFIT AFTER TAX

RM808 Million

REVENUE

RM5.8 Billion

Furthermore, our strong financial standing has garnered recognition from RAM Ratings. They have awarded us a AAA/Stable rating for our proposed second tranche RM2 billion Islamic Medium-Term Notes (Sukuk Wakalah) Programme, further reinforcing our financial credibility.

High impact investments

This past year has been a landmark period for JCorp, characterised by strategic, high-impact and catalytic investments that align with our vision for enduring value and sustainability. Our dedication to such transformative initiatives has significantly shaped the year's trajectory.

Ibrahim Technopolis (IBTEC), one of our flagship high impact investments, covers industrial parks in Sedenak TechPark 1 (STeP 1) and Sedenak TechPark 2 (STeP 2), spanning nearly 8,000 acres. These parks are poised to become centres of innovation and development across diverse sectors.

Meanwhile, the Ibrahim International Business District (IIBD) project aims to rejuvenate Johor Bahru, transforming it into an international metropolis. This ambitious development is set to generate a positive ripple effect for Johoreans and the nation.

Additionally, the Pagoh Special Economic Zone (PSEZ), benefiting from its strategic location, is expected to drive economic and industrial expansion in Johor, leveraging our geographic and resource advantages.

The establishment of the Muar Furniture Park, Malaysia's first dedicated furniture hub, marks our commitment to diversifying and future-proofing Johor's industries. This park not only stimulates the local economy but also supports our food hub initiatives, contributing to food security and self-sufficiency.

Digital capabilities

Our venture into innovation and digitalisation has been pivotal in turning adversities into opportunities.

JCorp has committed to a digital-first approach, effectively employing technology and innovation in our corporate and social projects. This is a significant step in supporting the Government's ambition for digital technology mastery as a key driver for economic growth, elevating Malaysia's economy into one anchored on knowledge and technology.

Our Data Centre at Sedenak TechPark (STeP) embodies Johor's digital aspirations, setting Sedenak on course to become Malaysia's future data centre hub and a catalyst for regional digital growth and transformation.

Sustainability is our priority

Embracing our core commitment to Environmental, Social, and Governance (ESG) principles, JCorp has taken significant strides this year in strengthening our ESG footprint. We believe in building sustainable businesses, fostering a thriving ecosystem of growth and opportunity and upholding the highest standards of integrity across our value chain.

By launching a comprehensive Sustainability Framework and establishing a dedicated Board Sustainability Committee, we have cemented our commitment to responsible business practices. These steps are crucial in guiding our path as custodians of nature's resources and enhancing community well-being, in alignment with our goal to achieve Net-Zero emissions by 2050 and reshaping our investment strategies to reflect these ESG commitments.

Good Governance Practices

As a state-owned enterprise, we build sustainable business to create generational prosperity. The adherence to strong governance and risk management principles has been pivotal in ensuring that we are a champion of integrity. As Chairman, ensuring effective corporate governance and a dynamic Board remains a top priority. This involves refining our governance model, fostering transparent stakeholder communication, and keeping our policies abreast with recognised industry standards and best practices.

Key developments in our governance structure including the establishment of our Board Sustainability Committee have significantly enhanced corporate accountability.

Aligned with our efficient governance mandate, the successful implementation of the JCorp 3.0 Reinvention Plan has streamlined our organisational structure, enhancing our financial performance and governance through improved oversight, accountability, and decision-making efficiency.

Importantly, we ensure that all companies achieve industry standards of corporate governance and ensure sustainable and socially responsible business practices that align with JCorp's purpose and values.

2023 OUTLOOK

As 2023 progresses, we maintain a measured optimism, mindful of the unique mix of opportunities and challenges the year presents.

Our recent successes across sectors inspire confidence, tempered by an awareness of fluctuating market conditions. In response to the evolving business landscape, we are actively restructuring our Food & Restaurants segment and enhancing operational efficiency across all sectors. This proactive approach reflects our commitment to anticipating and adeptly adapting to potential market challenges.

We view challenges as avenues for opportunities, particularly in sustainability, where our ESG-focused advancements position us well for green investments. Committed to our mission of "Membina & Membela", we are poised to navigate these times with a focus on responsible, sustainable growth. Our established segments remain central to our strategy, but we are also exploring new areas for resilience and innovation.

JCorp firmly commits to advancing its strong growth trajectory, adeptly responding to changing market trends and needs. Our focus remains on our established segments - Agribusiness, Wellness & Healthcare, Food & Restaurants and Real Estate & Infrastructure, while actively exploring new domains for enhanced resilience and sustainable development. As we progress, our vision is clear: responsible growth, keenly attuned to emerging opportunities and challenges, all aimed at nurturing a sustainable and prosperous future for our stakeholders and the nation.



“ As custodians of creation, people builders and a champion of integrity, we envision a Johor and Malaysia that is sustainable, purposeful and impact-driven. Our core values of **E.R.T.I.**, which stand for Excellence Drives Us, Real Honour, Team JCorp as One and Innovate for Impact, inform how we implement sustainability in practice. ”



DATUK SYED MOHAMED SYED IBRAHIM
PRESIDENT & CHIEF EXECUTIVE
JOHOR CORPORATION





Our PRESIDENT & CHIEF EXECUTIVE'S OVERVIEW

DEAR STAKEHOLDERS,

FY2022 has been a defining year for JCorp, marked by significant achievements in profitability, revenue, and asset growth. We achieved and surpassed our financial goals, showcasing our resilience in an ever evolving and challenging business landscape. This year's remarkable results are a result of our dynamic and agile strategy, coupled with the dedication and exceptional effort of our entire team.

In 2022, JCorp remained steadfast in our commitment to excellence, resilience, and sustainable growth amidst a dynamic and challenging global landscape. Despite facing unprecedented disruptions and various economic uncertainties, we demonstrated remarkable adaptability, innovation, and strategic foresight to navigate through the complexities. The resilience shown by our team in these times not only strengthened our organisation but also paved the way for new opportunities.

OUR PRESIDENT & CHIEF EXECUTIVE'S OVERVIEW

More crucially, we concentrated our efforts on key assets that ensured long-term growth and value creation. To fortify our financial position and ensure sustainable growth, we engaged in asset rationalisation and financial restructuring efforts to streamline our assets, enhance financial efficiencies, and align our resources with our long-term strategic goals. These efforts not only boosted our financial performance but also provided us with a solid foundation to become a dynamic venture builder and agile portfolio manager.

Importantly, we intensified our focus on our core businesses – **Agribusiness, Wellness & Healthcare, Food & Restaurants, and Real Estate & Infrastructure**, leading to greater efficiency. We also prioritised value creation and competencies enhancement by focusing on two pillars.

First, we transformed our organisation to be future-ready and agile through skills development – upskilling and reskilling initiatives that empower our workforce to thrive in the digital age. Second, our commitment to innovation and digital excellence, encompassing the JCorp 3.0 Reinvention Plan, has set the stage to enrich the value for our stakeholders and society at large through adoption of new technologies and digital tools.

Throughout these changes, we remained grounded in our purpose to support the people of Johor as a **venture builder that creates value for generations to come**. As such, we have aligned our business with the various plans and projects initiated by the government of Johor such as Maju Johor 2030 and The Johor Strategic Growth Plan 2050 (J2050). These initiatives are also in line with our purpose of Membina & Membela, to create value and enable sustainable communities while playing our role to nurture sustainable prosperity as caretakers of a thriving future. We envision a more equitable world by embedding sustainability in our investment approach.



BUSINESS HIGHLIGHTS

Highest profit after tax (PAT)

FY2022 marked a watershed moment for JCorp, eclipsing all previous benchmarks with the highest profit after tax (PAT) in our history. Our PAT rose to an RM808 million, more than doubling from RM379 million in FY2021, a growth exceeding 100%. This exceptional increase is a direct result of our team's focused efforts on operational efficiency and robust revenue growth across various business segments. Our total revenue also demonstrated robust growth, increasing by 12% to RM5.7 billion compared to RM5.1 billion in the previous year (FY2021).

Positive performance across business segments

Each of our business segments contributed to our overall performance, with notable achievements.

The **Agribusiness** pillar achieved a significant milestone, growing its revenue by 13% to RM1.85 billion, primarily due to the favourable market prices of crude palm oil and palm kernel.



Our **Real Estate & Infrastructure** segment showcased resilience and growth, thanks to the successful sale of industrial lands and residential properties, reflecting our strategic diversification efforts.

The **Food & Restaurants** segment faced some challenges this financial year, with a share of loss amounting to RM31 million. This was mainly due to strategic restructuring efforts and industry-wide supply chain disruptions. These changes are essential steps in streamlining operations and setting the foundation for future growth and profitability. We remain optimistic about the segment's potential and believe these adjustments will lead to stronger performance in the long term.

Strong financial standing

Overall, the Group continued the momentum to solidify its strong financial position in FY2022. We achieved a 7% increase in net assets, reaching a new high of RM10.5 billion. Our solid financial standing was also recognised through industry accolades such as a AAA/Stable rating from RAM Rating Services Bhd (RAM Ratings) for our proposed second tranche RM2 billion Islamic Medium-Term Notes (Sukuk Wakalah) Programme.

DIGITAL TRANSFORMATION

The past year marked a transformative leap in JCorp's journey, with our digital transformation being a cornerstone of the strategic JCorp 3.0 Reinvention Plan. Our vision transcends conventional technology adoption, focusing on evolving JCorp into a Value Driven Organisation (VDO), where embracing digital innovation is essential for wealth creation in the modern age.

Completion of Wave 1 and 2

We successfully completed the first two phases of our transformation in 2022 which involved enhancing connectivity, modernising hardware, and deploying strategic digital platforms. As such, we are now able to progress towards an AI-driven Phase 3, leveraging advanced technologies such as real-time data analytics using our own JCorp Analytics and JCorp AI, blockchain, and machine learning for informed decision-making and operational efficiency.

Introduction of Automation Tools

Our investment in automation tools has optimised key business processes, from invoice processing to customer service, showcasing our commitment to operational excellence. These tools also benefit us internally, as we have deployed applications that cater to a wide range of employee needs, encompassing well-being, training, and development. By leveraging these human resource analytical tools, we are able to make more informed decisions and gain deeper insights into our workforce dynamics. This approach enhances the effectiveness and inclusivity of our management practices, reflecting our commitment to a people-first strategy.

As we embrace digital transformation, we see it not just as a strategy but as a vital component of our future growth. This commitment is further strengthened by evolving consumer behaviour, with our investee companies making significant strides in e-commerce, digital payments and consumer analytics. These advancements are strategically positioning JCorp to capitalise on emerging market trends and opportunities. Ultimately, digitalisation of our organisation will accelerate the growth of the entire group.

TALENT MANAGEMENT

In 2022, JCorp made substantial strides in talent management, a testament to our belief in the value of our employees. Key to this was the JCorp 3.0 Reinvention Plan, aligning employee skills with our organisational objectives and fostering continuous improvement.

OUR PRESIDENT & CHIEF EXECUTIVE'S OVERVIEW

Building an agile, future-ready workforce

Significant steps were taken to redesign our organisational structure, creating a more agile, future-ready workforce. We introduced units focusing on digital innovation and learning, acknowledging the importance of agility in today's dynamic business environment. Our AI-driven digital transformation initiative complemented our human capital development by offering employees hands-on experience with advanced digital tools. Some of the training programmes we implemented cover cutting-edge areas such as machine learning, data governance, and data engineering, thus ensuring our workforce is equipped with the latest knowledge and skills.



Fostering inclusivity and a culture of innovation

We also adopted a hybrid workforce module, combining local expertise with global talent to create a more inclusive and diverse workforce. This strategy strengthens our capabilities and positions JCorp as a desirable employer globally.

Underpinning all of our talent development and fostering a culture of innovation is our RITE (Rapid Innovation & Technology Excellence) framework, which encourages our staff to generate and implement ideas for improvement. This innovation engine has since become a catalyst for positive change throughout our organisation.

OPPORTUNITIES AND CHALLENGES

The year under review presented JCorp with a complex mix of opportunities and challenges amidst Malaysia's economic recovery. While the COVID-19 endemic phase boosted economic activities, challenges like a sluggish labour market and subdued consumption impacted growth. These economic conditions affected our business operations, revenue generation, and strategic planning, forcing us to adapt to the broader economic landscape.

Our team's adaptability and resilience were evident as we re-evaluated strategies, optimised costs, and adjusted our operations to navigate these economic fluctuations. Our commitment to innovation remains the key growth driver, presenting us with opportunities for growth and diversification. We continue to make strategic investments for future gains, staying agile and forward-thinking. We focused on minimising disruptions, ensuring service continuity for our customers and partners, and maintaining resilience through adaptability and collaboration.

UNVEILING A BRIGHTER FUTURE

There are numerous high impact projects in our 2023 pipeline, including Ibrahim Technopolis (IBTEC); Sedenak Tech Park (STeP), a purpose-built data centre development; Ibrahim International Business District (IIBD); Arena Larkin and FarmByte, which will produce high value agrifood products. The IBTEC project, an emblem of innovation and progress, encapsulates the future of sustainable living and is an excellent showcase of how JCorp is staying ahead in today's competitive landscape.

The new development will embody the concept of 'smart living' by integrating cutting-edge technology that nurtures learning and well-being. IBTEC's Smart Farming utilises Foodtech innovations such as hydroponics and vertical farming to provide an environmentally friendly and resilient food supply. On the commercial side, IBTEC will also feature advanced industries zone to attract high-tech, eco-conscious sectors, thus mirroring our vision for a greener, more prosperous future.



OUTLOOK

JCorp's outlook for 2023 is defined by our dedication to continued innovation, sustainability, and strategic growth. Backed by a robust foundation in technology and ESG principles, we are well-equipped to navigate the evolving business landscape, staying committed to a responsible and forward-thinking approach to create generational prosperity and to spur socioeconomic growth. After all, we are dynamic venture builder and agile portfolio manager, investing and managing assets for continued value creation that benefits generations.

For **Agribusiness**, Kulim will grow its strength in CPO production while investing in new ventures downstream and in the development of high value agrifood. Given their stellar financial performance and a positive track record of sustainable palm oil production, we see great potential in diversifying Kulim's revenue streams while continuing our commitment to address consumer needs and food security.

The **Wellness & Healthcare** sector is also poised to grow, especially with the full reopening of borders and the surge in demand for medical tourism. The integration of AI and other digital tools into patient care will also prove transformative, not solely for our division, but for the broader medical landscape.

Our **Real Estate & Infrastructure** segment will be experiencing rapid growth as we have several long-term, high-impact projects in the pipeline. These projects, which are spread out across the state, are opportunities to build smart, community-centric developments that emphasise smart and sustainable living while contributing to a vibrant business ecosystem.

Finally, with the easing of pandemic restrictions, our **Food & Restaurants** business unit anticipates a return to normalcy, with an increase in dine-ins while the online platforms established for takeout orders and partnerships forged for home delivery, are expected to persist and potentially grow in response to the new normal.

As custodians of creation, people builders and a champion of integrity, we envision a Johor and Malaysia that is sustainable, purposeful and impact-driven. Our core values of E.R.T.I., which stand for Excellence Drives Us, Real Honour, Team JCorp as One and Innovate for Impact, inform how we implement sustainability in practice. For example, our commitment to 'Innovate for Impact' is evident in our aim to disrupt norms creatively and solve complex challenges be they environmental, social, or governance related.



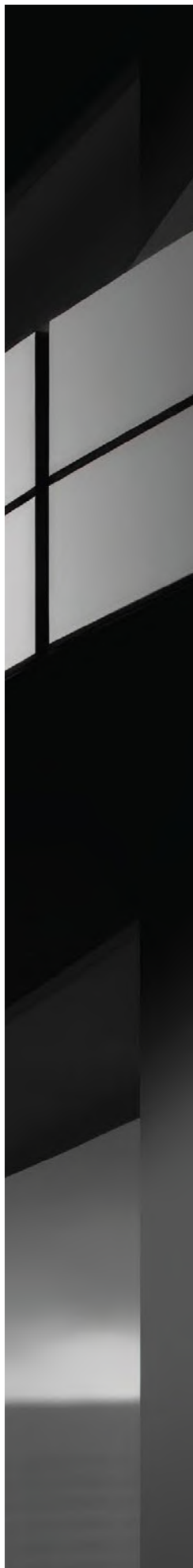
CONCLUSION

As we look to the future with hope and resolution, we recognise the potential challenges that lie ahead. Yet, our capacity for innovation, adaptation, and growth remains unparalleled.

I extend my deepest gratitude to our board of directors for their guidance, our employees for their tireless dedication, and our shareholders and stakeholders for their unwavering support. Your collective passion fuels our journey. Together, we are poised to make 2023 another year of growth and achievement.







Value Creation at JCorp

36	Our Approach to Value Creation
38	Our Key Capitals
40	Our Value Creating Business Model
42	Value We Create

OUR APPROACH TO VALUE CREATION

Creating value is an integral part of JCorp's identity, stemming from our core duty to foster socio-economic development in Johor. Our commitment to long-term value is reflected in our integrated approach, considering pertinent internal and external factors. We meticulously assess risks and opportunities that may influence our performance, formulating a strategy geared towards optimising our resources to sustain long-term growth. This entire process is underscored by a strong governance framework.

1 EVALUATION OF OUR OPERATING ENVIRONMENT

See page 46

We conduct a thorough analysis of our operating context, identifying trends that might influence our capacity to generate value across short, medium, and long-term horizons. Key factors in this assessment encompass the global economy, pandemic-related restrictions, growing digitalisation trends, and a heightened emphasis on environmental, social, and governance (ESG) considerations, among others.

2 IDENTIFICATION OF OUR RISKS AND OPPORTUNITIES

See page 58

We recognise both the risks and opportunities inherent in our operational environment and business activities. We then establish efficient processes and systems to address them while actively pursuing our strategic and corporate objectives. The identified risks include regulatory risk, financial risk, and safety, health, and environmental risk.

3 ENGAGEMENT WITH OUR STAKEHOLDERS

We actively communicate with our key stakeholders to comprehend their needs and fulfil their expectations. This proactive engagement is vital for continually enhancing our relationships with stakeholders and consistently delivering enduring value to them. Our key stakeholders are the government and regulators, private sector, local communities, and investors and shareholders.



Investors & Shareholders



Government & Regulators



Local Communities



Private Sector

4 DETERMINING OUR MATERIAL MATTERS

See page 56

At JCorp, we recognise that the dynamic interplay between the operating landscape and stakeholder needs and expectations profoundly influences our journey of value creation. Material matters, integral to our strategic considerations, are identified through a comprehensive understanding of factors that have the potential to significantly impact our ability to create value and execute our strategy across short, medium, and long-term horizons. Assessing material matters for temporal relevance ensures agile and adaptive strategies. This alignment addresses immediate challenges, seizes medium-term opportunities, and prepares for long-term industry shifts. In addition, our robust governance framework ensures systematic oversight, accountability, and effective management of risks and opportunities tied to material matters.

5 EMBEDDING ESG PRACTICES

Guided by environmental, social, and governance (ESG) considerations, our decisions align with our values and commitment to responsible, ethical operations, safeguarding the interests of our stakeholders.

We deliver robust returns to our shareholders through effective financial management.

We offer an enticing employee value proposition, positioning us as an employer of choice.

We collaborate with business partners to ensure their active participation in our continuous growth.

We care for the local communities and contribute towards narrowing socioeconomic gaps through strategic investments.

CREATING VALUE

Ultimately, our emphasis on value creation safeguards JCorp's resilience and relevance, reaffirming our commitment to responsible operations.

6 DEVELOPING OUR STRATEGY

See page 61

Formulate Our Strategy

Crafted with the primary goal of capitalising on opportunities to mitigate risks and foster sustainable value, our strategy is responsive to evolving market trends and the dynamic business environment. Our focus remains on enhancing resilience, embedding sustainability in our operations, and fortifying our capabilities.

Allocate Our Resources/Capitals

We harness our financial, natural, manufactured, intellectual, human, and social & relationship capitals to maximise our capacity for long-term value creation. Recognising the interdependence of these capitals, enhancing the value of one may influence others. Our goal is to orchestrate a balanced interplay among these diverse capitals for optimal outcomes.

Integrate into Our Business Model

We seek to actively manage our activities and their impacts to ensure we enhance the positive and minimise the negative outcomes of our business model, thereby generating and sustaining value for all our stakeholders.

OUR KEY CAPITALS



THE CAPITALS THAT IMPACTED OUR BUSINESS

Our key capitals encompass financial, manufactured, human, intellectual, social and relationship, and natural resources, collectively used to create value for our businesses and stakeholders. Acknowledging their interdependence, we strive to manage these capitals optimally to generate a cumulative increase in value over time.

OUR 6 CAPITALS



Financial Capital

Our financial capital constitutes the fund reservoir enabling JCorp to execute continuous activities and fulfil our long-term sustainability growth strategies. This encompasses our debt and equity, including sukuk financing, along with income generated by the various companies and subsidiaries within our four core businesses.



Human Capital

Our human capital comprises [xxx - number] full-time employees and contract workers engaged in our Agribusiness. This workforce collectively executes strategies, playing a pivotal role in achieving the goals and objectives of our businesses.



Manufactured Capital

Our manufactured capital encompasses all physical assets owned or utilised to create value. This includes machinery, tools, equipment, hospitals, and clinics within our Wellness & Healthcare business; mills in our Agribusiness; outlets in our Food & Restaurants business; and constructed properties within our Real Estate & Infrastructure business.



Social & Relationships Capital

Our social and relationship capital encompasses the robust relationships we maintain with diverse stakeholders. This includes strong connections with business partners, patients, suppliers, customers, regulators, other government agencies, the media, and the community at large. These relationships offer critical support to the Group in both tangible and intangible ways.



Intellectual Capital

Our intellectual capital encompasses the diverse innovations, systems, and processes employed across the Group. These include digital platforms, cybersecurity protocols, ISO certifications, and R&D-backed technologies, ensuring smooth and efficient operations. Additionally, accredited training programmes for healthcare personnel contribute to our intellectual capital. The strong branding associated with Johor's socio-economic transformation for over 50 years further adds value to our intellectual capital.



Natural Capital

Our reliance on natural capital is evident in our utilisation of natural sources for energy, water, and various materials essential for our operations. Additionally, we depend on land for property development initiatives. This recognition underscores our commitment to responsible resource management and sustainability practices.

OUR VALUE CREATING BUSINESS MODEL

Resources We Rely On

Enable Value Adding Activities

INPUTS & CAPITALS

MATERIAL MATTERS



FINANCIAL CAPITAL

The pool of funds for business operations.

Net Gearing Ratio:

0.59 times



MANUFACTURED CAPITAL

Manufactured capital refers to our collection of assets that we use in the provision of products and services to our customers.

Land Bank:

8,528 acres

Ongoing Developments:

48



HUMAN CAPITAL

A right setting of human capital within JCorp that breeds innovative, creative and highly engaging staff which improves JCorp both tangibly and intangibly through its business returns and a greater company culture.

Total number of employees

2,162

Total training hours

27,456.5

Total cost of training

RM1,091,299.12

Employee engagement index/score

81%

Average training hours per employee

12.7



INTELLECTUAL CAPITAL

Intellectual capital refers to our brand value as well as product and service quality



SOCIAL AND RELATIONSHIP CAPITAL

From the strong key stakeholder relationships that we create; as a result of it intangibly associating itself with JCorp's brand and reputation, our business enabling environment has qualitatively soared to a greater height.



NATURAL CAPITAL

Renewable and non-renewable resources consumed by the Company.

Electricity consumption:

31.66 million kW/h*

- Cross ventilation air-flow analysis to reduce heat island effect
- Maximise daylight with efficient design
- Use of energy efficient lighting i.e. LED bulbs
- Use of renewable energy i.e. solar energy

- Economic Performance
- Indirect Economic Impacts

- Product and Service Quality

- Employment (Including Diversity & Inclusion and Training & Development)
- Occupational Health and Safety

- Indirect Economic Impacts (incl. Digital Transformation)
- Product and Service Quality

- Anti-Corruption
- Local Communities
- Security Practices

- Biodiversity
- Environmental Compliance
- Natural Resources (Including Energy and Water)

STRATEGIC GOAL

- Corporate Restructuring and Investment Management
- Financial Restructuring
- Organisational Redesign
- Digital Transformation
- Reinforcing Governance
- Inclusiveness

STRATEGIC FOCUS AREAS

- Achieve high sales target
- Propel growth through efficient capital structure
- Optimise resources; both land banks and skill sets, to create value
- Diversify into new markets and business
- To complement internal strength through strategic partnership





Driven by our **MISSION**
MEMBINA DAN MEMBELA



Underpinned by...
Developing a mindset towards a
DIGITALLY DRIVEN ORGANISATION

Market Trends Shaping Our Business

- Urbanisation
- Industrialisation
- Digitalisation
- Population growth and population age
- Changes in demand-supply fundamentals
- Accessibility, mobility and connectivity
- Market volatility

- Pandemic Risk
- Market Risk
- Competition Risk
- Political & Regulatory Risk

- Forex Risk
- Geopolitical Risk
- Cyber Security Risk
- Workplace Health And Safety Risk



OUTPUT

AGRIBUSINESS

- Harvesting of Fresh Fruit Bunches
- Production of Crude Palm Oil and Palm Kernel

WELLNESS & HEALTHCARE

- Increased capacity of hospitals
- Increase the number of beds
- Strengthening current market in Indonesia, Indo China (Myanmar and Vietnam), Bangladesh and the Middle East.

FOOD & RESTAURANT

- Offering safe and reliable foods
- Providing foods in response to diverse lifestyles
- Expanding our lineup of health-conscious products

PROPERTY

- Construction and sale of residential and commercial properties
- Rental of commercial properties

OUTCOMES



FINANCIAL CAPITAL

- Revenue of RM11.3 billion
- Net profit of RM170 million
- Net assets per share of 162 sen



MANUFACTURED CAPITAL

- RSPO and MSPO Certified estates and mills
- GBI certified office building
- Halal certified manufacturing sites
- Pioneer in Euro5 diesel



HUMAN CAPITAL

- Total staff cost RM658 million
- 5.5% reduction in Lost Time Injury Frequency Rate against 2020
- 21% of senior management roles held by women
- Zero non-compliance cases related to human and labour rights



INTELLECTUAL CAPITAL

- Distribution and manufacturing of fill and finish Sinovac COVID-19 vaccine
- Successful launching of new products
- Conducting virtual marketing, working and seminar during pandemic
- R&D, technology and digitalisation to optimise productivity



SOCIAL & RELATIONSHIP CAPITAL

- 60 local vendors under our Vendor Development Programme
- Assisting the MOH in distributing 20.4 million doses of Sinovac Covid-19 vaccine
- Launched Yayasan JCorp



NATURAL CAPITAL

- Zero non-compliance incidents against applicable environmental regulations
- 33% reduction in Greenhouse Gas (GHG) intensity against 2020
- 28% reduction in water withdrawal intensity against 2020
- Increasing utilisation of renewable sources of energy i.e. biomass and solar energy

VALUE WE CREATE

CUSTOMERS/ CLIENTS

STAKEHOLDER VALUE CREATED

- Quality lifestyle from sustainable products in township developments and vertical communities that meet and exceed customer demand
- Appreciation in property value as they mature due to thorough and strategic master-planning
- High level of project management to deliver quality infrastructure on time and within budget

VALUE FOR JCORP

- Challenges in meeting deliverables due to financial, operational or other reasons beyond our control
- Challenges in meeting high expectations of our people-centred, environmentally-conscious brand promise
- Challenges in keeping up with ever-changing trends and customer demand

RISK

- Healthy sales of properties, ensuring steady cash inflow to support ongoing projects and new developments
- Enhanced market reputation as a reliable and trustworthy property developer that also ensures holistic and sustainable lifestyles
- Strengthened track record facilitating the award of more infrastructure projects regionally

OPPORTUNITIES

- Embrace the latest technologies to enhance efficiencies and offer the best products to customers/clients at the best price points
- Introduce new digital channels of communication with customers/clients and maintain an open dialogue
- Increase the skills, experience and capabilities of our employees to remain relevant

BUSINESS INITIATIVES

- Embrace the latest technologies to enhance efficiencies and offer the best products to customers/clients at the best price points
- Introduce new digital channels of communication with customers/clients and maintain an open dialogue
- Increase the skills, experience and capabilities of our employees to remain relevant

RELATED CAPITALS	RELATED MATERIAL MATTERS

SHAREHOLDERS, INVESTORS/FINANCIERS AND ANALYSTS

STAKEHOLDER VALUE CREATED

- Quality lifestyle from sustainable products in township developments and vertical communities that meet and exceed customer demand
- Appreciation in property value as they mature due to thorough and strategic master-planning
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BUSINESS OPPORTUNITIES

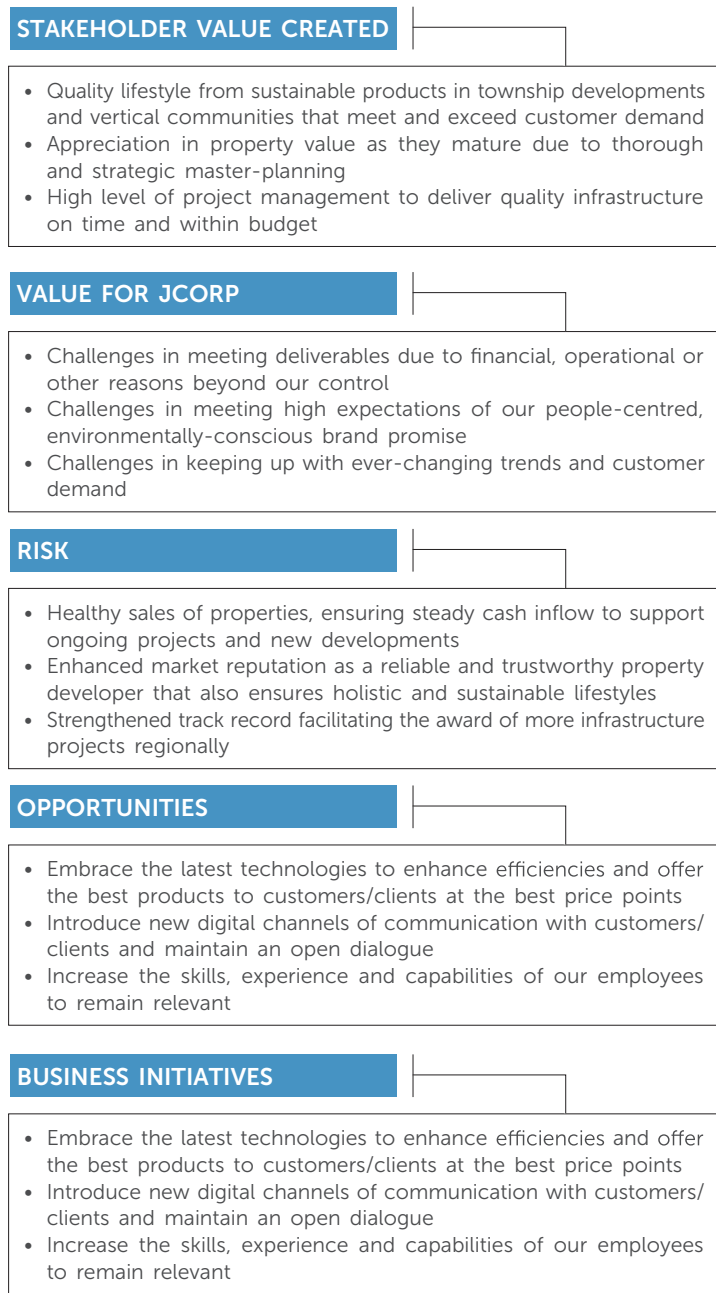
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RELATED CAPITALS	RELATED MATERIAL MATTERS

BUSINESS PARTNERS




RELATED CAPITALS	RELATED MATERIAL MATTERS

MEDIA



RELATED CAPITALS	RELATED MATERIAL MATTERS





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MARKET REVIEW AND OUTLOOK

NAVIGATING THE BUSINESS TERRAIN: A COMPREHENSIVE MARKET OVERVIEW AND FUTURE OUTLOOK

The companies within our portfolio are not immune to the ebbs and flows of market dynamics and operating conditions. To ensure peak performance, it is crucial to not only be aware of these forces but also to proactively adapt to emerging trends. In this section, we'll explore key global and local trends that are influencing our strategic direction and shaping our outlook for the market.

MARKET DYNAMICS UNVEILED

Understanding the Global Landscape

Our businesses are part of a dynamic global economy, and staying attuned to its fluctuations is paramount. This report highlights how international factors, including geopolitical shifts and economic developments, impact our operations.

Sector-Specific Insights

Delving into the unique sectors our companies operate in, we examine the trends shaping their landscapes. Whether it's adapting to changing consumer behaviours or capitalising on sustainable practices, we dissect the sectoral dynamics that influence our businesses.

Regulatory Winds of Change

The report sheds light on the evolving regulatory landscape, emphasising the significance of aligning with environmental, social, and governance (ESG) standards. Understanding and navigating these regulatory shifts is crucial to our long-term sustainability.

OPERATING CONDITIONS EXPLORED

Embracing Technology for Excellence

From digitalisation to artificial intelligence, we explore how technological advancements are revolutionising our operations. The year has thus seen our companies integrating cutting-edge technologies to boost efficiency.

Building Resilience in Supply Chains

In response to the disruptions faced in global supply chains, our companies are re-imagining their strategies. We undertook appropriate initiatives to fortify our supply chains, ensuring resilience in the face of uncertainties.

NAVIGATING GLOBAL CHALLENGES: A RESILIENT RESPONSE IN 2022

The global economic landscape in 2022 presented unprecedented challenges, influenced by factors such as geopolitical tensions, and supply chain disruptions. Three years post the global economic recession triggered by the COVID-19 pandemic, the world economy continues to grapple with challenges, hindering progress towards vital global goals. In managing the impact of the persisting economic conditions, JCorp has weathered these challenges, assessed the impact on our diverse portfolio and adopted strategic responses to ensure resilience and sustainable growth.

We have demonstrated resilience through strategic responses aimed at navigating uncertainties and positioning for future growth. Key initiatives include:



Adaptive Supply Chain Strategies:

JCorp focused on optimising supply chains, introducing flexibility, and adopting agile sourcing practices to mitigate disruptions and enhance resilience.



Innovation and Digital Transformation:

Embracing innovation and digitalisation, our group of companies sought operational efficiency gains, ensuring adaptability to evolving market demands and technological advancements.



Sustainability Integration:

We committed to sustainability, aligning corporate strategies with environmental, social, and governance (ESG) principles, recognising the importance of responsible business practices.

GLOBAL AND REGIONAL OUTLOOK

This deceleration is attributed to ongoing efforts to tighten monetary policies, aimed at curbing high inflation. A modest recovery is anticipated in 2024, with a growth rate of 2.4%. However, tight global financial conditions and subdued external demand are likely to pose challenges to the growth of emerging market and developing economies.

Projections for many countries have been revised downward over the forecast horizon. While some upgrades were seen at the beginning of 2023 due to stronger-than-expected data, these were overshadowed by subsequent downgrades. Inflation has remained persistent but is expected to gradually decrease as demand weakens and commodity prices stabilise, provided longer-term inflation expectations remain stable.

