

# CULTIVATING EXPONENTIAL GROWTH

INTEGRATED REPORT  
2023



# 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

We welcome all inquiries, comments and feedback on our Integrated Annual Report in order to clarify issues and to further improve our reporting. Please communicate with us through:

### Group Corporate Communications

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commccd@jcorp.com.my

## ONLINE VERSION

This report is best viewed in Adobe Acrobat for desktop, mobile or tablet. Click to download or update to the latest Adobe Acrobat Reader. Further information can also be found on our website:

[www.jcorp.com.my](http://www.jcorp.com.my)



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## HOW TO NAVIGATE OUR REPORT

### OUR CAPITAL

Financial Capital
Human Capital
Manufactured Capital
Intellectual Capital
Social and Relationship Capital
Natural Capital

### MATERIAL MATTERS

M1	Product delivery timeliness
M2	Financial and operational performance
M3	Occupational health and safety
M4	Community development
M5	Environmental stewardship
M6	Innovation

### STAKEHOLDERS

Investors and Analysts
Media
Debt Providers
Existing and Potential Customers
Suppliers/Contractors/Strategic Partners
Employees
Regulators and Industry Affiliations

### STRATEGIC FOCUS AREA

Expand Income Portfolio
Achieve Cost and Operational Efficiencies
Launch New Growth Areas
Embark on Digital Transformation
Improve Organisational Effectiveness

**Accompanying reports:** You can find more information within the report

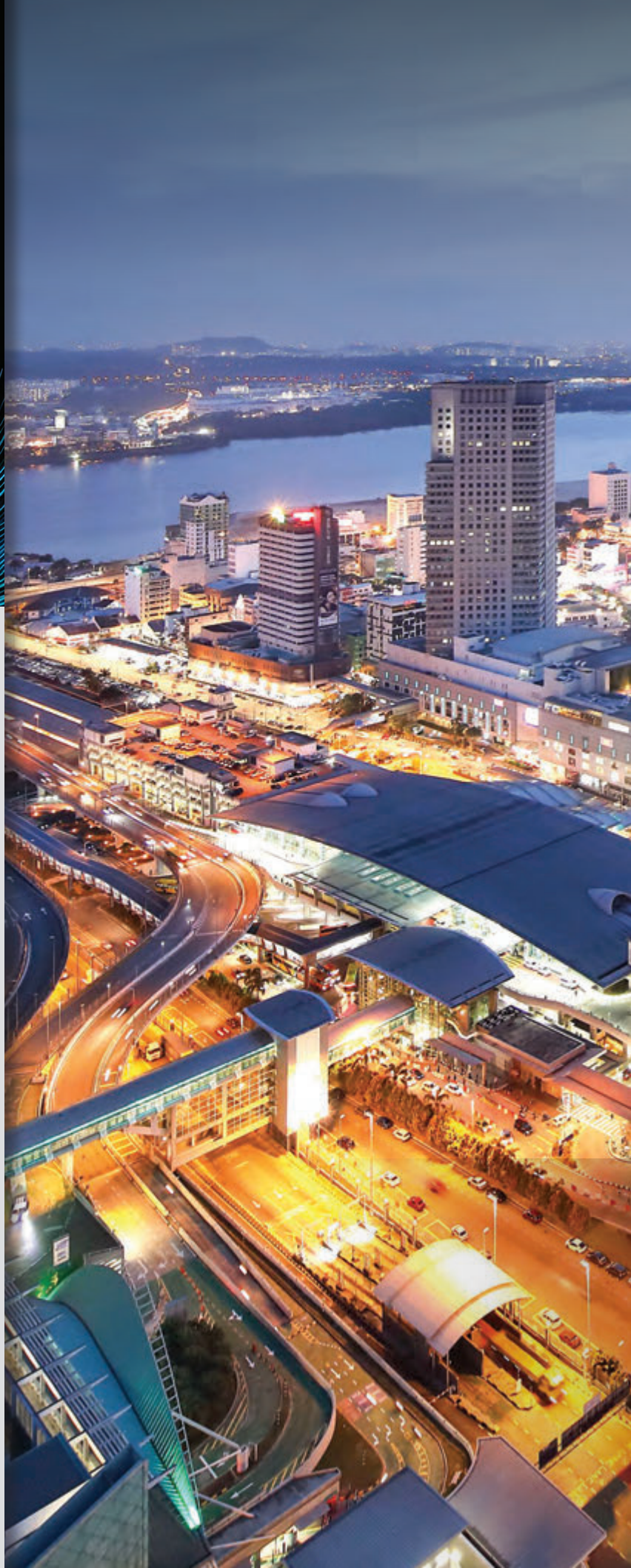


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**DELIVERING**  
Favourable Outcomes



# JCORP AT A GLANCE

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).

## VISION

We aspire to be a dynamic venture builder and agile portfolio manager, celebrated for our financial success and exemplary Environmental, Social and Governance (ESG) practices.

## MISSION

Championing  
SUSTAINABLE WEALTH with  
**#MembinaDanMembela**

We are stewards of tomorrow,  
nurturing sustainable prosperity  
and wellbeing.

## OUR ROLES

To fulfil our vision and mission, JCorp adopts a multifaceted approach through strategic, corporate, commercial and ESG-focused roles:



### STRATEGIC

- Identifying and undertaking development of strategic projects that stimulate and contribute significant economic growth.
- Capitalising on the opportunities unleashed by creating new verticals for the State economy.



### CORPORATE

- Developing and upholding corporate governance and stewardship grounded in industry best practices.
- Cultivating and institutionalising a culture of excellence throughout the organisation.



### COMMERCIAL

- Continuously formulating and executing strategies for value creation.
- Ensuring maximised returns on investments and effectively fulfilling stakeholder expectations.



### ESG

- Embedding environmental sustainability as a key consideration in decision-making across the Group.
- Promoting social inclusiveness to enhance the well-being of communities and society at large.
- Advocating for responsible investments, ethical business practices and transparency.

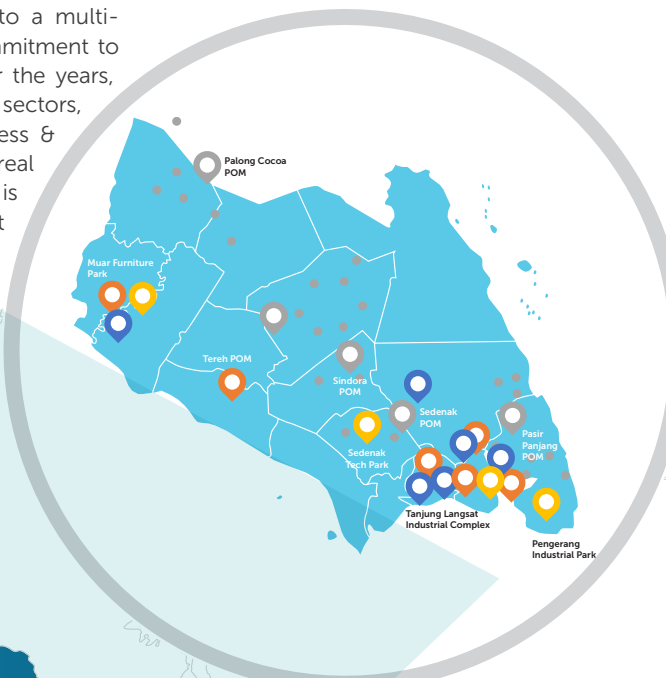




# OUR PRESENCE

JCorp's journey from plantations to a multi-faceted corporation reflects its commitment to advancing the "Johor Dream". Over the years, we have expanded into numerous sectors, ranging from agribusiness to wellness & healthcare, food & restaurants, and real estate & infrastructure. This growth is not only about business success but about delivering tangible impacts that benefit communities, create jobs and contribute to the nation's economy.

## ...AND BEYOND



**>35,000** Residential & Commercial Units Developed

**7** KPJ Hospitals in Johor

**34** Industrial Parks Developed

**>220K** Jobs Created

**>RM90B** FDI & DDI

**>59,000 ha**  
 • 23 oil palm estates  
 • 5 palm oil mills  
 • 5 biogas plants

### Estate

**23** Malaysia

### KPJ Hospital

**28** Malaysia

**1** Bangladesh

**2** Indonesia

**19** Waqaf Clinics

**1** Thailand

**8** Mobile Waqaf Clinics

### Total Employees

**30,000+**

### Education Centres

**1** KPJ Healthcare University

**3** Campuses: Nilai (Master), Johor Bahru & Penang

**1** Johor Skills Development Centre

### F&B Outlets

**1,350** KFC & Pizza Hut outlets: Malaysia, Singapore, Brunei, and Cambodia

**83** outlets: Malaysia, Singapore, Brunei, and Cambodia

### REID Strategic Projects

**6** Malaysia

**1** Australia

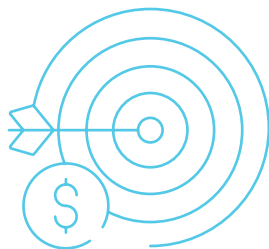


## 2023 KEY HIGHLIGHTS

### Revenue

**RM6.2**  
billion

2022: RM5.8 billion



### Net Assets

**RM10.9**  
billion

2022: RM10.5 BILLION

### Profit After Tax

**RM378**  
million

2022: RM808 million

### Agribusiness Revenue:

**RM1.34**  
billion

2022: RM1.84 billion



### Profit Before Tax

**RM605**  
million

2022: RM843 million



### Food & Restaurants Revenue:

**RM4.90**  
billion

2022: RM4.80 billion



**Invested RM4.31 million** in education, arts, culture, heritage, environment and community well-being




**85%** reduction in the use of glyphosate in plantation areas from **2.1 litres/ha** in 2022 to **0.3 litres/ha** in 2023



 Financial Highlights

 Business Highlights

 Sustainability Highlights

## Total Assets

# RM24.4

  
 billion

2022: RM23.4 billion

## Wellness & Healthcare Revenue:

# RM3.42

  
 billion

2022: RM2.92 billion



## Real Estate & Infrastructure Revenue:

# RM1.19

  
 billion

2022: RM685 million



Yayasan JCorp allocated **RM6.6 million** to support various CSR programmes, fostering engagement with communities and stakeholders



Waqaf An-Nur distributed a total of **RM6.2 million** under its General Welfare Fund.



KPJ Healthcare Berhad earns **Malaysia Book of Records** recognition as the first hospital chain to launch **Clinical Waste Segregation Programme**

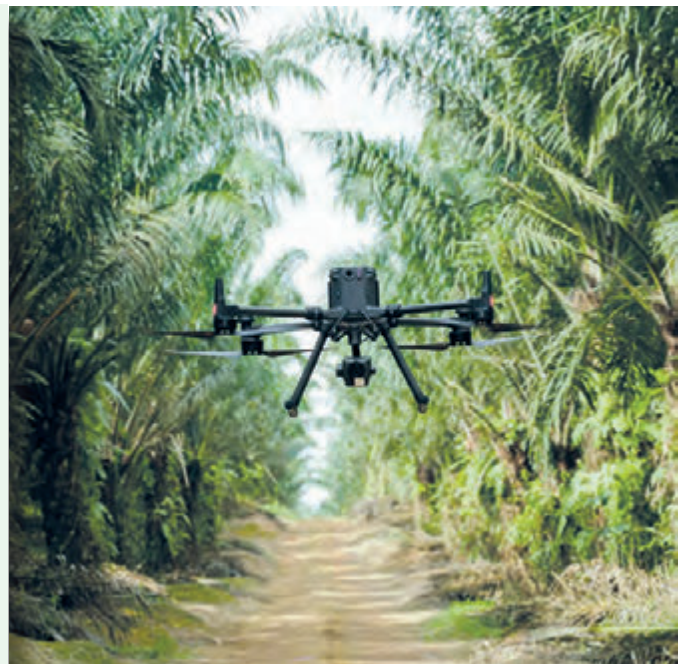


# WHAT WE DO

## ▶ AGRIBUSINESS

### PLANTATIONS

JCorp's agribusiness division continues to thrive with 23 estates across Malaysia, covering a total of 59,781 hectares. Our palm oil production reached over 1 million metric tonnes in FY 2023, supported by five palm oil mills and five biogas plants.



▶ FY2023 Revenue  
**RM1.34 billion**

▶ Landbank  
**59,781 ha**

▶ Operates in  
**Malaysia**

▶ Total Employees  
**6,035**

## ▶ WELLNESS & HEALTHCARE

JCorp's wellness & healthcare arm, primarily led by KPJ Healthcare Berhad, operates 29 hospitals across Malaysia, including seven in Johor. Beyond Malaysia, we have a presence in Indonesia, Bangladesh, and Thailand. While 2023 saw the disposal of two hospitals in Indonesia, our commitment to healthcare development remains steadfast.



▶ Managing **17 waqaf clinics** nationwide &  
**6 mobile waqaf clinics**

▶ **3,643**  
Total Operating Ward Beds



## ▶ FOOD & RESTAURANT

JCorp continues to lead in the food & restaurant services, with over 1,300 KFC and Pizza Hut outlets spread across Malaysia, Singapore, Brunei and Cambodia. Our commitment to building delightful brands and enriching the value chain remains a cornerstone of our strategy.



▶ Stringent **Halal** & food safety compliance

▶ FY2023 Revenue **RM4,900 billion**

## ▶ REAL ESTATE & INFRASTRUCTURE

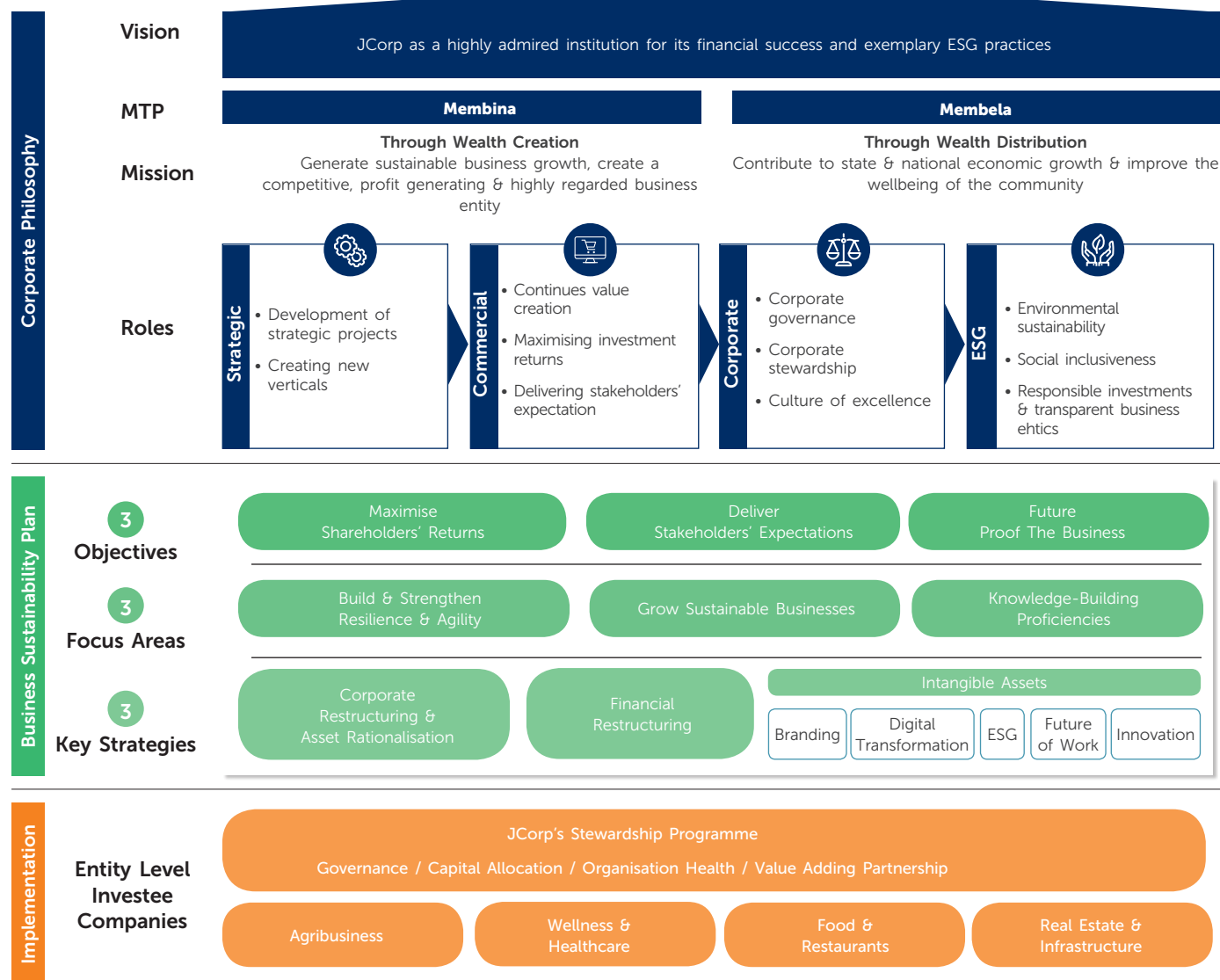
JLand Group Sdn Bhd (JLG) is a wholly owned subsidiary of JCorp, focusing on spearheading the Group's real estate and infrastructure businesses. JLG's core businesses encompass four strategic pillars, namely Real Estate Development, Asset Lifecycle Management, Real Estate Investment and Infrastructure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



▶ FY2023 Revenue **RM1,189 million**

# OUR CORPORATE PHILOSOPHY FRAMEWORK

## JCORP'S CORPORATE FRAMEWORK



At Johor Corporation (JCorp), our Corporate Philosophy Framework embodies the principles and values that drive us to create transformative and lasting impacts. Guided by a unified vision, mission and defined roles, we remain steadfast in our commitment to achieving excellence, advancing sustainable development and delivering value for our stakeholders.

## A FUTURE BUILT ON PURPOSE

Through this Framework, JCorp reaffirms its dedication to redefining industry benchmarks on a global scale. By leveraging our collective expertise and resources, we aim to create a resilient, inclusive, and sustainable future where economic progress is balanced with societal and environmental well-being. This philosophy not only drives our endeavours but also defines our promise to deliver extraordinary outcomes for all stakeholders.



# OUR VALUES

At Johor Corporation (JCorp), our values serve as the foundation for how we think, act and grow. They define our approach to business, our interactions with stakeholders and our commitment to creating a positive impact on the community and the environment. Through our E.R.T.I. values — **Excellence** Drives Us, **Real** Honour, **Team** JCorp as One, and **Innovate** for Impact — we strive to uphold the highest standards in everything we do.

## EXCELLENCE DRIVES US



- We are driven by a relentless pursuit of excellence, setting ambitious benchmarks and delivering extraordinary outcomes.
- Setting high performance standards and achieving extraordinary results.
- Embracing lessons from challenges and constantly improving.
- Acting with speed and clarity to achieve our goals.

## REAL HONOUR



- Integrity and accountability are at the heart of our purpose.
- Upholding our integrity and fulfilling our commitments as professionals.
- Taking ownership to do what is right and staying true to our word.
- Demonstrating courage in the face of difficult decisions.

## TEAM JCORP AS ONE



- Collaboration and inclusivity fuel our success as a unified group.
- Embracing agility to deliver the best of the Group to our stakeholders.
- Listening to understand, while celebrating the richness of diversity.
- Thriving on partnerships to build meaningful ecosystems that benefit all.

## INNOVATE FOR IMPACT



- Creativity and boldness inspire us to challenge norms and drive positive change.
- Thinking creatively and courageously to disrupt conventional approaches.
- Tackling complex challenges with passion and ingenuity.
- Generating value that fosters growth and drives positive outcomes.

## GUIDED BY PURPOSE

These values are more than principles; they shape the way we curate investment strategies, build a resilient organisational culture and contribute to community and climate-positive initiatives. By living the E.R.T.I. way, we continuously create sustainable value for stakeholders and deliver on our promise to grow the good we want to see.

# 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 armation of the trust that our customer and industry peers in us.