There is a potential for global growth to be weaker than anticipated, particularly if there is more widespread stress in the banking sector or if persistent inflation pressures lead to tighter-than-expected monetary policies. The combination of weak growth prospects and heightened risks in the near term compounds a long-term slowdown in potential growth. This deceleration has been exacerbated by various factors, including the overlapping impacts of the pandemic, the Russian Federation's invasion of Ukraine, and the significant tightening of global financial conditions.

“
After a growth of **3.1%** last year, the global economy is expected to slow significantly in 2023 to **2.1%**. ”

MALAYSIAN OUTLOOK

The Malaysian economy is poised for robust growth in 2023, with a projected expansion ranging between 4.0% and 5.0%. This optimistic outlook is underpinned by strong domestic demand, reflecting the resilience and adaptability of the Malaysian market. As a key participant in this economic milieu, JCorp stands to benefit from the conducive growth environment.

While the domestic front is robust, it is imperative to recognise the nuances of global trade. Export and import growth are anticipated to moderate in 2023. This calls for strategic considerations within JCorp's portfolio, especially for entities directly impacted by international trade dynamics.

Inflation projections for 2023 indicate a balanced outlook, with both headline and core inflation averaging between 2.8% and 3.8%. This stable economic backdrop allows for prudent fiscal management and strategic resource allocation within JCorp. The Malaysian monetary policy for 2023 remains supportive of both economic growth and price stability, providing a favourable environment for long-term planning and development.

Our strategic considerations include leveraging the anticipated strength in domestic demand through targeted investments, diversification, and expansion strategies. In response to projected inflation rates, we are encouraged to implement inflation-adjusted strategies, including proactive cost management and investments in less inflation-sensitive sectors. Additionally, with a supportive monetary policy environment, we have the opportunity to explore strategic investments aligned with the national economic agenda. Capitalising on favourable interest rates and financing conditions can facilitate growth initiatives and innovation within the group.

KEY MARKET TRENDS

In our commitment to providing a comprehensive view of JCorp's performance in 2022, we present a detailed analysis of key market trends that influenced our operations and strategies throughout the year.



DIGITAL TRANSFORMATION - A PERVASIVE FORCE

Digital transformation remained a pervasive force in the business landscape. The ongoing COVID-19 pandemic expedited the need for companies to adopt digital solutions, not only as a means to mitigate disruptions but as a strategic driver for growth. At JCorp, we recognised that the digital revolution was reshaping industries and consumer expectations. To address this, we invested in enhancing our digital capabilities across the value chain, from customer engagement to supply chain optimisation. This included adopting advanced technologies such as AI and data analytics to gain a competitive edge.



SUSTAINABILITY - A GROWING IMPERATIVE

Sustainability emerged as an increasingly significant trend in 2022. Stakeholders, from consumers to investors, were placing greater emphasis on environmental and social responsibility. JCorp responded by intensifying efforts to reduce our carbon footprint and promote responsible sourcing and waste reduction. Our commitment to sustainability was not only a matter of corporate social responsibility but also a strategic approach to meeting evolving consumer demands and adhering to regulatory requirements.



GLOBAL SUPPLY CHAIN DISRUPTIONS - RESILIENCE MATTERS

Supply chain disruptions and vulnerabilities came to the forefront of market trends. Factors like port congestion, transportation challenges, and geopolitical tensions underscored the need for supply chain resilience. JCorp took proactive measures to enhance supply chain visibility and diversify suppliers, thereby ensuring the availability of essential materials and minimising disruptions.



CHANGING CONSUMER PREFERENCES - HEALTH, WELLNESS, AND SUSTAINABILITY

2022 witnessed a transformation in consumer preferences, with a growing demand for products and services that prioritise health, wellness, and sustainability. JCorp recognised the need to adapt to these shifts and align our offerings with these trends. This involved product innovation and a commitment to responsible sourcing and production.



GLOBAL MARKET VOLATILITY - A FACT OF BUSINESS LIFE

Global market volatility remained a fact of life for businesses. Currency fluctuations, economic uncertainties, and geopolitical developments continued to impact international trade and financial markets. JCorp maintained a vigilant approach to managing financial risks, including diversifying investment portfolios and implementing effective hedging strategies.

In conclusion, the year 2022 was marked by several key market trends that have shaped our strategic direction at JCorp. These trends, including digital transformation, sustainability, supply chain resilience, changing consumer preferences, and global market volatility, have not only presented challenges but also opportunities for innovation and growth. We remain committed to adapting to this evolving landscape and capitalising on these trends as we move forward in our journey to create sustainable value for all our stakeholders.

SECTORAL MARKET TRENDS AND IMPACT

Agribusiness

In 2022, oil palm products experienced a stellar performance, particularly with Crude Palm Oil (CPO) reaching an average trading price of RM5,087.50/MT - a remarkable 15.4% increase from the previous year. Several factors contributed to this surge, including Argentina's severe drought, the Ukraine-Russia conflict, and the depreciation of the ringgit against the US dollar. This confluence of events propelled CPO prices to unprecedented heights.

Looking ahead to 2023, the upward trajectory is anticipated to persist, with CPO prices projected to maintain their high standing within the range of RM4,000/MT to RM4,200/MT. The forecast takes into consideration the continued impact of global events and currency dynamics that influenced the market in the preceding year.

Anticipated changes in CPO production and stocks further shape the outlook for 2023. CPO output is predicted to increase by a notable 3.0%, reaching a total of 19 million MT. This growth is fuelled by various factors, including favourable weather conditions and continued cultivation efforts. Concurrently, stocks are expected to see a notable decline of 8.7%, primarily attributed to heightened export demand - a testament to the sustained global appetite for this crucial commodity.

In summary, the outstanding performance of oil palm products in 2022 sets the stage for a continued positive trend in 2023, with CPO prices remaining robust and production experiencing growth while stocks decrease due to heightened export demand. The industry is poised for another year of resilience and potential, building on the momentum established in the preceding year.

Volatility of vegetable oil prices

Weather conditions, geopolitical climate, fertiliser prices, and labour availability all have an impact on the price of edible oils, particularly palm oil. As production grows, so does demand for palm oil, affecting competitors such as soybean, rapeseed, and sunflower oils.

IMPACT

The Russia-Ukraine war and Argentina's drought in 2022 increased sunflower oil and soybean production, increasing demand for palm oil. As a result, CPO prices reached an all-time high of RM6,873/tonne in May 2022. Prices are likely to stabilise in 2023, although they will continue to be influenced by global demand, tariff structures, geopolitical concerns, biodiesel requirements, and inventory levels in Indonesia and Malaysia.

(Source: World Bank)

RESPONSE

The company increased its plantation acreage by acquiring 818 ha of Air Manis Estate from SCSB. Aside from that, they filled labour shortages by bringing in 1,300 foreign workers, which resulted in a 7.36% rise in FFB production as well as better PPY and YPH.

OUTLOOK

FAO forecasts that global oilseed production will reach an all-time high in 2022/23, with soyabean and rapeseed outputs offsetting sunflower seed and palm oil outputs, resulting in a small increase in CPO prices.

KEY MARKET TRENDS

Increased digitalisation and mechanisation focus

Plantations are investing more in mechanisation to enhance operations and reduce dependence on manual labour. The incorporation of digital technology has not only streamlined organisation and strategic planning but has also improved decision-making. The pandemic has accelerated digitisation, creating opportunities for individuals with physical limitations to share information seamlessly.

IMPACT

Artificial intelligence, IoT, and data analysis are fast revolutionising the plantation management business, making it critical for companies to incorporate these technologies to remain competitive and explore precision agriculture.

RESPONSE

The organisation is undertaking a five-year Digital Transformation initiative (2021-2025) to become digitally-driven. This involves upgrading call gateways, migrating systems to private clouds, improving internet connectivity, and optimising ERP solutions. Additionally, they plan to integrate GIS dashboards, nursery modules, and taskforce modules into the KPlant app.

OUTLOOK

In the agricultural sector, digital processes are projected to improve operational and economic efficiencies, enabling 100% traceability and precision farming. Smart irrigation allows for high-value crop production independent of rainfall risk.

Supply chain Management, Traceability and Disruption

Plantations must demonstrate responsible palm oil production across the supply chain through traceability, ensuring the absence of deforestation or socially undesirable practices. Demand for traceability extends from manufacturers to end consumers in the palm oil industry.

IMPACT

Palm oil's popularity for affordability is met with a growing global push for sustainability. Responsible manufacturers seek certifications for themselves and suppliers. The Malaysian palm oil industry grapples with challenges from historical plantings, climate, labour shortages, and the Russia-Ukraine conflict, impacting yield, productivity, and influencing planting decisions and vegetable oil crop profitability

(Source: The LMC Oilseeds and Oils Report 2022).

RESPONSE

Kulim, a founding member of the RSPO since 2004, acts in accordance with its Principles and Criteria, assuring no deforestation, harm to wildlife habitats, and indigenous community preservation. They have more RSPO-certified estates and mills, are 100% certified, and use the Palm Trace RSPO traceability system. They urge smallholders to get certified and offer technical assistance.

OUTLOOK

The escalating concerns around sustainability are placing heightened expectations on plantations to ensure complete traceability of palm oil. Kulim aims to achieve 100% traceability by 2025 and is actively encouraging smallholders with incentives to attain RSPO certification.

Food Security and Food Supply

The global count of people facing insecure access to nutritious food has risen sharply to over 345 million, doubling since 2020. This surge is attributed to factors like political conflicts, economic challenges, extreme weather events, and escalating fertiliser prices. The World Bank's 2023 Global Report highlights seven nations grappling with hunger, further exacerbated by the COVID-19 pandemic, which has underscored supply chain disruptions.

IMPACT

Oil palm plantations face growing demands to operate responsibly, minimise environmental impact, and generate social value for local communities.

RESPONSE

Kulim strategically restructured its business, emphasising plantation and agrifood. Key milestones include the acquisition of KARA Holdings Sdn Bhd, expanding intensive agricultural acreage. Operations have been comprehensively enhanced through diversifying the vegetable range, increasing livestock, and optimising vegetable production.

OUTLOOK

The Malaysian government seeks self-sufficiency through the implementation of the National Food Security Policy Action Plan 2021-2025 and the National Agri-Food Policy 2021-2030 (DAN 2.0). Aligned with FAO's four pillars, these strategic plans prioritise aquaculture, cattle breeding, grain production, youth agrifood, and research and development investments.

Sustainability Concerns

The palm oil industry contributes to environmental challenges such as deforestation, peatland loss, and fires, resulting in an increased carbon footprint and climate change. Land removal also fragments natural areas, harming biodiversity and socially distancing indigenous tribes from their ancestral lands.

IMPACT

Oil palm plantations are under increasing pressure to operate responsibly, minimise environmental effect, and create social value for local communities.

RESPONSE

The company adheres to industry gold standards and will launch a new ESG Framework in 2022. They plan to cut GHG emissions by 2025 and reach zero net emissions by 2050. They save 1,131.1 acres of HCV land and prioritise community involvement as an ESG element.

OUTLOOK

The European Union has instituted a ban on palm oil imports due to sustainability concerns, specifically focused on deforestation. The RED directive seeks to prohibit the use of palm oil biodiesel. In response, Malaysia's MSPO certification, designed to eliminate deforestation, has prompted collaborative efforts between the Malaysian government and EU counterparts to address sustainability issues.

KEY MARKET TRENDS

Wellness & Healthcare

In 2023, the healthcare industry is anticipated to witness growth as patients resume seeking non-elective treatments in private institutions, and the re-opening of international borders contributes to a surge in health tourism. Nevertheless, the global economic downturn and inflationary pressures may pose challenges to both demand and expenses. Malaysia's GDP growth is expected to decelerate to 4-5% in 2023. The conclusion of China's zero-COVID policy will impact global growth and the healthcare tourism sector. Despite these potential short-term challenges, the industry remains committed to long-term growth.

Digitalisation and Innovation in Healthcare

IMPACT

Wearables and preventive healthcare drive increased consumer use of technology for wellness tracking, while digital age streamlines operations for economies of scale.

RESPONSES

The pandemic inspired the introduction of digital health practices such as virtual care, telehealth, telemedicine, remote patient monitoring, and omnichannel-enabled member care, with the goal of empowering patients, giving direct access, personalised engagement, and improving data-driven patient care.

Pricing and greater demand for transparency

IMPACT

Transparency of care plans and costs is still important to patients who are becoming more involved in controlling their health.

RESPONSES

Transparent pricing methods and proactive cost disclosures in bundled healthcare services prioritise people by personalising treatment to individual circumstances, attitudes, and behaviours, giving providers more flexibility and levelling the playing field.

Privacy and security risks

IMPACT

Due to sensitive data such as medical records, insurance, and personal information, healthcare providers confront privacy and security issues. Data breaches can result in identity theft or medical fraud, and cyber criminals take advantage of flaws.

RESPONSES

Healthcare providers implement robust data security protocols, train employees, and stay updated on threats and regulations to mitigate risks and maintain data privacy.

Patient Empowerment

IMPACT

In a patient-centric healthcare system, patients are active partners in their relationships with healthcare providers, which leads to improved clinical outcomes and patient satisfaction. This paradigm shift will also benefit healthcare providers by helping to lower costs.

RESPONSES

This paradigm shift will also benefit healthcare providers by helping to lower costs. Patient empowerment is increasing in the healthcare business, owing mostly to increased digitisation, financial restrictions, and a shift in perceptions towards what constitutes a patient-healthcare provider relationship.

Demographic Trends

IMPACT

Malaysia's population is aging, with live births dropping 6.5% to 439,744 in 2021. Life expectancy is rising to 73.4 years, indicating an ageing population by 2030, with over 15% of the population aged 60 and above.

RESPONSES

Given that healthcare expenditure often climbs steeply with age, this demographic transition will not only be a dominant trend, but also a very sustainable one and beneficial to the healthcare business.

KEY MARKET TRENDS



Food & Restaurant

As the majority of nations move towards COVID-19 endemicity, the global economic landscape has faced challenges in 2022, marked by escalating inflationary pressures, surging commodity and food prices, disruptions in global supply chains, and the ongoing Russia-Ukraine conflict.

Despite the overall slowdown in the global economy, Malaysia anticipates a GDP growth ranging from 4% to 5% in 2023. This growth is attributed to robust domestic demand, a thriving services sector, and sustained export activities. The easing of travel restrictions and the re-opening of international borders have ushered in new opportunities for the food and beverage industry, capitalising on heightened consumer confidence and increased demand.

To leverage these opportunities, the Group is emphasising cost-cutting and operational strategies while enhancing marketing and promotional activities. This involves presenting distinctive food and beverage options, cultivating digital partnerships, introducing limited-edition collaborations with local designers, and offering diverse product deals on weekends and holidays to increase store traffic.

Despite the prevailing operational uncertainties, JCorp remains agile in its approach, navigating challenges while steadfastly committed to enhancing customer experiences. Our ongoing expansion plans also play a pivotal role in creating employment opportunities, addressing the unemployment gap caused by the epidemic and contributing to the overall economic recovery of the country.



Real Estate & Infrastructure

In the aftermath of the pandemic, we find ourselves navigating through a landscape filled with challenges and opportunities for growth. The rising tide of digitalisation and the increasing emphasis on sustainability provide a unique window for us to position ourselves as a modern and forward-thinking business entity. Embracing these trends not only aligns us with current market demands but also ensures our relevance in a rapidly evolving business environment.

Simultaneously, addressing global economic challenges necessitates a keen awareness of evolving employee needs and a commitment to maintaining cost excellence. By staying attuned to the dynamic needs of our workforce and ensuring cost-effectiveness in our operations, not only can we weather the challenges posed by the global economic landscape but we can also forge a resilient and adaptive path forward. This dual focus on contemporary practices and economic acumen positions us strategically to thrive in the post-pandemic era.

Macroeconomic challenges

Global economic growth is anticipated to drop. This slowdown is noticeable in major economies such as the United States, the Eurozone, and China, and it is affecting worldwide enterprises.

IMPACT

Risk: Investment mood is deteriorating because of inflation, margin erosion, and contract inability.

Opportunities: cost reductions and efficiency include exploiting cost advantage, agility, and technology-driven asset management solutions.

Everything Is Being Digitalised

IR4.0 technologies such as IoT, AI, and automation are revolutionising businesses throughout the world, driving cost and operational savings. Competing and prospering on a global scale requires efficiently exploiting digital technology while reducing cybersecurity and data privacy risks.

IMPACT

Risks: Industry competition being hampered by digitalisation issues, contract loss, personnel retention, and cyber-attacks affecting services, price, and intellectual property.

Opportunities: Increasing revenue, opening new business prospects, optimising operations, and improving cyber-readiness through technology-based solutions, digitalisation, and cybersecurity technologies.

Economy Transition to A Low-Carbon Economy

Climate change urgency drives business sustainability, with Malaysian corporations embracing net-zero objectives and contributing to the government's 45% reduction in carbon intensity by 2023.

IMPACT

Risks: Failure to comply with environmental standards can result in market loss, contract renewal issues, and a terrible reputation, all of which can have an influence on financial performance.

Opportunities: Accelerating expansion as an industry leader in sustainability through the introduction of technological solutions.

Transforming Workforce Challenges

The epidemic has resulted in mixed work arrangements, with employees emphasising overall well-being. To future-proof personnel and adapt to global presence, businesses must give training in digital technology, sustainability, and other vital areas.

IMPACT

Risks: Failure to satisfy employee expectations may result in decreased competitiveness, lower retention, and a failure to accomplish targets, as well as issues in technology integration, sustainability, and cyber security.

Opportunities: A leading employer prioritises purpose-fit engagements to recruit and retain people through hybrid work formats.

MATERIAL MATTERS

A FOUNDATION FOR SUSTAINABLE VALUE CREATION

In the pursuit of sustainable growth and value creation, JCorp places a strategic emphasis on identifying and addressing Material Matters within its Integrated Annual Report for the year 2022.

Material Matters to us are those critical aspects that wield substantial influence over our financial performance and, concomitantly, our ability to create lasting value and execute our strategic vision. The proactive approach of identifying and managing key factors that significantly impact JCorp's performance and strategic direction. It enables us to enhance financial resilience by navigating economic challenges, capitalising on opportunities, and mitigating risks.

Material Matters also encapsulate core elements essential for sustainable value creation, aligning actions with JCorp's overarching strategy and meeting stakeholder expectations. Strategic clarity is achieved by focusing on the most impactful issues, enabling efficient resource allocation and goal precision. Moreover, by addressing Material Matters, JCorp safeguards its reputation, builds trust, and fosters positive relationships with stakeholders, contributing to enduring success in today's interconnected business landscape.

JCorp identified several Material Matters during 2022 that had a significant impact on its operations, including:

01

Pandemic Response

The ongoing management of the COVID-19 pandemic took centre stage, demanding constant adaptation to evolving safety measures. We prioritised the well-being of our workforce and stakeholders, implementing robust strategies to navigate the uncertainties posed by the pandemic.

04

Sustainability Initiatives

Our commitment to sustainability emerged reflects our dedication to environmental responsibility. Meeting regulatory requirements and advancing sustainability initiatives became integral to the corporate strategy, demonstrating a long-term commitment to social and environmental stewardship.

02

Economic Recovery

The pace of economic recovery and the return to pre-pandemic levels of activity played a pivotal role in influencing JCorp's financial performance. We closely monitored economic indicators, adapting our strategies to align with the dynamic recovery landscape.

03

Supply Chain Resilience

In the face of global challenges, ensuring the resilience of supply chains became a critical Material Matter. We implemented measures to mitigate potential disruptions, emphasising the importance of a robust and adaptive supply chain in maintaining operational continuity.

05

Competitive Landscape

The competitive landscape posed challenges with intense competition across various sectors. We responded with strategic agility and innovation, navigating the dynamic market conditions to maintain and enhance our market position.





KEY RISKS AND MITIGATION

UNDERSTANDING CHALLENGES AND SAFEGUARDING SUCCESS

To promote and ensure transparency and effective risk management, JCorp acknowledges and addresses key risks identified during the fiscal year 2022. These risks, encompassing both internal and external factors, are carefully assessed to ensure a comprehensive understanding of potential challenges. The risks, impacts, and the opportunities they present are as follows:





INVESTMENT RISK

Potential exposure towards investment risk, arising from inability to generate sufficient shareholder return and dividend income.

MITIGATION STRATEGIES	IMPACT	LINK TO
<p>JCorp employs a comprehensive Investment Management approach to mitigate underperformance risks. This includes regular portfolio reviews, risk assessments, and alignment with ESG principles, investment objectives, and JCorp's mission of "Membina" and "Membela". Active engagement with investment partners ensure swift adaption to market dynamics.</p>	<p>Potential financial losses, diminished shareholder return.</p>	<p>Capitals Impacted:</p> 
<p>OPPORTUNITIES</p>		<p>LINK TO</p>
<p>Through prudent risk management, JCorp can identify to optimize and redirect resources toward high-performing assets or explore investment opportunities that align with the organization's strategic objectives.</p>		<p>Material Matters:</p> 
		<p>LINK TO</p>
		<p>Stakeholders</p> 
		<p>LINK TO</p>
		<p>Strategy</p> 

COMPLIANCE & REGULATORY RISK

Non-compliance with regulations and accreditation requirements may lead to legal repercussions, reputational damage, and operational disruptions.

MITIGATION STRATEGIES	IMPACT	LINK TO
<p>JCorp maintains a robust compliance framework, conducts regular audits, control self-assessments and invests in ongoing training to ensure that all operations adhere to relevant regulations. Proactive engagement with regulatory bodies fosters a collaborative approach to compliance.</p>	<p>Legal penalties, reputational damage, operational disruptions.</p>	<p>Capitals Impacted:</p> 
<p>OPPORTUNITIES</p>		<p>LINK TO</p>
<p>Adherence to compliance not only mitigates risks but also positions JCorp as a responsible corporate citizen, potentially enhancing its reputation and stakeholder trust.</p>		<p>Material Matters:</p> 
		<p>LINK TO</p>
		<p>Stakeholders</p> 
		<p>LINK TO</p>
		<p>Strategy</p> 



FINANCIAL RISK

Unforeseen economic downturns or market fluctuations can adversely impact JCorp's financial performance.

MITIGATION STRATEGIES	IMPACT
<p>Prudent financial planning, scenario analysis, and the establishment of contingency funds are integral to mitigating financial risks. Dynamic financial modeling aids in anticipating and responding to market changes.</p>	<p>Erosion of profitability, liquidity challenges.</p>
<p>OPPORTUNITIES</p> <hr style="border-top: 1px dotted #ccc;"/> <p>Strategic financial planning enables JCorp to identify potential cost-saving measures, explore new revenue streams, and optimise resource allocation.</p>	



[LINK TO](#)

Capitals Impacted:



[LINK TO](#)

Material Matters:



[LINK TO](#)

Stakeholders

[LINK TO](#)

Strategy

NATURAL DISASTER RISK

The ongoing threat of pandemics or natural disasters can disrupt operations, supply chains, and overall business continuity.

MITIGATION STRATEGIES	IMPACT
<p>Robust crisis management plans, diversified supply chains, and the integration of technology for remote operations enhance JCorp's resilience. Collaborative efforts with local communities' aid in disaster preparedness and recovery.</p>	<p>Operational disruptions, supply chain interruptions, reputational damage.</p>
<p>OPPORTUNITIES</p> <hr style="border-top: 1px dotted #ccc;"/> <p>The focus on disaster preparedness presents an opportunity for JCorp to showcase resilience, strengthen community ties, and potentially gain competitive advantages by navigating challenges more adeptly than peers.</p>	

[LINK TO](#)

Capitals Impacted:




[LINK TO](#)

Material Matters:






[LINK TO](#)

Stakeholders




[LINK TO](#)

Strategy

ENVIRONMENTAL RISK

Environmental risks encompass challenges related to climate change, pollution, resource depletion, and regulatory changes impacting JCorp's operations and its broader ecosystem.

MITIGATION STRATEGIES

JCorp integrates sustainable practices into its operations, adheres to environmental regulations, and invests in eco-friendly technologies. JCorp actively engages in monitoring and reporting on its environmental footprint.

IMPACT

Potential regulatory fines, reputational damage, operational disruptions, and long-term environmental harm.

OPPORTUNITIES

By proactively addressing environmental risks, JCorp can enhance its brand reputation, attract environmentally conscious stakeholders, and identify innovative solutions that contribute to both ecological and financial sustainability.

LINK TO

Capitals Impacted:



LINK TO

Material Matters:



LINK TO

Stakeholders



LINK TO

Strategy



OUR GROWTH STRATEGY

EMPOWERING GROWTH THROUGH JCORP 3.0

JCorp 3.0, our strategic roadmap, charts the course for JCorp's sustainable expansion and leadership. It shapes a future where our core businesses - Agribusiness, Wellness & Healthcare, Food & Restaurants, and Real Estate & Infrastructure - stand as leaders in their respective industries.

Rooted in the belief that future-proofing necessitates digital and ESG-driven, responsive, agile, and innovative strategies, JCorp is committed to building resilient businesses that can swiftly adapt to new market paradigms and capitalise on emerging opportunities.

THRUSTS DRIVING GROWTH

OBJECTIVES

Financial Restructuring

To optimise financial resources, ensuring sustainability and efficient capital allocation.

Corporate Restructuring & Asset Rationalisation

Enhancing operational efficiency and resource utilisation.

Intangible Asset Development

To harness the value of intangible assets such as brand reputation, intellectual property, and innovation.

STRATEGIES

Financial Restructuring

Implement cost-efficiency measures, optimising capital structure, and diversifying revenue streams for financial resilience.

Corporate Restructuring & Asset Rationalisation

Streamline business units, divesting non-core assets, and rationalising the asset portfolio to enhance overall corporate performance.

Intangible Asset Development

Invest in brand building, ESG, organisation redesign, digital transformation and future of work to create sustainable competitive advantages.

FOSTERING GROWTH THROUGH STRATEGIC IMPERATIVES

OBJECTIVES

Build & Strengthen Resilience & Agility

To fortify JCorp's ability to navigate challenges and swiftly execute strategies in dynamic environments.

Grow Sustainable Businesses

To cultivate a portfolio of industry champions, positioning JCorp as a leader (#1 or #2) in its endeavours.

Knowledge-Building Proficiencies

To position JCorp as a knowledge-based and learning organisation, fostering continuous growth and adaptation.

STRATEGIES

Build & Strengthen Resilience & Agility

- Strengthen organisational resilience through strategic planning and risk management.
- Cultivate an agile mindset to adapt swiftly to changing market dynamics.
- Ensure the efficient execution of strategies to deliver optimal results even in challenging circumstances.

Grow Sustainable Businesses

- Drive a comprehensive transformation across the organisation, emphasising 'non-negotiable targets' that unlock significant value.
- Prioritise sustainability in business practices, contributing to long-term environmental and social well-being.
- Ensure that every business venture aligns with the overarching goal of sustainable growth and industry leadership.

Knowledge-Building Proficiencies

- Invest in learning and development initiatives to build a workforce that embraces knowledge as a cornerstone of success.
- Promote a culture of continuous learning, innovation, and adaptability.
- Leverage knowledge-building proficiencies to enhance decision-making, problem-solving, and overall organisational effectiveness.

STRATEGIC ACHIEVEMENTS IN 2022

Key strategies

Achievements in 2022

Focus in 2023

Financial restructuring

1. AAA-rated Sukuk issuance for redemption of RM1.8 billion FGG Sukuk.
 2. Full repayment of SPV loans amounting to RM136 million – Phoenix Progress as part of the debt consolidation initiative.
 3. Capital structure review – struck-off 7 dormant companies:
 - Alpha Primus Anonymous Sdn Bhd
 - New Wave Health Sdn Bhd
 - Rajaudang Sdn Bhd
 - Aquabuilt Sdn Bhd
 - JCorp Intrapreneur (M) Bhd
 - Classruum Technologies Sdn Bhd
 - JSEDC Properties Sdn Bhd
 4. Tax exemption for agribusiness reorganisation amounting to RM379 million.
- Issuance of state-guaranteed Sukuk RM1.5 billion.
 - Eliminate SPV loans and consolidate debts at holding entity level.
 - Free up collaterals worth RM2.5 billion.

Corporate restructuring & asset rationalisation

1. Completion of disposal of Tanjung Langsat port.
 2. Completion of disposal of non-core companies:-
 - Makmuran Veneer & Plywood Sdn Bhd
 - Syarikat Pengangkutan Maju Bhd Group
 - Virtualflex Sdn Bhd
 - Kara Holdings Sdn Bhd Group
 3. Completion of Kulim Group internal reorganisation.
 4. Advanced stage for the following:-
 - Readiness of Kulim & QSR monetisation exercise
 - Selective Capital Repayment & Reduction (“SCR”) by Damansara Holdings Bhd (“DHB”)
 - REID Restructuring – Equity transfer & land sales
 - Disposal of oil palm assets.
- Completion of SCR of DHB.

Intangible asset development

1. Identification of intangible assets at JCorp & Group level.
 2. Introduction of Rapid Innovation & Technology Excellence (RITE) framework.
 3. Establishment of ESG Policy & framework.
 4. Completion of operational redesign initiative in holding entity.
- Commercialisation and branding of high-yielding oil palm planting material.
 - Towards achieving 30% of female representation in the Board at Group level.
 - Towards establishing a waste baseline to track all types of generated waste.
 - Capacity building & competencies towards fostering high performance teams.

GROUP FINANCIAL REVIEW

In the fiscal year 2022, JCorp Group witnessed commendable financial performance, with total revenue experiencing a growth of 12.05%. Profit before tax recorded a notable increase of 25.82%, while the profit after tax exhibited a substantial increase of 113%.

This positive trajectory was influenced by various financial strategies and priorities, which encompass financial restructuring, corporate restructuring, digital transformation, governance, and organisational redesign. The Group's adept execution of the synergy and integration programme, coupled with favourable foreign exchange movements, further contributed to these results.

In our pursuit of sustained growth, JCorp has identified key growth levers, notably in portfolio rationalisation, debt rationalisation and staff optimisation. Significant improvements and investments are being made to propel these levers, and simultaneous efforts are underway to transform our back-office efficiency to facilitate this growth trajectory.

Encouragingly, the early impact of our strategies is evident. This proactive measure underscores our commitment to maintaining a resilient financial position in the face of economic challenges.

Revenue

Overall, the Group demonstrated commendable financial performance, generating revenues totalling RM5.8 billion, marking a 12.05% increase from FY2021.

The Group's financial performance in FY2022 was underpinned by robust achievements across its diversified business segments. The Agribusiness segment exhibited a remarkable surge, with revenue reaching RM1.75 billion, representing a substantial 13% increase from RM1.55 billion in FY2021. This growth was primarily attributed to elevated prices of crude palm oil (CPO) and palm kernel (PK).

Similarly, the Wellness & Healthcare segment experienced noteworthy expansion, with a record-breaking revenue of RM2.92 billion for FY2022, a notable 11.19% increase compared to RM2.6 billion in the preceding year. This upturn was fuelled by a significant uptick in inpatient and outpatient activities, growing by 50% and 19% respectively. Enhanced medical tourism revenue further contributed to the segment's overall success.

The Real Estate & Infrastructure segment showcased commendable resilience, registering a revenue of RM685 million in FY2022. The 47.31% increase from the previous year thus fortifies its growth trajectory through strategic initiatives such as the sale of industrial lands and residential properties. Currently undergoing a comprehensive restructuring exercise, the segment aims to unlock latent potential and optimise returns, positioning itself for sustained growth.

Conversely, the Food & Restaurants segment reported a RM31 million share of loss, primarily attributable to the ongoing restructuring efforts aimed at streamlining operations. This strategic transformation is anticipated to enhance the segment's future performance and drive profitability. Notably, the Food & Restaurants segment, in tandem with the industry, confronted significant challenges arising from supply chain disruptions, exerting a notable impact on both top-line and bottom-line results. Notwithstanding, the Food & Restaurant segment recorded net sales revenue decrease of 50.54% to stand at RM46 million.

Net Profit

The Group exhibited an exceptional financial performance for the financial year ended 31 December 2022. The Group's Profit After Tax (PAT) witnessed an extraordinary surge, exceeding 100%, reaching an impressive RM808 million, a significant leap from the RM379 million recorded in FY2021. This outstanding growth was underpinned by its remarkable 12.05% increase in Group revenue, which soared to RM5.8 billion.

Adding to this noteworthy achievement, FY2022 marked a historic milestone with the highest-ever PAT recorded at JCorp's company level, reaching an impressive RM701 million. These stellar financial results underscore the Group's robust operational performance, reflecting its strategic initiatives and resilience in navigating dynamic market conditions.

Balance Sheet and Working Capital

Net assets at 31 December 2022 increased by 7% or RM700 million to RM10.5 billion, a paramount achievement in the Group's history. The main driver of this increase was the significant increase in profit after tax, highlighting the Group's solid balance sheet and ability to create value for shareholders.

Current assets at 31 December 2022 of RM4.42 billion have increased by RM590 million on the prior financial year, including an increase in trade and other receivables of RM216 million. Contract assets of RM181 million have increased by RM53 million; and tax recoverable of RM172 million increased by RM50 million.

Current liabilities have decreased to RM4.8 billion at 31 December 2022, a decrease of RM1.4 billion, primarily due to a decrease in loans and borrowings of RM1.5 billion. Non-current liabilities have increased by RM1.8 billion, reflecting a rise in loans and borrowings of RM1.5 billion, an increase of lease liabilities of RM421 million and other long term liabilities of RM196 million, partly offset by a decrease in trade and other payables of RM23 million.

Finance Costs

Net finance costs were RM451 million (2021: RM394 million). Net finance costs have increased year on year due primarily to an increase in interest payable on interest expense on lease liabilities and term loans of RM30 million and RM14 million, respectively, driven by a rise in interest rates.

Cash Flow

Net cash generated from operating activities was RM1.9 billion, RM600 million more than the prior financial year, when cash generated was RM1.3 billion, in line with increase in group revenue.

Net cash outflows from investing activities stood at RM509 million, an increase of RM187 million from the previous year, mainly arising from new capital expenditure to spur the business growth.

Cash flows from financing activities was RM698 million, a decrease of RM409 million from RM1.1 billion in FY2021, attributed by repayment of loan and borrowings.

Cash balances at the financial year end amounted to RM1.2 billion, with cash and bank balances of RM892 million and fixed deposits of RM345 million.

Post Balance Sheet Events

There have been no notable events of significance that transpired between the balance sheet date and the authorisation of these financial statements.

MAJOR MACROECONOMIC TRENDS

The Group's financial performance has been subject to the nuanced influence of major macroeconomic factors. The impact of these macroeconomic variables has been discernible, introducing both challenges and opportunities that have shaped the financial landscape for the Group.

Consumer and Investor Spending Landscape: The prevailing economic environment has seen a downturn in consumer and investor spending, largely attributed to the escalating costs of living and doing business. This challenging scenario has set the backdrop for JCorp's financial performance in 2022.

Impact of Major Global Issues: Several global issues have significantly influenced the economic landscape, with inflation emerging as a key concern. The rise in inflation rates, particularly impactful for the B40 demographic, has exerted pressure on consumer spending. This dynamic has been further exacerbated by the highest interest rate cycle in the foreseeable future. In Malaysia, escalating inflation has led to spikes in global commodity prices and supply chain pressures.

Supply Chain Challenges: The persistent bottlenecks in the supply chain have been a critical factor affecting the financial dynamics of JCorp. Disruptions caused by the pandemic, ongoing geopolitical tensions, and conflicts have intricately woven a complex web, leading to significant challenges in the manufacturing sector. This, in turn, has resulted in higher costs of raw materials and disruptions in industry cash flow.

Global Semiconductor Shortage: A notable impact on JCorp's operations stems from the global semiconductor shortage. This shortage has reverberated across industries, particularly affecting automotive, consumer electronics, and household appliances production. The repercussions are felt through production delays and increased costs, posing challenges to revenue streams.

China's Policy and Prolonged War Effects: China's zero-COVID policy and the prolonged war situation have further exacerbated supply chain challenges. These factors have contributed to fuel price hikes, causing distortions in logistics costs and triggering high inflation. The far-reaching effects of these global dynamics pose additional hurdles for JCorp's financial outlook in 2022.

GROUP FINANCIAL REVIEW

FINANCIAL STRATEGIES AND PRIORITIES FOR 2022

In pursuit of our financial objectives for 2022, JCorp has strategically implemented key initiatives to optimise our financial position and drive sustainable growth.

Financial Restructuring

AAA-rated Sukuk Issuance for FGG Sukuk Redemption: The strategic issuance of AAA-rated Sukuk is to facilitate the redemption of RM1.8 billion FGG Sukuk. This move aims at optimising our debt structure, enhance financial flexibility, and align with our commitment to prudent financial management.

Consolidation of SPV Loans through State-Guaranteed Sukuk: JCorp is focused on consolidating loans across all Special Purpose Vehicles (SPVs) through the issuance of State-guaranteed Sukuk. This initiative is designed to streamline our financing activities, reduce complexity, and bolster the efficiency of our capital structure.

Capital Structure Review - Strike Off/Disposal of Dormant/Non-Core Companies: A comprehensive review of our capital structure is underway, with a targeted approach towards striking off or disposing of dormant and non-core companies. This strategic move is geared to enhance operational efficiency, optimise resource allocation, and reinforce the overall financial health of the Group.

Corporate Restructuring

As part of our financial roadmap, JCorp has been actively engaged in a series of strategic initiatives towards proactive financial management, asset optimisation, and strategic positioning for sustained success in the dynamic economic landscape of 2022 and beyond.

Realignment of business within the Group - Realising RM310 Million Net Proceeds: JCorp successfully concluded the sale of our port assets to the operating company, yielding net proceeds of RM310 million. This strategic move aligns with our commitment to optimising our asset portfolio, aligning the business within the group while concurrently unlocking liquidity to support future investments and operational needs.

Disposal of Non-Performing Companies: We are rigorously pursuing the divestment of non-performing companies within our portfolio. This strategic measure is aimed at enhancing operational efficiency, reducing financial burden, and aligning our resources with high-value opportunities.

Completion of Kulim Group Internal Re-organisation: has executed the internal re-organisation of the Kulim Group, a pivotal step in enhancing operational synergies and unlocking value within the Group. This initiative reflects our commitment to strategic management and resource optimisation.

Strategic Monetisation & REID Restructuring: These strategic monetisation initiatives and the ongoing restructuring of the Real Estate Investment Division (REID) are integral to optimising our real estate assets, ensuring sustainable revenue streams, and fortifying our position in the real estate market.

Identification of Intangible Assets at JCorp & Group Level: This strategic undertaking aims to recognise and leverage intangible assets, contributing to enhanced valuation and long-term value creation.

Digital Transformation

As part of our strategic vision for 2022, JCorp has been actively advancing its technological infrastructure and digital capabilities to drive operational excellence. These initiatives collectively signify our commitment to embracing digital transformation, fostering innovation, and fortifying our technological capabilities to thrive in the evolving economy.

Deployment of JCorp Analytics - A Digital Dashboard: We have implemented JCorp Analytics, a robust digital dashboard, to comprehensively monitor both financial and operational performance. This initiative facilitates real-time insights, aiding informed decision-making across the organisation.

Digitisation of 12 million Archived Documents: In line with our commitment to digitisation, JCorp is undertaking the conversion of 12 million pages of archived documents. This strategic move enhances accessibility, reduces physical

storage requirements, and streamlines information retrieval processes.

Full Data Migration to Public Cloud and Data Lake Setup: JCorp's full-scale migration of data to the public cloud, coupled with the establishment of a data lake, not only ensures secure data storage but also lays the foundation for advanced analytics and data-driven decision-making.

Deployment of the Innovation Framework (RITE) for Idea Development: The implementation of the Research, Innovation, Test, and Evaluate (RITE) framework signifies our commitment to fostering a culture of innovation. This framework serves as a structured platform for developing and testing new ideas, driving continuous improvement and creativity.

Enhancement of IT Infrastructure and Workplace: This strategic move aims to create a technologically advanced and collaborative work environment, fostering efficiency and adaptability.

Establishment of Data Modernisation Team with Data Scientists: In recognition of the crucial role of data, JCorp has established a Data Modernisation Team, consisting of skilled Data Scientists. The team is dedicated to harnessing the power of data analytics for strategic insights and decision support across the organisation.

Governance

In line with our commitment to robust governance and sustainability, JCorp has undertaken a comprehensive review and implementation of key initiatives in 2022. These strategic actions play a crucial role in fortifying our organisational resilience and ensuring responsible and transparent business practices.

Ongoing Review of Governance Frameworks: JCorp has initiated and continues to review critical governance components, including Limits of Authority (LOA), Enterprise Risk Management, Business Continuity Management (BCM), and Compliance Policy. This commitment ensures adherence to high governance standards and regulatory compliance.

Completion of Surveillance Audits for ISO 9001 & 37001 ABMS Re-certification: In maintaining quality standards and robust anti-bribery practices, JCorp completed surveillance audits for ISO 9001 and 37001 Anti-Bribery Management System (ABMS) re-certification.

Development of JCorp Anti-Corruption Plan (JCACP) and Ethical Conduct Policies: As part of our commitment to ethical practices, we have developed the JCorp Anti-Corruption Plan (JCACP) along with policies on Ethical Conduct, Anti-Bribery, and Whistleblowing. These initiatives underscore our dedication to fostering a culture of integrity and transparency.

Establishment of Board Sustainability Committee and ESG Framework: The establishment of a Board Sustainability Committee and the implementation of a comprehensive Environmental, Social, and Governance (ESG) framework align with our commitment to sustainable business practices and responsible corporate citizenship.

Enhanced Insurance Management and Cost Savings: JCorp has proactively enhanced our insurance management practices, focusing on optimising coverage and achieving cost savings for the Group. This initiative reflects our commitment to prudent financial management and risk mitigation.

Organisational Redesign

In our commitment to fostering a dynamic and adaptive work environment, ensuring that our workforce remains a strategic asset contributing to the Group's success, we have undertaken various strategic initiatives to redesign the organisation.

Completion of Rightsizing Initiatives - Project Dahlia & Daylily: Project Dahlia and Daylily are JCorp's initiatives designed to align our workforce with organisational needs and foster a more agile and responsive structure.

Completion of Rightsizing Exercise/MSS: A comprehensive rightsizing exercise, coupled with the implementation of a Managed Service System (MSS), was successfully completed in FY2022. This strategic move is geared towards enhancing operational efficiency and ensuring optimal resource allocation.

Introduction of Autonomous Learning: The introduction of Autonomous Learning programme during the fiscal year emphasises on continuous skill development and fostering a culture of self-directed learning within the organisation.

Establishment of Talent Council: To streamline talent management, JCorp established a Talent Council to nurture and develop our workforce, by aligning individual capabilities with organisational objectives.

Flexible Working Arrangement - 3-2-2 Workday: The adoption of a flexible working arrangement, known as the 3-2-2 workday model enhances work-life balance and contributes to increased employee satisfaction and productivity.

GROUP FINANCIAL REVIEW

FINANCIAL FOCUS AND OUTLOOK FOR 2023

In shaping our financial strategy for 2023, JCorp is poised to leverage key initiatives aimed at fostering growth and sustainability across the various business segments within the Group.

Agribusiness

Strengthen Upstream Plantation Production: Through strategic investments and operational improvements, we aim to fortify our position in the vital early stages of the value chain.

Expand into Downstream Markets: By diversifying our product offerings and market reach, we seek to capture additional value and ensure sustained growth.

Position as the Flagship Company for National Food Security: Our commitment to agricultural excellence and sustainable practices aligns with the broader goal of ensuring a stable and secure food supply for the nation.

Monetise Non-Core & Unutilised Assets: A proactive initiative is designed to unlock latent value within the Group and enhance overall financial resilience.

Strengthen Digital-First Approach Across the Value Chain: Embracing a robust Digital-First approach will enhance our operational efficiency and responsiveness across the entire value chain. This strategic move leverages technology to drive innovation and optimise processes.

Inculcate Innovation Culture: JCorp is committed to cultivating an environment where creative thinking and novel solutions thrive, ensuring that we remain at the forefront of industry advancements.

Enhancing Brand Recognition in the Entire Value Chain: A strategic focus on enhancing brand recognition will establish a strong and positive brand presence, reinforcing our commitment to quality and reliability across all business segments.

Wellness & Healthcare

Business Re-invention: The strategic reinvention of our core business processes entails identifying new revenue streams, exploring innovative market approaches, and enhancing operational efficiency to ensure sustained financial strength.

Digital Innovation: Acknowledging the transformative power of digital technologies, our financial outlook underscores a robust investment in digital innovation. This includes leveraging advanced technologies to streamline operations, enhance customer experiences, and capitalise on emerging market trends, positioning the Group at the forefront of the digital era.

Cost Optimisation: The relentless pursuit of cost optimisation involves scrutinising operational expenditures, identifying inefficiencies, and implementing measures to enhance cost-effectiveness. The goal is to bolster profitability while maintaining operational excellence.

Accelerating Growth: In line with our financial aspirations, we will continue to accelerate growth initiatives, which include strategic expansion into promising markets, exploring new business avenues, and capitalising on market opportunities to foster sustainable financial growth and value creation for our stakeholders.

Building Intangible Assets: Our financial focus for 2023 extends to building and fortifying our intangible assets. This involves investing in brand equity, intellectual property, and other intangible resources that contribute to long-term value creation and competitive advantage.

Environmental, Social, and Governance (ESG): By aligning our financial strategies with ESG principles, we will be able to enhance long-term resilience, mitigate risks, and contribute to a sustainable and ethical business ecosystem.

Food & Restaurants

Pivot to E-commerce: Recognising the evolving consumer landscape, we are committed to leveraging the digital marketplace to enhance revenue streams. This includes expanding our online presence, optimising digital channels, and capitalising on e-commerce trends to drive sales and profitability.

Digital Transformation: In tandem with our pivot to e-commerce, our digital transformation journey will involve the integration of advanced technologies to streamline internal processes, enhance customer experiences, and ensure operational agility.

Menu Innovation: A key component of our financial

strategy for 2023 is menu innovation. This entails continuously enhancing our product offerings to meet changing consumer preferences and demands. By investing in creative and customer-centric menu development, we aim to drive sales growth and capture market share in a competitive landscape.

Cost Optimisation: To ensure financial resilience, we will continue with a rigorous approach to cost optimisation. Our focus will be on further identifying operational efficiencies, reducing unnecessary expenditures, and enhancing overall cost-effectiveness. This disciplined cost optimisation strategy aims to bolster our financial position without compromising quality or service.

Real Estate & Infrastructure

Transformation: In the pursuit of financial transformation, our primary focus for 2023 encompasses three core pillars namely growing recurring income, optimising costs, and adopting new corporate and organisational structures.

Enhance Long Term Assets: The enhancement of long-term assets involves strategic initiatives such as acquiring landbanks, injecting industry businesses, and adopting warehousing strategies.

Build Intangible Assets: This includes efforts to enhance branding, create intellectual property, and leverage digital capabilities. By investing in these intangible assets, we aim to strengthen our market position, foster customer loyalty, and ensure long-term competitiveness in the digital era.

Corporate Exercises: Our corporate exercises for 2023 will focus on enhancing our capital structure, expanding our profile beyond Johor, and disposing of non-core assets. These actions are geared towards optimising our financial standing, broadening our geographic reach, and ensuring a more streamlined and efficient business portfolio.

CONCLUSION

As we conclude the financial review for FY2022, we take pride in the tangible outcomes realised through the JCorp 3.0 Reinvention Plan. The successful results achieved mark the initial phases of our transformation journey, signalling the emergence of a leaner organisation with an unwavering commitment to performance excellence and impactful outcomes.

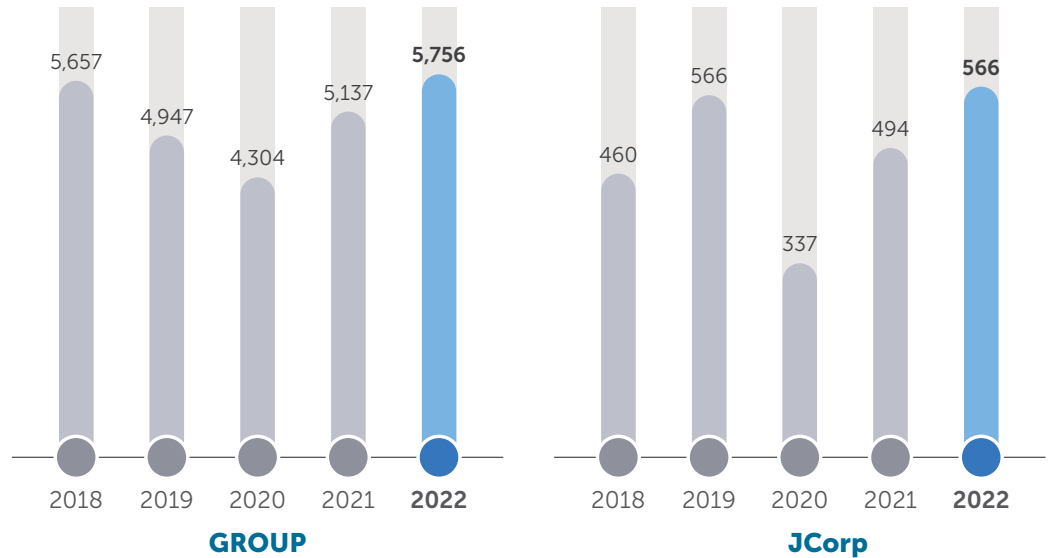
The impressive performance for FY2022 is attributed to the fruition of a well-executed corporate restructuring plan, complemented by successful asset rationalisation and financial restructuring endeavours. These strategic initiatives have not only advanced our value-creation agenda but also fostered operational efficiencies and ignited a culture of innovation, reinforcing our core competencies. The Group's robust adaptability to market trends and its proactive approach to challenges have significantly elevated our resilience.

Looking ahead, the Group remains steadfast in its commitment to environmental, social, and governance (ESG) considerations. The recent development of our Sustainability Framework and the establishment of a Board of Sustainability Committee underscore our dedication to responsible business practices. With a clear target set, we are unwaveringly committed to achieving net zero emissions by 2050, guided by our Stewardship Framework - the compass that directs our path toward optimal returns for our stakeholders.

5-YEAR GROUP FINANCIAL HIGHLIGHTS

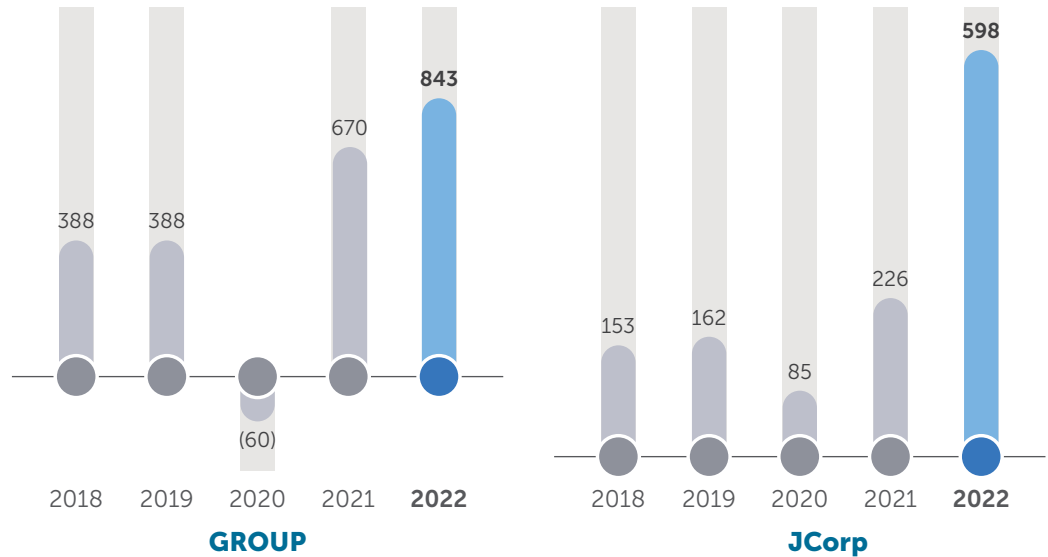
REVENUE
(RM MILLION)

RM5,756
million



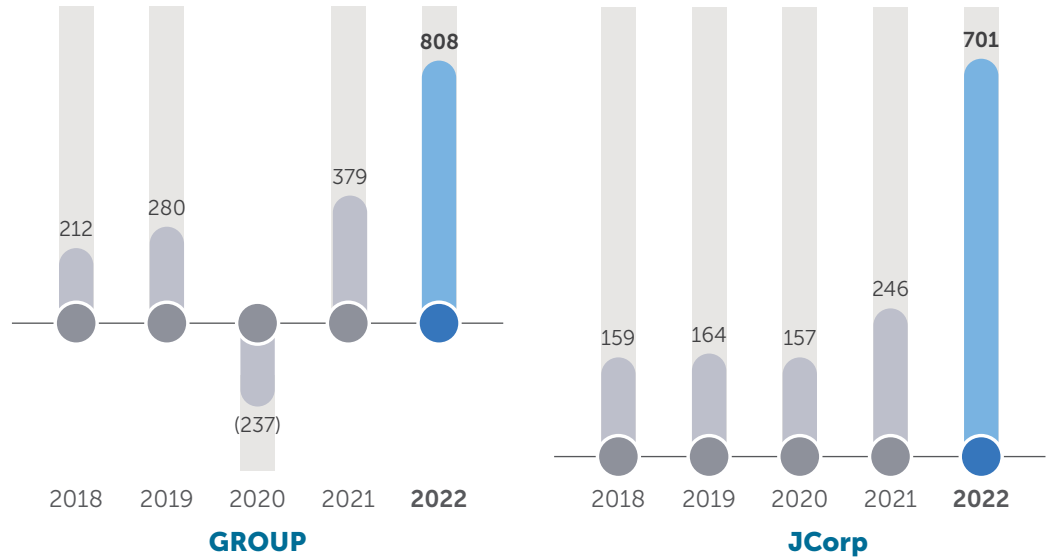
PROFIT BEFORE TAX
(RM MILLION)

RM843
million

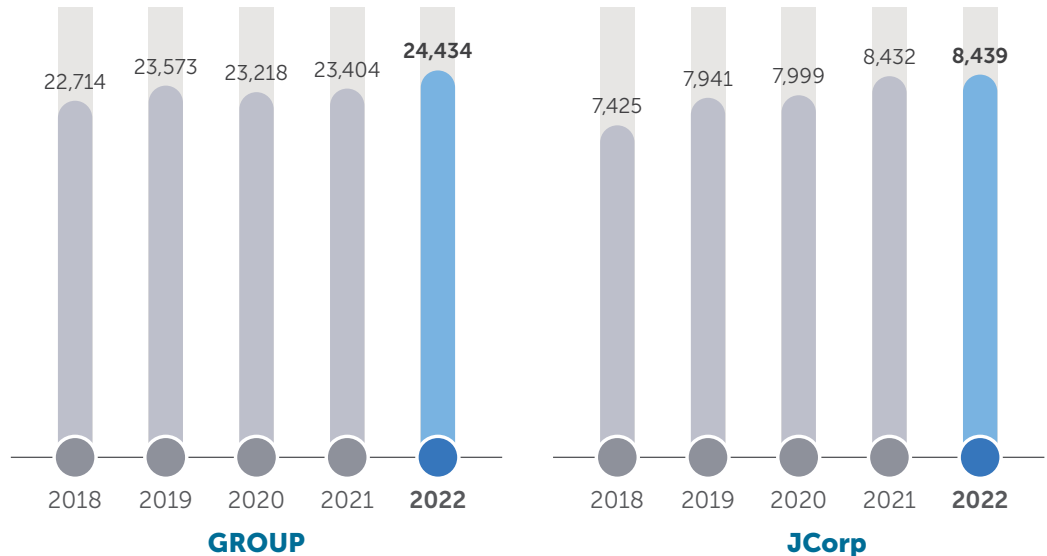


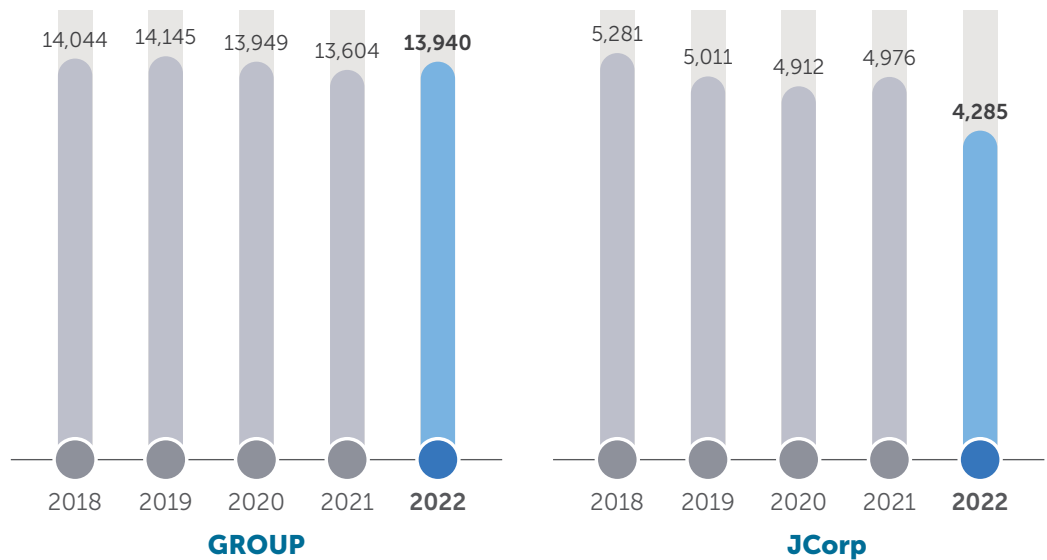
PROFIT AFTER TAX
(RM MILLION)

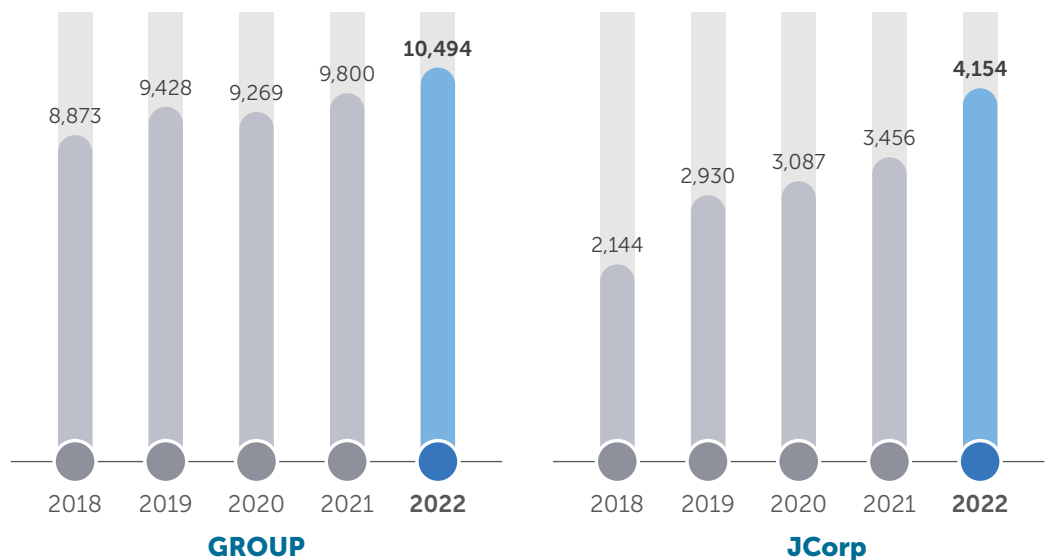
RM808
million



TOTAL ASSETS
 (RM MILLION)

RM24,434
 million

TOTAL LIABILITIES
 (RM MILLION)

RM13,940
 million

TOTAL EQUITY
 (RM MILLION)

RM10,494
 million


BUSINESS **REVIEW**



KUUM
MALAYSIA BERHAD

AGRIBUSINESS

WHAT WE DO

Kulim is primarily engaged in the Plantation and Agrofood sectors, with ownership of 60,339 hectares of oil palm plantations spread across 23 estates, mainly in Johor. Additionally, the company cultivates various cash crops on 20 acres of agro farms in Johor and is actively involved in livestock rearing and trading. The workforce, consisting of 8,584 employees, is dedicated to realising Kulim's corporate goals and vision. Currently, the Group is undergoing a comprehensive transformation program as part of a long-term strategy to emerge as a leading Agribusiness player, contributing added value to the circular economy and strengthening its Environmental, Social, and Governance (ESG) agenda.

Johor Plantations Berhad (Johor Plantations) manages the entire palm oil business, overseeing the cultivation of palms, processing Fresh Fruit Bunches (FFB) into Crude Palm Oil (CPO), and Palm Kernel (PK). FarmByte Sdn Bhd (FarmByte) manages the Agrofood sector, overseeing agro farming, livestock rearing, trading, and related services.

1. Plantations

Kulim owns and manages plantations located in Johor, Malaysia, where we meticulously produce RSPO-certified palm oil.* Our engagement extends to managing estates, seed production, and the provision of agricultural and landscaping supplies, along with machinery and parts dedicated to agricultural use. Furthermore, within the Plantation division, we operate renewable energy facilities and offer comprehensive safety and health training, along with related services.

**Kulim also owns plantations in Indonesia which we are in the process of divesting.*

2. Agrofood

In a strategic move aligning with our long-term vision, Kulim has diversified into agro farming, contributing significantly to the Johor Food Hub Agenda. Beyond cultivating fruits and vegetables, we actively rear livestock and participate in the retail sales of Ayamas roast chicken, while also engaging in the trade and distribution of our diverse range of farm products.

BUSINESS REVIEW

AGRIBUSINESS

BUSINESS OVERVIEW

1. PLANTATION

Key Focus Areas

- Palm oil upstream and midstream
- Renewable energy operations

Overview

In 2022, we navigated challenges stemming from the two-year pandemic, contending with a labour shortage exacerbated by restrictions on foreign worker recruitment and the return of workers to their home countries. This shortage was particularly impactful during the critical and labour-intensive harvesting phase.

Over the course of the year, we gradually alleviated this challenge by welcoming more workers, reaching a total of 1,290 by 31 December 2022, thereby reducing our workforce shortage from 34% to 10%.

In a strategic move to boost Crude Palm Oil (CPO) production, we expanded our plantation hectareage through a Management Agreement with Southern Catalyst Sdn Bhd, effectively overseeing the operation of 818 hectares at Air Manis Estate in Sedenak, Johor. Despite the supply-demand imbalance, the CPO price experienced notable fluctuations, hitting a record high of RM6,870/MT in May and a low of RM3,838/MT in October.

Operational Highlights – Malaysian Plantations

- Malaysian operations yielded a total of 1,111,496 MT of Fresh Fruit Bunches (FFB), marking a 7.36% increase from 1,035,342 MT in 2021.
- The Yield Per Hectare (YPH) grew to 22.06 MT, surpassing the 2021 figure of 20.11 MT and exceeding industry averages for Johor and Peninsular Malaysia, which stand at 17.65 MT and 16.41 MT, respectively.
- Palm Product Yield (PPY) maintained at 5.65 MT/ha, reflecting advancements implemented throughout the year.
- Processed 1,428,366 MT of FFB, including 308,043 MT from external suppliers, signaling a 0.62% increase from 2021, primarily driven by heightened Group supply.
- Crude Palm Oil (CPO) production totaled 289,488 MT, a marginal decrease of 2.12% compared to 295,747 MT in 2021.
- Palm Kernel (PK) production experienced a 0.68% growth, rising from 75,867 MT to 76,383 MT.
- Oil Extraction Rate (OER) declined to 20.27% from 20.83% in 2021 but remained above industry averages of 19.57% for Peninsular Malaysia and 19.70% for Malaysia as a whole.
- Kernel Extraction Rate (KER) increased from 5.34% in 2021 to 5.35%, maintaining superiority over industry averages of 5.22% for Peninsular Malaysia and 4.86% for Malaysia as a whole.

Performance Review – Malaysian Plantations

Strategic Objectives

Key Initiatives

Outcomes

Overcome labour shortage in Malaysia

- Collaborated with the Labour Department in Peninsular Malaysia to organise job fairs to attract more local workers.
- Engaged with village heads to recruit from local communities.
- Offered cash incentive of RM1,200 per worker to postpone their return for a period of a minimum of one year.
- Extended the work permits for skilled foreign workers who have been working here for more than 10 years, under Temporary Working Pass ("PLKS"), with the condition of a yearly permit renewal for up to three years.
- Implemented inter-estate and inter-region mass mobilisation of harvesters to assist estates experiencing high crop and high harvesting intervals.
- Introduced a special incentive to check-roll harvesters by adding RM5.00/ MT to the basic harvester's wages to enhance further productivity.
- Mobilised all-male field workers to take up harvesting jobs.
- Achieved the desired 2.5 rounds/ha per month.
- A total of 2,169 foreign workers postponed their return home in 2022.
- Successfully brought a total of 176 stranded Indonesian and Bangladeshi workers through MyTravel Pass Programme.
- Smooth mass mobilisation of harvesters after merging 28 estates to 23 and merging complexes from six to three regions. With shared KPIs, management across regions is more efficient.
- 'Checkroll Harvester Productivity Driven Incentive' enhanced productivity

Strategic Objectives	Key Initiatives	Outcomes
Enhanced mechanisation to improve the land labour ratio	<ul style="list-style-type: none"> Mechanical Buffalo hectareage decreased by 7% from 19,509 ha at the end of 2021 to 18,211 ha at the end of 2022 due to replacement with Mini Tractor Scissor Lifts/Grabbers for in-field evacuation in all areas suitable for mini tractors. Replacing manual loading of FFB with Bin System for quicker evacuation to mills. 	<ul style="list-style-type: none"> Coverage of Mini Tractors c/w scissors lift, and Mini Tractor Grabbers c/w scissors lift increased by 48% from 13,988 ha at the end of 2021 to 20,772 ha at the end of 2022. Coverage of Bin System expanded by 13% from 23,198 ha in 2021 to 26,287 ha in 2022.
Enhanced efficiencies through digitalisation	<p>Further migration of the daily operational system to Kulim Plantation Management System (KPlant).</p>	<p>Enhanced efficiencies by recording important data such as workers' daily attendance, bunch count and loose fruit collected, among others.</p>
Increase palm oil mill productivity	<p>Sedenak POM to construct an additional loading ramp capacity for 12-hour mill throughput equivalent to 120 MT.</p>	<p>This will add to the existing 38-door ramp capacity of 600 MT in order to meet the required capacity of 720 MT of FFB.</p>
Enhance the reliability and efficiency of the mill	<p>Replacement of digesters (installed in 2007) at Palong Cocoa POM.</p>	<p>The new digesters will increase the mills' capacity from 3,500 litres currently to 5,000 litres. The increased capacity has the effect of a longer digestion time ensuring all oil-bearing cells in the mesocarp are broken down, thus reducing oil loss in the press cake.</p>
Enhance biomass produced	<p>Leveraging the value of mesocarp fibre by developing a Palm-Fibre Oil Extraction ("PFOE") plant at Sedenak POM. This mill was chosen because it has the potential to be a hub for the collection of mesocarp fibre from neighbouring mills. The project started in 2022 and commercialisation is expected by October 2023.</p>	<p>Sedenak POM processes an average of 442,100 tonnes of FFB, which is expected to produce up to 61,900 tonnes of mesocarp fibre per year. Up to 14% of this mesocarp fibre is residual oil that can be extracted chemically.</p>

BUSINESS REVIEW

AGRIBUSINESS

CHALLENGES AND MITIGATION

Challenges	Mitigation Actions
Fluctuations in commodity prices	Focus on productivity improvement and cost efficiency without any compromise on quality and standards.
Higher cost of labour following the Minimum Wages Order 2022 effective 1 May 2022, increasing the minimum wage to RM1,500 from RM1,200.	With effective mechanisation, we can achieve a man-to-land ratio of 1:12 ha by 2023 from the current ratio of 1:10 ha.