## JOHOR CORPORATION

### Award:

- 2023 Digital Economy Award from GovInsider

## AGRIBUSINESS

### Johor Plantations Group Berhad

#### Awards:

- IKM Laboratory Excellence Awards 2023 by the Malaysian Institute of Chemistry
- Best Employer Appreciation Award 2023 for Johor by the Employees Provident Fund

## WELLNESS & HEALTHCARE

### KPJ Healthcare Berhad

#### Awards:

- Most Career Fairs Running Simultaneously by the Malaysia Book of Records
- First Hospital to Execute Clinical Waste Segregation SW409 Programme by the Malaysia Book of Records
- Most Sustainable Healthcare Institution in the Asia Pacific by the GlobalHealth Asia Pacific Awards 2023
- Excellence in Corporate Social Responsibility (CSR) Award by the American Malaysian Chamber of Commerce (AMCHAM)
- Excellence in Health Tourism Services by the Malaysia Australia Business Council (MABC) 2023





# OUR COMPETITIVE STRENGTHS



## Healthcare Presence with KPJ Hospitals:

JCorp's ownership of 7 KPJ hospitals in Johor alone signifies its commitment to healthcare services, promoting well-being and contributing to the overall health infrastructure of the region.



## Infrastructure Development:

JCorp's role in providing infrastructure aligns with its commitment to enhancing suburban areas, fostering community growth, and creating sustainable living environments.



## Plantation Operations:

Managing over 50,000 hectares of plantation operations, JCorp not only contributes to the agricultural sector but also provides essential infrastructure and amenities in suburban areas.



## Residential and Commercial Development:

The development of more than 35,000 residential and commercial units showcases JCorp's versatility in urban planning and real estate development, addressing housing and business needs.



## Substantial Foreign and Domestic Investment:

JCorp's success in attracting over RM90 billion in foreign direct investment (FDI) and domestic direct investment (DDI) underscores its appeal as an investment destination, contributing to economic prosperity.



## Job Creation:

With over 220,000 jobs created JCorp plays a vital role in employment generation, contributing significantly to the economic well-being of the community.



## Extensive Industrial Park Development:

JCorp's development of 34 industrial parks demonstrates a robust commitment to fostering economic growth and providing a conducive environment for businesses.

## OUR STRATEGIC ALLIANCES



TUNKU LAKSAMANA JOHOR  
CANCER FOUNDATION



## OUR GROWTH STRATEGIES



Corporate Restructuring  
and Investment  
Management



Financial  
Restructuring



Organisational  
Redesign



Digital  
Transformation



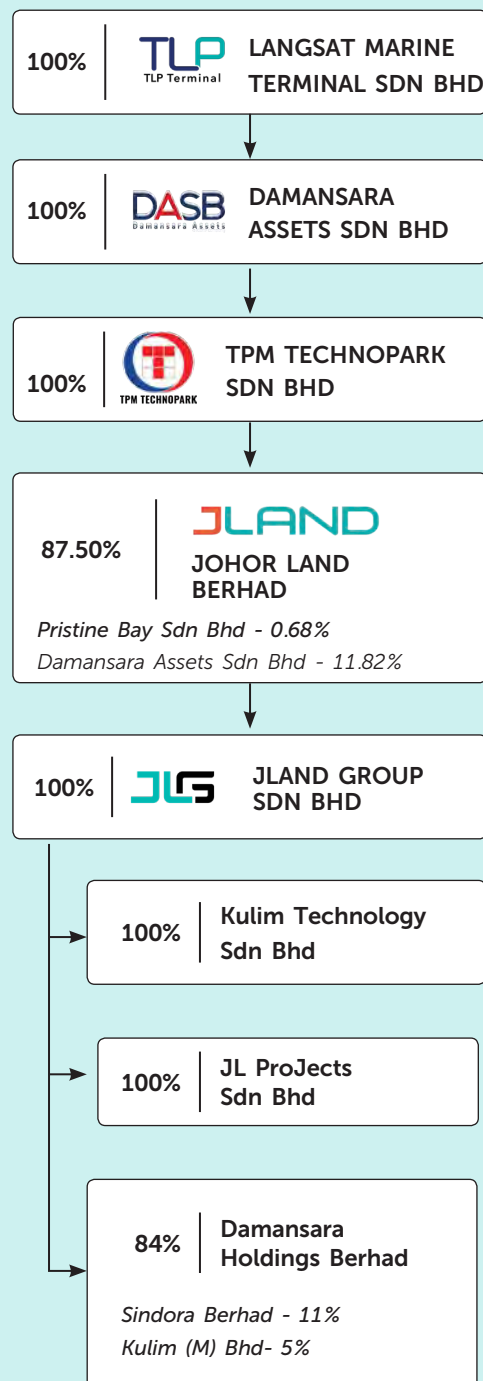
Reinforcing  
Governance



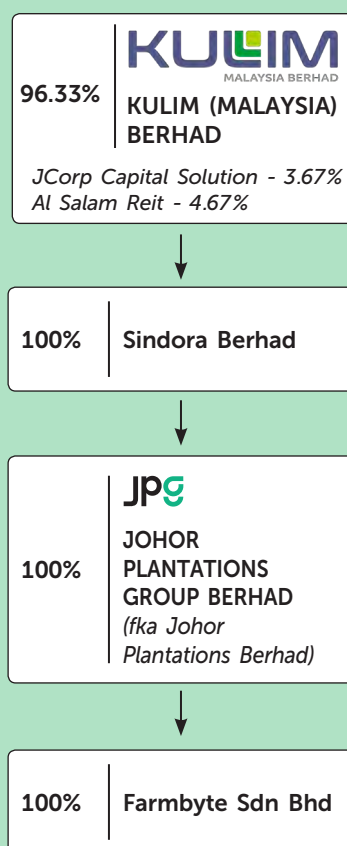
Inclusiveness

# GROUP CORPORATE STRUCTURE

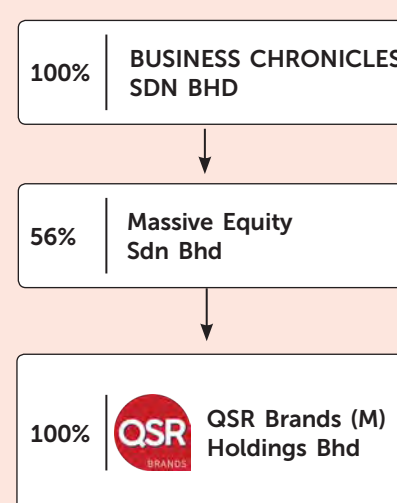
## REAL ESTATE & INFRASTRUCTURE



## AGRIBUSINESS



## FOOD AND RESTAURANT





## WELLNESS & HEALTHCARE



**KPJ HEALTHCARE  
BERHAD**

Kulim (M) Berhad -  
0.43%

JCorp Capital Solution  
SB - 2.02%

Waqaf An-Nur  
Corporation Berhad -  
6.68%

Johor Land Berhad

35.51



100%

**Kumpulan Perubatan  
(Johor) Sdn Bhd**

## CORPORATE RESPONSIBILITY



**YAYASAN JOHOR  
CORPORATION**

Limited by Guarantee



**WAQAF AN-NUR  
CORPORATION BERHAD**  
Limited by Guarantee

## LIST OF FUNDS



**AL-SALAM REIT**  
4.21%

1. DASB - 48.03%

2. KMB - 4.67%

3. JLB - 0.26%

4. KPJHB - 0.34%

5. Kump Bertam -  
0.05%

6. TUJ



**AL-AQAR  
HEALTHCARE REIT**

# KEY MILESTONES

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

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

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.

## 1975

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.



## 1977

## 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



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

## 1976

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

## 1978

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.





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

# 1994

# 1996

# 2002



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).



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

# 2006

# 1995

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.

# 1998

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.

# 2005

Through Kulim (Malaysia) Berhad, Johor Corporation acquired 8,808,000 ordinary shares and 62,000 QSR Brands Bhd warrants on 27 June 2005.

# 2009

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.

## KEY MILESTONES

▶ 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.



2011

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



2013



▶ 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-Salam REIT on Bursa Malaysia on 29 September.

▶ The State Government of Johor appointed Johor Corporation as the administrator of the Pengerang Local Authority.

2015

2010

▶ 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.

2012

▶ 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.

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.



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.



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.

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).



Damansara Specialist Hospital 2 was launched in May 2023 by His Majesty the Sultan of Johor.

FarmByte Sdn Bhd, a digital agriculture subsidiary of Kulim (Malaysia) Berhad launched its Food Hub platform in March 2023 to create a technology-driven agrofood ecosystem.

## 2017

## 2019

## 2021

## 2023

## 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.

## 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.

## 2022



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.



SECTION

# 02

## KEY MESSAGES

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# FOCUSED

and Future-Ready

# OUR CHAIRMAN'S STATEMENT

**Dear Stakeholders,**

2023 marks another year of significant progress and transformation for Johor Corporation (JCorp), building on the robust foundation laid by our JCorp 3.0 Transformation Plan. We continue to create sustainable value for our stakeholders by adapting to the evolving economic landscape while staying true to our mission of '**Membina & Membela**' which lies at the core of all that JCorp does.



**DATO' ONN HAFIZ GHAZI**  
MENTERI BESAR OF JOHOR  
CHAIRMAN OF JOHOR CORPORATION







## OUR CHAIRMAN'S STATEMENT

### MACRO AND MICROECONOMIC LANDSCAPE

The year 2023 presented both opportunities and challenges within the macroeconomic and microeconomic landscape. Globally, we witnessed a period of recovery as economies gradually rebounded from the aftershocks of the pandemic. However, this recovery was uneven, marked by geopolitical tensions, fluctuating commodity prices and inflationary pressures.

On the domestic front, Malaysia's economy showed resilience, bolstered by government initiatives aimed at stimulating growth and investments, particularly in the green and digital economies.

JCorp's strategic foresight allowed us to navigate these complexities effectively. Our diversified portfolio, spanning key sectors namely Wellness & Healthcare, Food & Restaurant, and Real Estate & Infrastructure, provided a strong buffer against ever-shifting market dynamics. Our agility to adapt is a result of the groundwork that had been laid over the last few years, allowing us to remain focused on our long-term goals.

In the financial year 2023, JCorp continued to play a pivotal role in catalysing Johor's socioeconomic growth through strategic projects that are well aligned with the state's long-term vision, including the thrusts outlined in the Maju Johor 2030 (MJ30) plan. Our commitment to developing high impact initiatives with substantial multiplier effects has been instrumental in driving the state's economic progress and positioning Johor as a leading hub for innovation and sustainable development.

### JOHOR – THE REGION'S NEXT GROWTH STORY

Inspired by the rapid transformation of Shenzhen into a global high-tech hub in just 45 years, Johor is emerging as Malaysia's second economic capital outside the Klang Valley. This vision includes positioning Greater Johor Bahru as a dynamic centre for innovation, technology and economic activity, much like Shenzhen's rise in conjunction with Hong Kong as a global financial hub.



With major infrastructure projects like the Rapid Transit System (RTS) linking Johor Bahru to Singapore and the establishment of the Johor-Singapore Special Economic Zone (JS-SEZ), the region is poised for significant economic expansion.

The nation and state's policy frameworks are also set to catalyse growth in high-growth, high-value sectors. The Federal Government's New Industrial Master Plan 2030 (NIMP 2030) envisions a roadmap to propel the nation's manufacturing and manufacturing-related services sector into a more prosperous future. Together with the National Energy Transition Roadmap (NETR), the policies would make the state a strategic area for investors, which will

drive Johor's own ambitions to realise its Maju Johor 2030 vision.

The MJ30 plan has six key strategic thrusts – good governance, sustainable economic development, enhancing social safety net, improving facilities and basic amenities, security, cleanliness and the environment, and special focus on the youth.

The focus on these key economic sectors will also provide high quality employment and entrepreneurial opportunities for local communities, addressing the brain drain that affects Johor the most among the states.

Between 2022 and 2023, the Johor state government approved RM113.7 billion in





investments, focused on four sectors, namely machinery and equipment, food processing, electrical and electronics (E&E), and chemicals and petrochemicals. These approved investments represent 19 per cent of Malaysia's total approved investments in the same period.

The state government is confident that the JS-SEZ will be a game changer that benefits not only Johor but Malaysia as a whole. The Gemas-Johor Bahru electrified double-tracking rail project (Gemas-JB EDTP), expected to be completed by 2025, will also be a game-changer for Johor. Running from Johor Bahru all the way to Padang Besar on the Thai border, it will significantly boost the efficiency of moving

people and cargo along the west coast of Peninsular Malaysia.

The state government targets to raise Johor's gross domestic product by 7.8 per cent per year to RM260 billion by 2030, rising from RM142.1 billion in 2022 and the pre-pandemic average growth rate of 5.1 per cent between 2016 and 2019. Iskandar Malaysia recorded total cumulative investments of RM409.5 billion as of September 2023, surpassing the region's target of RM383 billion by 2025. About 58 per cent or RM236.8 billion of the cumulative investments have been realised thus far.

As the state's principal development institution, JCorp is well-positioned to play



JCORP CONTINUED TO PLAY A PIVOTAL ROLE IN CATALYSING JOHOR'S SOCIOECONOMIC GROWTH THROUGH STRATEGIC PROJECTS THAT ARE WELL ALIGNED WITH THE STATE'S LONG-TERM VISION, INCLUDING THE THRUSTS OUTLINED IN THE MAJU JOHOR 2030 (MJ30) PLAN.



a key role to realise this ambitious vision, leveraging its diverse portfolio and industry expertise to contribute to the state's economic advancement.

#### **ROLE IN STATE AND NATIONAL DEVELOPMENT**

Through its strategic development projects, JCorp is in a strategic position to attracting foreign direct investment through expanding its industrial parks, and collaborating on critical infrastructure projects. Its involvement in key sectors across its 4 business pillars as well as its commitment to transform into a future-ready and exponential organisation will further spur economic growth and lay the foundation for a thriving, high-value economy in Johor.

JCorp is also a key component of both state and national development, with a strategic focus on aligning its projects with the broader goals of Johor State and Malaysia. Central to this mission are initiatives in job creation, infrastructure development and economic diversification, all of which contribute to Malaysia's vision of becoming a high-income nation. JCorp's investments in healthcare, education and social infrastructure have significantly enhanced the quality of life in Johor, reflecting our deep commitment to the well-being of the local community.

## OUR CHAIRMAN'S STATEMENT

JCorp is heavily investing in skills development, research and development, and entrepreneurship. The JOHOR SKILLS programme which has been operational since 1994, is undergoing a transformation to equip the next generation of Johoreans with the skills needed to excel in a competitive global economy.

### NOTABLE ACHIEVEMENTS AND MILESTONES

The financial year 2023 marked a period of significant achievements and milestones for JCorp as we continued to advance our strategic objectives under the JCorp 3.0 Reinvention plan.

Launched in January 2020, this comprehensive transformation initiative has been pivotal in reshaping JCorp into a more streamlined and agile entity, focused on our four key business verticals: agribusiness, healthcare and wellness, food and restaurants, and real estate and infrastructure. This reinvention has also driven our organisational push towards comprehensive digitisation and technological adoption, ensuring that we remain competitive and forward-thinking in an increasingly digital world.

### HIGH-IMPACT INVESTMENTS AND ESG FOCUS

One of the highlights of this year has been our renewed focus on Environmental, Social and Governance (ESG) principles. JCorp has always been committed to sustainable practices, but in 2023, we elevated our efforts, integrating ESG considerations into every aspect of our operations and investment decisions. This shift is not just about compliance; it is about embedding sustainability into the core of our business model.

Our new investment policy, which prioritises high impact investments with a strong ESG focus, has already begun to yield positive results. Notably, our investments in renewable energy projects and sustainable urban developments have not only contributed to our bottom line but have also reinforced our reputation as a responsible corporate citizen. These initiatives are a testament to our commitment to driving

positive change while delivering value to our shareholders.

### SUSTAINABLE DEVELOPMENT

Sustainability is also a key area where JCorp is poised to make a significant impact. By embracing renewable energy, circular economy principles and green technology, JCorp is contributing to environmental protection while creating new business opportunities that align with global sustainability trends. This commitment to sustainability ensures that Johor's economic growth will be robust, resilient and inclusive, benefiting both current and future generations.

At the heart of our social responsibility initiatives is Yayasan JCorp (YJC), which continues to champion the cause of building sustainable communities across Johor. Through YJC, we have launched various programmes aimed at driving economic growth and uplifting marginalised groups. These initiatives are integral to our broader goal of ensuring that the benefits of economic development are shared equitably across all segments of society.

### SUSTAINABILITY AND GOVERNANCE

Sustainability is at the heart of our strategy, and in 2023, we made significant strides in enhancing our governance framework to support this focus. We have strengthened our governance practices, ensuring that our decision-making processes are transparent, accountable and aligned with the highest standards of integrity.

Robust corporate governance remains the cornerstone of our operations, ensuring that we uphold the highest standards of transparency, accountability and integrity. The financial year 2023 saw further enhancement of our governance framework, driven by strategic initiatives and reinforced by external validations of our practices.

We established a high-level Board of Sustainability Committee in the previous year of 2022. This committee serves as a key governance body that has been instrumental in aligning our Sustainability Framework with global best practices. It provides oversight of our Environmental, Social, and Governance (ESG) initiatives, ensuring that they are effectively executed across all business segments.





By embedding sustainability into the core of our governance structure, we are not only adhering to regulatory requirements but also proactively managing risks and opportunities associated with ESG factors. This approach underscores our commitment to sustainable growth and long-term value creation for all stakeholders.

## EMPLOYEE DEVELOPMENT AND DIGITAL TRANSFORMATION

Beyond financial metrics, JCorp has placed a strong emphasis on the development of our employees, recognising that our people are our greatest asset. This year, we made significant strides in empowering our workforce through our comprehensive employee development programs.

Central to this effort was our Digital Transformation Programme, which, along with 66 other initiatives, provided our team members with the skills and knowledge necessary to excel in their roles and contribute to the Group's future success. These programmes are not just about upskilling; they are about fostering a culture of continuous learning and innovation, ensuring that our employees

are well-equipped to navigate the challenges and opportunities of a rapidly evolving business landscape.

## DIGITAL TRANSFORMATION AND GOVERNANCE

As part of our ongoing commitment to digitisation, we have integrated advanced technology into our governance practices. This includes the adoption of digital tools for board management, risk assessment and compliance monitoring.

We launched a digital transformation plan that aligns our operations with international standards, such as the EU's Digital Strategy 2030. This alignment has improved operational efficiency, strengthened governance mechanisms and ensured transparent, auditable processes, thereby enhancing stakeholder trust. These innovations have not only improved the efficiency of our governance processes but have also enhanced transparency and accountability, providing our stakeholders with greater confidence in our operations.

## ORGANISATIONAL EFFICIENCY AND ACCOUNTABILITY

The successful implementation of the JCorp 3.0 Reinvention Plan has resulted in a more streamlined and efficient organisational structure. This restructuring has enhanced oversight, increased accountability, and facilitated more agile decision making processes. The new structure allows us to respond more swiftly to market changes and strategic opportunities, ensuring that our governance practices are aligned with the evolving needs of our business and stakeholders.

## SUPPORTING FUTURE LEADERS

Our commitment to nurturing the next generation of leaders and skilled professionals was also evident through the efforts of Yayasan JCorp (YJC) and Waqaf An-Nur Corporation Berhad (Waqaf An-Nur). During the past financial year, we provided a total of RM750,000 in financial aid to students from Kolej Pengajian Johor Utara (KPJU) and Universiti Teknologi Malaysia (UTM).

This investment in education underscores our dedication to empowering young talents, ensuring they have the resources and opportunities to reach their full potential. By supporting their educational journey, we are not only contributing to individual success but also fostering a pipeline of future leaders who will drive Johor's and Malaysia's socioeconomic progress.

## LOOKING AHEAD

As we step into 2024, we are filled with optimism and a renewed sense of purpose. The year ahead will bring both opportunities and challenges, but I am confident that JCorp will continue to thrive and contribute to the prosperity of Johor and Malaysia, thanks to our solid foundation, clear vision and committed team. Our unwavering commitment to sustainable growth, innovation and creating lasting value for our stakeholders remains at the forefront of our mission.

JCorp is dedicated to enhancing the lives of Johor's people and transforming the state into a thriving global economic hub. Guided by our vision and aligned with strategic state and federal initiatives such as Maju Johor 2030, New Industrial Master Plan 2030, Johor Strategic Growth Plan 2050 and National Energy Transition Roadmap, we are poised to accelerate Johor's economic and social progress over the coming decades.

The successes we achieved in 2023 are a testament to the unwavering dedication of our employees, the trust of our stakeholders and the support of our partners. I extend my deepest gratitude to the Board of Directors for their guidance, our management team for their leadership, and every member of the JCorp family for their commitment to our shared vision. Together, we will continue to drive meaningful progress and achieve our long-term goals.



**Revenue**

**RM5.8**  
billion



**Profit After Tax**

**RM378**  
million



# PRESIDENT & CHIEF EXECUTIVE'S OVERVIEW

**Dear Stakeholders,**

As we reflect on Johor Corporation's (JCorp) performance over the past year, it is evident that 2023 was a period marked by resilience, innovation and growth. Despite the challenging macroeconomic environment, characterised by global uncertainties and domestic economic shifts, JCorp has continued to solidify its position as a leading corporate entity in Malaysia.

In the face of economic headwinds, JCorp has demonstrated financial resilience, achieving a commendable performance across our diversified portfolio. Our strategic initiatives and prudent financial management have enabled us to navigate these challenges effectively. The Group's revenue growth and profit margins have remained stable, reflecting the robustness of our business model and the dedication of our teams across all sectors.

Our FY2023 results are a clear reflection of the success of the JCorp 3.0 transformation. This strategic initiative has significantly enhanced our resilience and future-readiness, positioning us as an Exponential Organisation (ExO).



**DATUK SYED MOHAMED SYED IBRAHIM**  
PRESIDENT & CHIEF EXECUTIVE  
JOHOR CORPORATION



## PRESIDENT & CHIEF EXECUTIVE'S OVERVIEW

### MARKET AND ECONOMIC LANDSCAPE

In 2023, the global market and economic landscape presented significant challenges, marked by continued supply chain disruptions in food and energy sectors and growing concerns over geopolitical conflicts. These factors contributed to a volatile and complex operating environment, testing the resilience of businesses worldwide.

Despite these adversities, JCorp successfully navigated the turbulence, delivering overall positive results. Our robust risk mitigation strategies and diversified portfolio played a crucial role in cushioning the impact of uncertainties and volatility.

We are operating in an increasingly VUCA (Volatility, Uncertainty, Complexity and Ambiguity) environment, a 'new world disorder' exacerbated by the recent pandemic. This polycrisis scenario is a universal experience for businesses and organisations, particularly for those with high ambitions like JCorp. Economic cycles, geopolitical challenges and rapid technological disruptions, including the exponential rise of generative artificial intelligence (AI), are reshaping the market landscape, posing additional challenges for JCorp and our business units.

In response, we have strategically realigned our internal operations to enhance efficiency and augmented our risk management measures to offset inflationary pressures and rising costs. Recognising the

daunting task of future-proofing the Group, we are cultivating an organisation-wide mindset that embraces innovation and growth.

By adopting strategies that embrace chaos rather than resist it, we position ourselves to capture ample opportunities despite the highly disruptive external environment.

### KEY PERFORMANCE HIGHLIGHTS

Several key factors contributed to our overall performance in FY2023, both positively and negatively. Our Real Estate & Infrastructure segment recorded the strongest financial performance for the Group, with a remarkable 48% increase in revenue, totalling RM1.26 billion. This success was driven by strategic sales of industrial land and residential properties, as well as capitalising on the thriving data centre and renewable energy markets in Johor.

Similarly, our Wellness & Healthcare segment posted robust growth, with a 19% increase in revenue to RM3.42 billion, and a record Profit After Tax (PAT) of RM270 million. This growth was primarily driven by a rise in both inpatient visits and bed occupancy rates, reflecting the strength and resilience of our healthcare services.

The Food & Restaurant segment also showed resilience, achieving a modest 1% growth in revenue for a total of RM4.87 billion, despite facing industry-wide headwinds from supply chain disruptions and global geopolitical instability. Our



**OUR ROBUST RISK MITIGATION STRATEGIES AND DIVERSIFIED PORTFOLIO PLAYED A CRUCIAL ROLE IN CUSHIONING THE IMPACT OF UNCERTAINTIES AND VOLATILITY**



Agribusiness segment faced significant challenges, recording a 27% decline in revenue to RM1.36 billion. This downturn was largely due to external factors, including a decrease in upstream sales volume for Crude Palm Oil (CPO) and Palm Kernel (PK), coupled with reduced average selling prices (ASPs) that impacted the palm oil industry as a whole. However, this is part of the cyclical nature of the market, and our Agribusiness strategies are moving us steadily towards a position to profit under any market condition in the future.

### FINANCIAL MILESTONES

One of the most notable achievements in FY2023 was surpassing RM10.8 billion in total net assets for the Group. This milestone reflects the strength and stability of our financial foundation, which has been built on prudent management and strategic investments.

JCorp delivered commendable operating performance in the previous financial year, achieving a healthy level of profitability. The Group reported an 8% growth in revenue, reaching RM6.2 billion, alongside a 9% increase in gross profit, totalling RM2.4 billion.

While profit after tax was affected by specific challenges, such as the performance of the Food & Restaurant segment and increased financial costs due to the higher Overnight Policy Rate (OPR), JCorp's overall financial health remains robust. These results reflect our strong operational foundation and resilience in navigating external pressures.





### MAINTAINING STRONG CREDIT RATINGS

In addition to our financial and operational achievements, JCorp's strong credit standing has been upheld, with our long and short-term corporate credit ratings maintained at AAA and P1, respectively, by RAM Ratings.

Furthermore, our RM2 billion State-Guaranteed Islamic Medium Term Notes Programme (2023/2043) has also been assigned an AAA rating.

### OVERSUBSCRIPTION OF OUR STATE-GUARANTEED SUKUK

A major highlight for JCorp in 2023 was the successful issuance of our inaugural State-Guaranteed Sukuk, which was almost five times oversubscribed. The strong investor demand led to an upsize of the issue size from the initial RM1.3 billion to RM1.5 billion and enabled us to secure favourable financing terms, including a price tightening of 15 basis points across the seven, 10 and 15-year sukuk offerings with profit rates of 4.45 per cent, 4.54 per cent and 4.80 per cent respectively.

The successful issuance of this sukuk reflects our strong investor confidence and

positive market sentiment. This not only exemplifies our unwavering commitment to deliver on our clear and definitive purpose of Membina dan Membela, but also underlines our dedication to fostering the well-being and prosperity of the people and the state of Johor as a whole.

These ratings reflect the market's confidence in JCorp's financial health and governance, enabling us to continue accessing capital on favourable terms to support our growth initiatives.

### SECTOR-SPECIFIC GROWTH DRIVERS

During the year, JCorp's growth was significantly driven by our Real Estate and Infrastructure sector, particularly through key projects undertaken by JLand Group (JLG). Among these, the development of Ibrahim Technopolis (IBTEC), Sedenak Tech Park (STeP), and Ibrahim International Business District (IIBD) stood out as major contributors to our success.

These projects are not only reshaping the physical landscape of Johor but also rejuvenating strategic areas, such as the Johor Bahru Central Business District, thereby playing a crucial role in the state's socio-economic transformation.



ONE OF THE MOST NOTABLE ACHIEVEMENTS IN FY2023 WAS SURPASSING RM10.8 BILLION IN TOTAL NET ASSETS FOR THE GROUP. THIS MILESTONE REFLECTS THE STRENGTH AND STABILITY OF OUR FINANCIAL FOUNDATION, WHICH HAS BEEN BUILT ON PRUDENT MANAGEMENT AND STRATEGIC INVESTMENTS.



### Net Assets

**RM10.9**  
billion



### Total Assets

**RM25.1**  
billion



## PRESIDENT & CHIEF EXECUTIVE'S OVERVIEW

IBTEC, in particular, is being positioned as a smart eco-industrial township, targeting high-growth sectors like advanced electrical and electronics, robotics, drone and AI technology, and smart logistics and warehousing. This strategic focus aligns with global trends and positions JCorp as a key player in driving technological advancement and industrial innovation within the region.

### STRATEGIC INITIATIVES

The exceptional financial performance that JCorp has achieved over the past few years is a direct result of our bold and comprehensive JCorp 3.0 transformation journey. This initiative represented a hard reset for the organisation, aimed at rebuilding our foundations to launch us into future growth. As we continue to push forward, our focus remains on future-proofing JCorp to sustain the momentum we have gained.

### THE 3-3-3 PLAYBOOK: A STRUCTURED FRAMEWORK FOR TRANSFORMATION

At the core of our strategic reinvention is the 3-3-3 playbook, which is a structured framework guiding our efforts toward sustainable, long-term growth. This framework can be visualised as three concentric circles, each one encompassing the other, and collectively driving us closer to our ultimate goals.

The outermost circle represents our three overarching objectives, which are vital to ensuring JCorp's longevity and success. First, we are committed to delivering consistent and growing returns to our shareholders, ensuring that their investments in JCorp yield substantial and sustainable rewards.

Beyond financial returns, we also aim to meet and exceed the expectations of all our stakeholders, including employees, customers, partners and the communities we serve. Additionally, to thrive in a rapidly changing world, we must anticipate and adapt to future challenges, building an organisation that is resilient, agile and ready for whatever lies ahead.

To achieve these overarching objectives, we have concentrated our efforts on three foundational areas. We are focused on developing a resilient and agile organisation capable of navigating any challenges posed by the external environment. By enhancing our internal capabilities, we ensure that JCorp remains robust and adaptable.

Our commitment to sustainability extends beyond financial performance, as we are dedicated to building businesses that excel in environmental, economic, social, and governance (ESG) aspects, ensuring long-term viability and positive impact. Recognising the importance of continuous

learning, we are fostering a culture of growth within JCorp by embedding a learning organisation ethos, empowering our people to operate from a growth mindset, and driving innovation and excellence.

At the innermost circle of our framework lie the core strategies that drive the tactical execution of our reinvention plan. When I first assumed leadership of JCorp, the Group was involved in nearly 300 businesses; a scattered approach that was unsustainable. This led us to undertake a significant corporate restructuring and asset rationalisation. By streamlining our operations, we have sharpened our focus on core areas that offer the greatest potential for growth.

Although JCorp was asset-rich, our cash flow needed optimisation. Through a financial restructuring exercise, we made tough but necessary decisions to right the ship, ensuring that JCorp is financially positioned to pursue its strategic goals.

A key priority in our transformation has been the enhancement of our intangible assets. We have implemented best practices in branding, embraced the future of work, advanced our ESG agenda and driven digital transformation and innovation across the Group. These initiatives are critical to maintaining our competitive edge and fostering long-term success.



## CULTURAL AND ORGANISATIONAL CHANGE

The execution of these strategies required a significant cultural and organisational shift within JCorp. This included a realignment of our business interests both internally and externally.

With the JCorp 3.0 reinvention process largely fulfilled, we are now reaping the rewards, not just in financial terms, but also in the positive impact we are making on the people and the economy of Johor. To ensure continued resilience amidst the challenging business environment, we must be steadfast in building up our operations' future-readiness.

First, we start with our own people. To cultivate an organisation-wide mindset that is open to innovation and technological adoption, we are deploying a strategy to foster a knowledge-driven environment within JCorp. We are building a corporate culture based on a DNA that constantly strives for excellence and innovation. Ultimately, our goal is to become an organisation that is Agile, Resilient and Knowledgeable.

Externally, we are also looking at our supply chain management. To ensure resilience, we are focusing on smart clustering of our suppliers across our organisation. By strategically grouping our suppliers, we can ensure that we have diverse options at our disposal in order to minimise and control our risks.

We are also exploring more options to make our supply chain more adaptable and responsive. Our overall aim is to streamline operations and move up the value chain by capitalising on our strengths while bolstering competencies.

## HIGH-IMPACT INVESTMENTS

JCorp continues to play a pivotal role in driving Johor's socioeconomic growth through strategic investments in catalytic projects with significant multiplier effects. These initiatives are aligned with the state's strategic direction, particularly the Maju Johor 2030 (MJ30) agenda, ensuring that our projects not only contribute to JCorp's growth but also complement the broader vision for the region.

One of the flagship projects underscoring this commitment is the development of integrated offerings at Sedenak Tech Park (STeP) in Kulai, led by our real estate and infrastructure arm, JLand Group Sdn Bhd (JLG).

STeP is set to bolster Johor's position as a regional data hub, encompassing 1,400 acres and currently hosting seven international data center players, including Keppel and Princeton Digital Group, with a combined ultimate IT load of 1 GW. This project exemplifies our dedication to building infrastructure that supports the state's technological ambitions.

STeP is a part of the larger Ibrahim Technopolis (IBTEC), a 7,290-acre smart industrial township designed to be a world-class sustainable community. By collaborating with international experts, we aim to make IBTEC a global benchmark for next-generation sustainable development.

The potential of IBTEC is immense, with projections indicating it could create over 300,000 new job opportunities, primarily in high-tech fields such as artificial intelligence, advanced electrical and electronics, robotics and drones, and cybersecurity and cloud services.

Furthermore, JCorp's strategic partnerships with prominent technology companies like Microsoft and Amazon Web Services reinforce our alignment with Johor's technology-centric value proposition. These collaborations and our ongoing projects position us to support the state's evolution into a leading technology hub while driving significant economic impact and creating future-ready job opportunities.

## PROGRESS OF THE STRATEGIC DEVELOPMENT PLAN

In FY2023, we made significant strides in our Strategic Development Plan across the following pillars: Corporate Restructuring and Investment Management, Financial Restructuring, Organisational Redesign, Digital Transformation and Reinforcing Governance.

## CORPORATE RESTRUCTURING AND INVESTMENT MANAGEMENT

In 2023, JCorp made significant progress in corporate restructuring and asset rationalisation. Key achievements included the completion of four Sale & Purchase Agreements (SPAs) for land sales to the Real Estate and Infrastructure Division (REID), resulting in a disposal gain of RM167.8 million. The investment portfolio was optimised through the disposal of non-performing assets, including two Indonesian hospitals, plantations in South Sumatra, and Hotel Selesa Pasir Gudang. Furthermore, the listing application for Johor Plantations Group Berhad was submitted to the Securities Commission in December 2023, and E.A. Technique (M) Bhd advanced its Regularisation Plan by submitting it to Bursa Securities and securing a Subscription Agreement with a new investor in November 2023.

## FINANCIAL RESTRUCTURING

JCorp's financial restructuring efforts have been pivotal in enhancing our financial stability and positioning us for future growth. Our robust financial performance over the years has been recognised through prestigious industry accolades, including 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. This rating underscores our financial strength and credibility in the market, further solidifying our ability to pursue strategic investments and sustain long-term growth.

## ORGANISATIONAL REDESIGN

Recognising that our workforce is our greatest asset, we have embarked on a journey to build a high-performance culture within JCorp. Central to this effort is the implementation of our E.R.T.I. (Excellence Drives Us, Real Honour, Team JCorp as One, Innovate for Impact) framework, which has been rolled out across the organisation. E.R.T.I. embodies the values we strive to internalise, fostering a knowledge-driven environment that continuously pursues excellence and innovation.



## PRESIDENT & CHIEF EXECUTIVE'S OVERVIEW

In line with this cultural shift, we have introduced a new performance measurement methodology, Objectives and Key Results (OKRs), replacing the traditional Balanced Scorecards (BSC). Complementing this is a real-time performance dashboard that monitors and analyses individual staff contributions, ensuring that every team member's impact is aligned with our organisational goals. This approach is driving agility, resilience and a commitment to continuous learning, positioning JCorp to adapt swiftly to the ever-changing business environment.

Additionally, we are enhancing the resilience of our operations by focusing on future-readiness, particularly within our supply chains. Through smart clustering of suppliers, we are bolstering our supply chain resilience, ensuring diverse and adaptable options to mitigate risks. This strategy not only streamlines our operations but also enables us to move up the value chain by capitalising on our strengths and building competencies.

### DIGITAL TRANSFORMATION

Our digital transformation journey has reached new heights in FY2023, as we continue to drive digital innovation across our diverse business portfolio, which includes agribusiness, wellness and healthcare, food and restaurant, and real estate and infrastructure.

We are now entering an AI-driven Phase 3 following the successful completion of the first two phases of our transformation in 2022, which focused on enhancing connectivity, modernising hardware and deploying strategic digital platforms.

This next phase leverages advanced technologies such as real-time data analytics through our proprietary JCorp Analytics and JCorp AI, blockchain and machine learning to inform decision-making and optimise operational efficiency.

We have also invested in building a team of certified data scientists, the Insight Strategists, who play a critical role in strengthening our capacity for data-driven decision-making. These specialists are instrumental in providing valuable insights that address various business needs,

further advancing our goal of becoming an Exponential Organisation.

As part of our commitment to digital fluency, we continue to invest in digital tools and upskilling programmes, ensuring that our workforce is well-prepared to steer and thrive in the digital age.

### REINFORCING GOVERNANCE

JCorp has always maintained a strong governance structure, but in FY2023, we have taken additional steps to reinforce it further. By adhering to rigorous financial discipline and promoting transparency and accountability in all our operations, we have strengthened our resilience against uncertainties and safeguarded our financial health.

These enhanced governance measures not only help us maintain the trust of our stakeholders but also enable us to deliver greater value for our organisation and its stakeholders alike. Our commitment to strong governance ensures that we remain on a steady course, even in the face of external challenges, and continue to build a sustainable and resilient future for JCorp.

### STRENGTHENING OUR FUTURE-READINESS AND GROWTH

Our commitment to digital transformation is reflected in the implementation of programmes designed to drive efficiency

and upskill our workforce, ensuring that they are well-equipped to excel in the evolving landscape. We are also actively collaborating with our Investee Companies to optimise returns; while enhancing our internal capabilities to ensure we are prepared for future challenges.

To sustain our growth momentum and effectively navigate a complex environment, we have established a clear roadmap centred around six key areas.

First, our focus on **Strong Financial Growth & Capital Resilience** underscores our commitment to creating value that endures for future generations, reinforcing our role as stewards of tomorrow. We also maintain a **Customer-Centric Approach**, dedicated to enhancing customer satisfaction by refining business processes to ensure long-term success and loyalty.

Furthermore, we are committed to **Maximising Operational Efficiency** by continuously upgrading our systems and processes, which enables us to deliver superior results. Through **Strategic Partnerships and Collaborations**, we are forging alliances that strengthen our market presence, improve operations and deepen stakeholder relationships.

Our emphasis on **Digital Transformation and Seamless Integration** involves investing in advanced digital tools and upskilling our



workforce to foster digital fluency across the organisation, which helps us stay ahead in a rapidly changing environment. Lastly, we are cultivating a **High-Performance Culture** by embedding our E.R.T.I. values throughout JCorp, ensuring we consistently operate at peak performance with humility as our guiding principle.

Through these strategic initiatives, JCorp is not only adapting to current market realities but also positioning itself for sustained, exponential growth in the years ahead.

## RISK MANAGEMENT AND SIGNIFICANT RISKS FACED IN 2023

In 2023, JCorp navigated an exceptionally challenging landscape defined by volatility, uncertainty, complexity, and ambiguity (VUCA). The world has entered what many describe as a 'new world disorder,' characterised by an environment of polycrisis, further accelerated by the lingering impacts of the recent pandemic. This tumultuous environment has posed significant challenges for businesses and organisations globally, particularly for those like JCorp, which have high ambitions and aspirations.

To manage these risks and thrive in such a disruptive environment, JCorp has been proactive in future-proofing our operations and strategies. We recognise that the key to resilience lies in our ability to adapt and evolve. As part of this approach, we have embraced a mindset that prioritises innovation and growth, enabling us to stay ahead of potential disruptions.