2. AGROFOOD

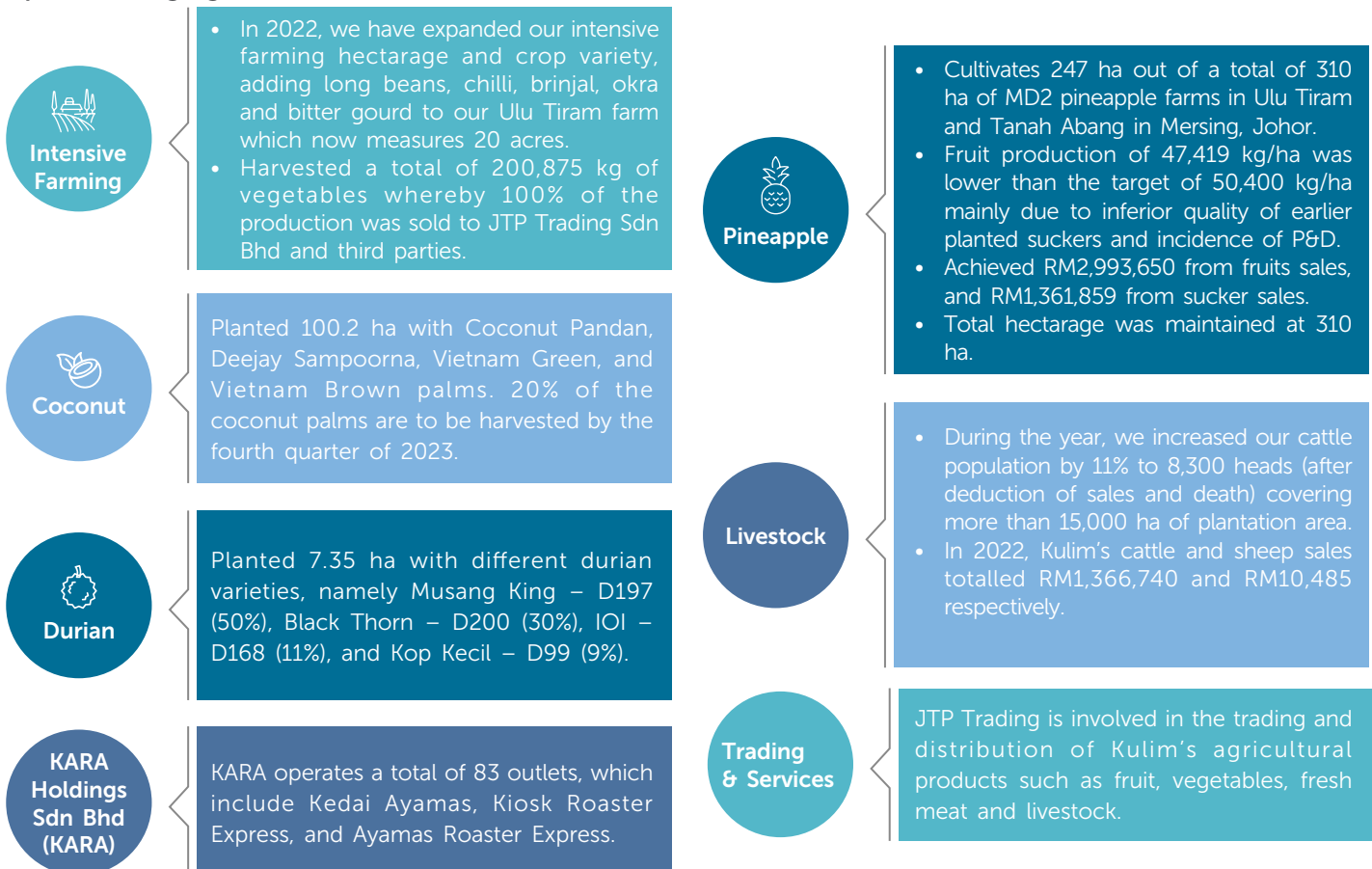
Key Focus Areas

- Agro farming – comprising intensive farming and mono-crop farming.
- Livestock rearing and marketing of meat.
- Trading – of all agricultural products, including Ayamas retail outlets.

Overview

Agro farming constitutes all non-oil palm agriculture-related ventures in which Kulim is engaged. We are broadening our plantation portfolio to encompass fruits and vegetables, concurrently venturing into livestock rearing, focusing on cattle and sheep, to secure a reliable and sustainable food supply for the Malaysian market. In the third quarter of 2021, Southern Greens Sdn Bhd (“SGSB”) was established to oversee our Intensive Farming and Mono-Crop Farming enterprises in alignment with the Johor Food Hub Agenda. Moving downstream, we actively participate in the distribution and trade of an expanding array of products.

Operational Highlights



Performance Review

Key initiatives	Outcomes
<p>Intensive/mono-crop farming: Produce high-demand and value products for sustainable revenue and profit stream</p>	<ul style="list-style-type: none"> Selected F1 hybrid seeds for best yield production. Adopted good agriculture practices. Enhanced quality grade production for overall crop – A (80%), B (15%), C/Off spec (5%).
<p>Introduce mechanisation for enhanced efficiencies</p>	<p>Implementation of automated Pest and Disease (“P&D”) spraying and autonomous crawlers (Unmanned Ground Vehicle – UGV) to reduce human error and ensure timely completion of the programme.</p>
<p>Digitalise our operations</p>	<ul style="list-style-type: none"> Introduced TanahMu and Power BI dashboards, and mobile applications. Established a meteorological station to measure temperature, rain, wind speed and direction, and humidity and to ensure data was transmitted into the dashboard monitoring system in real time. Exploring other digital applications in aeroponics, hydroponics, food factory, etc.
<p>Pineapple: Enhance production through planting strategies</p>	<ul style="list-style-type: none"> Maintain optimum planting density at 60,000/ha. Select the best planting materials for the best yield. Improve quality grade production – AA (10%), A (60%), B (25%), C/Off spec (5%).
<p>Livestock: Ensure the success of the sheep breeding expansion programme following the purchase of 440 sheep (and the construction of two new sheep pens) in 2022.</p>	<ul style="list-style-type: none"> The sheep population increased by 127% to 500 heads. This will enable our trading unit to offer a better spread of meat products to the market.
<p>KARA - Rebranding and new business concept of Kedai Ayamas</p>	<ul style="list-style-type: none"> Enhancement of KARA business and creation of synergies with Kulim’s agricultural food products
<p>JTP Trading:</p> <ul style="list-style-type: none"> Establish purchasing and contract farming agreements with small farmers and suppliers. In the process of partnering with experienced distributors with established local and international networks Enhance business by expanding into more retail channels in the supply chain. Increase volume by collaborating with big farmers and suppliers. 	<ul style="list-style-type: none"> Sustainable revenue and profit stream through contract farming and enhanced distribution channel. Position our products as premium brand in local and international markets. Promote branding by expanding into hypermarkets, supermarkets and HORECA (hotels, restaurants, catering) channel. Increased revenue from sales growth.

BUSINESS REVIEW

AGRIBUSINESS

CHALLENGES AND MITIGATION

Challenges	Mitigation Actions
Intensive/mono-crop farming - Pests and disease: crops infected by common diseases eg fungus, stem rot, white fly, aphids, mosaic virus, etc.	<ul style="list-style-type: none"> • Employ a permanent experienced horticulturist/agronomic advisor. • Ensure timely P&D programme. • Adopt a rotational system using crops from different families.
Pineapple - Unproductive planting resulting in non-bearing, stunted or short-living crop	<ul style="list-style-type: none"> • Selection of high-quality suckers, improve timing for hormone application, and maintain good agriculture practices. • Timely P&D application and effective chemical selection.
Livestock - Inappropriate pricing due to price volatility	Venture into the downstream market (special meat cuts) to command higher prices and increase our margins.
KARA - Lack of brand ownership	Branding exercise to be carried out starting the fourth quarter of 2023.
JTP Trading - Unreliable and inconsistent supply from internal resources.	Increase outsource supply by establishing offtake agreements with small farmers and big suppliers.

FINANCIAL PERFORMANCE

Kulim experienced a robust revenue growth of 12.83%, increasing from RM1.65 billion to RM1.86 billion. The Plantation segment played a pivotal role, contributing RM1.75 billion in revenue, constituting 94.1% of Kulim's total. In tandem with the revenue surge, the profit before tax and zakat (PBTZ) exhibited a substantial increase of 22.32%, reaching RM530.66 million, compared to RM433.81 million in 2021.

KEY ACHIEVEMENTS

- Successful completion of corporate restructuring, leading to the establishment of two core businesses managed by Johor Plantations and Farmbyte Sdn Bhd, serving as anchor companies.
- Expansion of landbank operations through the acquisition of 818 hectares of Air Manis Estate from Southern Catalyst Sdn Bhd.
- Acquisition of KARA Holdings Sdn Bhd, a chain of convenience food store concept outlets across Malaysia.
- Formation of a Joint Venture (JV) agreement with A2 Fresh Sdn Bhd for the development, operation, and management of a potential dairy project.
- Execution of a Memorandum of Understanding (MoU) with Greenheart Produce Pte Ltd to explore a Joint Venture (JV) for the development of a smart farming project in Sedenak, Johor.
- Doubling of intensive farming operations from 10 acres to 20 acres, involving the cultivation of diverse crops such as cucumbers, long beans, chili, brinjal, okra, and bitter melon.
- Launch of an Environmental, Social, and Governance (ESG) Framework, delineating initiatives and guidelines to generate value for all stakeholders while enhancing environmental performance.
- Recognition for Kulim's Integrated Report 2021, securing Gold award for Best Annual Report in the Non-Listed Organisations category at the National Annual Corporate Report Awards (NACRA) 2022.

OUTLOOK

Anticipated improvements in CPO production and a more favourable labour market outlook are expected to contribute positively to Kulim's operations. The sustained health of CPO prices is foreseen, driven by heightened demand influenced by various factors such as adverse weather affecting other edible oil outputs, geopolitical tensions like the Russia/Ukraine war, and potential export restrictions from Indonesia. These factors are poised to counterbalance the impact of increasing national minimum wage and escalating costs of fertilisers and chemicals, ensuring the company maintains robust profit margins.

Kulim is confident in advancing its transformation plans, capitalising on enhanced operations, a reinforced labour force, and the efficiencies derived from digitalisation.

In the plantation segment, Kulim aims for expansion into the downstream oil palm sector, positioning itself as an integrated player capable of producing specialty products with elevated demand and improved margins.

Concurrently, through Agrofood, Kulim is set to broaden its portfolio by incorporating a diverse range of fruit and vegetable varieties. This strategic move aligns with contributing to the national food security agenda and sets the stage for entry into the export market in the future.



HOSPITAL PAKAR DAMANSARA 2



**WELLNESS &
HEALTHCARE**



WHAT WE DO

KPJ Healthcare Bhd (KPJ), which was listed on Bursa Malaysia Berhad in 1994, stands as a premier private healthcare provider in the region. With an expansive network comprising 29 hospitals in Malaysia, two in Indonesia, one in Thailand, and one in Bangladesh, KPJ is at the forefront of delivering exceptional healthcare services. Within our Wellness & Healthcare portfolio, there are two ambulatory centres, 19 Klinik Waqaf An-Nur facilities, four senior assisted living care centres (including one in Australia), and eight mobile clinics.

Integral to the comprehensive support system of KPJ are various ancillary service providers, dedicated to enhancing the efficiency and effectiveness of KPJ hospitals, clinics, and wellness centres. Additionally, KPJ extends its influence to tertiary education, playing a pivotal role in developing and nurturing skilled manpower vital for the ongoing progress of the wellness and healthcare industry.

Key Focus Areas

KPJ's operations can broadly be categorised into the following:

- Clinical and hospital operations, including health tourism
- Ambulatory care and wellness
- Ancillary services, including education

Managing

19 waqaf clinics
nationwide &
**8 mobile waqaf
clinics**

4 Education Centres

- 1 KPJ Healthcare University College (KPJUC)
- 3 campuses: Nilai, Johor Bahru, and Penang
- 1 Nursing College in Bangladesh

32 Hospitals 3,626 beds

28 in Malaysia,
2 in Indonesia,
1 in Thailand and
1 in Bangladesh



BUSINESS REVIEW

WELLNESS & HEALTHCARE

BUSINESS OVERVIEW

Clinical and Hospital Operations, Ambulatory and Wellness

Our strategic focus revolves around delivering exceptional healthcare, ensuring effective management of the patient journey, achieving high-quality patient outcomes, and fostering a sustainable base of returning patients. Guided by our Seven Strategic Thrusts, we are dedicated to evolving into the preferred healthcare provider, creating enduring value for our shareholders.

During the year, KPJ concentrated on elevating customer service through capacity expansion, nationwide introduction of new services, and enhanced service delivery. This is evident in our Malaysian operations, where we added new ward beds following the opening of a specialist hospital and increased bed capacity. As at end 2022, we have 3,716 licensed beds, including 3,357 operating ward beds and 359 critical beds, comprising intensive care and critical care units. While expanding bed capacity, we remain committed to upgrading existing wards and facilities to provide an improved environment for patient care and comfort.

With the re-opening of travel borders, the Malaysian government implemented a standardised operating procedure (SOP) for health travellers, featuring a shorter quarantine period and a mandatory pre-arrival COVID-19 test. Malaysia's alignment with neighbouring countries, such as Singapore and Thailand, in abolishing quarantine and COVID-19 tests in May, coupled with increased international flights, indirectly contributed to the rise in health tourism in Malaysia, boosting revenue in this sector.

In 2022, our hospital marketing efforts focused on promoting services such as mental health, gastroscopy, colonoscopy, and cancer-related treatments, aligning campaigns with global health days. In addressing inflationary pressures on manpower and material costs, KPJ undertook a review of pricing and cost structures while optimising resource utilisation for expense management.

Notably, there was a significant uptick in the demand for ambulatory care and wellness services, reflecting changing consumer behaviour favouring smaller medical outposts over hospitals due to time and budget constraints. KPJ's strategically located Ambulatory Care Centres (ACC) in semi-urban areas cater to these preferences by offering a range of outpatient medical services. In 2022, ACC Kinrara served over 4,400 patients and facilitated 30 referral cases to other KPJ Hospitals, demonstrating the community's readiness for a streamlined healthcare setup offering convenience, comfort, cost savings,

and, most importantly, quality healthcare services.

Operational Highlights

- In 2022, our operations in Malaysia witnessed a noteworthy 7% surge in outpatient numbers, rising from 2,618,497 in 2021 to 2,799,918.
- The count of inpatients exhibited a robust 34% improvement, escalating from 221,525 in 2021 to 297,071 in 2022. This surge is attributed to patients returning to our hospitals after postponing non-elective procedures during the pandemic.
- Our team welcomed 71 new residents and 152 sessional/visiting consultants, including 44 with surgical expertise and 27 specialists in internal medicine.
- KPJ's health tourism revenue experienced a remarkable 63% growth, reaching RM134 million in 2022 (compared to RM82 million in 2021), accompanied by a 14% increase in patient visits to 137,926 (compared to 121,084 visits in 2021).
- Continuing its positive revenue trajectory, KPJ achieved a 17% growth to RM79.8 million in 2022 (compared to RM68.4 million in 2021) from the foreign expatriate market.

Ancillary Services

Within the Group, the Ancillary Services division comprises a diverse range of businesses tailored to meet the needs of the Group's hospitals. This includes technical consultancy, healthcare engineering, hospital catering, laundry services, wholesale pharmaceutical and medical product distribution, retail pharmacies, sterilisation services, and educational initiatives. Beyond serving as a complement to KPJ's hospital network, the Ancillary Services arm serves as a strategic approach to diversify revenue streams, allowing us to expand and enhance the array of offerings provided to our patients.

Operational Highlights

- The consultancy business successfully concluded multiple projects following the lifting of movement restrictions, including KPJ DSH 2, KPJ Puteri New Building, KPJ Penang New Building, KPJ Perdana, and the renovation of KPJ Centre for Sight, Rawang.
- KPJ's catering arm, Total Meal Solution (TMS), expanded its footprint to 13 outlets from the original three.
- Fabricare Laundry Sdn Bhd (FLSB), our Hospital Laundry business, commenced operations in a new factory in Kempas, Johor Bahru, marking its first year of activity.
- Pharmaserv Alliances Sdn Bhd (PASB), the central procurement arm for the KPJ Group, enhanced its IT infrastructure and system efficiency by installing new servers and transitioning to the KPJ Managed Private Cloud (MPC).

- KPJ Healthshoppe Sdn Bhd, managing our retail healthcare business, achieved its highest revenue to date, with 15.3% generated from online and marketplace sales, along with various field activities and health screening events conducted by our pharmacists.
- In the Education Services sector, KPJ Healthcare University College (KPJUC) recorded a 3% increase in the overall student population compared to the previous year.

Strategic Thrust	Strategic Focus	Achievement	Continuous improvement
Capacity building	Strengthen business and operational excellence	<ul style="list-style-type: none"> • Increased bed capacity - added 137 new ward beds. • Opened Damansara Specialist Hospital 2 in September 2022. • Recruited 71 new resident consultants, and 152 sessional/visiting consultants. • Health Tourism patient visits increased by 14%. • 23 KPJ hospitals were awarded a contract by the government hospitals in 2022 and treated >5,000 non-COVID patients referred to KPJ. • More than 1,700 COVID patients were treated in KPJ hospitals in 2022. • On-going briefing and health education related to the prevention of COVID-19 during the endemic phase were provided to the staff, patients, and family members. • Launched group-wide packages i.e. Packages for Mental Health Services, Gastroscopy, Colonoscopy, Nasopharynx Screening, and other cancer-related services. 	<ul style="list-style-type: none"> • Collaboration with MOH on outsourcing services. • Continued efforts in COVID-19 management. • Enhanced promotional activities by introducing more health packages.
Enriched customer relationships	Provide patient-centric benefits in our services	<ul style="list-style-type: none"> • Surpassed our target of 93.4% in our Customer Satisfaction Index. • Recruitment of KPJ cares members increased 18%. 	
Innovation @ The Core	Leverage technology and innovation for quality care	<ul style="list-style-type: none"> • Implementation of Telemedicine and Medication Delivery (TMD). • KPJ Healthcare and its hospitals experienced a 28% uptick in their overall social media following and a 34% rise in their engagement levels on social media platforms 	
New niches	Continuous growth in healthcare industry	Opening one ACC in Ipoh, and one in Klang Valley this year.	

BUSINESS REVIEW

WELLNESS & HEALTHCARE

Strategic Thrust	Strategic Focus	Achievement	Continuous improvement
Human resource	Build a culture of high performance	<ul style="list-style-type: none"> Communication of anti-corruption policy/ABMS to all employees with 91% of employees taking up the e-pledge. Invested RM3.93 million in training and development programmes for employees. Identified top talent via the Talent Validation Programme (TVP) and Talent Development Programme (TDP). 	
Business process improvement	Improved sustainability impact	<ul style="list-style-type: none"> Waste: The amount of clinical waste generated per patient was 0.48kg which was below our target of 0.5kg per patient. Water: The water consumption per employee was 99m³ which was below our target of not more than 111m³ per employee. Energy: Maintained our average consumption within the target of not more than 27.69kWh per square foot for four consecutive years. 	
Sustainable value for stakeholders	Creating sustainable value for communities we serve	<ul style="list-style-type: none"> 19 KWAN clinics and 8 mobile clinics served 53,925 patients from underprivileged communities nationwide. An investment of RM9.2 million was made in the Outreach Programme for the local community. Dividend payout of 52% (RM86.9 million) of our profit after tax and minority interest (PATAMI). Collaboration with the Government to assist in flattening the COVID-19 curve. 	

FINANCIAL PERFORMANCE

- KPJ Group's revenue has increased by 13%, reaching RM2.9 billion as compared to RM2.6 billion in 2021.
- Profit Before Tax (PBT) increased to RM263.5 million this year, in comparison to RM121.2 million in the previous year.
- Profit After Tax (PAT) at RM190.3 million, a more than 100% increase from 2021.
- EBITDA increased by 34% at RM708.8 million as compared to RM528.3 million for 2021, with EBITDA margin improving to 24% in comparison to 15% in the previous year. The increase in revenue and the continuous discipline in monitoring of cost management has enabled the Group to improve the declining margins which was impacted due to the difficult conditions during the pandemic.

CHALLENGES AND MITIGATION

Challenges	Mitigation Actions
Accelerating sustainable growth to fill the gaps now as well as fulfil future needs	<ul style="list-style-type: none"> Added over 200 consultants to the Group for capacity and expansion of treatment range. The injection of talent equates to almost an increase of 20% in consultant strength. Completed expansions of KPJ Puteri Specialist Hospital and KPJ Penang Specialist Hospital, adding more than 300 beds in total. Operationalised DSH2, our newest flagship and first smart hospital located in Sungai Penchala, Kuala Lumpur, equipped with 60 beds with a capacity for 300 beds. Continued to extend our world-class healthcare services to more suburban communities through our ACC.
Inflationary pressures affecting our material and operational costs	<ul style="list-style-type: none"> Mitigated the direct cost escalation and its impact on overall product margins by centralising procurement activities and consolidating some of our support services under one division to optimise operations and improve efficiency.
Building a robust cybersecurity	<ul style="list-style-type: none"> KPJ Group Technology Services (GTS) has implemented various measures to enhance IT security including a dedicated team of IT security professionals and an outsourced Security Operation Centre to safeguard the company's IT infrastructure and systems. Conduct Annual Disaster Recovery drill as part of our BCM efforts to ensure the availability and recovery of IT systems during a disaster. Prioritises cybersecurity user awareness through phishing simulation exercises. Established a GTS Security Roadmap to enhance the overall internal security controls.
Disruption and uncertainty caused by the COVID-19 pandemic	<ul style="list-style-type: none"> Implemented surveillance strategies and control programmes to prevent the spread of infectious disease within our premises. Undertook measures to support the Government/national efforts by enabling testing, driving the national vaccination programmes and providing hospital beds for the treatment of recovering COVID-19 patients. Established strategies for growth including promoting health tourism, decanting of non-COVID-19 patients from public healthcare facilities, group-wide special medical packages, increase in recruitment of consultants and relationship with insurance and Third-Party Administrator (TPA) partners. Facilitating prudent cash management and forecasting, the tightening of credit risk, capex deferrals, as well as cost containment and reduction. The Group has also developed strategies to sustain its cash flow and performance.

KEY ACHIEVEMENTS

- Global Health Asia-Pacific Awards 2022 - Best Hospital of the Year in Malaysia
- International Finance Leadership Awards 2022 - Best Emerging Woman CFO in Healthcare
- The EDGE Billion Ringgit Club 2022 - Best CR Initiatives Below RM10 billion Market Capitalisation
- National Annual Corporate Report Award (NACRA) 2022 - Special Award SILVER Best Designed Annual Report 2021
- Sustainability & CSR Malaysia Awards 2022 - Company of the Year - Category: Healthcare, Overall CSR Excellence for Public Health Initiatives
- Malaysian Tourism Council (MTC) Gold Awards - Gold Award Medical & Wellness Tourism Centre
- Bumiputera Business Excellence Awards 2022 - CSR Excellence Award
- Graduates' Choice Awards - Best Employer Brand Graduate's Choice Award

BUSINESS REVIEW

WELLNESS & HEALTHCARE

OUTLOOK

Looking forward, the healthcare industry anticipates a positive trajectory in 2023 as patients resume non-elective procedures at private healthcare facilities. The reopening of international borders is poised to catalyse significant growth in the health tourism market. However, against this backdrop, global economic growth is anticipated to undergo a further moderation, reaching 2.9% in 2023.

On the domestic front in Malaysia, economic growth is projected to ease to a range of 4-5% in 2023, following the robust performance observed in 2022. Several healthcare megatrends, converging and exerting a profound impact, are shaping the future landscape of the industry.



Demographic Shift

The rise in life expectancy, coupled with the falling birth rate indicates that Malaysia will be an ageing population by 2030 where people aged 60 years and above will comprise more than 15% of our total population. This demographic shift will not only be a dominant trend but also a highly sustainable one and positive for the healthcare industry given that healthcare consumption generally rises sharply with age.



Empowered Patients

Patient empowerment is growing in the healthcare industry mainly as a result of the rise in digitalisation, cost constraints and the shift in attitudes regarding what defines a patient-healthcare provider relationship. The patient-centric healthcare system is one where patients are active partners in their relationships with healthcare providers and will lead to better clinical outcomes and patient satisfaction. Healthcare providers, too, will stand to benefit from this paradigm shift as it helps to lower costs.



Healthcare Digitalisation & Innovation

The pandemic fuelled an urgent need to implement digital health practices that include virtual care, telehealth, telemedicine, remote patient monitoring, and omnichannel-enabled member care. The benefit of adopting virtual healthcare is that it puts the power of choice back into the hands of the patients, provides more direct access to healthcare professionals, personalises patient engagement and elevates the data-driven aspect of patient healthcare.



Pricing Transparency

Historically, pricing has been a significant concern directly influencing the patient experience. By adopting transparent pricing strategies and providing upfront cost disclosures for bundled healthcare services, the focus is shifted towards prioritising patients. This approach customises the cost and quality of care based on individual situations, attitudes, and behaviours, offering patients greater control over their healthcare choices. Moreover, transparent pricing fosters a fairer landscape for healthcare providers.



Privacy and Security Risks

Healthcare providers handle sensitive data such as medical records and personal information, exposing them to privacy and security risks. The potential consequences of a data breach include identity theft and medical fraud. Cybercriminals often target healthcare providers to exploit vulnerabilities in their networks. To address these risks, healthcare providers need to establish robust data security protocols, train employees on best practices, and stay informed about evolving threats and regulations. Protective measures involve encrypting sensitive data, conducting security audits, and having incident response plans in place for data breaches or cyberattacks.



FOOD & RESTAURANTS

WHAT WE DO

QSR Brands boasts an extensive footprint within the entire farm-to-fork food industry value chain. This encompasses a range of activities, including feed production, poultry breeding, rearing, and processing, catering not only to their own outlets but also extending their services to third-party partners. We manage a network of 1,359 KFC and Pizza Hut restaurants strategically located in Malaysia, Singapore, and Cambodia.

Key Focus Area

- Upstream: Engaging in feed manufacturing; overseeing the breeding, rearing, and processing of poultry; and producing a variety of items such as sauces, bakery products, and commissary items (e.g., coleslaw).
- Midstream: Conducting sales, marketing, and trading activities for QSR Brands and third-party products, both domestically and in international markets.
- Downstream: Managing the operation of KFC outlets in Malaysia, Singapore, and Cambodia; as well as Pizza Hut outlets in Malaysia and Singapore.

BUSINESS OVERVIEW

In 2022, our business navigated persistent challenges due to the ongoing impact of pandemic restrictions in three key markets: Malaysia, Singapore, and Cambodia. The primary outcome of these conditions was a decline in dine-in customers, offset by a significant increase in the demand for delivery and take-away services. Our supply chain experienced disruptions, leading to elevated costs for raw ingredients and essential materials. Additionally, post-COVID-19 conditions affected labour availability and necessitated the temporary closure of specific production plants.



BUSINESS REVIEW

FOOD & RESTAURANTS

KFC MALAYSIA

KFC MALAYSIA COMMENCED BUSINESS IN 1973. PRESENTLY, WE BOAST A NETWORK OF OVER 600 KFC RESTAURANTS ACROSS THE NATION.

OPERATING ENVIRONMENT

Increased uncertainties marked the beginning of 2022, with three major challenges: a shortage in chicken supply, ongoing Covid restrictions, and labour shortage. The most significant impact was the chicken shortage, resulting in reduced sales and a negative impact on the brand. Customer dissatisfaction escalated into continuous social media backlash, causing severe damage to the brand's reputation. Additionally, ongoing movement restrictions further affected the availability of labour.

PERFORMANCE REVIEW

Strategic Objectives	Key Initiatives	Outcomes
Building a RED brand	<ul style="list-style-type: none"> Revitalise the 'Hero on Core' menu: Emphasise Pride in Fried + Crave + Distinctive Assets. Leverage distinctively on the KFC menu - the Iconic Bucket, signature OR/Hot & Spicy. Introduce a core burgers platform and expand the boneless menu (Tenders) for increased variety. Implement structural shifts in Advertising and Promotion (A&P) to bolster core offerings. Capitalise on robust, iconic, and popular Limited Time Offers (LTOs) that customers consistently enjoy on an annual basis. 	
New day-parts growth	<ul style="list-style-type: none"> Utilise the everyday value programme to boost lunch and dinner peak periods. Pursue robust growth during non-core day-parts through the introduction of new sides, desserts, and snacks. Form strategic co-branded partnerships with entities such as Coke, Redbull, and Lays. Optimise business hours by extending operational hours for increased effectiveness. 	

Strategic Objectives	Key Initiatives	Outcomes
Accelerate organic & inorganic development	<ul style="list-style-type: none"> Persist in strategic expansion of the Drive-Thru portfolio, aiming to open 60% DT stores in 2022. Drive growth in New-Never Used (NNU) with the establishment and expansion of new multi-format restaurants, targeting NNU 34 (New 48). Introduce the Digital Flagship concept store named Project Firestarter. 	
Price Management	<ul style="list-style-type: none"> Implement a consistent quarterly menu price increase in alignment with the pricing framework established by Simon & Kucher. Introduce a delivery processing fee of RM1. Revitalise the emphasis on upselling with a focus on the RM1 Go Large option for meals, incorporating crew incentives and heightened attention to this initiative. 	
Capture higher share of delivery market by scaling own E-Commerce platform	<ul style="list-style-type: none"> Expand the Own Delivery channel to capture market share from Food Aggregators. Form strategic partnerships with additional Food Aggregators, including Shopee Foods. Prioritise the development of a new proprietary E-Commerce platform: Scale and grow the KFCD platform stack aggressively, focusing on agility in feature builds, and driving transactional and ticket growth. Pursue aggressive customer acquisition through digital gamification, strategic data partnerships, and an omni-channel strategy. 	
Events, Catering, Party, Voucher Sales	<ul style="list-style-type: none"> Grow events, catering, party and voucher sale. 	
Martech investment	<ul style="list-style-type: none"> Implement strategic group investments in the Martech platform to acquire customer data and build a robust customer base. Deploy a personalisation engine across various channels to enhance Average Order Value (AOV). 	

BUSINESS REVIEW

FOOD & RESTAURANTS

Strategic Objectives	Key Initiatives	Outcomes
Cost Optimisation	<ul style="list-style-type: none"> Engage in renegotiations with suppliers to optimise Cost of Goods Sold (COGS). Initiate discussions with landlords for rental renegotiations. Implement labour optimisation strategies to enhance Speed of Service and productivity. Optimise energy consumption and explore commission reduction with food aggregators. Address losses in underperforming stores through minimisation and potential closures. 	

FINANCIAL PERFORMANCE

KFC Malaysia registered an 5% increase in revenue from RM2.6 billion in 2020 to RM2.72 billion in 2022.

CHALLENGES AND MITIGATION

Challenges	Mitigation Actions
The repercussions of the 2021 global supply chain disruption persisted into 2022. Furthermore, the shortage of chicken emerged as a significant disruption to our operations.	<ul style="list-style-type: none"> Widened the vendor base for key ingredients to lessen dependence on a single supplier. Maintained a vigilant eye on social media to identify and address negative sentiments, employing strategies such as menu enhancement, value offers, and a branding campaign to rekindle brand affection.

KEY ACHIEVEMENTS

KFC Malaysia received the prestigious PUTRA Brand Award GOLD - an accolade recognising its excellence and strong brand presence. This accomplishment underscores KFC Malaysia's commitment to delivering exceptional quality and resonating positively with its audience, solidifying its position as a distinguished brand in the industry.

OUTLOOK

Continuing our focus on sales and transaction growth remains a key objective in our pursuit of improvements to both the top and bottom lines. To achieve this objective, comprehensive plans for the introduction of new products, innovative strategies, and impactful campaigns are underway.

In parallel, targeted activation and campaigns will be launched specifically catering to the youth demographic, encompassing Generation Z and younger millennials. These initiatives aim to foster a strong connection and affinity for the brand among the younger audience, aligning with evolving preferences and trends.

KFC SINGAPORE

KFC HOLDS THE DISTINGUISHED POSITION AS THE LEADING HALAL CERTIFIED FRIED CHICKEN FAST-FOOD BRAND IN SINGAPORE, COMMANDING A SUBSTANTIAL MARKET SHARE OF 17%. IN 2022, KFC PROUDLY MARKED ITS 45TH ANNIVERSARY IN SINGAPORE, SHOWCASING A LONGSTANDING PRESENCE IN THE LOCAL MARKET. WITH 82 RESTAURANTS, KFC SINGAPORE IS THE LARGEST CHICKEN RESTAURANT CHAIN IN THE COUNTRY.

OPERATING ENVIRONMENT

In 2022, KFC Singapore faced challenges during the pandemic recovery. COVID restrictions persisted for the first 4 months, easing from mid-April. May saw the return of group dining, with international travel becoming more accessible. Despite lifted restrictions, Quarter 2 proved challenging as consumers favoured cafes and restaurants over fast-food, impacting KFC's performance. June recorded the lowest sales due to widespread travel. The 45th anniversary campaign in July generated significant brand buzz and media value, contributing to a 5% increase in same-store sales and a 7% rise in transactions in the second half of 2022 compared to 2021.

PERFORMANCE REVIEW

Strategic Objectives	Key Initiatives	Outcomes
Enhance menu innovation and customer appeal	<ul style="list-style-type: none"> Ongoing menu evolution: Prioritise the introduction of innovative and appealing menu items to reinforce KFC Singapore's reputation for culinary creativity. Targeted product launches: Strategically launch new and enticing chicken-on-bone flavours to capture customer interest and drive sales. 	<ul style="list-style-type: none"> The introduction of new chicken-on-bone flavours such as Golden Cheesy Crunch, New Satay Crunch, and Parmesan Truffle proved highly successful, generating over \$3.2 million in sales during each campaign window.
Align with youth and pop-culture trends for relevance	<ul style="list-style-type: none"> Targeted product development: Introduce portable and trendy products tailored to resonate with the preferences of youth and millennials. Pop-culture integration: Embed elements of pop-culture into product offerings to enhance appeal and relevance among the target demographic. 	<ul style="list-style-type: none"> Launch of several portable products; notable introductions included Turkey Baconised Zinger, Currycano Zinger Mac N Cheese Kentaco, Cheesy Zinger Meltz, and Zhng Zinger. The Cheesy Zinger Meltz stood out with exceptional performance, contributing over \$2.3 million in sales and achieving a high sales mix of 19%.
Commemorate 45 years with memorable customer engagement	<ul style="list-style-type: none"> Unique celebration activation: Develop a first-ever immersive installation to celebrate KFC Singapore's 45 years, focusing on creating a memorable and visually appealing experience. Strategic location selection: Choose a prominent location, such as outside Vivocity, to enhance visibility and accessibility for the installation. 	<ul style="list-style-type: none"> The standalone immersive installation, designed for Instagram-worthy photos, attracted over 2800 visitors in the span of 5 days. The strategic location outside Vivocity contributed to the success, garnering more than \$500,000 worth of earned media features and generating over 1000 user-generated posts on social media.
Revitalise KFC breakfast for market engagement	<ul style="list-style-type: none"> Rebranding and communication: Launch a rebranded KFC Breakfast under the new communication platform #Unboring Morning to inject freshness and excitement. Comprehensive campaign execution: Implement a full 360-degree communications strategy for the relaunch, including aggressive weekly promotions featuring a 50% discount on the breakfast menu. 	<ul style="list-style-type: none"> The relaunched campaign, executed with a comprehensive 360-degree approach and aggressive weekly promotions, led to a remarkable 30% increase in sales over a 6-week period. Post-relaunch, the KFC breakfast segment achieved an impressive total growth of 15% in 2022 compared to the previous year.

BUSINESS REVIEW

FOOD & RESTAURANTS

Strategic Objectives	Key Initiatives	Outcomes
Revive consumer affection for core chicken products	<ul style="list-style-type: none"> Core chicken promotion: Launch a Hot & Crispy chicken campaign in April, strategically designed to reignite consumer love for the core chicken offerings. Promotional offer: Introduce an enticing offer of \$9.95 for a 3-piece chicken meal to enhance the attractiveness of the campaign. 	<ul style="list-style-type: none"> The Hot & Crispy chicken campaign, complemented by an appealing offer of \$9.95 for a 3-piece chicken meal, successfully engaged consumers and fostered renewed interest and affection for KFC's core chicken offerings.
Support environmental sustainability	<ul style="list-style-type: none"> Ongoing environmental efforts: Since 2016, consistently implement eco-friendly practices such as straw and plastic cup removal, and the adoption of reusable trays for dine-in guests. Pilot recycling programme: Collaborate with TRIA, a local sustainable foodware company, to launch a pilot recycling program in July 2022, aiming for a close-loop solution that sends zero waste to landfills. 	<ul style="list-style-type: none"> Introduced a close-loop recycling solution at KFC North Point City. Specially designed bio-based material packaging by TRIA was implemented, with the packaging and food waste collected and composted at TRIA's Digester to create farm-ready fertiliser, completing the entire food recycling loop.
Community engagement and support	<ul style="list-style-type: none"> Chinese New Year Donation Drive: Conduct a donation drive during the Chinese New Year period to gather gift items for families at Sunlove Homes, aligning with KFC's commitment to community care. Pertapis Homes Cleanup and Event: Organise a community engagement initiative in June, where KFC volunteers took children from Pertapis Homes to clean up East Coast beach. The event also included a small fried chicken party at the beach, fostering a positive and enjoyable experience for the participants. 	<ul style="list-style-type: none"> These activities reinforced KFC's dedication to making a positive impact on the community.