One of the most significant risks we faced in 2023 was the ongoing unpredictability in global supply chains. The pandemic's aftershocks, coupled with geopolitical tensions, created disruptions that could have impacted our operations. However, by implementing smart clustering strategies, we enhanced our supply chain resilience, ensuring diverse sourcing options and minimising risks.

Additionally, the rapid pace of technological change posed another significant risk. To mitigate this, we accelerated our digital transformation programme, which has been instrumental in driving efficiencies and improving decision-making across our



operations. We also invested heavily in upskilling our workforce, equipping our people with the knowledge and tools they need to thrive in the new digital realities.

In the face of these challenges, we also reinforced our governance frameworks to safeguard our financial health and maintain stakeholder trust. This included stringent adherence to financial discipline and enhancing transparency and accountability across all levels of the organisation.

## INTEGRATING SUSTAINABILITY INTO BUSINESS STRATEGY AND OPERATIONS

Sustainability for us is not just an add-on to our business strategy; it is the foundation of everything we do. Our core purpose, **Membina & Membela**, encapsulates our commitment to creating value for all stakeholders and enabling sustainable communities where generations can live well and prosper. This guiding principle drives our approach to building businesses that are not only profitable but also socially and environmentally responsible.

We are committed to fostering a DNA of innovation, ethical practices, long-term value creation and a positive contribution to the wellbeing of society and the planet across all our business ventures. By investing in ventures that prioritise social and environmental responsibility, JCorp is laying the groundwork for generational prosperity and spurring socioeconomic

growth. We firmly believe that our investments must generate sustainable returns, which in turn allow us to make a meaningful impact on building and empowering future generations.

Our **Membina & Membela** philosophy also underpins our transformational growth mindset, investment portfolio strategies and dedication to social empowerment. These values dictate the way we think, act and grow. From the investment strategies we curate to the work ethics of our people, we strive to leave positive impacts on our communities and the environment.

We recognise that our investments are only as valuable as the positive impacts they create for our people and the planet. With this at our core, JCorp is actively involved in numerous projects aimed at the betterment of our nation, communities and environment. Whether through large-scale developments or strategic collaborations, we ensure that our business operations contribute positively to society while minimising our environmental footprint.

In essence, JCorp is not just building businesses; we are building sustainable futures. Our dedication to integrating sustainability into our core business strategy ensures that every action we take contributes to a legacy of prosperity, resilience and positive change for generations to come.



## PRESIDENT & CHIEF EXECUTIVE'S OVERVIEW

### CHALLENGES AND OPPORTUNITIES

#### Major Challenges and Responses

The significant challenges we faced in 2023 were particularly in the palm oil and food & restaurant sectors. Malaysia's palm oil exports saw a decline, with overall exports dropping by 3.7% and palm kernel oil exports by 5.0%, driven by reduced demand from key buyers such as China, India, and the European Union. The export value also decreased by 27.6% from 2022, impacting the profitability of Johor Plantations Group Berhad (JPG).

Recognising the cyclical nature of the palm oil industry, JPG initiated a transformation process focusing on R&D and new business segments across the value chain to ensure future profitability.

In the food & restaurant sector, QSR Brands, which anchors JCorp's portfolio, faced challenges due to geopolitical tensions that dampened consumer sentiment in key markets. Despite these headwinds, QSR Brands demonstrated resilience, with KFC Malaysia winning its ninth consecutive gold at the Putra Brand Awards in 2023.

JCorp's ecosystem approach, which includes activities such as farming, hatchery, and ancillary businesses, further mitigated risks, ensuring profitability across the value chain. Overall, our proactive strategies and focus on innovation have enabled the group to navigate these challenges effectively, maintaining its path of sustainable growth.

#### Key Growth Opportunities and Strategic Innovations

JCorp continues to prioritise its four established business verticals—Agribusiness, Wellness & Healthcare, Food & Restaurants, and Real Estate & Infrastructure—while actively seeking to expand and solidify its presence within these core areas. Our strategic focus is on identifying and capitalising on new business opportunities that address unmet market needs, driving sustainable growth, and enhancing our market leadership.

In addition to these core areas, JCorp is strategically positioning itself to seize emerging opportunities in new economies, particularly in sectors where sustainable



development and technological innovation are paramount. By investing in renewable energy initiatives like solar generation, we contribute to a cleaner, more sustainable future while enhancing our competitiveness in the evolving energy landscape. Our embrace of advanced manufacturing technologies, including automation and robotics, drives efficiency and cost reduction, positioning us at the forefront of industrial transformation.

Furthermore, our focus on the medical technology sector, particularly in telemedicine and wearable devices, is set to revolutionise healthcare delivery and improve patient care outcomes. These strategic initiatives underscore JCorp's commitment to leading the way towards a sustainable, technologically advanced future, driving progress across our diverse portfolio of industries.

### CONTRIBUTING TO STATE AND NATIONAL DEVELOPMENT

At the core of JCorp's purpose is wealth redistribution, people empowerment and the creation of opportunities for all. Through our innovative approach to business, JCorp has made a profound impact on the economy and the community over the years.

Our success in various sectors has not only bolstered the GDP of Johor and the nation but has also enabled us to positively influence the lives of countless individuals and communities.

I am happy to share the following figures which highlight the substantial economic impact JCorp has made:

- RM132 million in business tithe revenue generated from 2012 to 2022.
- RM242.6 million in dividends paid to the Johor State Government between 1989 and 2022.
- Over 233,000 jobs created across the JCorp network, providing employment opportunities and fostering economic stability in the region.

These contributions reflect our unwavering commitment to the socioeconomic development of Johor and Malaysia. By aligning our business strategies with the needs of the community, JCorp has played a pivotal role in shaping the state's future, ensuring that our economic achievements translate into meaningful, long-lasting benefits for society. Through our efforts, we continue to build a legacy of inclusive growth, creating a foundation upon which future generations can thrive.

## SUPPORTING LOCAL COMMUNITIES AND STAKEHOLDERS

JCorp continues to play a pivotal role in supporting local communities and stakeholders through our dual mission of driving economic prosperity and empowering underserved communities. Our financial performance directly fuels this mission, allowing us to extend our impact beyond profit generation to fostering socioeconomic growth and upliftment.

Our extensive corporate footprint and strategic initiatives are vital in propelling Johor towards its vision of becoming a rapidly emerging global economic hub. This strategic positioning not only amplifies Johor's potential on the global stage but also contributes significantly to the creation of high-quality jobs and entrepreneurial opportunities for the local population. By aligning our business activities with the state's broader economic goals, JCorp acts as a significant catalyst for sustainable development and long-term prosperity.

JCorp's commitment to enabling sustainable communities is further exemplified through our social responsibility arms, Yayasan JCorp and Waqaf An-Nur. These entities play a crucial role in delivering social support and empowerment to communities across Johor.

In 2023, Yayasan JCorp's initiatives were significant across its four key areas namely Education, Arts, Culture and Heritage, Environment, and Community Well-Being. A total of RM1.33 million was invested in various education initiatives, aimed at enhancing learning opportunities and ensuring access to quality education, particularly for underserved communities.

In the area of arts, culture and heritage, RM803,000 was allocated to events that helped preserve and promote Johor's rich cultural tapestry, fostering a deeper appreciation for the state's artistic and historical heritage.

Yayasan JCorp also demonstrated its commitment to environmental stewardship by dedicating RM1.8 million to initiatives focused on sustainable practices, conservation and raising awareness about environmental issues.

Additionally, RM1.4 million was spent on community well-being projects, which included providing essential support to vulnerable groups, improving healthcare access, and offering timely assistance during disasters.

In addition to these focused efforts, JCorp also channelled significant resources through Waqaf An-Nur. We distributed RM12,080,823 to support the development of the Ummah's economy.

This funding supported a broad spectrum of activities, including community and welfare assistance for the poor in Johor, healthcare services for those in need, and socioeconomic initiatives to uplift underprivileged communities.

## OUTLOOK

As we look towards the future, JCorp remains committed to driving economic growth, fostering innovation and contributing to social and environmental well-being. Our strategic focus for the coming year is centred on transformative projects that will position JCorp as a leader in sustainable development and technological advancement.

Key projects under development include the STeP East and STeP West data centre hubs, designed to address urbanisation, connectivity and sustainability challenges. These hubs, powered by renewable energy and advanced cooling systems, are set to establish Johor as Malaysia's future data centre hub.

Additionally, the 7,290-acre Ibrahim Technopolis (IBTEC) in Kulai is being developed as a smart industrial township, creating a vibrant economic ecosystem with a focus on emerging fields like data centres, cybersecurity and medical technology. Sustainability is at the core of IBTEC, with solar farms and a strong emphasis on reducing carbon emissions.

In urban development, the Ibrahim International Business District (IIBD) aims to create a vibrant, sustainable city that balances creativity, cultural inclusivity and modern urban living. Our foodtech startup, FarmByte, is another strategic priority, driving innovation in the agrifood value

chain through sustainable practices and inclusive participation.

Amidst the challenges of market uncertainty and competition, we will continue to focus on maximising operational efficiency and maintaining a customer-centric approach across our business pillars. By leveraging technology and optimising resources, we ensure sustainable growth and exceptional service delivery.

As stewards of tomorrow, JCorp is dedicated to nurturing sustainable prosperity and confident in our ability to address the challenges and seize the opportunities that lie ahead.

As we move forward, our emphasis remains on building and strengthening our intangible assets, which are critical to achieving sustainable and scalable growth. This commitment is reflected in our revenue growth and the expansion of our net assets, driving us to build JCorp into an ExO, an organisation that achieves an outsized impact through innovative approaches and the adoption of accelerating technologies.

## ACKNOWLEDGMENTS

I wish to extend my heartfelt gratitude to our esteemed Board of Directors for their visionary leadership, to our dedicated employees whose commitment and hard work serve as the cornerstone of our success, and to our valued business partners for their steadfast collaboration and trust. My deepest appreciation also goes to all our stakeholders, whose steadfast support and shared belief in our vision have been instrumental in our achievements. Together, we will continue to drive JCorp towards greater heights, fostering sustainable growth and creating value for all.





SECTION

# 03

## VALUE CREATION AT JCORP

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# THE 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

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.

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2

## IDENTIFICATION OF OUR RISKS AND OPPORTUNITIES

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.

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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



Local  
Communities



Government  
& Regulators



Private Sector

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4

## DETERMINING OUR MATERIAL MATTERS

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.

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## EMBEDDING ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PRACTICES

The Johor Corporation Green Plan 2025 is Johor Corporation's roadmap towards driving ESG within the Group. It empowers Johor Corporation to strategically address ESG risks and opportunities, towards delivering the greatest positive impact and value. The Johor Corporation Green Plan 2025 comprises four pillars: Sustainable Planning and Design for Construction; Our Community is Our Business; Environmental and Biodiversity Conservation and Enhancing Sustainability via Digitalisation.

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 over an enticing employee value proposition, positioning us

We over 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.

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6

### EMBEDDING ESG PRACTICES

#### 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.

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# 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



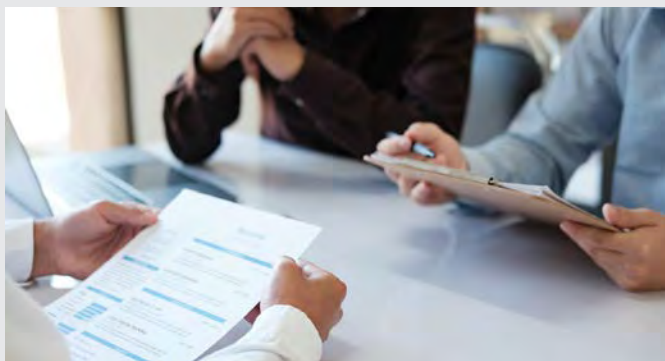
### Financial Capital



Our financial capital constitutes the fund reservoir enabling JCorp to execute continuous activities and fulfil our longterm 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.



### 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 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.



### Social and Relationship 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.



### 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

## STRATEGIC GOAL

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

## STRATEGIC FOCUS AREAS

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

## Resources We Rely on

### OUR 6 CAPITALS



#### 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

### MATERIAL MATTER

- 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)



## AGRIBUSINESS



## OUR RISKS

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



## FOOD & RESTAURANTS

Supported by Strong Governance and Ethics

## MARKET TRENDS SHAPING OUR BUSINESS

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

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



Driven by our **mission MEMBINA & MEMBELA**



## Deliver Customer Outcomes

## Value For Our Stakeholders

### OUTPUTS

### OUTCOMES



### WELLNESS & HEALTHCARE



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



### REAL ESTATE & INFRASTRUCTURE

#### AGRIBUSINESS

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

#### FOOD & RESTAURANTS

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

#### 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.

#### REAL ESTATE & INFRASTRUCTURE

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



#### Financial Capital

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



#### Human Capital

- 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



#### Manufactured Capital

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



#### 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 and 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

### Business Opportunities

- Embrace the latest technologies to enhance and 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 and 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

### Capitals:



### Material Matters:



## SHAREHOLDERS, INVESTORS/FINANCIERS AND ANALYSTS

### Stakeholder Value Created

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- Appreciation in property value as they mature due to thorough and strategic master-planning
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- Increase the skills, experience and capabilities of our employees to remain relevant

### Capitals:



### Material Matters:



## BUSINESS PARTNERS

### Stakeholder Value Created

- Quality lifestyle from sustainable products in township developments and vertical communities that meet and exceed customer demand
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- High level of project management to deliver quality infrastructure on time and within budget

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- Increase the skills, experience and capabilities of our employees to remain relevant

### Capitals:



### Material Matters:



## MEDIA

### 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

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- Increase the skills, experience and capabilities of our employees to remain relevant

### Capitals:



### Material Matters:







SECTION

# 04

## MANAGEMENT DISCUSSION AND ANALYSIS

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# **STRATEGIC**

## **Insights and Overview**



# MARKET REVIEW AND OUTLOOK

## STEERING THROUGH MARKET DYNAMICS AND FORGING A SUSTAINABLE FUTURE

The companies within our portfolio operate in an ever-evolving global and local landscape, where market dynamics and operating conditions pose both opportunities and challenges. To sustain peak performance, we prioritise not only understanding these forces but also adapting to emerging trends with agility and foresight. This section provides an in-depth analysis of the key factors influencing our strategic direction and outlines our outlook for the future.

### MARKET DYNAMICS: KEY INSIGHTS

#### Navigating the Global Landscape

As part of an interconnected global economy, our businesses are shaped by geopolitical shifts, macroeconomic developments and international trade dynamics. Understanding these fluctuations enables us to anticipate challenges and seize opportunities that drive long-term growth.

#### Sector-Specific Trends

Each of our business sectors faces unique opportunities and challenges. From adapting to shifting consumer behaviours to leveraging sustainable practices, we continue to respond to the trends shaping our industries. By focusing on these dynamics, we position ourselves to meet evolving market demands effectively.

#### Evolving Regulatory Landscape

Regulatory frameworks, particularly those related to environmental, social and governance (ESG) standards, are increasingly shaping business operations. By aligning with these changing regulations, we ensure compliance and demonstrate our commitment to sustainability, which is integral to securing stakeholder confidence and long-term resilience.

### OPERATING CONDITIONS: ENHANCING COMPETITIVENESS

#### Technology as a Catalyst for Transformation

The rapid pace of digitalisation and advancements in artificial intelligence are revolutionising how we operate. Across our portfolio, we have embraced cutting-edge technologies to enhance operational efficiency, improve customer experiences, and drive innovation.

#### Strengthening Supply Chain Resilience

In light of global disruptions, our companies have reimagined supply chain strategies to ensure resilience and continuity. Initiatives such as diversifying supplier bases, adopting predictive analytics and implementing risk management frameworks have fortified our ability to withstand uncertainties.

### GLOBAL AND REGIONAL OUTLOOK

#### Resilient Responses Amid Global Challenges in 2023

Global economic growth remained subdued in Q3 2023, hindered by elevated interest rates and persistent inflationary pressures. Despite these challenges, encouraging signs of recovery emerged in certain regions.

China demonstrated resilience in 2023, with increased consumer spending driving growth despite persistent challenges in its property market. This rebound highlighted the country's ability to navigate broader global uncertainties.

Meanwhile, headline inflation saw a temporary uptick driven by rising commodity prices; however, inflationary pressures eased towards the year's end, indicating that the spike was largely transitory.

Additionally, the global electronics and electrical (E&E) industry showed early signs of recovery, supporting a tentative turnaround in regional exports. While still in its nascent stages, this recovery brought optimism for broader global trade growth in the near future.

## MALAYSIAN OUTLOOK

In Q3 2023, Malaysia's economic performance was primarily driven by domestic demand, supported by strong consumer confidence and improved labour market conditions.

Higher employment rates and wage growth fuelled domestic spending, providing a significant boost to economic activity. The tourism sector also gained momentum, driven by increased international travel and local tourism activities, which benefited the hospitality, retail and services industries. Additionally, public and private sector construction projects spurred higher activity in the construction sector, and contributed further to Malaysia's overall economic growth.

However, external challenges tempered Malaysia's growth potential. Weaker external demand for Malaysian goods, particularly in the manufacturing sector, led to a decline in goods production and exports, limiting the country's trade performance. Additionally, reduced mining output placed further pressure on energy-reliant sectors, constraining overall economic growth during the period.

### 2024 FORECAST

Malaysia's economic growth in 2024 is expected to build on positive domestic momentum, supported by several key drivers. Favourable employment and wage trends are expected to boost household spending and consumer confidence, reinforcing domestic demand as a key driver of economic growth.

Multi-year public and private sector infrastructure projects will further enhance productivity and stimulate growth across various sectors. In addition, improvements in the global technology cycle are anticipated to increase demand for electronics and electrical (E&E) products, strengthening Malaysia's exports and trade balance.

The recovery in tourism is also set to continue, with tourist arrivals and travel receipts projected to approach pre-pandemic levels, significantly contributing to the growth of the hospitality and services sectors.

### ECONOMIC OUTLOOK

Bank Negara Malaysia (BNM) projects GDP growth between 4% and 5% in 2024, supported by sustained domestic demand and a recovery in exports. However, downside risks persist, including unexpected inflationary pressures, heightened geopolitical tensions and financial market volatility.

Malaysia's focus on green energy generation and the adoption of environmental, social and governance (ESG) principles is expected to attract increased foreign direct investment (FDI), further enhancing its economic prospects. This commitment to sustainability positions Malaysia as a competitive investment destination for 2024 and beyond.

### JCORP: DRIVING JOHOR'S ECONOMIC GROWTH AND DEVELOPMENT

JCorp has weathered the economic challenges and strategically assessed the impact on our diverse portfolio and responding with initiatives that ensure both resilience and sustainable growth.

As a key player in Johor's development, JCorp is deeply committed to driving the state's continued growth. With transformative infrastructure projects like the Rapid Transit System (RTS) linking Johor Bahru to Singapore, and the establishment of the Johor-Singapore Special Economic Zone (JS-SEZ), the region is poised for significant economic expansion. JCorp is well positioned to leverage its diverse portfolio and industry expertise to contribute to Johor's economic prosperity.

JCorp's robust financial standing and growth prospects are further bolstered by the recent reaffirmation of its AAA long-term and P1 short-term corporate credit ratings by RAM Ratings. Additionally, RAM Ratings has reaffirmed the AAA ratings for JCorp's RM3.5 billion Islamic Medium-Term Notes Programme (2022/-) and RM2 billion State-Guaranteed Islamic Medium Term Notes Programme (2023/2043).

Our positive performance can be attributed to the successful implementation of JCorp 3.0, our transformative programme that has strengthened the Group's resilience and future-readiness. Moving forward, we remain committed to achieving exponential growth, fulfilling our role as Johor's principal development institution, and aligning with the state's strategic vision, such as the Maju Johor 2030 plan.

To support this vision, we will continue to explore strategic partnerships and investment opportunities that act as growth accelerators, driving the state and the nation's economic progress. This commitment reflects our *Membina & Membela* mission, which focuses on creating sustainable, long-term value for stakeholders through economic development, alongside our social empowerment initiatives in education, community services, job creation and entrepreneurial opportunities.