FINANCIAL PERFORMANCE

In the fiscal year, KFC Singapore demonstrated resilience amid challenges, recording an overall total revenue of SG\$162 million. Although this figure marked a decrease from the previous year, the company showcased positive trends with both same-store sales and transaction growth up by 1% compared to 2021. The slight shortfall in sales was primarily attributed to the closure of certain restaurants during the year.

Operating in a challenging and cost-intensive environment, KFC Singapore navigated through higher costs, resulting in a total year EBITDA of \$23.3 million. Despite the external pressures, our strategic measures and adaptability contributed to maintaining a robust financial position throughout the year.

CHALLENGES AND MITIGATION

Challenges	Mitigation Actions
Impact of supply chain disruptions on key ingredients	<ul style="list-style-type: none"> • Diversification of suppliers: Evaluate and establish a more diversified network of suppliers for critical ingredients, such as fries and whipped potatoes. • Price stabilisation measures: Implement strategies to mitigate the impact of fluctuating prices on essential ingredients, particularly during shortages.
Disruptions in global supply chain	<ul style="list-style-type: none"> • Diversify supply sources: Recognising the vulnerability of relying on other countries, initiate efforts to diversify suppliers for essential ingredients. • Contingency planning: Develop robust contingency plans to swiftly respond to unforeseen disruptions in the supply chain.
Operational costs amid geopolitical uncertainties	<ul style="list-style-type: none"> • Geopolitical risk management: Enhance systems for identifying and responding to unexpected geopolitical impacts, such as the war between Russia and Ukraine. • Cost containment measures: Implement strategies to mitigate the impact of rising oil prices on utility costs, as well as address increased freight and transportation charges.
Navigating and adapting to macro-environmental changes	<ul style="list-style-type: none"> • Comprehensive risk analysis: Conduct a thorough analysis of macro-environmental factors contributing to inflationary pressures in Singapore. • Adaptive financial strategies: Implement adaptive financial strategies to mitigate the impact of changing inflation rates on the business.

KEY ACHIEVEMENTS

- Enabling Mark Silver Award in 2022 for its efforts of having best practices, outcomes and commitment in disability-inclusive employment.
- Recognition award from NTUC U Women and Family for having flexible work arrangement, work-life harmony practices and managing Workplace Harassment Policy.
- Recognised for its marketing campaigns and efforts at the Markies Award 2022 event held by Marketing Magazine.
- Gold Award for Most Creative Physical/Virtual Event for its KFC International Fried Chicken Day 2021 event.
- Gold Award for Most Creative Campaign Pivot for its virtual KFC International Fried chicken day 2021 event.
- Bronze Award for Most Effective Use (Integrated Media) to support the KFC International Fried Chicken Day 2021 event.

OUTLOOK

With the resumption of pre-COVID activities and a normalisation of consumer lifestyles, the outlook for 2023 appears significantly more promising. To capitalise on this positive trend and accelerate growth, our focus will be on implementing strategies that drive transaction velocity.

A key priority in our growth initiatives is the enhancement of operational execution through staffing improvements. We aim to expand our reach into new customer segments and diversify our menus, ensuring a dynamic and appealing selection for our patrons. Concurrently, cost management remains a central element of our strategy, with an emphasis on implementing "spend smarter" initiatives and nurturing our pool of talents.

In line with our expansion goals and a keen eye on market share, we are directing our growth efforts toward specific segments. Our strategic focus includes expanding KFC's footprint into the portable menu segment, venturing into the breakfast market, and strengthening partnerships with food aggregators. These targeted initiatives aim to position KFC for sustained growth and success in the evolving market landscape of 2023.

BUSINESS REVIEW

FOOD & RESTAURANTS

KFC BRUNEI

KFC BRUNEI STANDS AS A PROMINENT AND LONG-ESTABLISHED FAST-FOOD RESTAURANT CHAIN, RENOWNED FOR ITS EXPERTISE IN CRAFTING DELECTABLE FRIED CHICKEN MEALS ACROSS NUMEROUS LOCATIONS THROUGHOUT THE COUNTRY. COMMITTED TO MAINTAINING AND EXPANDING OUR PRESENCE, WE LEVERAGE OUR STRONG BRAND RECOGNITION IN BRUNEI'S FAST-FOOD INDUSTRY.

OPERATING ENVIRONMENT

In 2022, the global impact of the COVID-19 pandemic persisted, presenting challenges to businesses worldwide. Restaurants, including KFC Brunei, grappled with diminished customer traffic, shifts in consumer behaviour, and operational constraints imposed by local authorities to mitigate the virus's spread. To navigate these challenges, KFC Brunei adapted its operations to comply with health and safety regulations, implementing measures to safeguard the well-being of both employees and customers. Embracing technological solutions, the restaurant implemented online ordering platforms and digital marketing strategies to enhance customer engagement and operational efficiency in response to the evolving landscape shaped by the ongoing pandemic.

PERFORMANCE REVIEW

Strategic Objectives	Key Initiatives	Outcomes
Cost optimisation	<ul style="list-style-type: none"> Rental negotiation with landlords to reduce operating cost. 	<ul style="list-style-type: none"> Realised savings of BND43k through rental reduction.

FINANCIAL PERFORMANCE

KFC Brunei recorded substantial achievements in the year's financial performance. Total sales reached an impressive B\$14.3 million, accompanied by a noteworthy 4.4% increase in same-store sales. Additionally, the year exhibited a slightly higher Profit Before Tax compared to the preceding year, reflecting the company's robust performance and strategic financial management in 2022.

CHALLENGES AND MITIGATION

Challenges	Mitigation Actions
<ul style="list-style-type: none"> Fluctuations in the cost of raw materials and other costs. Limited menus offer due to shipment delay and border closure. 	<ul style="list-style-type: none"> Regularly review and optimise operational costs for sustained profitability. This involves negotiating supplier contracts, implementing energy-efficient measures, and optimising staffing levels to reduce labor costs. Adopting efficient inventory management and waste reduction practices is a consistent priority. Continuously monitoring consumer preferences and trends ensures that menu offerings align with customer demands. The introduction of new products and seasonal promotions occurs regularly to cater to a diverse range of customer preferences.

OUTLOOK

In the upcoming year, our core business and segments will centre on sustaining and elevating customer satisfaction. This involves a commitment to consistently deliver high-quality food and exceptional service. The strategic vision includes expanding our footprint into new locations, aiming to attract a broader customer base and strengthen our market presence. Additionally, a paramount goal is to maximise operational efficiency by streamlining processes, ultimately enhancing overall profitability.

One of the key priorities for the core business and segments is to build brand awareness. This will be achieved through targeted advertising campaigns spanning various media channels, encompassing print, radio, TV, and online platforms. The objective is to create a compelling presence in the market.

We will also look into implementing attractive promotions and introducing limited-time menu items. These initiatives are designed to drive customer engagement, encourage repeat business, and further solidify our position in the market.

KFC CAMBODIA

KFC CAMBODIA WAS ESTABLISHED IN 2008 IN COLLABORATION WITH OUR LOCAL PARTNER, THE ROYAL GROUP CAMBODIA. AS OF 2022, OUR FOOTPRINT SPANS ACROSS 13 RESTAURANTS STRATEGICALLY LOCATED THROUGHOUT THE COUNTRY. NOTABLY, WE TAKE PRIDE IN BEING AMONG THE FEW HALAL CERTIFIED RESTAURANTS IN CAMBODIA, UNDERSCORING OUR COMMITMENT TO CATERING TO DIVERSE DIETARY PREFERENCES.

OPERATING ENVIRONMENT

In 2022, Cambodia took significant strides in easing various COVID-19 restrictions, contributing to improved sales compared to 2021. The influx of tourists and positive consumer spending behaviours became key factors in this positive trend. While initial challenges related to manpower shortages were promptly resolved with the market's recovery, new obstacles emerged in the form of supply disruptions and escalating food costs as the year progressed.

PERFORMANCE REVIEW

Strategic Objectives	Key Initiatives	Outcomes
Focus on delivery channel	<ul style="list-style-type: none"> Joint promotion with food aggregators to increase sales. 	<ul style="list-style-type: none"> Around 47% of total sales is coming from delivery channel especially food aggregators.
Improve dine-in channel	<ul style="list-style-type: none"> Continue to practise safe sanitation in restaurant to instil consumer confidence to dine in. 	<ul style="list-style-type: none"> Dine-in channel increased to 30.4% from prior year 18.5%
Cost optimisation	<ul style="list-style-type: none"> Ongoing negotiation with suppliers to get the best price and delayed cost increased impact. 	<ul style="list-style-type: none"> Managed to protect GP at 69.2% compared to prior year of 68.6%

FINANCIAL PERFORMANCE

KFC Cambodia achieved notable success in harnessing sales growth opportunities, recording an impressive 16% increase in 2022, compared to the previous year. The company's EBITDA exhibited significant improvement, rising from USD59,000 to USD642,000. Notably, KFC Cambodia demonstrated resilience amidst major global supply disruptions, ensuring seamless service to customers with minimal disruption. The commendable financial performance underscores the effectiveness of strategic measures implemented to navigate challenges and capitalise on growth opportunities throughout the year.

CHALLENGES AND MITIGATION

Challenges	Mitigation Actions
Rising food cost and supply disruption	<ul style="list-style-type: none"> Engage with YUM in negotiation to get better poultry price and actively source for alternative suppliers. As a result, we managed to keep poultry cost at acceptable price and identified extra suppliers for key ingredients.

OUTLOOK

The year 2023 holds promising opportunities for our core business and segments, marked by significant events such as Cambodia hosting the SEA Games in May and the upcoming general election in July. Despite global challenges such as inflation and the potential for a recession, Cambodia's market maintains optimism, especially with the ongoing recovery in the tourism industry. The delivery channel is expected to remain the primary sales channel, while the dine-in channel is anticipated to experience steady growth month by month.

In light of indications of a global recession and cost of sales pressures in 2023, the key focus will be on maintaining the momentum of sales growth and managing costs effectively. Strategically navigating these challenges will be crucial to ensuring continued success and resilience in the dynamic market landscape.

BUSINESS REVIEW

FOOD & RESTAURANTS

PIZZA HUT MALAYSIA

SINCE ITS ESTABLISHMENT IN 1982, PIZZA HUT MALAYSIA TODAY OPERATES OVER 428 RESTAURANTS AND HAS EXPANDED ITS INFLUENCE IN VARIOUS ANCILLARY BUSINESSES, INCLUDING BREEDER AND CONTRACT BROILER FARMING, HATCHERY OPERATIONS, POULTRY PRODUCTION AND PROCESSING, AS WELL AS BAKING, COMMISSARY, AND SAUCE PRODUCTION.

OPERATING ENVIRONMENT

In 2022, Pizza Hut Malaysia's operating environment was shaped by the challenges of the ongoing Covid-19 pandemic. The year saw significant initiatives which include strengthening of food safety and hygiene standards, adaptation to changing customer behaviour, and customer-centric focus on safety and convenience.

PERFORMANCE REVIEW

Strategic Objectives	Key Initiatives	Outcomes
Build Pizza Hut brand as the Home Meal Replacement go-to-option through owning online, delivery and right iconic menu offering	<ul style="list-style-type: none"> Drive Own Delivery service for in-home meal with App Awareness media campaign; delivery and App-driven promotions and expansion of minimum orders bracket. Capture in-home group meal occasion with the launch of the Long Party Box. Capture in-home individual meal occasion with activation of MyBox menu format; through Awareness media campaign and exclusive promotion on Food Aggregator. 	<ul style="list-style-type: none"> PH App recorded the highest sales mix at 66% within Ecommerce business in the PH APAC region. Party Group Meal grew by 24.5% with sales mix growing from 16.7% to 20.7%. Individual Meal grew by 187% and had successfully brought in new customers with 42% of FA transactions from new users.
Drive Pizza Hut brand awareness and affinity with young adults	<ul style="list-style-type: none"> Launch new thin crust to tap the underserved young adults and non Pizza Hut users. Leverage on the biggest event of the year, FIFA with a new limited time offer pizza; and Online FIFA Gaming campaign (Cheesy Codes) in Q4 2022. 	<ul style="list-style-type: none"> Thin crust grew with sales mix of 2.6% within 2 months, lifting total PHM sales with growth of 4% in Q4 22 vs Q4 21. Recorded a 4% sales growth in Q4 amidst the competitive landscape. Cheesy Codes FIFA campaign picked up numerous awards.

FINANCIAL PERFORMANCE

Pizza Hut Malaysia closed the year with a sales revenue of RM732.2 million, at 4.6% growth on total systemwide sales compared to 2021. The shortages in supply chain, cost increase in raw material costs and weakening currency has impacted GP margins by 2.30%. With cost avoidance and savings from cost optimisation plan of 0.4%, our EBITDA has been impacted by 1.90% to sales.

CHALLENGES AND MITIGATION

Challenges	Mitigation Actions
Unforeseen timing and ever changing of consumer sentiment due to gradual post MCO normalisation.	<ul style="list-style-type: none"> Pizza Hut Malaysia pivoted its menu and service fulfillment into a "one" nationwide omnichannel approach; instead of differing channel-specific plans; resulting in a seamless and faster operations to response to the changing consumer behaviour.
Challenges from volatility in MYR, raw material cost increases and supply issues, labor shortage and utility costs affected the business most 2023.	<ul style="list-style-type: none"> Planned and implemented cost optimisation plan, sourced for alternative suppliers, developed new cost effective menu and price adjustments within the year helped to mitigate the full impact of the challenges.

KEY ACHIEVEMENTS

- Putra Brand Awards (Bronze) in the Restaurants and Fast-Food category.
- Growth Accelerator Award 2022 for APAC Region and the Easiest Experiences Award in the YUM International Franchise Convention.
- MDA Malaysia Awards: Gold award in "Best Use of E-Gaming Platform in Digital Marketing" for Pizza Hut FIFA Cheesy Codes campaign; and Bronze in "Strategy" category in the International Advertising Festival MAD STARS Award held in Korea.

OUTLOOK

Seeking to drive further growth in Home Meal Replacement (HMR), Pizza Hut Malaysia will be promoting greater use of its app while also enhancing the customer experience using digital technologies. It will also seek to acquire new users in partnership with food aggregators as it targets different customer segments with strategic offerings.

BUSINESS REVIEW

FOOD & RESTAURANTS

PIZZA HUT SINGAPORE

PIZZA HUT STANDS AS THE LARGEST PIZZA-SERVING RESTAURANT IN SINGAPORE AND GLOBALLY, BOASTING A NETWORK OF 78 RESTAURANTS ACROSS THE ISLAND. INITIALLY ESTABLISHED AS A FULL-FLEDGED SIT-DOWN DINING DESTINATION, WE HAVE EVOLVED OVER THE YEARS, PLACING A GROWING EMPHASIS ON DELIVERY AND TAKE-AWAY SERVICES, COLLECTIVELY REFERRED TO AS HOME-MEAL REPLACEMENT (HMR). CURRENTLY, HMR TRANSACTIONS CONSTITUTE APPROXIMATELY 90% OF OUR BUSINESS.

OPERATING ENVIRONMENT

Facing a challenging economic and competitive landscape in 2021 and 2022, Pizza Hut Singapore recorded a decline in the F&B industry, with a 40% reduction in revenue from its peak in 2014. The industry's revenue contracted to its size in 2000, and recovery has been elusive since, as indicated by SG Stats data. Compounded by a severe industry-wide manpower shortage, with most outlets operating understaffed by 20-30%, our manager and team member strength fell below 70% of the ideal in 2021. Despite concerted efforts, the workforce only increased to 78% in 2022, adversely impacting sales, particularly in the delivery sector.

This challenging scenario was further fuelled by competitive pressure, exemplified by Domino's biggest global franchisee, DPE, acquiring the Domino's franchise in SG in 2021. While posing a potential threat to Pizza Hut SG, this competitive development could transform into a growth opportunity through our counter-offensive strategy.

PERFORMANCE REVIEW

Strategic Objectives	Key Initiatives	Outcomes
Market presence Dominate pizza delivery in SG by growing units ahead of Domino's	<ul style="list-style-type: none"> Focus development on delivery, especially small box. Limit dine-in and express openings. Ensure all new sites have good visibility and accessibility. 	<ul style="list-style-type: none"> From 37 delivery units in 2018, we ended 2022 with 43 units. Zero new dine-in and express. All sites since 2019 have good visibility and accessibility.
Customer experience Become SG's favourite pizza brand	<ul style="list-style-type: none"> Increase advertising engagement. Improve e-commerce and digital experience. Offer exciting promotions. 	<ul style="list-style-type: none"> Evolved advertising (Your Slice of Simple) to appeal to youth. New, holistic digital platform gearing up to launch end-2023. LTOs contributed 21.4% sales during promotion period.
HMR Increase HMR business – takeaway, own and aggregator delivery	<ul style="list-style-type: none"> Drive value. Grow take-away with MyBox. Exciting, profitable promotions with aggregators. 	<ul style="list-style-type: none"> Delivery sales mix at 37%, TA sales at 24% (+6% vs 2021), with continued emphasis on AO value offer (50%). MyBox sales mix at 12% in 2022 (vs 1% sales mix in 2021). FA sales mix at 26% (+5.5% above 2021).

FINANCIAL PERFORMANCE

In the face of a challenging economic and competitive landscape, our financial performance demonstrated resilience. Sales, while experiencing a 2% decline, reached \$99.6 million in 2022, down from \$101.3 million in the previous year and deviating by 6% from the budgeted \$106.5 million. The manpower shortage notably impacted peak-hour transactions, yet despite these challenges, we concluded the year with a 7% increase over pre-COVID 2019 levels.

We recorded a \$11.4 million decrease in profit, primarily attributed to reduced government COVID grants amounting to -\$6.9 million. Additionally, higher costs in food, freight, and utilities further contributed to the overall decrease.

CHALLENGES AND MITIGATION

Challenges	Mitigation Actions
Acquisition of the Domino's SG franchise by DPE, a publicly-listed Australian company and Domino's global #1 franchisee.	<ul style="list-style-type: none"> With DPE's takeover of the SG Domino's franchise, sales growth is particularly challenging – they will aggressively (a) open units and (b) offer value in pursuit of market leadership. Our only route to success is to match that aggression – open +4 NNUs a year and continue current marketing, a PH advantage (for now), and dial up value tactically.
Facing a decline in our own delivery segment during 2022 and 1Q 2023, in contrast to the growth in takeaway and aggregator segments. The contraction is attributed to tight labour markets and a shortage of riders.	<ul style="list-style-type: none"> To address this, an aggressive recruiting initiative is underway, including exploring qualifications and implementing bicycle riders, with a concentrated effort on revitalising our own delivery segment.

KEY ACHIEVEMENTS

In 2022, we achieved significant milestones highlighting our commitment to innovation and community responsibility:

Disruptive Takeaway Value

- Successfully launched Takeaway pizza starting at \$3, catering to the value-conscious young consumer.
- Introduced the Single person MyBox meal at \$8.90, contributing to a robust increase in takeaway and aggregator transactions (+13%).

Innovative Product Offerings

- Pioneered the introduction of Beyond Meat pizza, promoting sustainability through alternative meat toppings.
- Unveiled the Wingstreet brand on the Aggregator platform with three exciting new flavours.

Corporate Social Responsibility Recognition

- Proudly received the Enabling Mark Silver Award for 2022, acknowledging our employment of 66 individuals with diverse needs, such as mild intellectual disability, autism, hearing impairment, and physical disability.
- Recognised by NTUC U Women and Family for our outstanding commitment to flexible work arrangements, work-life harmony practices, and effective management of workplace harassment policies.

OUTLOOK

Despite treading water in 2022, the profit outlook for 2023 remains challenging, marked by persistent cost pressures in labour, food, packaging, and utilities. Projected sales growth of 2% to 3% through various initiatives is anticipated, yet profitability remains a concern. The store count will stay flat in 2023, emphasising operational fortification and the closure of non-profitable stores when their leases expire.

In the face of intense competition post DPE's takeover of the SG Domino's franchise, achieving sales growth is paramount. The aggressive expansion and value offerings from the competitor necessitate a robust response. The strategy involves opening over four New Non-Traditional Units (NNUs) annually, maintaining current marketing advantages, and tactically emphasising value. Cost-cutting measures are deemed ineffective and counterproductive.

Operational efficiency takes precedence, focusing on bolstering capacity, especially during peak hours. Strategic recruitment and retention initiatives are underway, complemented by the integration of Dragontail and Oracle technology to optimise store operations.

BUSINESS REVIEW

FOOD & RESTAURANTS

UPSTREAM & MIDSTREAM

INTEGRATED POULTRY OPERATIONS

JCORP'S INTEGRATED POULTRY OPERATIONS ARE CARRIED OUT THROUGH AYAMAS INTEGRATED POULTRY INDUSTRY SDN BHD (AIPI), WHICH INCLUDES VARIOUS COMPONENTS. AIPI FARMS MANAGES A HATCHERY, FOUR BREEDER FARMS, AND A BROILER FARM, OVERSEEING A CONTRACT FARMING SCHEME WITHIN PENINSULAR MALAYSIA. SIMULTANEOUSLY, AIPI FEEDMILL, LOCATED IN PORT KLANG, PROCURES RAW MATERIALS TO PRODUCE POULTRY FEED FOR BREEDER FARMS, HATCHERIES, INTERNAL, AND CONTRACT BROILER FARMS. AYAMAS FOOD CORPORATION SDN BHD (AFCSB) OPERATES THREE PLANTS LOCATED IN PORT KLANG (AFCSB PK), BANDAR TENGGARA (AFCSB BT), AND BUKIT MERTAJAM (IPI BM). AFCSB'S PROCESSING OPERATIONS INVOLVE HALAL SLAUGHTERING OF POULTRY AND THE PRODUCTION OF PROCESSED POULTRY PRODUCTS, CERTIFIED BY JAKIM, THE HALAL CERTIFICATION AUTHORITY IN MALAYSIA. THE PRIMARY PRODUCT FROM THE PROCESSING PLANTS IS THE 9-PIECE CUT SUPPLIED TO KFC. AYAMAS PORT KLANG, IN ADDITION TO ITS FURTHER PROCESSED PRODUCT (FPP) LINE, IS EQUIPPED WITH LINES FOR MANUFACTURING FPPS LIKE NUGGETS, SAUSAGES, AND TOPPINGS.

OPERATING ENVIRONMENT

In 2022, AIPI Farm and Feedmill faced a challenging operational environment characterised by recurring endemic diseases affecting the global supply chain and parent stock maintenance. Despite coping with aging machinery, the farm prioritised efforts to preserve Feed and Day-Old Chicks' quality.

Unforeseen geopolitical conflicts, such as the Russia-Ukraine war, led to commodity price fluctuations, impacting the operational dynamics. The persistent challenge of a manpower shortage resulted from skilled migration to competitive job markets and government policies.

Proactively addressing partnership importance, we initiated measures to rebuild trust among contract farmers, focusing on enhancing farm performance and fostering positive relationships. In response to the evolving landscape, adjustments to the Business Facilitation Approval (BFA) allowed the sale of 20% of chicken at the Original Market and introduced a transportation subsidy for enhanced market accessibility and competitiveness.

The operational landscape for AFCSB in 2022 also faced challenges, including lower sales compared to 2021 and increased costs of goods sold due to supply chain disruptions in 2021 and regional inflationary pressures on goods, services, chicken meat, ingredients, and labour. However, late 2022 saw improvements in the supply chain situation and foreign worker recruitment, setting the stage for operational efficiency plans in 2023.

PERFORMANCE REVIEW

Strategic Objectives	Key Initiatives	Outcomes
AIPI Farms		
<ul style="list-style-type: none"> Improve hatching egg production at the breeder farms. Increase hatchability and Day-Old-Chick production at the hatchery. Propose relocation of hatchery and two breeder farms. Maintain a good 9-piece cut, BTP, and productive feed conversion ratio at the broiler farms. Attract new contract farmers. 	<ul style="list-style-type: none"> Visit potential site for the relocation of a new hatchery & breeder farm. Implement regular operations reporting/feedback from technical services and develop mitigation strategies. Revise contract farm agreements to Business Facilitation Approval (BFA). 	<ul style="list-style-type: none"> Hatching eggs, hatchability, and day-old chicks' production maintained. Sustain profit for contract farmers and an increasing trend of 9-piece cut %. Attract more new contract farmers and sustain current farmers.
AIPI Feedmill		
<ul style="list-style-type: none"> Feed reformulation for optimal cost-performance balance and robust sourcing to mitigate rising commodity costs. Restructure production planning to reduce wastage and tonnage loss. Increase external sale of feed. 	<ul style="list-style-type: none"> Identify and train competent people in feed operation and feed milling. Revise open-market feed price structure to secure volume sales and reduce bad debt. 	<ul style="list-style-type: none"> Overall Feed Conversion Ratio (FCR) maintained as in 2021 with improvement starting in Q3 of 2022.
AFCSB		
<ul style="list-style-type: none"> NIC cost control by maximising live bird input from internal supply. Automate potential processes to optimise manpower and increase meat yield and output. Ensure optimum machine uptime at further processing plants. Achieve 100% fulfillment of QSRT orders for the local market. 	<ul style="list-style-type: none"> Upgrade capacity of all plants. Automate deboning process for maximum meat output. Fully implement CMMS. Conduct technical upskilling courses for all Ayamas technicians. 	<ul style="list-style-type: none"> The year experienced high machine downtime in the further processing department, with total output reductions in both nugget and sausage plants. Higher NIC due to increased live bird costs. Upskilling courses completed, and CMMS implementation reached 85%.

FINANCIAL PERFORMANCE

AIPI Farms and Feedmill achieved a revenue of RM230.73 million, while the revenue for AFCSB amounted to RM493.20 million in FY2022.

CHALLENGES AND MITIGATION

Challenges	Mitigation Actions
AIPI Farms	
Shortage of manpower: Government policy, loss of skilled staff to competitive job markets, and retirement.	Hire new local workers to replace foreign workers and ease the workload.

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Challenges	Mitigation Actions
AIPI Farms	
Employee well-being: Low motivation, mental health issues, and exhaustion among heavy-duty foreign workers.	Focus on breakdown maintenance, multitasking, and additional working hours to address workload.
Resource retrieval delays: Delay in retrieving resources/tools due to supply chain issues and compliance requirements.	Implement short-term fixes, sourcing from local suppliers, and continuous monitoring of procurement processes.
Operational constraints: Limited operations due to quarantine measures for positive Covid-19 cases.	Focus on preventive health programmes, including biosecurity and vaccination, to minimise disease outbreaks.
Natural disasters: Occurrence of natural disasters, such as floods, impacting flock mortality and delaying operations.	Continuous site visits for potential relocation, upgrading aged machinery, and improving facilities.
Aging infrastructure: Aging machineries and facilities limiting operational output and quality.	Upgrade and improve machinery and equipment in stages, focusing on operational efficiency.
Disease outbreaks: Outbreaks of endemic poultry diseases, such as Newcastle Disease.	Increase awareness and knowledge among farmers regarding preventive health programmes.
AIPI Feedmill	
Commodity price volatility: Unstable commodity prices and supply chain issues.	Implement short-term fixes, sourcing locally, and continuous monitoring of commodity prices.
Workforce transition: Mass retirement and resignation of competent personnel due to unclear reward systems.	Multitasking of existing staff, hiring new personnel, and addressing career pathways.
Regulatory compliance: Aging machineries not meeting regulatory requirements (dust collector under DOE).	Upgrade machinery and facilities to comply with regulations in stages.
AFCSB	
Increased ingredient costs: Higher prices of ingredients for further processing due to supply-push inflation and a strengthening USD.	<ul style="list-style-type: none"> • Cost improvement initiatives: Working on a new costing strategy for all products to enhance gross profit margins. • Outsourcing from approved suppliers: Outsourcing chicken meat from approved overseas suppliers to address constraints in meat input availability.
Meat input constraints: Limited availability of meat input processed by the own primary processing plant.	
Maintenance delays: Delays in maintenance works and spare parts availability due to closed borders in some European countries until the third quarter of 2022.	

KEY ACHIEVEMENTS

AIPI Farms

- Record hatching egg production: Successfully produced 39,655,867 hatching eggs, demonstrating operational excellence.
- High hatchability rate: Achieved an impressive hatchability rate of 73.6%, ensuring robust chick development.
- Significant DOC output: Produced 24,941,290 Day-Old Chicks (DOC), meeting market demands effectively.
- BTP production: Contributed to the production of 18,947,991 Broiler Top Pieces (BTP), showcasing operational efficiency.
- 9-Piece Cut achievement: Attained a commendable 69.93% in the production of the popular 9-Piece Cut, meeting consumer preferences.

AIPI Feedmill

- Feed production excellence: Successfully manufactured 77,898 metric tons of feed in 2022, showcasing efficient feed production capabilities.
- Optimal feed conversion: Maintained an average Feed Conversion Ratio (FCR) of 1.63, highlighting efficiency in resource utilisation.

AFCSB

- CMMS implementation: Successfully implemented the Computerised Maintenance Management System (CMMS) in July 2022, enhancing operational efficiency.
- Zinger meat shipment: Accomplished a 100% fulfilment of the Zinger meat shipment forecast for East Malaysia, ensuring timely and reliable delivery.

OUTLOOK

In the coming year, AIPI Farms aims to enhance operational efficiency and product quality through optimised broiler sizing for the 9-Piece Cut. The focus extends to achieving an ambitious hatchability rate of 80% per year and increasing Hatching Egg (HE) production from 39 million to 50 million annually. Expansion initiatives include venturing into contract farming at the East Coast of Malaysia and exploring opportunities for the expansion of proprietary farms.

Simultaneously, AIPI Feedmill is geared towards operational improvements to elevate current feed production processes and ensure consistent delivery of high-quality feed. The production target is set to increase from 77,000 metric tons per year to 90,000 metric tons, with an efficiency enhancement goal of achieving a Feed Conversion Ratio (FCR) of 1.50.

For AFCSB, the focus is on addressing the delayed completion of the Topping Plant rehabilitation, anticipating improvements in the second half of 2023 upon total completion. Efforts are directed towards increasing gross margins by re-evaluating product selling prices in alignment with prevailing economic and global conditions. Furthermore, there is a strategic emphasis on expanding production capacity, including a 5% increase in primary processing, a 15% elevation in nugget production, and a 25% augmentation in sausage production. These initiatives collectively form a comprehensive strategy for sustained growth and competitiveness in the year ahead.

BUSINESS REVIEW

FOOD & RESTAURANTS

ANCILLARY OPERATIONS

ANCILLARY OPERATIONS ENCOMPASSES THREE KEY ENTITIES: REGION FOOD INDUSTRIES SDN BHD (RFI), QSR MANUFACTURING SDN BHD (QSRM), AND TEPAK MARKETING SDN BHD (TEPAK). RFI STANDS OUT AS A PROMINENT PRODUCER IN MALAYSIA, SPECIALISING IN HIGH-QUALITY SAUCES, COLD DRESSINGS, AND COOKING PASTES. QSRM FOCUSES ON THE PRODUCTION AND SUPPLY OF BAKERY AND COMMISSARY ITEMS, INCLUDING BUNS, PIZZA DOUGH, COLESLAW, SANITISED VEGETABLES, AND DAIRY PRODUCTS. BOTH RFI AND QSRM ARE CRUCIAL SUPPLIERS FOR KFC AND PIZZA HUT, CATERING NOT ONLY TO THESE RENOWNED BRANDS BUT ALSO EXTENDING THEIR SERVICES TO VARIOUS THIRD-PARTY F&B OUTLETS. ADDITIONALLY, TEPAK PLAYS A VITAL ROLE BY OFFERING CONTRACT PACKING SERVICES FOR TEA AND ENGAGING IN TEA BLENDING SERVICES. COLLECTIVELY, THESE ENTITIES CONTRIBUTE TO THE DIVERSE AND COMPREHENSIVE OPERATIONS WITHIN THE ANCILLARY OPERATIONS SEGMENT.

OPERATING ENVIRONMENT

Within the operating environment of QSR Manufacturing Sdn Bhd (QSRM) in May 2022, a significant staff issue unfolded, resulting in the departure of 50 contract workers simultaneously. This unforeseen event led to a notable 50% reduction in output across all production lines. However, resilient efforts and strategic interventions enabled the resolution of these challenges, with issues successfully overcome by November 2022.

In contrast, Tepak faced a different dynamic in its operating environment, managing to maintain sufficient manpower, particularly in terms of production operators. This was achieved through effective engagement with the contract workers' provider, ensuring the operational continuity and stability of Tepak throughout the year.

PERFORMANCE REVIEW

Strategic Objectives	Key Initiatives	Outcomes
RFI		
Revenue enhancement through growth and expansion	<ul style="list-style-type: none"> Upgrade and improve capacity of Mayo Plant, Bottling Line and Sachet Line. Business process improvement: <ul style="list-style-type: none"> CMMS completion and commissioning. JDE manufacturing module: Under URS at MIS upstream level. 	<ul style="list-style-type: none"> Mayo capacity: Completed in July '22 with upgraded capacity to 732 metric tons. Bottles Line: Approved commercial run for OEM Manufacturer to fulfil market demand. Sachet Line: Three units commissioned in Dec '22 with upgraded capacity to 790 metric tonnes.
QSRM		
Expansion and renovation	<ul style="list-style-type: none"> Expansion on hold due to staff crisis. Garlic bread output reduced to 20% for PHM and 90% for PHSG. Open market expansion deferred to 2023. 	<ul style="list-style-type: none"> Unable to complete due to the deferment of projects owing to manpower shortage.

Strategic Objectives	Key Initiatives	Outcomes
Tepak		
Diversification and productivity improvement	<ul style="list-style-type: none"> Obtain new product categories and/or enter new market segments. Build strong rapport with Ekaterra for additional business opportunities. Invest in resources (machinery, manpower, space) to consolidate Ekaterra's regional contract packing. Ensure machinery additions upon reaching maximum output capacity. 	<ul style="list-style-type: none"> Initiating constructive discussions to produce new products for Australia and New Zealand markets by Q4 2023. No incidents of shortage/deferred delivery due to machinery output capacity constraints.

FINANCIAL PERFORMANCE

For RFI, the year 2022 witnessed a notable 23% increase in revenue, reaching RM148.2 million compared to RM120.3 million in 2021. Despite the growth in revenue, the Profit Before Tax (PBT) stood at RM1.4 million in 2022, primarily attributed to elevated ingredient costs, including soya bean oil, tomato paste, and the impact of the minimum salary adjustment effective May 2022.