# SECTORAL MARKET TRENDS AND IMPACT

## AGRIBUSINESS

### Agrofood

Farmbyte has outlined an ambitious vision to transform the agriculture sector through technology, focusing on all stages of the agrofood value chain — from upstream and midstream to downstream.

By leveraging innovative, data-driven technologies and forging strategic partnerships, Farmbyte is working to secure the future of food production and improve the lives of farmers. Its commitment to re-imagining agrofood aims to create sustainable value across the entire industry, ensuring a more efficient and resilient food system.

### Plantation

The palm oil sector in Malaysia faced significant challenges in 2023, marked by declining Crude Palm Oil (CPO) and Palm Kernel (PK) prices, coupled with higher operational costs. Adverse weather conditions also impacted Fresh Fruit Bunch (FFB) production. Despite these difficulties, Johor Plantations Group Berhad (JPG) demonstrated solid financial performance, showcasing its strong fundamentals and operational resilience. This performance has positioned the company well as it continues its expansion into downstream operations to become a fully integrated player in the palm oil industry.

The average CPO price for 2023 was RM3,989 per metric tonne (MT), and the average price for PK was RM2,223 per MT, reflecting a decline of 22.9% and 30.9%, respectively, from 2022's average prices of RM5,177 (CPO) and RM3,218 (PK). As anticipated, the record-high prices of 2022 were unsustainable, with prices normalising towards the end of the year due to a global increase in palm oil supply, a reduction in soybean oil production, the lifting of Indonesia's export ban, and a decline in Malaysian palm oil exports to the European Union and China.

Despite the market downturn, JPG was able to secure higher prices for CPO and PK due to the premium on RSPO-certified oils. Nevertheless, JPG still experienced a decline in sales prices compared to 2022. Operational costs also increased, primarily due to extensive manuring and maintenance work in the estates, as well as the recruitment of additional workers.

In 2023, JPG invested RM166.6 million in manuring to ensure sustainable long-term production. Additionally, the company incurred RM3.2 million in costs to address damage caused by heavy floods, which included road repairs and the construction of new bridges.

Due to the floods in early 2023, FFB production declined by 7.0% year-on-year. Overall, JPG's total palm product production for the year reached 343,283 MT, consisting of 270,900 MT of CPO and 72,383 MT of PK. The Oil Extraction Rate (OER) and Kernel Extraction Rate (KER) also contracted slightly, from 20.3% to 19.9% and 5.4% to 5.3%, respectively.

Looking ahead, the weather conditions in 2024 remain unpredictable, with El Niño expected to impact FFB production for at least part of the year. Palm oil production is anticipated to stagnate, while biodiesel mandates are expected to rise, which may lead to an increase in palm oil prices compared to 2023.

JPG is optimistic about improved financial performance in 2024, capitalising on potential price increases while focusing on enhancing operational efficiencies through mechanisation and digitalisation. The company is committed to upskilling its workforce to improve productivity and better navigate the ongoing challenges in the industry. Additionally, the Finance Department will continue to strengthen the Group's resilience by managing financial risks and optimising costs. Overall, JPG is confident in its ability to create greater value for stakeholders in the coming year.

## KEY MARKET TRENDS AND IMPACT

### INCREASING REQUIREMENTS ON TRANSPARENCY

Impact	Responses	Outlook
The EU Deforestation Regulation (EUDR), passed in June 2023, prohibits the import of goods linked to deforestation, forcing upstream palm oil producers to prove their palm oil is responsibly sourced. Many large companies have committed to zero deforestation, but only a few have disclosed geolocations of their third-party suppliers.	<ul style="list-style-type: none"> <li>JPG is committed to NDPE in all operations.</li> <li>Use drones to map plantations with support from its R&amp;D team.</li> <li>Encourage smallholders to obtain RSPO certification and offering technical assistance.</li> <li>Subscribed to RSPO palm trace for transparency in palm oil sourcing.</li> </ul>	As developed economies impose stricter regulations on deforestation, palm oil producers must continue improving transparency and verifiability of responsible practices, especially regarding carbon emissions, community welfare, and biodiversity preservation.

### GOING FOR ZERO (NET-ZERO EMISSIONS)

Impact	Responses	Outlook
As climate change becomes a pressing global issue, the plantation sector must adopt strategies that go beyond NDPE (No Deforestation, No Peat, No Exploitation) commitments, including addressing emissions across the entire value chain and developing programmes to absorb carbon.	<ul style="list-style-type: none"> <li>JPG has committed to reducing carbon emissions by 50% by 2025, with a plan for net-zero emissions by 2050.</li> <li>All mills have biogas plants to capture carbon from biowaste.</li> <li>Upgrading the Sedenak POM to convert gas into biomethane and developing bioCNG plants.</li> <li>Continued adherence to NDPE and sustainable farming practices.</li> </ul>	As plantations transition to net-zero carbon organisations, the demand for biofuels will rise, creating a strong market for renewable gases. This will incentivise plantation companies to capture and commercialise carbon emissions from operations.



## SECTORAL MARKET TRENDS AND IMPACT

### VEGETABLE OIL PRICE VOLATILITY

Impact	Responses	Outlook
Geopolitical factors, adverse weather, tariff changes and biodiesel mandates have caused significant volatility in vegetable oil prices, with palm oil prices falling 20% below 2022 averages after record highs. Price fluctuations will continue to influence stakeholders across the value chain.	<ul style="list-style-type: none"> <li>JPG continues to leverage RSPO certification and strategic marketing to secure premium prices for CPO and PK.</li> <li>Venturing into downstream by establishing a specialty oils and fats refinery powered by renewable energy.</li> <li>Developing a new renewable energy business vertical to commercialise biomethane and bioCNG.</li> </ul>	CPO prices are projected to rise in 2024 due to lower production levels, increased export demand and policy changes such as biodiesel blend mandates and the effects of El Niño. Recovery in China's imports and EU policies on renewable energy are also expected to contribute.

### ENTERING INDUSTRY 4.0 (IR 4.0)

Impact	Responses	Outlook
The agricultural sector has been slower to embrace digitalisation, but increased adoption of technologies like sensor-based precision farming, drones, and automation in planting and harvesting processes are improving efficiencies, productivity and environmental impact.	<ul style="list-style-type: none"> <li>Collaborated with leading internet service providers for real-time monitoring and decision-making across operations.</li> <li>Utilising drones for mapping, fertilisation, and crop management, alongside IoT technologies in mills.</li> <li>Implementing a cloud-based ERP system (SAP S/4Hana, SAP Ariba) to optimise business processes.</li> <li>Offering upskilling programs to employees.</li> </ul>	As digital technologies continue to evolve, embracing IR 4.0 will become crucial for all players in the plantation industry. Increased digitalisation will reduce reliance on foreign labour and attract local skilled workers, improving sustainability and efficiency.

## HEALTHCARE & WELLNESS

In 2023, the healthcare sector is poised for growth, driven by an increase in patients seeking non-elective treatments in private institutions and a resurgence in health tourism following the reopening of international borders.

Despite this positive momentum, challenges arising from the global economic downturn and inflationary pressures may impact both demand and operating costs. With Malaysia's GDP growth projected to decelerate to 4-5% in 2023, the effects of China's exit from its zero-COVID policy are expected to influence global growth, including the healthcare tourism sector. Nonetheless, the industry remains optimistic about its long-term growth trajectory.

As the world emerges from the COVID-19 pandemic, there has been a significant shift in consumer purchasing behaviour, with a marked increase in digital and e-commerce adoption across industries, including healthcare. The pandemic acted as a catalyst for the widespread adoption of digital solutions, transforming healthcare delivery. The move towards digital platforms has not only streamlined the patient experience but also accelerated service delivery.

Healthcare providers are increasingly embracing telemedicine, online appointment scheduling and virtual consultations. These have enhanced accessibility and convenience for patients, ultimately improving the overall healthcare experience.

KPJ Healthcare Berhad (KPJ) is committed to evolving in response to the changing needs of patients. Through strategic initiatives in 2023, KPJ has laid a strong foundation for future growth, and it will continue to build on these efforts into 2024, further enhancing its ability to provide high-quality, accessible healthcare in an increasingly digital world.

## KEY MARKET TRENDS AND IMPACT

### COST & QUALITY OF HEALTHCARE SERVICES

Impact	Responses	Outlook
Growing concerns over healthcare costs and quality have created opportunities for providers to offer tailored services to diverse patient groups.	<ul style="list-style-type: none"> <li>Monitor customer satisfaction to improve service quality.</li> <li>Increase access to affordable healthcare services.</li> <li>Offer Group-wide packages and target niche markets.</li> <li>Ensure a patient-centric approach with qualified healthcare professionals.</li> <li>Invest in technology and data privacy for patient information.</li> </ul>	As demand for affordable and quality healthcare increases, providers will need to adapt by offering targeted services and leveraging technology to ensure accessibility, quality and security for diverse patient groups.

## SECTORAL MARKET TRENDS AND IMPACT

### HIGHLY REGULATED ENVIRONMENT

Impact	Responses	Outlook
Non-compliance with regulations could result in legal issues, including patient claims, fines, penalties and potential suspension or loss of operating license.	<ul style="list-style-type: none"> <li>Strengthen the Enterprise Risk Management (ERM) framework, policies and procedures.</li> <li>Engage regularly with the Ministry of Health (MOH) Malaysia to stay updated on potential policy changes.</li> </ul>	The healthcare industry will continue to face increasing regulatory scrutiny, making it essential for healthcare providers to stay compliant and mitigate risks to maintain operations and reputation.

### LEGAL ALLEGATIONS

Impact	Responses	Outlook
Legal actions can lead to damages and significant legal costs, impacting financial stability.	<ul style="list-style-type: none"> <li>Adequate insurance coverage for major assets and liability risks.</li> <li>Medical Malpractice Insurance for all healthcare professionals to mitigate medico-legal risks.</li> </ul>	As legal claims in healthcare rise, maintaining comprehensive insurance coverage and ensuring legal compliance will be vital for minimising financial and reputational risks.

### READINESS TO RESPOND TO CRISES

Impact	Responses	Outlook
Failure to respond to internal or external incidents may disrupt operations and harm the company's reputation, negatively affecting profitability.	<ul style="list-style-type: none"> <li>Updated Business Continuity Management (BCM) Framework for disaster response planning.</li> <li>Developed Crisis Management Plan (CMP) for crisis procedures.</li> <li>Regular simulation exercises and trained Safety Officers (SOs).</li> </ul>	As the risk of crises grows, robust emergency response systems and crisis management plans will be essential for minimising operational disruptions and safeguarding reputation.



## CYBERSECURITY

Impact	Responses	Outlook
Vulnerabilities to unauthorised access, data breaches, and cyberattacks could disrupt operations and expose the company to legal and regulatory penalties.	<ul style="list-style-type: none"> <li>Obtained ISO/IEC 27001:2022 certification for information security.</li> <li>Conducted cybersecurity training and awareness programmes for staff.</li> <li>Performed penetration testing to identify and mitigate vulnerabilities.</li> </ul>	With increasing cyber threats, ongoing investment in cybersecurity measures, training and compliance will be critical to ensure the security of patient data and prevent operational disruptions.

## FOOD & RESTAURANTS

JCorp's Food & Restaurant segment faced considerable challenges in the final quarter of FY2023, with revenue experiencing a decline due to the escalating conflict in Gaza. This downturn offset earlier gains, resulting in a modest 1% revenue growth, totalling RM4.9 billion for the year.

The ongoing conflict significantly affected consumer sentiment and spending in our key markets, leading to a decline in net profit for the segment. It is important to highlight that this performance decline was driven by external factors beyond our control and does not reflect the underlying strength of our business or the success of our ongoing transformation initiatives. The Group is actively implementing mitigation strategies and remains confident that the segment will recover as the situation stabilises.

In response to the economic challenges, QSR Brands has implemented several proactive measures, including the temporary closure of certain outlets to manage rising operational costs and refocus on high-engagement trade zones. Employees from the affected outlets were offered the option to relocate to stores with higher customer traffic, optimising resources in key areas. This approach is part of a broader strategy to ensure operational efficiency, maintain brand loyalty for KFC and protect the well-being of our employees.

With over 50 years of service to the Malaysian public, QSR remains committed to providing high-quality products and services, contributing positively to the Malaysian economy and ensuring job security for approximately 18,000 team members, of whom 85% are Muslim.

QSR Brands continues to be one of Malaysia's largest taxpayers, taking pride in its contributions to the community through initiatives such as KFC Add Hope and the Wakalah Zakat Fund, reinforcing its commitment to social responsibility and the well-being of the communities it serves.

## SECTORAL MARKET TRENDS AND IMPACT

### REAL ESTATE & INFRASTRUCTURE

JLand Group (JLG), a wholly-owned subsidiary of Johor Corporation (JCorp), excels as a leading real estate solutions provider, driving sustainable and innovative developments across industrial, commercial and residential sectors while shaping Johor's real estate landscape.

In 2023, JLG delivered a strong financial performance, underscoring its strategic growth and operational efficiency. The company achieved a combined pro-forma turnover of RM1.288 billion as of December 2023, a testament to its robust market presence and the successful execution of its business strategies.

JLG is set to benefit from strong demand for residential and commercial properties, supported by urbanisation, government incentives and low-interest rates. Key initiatives like the Rapid Transit System (RTS) and Special Economic Zone (SEZ) as well as transformative projects such as the Johor-Singapore SEZ and Special Financial Zone (SFZ) in Forest City are expected to boost investor confidence, drive investment and fuel growth in construction and tourism, strengthening JLG's property portfolio.

In line with its sustainability vision, JLG is advancing efforts to position Johor as a renewable energy hub. The company is expanding its offerings in rooftop solar solutions for industrial and residential sectors, utility-scale solar projects and electric vehicle (EV) charging infrastructure. JLG's focus on developing smart grids and sustainable infrastructure will not only support efficient energy distribution but also open new revenue streams, reinforcing its commitment to a greener future.

Aligned with its growth strategy, JLG plans to diversify its investments by targeting high-growth areas beyond Johor and Malaysia. By exploring opportunities in other dynamic markets, JLG aims to further scale its business operations and strengthen its position as a leader in real estate innovation and sustainability.

### KEY MARKET TRENDS AND IMPACT

#### SLOWDOWN IN GDP GROWTH

Impact	Responses	Outlook
Reduced overhang properties observed, but buyers remain cautious and selective in committing to long-term property purchases. Clients are cutting spending on facility management services.	<ul style="list-style-type: none"> <li>• Introduce attractive sales packages to boost sales.</li> <li>• Target captive markets to secure demand.</li> <li>• Diversify income streams using existing asset bases.</li> <li>• Improve occupancy rates and expand into industrial assets.</li> </ul>	With economic growth moderating, maintaining flexibility in property offerings and strengthening operational efficiencies will be critical for sustained performance.

## DIGITALISATION (IR 4.0)

Impact	Responses	Outlook
Rapid technological innovation is pushing businesses towards digital transformation strategies to enhance competitiveness while managing cybersecurity and data privacy risks.	<ul style="list-style-type: none"> <li>Invest in advanced technology infrastructure.</li> <li>Integrate smart technologies into operations.</li> <li>Use tools like Building Information Modelling (BIM) to enhance project efficiency and reduce costs.</li> </ul>	Adopting digital tools and technologies will not only improve cost efficiency but also position businesses for long-term competitiveness in a digital-first economy.

## GLOBAL SUPPLY CHAIN DISRUPTION

Impact	Responses	Outlook
Persistent disruptions have increased costs and caused delays in procuring construction materials, leading to inflated project costs and extended timelines.	<ul style="list-style-type: none"> <li>Diversify procurement sources to reduce dependency.</li> <li>Explore alternative materials and construction methods.</li> <li>Incorporate technology like IBS and BIM for efficient project management.</li> </ul>	Enhancing supply chain resilience through diversification and technology adoption will be key to mitigating risks and ensuring project continuity.

## ENVIRONMENTAL CHANGES

Impact	Responses	Outlook
Climate change and stricter environmental standards increase costs and complexities in implementing sustainable practices. Non-compliance risks market losses and reputation damage.	<ul style="list-style-type: none"> <li>Adopt sustainable and eco-friendly practices, including using green materials, reducing waste and improving energy efficiency.</li> <li>Form joint ventures and partnerships for renewable energy solutions.</li> </ul>	As demand for sustainable investments rises, developers adopting green building practices and renewable energy solutions will gain a competitive edge in the market.



# MATERIAL MATTERS

JCorp's commitment to sustainability and long-term value creation is reflected in our proactive approach to addressing material matters. These critical aspects influence our financial performance and ability to achieve strategic objectives. By identifying, assessing and managing material matters, we enhance financial resilience, allocate resources efficiently and build stakeholder trust, positioning JCorp for sustainable growth in an interconnected business environment.

## EVOLUTION OF OUR APPROACH

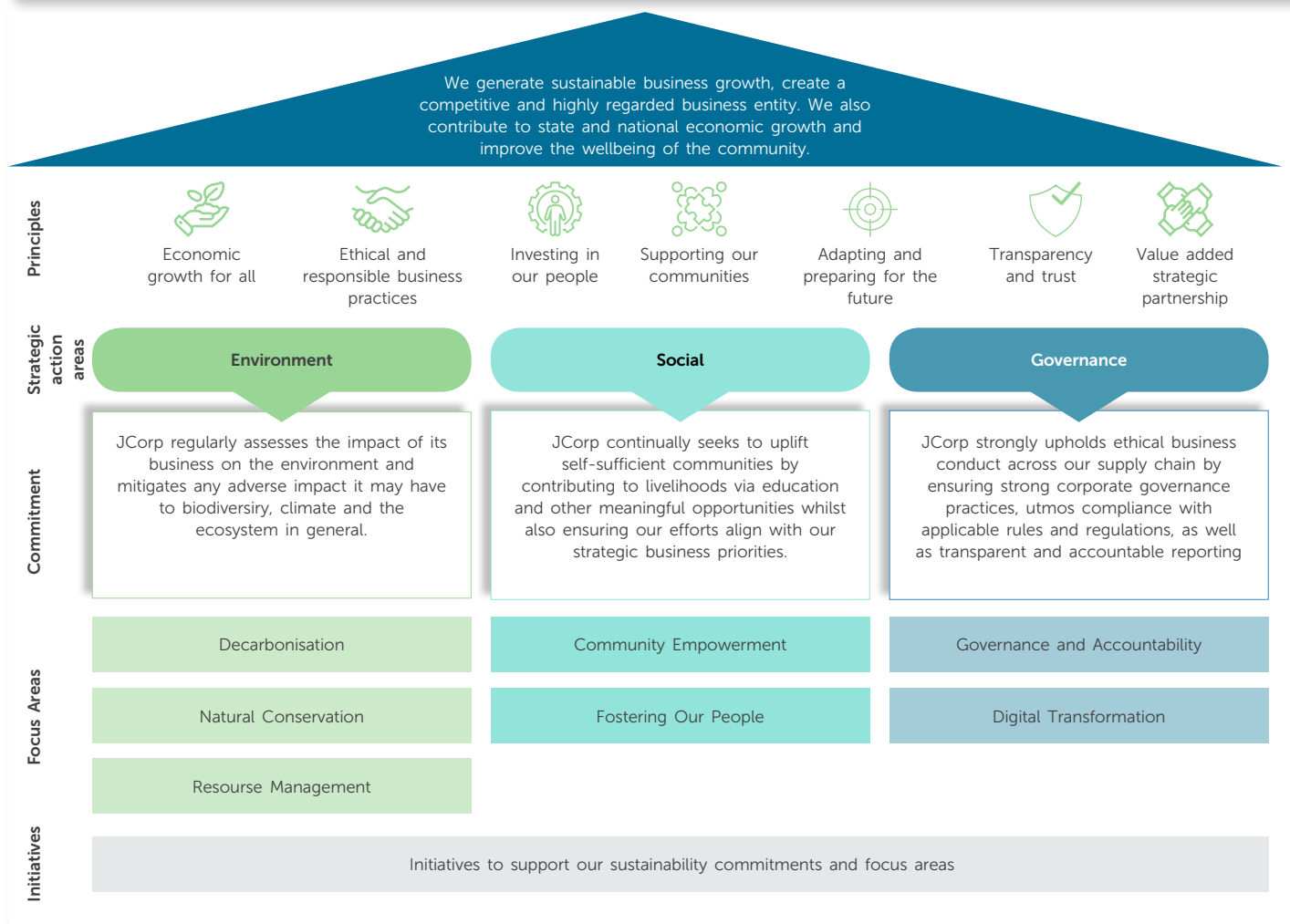
### 2021: Establishment of the ESG Framework

- Identified material issues for investee companies.
- Defined focus areas and initiatives to drive sustainability efforts across our portfolio.