In the case of QSRM, the reported revenue for the year amounted to RM80.0 million, accompanied by an EBITDA of (RM7.0 million). It is important to note that the EBITDA reflects deductions for a provision of doubtful debt from QSR Stores Sdn Bhd amounting to RM6.1 million and the increase in commissary and bakery raw material prices by RM8.2 million.

Meanwhile, Tepak exceeded its budgeted revenue by 13%, achieving RM49.5 million compared to the budgeted RM43.9 million. The total revenue for Tepak was RM49.5 million, with an EBITDA of RM4.3 million.

BUSINESS REVIEW

FOOD & RESTAURANTS

CHALLENGES AND MITIGATION

Challenges	Mitigation Actions
AIPI Farms	
Uprising ingredient costs, including Soya Bean Oil, and increased operational costs, especially labour expenses due to the minimum wage.	<ul style="list-style-type: none"> Implemented revenue enhancement strategies, including price adjustments for the domestic open market in July 2022. Focused on higher sales to the export market and attracting new customers/products.
QSRM	
<ul style="list-style-type: none"> Manpower shortage resulting from a crisis with 50 contract staff leaving. 	<ul style="list-style-type: none"> Actively recruited new staff, ensuring sufficient staffing levels. Sourced alternative suppliers where possible and maintained transportation costs per route, pending new tenders.
<ul style="list-style-type: none"> Higher salaries for senior staff with no salary increases. 	
<ul style="list-style-type: none"> Raw material price increases, excluding buns, with no transfer pricing. 	
Tepak	
<ul style="list-style-type: none"> Risk of potentially losing a contract with Ekaterra if business doesn't meet their packing requirements. 	<ul style="list-style-type: none"> Engaged with the Group to approve the necessary investment to secure the future contract. Implemented online banking payment to avoid delays and revised the HOD limit to RM50,000. Consolidated authorised signatories for payments within the Group to ensure more than sufficient authorisation.
<ul style="list-style-type: none"> Challenges with raw materials being held by suppliers due to late payment, influenced by authorised signatories' limitations. 	

KEY ACHIEVEMENTS

RFI

- Successfully upgraded from Grade B to Grade A during the BRC Audit in January 2022.
- Exempted from the YUM food safety audit due to the outstanding result in the BRC audit.

QSRM

- Effectively brought in foreign workers once borders were open to address manpower challenges.
- Achieved higher-than-budgeted sales by RM5.8 million, driven by significant increases in sales for various products, such as burger buns (33.4%), butterscotch buns (56.9%), garlic bread (>100.0%), and vegetables (19.5%). The increase was attributed to higher quantities ordered and revised transfer pricing for buns and garlic bread.

Tepak

- Successfully maintained certification for FSSC 22000, version 5.1, ensuring adherence to food safety standards.
- Attained certification with URSA, further validating the commitment to quality and operational excellence.

OUTLOOK

In 2023, RFI anticipates challenges stemming from a soft market and escalating ingredient costs. To tackle these issues strategically, the company aims to explore new channels and innovate products for enhanced revenue. Simultaneously, RFI will implement cost reduction initiatives through product improvement and streamlined business processes.

QSRM faces potential risks related to labour shortages and dependency on a single customer, but the outlook for the year involves prioritising business continuity and diversification. Initiatives include identifying alternative suppliers, guiding potential vendors, particularly for Commissary vegetable supplies, exploring opportunities in the open market by expanding the sales of pastries and pies, upgrading production lines to meet increasing demand, and ensuring an adequate production headcount to fulfil demand.

As for Tepak, the focus in 2023 revolves around enhancing the Potbag Tea segment, a consistently growing and high-margin product, with the goal of boosting revenue and profit. Other strategic initiatives include closing contracts with Ekaterra for the introduction of new products in the Australia and New Zealand markets, prioritising automation for certain processes to improve daily throughput and reduce dependency on manpower, and seeking group approval for the necessary capital expenditure to meet Ekaterra's manufacturing requirements.

BUSINESS REVIEW

FOOD & RESTAURANTS

SALES, MARKETING & TRADING

QSR TRADING SDN BHD (QSRT) FUNCTIONS AS THE SALES, MARKETING, AND TRADING ARM FOR QSR BRANDS, OVERSEEING THE PROMOTION AND DISTRIBUTION OF A DIVERSE RANGE OF HALAL FOOD PRODUCTS. THESE PRODUCTS ENCOMPASS OFFERINGS FROM QSR BRANDS AND EXTERNAL PARTIES' OWNED BRANDS, CATERING TO BOTH DOMESTIC AND INTERNATIONAL MARKETS.

OPERATING ENVIRONMENT

The overall consumer retail market is showing signs of recovery from the impacts of Covid-19, with positive indicators such as improved employment rates and a Consumer Sentiment Index rebounding to 105 points in Q4. Offline sales are gradually returning, and retailers are navigating the challenge of replicating the sales success seen during the Movement Control Order (MCO)-induced "panic buying" period.

However, concerns persist due to inflation, heightened by ongoing supply chain and raw material issues, leading to widespread price increases. This trend has resulted in smaller consumer budgets and increased financial constraints for retail customers. In essence, the market has become more competitive, and securing shares and making investments to stay competitive are becoming more costly.

PERFORMANCE REVIEW

Strategic Objectives	Key Initiatives	Outcomes
Route to market: Logistic optimisation and channel expansion	<ul style="list-style-type: none"> Leverage the full capacity of 40-ft truckloads to distributors for all regions. 	<ul style="list-style-type: none"> Enhanced logistics efficiency and expanded channels through optimised route-to-market strategies.
E-commerce growth and expansion	<ul style="list-style-type: none"> Grow the online business platform. 	<ul style="list-style-type: none"> Achieved growth and increased presence in the e-commerce sector.
New business from external brands	<ul style="list-style-type: none"> Launched Lactima (2 SKUs), Divella (3 SKUs), Ayamas Kitchen Santan (1 SKU), building primary products from external parties. 	<ul style="list-style-type: none"> Successfully introduced new products from external brands, including Lactima, Divella, and Ayamas Kitchen Santan.
Resource optimisation	<ul style="list-style-type: none"> Aim to save 5% from the budgeted allocation. 	<ul style="list-style-type: none"> Realised a 5% saving in resource allocation through effective optimisation measures.

FINANCIAL PERFORMANCE

In the fiscal year, QSRT reported a flat revenue of RM347 million compared to the previous year. Despite the stagnant revenue growth, profitability experienced a positive uptick with a +5% increase from the previous year. However, the Transfer Pricing exercise in the fourth quarter of FY22 significantly impacted QSRT's profitability, resulting in a reduction of RM23.3 million. Consequently, EBITDA and PBT, initially recorded at RM25 million and RM23 million, respectively, were adjusted to RM6.1 million and PBT 4.0 million post the internal cost transfer and Transfer Pricing impact.

CHALLENGES AND MITIGATION

Challenges	Mitigation Actions
Overseas & domestic economic factors: The impact of the Russian vs Ukraine War has led to inflation, causing a significant increase in the prices of imported raw materials.	<ul style="list-style-type: none"> • Launching new business: To counter challenges, a strategic approach involves venturing into new business areas. • Improving logistic efficiency: Addressing global logistic challenges by enhancing efficiency in the logistics system. • Strengthening B2B services: For primary products sourced externally, a focus on strengthening Business-to-Business (B2B) services. • Mixed pricing strategy: Continuing to implement a mixed pricing strategy to navigate through cost fluctuations effectively.
Cost pressure: Global logistic challenges and a surge in chicken prices are exerting pressure on overall costs.	
Supply chain disruptions: Persistent disruptions in the supply chain are affecting regular selling patterns.	

KEY ACHIEVEMENTS

Building on the successful implementation of Close Market and the launch of the Distributor Management System (DMS), our commitment to business modernisation and digitalisation resulted in significant achievements:

- Sales Force Automation Launch (Nov '22): Introduced an advanced Sales Force Automation system to enhance efficiency and streamline sales processes.
- Asset Tracking Module Deployment (July '22): Implemented an asset tracking module, reinforcing control and visibility over valuable assets.
- Logistic Cost Optimisation (Saving RM2.5 million): Achieved substantial savings through strategic optimisation measures, enhancing cost-effectiveness in logistics.
- Human Resource Optimisation (Saving RM2.7 million): Successfully optimised human resource allocation, resulting in substantial cost savings.
- E-commerce Centre and qrsmart.com.my Launch (Nov '22): Accomplished the successful launch of an E-commerce Centre and qrsmart.com.my, bolstering our online presence and digital capabilities.

OUTLOOK

In the coming year, Ayamas FPP is expected to maintain its resilience, navigating the competitive landscape with strategic initiatives. Despite anticipated challenges, particularly in the competitive Life Sauces segment, Ayamas FPP aims to sustain its robust market position.

To drive revenue and ensure long-term profitability, the focus for 2023 lies in the continuous expansion of external and new brands. This includes strategic efforts to promote brands such as Kewpie, primary products, and the Ayamas Kitchen brand. These initiatives are meticulously designed to foster sustained growth in revenue.

In 2023, Ayamas FPP plans to focus on growth through international key accounts, emphasising strategic relationship building for global market access. The focus will also be on local modern trade channels and convenience stores, forming key partnerships with outlets like 99SM and 7-Eleven. This targeted approach aims for optimal growth with reasonable investments, to achieve sustainable success and meet long-term business objectives.

BUSINESS REVIEW



JLS

**REAL ESTATE &
INFRASTRUCTURE**



WHAT WE DO

JLand Group Sdn Bhd (JLG) leads our stands as a wholly owned subsidiary of JCorp, assuming a pivotal role in driving the Group's endeavours in real estate and infrastructure. The spectrum of JLG's portfolio extends across a diverse range of activities, encompassing real estate development, management, investments, and infrastructure ventures. This includes engagements in smart cities and townships, integrated parks, industrial spaces, logistics, and data centres.

Originally founded as a strategic investor in the real estate sector, JLG distinguishes itself by delivering comprehensive real estate solutions geared towards fostering a smarter and more sustainable future. This commitment is manifested through the establishment of a digital-first and sustainable ecosystem within the industry. To achieve this vision, JLG operates through four core business segments:

01

Real Estate
Development

02

Asset Lifecycle
Management

03

Real Estate
Investment

04

Infrastructure
& Utilities

BUSINESS REVIEW

REAL ESTATE & INFRASTRUCTURE

JLand Group Sdn Bhd				
	Real Estate Development	Asset Lifecycle Management	Real Estate Investment	Infrastructure & Utilities
Business and solutions	Real estate development of residential, commercial and industrial properties	Total Asset Lifecycle Management Solutions provider ranging from development, construction and project management, Integrated Facilities Management (IFM) and Property Technology	Real Estate investments, including FUM and AUM, Private Equity Real Estate (PERE)	Infrastructure and Utilities development of growth areas including Fiberisation, Renewal Energy, Industrial Water and Waste Management
Key operating companies	<ul style="list-style-type: none"> Johor Land Sdn Bhd TPM Technopark Sdn Bhd Bukit Damansara Development Sdn Bhd 	<ul style="list-style-type: none"> Damansara Holdings Bhd TMR Urusharta (M) Sdn Bhd HC Duraclean Sdn Bhd Metroparking (M) Sdn Bhd JL Projects Sdn Bhd JLG & BP Design Sdn Bhd Tanjung Langsat Development Sdn Bhd M.N. Koll (M) Sdn Bhd DASB Property Management Sdn Bhd DASB Security Services Sdn Bhd Damansara Technology Sdn Bhd 	<ul style="list-style-type: none"> Damansara REIT Managers Sdn Bhd 	<ul style="list-style-type: none"> Tanjung Langsat Port Terminal JLG Infratech Sdn Bhd

BUSINESS OVERVIEW

In 2022, the global economy encountered formidable challenges, as reported by the International Monetary Fund (IMF) in their World Economic Outlook in October 2022. Notably, the three largest economies namely the United States, the European Union, and China persisted in a state of stagnation.

For Malaysia, the post-pandemic recovery exhibited a sharp trajectory, although signs of deceleration were evident. According to data from the Department of Statistics Malaysia in October 2022, the unemployment rate experienced a reduction. However, headline inflation persisted, posing ongoing economic concerns.

Despite the nuanced recovery, the Consumer Sentiment Index displayed a cautious improvement, reaching 105.3 points by the end of 2022. This positive shift was attributed to improvements in job prospects and income expectations, although worries about inflation continued to ease. These insights were gleaned from the Malaysian Institute of Economic Research (MIER) report in February 2023.

Conversely, the Business Confidence Index witnessed a decline to 85.9 points as of the conclusion of 2022. This dip was associated with diminishing sales and a reduction in both domestic and external orders, as reported by MIER in February 2023.

Nevertheless, Malaysia's economic landscape showcased encouraging resilience, as evidenced by the Gross Domestic Product (GDP) recording an impressive 8.7% for the year 2022 (Source: MOF, Feb 2023). This underscores the nation's ability to navigate challenges and sustain substantial economic growth.

In the post-pandemic era, businesses witnessed a significant surge in digital transformation, with a notable embrace of technologies and remote work models. Online platforms, e-commerce, and remote collaboration tools became essential for conducting operations, engaging with customers, and managing teams. This digital shift highlighted businesses' adaptability in navigating global challenges.

Concurrently, environmental, social, and governance (ESG) considerations gained prominence, driven by customer, investor, and regulatory demands for sustainability, ethical sourcing, and transparency. Companies responded by integrating sustainability into operations, adopting eco-friendly initiatives, and disclosing ESG-related information to align with evolving stakeholder expectations and contribute to a more responsible business environment.

REAL ESTATE MARKET IN 2022

1. The demand for residential and commercial properties exhibited relative stability throughout the year, showing signs of recovery. However, this positive trend was overshadowed by a persistent challenge - high overhang stocks, posing a notable impediment to the market's overall health.
2. In contrast, the industrial property sector experienced robust demand, standing out as the asset class with the lowest overhang. This heightened demand indicated a favourable market sentiment and contributed to the overall resilience of the industrial property segment.
3. The Housing Price Index demonstrated a continued slowing growth trajectory, a trend observed since 2017. This pattern suggested a nuanced and gradual evolution in property values, requiring a careful examination of market factors influencing this sustained deceleration.
4. The office space segment faced challenges characterised by an oversupply, reflected in a high vacancy rate of approximately 30%. This oversaturation contributed to a downward trend in rental rates. However, amidst these challenges, there were positive indicators in the retail sector. Post-pandemic, retail occupancy and rental rates showed signs of improvement, pointing to a more optimistic outlook in this particular segment of the real estate market.

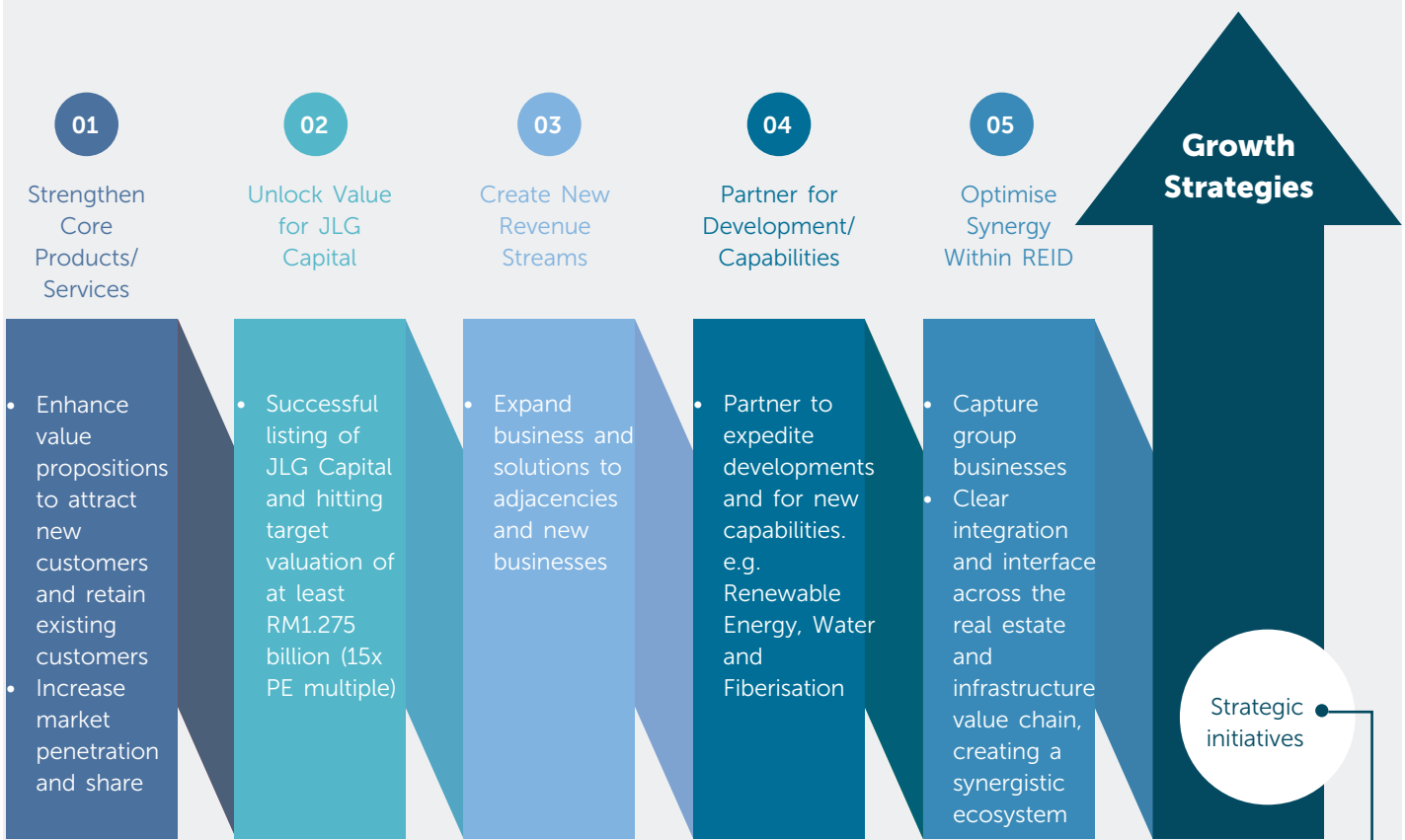
(Source: NAPIC, 2022)





BUSINESS REVIEW





REAL ESTATE & INFRASTRUCTURE

PERFORMANCE REVIEW

The five growth strategies of JLG are seamlessly aligned with JCorp's VCS. The synergy between JLG's growth strategies and JCorp's VCS enhances the overall effectiveness and impact of their combined efforts in the real estate and related sectors.



	Key Initiatives	End Date	Status
Business Initiatives	Restructure JCorp's real estate portfolio to be under JLG	Phase 1- Dec 2023 Phase 2- Mar 2024	
	Integrate Development, Project Management and Consultancy (DPMC) functions under JL Pro	Mar 2023	
	Integrate Shared Services (SS) functions under JLG Services Sdn Bhd	Mar 2023	
	Diversify Al-Salam REIT via acquisition of industrial assets	Sep 2025	
	Establish business processes for JLG companies integrated across property value chain	Jun 2023	
Digitalisation	Validate and mobilise digital strategy	March 2023	
	Develop data warehousing platform, data analytics platform and data disaster recovery	Jun 2023	
Intangible Asset	Develop brand and strategic PR & communication plan for JLG companies	Dec 2023	
	Identify and develop strategic plan for intangible assets	Jun 2022	
	Redesign JLG companies' operational structure to streamline and build capacity	Jun 2023	
	Develop intangible assets policy and roadmap to implement action plans	Mar 2023	
ESG	Develop: <ul style="list-style-type: none"> ESG Framework Sustainability Report 	Sep 2022 Mar 2023	 
	Streamline ESG policies and governance across the Group	Dec 2022	

 Not Started
 In progress - Delayed by <2 weeks
 Completed
 On Schedule
 In progress - Delayed by >2 weeks
 Depped/KIV

BUSINESS REVIEW

REAL ESTATE & INFRASTRUCTURE

PERFORMANCE REVIEW

Challenges	Mitigation Action	Expected Results
Slowdown in GDP Growth, impacting:		
<ul style="list-style-type: none"> • Demand for properties as buyers become more cautious/selective in making long-term purchase commitment. • Clients tightening their spending on facility management services. • Pressure on commercial asset yields due to reduced income. • Port users are reducing their projected activities. • Investors become more cautious/selective in making investments. 	<ul style="list-style-type: none"> • Initiative to improve sales via attractive sales packages. • Concerted efforts to secure captive markets. • Diversify income streams; utilising existing assets base. • Improve the occupancy rates and footfall for commercial assets and expansion into industrial assets. • Continued investments in long term capacity building. • Cost optimisation / austerity drive, where possible. 	<ul style="list-style-type: none"> • Achievement of sales targets • More stable and diversified revenue streams, including captive markets. • Achievement of targeted assets' yields targets. • Building up capacity and capability to capture future upswing in the market. • Better cost management and control.
Raising Inflation and Cost of Doing Business, from:		
<ul style="list-style-type: none"> • Central banks tightening monetary policy to restore price stability, thus affecting our costs of funding. • Rising cost of doing business, e.g. construction materials, increase in minimum wage etc., resulting in supply shock (increase prices and/or difficulty in obtaining supply e.g. materials and labour etc). 	<ul style="list-style-type: none"> • Collaborate as a group for better funding facilities. • Implement organisation redesign and migration to outsourcing model (JLPro, JLG Services etc.). • Optimise cost structure and productivity • Collaboration with suitable partners for solutions, co-investments and/or defray costs. • Secure best value from contractors and suppliers; locking long-term rates, if possible. 	<ul style="list-style-type: none"> • Better financing terms for the Group. • Better cost structure, management and control. • Improved productivity • Defray/share cost of investments or developments with partners. • Better long-term contractual terms.
Shifting Demographics and Consumer Demand, resulting from:		
<ul style="list-style-type: none"> • Demand for sustainability in products and services. • Changing consumer behaviour/living situations resulting from the pandemic. • Shift towards experiential and customer centric engagement spaces in retail properties. 	<ul style="list-style-type: none"> • Ensure our products and services evolve to cater for the changing needs of customers. • Provide choices to customers and enhanced value as a one-stop-solutions provider. • Unified brand messaging and marketing to increase brand awareness and trust. • Increase digitalisation within our value chain for efficiency and customer experience. • Establish strong ESG performance across value chain. 	<ul style="list-style-type: none"> • Products and services that are current and relevant to our customers' needs and behaviours. • Products and services that are sustainability linked and provide good value-for-money. • Stronger brand presence and differentiation in the market. • More effective provision of products and services utilising digitalisation to improve delivery and customer touch points.

Challenges	Mitigation Action	Expected Results
Integration of Technology, resulting from:		
<ul style="list-style-type: none"> The rise of cloud computing, IoT and analytics. Increase digitalisation across value chain and adoption of smart buildings and tech-based solutions. Demand for technology-supported solutions, including data insights. 	<ul style="list-style-type: none"> Increase in digital adoption on cloud computing, IoT and analytics. Implement digital solutions and enterprise resource applications in all relevant business areas. Investment in digital competency building. 	<ul style="list-style-type: none"> More effective provision of products and services utilising digitalisation to improve delivery and customer touch points. Being able to capitalise on opportunity to re-think and re-engineer the business value chain utilising technology and digital.

FINANCIAL PERFORMANCE

In 2022, under the stewardship of JLG, the Real Estates and Infrastructure Division (REID) Group achieved noteworthy financial milestones, with a consolidated pro-forma turnover of RM851 million* and a combined pro-forma PAT of RM102 million* as of December 2022. During this period, the group maintained a robust workforce, boasting a total staff strength of 2,031 employees.

**The ongoing corporate restructuring has not yet concluded, and the assets and companies within the JCorp Group identified for transfer to JLG are still in the process of being reallocated.*

KEY ACHIEVEMENTS

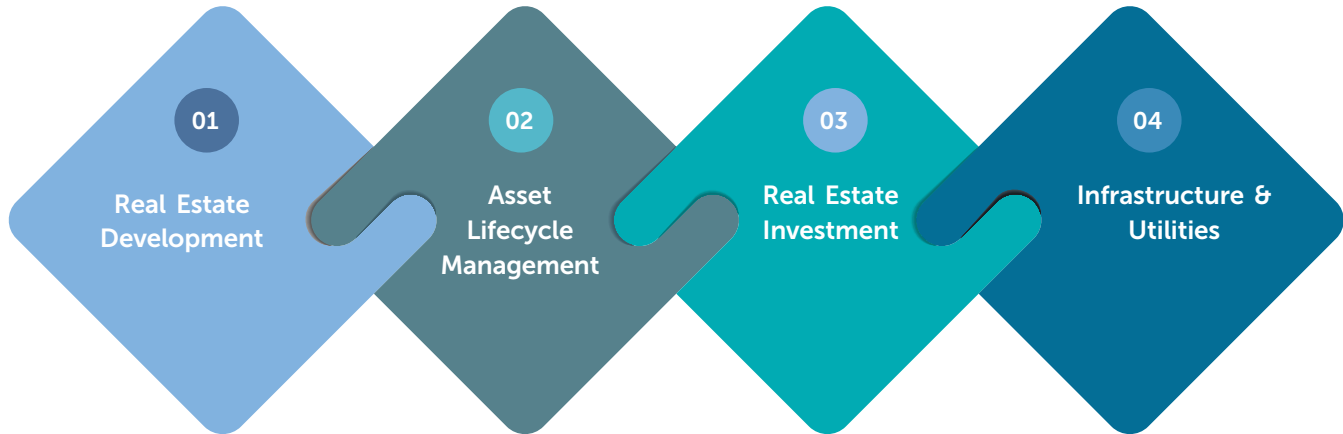
- JLG signed a memorandum of understanding (MOU) with Mitsui & Co (Malaysia) Sdn Bhd to develop a hyperscale data centre and a renewable energy (RE) facility in the form of a captive solar farm to power data centres in the Sedenak Tech Park (STeP).
- JLG, representing JCorp, and Sojitz Corp have formalised their collaboration by signing a memorandum of understanding (MOU). The agreement outlines a three-year joint feasibility study aimed at exploring the potential of decarbonisation through the utilisation of hydrogen fuel in the Johor region.
- Asean Property Developer Awards for Best Sustainable Community Development-Tebing @BDO.
- JCorp, through one of its units, entered into a preliminary collaboration agreement with Tiong Nam Logistics Holdings Bhd to jointly develop a logistics hub on a 300-acre plot of land in Sedenak Tech Valley.
- Successfully launched the Selective Capital Reduction (SCR) exercise of Damansara Holdings Berhad.
- Setting-up and mobilisation of JLProject Sdn Bhd as the Development and Project Management Company (DPMC) of the Group and JLG Shared Services Sdn Bhd to undertake centralised shared services for the Group.

BUSINESS REVIEW

REAL ESTATE & INFRASTRUCTURE

OUTLOOK

Our core businesses will be strongly supported by key enablers involving digital transformation and strong commitment to sustainability.



1. REAL ESTATE DEVELOPMENT

We shall continue to unlock the value of our industrial, commercial and residential developments through smart and sustainable ecosystems.

INDUSTRIAL	RESIDENTIAL & COMMERCIAL	STRATEGIC PROJECTS	
<p>34 Industrial Parks</p> <p>>16,800 acres of land developed for industrial parks</p> <p>>RM110 bil accumulated FDI & DDI</p> <p>>227,000 jobs created</p> <p>2,003 acres industrial land under JCorp available for development</p>	<p>6 Townships Bandar Dato' Onn, Bandar Tiram, Sri Gading, Johor Bahru, Pasir Gudang</p> <p>Menara JLAND 1st and only Grade A Building</p> <p>>9,230 acres of total landbank</p> <p>RM31.2 bil balanced GDV for 1,940 acres of available land</p> <p>RM25.74 bil estimated GDV for 7,290 acres under IBTEC</p>	<p>Ibrahim Technopolis 7,290 acres of smart & sustainable economic growth centre for Northern Iskandar Malaysia</p> <p>Muar Furniture Park 986 acres of Public & Private Partnerships</p> <p>Pengerang Industrial Park (PIP) 790 acres of oil & gas downstream & related activities</p> <p>Arena Larkin 180 acres of area for Smart city urban, rejuvenation project in Larkin, Johor Bahru</p>	<p>More than 700 acres of Data Centre and 300 acres of smart logistic park</p> <p>Tanjung Langsat Industrial Complex (TLIC) 4,802 acres of industrial complexing catering for heavy industries</p> <p>Ibrahim International Business District (IIBD) 250 acres of Urban Rejuvenation Project of Johor Bahru City Centre (JBCC)</p> <p>Albert Gardens, Brisbane, Australia Total landbank: 27 acres with 100 townhouses</p>

a) **IBTEC:** Leveraging on Group core competencies and partnerships towards a smart and sustainable township.



7,290

Total acreage

RM25.74 bil

GDV

- Sustainable and Liveable City
- Low Carbon City Certified
- Smart City with Next Gen Mobility
- Eco Industrial Park features
- Malaysia Dgital Cybercentre certified



Smart partnerships in development:



TIONG NAM



gentari



MITSUI & CO.



sojitz

Future partnerships:

- Fiberisation
- Industrial Water

Group-wide synergies captured across business pillars



Real Estate Development

- Landbank and preliminary infrastructure development



Asset Lifecycle Management

- Design & Planning
- Development and Project Management
- Construction Management
- Property Management
- Facilities Engineering Monitoring
- Smart Environment solutions



Real Estate Investment

- Potential REIT for Data Centres, other Industrial Assets



Infrastructure & Utilities

- Fiberisation**
- Power supply, including Renewable Energy
- Industrial Water
- Waste Management

b) **Bandar Dato Onn:** The Jewel of Iskandar Malaysia.



1,474

Total acreage.

RM13.9 bil

GDV

574 acres

to be developed



Excellent connectivity

- Easily accessible via PLUS and EDL



Smart and connected homes

- Smart home elements to provide personal convenience and enhancing lifestyle



Community inspired design

- self-sustaining township offering integrated amenities



KITA App mobile platform

- Mobile-enabled Community App



Sustainable living

- self-sustaining township offering integrated amenities

Group-wide synergies captured across business pillars



Real Estate Development

- Landbank and preliminary infrastructure development



Asset Lifecycle Management

- Design & Planning
- Development and Project Management
- Construction Management
- Property Management
- Smart homes solutions



Infrastructure & Utilities

- Fiberisation
- Power supply, including Renewable Energy

BUSINESS REVIEW

REAL ESTATE & INFRASTRUCTURE

c) **Arena Larkin:** a unique and powerful urban place that defines Next Generation Urban Lifestyle.

Total Area 180 Acres **94 acres** Developable

New Urban Landscape

Unique Local Creative Retail

Activated Street Edge

Safe and Wellness Centered Lifestyle

Sustainable and Resilient

2. ASSET LIFECYCLE MANAGEMENT

We ensure our assets provides optimum value and deliver the peace of mind for our clients and communities.

PROPERTY MANAGEMENT

Office 1.5 mil sqf **Retail 1.0 mil sqf**

> RM1.98 bil worth of Assets Managed

FACILITIES MANAGEMENT

>1,544 rooms Accommodation Facilities in Pengerang

Cleaning services at **>27** hospitals in Malaysia

> 30 active FM contacts

PARKING MANAGEMENT

Leading carpark management services provider with regional business presence Across Malaysia, Singapore and Philippines

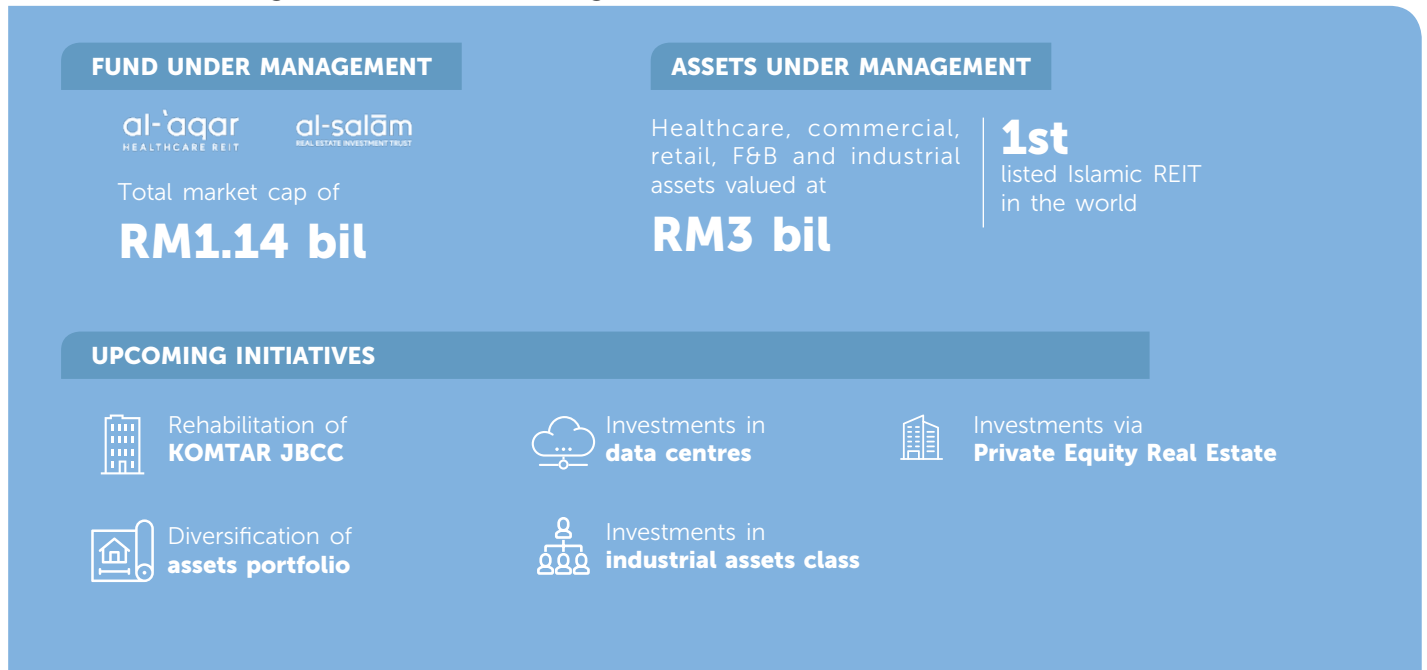
Managing **179 parking sites** with more than **50,000 carpark bays** across Malaysia, Philippines and Singapore

UPCOMING ALM INITIATIVES

- Township & Park Management Services
- Development & Project Management Services
 - BEMS Services
 - Hospital Catering Services
 - Technical Consultancy Services
 - Centralised Sterile Services
 - Hospital Linen Services
- Hospital Support Services
- Security Services
- Construction and Interior Design Services
- Smart Waste Management Services

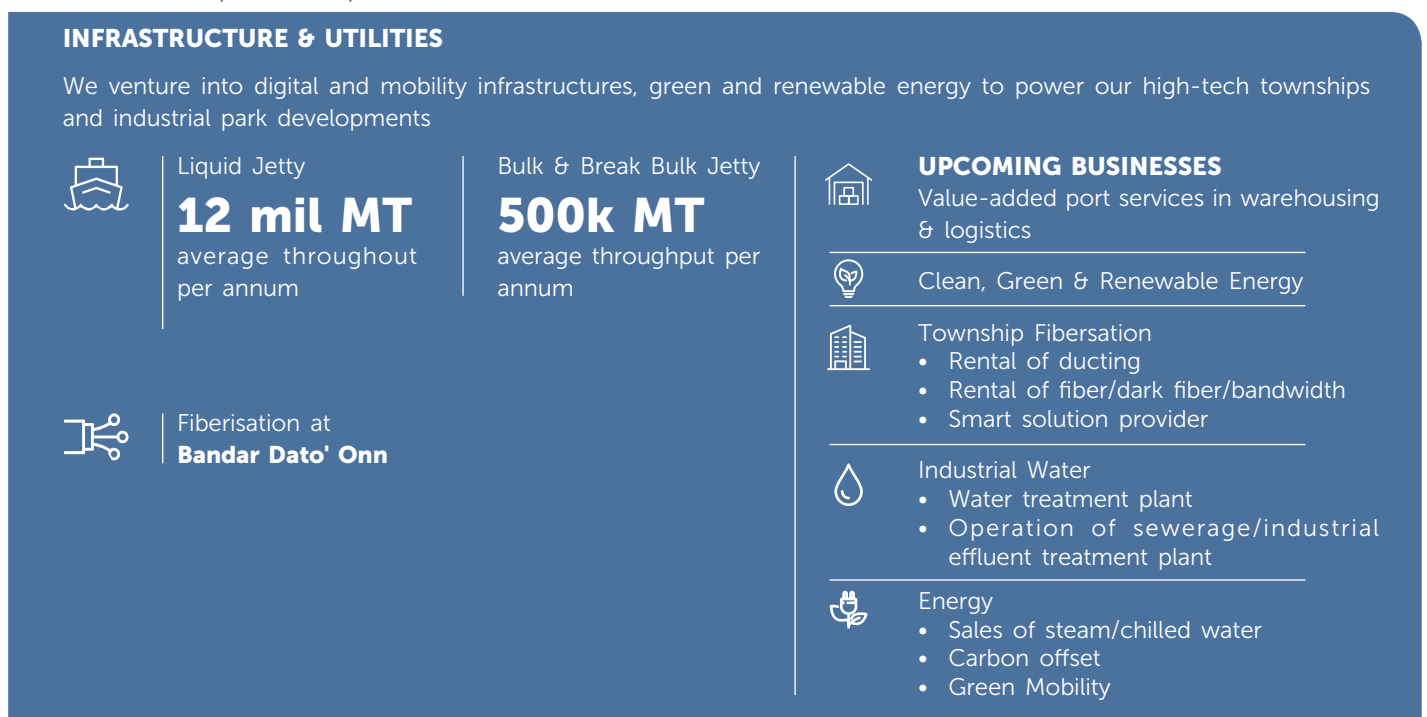
3. REAL ESTATE INVESTMENT

We structure & execute value added impact investments through our diversified approach and capital deployment (Asset Under Management & Fund Under Management).