Investee Corps	Decarbonization	Equitable and Safe Workplace	Managing Natural Capital	Value Chain Resilience	Inclusive Products and Services
KULIM	Decarbonization	Equitable business practice	<ul style="list-style-type: none"> <li>• Managing impacts to biodiversity</li> <li>• Soil Management</li> </ul>	<ul style="list-style-type: none"> <li>• Operational resilience</li> </ul>	<ul style="list-style-type: none"> <li>• Access to nutritious</li> </ul>
QSR		Equitable workplace	<ul style="list-style-type: none"> <li>• Managing envv impacts</li> </ul>	<ul style="list-style-type: none"> <li>• Operational resilience</li> <li>• Supply chain resilience and sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Access to nutritious</li> </ul>
REID	Decarbonization	Equitable business practice	<ul style="list-style-type: none"> <li>• Sustainable resource use</li> <li>• Responsible land use</li> </ul>	<ul style="list-style-type: none"> <li>• Physical and cyber threats</li> </ul>	<ul style="list-style-type: none"> <li>• Inclusive products</li> </ul>
KPJ		Employee welfare and safety	<ul style="list-style-type: none"> <li>• Managing envi impacts</li> </ul>	<ul style="list-style-type: none"> <li>• Threats to operability</li> </ul>	<ul style="list-style-type: none"> <li>• Equitable and safe services</li> </ul>

## 2022: Introduction of the Sustainability Framework

- Developed a comprehensive Sustainability Framework to integrate environmental, social and governance (ESG) considerations into our strategic operations.



## 2023: Preliminary Assessment of Material Matters

- Initiated a review in Q4 2023 to align with Bursa Malaysia's new materiality framework.
- Conducted stakeholder engagement surveys with key stakeholders, including the Board of Directors, Senior Management and Heads of Departments, to ensure material matters are aligned with stakeholder priorities.
- Undertook a thorough review of existing sustainability-related documents, including the JCorp Sustainability Policy and the Corporate Stewardship Framework.
- The review of material matters will extend into Q2 2024 to ensure robustness and alignment with global standards.

# MATERIAL MATTERS

## KEY MATERIAL MATTERS IN 2023

In line with our strategy and sustainability objectives, the following material matters significantly impacted JCorp's operations in 2023:

# 1

### Pandemic Response

Continued adaptation to post-COVID-19 measures, prioritising workforce well-being and operational continuity.

# 2

### Economic Recovery

Closely monitored economic indicators and adjusted strategies to align with the dynamic recovery landscape.

# 3

### Supply Chain Resilience

Strengthened supply chain adaptability to mitigate global disruptions and ensure continuity.

# 4

### Sustainability Initiatives

Advanced regulatory compliance and corporate sustainability initiatives, reflecting our commitment to environmental responsibility.

# 5

### Competitive Landscape

Responded to market challenges with strategic agility and innovation to maintain competitive advantage.

## Future Plans and Next Steps

JCorp remains dedicated to advancing its sustainability agenda and aligning its Material Matters framework with long-term strategic goals:

- **Net Zero by 2050:** Commitment to achieving carbon neutrality through improved environmental practices and alignment with international standards.
- **Community Empowerment:** Strengthening social inclusiveness and investing in local enterprises and human capital development.
- **Enhanced Corporate Governance:** Refining governance practices to ensure transparency, accountability and alignment with stakeholder expectations.
- **Sustainable Investment and Supply Chain:** Integrating ESG considerations into investment and operational decisions to promote responsible growth.
- **Data Privacy and Cybersecurity:** Reinforcing digital safeguards and fostering a culture of awareness to protect personal and corporate data.

## A Foundation for Sustainable Value Creation

Through the identification and management of material matters, JCorp continues to align its strategic direction with stakeholder expectations and sustainability priorities. This approach ensures that JCorp remains resilient, responsible and positioned to deliver value, meeting the challenges and opportunities of an evolving global landscape.



# KEY RISKS AND MITIGATION

## UNDERSTANDING CHALLENGES AND SAFEGUARDING SUCCESS

The business environment within which JCorp operates remain challenging and requires us to be vigilant in our risk management and to continuously ensure effective mitigations are in place.

We actively identify and assess risks that may prevent JCorp from achieving its strategic and long-term objective. This proactive approach allows for early detection, appropriate strategies, and allocation of resources to manage and mitigate these risks effectively.

For the year 2023, the risks, impacts, and the opportunities presented are as follows:

### 1 INVESTMENT RISK

The risk associated with underperforming investments poses a threat to financial stability and overall portfolio health.

#### MITIGATION STRATEGIES

JCorp utilises a comprehensive Investment Management strategy to mitigate the risks of underperformance. This strategy encompasses regular stewardship practices, portfolio reviews, risk assessments, and alignment with ESG principles, investment objectives, and JCorp's mission of "Membina" and "Membela."

JCorp continuous engagement with investment partners ensuring swift adaptation to market dynamics.

#### IMPACT

Potential financial losses, diminished shareholder value.

#### OPPORTUNITIES

Through prudent risk management, JCorp can identify opportunities to optimise its investment portfolio, capitalise on emerging market trends, and enhance overall returns.

### 2 CYBERSECURITY RISK

Increasing digitisation and reliance on interconnected systems have heightened exposure to cyber threats, including data breaches, ransomware, phishing, and advanced persistent attacks, pose significant risks to JCorp operations, data integrity, and stakeholder trust.

#### MITIGATION STRATEGIES

JCorp has adopted a comprehensive approach to cybersecurity, including implementing robust security frameworks, conducting regular vulnerability assessments, and providing employees with training on cyber hygiene and threat awareness and has also established incident response plans and invested in advanced threat detection technologies. Additionally, cyber threat insurance is being considered as part of risk management strategy.

#### IMPACT

Lead to financial losses, operational disruptions, reputational damage, and regulatory penalties, posing significant risks to JCorp's overall resilience.

#### OPPORTUNITIES

By investing in advanced cybersecurity technologies and frameworks, JCorp can strengthen operational resilience, foster innovation, build stakeholder trust, unlock new growth opportunities in a secure digital landscape, and showcase leadership in risk management and data protection.

## KEY RISKS AND MITIGATION

### 3 COMPLIANCE & REGULATORY RISK

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

#### MITIGATION STRATEGIES

JCorp maintains a robust compliance framework, conducts regular audits, 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.

#### IMPACT

Legal penalties, reputational damage, operational disruptions.

#### OPPORTUNITIES

Adherence to compliance not only mitigates risks but also positions JCorp as a responsible corporate citizen, potentially enhancing its reputation and stakeholder trust.

### 4 FINANCIAL RISK

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

#### MITIGATION STRATEGIES

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.

#### IMPACT

Erosion of profitability, liquidity challenges and loss of competitive advantages.

#### OPPORTUNITIES

Strategic financial planning enables JCorp to identify potential cost-saving measures, explore new revenue streams, optimise resource allocation, and ensuring sustainable growth.

## 5 ESG RISK

Key ESG risks include climate change and carbon transition challenges, evolving regulatory and compliance requirements, and resource scarcity affecting supply chains. Additionally, stakeholder expectations on transparency, ethical conduct, and social responsibility present reputational risks, while governance, biodiversity impact, and workforce well-being remain critical considerations.

### MITIGATION STRATEGIES

JCorp initiatives include integrating climate resilience into business operations, enhancing governance frameworks, adopting responsible procurement practices, and promoting resource efficiency across the value chain. JCorp also prioritises stakeholder engagement, workforce well-being, and biodiversity conservation to ensure long-term business continuity and value creation. Continuous monitoring, transparent reporting, and collaboration with industry partners further strengthen JCorp's efforts in addressing ESG challenges effectively.

### IMPACT

Potential consequences include increased regulatory compliance costs, supply chain disruptions, and resource constraints that may affect business continuity. Failure to meet stakeholder expectations on sustainability and ethical practices could result in reputational damage, loss of investor confidence, and reduced market competitiveness. Additionally, environmental and social risks may impact the long-term viability of JCorp's investments, requiring strategic adaptation to safeguard value creation and sustainable growth.

### OPPORTUNITIES

Embracing climate resilience and resource efficiency can lead to cost savings, operational improvements, and access to green financing. Strengthening governance and compliance frameworks can enhance investor confidence and unlock new market opportunities. Investing in sustainable supply chains and responsible procurement can foster long-term partnerships and resilience against disruptions. Additionally, aligning with stakeholder expectations on social responsibility and environmental stewardship can enhance JCorp's brand reputation and attract top talent. By proactively addressing ESG challenges, JCorp can position itself as a leader in sustainability and create long-term value for stakeholders.

## 6 GEOPOLITICAL RISK

Geopolitical tensions, particularly in the Middle East since October 2023, have been intensifying, leading to increased uncertainty and risks, which amplify economic volatility, disrupt supply chains, and create complex challenges for international businesses.

### MITIGATION STRATEGIES

JCorp continuously monitors geopolitical developments and diversifies its supply chain to minimise disruptions, ensures compliance with shifting policies and maintains strategic flexibility to adapt quickly.

### IMPACT

Supply chain disruption could lead to higher operation cost. Unfavourable customers sentiment led to challenging business profitability.

### OPPORTUNITIES

Managing geopolitical risks enables JCorp to enhance resilience by diversifying markets, fostering strategic partnerships, and driving innovation.



## KEY RISKS AND MITIGATION

### 7 TALENT MANAGEMENT RISK

Challenges in attracting and retaining talent due to intensified competition, evolving workforce expectations, rapid technological advancements, and misalignment of talent development programs with JCorp's DNA values, resulting in skill gaps, reduced innovation, and lower employee engagement.

#### MITIGATION STRATEGIES

JCorp aligns workforce strategies with organisational objectives by integrating its DNA values into talent development initiatives. Structured leadership and skills development programs, personalised career progression plans, and a culture of continuous learning ensure workforce adaptability and readiness for future business needs. By leveraging data analytics to monitor and enhance training effectiveness, JCorp fosters a positive work environment, retains top talent, and sustains a skilled and engaged workforce.

#### IMPACT

Misaligned talent development may reduce productivity, hinder innovation, weaken employee retention, and impact JCorp's ability to meet business objectives and maintain industry competitiveness.

#### OPPORTUNITIES

Executing effective talent strategies, JCorp will build a future-ready workforce aligned with its DNA values, strengthen succession planning for leadership roles, and foster a culture of continuous learning that drives innovation and collaboration. Personalised development opportunities will enhance employee loyalty and satisfaction, positioning JCorp as a pioneer in talent development and an employer of choice within the industry.

# OUR GROWTH STRATEGY

## EMPOWERING GROWTH THROUGH JCORP 3.0

JCorp 3.0 serves as our strategic roadmap for sustainable expansion, guiding us to position our core businesses namely Agribusiness, Wellness & Healthcare, Food & Restaurants, and Real Estate & Infrastructure as leaders in their respective industries. Rooted in digital and ESG-driven strategies, JCorp 3.0 ensures resilience, agility and innovation to navigate dynamic market conditions and capitalise on emerging opportunities.

### THRUSTS DRIVING GROWTH

Our growth strategy is structured around key objectives and strategies to optimise financial performance, enhance operational efficiency and build a sustainable future.

#### Objectives

##### Financial Restructuring

Optimise financial resources for sustainability and efficient capital allocation.

##### Corporate Restructuring & Asset Rationalisation

Enhance operational efficiency and resource utilisation.

##### Intangible Asset Development

Harness the value of intangible assets, including brand reputation, intellectual property and innovation.

#### Strategies

##### Financial Restructuring

Implement cost-efficiency measures, diversify revenue streams and optimise the capital structure to ensure financial resilience.

##### Corporate Restructuring & Asset Rationalisation

Streamline business units, divest non-core assets and rationalise the asset portfolio to improve corporate performance.

##### Intangible Asset Development

Invest in brand building, ESG integration, digital transformation and organisational redesign to create sustainable competitive advantages.

### FOSTERING GROWTH THROUGH STRATEGIC IMPERATIVES

#### Objectives

##### Build & Strengthen Resilience & Agility

Strengthen JCorp's capacity to adapt and thrive in dynamic environments.

##### Grow Sustainable Businesses

Cultivate a portfolio of industry champions, positioning JCorp as a market leader.

##### Knowledge-Building Proficiencies

Establish JCorp as a knowledge-driven and learning organisation.

#### Strategies

##### Build & Strengthen Resilience & Agility

Enhance strategic planning, cultivate an agile mindset and ensure efficient strategy execution for optimal results.

##### Grow Sustainable Businesses

Drive comprehensive organisational transformation, emphasise sustainability in business practices and ensure alignment with long-term growth objectives.

##### Knowledge-Building Proficiencies

Strategy: Foster a culture of continuous learning, innovation, and adaptability, enhancing organisational effectiveness and decision-making capabilities.

## OUR GROWTH STRATEGY

### STRATEGIC GOALS AND INITIATIVES

#### Transitioning Towards an Exponential Organisation (ExO)

- Leveraging technology, strategic collaborations and ecosystem thinking to achieve exponential growth.
- Adopting Objectives and Key Results (OKRs) for performance measurement to align with a rapidly evolving business environment.

#### Strengthening Core Resilience

- Undertaking financial restructuring, asset monetisation and corporate exercises (e.g., QSR trade sale and JPB IPO) to ensure strong financial and organisational health.
- Enhancing operational efficiency through JCorp Analytics for informed decision-making.

#### Driving Digital Fluency

- Embracing Generative AI and JCorp AI for valuable insights and strategic decision-making.

#### Fostering Best Practices

- Leveraging shared resources and expertise from strategic partnerships.
- Promoting innovation through Rapid Innovation & Technology Excellence (RITE) to adapt to market changes swiftly.

#### Cultivating Talent as a Key Asset

- Prioritising skilled and innovative talent to drive growth and transformation.
- Strengthening a high-performance culture guided by the core values of ERTI (Excellence, Respect, Teamwork, and Integrity).

### TRANSITIONING TO AN EXPONENTIAL ORGANISATION (EXO)





## Guiding Principles for Transitioning to an Exponential Organisation (ExO)

To successfully transition into an Exponential Organisation (ExO), JCorp is guided by two foundational principles that drive innovation, scalability and operational excellence.

### Exponential Organisation: Harnessing IDEAS and Achieving SCALE

- **IDEAS:** Emphasise the power of innovative ideas and creative solutions to drive transformation and address critical focus areas effectively.
- **SCALE:** Prioritise the growth and replication of successful initiatives to amplify their impact, reach broader audiences and achieve significant outcomes on a larger scale.

### Adopting Best Practices of High-Performing Companies

- **Strategy:** Build strong connections, foster innovation and consistently deliver exceptional value to customers.
- **Governance and Financials:** Uphold robust corporate governance practices and maintain financial transparency to ensure accountability and stability.
- **Capabilities and Innovation:** Drive intelligent automation and embrace digital transformation to stay competitive and efficient.
- **Culture and Commitment:** Embody values such as customer-centricity, innovation, integrity, teamwork and excellence to nurture a culture that drives success and sustainability.

## OUR KEY STRATEGIES

Over the next five years, JCorp will focus on six critical pillars to drive success across the company and its group of businesses. These strategies aim to ensure long-term sustainability, operational excellence and stakeholder value creation.

Key Strategies	Objective
Strong financial growth and capital resilience	<b>Organic Growth:</b> <ul style="list-style-type: none"> <li>• Expand and deepen existing verticals within investee companies.</li> <li>• Undertake financial restructuring as needed to strengthen resilience.</li> <li>• Monetise assets to unlock value and optimise resources.</li> </ul>
Customer-centric approach	<b>Inorganic Growth:</b> <ul style="list-style-type: none"> <li>• Drive corporate restructuring initiatives to streamline operations.</li> <li>• Establish a Private Equity (PE) arm to diversify into emerging economies and industries.</li> </ul>
Operational efficiency	<ul style="list-style-type: none"> <li>• Place customer needs at the heart of all business decisions.</li> <li>• Effectively manage the expectations of both internal and external stakeholders to deliver exceptional value.</li> </ul>
Strategic partnerships and collaborations	<ul style="list-style-type: none"> <li>• Optimise processes and reduce costs through innovation and best practices.</li> <li>• Strengthen governance and stewardship frameworks.</li> <li>• Enhance brand value while championing ESG initiatives to align with global standards.</li> </ul>
Digital transformation	<ul style="list-style-type: none"> <li>• Build meaningful alliances to enhance growth opportunities and create shared value.</li> </ul>
High-performance culture	<ul style="list-style-type: none"> <li>• Drive innovation and competitiveness through seamless integration of digital tools.</li> <li>• Leverage JCorp AI and Analytics to enhance operational efficiency and inform strategic decision-making.</li> <li>• Empower teams with the skills, mindset, and tools necessary to excel.</li> <li>• Transitioning from a data-driven to a value-driven organisation to align with strategic goals and evolving market demands.</li> </ul>

## OUR GROWTH STRATEGY

### KEY STRATEGIES BY SECTOR

Sector/Key Strategies	Agribusiness (Kulim Group)	Healthcare & Wellness (KPJ Group)	Real Estate & Infrastructure (JLG Group)
<b>Strong financial growth and capital resilience</b>	<ul style="list-style-type: none"> <li>Developing new income stream through a circular economy.</li> <li>Creating the new sales channel.</li> <li>Increase upstream influence in the agriculture industry.</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensive medical tourism strategy.</li> <li>Use ACC as a growth strategy.</li> <li>Build and strengthen COE &amp; Ancillary businesses.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen recurring income, improve margin and cost optimisation.</li> <li>Expand income from adjacencies.</li> <li>Build cash flow resiliency and optimal capital structure.</li> <li>Turnaround/monetise low performing assets.</li> </ul>
<b>Customer-centric approach</b>	<ul style="list-style-type: none"> <li>Be the Global Farming Excellence Hub.</li> <li>Replicate the Fambyte model in other Southeast Asian countries.</li> </ul>	<ul style="list-style-type: none"> <li>Expand complementary holistic services.</li> </ul>	<ul style="list-style-type: none"> <li>Leverage on digital for operational efficiency.</li> <li>Bundled value solutioning through ecosystem play.</li> </ul>
<b>Operational efficiency maximisation</b>	<ul style="list-style-type: none"> <li>Strengthen upstream plantation production.</li> <li>Optimise logistics costings according to sales needs (Agrofood).</li> <li>Champion the ESG Agenda with repurposed waste management.</li> </ul>	<ul style="list-style-type: none"> <li>Turnaround non-performing hospitals.</li> <li>Align &amp; strengthen KPJU to optimise Group's business ecosystem.</li> </ul>	<ul style="list-style-type: none"> <li>Corporate restructuring and organisation redesign.</li> </ul>
<b>Strategic partnerships and collaborations</b>	<ul style="list-style-type: none"> <li>Establishing an integrated sustainable palm oil complex.</li> <li>Empower agricultural innovation through close collaboration with farmers.</li> </ul>	<ul style="list-style-type: none"> <li>Establishing an integrated sustainable palm oil complex.</li> <li>Empower agricultural innovation through close collaboration with farmers.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen brand recognition and equity.</li> <li>Ecosystem and collaboration with partners for capability building and scalability.</li> </ul>
<b>Digital transformation and seamless integration</b>	<ul style="list-style-type: none"> <li>Develop best-in-class one stop solution app.</li> <li>Maximise data insights and using digital channels to market Farmbyte's capabilities.</li> </ul>	<ul style="list-style-type: none"> <li>Pursue a fully integrated healthcare system.</li> <li>Develop a digitally integrated care solution.</li> </ul>	<ul style="list-style-type: none"> <li>Embed digital and ESG offerings.</li> <li>Digital platforms for synergistic play.</li> </ul>
<b>High-performance culture</b>	<ul style="list-style-type: none"> <li>Human Capital: people, culture and work design.</li> </ul>	<ul style="list-style-type: none"> <li>Foster high performance, improve patient care and attracts and retain top talent.</li> </ul>	<ul style="list-style-type: none"> <li>Innovate for the future.</li> </ul>