4. INFRASTRUCTURE & UTILITIES

We venture into digital and mobility infrastructures, green and renewable energy to power our high-tech townships and industrial park developments.







LEADERSHIP

125 Profile of Board of Directors

137 Profile of Senior Management

PROFILE OF BOARD OF DIRECTORS



YAB DATO' ONN HAFIZ BIN GHAZI

Menteri Besar of Johor
 Chairman

Nationality	Malaysian
Age / Gender	44 / Male
Date of Appointment	5 March 2022

Dato' Onn Hafiz has been appointed Chairman of the Board of Johor Corporation with effect from 15 March 2022 in his capacity as the Menteri Besar Johor. He holds a Bachelor of Accounting from the University of Hertfordshire, United Kingdom.

TAN SRI DATO' SRI DR ISMAIL BIN BAKAR

Deputy Chairman

Nationality	Malaysian
Age / Gender	62 / Male
Date of Appointment	1 April 2022

Tan Sri Dato' Sri Dr Ismail has been appointed as the Deputy Chairman of the Board of Johor Corporation with effect from 1 April 2022. He graduated with a Bachelor of Economics, B. Econs (Hons) in Applied Economics, from the University of Malaya, Kuala Lumpur in 1983 and obtained a Diploma in Public Administration (DPA) from the National Institute of Public Administration (INTAN), Kuala Lumpur, Malaysia in 1985. He holds a Master of Business Administration (MBA) and a PHD from the University of Hull, United Kingdom 1995 and in 2004 respectively. He is a Member of Chartered Institute of Purchasing and Supply (CIPS) UK as well as an Adjunct Professor, School of Engineering and Entrepreneurship, Universiti Malaysia Perlis (UNIMAP). He has been appointed as the Chairman of Johor Plantations Group Berhad, a subsidiary of Kulim (Malaysia) Berhad, with effect from 1 March 2023. Tan Sri Dato' Sri Dr Ismail also serves as Chairman of the Executive Committee of JCorp.



PROFILE OF BOARD OF DIRECTORS



DATUK SYED MOHAMED BIN SYED IBRAHIM

President and Chief Executive
 Board of Director

Nationality	Malaysian
Age / Gender	64 / Male
Date of Appointment	9 January 2020

Datuk Syed Mohamed has been appointed as the President and Chief Executive, as well as a Member of The Board of Johor Corporation effective from 9 January 2020. He holds a Bachelor of Economics in Analytical Economics (Hons) from the University of Malaya. He then attended the Senior Management Development programme in Public Enterprises at Harvard University. He is also a Board Member of the Sultan Ibrahim Johor Foundation and the Tunku Laksamana Johor Cancer Foundation. In 2021, he was appointed as an Eminent Industry Fellow by Universiti Sains Malaysia via the School of Management as well as an Adjunct Professor of the Faculty of Built Environment and Surveying (FABU) of Universiti Teknologi Malaysia. Datuk Syed also serves as a Member of the Executive Committee of JCorp.

TAN SRI DATO' DR HAJI AZMI BIN ROHANI

State Secretary of Johor
Board of Director

Nationality	Malaysian
Age / Gender	56 / Female
Date of Appointment	1 January 2020

Tan Sri Dato' Dr Azmi has been appointed as a Member of the Board of Johor Corporation effective from 1 January 2020 based on his capacity as the Johor State Secretary. He graduated with a Master's Degree in Human Resource Development from Universiti Teknologi Malaysia in 2004 holds a PHD in Land Administration and Development from the same university in 2022. Tan Sri Dato' Dr Azmi also serves as Chairman of the Board Tender Committee and Member of the Executive Committee of JCorp.



PROFILE OF BOARD OF DIRECTORS



DATO' AMIR BIN NASRUDDIN

State Legal Advisor of Johor
 Board of Director

Nationality	Malaysian
Age / Gender	54 / Male
Date of Appointment	1 January 2020

Dato' Amir has been appointed as a Member of the Board of Johor Corporation effective from 1 January 2020 in his current capacity as the State Legal Advisor of Johor. He holds a Diploma in Law and an Advanced Diploma in Law (LLB Honors) from Universiti Teknologi MARA. Dato' Amir is the current Chairman of the Board Sustainability of JCorp.

DATO' SALEHUDDIN BIN HASSAN

State Financial Officer of Johor
Board of Director

Nationality	Malaysian
Age / Gender	58 / Male
Date of Appointment	25 January 2021

Dato' Salehuddin's appointment to the Board of Directors of Johor Corporation effective on 25 January 2021. He holds a Bachelor of Business Management (Hons) from Universiti Utara Malaysia and a Diploma in Banking from Institut Teknologi MARA. He is currently the State Financial Officer of Johor. Dato' Salehuddin also act as a Member of the Board Audit and Risk Committee of JCorp.



PROFILE OF BOARD OF DIRECTORS

DATUK JOHAN BIN MAHMOOD MERICAN

Secretary General of Treasury, Ministry of Finance
Board of Director

Nationality	Malaysian
Age / Gender	49 / Male
Date of Appointment	11 May 2023

Datuk Johan's appointment to the Board of Directors of Johor Corporation began on 11 May 2023. He holds a Bachelor Degree of Economics (First Class) from University of Cambridge, United Kingdom. He is currently the Secretary General of Treasury, Ministry of Finance. Datuk Johan also a Member of the Executive Committee of JCorp.



DATO' NOR AZMIE BIN DIRON

Secretary General, Ministry of Economy
Board of Director

Nationality	Malaysian
Age / Gender	60 / Male
Date of Appointment	6 February 2023

Dato' Nor Azmie's appointment to the Board of Directors of Johor Corporation took effect from 6 February 2023. He holds a Master's Degree in Information Technology from Universiti Kebangsaan Malaysia. Currently, he is the Secretary General of the Ministry of Economy and prior to that, he was the State Secretary of Selangor. Dato' Nor Azmie also serves as the Member of the Executive Committee of JCorp.



PROFILE OF BOARD OF DIRECTORS

DATO' HAIRIL YAHRI YAACOB

Secretary General, Ministry of Investment, Trade & Industry
Board of Director

Nationality	Malaysian
Age / Gender	51 / Male
Date of Appointment	1 December 2023

Dato' Hairil becomes the member of the Board of Directors Johor Corporation since 1 December 2023. He graduated from Universiti Kebangsaan Malaysia with a Master's Degree in Strategy and Diplomacy in 2003. He is currently the Secretary General of the Ministry of Investment, Trade & Industry. Dato' Hairil also serves as a Member of the Executive Committee of JCorp.



DATUK NOR AZRI BIN ZULFAKAR

Board of Director

Nationality	Malaysian
Age / Gender	61 / Male
Date of Appointment	8 March 2020

Datuk Nor Azri has been appointed as a Member of the Board of Johor Corporation effective from 8 March 2020. He graduated from the Massachusetts Institute of Technology (MIT), Cambridge, the United States of America with a Master's Degree in Business Administration (Business Management). He is also the Non-Independent Non-Executive Chairman of Damansara Holdings Berhad since 9 November 2021. Currently, Datuk Nor Azri is also a Member of the Board Sustainability Committee of JCorp.



PROFILE OF BOARD OF DIRECTORS

DATO' SR HISHAM BIN JAFREY

Board of Director



Nationality	Malaysian
Age / Gender	64 / Male
Date of Appointment	1 May 2020

Dato' Sr Hisham's appointment to the Board of Directors Johor Corporation began on 1 May 2020. He holds a Bachelor's Degree in Quantity Surveying from Leeds Metropolitan University, United Kingdom and is a Fellow of the Royal Institution of Surveyors Malaysia, as well as a Member of the Royal Institute of Chartered Surveyors, United Kingdom. In addition, he also sits as a Member of the Industry Advisory Panel at SEGI University, besides being a Board Member of Johor Plantations Group Berhad with effective from 1 March 2023. Dato' Hisham also serves as the Chairman of Board Audit and Risk Committee of JCorp.

SECRETARIES

MOHD NORDIN BIN JAMALUDIN

Secretary

Nationality	Malaysian
Age / Gender	60 / Male
Date of Appointment	9 March 2010

Mohd Nordin's appointment as the Secretary of Johor Corporation took effect on 2 February 2020. He earned his Bachelor's Degree in Law from the University of West London, United Kingdom. At present, he assumes the role of Chief Corporate Services Officer, JCorp.



NURALIZA BINTI ABDUL RAHMAN, ACIS

Assistant Secretary

Nationality	Malaysian
Age / Gender	51 / Female
Date of Appointment	9 March 2010

Appointed as Assistant Secretary of Johor Corporation with effective from 1 March 2020, Nuraliza possesses a professional qualification from the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA), and she currently holds the post of Head of the Group Company Secretarial Department, JCorp.



PROFILE OF SENIOR MANAGEMENT



DATUK SYED MOHAMED BIN SYED IBRAHIM
 President and Chief Executive

Nationality _____ Malaysian

Age / Gender _____ 64 / Male

Academic/Professional Qualification(s)

- Bachelor of Economics (Analytical Economics),
 University of Malaya



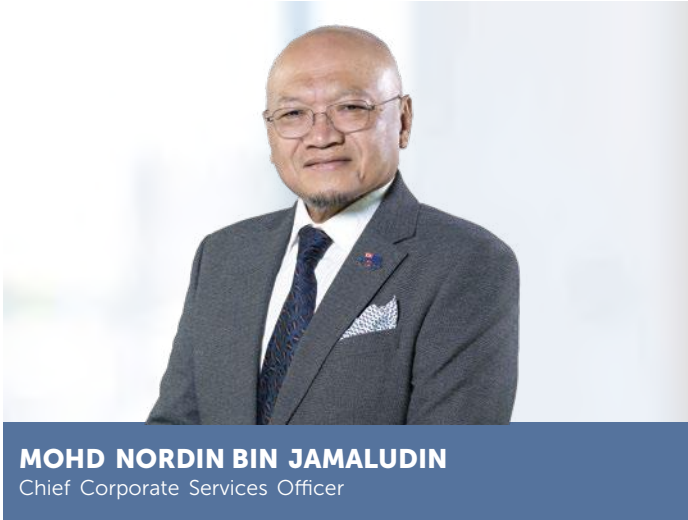
SHAMSUL ANUAR BIN ABD MAJID
 Chief Investment Officer

Nationality _____ Malaysian

Age / Gender _____ 51 / Male

Academic/Professional Qualification(s)

- Chartered Financial Analyst (CFA) Finance and Investment,
 CFA Institute, Charlottesville, Virginia, United States of
 America



Nationality _____ Malaysian

Age / Gender _____ 60 / Male

Academic/Professional Qualification(s)

- Bachelor of Laws, University of West London, United Kingdom



Nationality _____ Malaysian

Age / Gender _____ 56 / Male

Academic/Professional Qualification(s)

- Bachelor of Science in Quantity Surveying, Universiti Teknologi MARA

PROFILE OF SENIOR MANAGEMENT



ROZAINI BIN MOHD SANI
Chief Financial Officer

Nationality _____ Malaysian

Age / Gender _____ 49 / Male

Academic/Professional Qualification(s)

- Fellow of Chartered Accountants Australia & New Zealand (CAANZ)



MOHD AZMI BIN HITAM
Chief Governance Officer

Nationality _____ Malaysian

Age / Gender _____ 57 / Male

Academic/Professional Qualification(s)

- Master of Business Administration, Washington State University, United States of America



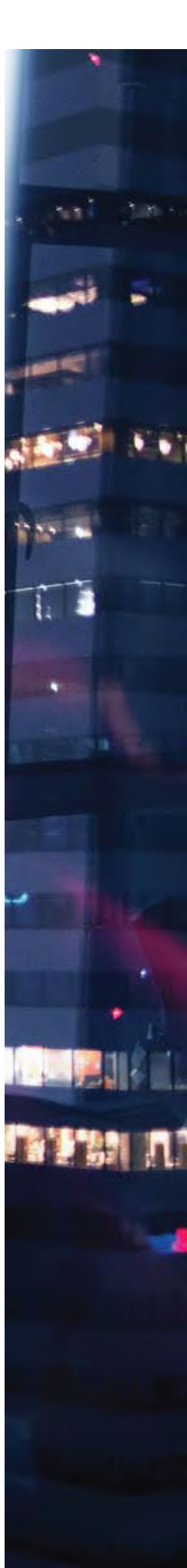
Nationality _____ Malaysian

Age / Gender _____ 50 / Male

Academic/Professional Qualification(s)

- Bachelor of Science in Electrical Engineering, Washington University in St. Louis, United States of America





OUR GOVERNANCE

- 143 Statement of Corporate Governance
- 149 Statement of Risk Management and Internal Control
- 153 Board Audit and Risk Committee Report



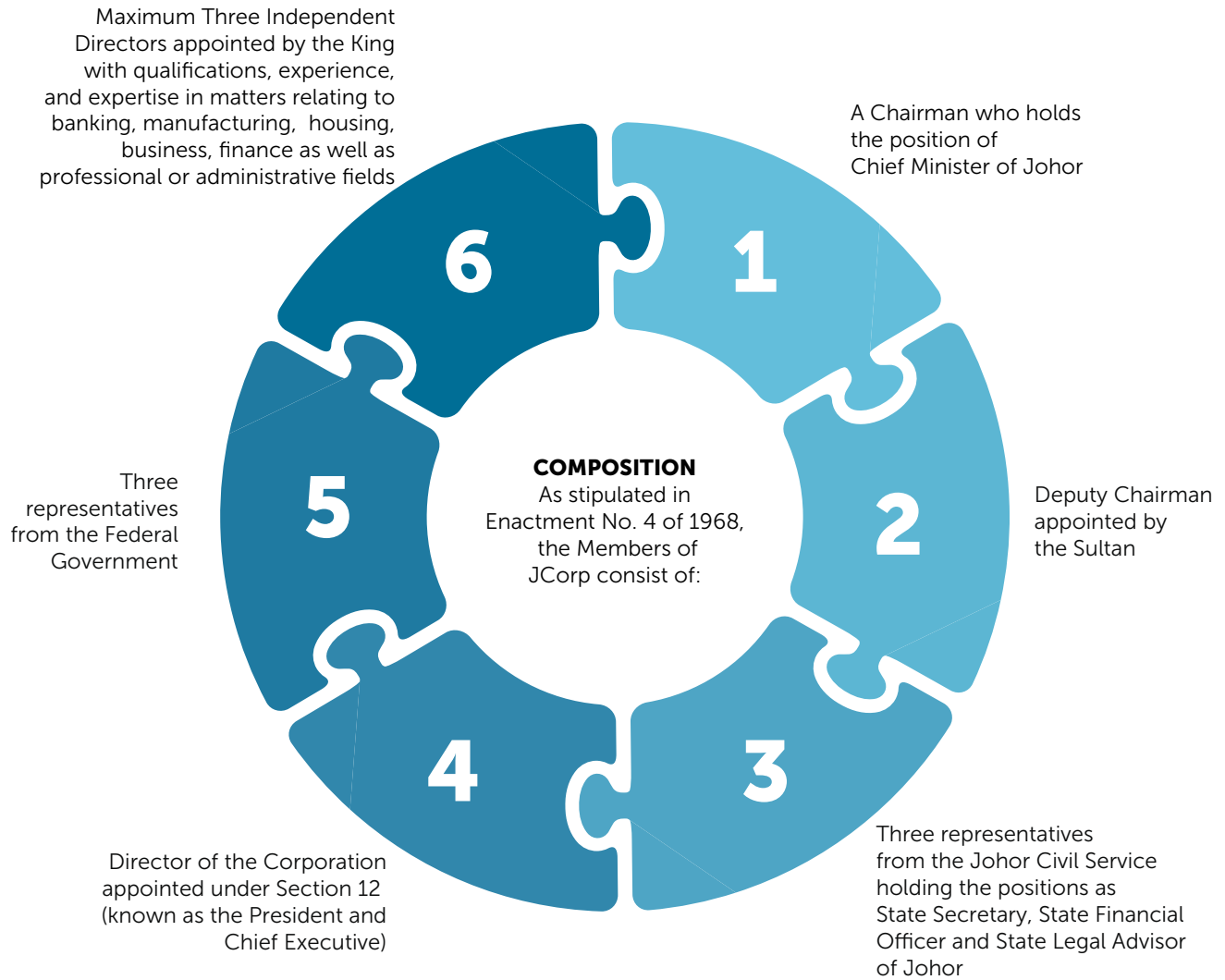
STATEMENT OF CORPORATE GOVERNANCE

While the year 2022 has captured the looming recession and an uncertain global economic landscape, all planned strategies of JCorp and Group have been successfully executed. Recognising the importance of digitalisation, we believe it is pivotal in enabling JCorp and its Group to stay relevant, sustainable, and ahead of the curve. We remain steadfast in our commitment to ensuring that JCorp and its Group continue delivering value to the communities we serve.

1. MEMBERS OF JOHOR CORPORATION

The Board is ultimately responsible to shareholders for the direction, management, performance and long-term success of JCorp. It sets the Group’s strategies and objectives, as well as oversees and monitors the performance, internal controls, risks and its management, policies, governance and viability of the JCorp. The Chief Minister of Johor is the Chairman of our Board and is supported by a group of qualified individuals with diverse professional backgrounds and expertise as Board members.

COMPOSITION



All Members of JCorp are Non-Executive Directors except for the Director of the Corporation who is also known as the President and Chief Executive.

STATEMENT OF CORPORATE GOVERNANCE

MEETINGS AND ATTENDANCE

The Board met two (2) times during the financial year 2022. The members of the Board of Directors and their attendances at Board meetings in 2022 are set out below:

	193 rd BOD 29.05.2022	194 th BOD 27.09.2022
Dato' Onn Hafiz Bin Ghazi	/	/
Tan Sri Dr. Dato' Sri Dr. Ismail Bin Hj. Bakar	/	/
Datuk Syed Mohamed Bin Syed Ibrahim	/	/
Tan Sri Dato' Dr. Azmi Bin Rohani	/	/
Dato' Salehuddin Bin Hassan	/	/
Dato' Amir Bin Nasruddin	/	/
Datuk Johan Bin Mahmood Merican	NA	NA
Dato' Nor Azmie Bin Diron	NA	NA
Datuk Seri Isham Bin Ishak	NA	NA
Dato' Sr. Hisham Bin Jafrey	/	/
Datuk Nor Azri Bin Zulfakar	/	/

Notes:-

- *Datuk Seri Saiful Anuar Bin Lebai Hussen – resigned on 16.10.2022*
- *Datuk Seri Asri Bin Hamidon – resigned on 04.01.2023*
- *Datuk Ruji Bin Ubi – appointed on 16.03.2022 and resigned on 06.02.2023*
- *Datuk Lokman Hakim Bin Ali – appointed on 01.12.2022 and resigned on 06.02.2023*
- *Datuk Johan Bin Mahmood Merican – appointed on 01.05.2023*
- *Dato' Nor Azmie Bin Diron – appointed on 06.02.2023*
- *Datuk Seri Isham Bin Ishak – appointed on 06.02.2023*

BOARD COMMITTEE

There are five (5) committees under the purview of the Board, as follows:

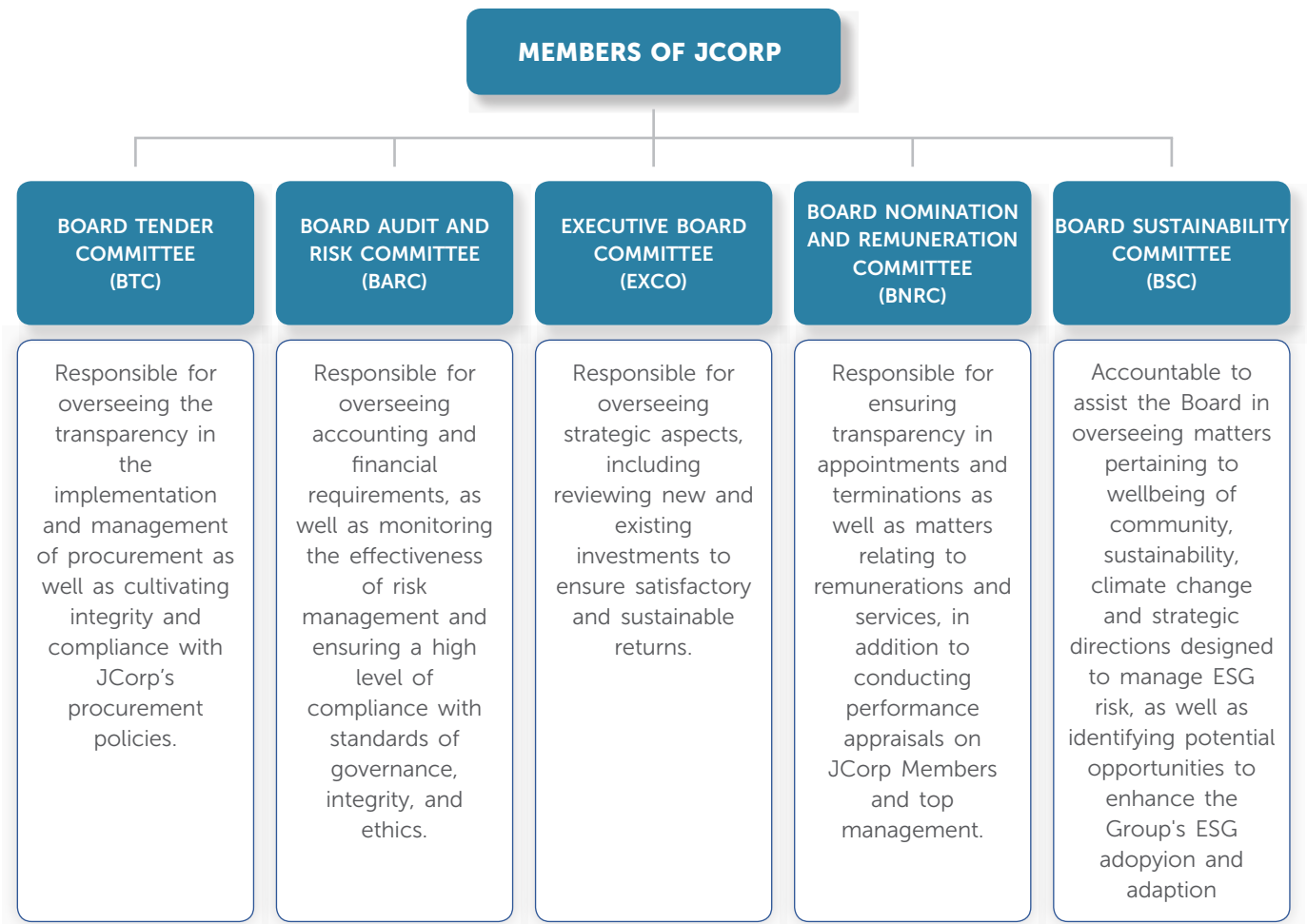


Chart 1. Board Committee

Senior leadership is assisted and supported by five main committees namely, the Management Committee (MC), Group Management Committee (GMC), Management Tender Committee (MTC), and Enterprise Risk Management Committee (ERMC), to drive strategic execution.

For each committee, the approved Terms of Reference delineate their strategic objectives, authority, and responsibilities, thereby providing a comprehensive framework for their strategic and operational mandate.

CORPORATE GOVERNANCE FOR LISTED ENTITIES IN THE JCORP GROUP

JCorp supports the best corporate governance of every company in the Group, especially for its four entities listed on the main board of Bursa Malaysia, namely KPJ Healthcare Berhad, EA Technique (M) Berhad, Al-`Aqar Healthcare REIT, and Al-Salām REIT. The four listed companies also comply with the statutory requirements, best practices, and guidelines set by the Securities Commission, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Bursa Malaysia Corporate Governance Guide, and the Malaysian Code on Corporate Governance. The said entities also have their respective Board of Directors and Audit Committees.

STATEMENT OF CORPORATE GOVERNANCE

2. STRENGTHENING JCORP'S GOVERNANCE

Through its overall governance structure, as well as internal policies and processes, JCorp ensures conformance to the highest standard of governance, consistent with the principles and best practices outlined in the MCCG 2021. Pursuant to that, JCorp had unveiled its Strategic Plan for 2022-2026 in February 2022 which includes the establishment of JCorp Stewardship Framework and integration of an ESG Agenda across the Group.

In JCorp's efforts to further strengthen its corporate governance and accountability, JCorp also supports and contributes to initiatives and best practices that drive towards sound governance as well as long-term sustainability at the institutional and Group levels. Among the initiatives are:

a. DISCLOSING POLICY ON THEIR STEWARDSHIP

JCorp has always placed utmost priority on safeguarding the value of its investments and has employed best practices in being a responsible shareholder of the companies in which it invests. The JCorp Stewardship Framework aims to articulate JCorp's philosophy and expectations of the investee companies within its investment stable, with a view to promoting a performance-driven culture and improving the respective companies' organisational health.

b. STRATEGIES TOWARDS JCORP'S SUSTAINABILITY

JCorp has formed Group Sustainability Committee in 2022. The update and reporting of sustainability strategies of JCorp and Group are discussed in various meetings, including the Group Sustainability Committee meetings. The Committee serves as platforms for reviewing and aligning the organisation's sustainability efforts and coordination among relevant stakeholders.

c. LIMITS OF AUTHORITY

In discharging its roles and responsibilities, the Board is guided by 'Limits of Authority' to further strengthen the culture of transparency and accountability in the organisation. This document covers eight main scopes, namely Corporate, Audit, Company Law and Secretarial, Finance and Accounting, Human Resources, Procurement and Contract Management, Investments and Assets and will be reviewed on an ongoing basis to ensure its effectiveness and to remain relevant.

d. COMMUNICATION WITH STAKEHOLDERS

JCorp has consistently demonstrated transparency and accountability to its shareholders and investors, emphasising its commitment to keeping them well-informed about major developments within the organisation. Recognising the significance of timely information dissemination to shareholders and other stakeholders, JCorp ensures that communication aligns with the Group Communications Policy, which was approved on 29 May 2022.

JCorp's website is a one-stop that one could easily access the above information. JCorp has a dedicated section that provides investors with detailed information on the Group's business, commitments and latest developments. Keeping up with the trend, JCorp also has an Instagram account, a social media channel which is constantly updated with the happenings of the Organisation.

While endeavours to provide information to its shareholders and stakeholders, JCorp is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. JCorp has in place, the Document and Record Management Policy which outlines approach towards the dissemination of confidential information.

e. INTERNALISE THE VALUE OF INTEGRITY

Aside from Anti-Bribery Policy Statement and Whistleblowing Policy in place, JCorp's Group Integrity Unit undergoes periodic reviews by the Agency Integrity Management Division of the Malaysian Anti-Corruption Commission (MACC), Integrity Unit of the Ministry of Economy Malaysia and Integrity Unit of the Johor State Secretarial Office. JCorp has also established its JCorp Anti-Corruption Plan 2022 – 2025 (JCACP) to further enhance integrity, governance and transparency.

JCorp and the Group have also implemented several initiatives to maintain a healthy corporate culture through the enculturation of integrity. Awareness and receptiveness programmes on integrity practices are also boosted with the use of electronic media as a communication platform in the enculturation of integrity on an ongoing basis.

JCorp also provides employees and stakeholders with a direct avenue to report any unethical behaviour to the Whistleblowing Chairman through the designated Whistleblowing Platform.

f. POLICIES AND PROCEDURES

The key elements of the internal control system established by the Board that provides effective governance and oversight of internal control include Policies and Procedures which are reviewed and updated periodically to ensure that they remain relevant and reflective of the JCorp's operating and business environment.

JCorp has in place several Internationally Accredited Management Systems (for e.g., ISO 9001:2015 – Quality Management System, and MS ISO 37001:2016 Anti-Bribery Management System) to standardise its management and operational processes and to further improve its efficiency. These certifications reflect JCorp's commitment to ensuring quality deliverables to stakeholders and investors.

g. MONITORING AND ENGAGING INVESTEE COMPANIES

The investment portfolios of JCorp are actively monitored and managed by the respective departments under the Strategic and Investment Division. The monitoring team undertakes active monitoring of JCorp's investment with an objective of safeguarding and ensuring optimal returns through the extraction of dividends, whilst maintaining close engagement with stakeholders.

h. INSURANCE ON ASSETS

Sufficient insurance coverage and physical safeguards on the Group assets, including its human resources are in place to ensure adequate coverage against any mishaps that could result in material loss. Coverage typically includes damage to or theft of assets; liability coverage for the legal responsibility to others for accidents, bodily injury or property damage; and medical coverage for the cost of treating injuries and illnesses, rehabilitation and fatalities. Insurance coverage is reviewed regularly to ensure sufficient coverage in view of changing business environment or assets.

i. MANAGEMENT INFORMATION SYSTEMS

JCorp places a high priority on cyber security and adopts adequate governance measures, such as implementing robust access controls and conducting security audits, at the earliest stages of software development. This proactive approach helps to ensure compliance with industry regulations and protects against evolving cyber threats. JCorp carefully balances the advantages of utilising cloud technology with the requirement to maintain the confidentiality and integrity of data through regular assessments and updates.

j. HUMAN RESOURCES

Employees are provided with structured internal technical and soft skills training, mobility opportunities and external development programmes, as well as professional certification opportunities. Training is also prioritised through the development of a Competency Framework and subsequent development interventions.

k. CORE VALUES

JCorp is committed to playing its part in addressing global challenges such as climate change, social inequality, and strong governance, whilst remaining true to JCorp's core value of E.R.T.I.



STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The year 2022 has been characterized by pivotal shifts in the political scenario within the country, disruptions reverberating across the global supply chain, and an economic resurgence occurring concurrently with the world's gradual transition into the endemic phase of the coronavirus (COVID-19) pandemic. These multifaceted challenges collectively pose uncertainties that demand an adept approach to risk management, particularly given JCorp's role as an investment entity.

The formulation of organizational strategies lies within the purview of the Management and requires approval from JCorp Board Members. It is the responsibility of the Management to implement planning, identify risks, and establish appropriate control measures. Achieving this goal necessitates a well-defined organizational structure outlining responsibilities, terms of reference, and reporting procedure.

Built upon its proactive preparedness measures, JCorp persists in enhancing its current risk management processes to ensure their sustainability in addressing various forms of uncertainty. Simultaneously, it strives to maintain the effectiveness of risk management and internal controls, encompassing the following aspects:

A) RISK MANAGEMENT AND INTERNAL CONTROL STRUCTURE

The Board fulfills its risk governance and oversight functions through the BARC which reviews the effectiveness of risk management framework and to manage the overall risk exposure to the Group.



The roles and responsibilities of the Board Level and Management are clearly distinct to ensure balance of authority to facilitate effective management and monitoring of risk management. The following are the responsibilities of the respective committees:

Committee		Duties & Responsibilities
Risk Oversight	Members of JCorp	Fully accountable for ensuring and reviewing a sound system of internal control at JCorp. The control structure encompasses the process of identifying, evaluating, monitoring, managing and responding to significant risks encountered by JCorp.
	Board Audit and Risk Committee (BARC)	Representing JCorp Members, the BARC is responsible for overseeing the effectiveness of risk management processes, internal controls, governance as well as reviewing the implementation status of mitigation actions and action plans by management.
Risk System	Enterprise Risk Management Committee & Group Risk Management Committee (ERMC & GRMC)	Accountable to evaluate, review and making decisions in relation to risk management that impacts key strategic and operational aspects at the JCorp and Group levels.
	Governance and Risk Division (GRD)	Responsible to implement initiatives to strengthen governance, risk management and internal control as well as assist JCorp in performing sentinel and "Third line of Defense" functions.
	Group Governance Committee (GCC)	Assist the Group Governance and Risk Division in implementing and coordinating initiatives to strengthen governance, risk management and internal control at the JCorp and Group levels.
Risk Process	Risk Owner (RO) – Head of Division/Subsidiary/Project	<ul style="list-style-type: none"> • Ensure that risk management initiatives are well initiated to evaluate and making decisions related to key strategies and operations. • Ensure that risk assessment review exercise is conducted prudently and extensively. • Ensure action plans are identified, implemented and addressed at the division/subsidiary/project level. • Review and approve the 'Risk Register' of each division/subsidiary/project • Collaborate with the Group Governance and Risk Division (GGRD) on enterprise risk management (ERM) initiatives
	Risk Champion (RC)	<ul style="list-style-type: none"> • Conduct engagement sessions and discussions with the respective Person-In-Charge on action plans to discuss progress, risk profile status and actions to be reported to GGRD. • Complete, update, maintain and archive all relevant 'Risk Registers' of division/subsidiary/projects in a consistent manner. • Assist GGRD and RO in coordinating and fostering risk awareness and training activities at the divisional and subsidiary levels.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

B) RISK MANAGEMENT FRAMEWORK

Corp has established an Enterprise Risk Management Framework that serves as the cornerstone and organizational structure for effectively handling risk across the Group. In alignment with ISO:31000 standards, the Framework outlines the context and objectives, placing a strong emphasis on enterprise-wide risk assessment, mitigation, monitoring, communication and reporting of risks.

C) RISK MANAGEMENT AND INTERNAL CONTROL ACTIVITIES

Throughout 2022, JCorp Members along with the Management had carried out various activities and initiatives to fortify and enhance risk management and internal controls, which among others include:

1



Jointly developed policies for Document and Record Management and Group Communication.

3



Joint effort with appointed external consultant to conduct ESG assessment and studies in creating Overarching Sustainability Framework.

2



Reviewed existing policies including Investment, Financial, Group Procurement, Enterprise Risk Management, Business Continuity Management and Compliance Management.

4



Established Sustainability Framework and Sustainability Committee at Management level to support Board Sustainability Committees in overseeing sustainability initiatives within the Group.

5



Reviewed the Terms of Reference (TOR) of committees in JCorp to ensure fair and effective monitoring of internal controls.

8



Conducted Compliance Verification Audit (CVA) and established Control Self-Assessment (CSA) at JCorp and Group Level.

6



Updated the 'Limits of Authority' Manual in alignment with the latest reporting and monitoring structure.

9



Evaluated the Group's Business Continuity Management (BCM) initiatives, including Disaster Recovery Planning, to ensure the secure storage of data, systems, and applications in the cloud. Implement backup and protection measures in a secure location. Prompt access to company data is vital for seamless business continuity, minimizing downtime and preserving productivity.

7



Conducted crisis preparedness and security tests on its system and networks for potential disruptions and vulnerabilities and report the results to Management and Board Risk Committee. Plan includes assessing its IT technical infrastructure for risks and issues.

10



Leveraged the Governance Risk Compliance (GRC) System to improve reporting on both risk and internal controls.

BOARD AUDIT AND RISK COMMITTEE REPORT

During the financial year ended 31 December 2022, the Board Audit and Risk Committee consist of three members and was chaired as per following:-

- (i) YBhg. Dato Sr. Hisham Jafrey, a Member of JCorp (Independent Director).
- (ii) YB Dato' Salehuddin Bin Hassan, State Financial Officer and is a Member of JCorp.
- (iii) Puan Zainah Mustafa is an Independent Member of the Committee and is a Fellow Member of Association of Chartered Certified Accountants (FCCA) United Kingdom.

MEETING ATTENDANCE

Based on the terms of reference approved by the Members of JCorp, this Committee shall meet at least four times a year. During the financial year ended 31 December 2022, the Committee met five (5) times (including two special meetings), as evidenced below:

	10 APRIL (Special Meeting)	23 MAY	13 JUNE (Special Meeting)	6 SEPTEMBER	24 NOVEMBER
YBhg Dato' Sr. Hisham Jafrey	✓	✓	✓	✓	✓
YB Dato' Salehuddin Hassan	✓	✓	✓	✓	✓
Puan Zainah Mustafa	✓	✓	✓	✓	✓

The discussions and decisions concluded during the meeting covered audit issues, risk management, compliance matters, JCorp's financial performance, operational and administrative affairs of the Committee as well as other matters that require the approval of the Committee and JCorp Members. The President and Chief Executive, Senior Management who are responsible for related areas, as well as representatives of the external auditors attend meetings by invitation.

FINANCIAL STATEMENTS

- Review, consider and advise JCorp Members on JCorp's financial performance on a regular basis with a focus on:
 - a) Any changes in financial policies and practices.
 - b) Major adjustments ensuing audit work.
 - c) Assumption of consistency.
 - d) Compliance with accounting standards and other legal requirements.

EXTERNAL AUDIT

- Review with the external auditors and thereafter bring to the attention of the Members of JCorp concerning:
 - a) Appointment and termination of services of external auditors, service fees, and appropriate recommendations.
 - b) Scope and planning of audit work, as well as coordination involving the external auditors of JCorp and the Group.
 - c) Any findings identified by the external auditors and feedback from management.
 - d) Issues or observations arising from the audit work.
- Monitor performance and ensure a transparent and independent level of audit by the external auditors.
- Recommend for the consideration and approval of JCorp Members regarding the Financial Statements of JCorp.

INTERNAL AUDIT

- Review the effectiveness and capability of JCorp's internal control systems.
- Review, acknowledge and certify the annual internal audit activity plan which covers the scope of work, membership, and organisational structure of the internal audit function.
- Review finalised audit reports and observations as well as monitor follow-up actions and areas of improvements that are required.

RISK MANAGEMENT

- Review and certify that the appropriate financial risk management process is thorough and comprehensive at the JCorp and Group levels.
- Review and ensure risk management strategies remain relevant and adhere to the risk management framework.
- Review and discuss the key risks identified based on the risk profiles & categories and its financial impacts and providing appropriate recommendations to address them.
- Monitor and evaluate the appropriateness, adequacy and effectiveness of mitigation actions taken by the management.

COMPLIANCE

- Oversee the management, operations, and business activities of JCorp to ensure that it meets the relevant legal requirements, acts, guidelines, policies, and procedures of the relevant institutions.

ETHICS AND INTEGRITY

- Uphold and foster high ethical standards and practices of integrity among JCorp Members and employees.
- Oversee, review and advise on matters relating to the Code of Business Ethics and integrity of JCorp's management, operations, and transactions.

OTHER RESPONSIBILITIES

- Catalyse the institution's commitment towards a sound and effective internal control.
- Continuously monitor policies related to audit, risk management, ethics and integrity, alignment of compliance with regulatory requirements, conflicts of interest, and fraud prevention.
- Monitor & follow-up the current status of legal/litigation matters and actions involving JCorp and the Group.

SUMMARY OF ACTIVITIES

During the financial year 31 December 2022, the Board Audit and Risk Committee elaborated, discussed and endorsed the following:-

- Revision of JCorp Anti-Bribery Policy and JCorp's Limits of Authority.
- Report of the Enterprise Risk Management Committee meeting held on 27 March, 26 July and 14 November 2022.
- Report of the Group Governance Committee meetings held on 11 January, 24 February, 28 April, 3 August and 27 October 2022.
- Appointment of Internal Auditor.
- Audit reports and findings performed by the internal auditors as well as the status of improvement actions taken by the Management which are monitored by the Management Audit and Compliance Committee.
- Audit reports issued by Auditor's General on Industrial Land.
- Key risks that have been updated throughout 2022, the adequacy of internal controls, and the effectiveness of mitigation measures.
- Compliance of necessary Acts and guidelines by JCorp, compliance status as well as rectification and mitigation actions.
- Completion of the integrity related matters that have been implemented by the Group Integrity Unit throughout 2022.
- Current status of legal/litigation actions and Capital Structure Review involving JCorp and the Group.
- Quarterly Financial performance of JCorp and Group.
- The audit results of the annual financial statements for 2021 by the external auditors as well as findings and other matters of concern.
- Adequacy of internal audit scope, planning, and resource requirements to propel the enhancement of relevant and dynamic governance and internal controls.





SUSTAINABILITY REPORT

- Sustainability Statement
- Sustainability Governance
- Catalysing Economic Performance
- Wellbeing Of Our People & Communities
- Strengthening Ethics & Integrity



SUSTAINABILITY STATEMENT

WE ARE PROUD TO PRESENT ANOTHER YEAR OF SUSTAINABILITY REPORT, OFFERING INSIGHTS INTO OUR GROUP'S SUSTAINABILITY ENDEAVOURS THROUGHOUT 2022. SPANNING DIVERSE INDUSTRIES, JCORP IS DEDICATED TO INCORPORATING TOP-TIER GOVERNANCE STANDARDS INTO OUR SUSTAINABILITY INITIATIVES AND EVERYDAY BUSINESS OPERATIONS. BY DOING SO, WE UPHOLD RESPONSIBLE BUSINESS PRACTICES, MINIMISE OUR ENVIRONMENTAL FOOTPRINT, AND FOSTER A SUPPORTIVE WORK ENVIRONMENT THROUGHOUT OUR ENTIRE OPERATIONAL CHAIN.



THIS SUSTAINABILITY REPORT ADHERES TO THE GLOBAL REPORTING INITIATIVES STANDARDS (GRI), ALIGNING WITH THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD AND THE TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) FRAMEWORK



SUSTAINABILITY VISION STATEMENT

Our sustainability vision is centred around generating sustainable business growth and establishing JCorp as a competitive and highly regarded business entity. We recognise that our success is interconnected with broader economic prosperity. Thus, we actively contribute to the economic growth of our state and nation, simultaneously enhancing the well-being of the community we impact.

GOVERNANCE STRUCTURE

JCorp's commitment to sustainability is entrenched in a robust governance structure. Our leadership is dedicated to steering the organisation toward responsible and ethical decision-making. The integration of sustainability considerations into our governance model ensures that our actions align with our values, fostering transparency, accountability, and long-term resilience.

SCOPE

Our Sustainability Report encapsulates the sustainability performance and advancements across all segments for the financial year 2022.

SUSTAINABILITY MATTERS

Key to our sustainability commitment is a focus on specific matters that align with our vision and values. These include environmental stewardship, social responsibility, economic contribution, and community well-being. By addressing these core areas, we actively contribute to sustainable development, creating a positive impact on both our organisation and the broader community.

More disclosures on our sustainability governance structure, sustainability efforts and material matters are detailed in the respective sections of this Sustainability Report.

FORWARD-LOOKING STATEMENT

The Group is delighted to have maintained momentum in advancing our sustainability initiatives, navigating and addressing challenges, both domestically and globally. We are optimistic about sustaining or surpassing our objectives and goals across Economic, Environmental, and Social dimensions. Our commitment extends to refining our disclosure and reporting methods, ensuring ongoing positive performance and progress within these three pillars of sustainability.







Sustainability Approach

Our approach to sustainability is not just a set of practices; it is a reflection of our commitment to responsible, ethical, and sustainable business conduct. By adopting and embedding ESG principles throughout our operations, we not only enhance our risk resilience but also contribute positively to the well-being of current and future generations.

ADOPTION OF ESG PRINCIPLES

JCorp proudly embraces and advocates for the principles of Environmental, Social, and Governance (ESG) across the entirety of our operations and value chain. Recognising the significance of ESG considerations, we commit to integrating these principles into our core business philosophy. This entails not only championing responsible practices within our company but also extending our influence across the entire value chain.

CONSISTENCY WITH OUR PURPOSE - MEMBINA & MEMBELA

The integration of ESG considerations in how JCorp conducts and expands its business resonates deeply with our purpose of "Membina & Membela". By weaving ESG principles into our operations, we actively contribute to the well-being of the environment, society, and governance structures. This purpose-driven approach aligns our business strategies with our commitment to responsible citizenship.

ALIGNMENT WITH SUSTAINABLE DEVELOPMENT GOALS

JCorp is steadfast in its alignment with the 1987 United Nations Brundtland Commission sustainable development definition, emphasising "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." This guiding principle directs our Sustainability Framework and informs the development of our sustainability strategies.



SUSTAINABILITY GOVERNANCE

JCorp has fortified its governance by implementing a comprehensive group-wide governance and harmonisation framework. This initiative enhances the overall Enterprise Risk Management and Integrity across the group, ensuring continuous compliance exercises and standardisation of the Procurement Policy and Framework.

In tandem, JCorp introduced the Board Sustainability Committee (BSC) to aid the Board of Directors in overseeing the comprehensive formulation of our sustainability strategy.

Expanding on this commitment, the Group Sustainability Committee now extends sustainability governance from the Board Sustainability Committee (BSC) to the Management level. The establishment of these committees exemplifies our dedication to steering JCorp's sustainability agenda from the highest echelons of leadership downward. This framework provides a robust structure, empowering us to seamlessly integrate sustainability into our everyday business practices.

In 2023, JCorp will fortify its operational structure with a comprehensive framework, aligning with aspirations to strengthen governance, review finance, and develop a robust supply chain and procurement policy. This commitment will extend to sustainability, exemplified by the upcoming Board Sustainability Committee and Group Sustainability Committee, showcasing dedication to integrating sustainability throughout JCorp's operations.



CATALYSING ECONOMIC PERFORMANCE

In the pursuit of sustainability, JCorp recognises that catalysing economic performance is not just an aspiration but a fundamental commitment to responsible and impactful business practices. Our endeavours in this realm are anchored in a multifaceted approach that seeks to foster growth, resilience, and positive economic contributions.

STRATEGIC INVESTMENT

JCorp's commitment to catalysing economic performance is reflected in our strategic investments. By identifying and pursuing opportunities that align with sustainable business practices, we contribute not only to our own growth but also to the economic vitality of the regions in which we operate.

INNOVATION AND ADAPTATION

Embracing innovation and adaptability is a cornerstone of our economic strategy. We continually explore and implement cutting-edge technologies and methodologies that not only enhance operational efficiency but also position us at the forefront of dynamic market trends.

EMPLOYMENT AND WORKFORCE DEVELOPMENT

A thriving economy begins with a robust and skilled workforce. JCorp is dedicated to creating employment opportunities and investing in the development of our people. Through training, education, and skill enhancement initiatives, we empower our workforce to contribute meaningfully to our economic success.

LOCAL COMMUNITY ENGAGEMENT

Catalysing economic performance extends beyond our organisational boundaries. JCorp actively engages with local communities, fostering economic development at the grassroots level. Our initiatives aim to create a ripple effect, positively impacting businesses, entrepreneurs, and individuals within the communities we serve.

We understand that economic performance is intricately linked to the sustainability of our supply chain. JCorp is committed to fostering sustainable practices throughout our value chain, ensuring that our economic contributions are built on principles of responsibility and ethical conduct.

SUSTAINABLE SUPPLY CHAIN PRACTICES

Maintaining financial stability is a key pillar of our economic performance. JCorp places a premium on sound financial governance, ensuring transparent and accountable financial practices that build trust with stakeholders and investors.

FINANCIAL STABILITY AND GOVERNANCE

Catalysing economic performance is also about being transparent and accountable. In line with our commitment to transparency, we provide clear and comprehensive reporting on our economic contributions, ensuring stakeholders have visibility into the positive impact we generate.

REPORTING AND TRANSPARENCY

WELLBEING OF OUR PEOPLE AND COMMUNITIES

The wellbeing of our people and the communities we serve is at the heart of our operations. We recognise that fostering a thriving and supportive environment for our workforce and communities is not only integral to responsible business practices but is also a cornerstone of sustainable development.

EMPLOYEE WELLBEING INITIATIVES

JCorp prioritises the wellbeing of our workforce. Through comprehensive employee wellbeing initiatives, we aim to create a workplace that prioritises physical health, mental wellness, and a conducive work-life balance. This includes health and wellness programmes, mental health support services, and initiatives that promote a positive and inclusive workplace culture.

WORKFORCE DEVELOPMENT AND DIVERSITY

Investing in the development and diversity of our workforce is a strategic priority. JCorp actively supports ongoing training, skill development, and educational opportunities for our employees. Our commitment to diversity and inclusion ensures that our workforce is representative, empowered, and reflects the rich tapestry of the communities we operate in.

COMMUNITY ENGAGEMENT AND EMPOWERMENT

Contributing to the wellbeing of communities is woven into JCorp's sustainability fabric. Through community engagement initiatives, we actively participate in projects and programmes that uplift and empower local communities. This includes educational programmes, healthcare initiatives, and projects that enhance the overall quality of life for community members.

PHILANTHROPIC ENDEAVOURS

JCorp is dedicated to making a positive impact beyond our business operations. Our philanthropic endeavours are aimed at addressing critical societal needs. By supporting causes related to education, healthcare, and community development, we strive to be a catalyst for positive change and wellbeing.

SOCIAL IMPACT ASSESSMENT

Understanding and measuring our social impact is essential to our commitment to wellbeing. JCorp conducts regular social impact assessments to gauge the effectiveness of our initiatives, identify areas for improvement, and ensure that our contributions align with the evolving needs of our people and communities.

HEALTH AND SAFETY STANDARDS

Ensuring the health and safety of our workforce is non-negotiable. JCorp adheres to rigorous health and safety standards across all operations. This commitment extends beyond compliance to proactively create a secure and healthy work environment for our employees.

EDUCATION AND SKILL-BUILDING INITIATIVES

JCorp is committed to being a partner in community development through education and skill-building initiatives. By providing educational resources, scholarships, and vocational training opportunities, we empower individuals within communities to unlock their full potential.

LISTENING AND FEEDBACK MECHANISMS

An integral part of our commitment to wellbeing is actively listening to the needs and concerns of our people and communities. JCorp establishes transparent communication channels and feedback mechanisms to ensure that the voices of our stakeholders are heard and considered in our decision-making processes.

STRENGTHENING ETHICS **AND INTEGRITY**

Our commitment to strengthening ethics and integrity goes beyond compliance. It is a fundamental commitment to transparency, accountability, and the highest standards of conduct. This commitment is embedded in our organisational culture and is integral to our pursuit of sustainable business practices.

CODE OF CONDUCT

JCorp upholds a robust and comprehensive Code of Conduct that sets the ethical standards for our employees and stakeholders. This code serves as a guide, outlining the principles and values that define our approach to business. It reflects our commitment to fair and ethical practices in every facet of our operations.

TRAINING AND AWARENESS PROGRAMMES

To strengthen ethics and integrity, JCorp invests in ongoing training and awareness programmes for employees. These initiatives ensure that our workforce is well-informed about ethical standards, understands the potential impact of their decisions, and is equipped to make choices aligned with our values.

WHISTLEBLOWER PROTECTION MECHANISM

We recognise the importance of providing a safe and confidential channel for reporting ethical concerns. JCorp has established a robust whistleblower protection mechanism that empowers employees and stakeholders to report any unethical behaviour without fear of retaliation. This mechanism reinforces our commitment to accountability and transparency.

ETHICAL SUPPLY CHAIN PRACTICES

Our commitment to ethics extends to our supply chain. JCorp actively promotes ethical supply chain practices, collaborating with suppliers who share our values and adhere to ethical standards. This approach ensures that our entire value chain operates with integrity and responsibility.

GOVERNANCE AND OVERSIGHT

We maintain a governance structure that emphasises oversight and accountability. Our Board of Directors and relevant committees are actively involved in monitoring and ensuring compliance with ethical standards. This commitment to strong governance is fundamental to upholding ethics and integrity at all levels of our organisation..

CONTINUOUS IMPROVEMENT AND FEEDBACK

JCorp believes in a culture of continuous improvement. We actively seek feedback from employees, stakeholders, and external partners to identify areas for enhancement in our ethical practices. This iterative process allows us to adapt and strengthen our approach to ethics and integrity over time.

EXTERNAL CERTIFICATION AND RECOGNITION

As a testament to our commitment to ethics, JCorp actively seeks external certifications and recognitions that validate our ethical practices. Achieving and maintaining certifications such as ISO 37001 (Anti-Bribery Management System) and other relevant standards underscore our dedication to the highest levels of integrity.

PARTNERSHIP WITH INDUSTRY INITIATIVES

JCorp actively collaborates with industry initiatives and organisations that share our commitment to ethics and integrity. These partnerships provide opportunities for shared learning, benchmarking, and contributing to the development of ethical best practices within our industry.

ALIGNMENT OF INVESTEE COMPANIES' ESG TARGETS WITH JCORP'S SUSTAINABILITY FRAMEWORK

Investee Companies ESG targets 2022

Focus Area	Decarbonisation	Natural Capital Conservation
Alignment to SDGs		
KPJ	<ol style="list-style-type: none"> 1) Use the TCFD Guidance to identify climate risks related to KPJ and develop mitigations plans by 2023 2) Source 10% of energy from renewable sources and reduce water usage by 20% by 2025 from 2022 baseline 3) Reduce 25% of GHG emissions by 2025 from 2022 baseline 	<ol style="list-style-type: none"> 4) Establish a waste baseline to begin tracking all types of non-clinical waste, and the relevant disposal methods by 2023
Kulim	<ol style="list-style-type: none"> 1) Adopt TCFD & published TCFD aign disclosure in the 2023 Integrated Annual Report 2) Achieve consistent reduction of effluent generated and increase in renewable energy converted by 2025 3) Evaluation of SBTi requirements and targets by 2025 	<ol style="list-style-type: none"> 4) Establish a biodiversity policy by 2022 5) Establish a holistic view of impacts arising from current and new business 6) Complete assessment on water footprint by 2025
QSR	<ol style="list-style-type: none"> 1) Achieve reduction of fossil fuel based energy consumption and to meet country aspiration of net zero carbon by 2050 2) Establish emission reduction targets and climate related risk and disclosure 	<ol style="list-style-type: none"> 3) Achieve reduction of waste disposed in landfill 4) Achieve reduction of single use plastic by 2025 5) Achieve reduction in paper usage and printing
JLG	<ol style="list-style-type: none"> 1) Achieve green certification for new development projects, where feasible 2) Achieve a 25% reduction in CO2 emissions intensity (Scope 1 and 2) by revenue by 2030 (Baseline year: 2024) 	<ol style="list-style-type: none"> 3) Incorporate ESG-related criteria into evaluation procedures of suppliers 4) Establish a waste baseline to begin tracking operational waste (development projects and managed assets) by 2025

STRENGTHENING ETHICS AND INTEGRITY

Investee Companies ESG targets 2022 (Cont'd.)

Focus Area	Community Empowerment	Fostering Our People
Alignment to SDGs		
KPJ	<ol style="list-style-type: none"> 1) Maintain the patient satisfaction index at 90% and above 2) Increase the number of customers with access to guidance and/or services on prevention and general wellness by at least 20% by 2025 from 2022 baseline 3) Increase the number of customers with access to home or short-term aged care services (i.e., restorative care, transition care, respite care) by at least 10% by 2025 from 2022 baseline 	<ol style="list-style-type: none"> 4) Establish a mandatory ESG awareness training courses for all KPJ staff and relevant stakeholders by 2023 5) Achieve 30% of female representation at the Senior Management and Board level by 2024 6) Adhere publicly to international human rights and labour standards (e.g., UDHR, UNGC, ILO) by 2024
Kulim	<ol style="list-style-type: none"> 1) Enhance monitoring of socio-environmental impact metrics 2) Establish a CSR plan and mapped to the strategic initiatives of the ESG framework 3) Increase in engagement rate through Kulim's digital communication channels 	<ol style="list-style-type: none"> 4) Establish engagement plan on industry-level sharing sessions 5) Commit to current targets set for occupational safety and health, including zero fatalities, rate and LTAR. 6) Roll out employee ESG training programme by 2023 7) Completion of the Labour Transformation Programme by 2024 8) Roll out employee engagement survey by 2024
QSR	<ol style="list-style-type: none"> 1) Increase decent living condition of our communities 2) Increase food value and healthier menu option 	<ol style="list-style-type: none"> 3) Increase decent living condition of our employees 4) Improve employee well-being and empowerment
JLG	<ol style="list-style-type: none"> 1) Promote volunteerism to elevate living standards in all the communities we serve 	<ol style="list-style-type: none"> 2) Zero high-consequences work-related injuries among JLG employees and workers 3) 100% of employees achieve at least 42 hours of training based on results from Training Needs Analysis (TNA) 4) Zero tolerance against discrimination, harassment or human rights infringement at the workplace

Investee Companies ESG targets 2022 (Cont'd.)

Focus Area	Governance and Accountability	Digital Transformation
Alignment to SDGs		
KPJ	<ol style="list-style-type: none"> 1) Engage with 100% of Tier 1 suppliers and 20% of critical non-Tier 1 suppliers on KPJ's ESG targets and Supplier Code of Conduct by 2024 2) Establish a clear sustainability governance structure and link leadership KPIs and remunerations with ESG performance by 2024 3) Join at least 3 industry wide initiatives or collaborations and environmental and labour related topics by 2025 	<ol style="list-style-type: none"> 4) Achieve 100% digital patient records by 2026
Kulim	<ol style="list-style-type: none"> 1) Establish a robust ESG governance oversight structure 2) Integrate ESG considerations into risk management process and decision making 3) 100% suppliers compliance with Kulim's ESG commitments 4) Establish ESG metrics for all subsidiaries 5) Completion of MCCG review by 2023 6) Establish communication strategy and initiate ESG communication plan by 2024 7) Establish an ESG checklist for investment by 2023 8) Conduct ESG disclosure verifications by 2024 9) Incorporate ESG considerations into the internal audit plan by 2024 10) Enhance KPI framework to include ESG metrics by 2024 11) To achieve completion of key strategic ESG initiatives by 2025 12) Achieve 100% traceability to supply chain by 2025 	<ol style="list-style-type: none"> 14) Integrate ESG dashboard as part of the digital transformation programme 15) Incorporate ESG metrics and requirements into the digital transformation blueprint
QSR	<ol style="list-style-type: none"> 1) Achieve 100% traceability of raw material and ingredients on Tier 1 and Tier 2 suppliers 2) Managing animal welfare and protection 3) Becoming a more investable company and attract investors 4) Achieve ethical behaviour in our business 	<ol style="list-style-type: none"> 5) Achieve data privacy and security 6) Digitisation & Digitalised
JLG	<ol style="list-style-type: none"> 1) Establish a robust governance structure to provide oversight over ESG issues 2) 100% of suppliers, business partners & tenants are aware off & complies with JLG's Sustainability Charter when working with or on behalf of JLG 	<ol style="list-style-type: none"> 3) Achieve data privacy and security

SUSTAINABILITY PERFORMANCE OF OUR INVESTEE COMPANIES

JCorp, along with its group of companies, engages in four primary business sectors, including agribusiness, wellness & healthcare, real estate & infrastructure, and food & restaurant services nationwide. Embracing the role of a responsible steward, we prioritise long-term perspectives, infusing overarching sustainability principles into our investments and operations. We actively foster collaboration with industry peers, community partners, and all key stakeholders to collectively contribute to sustainable practices and outcomes.

KULIM (MALAYSIA) BERHAD



ENVIRONMENT

Carbon footprint	Conservation and biodiversity	Regulatory compliance	Water management	Chemicals/ pesticides
Achieved 50% reduction of emission intensity at 0.93 MT CO ₂ e against baseline target.	Maintained 1,131.10 ha on HCV and 276.25 ha conservation areas through the NDPE Policy and Biodiversity Policy.	Progressive action was taken for two cases on environmental related incidents.	Mill water consumption was at 1.13 m ³ /mt FFB below the targeted 1.2 m ³ /MT FFB.	Active ingredient used in 2022 decreased to 0.61 litres/ha, compared to 0.90 litres/ha in 2021.

SOCIAL					
Community Engagement	Supply-Chain Traceability and Certification	Smallholder Inclusion Programme	Labour Conditions	Diversity	Occupational Safety and Health
<ul style="list-style-type: none"> Provision of RM25 million for public and social development such as Yayasan JCorp, contribution to schools & NGOs. Non-cash contributions, mainly for utilities and accessibility. 	<ul style="list-style-type: none"> Committed to achieve 100% plantation traceability. As of December 2022, we have achieved 39.43% traceability for outside crop and 87.52% for overall supply chain Committed to achieve 100% RSPO-certified external FFB. 9.63% increase in certified external FFB in 2022. To date, more than RM207,382 in premiums have been paid out. 	<p>Improved 186 smallholders' income through RSPO practices</p>	<p>Progressively improve and enhance labour conditions through our Labour Transformation Programme.</p> <ul style="list-style-type: none"> We are upgrading the current standard basic amenities to meet the new standards in accordance with Act 446. Approximately RM7.0 million has been allocated for this purpose. The project is targeted to be completed by December 2023. 	<ul style="list-style-type: none"> 25% of senior managers and 31% of mid-managers are women. Continuation of the WOW initiatives. 	<ul style="list-style-type: none"> Maintained LTAR below 10 (per 200,000 working hours); currently at 1.44. Maintained the severity rate below 3.5 year-on-year; currently at 2.43. Maintained zero fatalities for two years in a row (2021 & 2022).

GOVERNANCE

- New ESG committee established to oversee Group's ESG work plans at an operational level.
- New sustainability-link loan awarded by CIMB Bank.
- Establishment of Integrity and Governance Units to improve our anti-bribery-related policies and procedures periodically.
- Establishment of ESG Task Force.
- Review Policies and Procedures regularly.

SUSTAINABILITY PERFORMANCE OF OUR INVESTEE COMPANIES

KPJ HEALTHCARE BERHAD



ENVIRONMENT

Carbon footprint

Enhanced emission reporting with a total of five emission sources accounted under Scope 1, Scope 2 and Scope 3.

SOCIAL

Education	Uplifting Patients and Communities	Fostering Our People
<ul style="list-style-type: none"> 70.08% increase in education sponsorship allocated for B40 Group, amounting to RM8,868.30 per student. (2021: RM5,214.07 per student) 	<ul style="list-style-type: none"> 22.54% increase in reaching 53,925 patients who were treated at KWAN (2021: 44,005). 6.91% increase to enhance the quality of health for the undeserved and underprivileged communities, amounting to RM9.8 million (2021: RM9.21 million) 	<ul style="list-style-type: none"> 69.67% invested in training and development, amounting to RM6.4 million (2021: RM3.9 million) 16.18% in training and upskilling, at 39.5 hours average training per employee (2021: 34 hours per employee)

GOVERNANCE

- 100% new suppliers and vendors were notified of the implementation of the Anti-Bribery/Corruption Policy.
- Zero monetary losses as a result of legal proceedings associated with data security and privacy.

QSR BRANDS (M) HOLDINGS BHD



ENVIRONMENT

Carbon footprint

- Recycled 2,672 MT of Used Cooking Oil (UCO) into biofuel.
- Green building initiatives at KFC Green Outlet further the sustainability efforts via water and energy conservation, sustainable materials and resources, and indoor environmental Quality.

SOCIAL

Diversity and inclusion	Equal opportunity	Local communities
<ul style="list-style-type: none"> • 38% of Board composition are female members. • 47% of 20,000 employees are females, filling roles from restaurant managers to senior management. 	<ul style="list-style-type: none"> • To date, 164 employees with special needs (disabilities) have been hired across its 74 restaurants. • Three Community Care Outlets operated entirely by hearing-impaired employees. 	<ul style="list-style-type: none"> • KFC’s primary community outreach drive, the KFC Feeding Programme to date has adopted over 150 charitable homes and institutions nationwide, where residents in the programme are served a delightful KFC meal four times a year. • Managed to minimise cancer cases by creating greater awareness, encouraging prevention and early detection, and providing better access to treatment for rural Malaysians through “Hut to Heart”, Pizza Hut’s long-term CSR programme. • Contributed RM200,000 of our Add Hope Programme Fund to local NGOs and the World Food Programme to achieve Zero Hunger in our community.

GOVERNANCE

Ethics and compliance

- Established procedures in compliance with all applicable statutory and regulatory requirements.
- Code of Business Conduct with respect to relations with employees, customers and suppliers.

SUSTAINABILITY PERFORMANCE OF OUR INVESTEE COMPANIES

JLAND GROUP SDN BHD



ENVIRONMENT

Carbon emission	Waste management	Water management and land conservation
<ul style="list-style-type: none"> Total greenhouse gas emissions reduced by 22% from previous year. Bandar Tiram Master Concept Plan by Broadway Malyan aims for low-carbon development. AJM Planning & Urban Design Group (APUDG) acts as a master planner for Ibrahim Technopolis (IBTEC), incorporating sustainability, low-carbon, and green initiatives into the master concept plan. 	<p>Collected 2,000 kg of recyclable waste, exceeding target of 1,000 kg.</p>	<ul style="list-style-type: none"> Calmore Estate at Bandar Dato' Onn Master Concept Plan by Broadway Malyan incorporates sustainable urban drainage systems, water-sensitive urban design, and shared mobility. The community farming initiative via RumpunKita@P10 project minimises environmental impact through efficient water usage and land conservation.

SOCIAL				
Human capital development	Development of low-cost and affordable housing	Community wellbeing	Community farming initiative	Occupational safety and health
<ul style="list-style-type: none"> A total of 12,481 hours of employee training delivered. Achieved average 34.2 hours of training per employee, exceeding target of 28 hours per employee. 100% of staff received performance appraisals. 	<ul style="list-style-type: none"> Completed 3,154 projects, delivering 7,064 low-cost and affordable homes for the B40 group in Johor. Future plans include delivering 274 units by 2025 and commencing 3,636 projects after 2026. 	<ul style="list-style-type: none"> Bandar Tiram Master Concept Plan integrates sustainable communities and promotes connectivity through new mobility options, emphasising cycling and pedestrian movement. Calmore Estate at Bandar Dato' Onn Master Concept Plan prioritises community well-being, including physical, mental, social, and overall community wellness. 	<ul style="list-style-type: none"> The Rumpunkita@P10 project promotes self-sufficiency and healthy living. Installed a hydroponics facility in collaboration with the P10 Residential Association, which accommodates over 400 pots, cultivating various leafy green vegetables on a monthly cycle. The P10 Residential Association secured a RM20,000 grant from PUJB for facility expansion, which completed in October 2022, adding 480 pots and fostering greater community participation. 	Zero lost-time injuries, zero fatalities recorded.

GOVERNANCE	
Ethics and compliance	Sustainable procurement
<ul style="list-style-type: none"> Zero non-compliance with relevant laws and regulations. 100% of staff to receive training on the Anti-Bribery and Corruption Policy. 	90% of procurement budget spent locally in Johor.

SUSTAINABILITY PERFORMANCE OF OUR INVESTEE COMPANIES

YAYASAN JCORP AND WAQAF AN-NUR



OVERVIEW

Yayasan Johor Corporation (Yayasan JCorp) is a dedicated entity to carry out the corporate social responsibility (CSR) activities of JCorp and its group of companies. Yayasan JCorp focuses on four key areas identified as key in elevating the quality of life of our communities, namely education; arts, culture and heritage; environmental programmes; and the community & well-being.

Waqaf An-Nur Corporation Berhad (WANCorp) manages JCorp's assets and shares endowed for waqaf. It oversees six mosques, the Waqaf An-Nur Hospital (HWAN) and Waqaf An-Nur clinics (KWAN), Waqaf Dana Niaga, Waqaf Brigade and Waqaf Community Centres. It also undertakes fundraising campaigns to support various social causes.

ESG HIGHLIGHTS

- Yayasan JCorp channelled a total of RM2.1 million towards welfare, health, natural disaster and special projects such as the Green House at Cerebral Palsy Johor, and many others.
- WANCorp distributed a total of RM6.63 billion under its General Welfare Fund.



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