## STRATEGIC ACHIEVEMENTS IN 2023

Strategic Area	Achievements in 2023	Focus Areas for 2024
<b>Financial Restructuring</b>	<ol style="list-style-type: none"> <li><b>State-guaranteed Sukuk issuance:</b> Inaugural RM1.5 billion sukuk oversubscribed by 5x, with up to 20 basis point savings.</li> <li><b>Loan consolidation:</b> Consolidated SPV loans totalling RM961 million, releasing collateral worth RM2.4 billion.</li> <li><b>Stamp duty exemption:</b> RM10 million savings on sukuk stamp duty.</li> <li><b>Tax exemption:</b> 10-year tax exemption on JCorp new Sukuk programme business income and corporate exercise income.</li> </ol>	<ol style="list-style-type: none"> <li>Develop a sustainability sukuk framework.</li> <li>Optimise financing costs and reset the debt profile for Johor Plantations Group Berhad (JPG).</li> <li>Assess funding strategies for JLand Group Sdn Bhd (JLG).</li> <li>-</li> </ol>
<b>Corporate Restructuring &amp; Asset Rationalisation</b>	<ol style="list-style-type: none"> <li><b>Land sales:</b> Four Sale &amp; Purchase Agreements (SPAs) completed, generating RM167.8 million gain on disposal.</li> <li><b>Investment portfolio optimisation:</b> Disposed of non-performing assets, including two Indonesian hospitals (RM192.4 million), South Sumatra plantations (RM18.9 million), and Hotel Selesa Pasir Gudang (RM23.9 million).</li> <li><b>JPG listing preparation:</b> Submitted listing application to Securities Commission in December 2023.</li> <li><b>E.A. Technique (M) Bhd:</b> Submitted Regularisation Plan to Bursa Securities and executed Subscription Agreement with a new investor.</li> </ol>	<ol style="list-style-type: none"> <li>Complete JPG listing on Bursa Malaysia with a market cap target of at least RM2 billion.</li> <li>Restructure REID equity by transferring JLB and TPM shares from JCorp to JLand Group Sdn Bhd (JLG).</li> <li>Finalise land sales to REID, including Kuala Kabung Land disposal to TPM and JLG.</li> <li>Monetise estates through Kulim's Malay Reserve gazettelement and finalise disposal price based on valuation.</li> </ol>
<b>Intangible Asset Development</b>	<ol style="list-style-type: none"> <li><b>Stewardship committee:</b> Established for enhanced governance.</li> <li><b>Enhanced analytics:</b> Implemented JCorp Analytics with a comprehensive digital dashboard.</li> <li><b>Data integration:</b> Achieved 100% cloud migration with automated data integration across investee companies.</li> <li><b>Digital learning platforms:</b> Launched two platforms for autonomous learning.</li> <li><b>Workforce development:</b> Graduated 11 data scientists, 6 analysts, and 60 practitioners.</li> </ol>	<ol style="list-style-type: none"> <li>Align Investment and Financial Policies with sustainability objectives.</li> <li>Enhance Procurement and Supply Chain Frameworks to integrate ESG principles.</li> <li>-</li> <li>-</li> <li>-</li> </ol>



## OUR GROWTH STRATEGY

### PLANNED STRATEGIES HAVE BEEN EXECUTED SINCE 2021



#### FINANCIAL RESTRUCTURING

- AAA-rated Sukuk issuance for redemption of **RM1.8billion FGG Sukuk**
- **Consolidation of all SPVs loans** via issuance of State-guaranteed Sukuk
- **Capital Structure Review** - strike off/Disposal of dormant/non-core companies
- Tax exemption REID and Agribusiness business reorganisation -**RM1.51billion**



#### CORPORATE RESTRUCTURING

- Ongoing strategic **monetisation**, with targets:
  - **JPG** (Q2 2024)
  - **QSR** (Q4 2024)
  - **DHB** (Q4 2025)
- **REID restructuring:**
  - **Land:** 3 completed in 2023, remaining 3 targeted in 2024-2025
  - **Equity:** Target completion in 2024
- **Oil palm assets disposal in 2024** - target value of RM602 million
- **Disposal of non-core companies** - RM218 million sales value as of 2023
- Completion of Port Disposal- **RM309 million of net proceeds received**
- **Completion of Kulim Group** plantation assets reorganisation
- Identification of **Intangible Assets** at JCorp & Group level



#### DIGITAL TRANSFORMATION

- Enhanced **JCorp Analytics** as digital dashboard to monitor the business and operational performance
- Improved **digital infrastructure and policies** for accessibility, connectivity speed and security at workplace and devices
- **100% data on the cloud** with data lake (RITE Lake) and automated data integration with all investee companies
- **Common applications** across the group - Office, Analytics, HR system, Finance, SCM (Supply Chain) & cyber security
- 12.7 million pages **digitised documents** enhanced by Gen-AI powered knowledge management system
- **AI and automation** to increase work efficiency & productivity
- Various **change management activities** such as Tapau, RITE Talk, RITE is Live Podcast and RITE Tour



#### GOVERNANCE

- **Limits of Authority** (LOA), Enterprise Risk Management. BCM and Compliance Policy
- **Completion of Surveillance Audits for ISO 9001 & 37001 ABMS Recertification**
- Developed **JCorp Anti-Corruption (JCACP) Plan, Ethical Conduct, Anti-Bribery and Whistleblowing Policy**
- Best practices knowledge transfer through internal audit
- **Establishment of Board Sustainability Committee and ESG framework**
- **Enhanced Insurance Management** and cost savings for the Group



#### ORGANISATIONAL REDESIGN

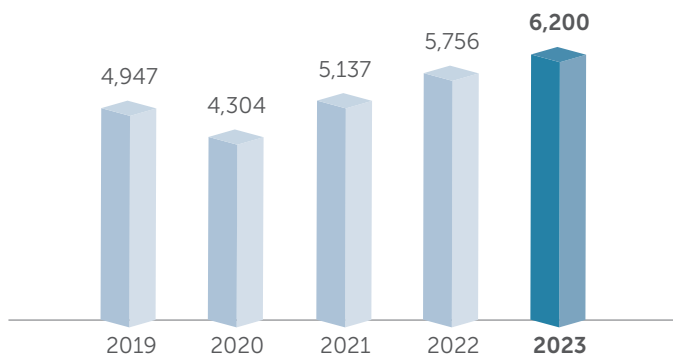
- Completion of Rightsizing initiative: **Project Dahlia & Daylily**
- **Completion of right, sizing exercise/MSS**
- **Introduction of Autonomous learning**
- **Establishment of Talent Council**
- Flexible working arrangement of 3-2-2 workday
- **Talent Assessment** for new staff recruit, Staff Promotion/Salary increment and Talent Mobility
- Final stage for **Redesign of Job Grading**, Benchmarking and Recommendation on **Reward Strategy**
- A holistic **Succession planning** framework linked to the Leadership Competency Development Framework and the Individual Development Plan
- Introduction the concept of **OKRs** into our performance management

# 5 YEARS GROUP FINANCIAL HIGHLIGHTS

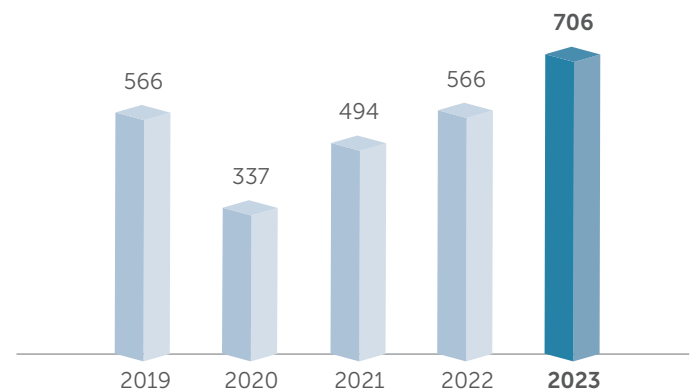
## REVENUE RM (Million)

**RM6,200** million

### GROUP



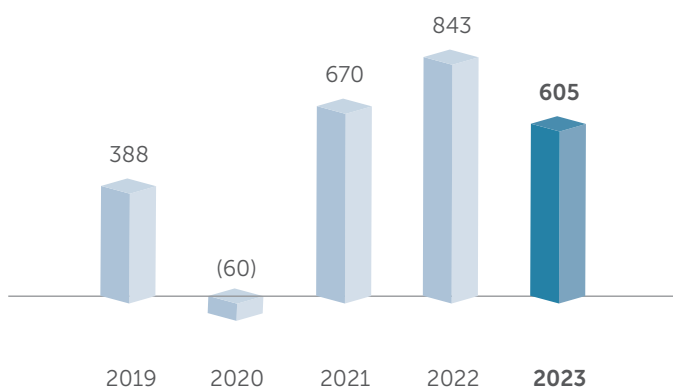
### JCORP



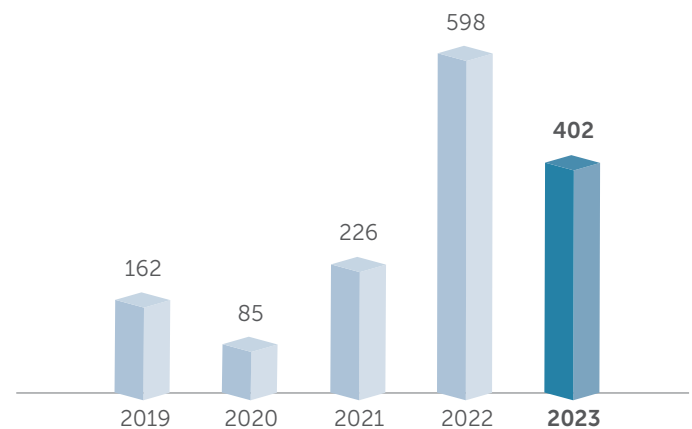
## PROFIT BEFORE TAX RM (Million)

**RM605** million

### GROUP



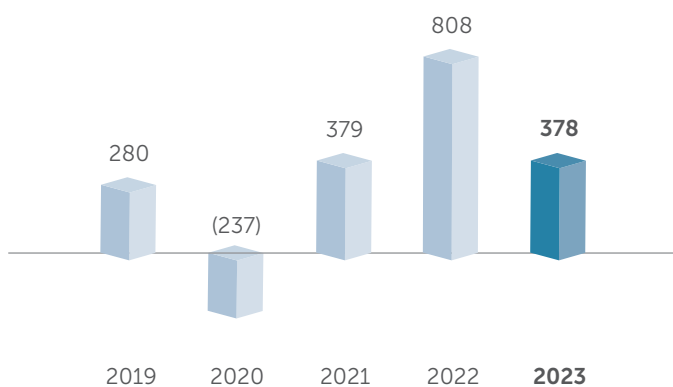
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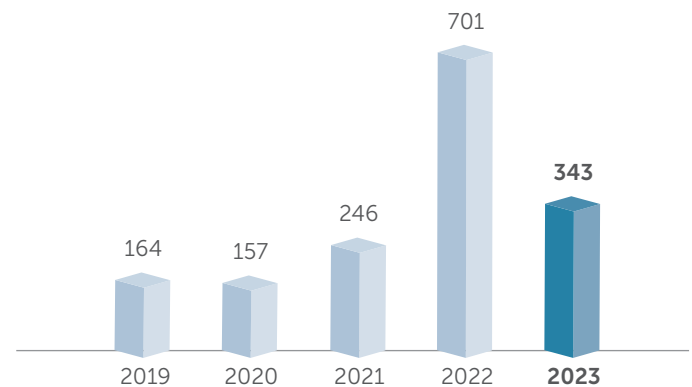
## PROFIT AFTER TAX RM (Million)

**RM378** million

### GROUP



### JCORP

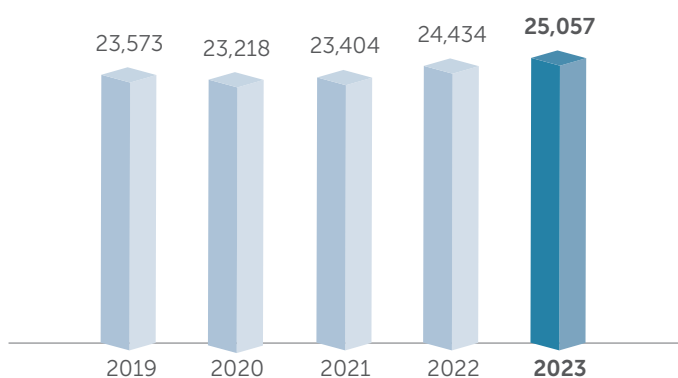


## 5 YEARS GROUP FINANCIAL HIGHLIGHTS

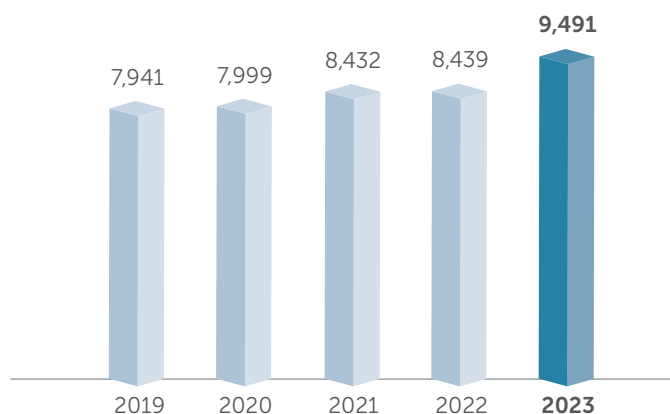
### TOTAL ASSETS RM (Million)

**RM25,057** million

#### GROUP



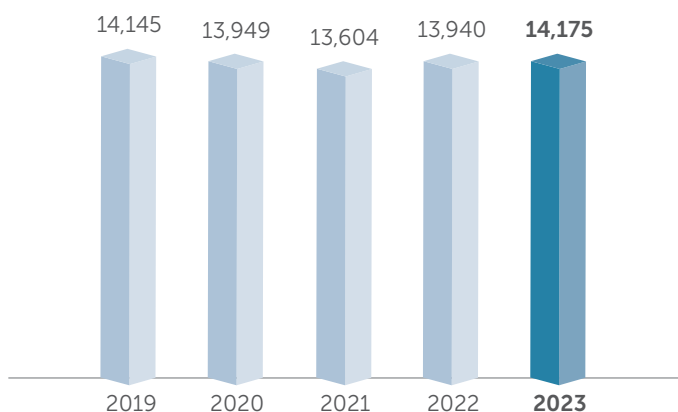
#### JCORP



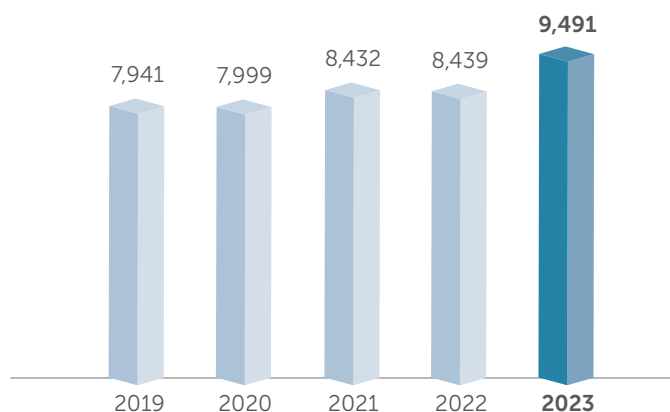
### TOTAL LIABILITIES RM (Million)

**RM14,175** million

#### GROUP



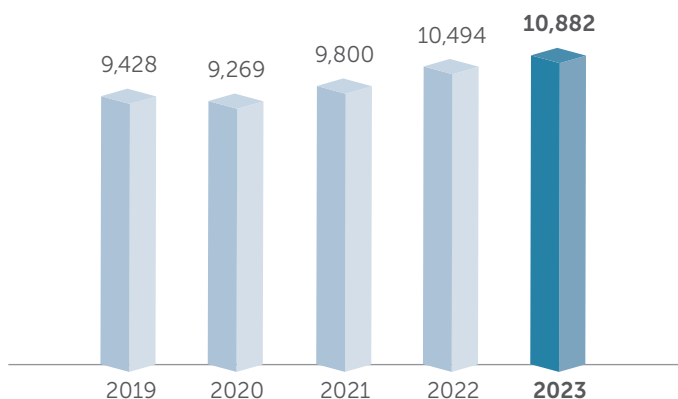
#### JCORP



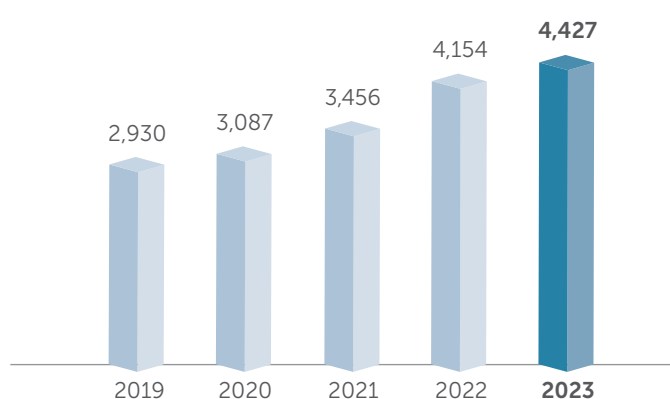
### TOTAL EQUITY RM (Million)

**RM10,882** million

#### GROUP



#### JCORP





# OUR BUSINESS REVIEW





## BUSINESS REVIEW

JPG

# AGRIBUSINESS

### JOHOR PLANTATIONS GROUP BERHAD

Johor Plantations Group Berhad (JPG) is a wholly owned subsidiary of Kulim (Malaysia) Berhad and a key part of Johor Corporation's (JCorp) agriculture strategy. With vast land holdings, estates and renewable energy initiatives, JPG is building an integrated value chain focused on responsible and sustainable growth. As a leader in RSPO-certified palm oil production, JPG is committed to delivering value to investors and stakeholders through innovation, sustainability and excellence in operations.







## CORE ACTIVITIES

JPG is involved primarily in the Upstream segment of the palm oil industry, with a growing presence in the Renewable Energy segment as well as in Trading and Support Services.

### ▶ Upstream

JPG's Upstream segment spans 59,781 hectares across 23 oil palm estates, with 22 estates in Johor and one in Pahang. The Group focused on mechanisation and automation to enhance efficiency and productivity, adhering to RSPO principles and other sustainability standards to ensure responsible operations.

Backed by strong Research & Development (R&D) at the Johor Plantations Agritech Centre, its efforts include agronomy advisory, plant breeding, tissue culture and microbiology lab to drive agricultural innovation, improve yields, and boost overall productivity.

Its Central Analytical Laboratory Services boasts an annual capacity of over 100,000 analyses, reflecting JPG's commitment to delivering comprehensive testing solutions tailored to the diverse needs of our customers. This capability ensures high-quality, reliable results, supporting both its internal operations and the broader industry.

### ▶ Renewable Energy

JPG is advancing its renewable energy initiatives through its subsidiaries, JPG Greenergy Ventures Sdn Bhd (JPGGV) and JPG Greenergy Sdn Bhd (JPGG), which utilise waste from palm oil operations to produce and supply biomethane gas. JPG's biogas plants power internal operations across five of its palm oil mills, contributing to energy efficiency and sustainability.

With the construction of two bioCNG plants at Sindora and Tereh Palm Oil Mills (POMs) and a biomethane plant at Sedenak POM, the Group has expanded the capacity of its biogas facilities. This conversion of biowaste into energy not only reduces greenhouse gas emissions but also reinforces JPG's commitment to sustainability and environmental responsibility.

### ▶ Trading and Support Services

Focusing on supporting plantation operations, JPG's Trading and Support Services segment encompasses the trading of agricultural machinery and parts tailored for plantation use. JPG also offers germinated seeds developed through advanced plant breeding, alongside ornamental plants and biofertilisers, promoting sustainable agricultural practices.

In addition to these offerings, it provides crucial training and advisory services related to occupational safety and health, ensuring safe and efficient operations across the industry. These diverse activities are key components of JPG's broader strategy to deliver value and enhance operational excellence.



## BUSINESS REVIEW



### BUSINESS ENVIRONMENT

#### Global

In 2023, the global palm oil market experienced a significant price correction following the unprecedented highs of 2022. The average price of Crude Palm Oil (CPO) dropped by 25.1%, settling at RM3,809.5 per Metric Tonne (MT) compared to RM5,087.5/MT in the previous year. Similarly, the price of Palm Kernel (PK) saw a sharp decline, averaging RM2,016/MT, a 35.3% decrease from RM3,118/MT in 2022.

Despite this downturn, prices remained above pre-2022 levels, supported by a combination of higher global soybean oil prices, firmer Brent crude oil prices and reduced CPO production. Additionally, global trade dynamics played a significant role, with policies in major markets like India and the European Union influencing demand. India remained Malaysia's largest palm oil importer, absorbing 2.8 million tonnes in 2023, while tighter environmental regulations in the EU continued to challenge market access.

Climate conditions, such as the potential impact of El Nino, remained a concern for production, as extreme weather can affect yields. JPG continues to monitor these trends and adopt strategies to mitigate risks related to climate variability.

#### Malaysia

In Malaysia, the palm oil sector saw some positive developments during the year. The national Oil Extraction Rate (OER) increased marginally to 19.9% from 19.7% in 2022, with the Peninsular maintaining an OER of 19.6%. Fresh Fruit Bunches (FFB) yields rose on a national scale, driven by strong performance in Sabah and Sarawak, which recorded increases of 6.5% and 4.4%, respectively. However, FFB yields in Peninsular Malaysia dropped by 2.0%, from 16.4 MT/ha to 16.1 MT/ha.

Despite a slight contraction in planted areas due to replanting efforts, CPO production grew by 0.5%, from 18.5 million tonnes in 2022 to 18.6 million tonnes. This growth was supported by the resolution of labour shortages that had previously hindered the sector's productivity.

However, the industry still faces long-term challenges related to securing a stable and skilled workforce, given the reliance on foreign labour. JPG is proactively addressing these challenges through its investments in mechanisation and automation, which are crucial for maintaining efficiency in operations while reducing dependence on manual labour.

Sustainability remains a core focus, with JPG integrating Environment, Social and Governance (ESG) principles into every stage of its operations. JPG's adherence to sustainability standards such as RSPO ensures that it continues to meet the growing global demand for ethically produced palm oil.





## PERFORMANCE REVIEW

2023 was a crucial year for JPG, marked by both challenges and significant developments.

### ► REBRANDING AND STRATEGIC DIRECTION

In 2023, JPG proudly embraced a new identity, positioning itself for future growth as an integrated plantation company specialising in high-quality, sustainable and traceable specialty oils and fats.

The rebranding to JPG reflects its strong geographic base, with nearly all estates, palm oil mills and future refineries located in the state of Johor. This strategic shift aligns with its broader vision of moving downstream in the value chain, leveraging our foundation of operational excellence and sustainability.

### ► OPERATIONAL CHALLENGES

The year began on a difficult note, largely due to environmental factors and external pressures. Johor experienced extended flooding, which typically affects the state in January but persisted until March in 2023. The prolonged floods adversely impacted FFB production and OER during the first half of the year. Despite these setbacks, operations saw gradual improvements in the latter half of the year as weather conditions stabilised.

### ► LABOUR SHORTAGES AND COST PRESSURES

Another significant challenge was the continued labour shortage, which had plagued the plantation industry since the COVID-19 pandemic. To mitigate this, JPG incurred substantial one-off recruitment costs for foreign workers. Moreover, the 25% increase in Malaysia's minimum wage to RM1,500 per month in May 2022 led to higher operational costs throughout 2023. These factors, combined with increased field maintenance and intensified fertiliser application in the first half of the year, added to the company's cost burden.

### ► MARKET AND EXPORT TRENDS




Malaysia's palm oil exports decreased in 2023, reflecting lower demand from major importing nations. Total exports fell from 15.7 million tonnes in 2022 to 15.1 million tonnes in 2023.

India continued to be the largest importer of Malaysian palm oil for the 10th consecutive year, accounting for 2.8 million tonnes, or 18.8% of total exports. Despite the decline in exports, the demand from India remained robust, which provided some support to the overall industry.

### ► PRODUCTION PERFORMANCE

Despite a challenging start, the second half of 2023 saw a marked improvement in both FFB production and OER, as the company adjusted to the post-flood recovery phase. Extensive field maintenance and effective fertiliser strategies helped improve yields, which positively influenced production levels in the latter half of the year.

## BUSINESS REVIEW

Strategic Pillar	Key Priorities	Initiatives	Achievements in 2023
<b>Pillar 1:</b>  <b>Upstream</b> – Strengthen Production	<ul style="list-style-type: none"> <li>• Increase Palm Product Yield (PPY)</li> <li>• Increase OER</li> </ul>	<ul style="list-style-type: none"> <li>• Implement new replanting techniques to boost palm oil yield.</li> <li>• Adopt high-yielding planting material for the replanting programme.</li> <li>• Expand CPO production by securing FFB supply from leasing/managing other estates.</li> <li>• Enhance the quality of outside crop purchases.</li> <li>• Improve mill efficiency through upgrades and development of new mills.</li> <li>• Accelerate mechanisation and automation.</li> <li>• Optimise mill processes via automation and ERP.</li> <li>• Commercialisation of planting material.</li> </ul>	<ul style="list-style-type: none"> <li>• Pulverisation technique adopted for replanting across 1,382 ha.</li> <li>• PPY achieved at 5.1 MT/ha.</li> <li>• Clonal material used in 24% of annual replanting programme.</li> <li>• Mechanised area covers 40,593 ha, representing 77.5% of JPG's total harvesting area.</li> </ul>
<b>Pillar 2:</b>  <b>Renewable Energy</b> – Develop New Income Streams through Circular Economy	<ul style="list-style-type: none"> <li>• Leverage OCP trading</li> <li>• Waste-to-wealth initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Develop a new OCP mill.</li> <li>• Commercialise biomethane.</li> <li>• Commercialise bioCNG.</li> <li>• Commercialise red palm oil.</li> </ul>	<ul style="list-style-type: none"> <li>• Biomethane plant commercialised at Sedenak POM on 1 August 2023.</li> <li>• 70% completion of bioCNG plants.</li> <li>• Completion of Palm Fibre Oil Extractor (PFOE) plant at Sedenak POM on 31 August 2023.</li> </ul>
<b>Pillar 3:</b>  <b>Downstream</b> – Establish an Integrated Sustainable Palm Oil Complex (ISPOC)	<ul style="list-style-type: none"> <li>• Venture into downstream activities to produce specialty oils and fats with a global market reach.</li> </ul>	<ul style="list-style-type: none"> <li>• Established a joint venture, JPG Fuji Sdn Bhd, with Fuji Oil Asia Pte Ltd, a leading global expert in specialty palm oil-based food ingredients. JPG holds a 51% stake in the venture.</li> <li>• Developed the ISPOC, which will include a refinery powered by renewable energy, aligning with sustainability and environmental goals.</li> </ul>	<ul style="list-style-type: none"> <li>• Finalisation of Joint Venture (JV) agreement with Fuji Oil for the specialty oils &amp; fats refinery.</li> <li>• Planning and preparation for ISPOC commenced in 2023.</li> </ul>





## Challenges & Mitigation

### Challenge/Risk

#### Labour Shortage

A critical challenge affecting harvesting, transportation and productivity, leading to delays in operations.

#### Technological Advancements

Necessitating strategic investment and adaptation to maintain competitive edge and enhance operational efficiency.

#### Rising Input Costs

Increasing costs for fertilisers, pesticides and operational expenses.

#### CPO Price Volatility

Fluctuations in CPO prices impacting revenue streams and financial planning.

#### Climate Change

Unpredictable weather patterns affecting crop yields and production.

#### Social Risks

Community relations, labour disputes and land-use conflicts impacting JGP's social license to operate.

### Mitigation Actions

1. Participation in government's Labour Calibration Programmes for legal employment of undocumented foreign workers.
2. Initiation of an incentive scheme to attract harvesters.
3. Ongoing improvements in workers' productivity and regular reviews of remuneration packages.
4. Collaboration with agricultural and labour authorities to increase local labour participation.
5. Enhancement of workers' living conditions, including housing, amenities, crèche, mosque and medical facilities.
6. Accelerating automation, digitalisation and new technology adoption to reduce manual labour dependency.
7. Introduction of OER & Operating Unit Appreciation Incentive Reward to boost profitability.

1. Provision of necessary training to minimise risks associated with new machinery.
2. Pilot testing of new technologies before full implementation.
3. Staying updated on industry trends and best practices.
4. Participation in industry conferences and workshops for insights.
5. Fostering a culture of continuous improvement by evaluating adopted technologies.

1. Reducing fertiliser costs through efficiency measures.
2. Lowering hardware and spare parts expenses across estates and mills.
3. Improving operational efficiency by optimising the land-labour ratio.
4. Implementing right-sizing strategies for employees.
5. Reducing overtime costs at mills.
6. Implementing significant administrative cost reductions.

1. Strengthening hedging and sales strategy to manage CPO price risks.
2. Regular engagement with the Marketing and Sales Sub Committee (MSSC) to develop strategies for navigating price uncertainties.
3. Implementing a forward sales policy to manage future price risks.
4. Daily market updates for stakeholders.
5. Collaborating with brokers for real-time market updates.
6. Participation in domestic and international conferences on price outlooks.

1. Proactive fieldwork, drainage maintenance and early harvest planning in flood-prone areas.
2. Minimising workers' activities during droughts and conducting safety awareness campaigns.
3. Fire prevention measures, including warning signs and RSPO hot spot monitoring.
4. Environmental stewardship through water management, biodiversity enrichment, solar projects and waste-to-energy initiatives.

1. Promotion of fair labour practices through ethical standards and training programmes.
2. Comprehensive due diligence on suppliers and contractors.
3. Robust monitoring and auditing systems across the supply chain.
4. Ongoing training on human rights and labour standards.
5. Continuous dialogue with stakeholders for transparency.
6. Timely grievance resolution and accountability measures.

## BUSINESS REVIEW

### Challenge/Risk

#### Regulatory Changes

Evolving regulations requiring compliance to avoid legal issues and maintain standing.

#### Productivity Optimisation

Ensuring optimal production across plantations and mills to maintain financial performance.

### Mitigation Actions

1. Establishment of a compliance management framework.
  2. Monitoring relevant regulations and proposed changes.
  3. Regular audits for compliance implementation.
  4. Due diligence before appointing third-party vendors.
  5. Compliance management plan for regulatory breaches.
  6. Transparent reporting and continuous dialogue with stakeholders.
  7. Ongoing monitoring of sustainability standards.
- 
1. Task force to address tall palm areas for higher OER.
  2. In-field grading improvements through systematic FFB sampling.
  3. Incentive programmes for units achieving higher OER.
  4. Asset enhancement initiatives to improve operational efficiency.
  5. Measures to minimise losses at steriliser, press, and clarification stations.



### Financial Performance

In 2023, JPG achieved commendable financial performance despite facing several challenges. Adverse weather in the first quarter impacted FFB production and increased labour costs due to recruitment and higher minimum wages added pressure on operational expenses.

Additionally, CPO and PK prices fell significantly Year-on-Year (YoY), contributing to reduced revenue. However, the premium carried by RSPO-certified oils allowed JPG to secure higher prices than the industry average.

JPG recorded a revenue of RM1,253.5 million, a 28.4% decrease from RM1,751.7 million in 2022. Profit Before Tax stood at RM186.9 million, representing a 67.2% decline from RM569.1

million the previous year. The Group faced a drop in CPO and PK prices, which averaged RM3,989/MT and RM2,223/MT, respectively, marking decreases of 22.9% and 30.9% from 2022 levels.

Despite lower sales prices and increased operational costs, JPG maintained its focus on sustainable production, and invested RM166.6 million in manuring and RM3.2 million in flood damage repairs.

The Board declared a first interim ordinary dividend of RM5.25 per share, amounting to RM69.8 million, but opted not to declare a final dividend to prioritise future investment opportunities.

### Key Achievements

#### ► CORPORATE MILESTONES

- Rebranded from Johor Plantations Berhad to JPG in November 2023, marking its transition into a public limited company.
- Entered into a strategic Shareholders' Agreement with Fuji Oil Asia Pte Ltd to expand downstream business operations into specialty palm oil-based products.

#### ► SUSTAINABILITY AND ENVIRONMENTAL ACHIEVEMENTS

- Launched its inaugural Sustainability Report, focusing on climate mitigation, adaptation and adherence to NDPE (No Deforestation, No Peat, No Exploitation) principles.
- Commissioned its first biomethane generation facility at Sedenak POM in June 2023, and began supplying

biomethane to Gas Malaysia Green Venture Sdn Bhd in August.

- Operationalised the PFOE plant at Sedenak POM in September 2023, Red palm oil is extracted from the mesocarp fibre byproduct of processed FFB for use as a fuel.

#### ► SOCIAL RESPONSIBILITY AND ETHICAL PRACTICES

- Implemented the Labour Transformation Programme (LTP) and Ethical Recruitment Programme in collaboration with the Earthworm Foundation, to enhance labour practices and protect foreign workers' rights.
- Provided technical and advisory support to smallholders, resulting in three out of 29 external crop suppliers achieving RSPO certification, improving their livelihoods and supporting sustainability goals.



## Outlook

JPG is optimistic about 2024, anticipating a substantial increase in CPO production. This growth is supported by the resolution of the labour shortage, particularly during peak harvesting periods and a reduced impact from the El Nino weather pattern.

Additionally, the sector is expected to benefit from government initiatives. These initiatives include the RM100 million smallholders' replanting programme and expanded automation tax incentives, which will make machinery more affordable and boost productivity.

Global demand for palm oil is projected to rise, driven by increased imports from major markets like China and India. This demand will be further bolstered by Indonesia's implementation of the B35 biodiesel programme.

Potential challenges from unfavourable weather conditions are expected in the latter half of the year. Nonetheless, the anticipated increase in CPO prices, coupled with JPG's ongoing investments in operational efficiencies, positions the Group to seize new growth opportunities.

Long-term prospects remain bright as global demand for palm oil continues to grow, while supply constraints are expected to maintain healthy pricing levels. These conditions will support JPG's investments in mechanisation, digitalisation and R&D. This ensures the Group stays at the forefront of innovation and remains competitive in an evolving market.

## Key Priorities for 2024

### ► EXPANSION OF PASIR LOGOK REFINERY

The development of our Pasir Logok refinery remains a key focus, alongside the establishment of a robust marketing network for our refined products. This will allow JPG to enhance its downstream capabilities and capture more value across the supply chain.

### ► INCREASING MILLING CAPACITY

As larger tracts of its plantations mature, JPG will explore opportunities to enhance its milling capacity and potentially develop new mills to accommodate the expected boost in productivity.

### ► OPERATIONAL EFFICIENCIES AND DIGITALISATION

Mechanisation and digitalisation will continue to be at the forefront of JPG's operations. The Group aims to upskill its workforce and leverage advanced technologies to increase productivity and build resilience against the challenges that have become a norm in the plantation industry.

### ► RENEWABLE ENERGY DEVELOPMENT

In line with its sustainability objectives, JPG will explore new opportunities to expand its presence in the renewable energy sector. Building this into a strong business vertical will diversify the Group's revenue streams and further solidify JPG's commitment to sustainability.

### ► FINANCIAL RESILIENCE AND COST OPTIMISATION

Enhancing financial performance will remain a top priority. JPG will focus on managing financial risks, improving cost optimisation and ensuring the long-term resilience of the Group.



## BUSINESS REVIEW

The background of the slide is a complex, blue-toned digital graphic. It features a network of glowing lines and nodes, resembling a molecular structure or a data network. Various medical and technological icons are scattered throughout, including a stethoscope, a DNA helix, a fingerprint, a world map, and a plus sign. The text 'KPJ healthcare' is prominently displayed in the upper left, with 'A JCORP Company' underneath it. The overall aesthetic is high-tech and futuristic.

**KPJ healthcare**  
A JCORP Company

# WELLNESS AND HEALTHCARE

## WHAT WE DO

KPJ Healthcare Berhad (KPJ), listed on Bursa Malaysia in 1994, has grown into a premier private healthcare provider in the region. As a homegrown brand with more than 40 years of experience and a network of 29 hospitals, KPJ is poised to redefine the delivery of healthcare services, particularly in Malaysia.

KPJ provides end-to-end healthcare services under one roof, leveraging cutting-edge technology and innovation across a wide range of offerings, from diagnostic services, pharmaceutical support and medical tourism to non-hospital operations and education. This integrated approach allows us to address the full spectrum of healthcare needs while maintaining our commitment to world-class, patient-centric care, as encapsulated by our promise to “Care for Life.”

KPJ’s network includes 29 hospitals across Malaysia, as well as facilities in Indonesia, Thailand and Bangladesh. Of these, 19

hospitals are accredited by the Malaysian Society for Quality in Health (MSQH) and four by the prestigious Joint Commission International (JCI). Our operations are further supported by 16,433 employees, 1,491 medical consultants and a total of 3,643 operating ward beds, ensuring we are equipped to deliver exceptional care.

Within the Wellness & Healthcare portfolio, KPJ operates three ambulatory ‘care’ centres, 11 Klinik Waqaf An-Nur facilities, four senior assisted living care centres (including one in Australia), and nine mobile clinics, offering comprehensive services that extend beyond traditional hospital care.

Integral to KPJ’s success are various ancillary service providers that enhance the efficiency of our hospitals, clinics, and wellness centres. Additionally, KPJ plays a crucial role in tertiary education, helping to develop the skilled professionals needed to advance the wellness and healthcare industry.

## CORE ACTIVITIES

### Hospital Operations

As Malaysia's largest private specialist healthcare provider, KPJ continues to uphold high standards of patient care while adapting to the evolving healthcare landscape. Its hospital operations focus on delivering comprehensive medical services across an extensive network, with a strong emphasis on health tourism. With 29 hospitals and the largest pool of specialist medical consultants in the country, KPJ ensures resilience and sustained growth.

### Ambulatory Care and Wellness

KPJ's ambulatory care and wellness services offer outpatient and preventive healthcare through ambulatory centres, wellness clinics and mobile clinics which provide accessible, high-quality care. With a growing preference for smaller medical facilities over hospitals due to time and cost considerations, its Ambulatory Care Centres (ACCs) are strategically located in semi-urban areas to meet these needs. These centres provide a wide range of services, including diagnosis, consultation, treatment and preventive care. This segment also includes the KPJ Centre for Sight, KPJ Specialist Dental Centre, KPJ Rehabilitation Centre, KPJ Dialysis Centre and KPJ Senior & Assisted Living Care, offering specialised services across the network.

### Ancillary Services

KPJ's ancillary services provide strategic platforms for revenue diversification and service expansion, with investments focused on operational efficiency. Healthcare Technical Services (HTS) offers consultancy in hospital planning, design, project management and energy management, serving both local and international hospitals. Total Meal Solution (TMS) specialises in cook-chill and cook-freeze technology, providing nutritious meals to private hospitals, while Fabricare Laundry (FLSB) offers integrated laundry services. Pharmserv Alliances (PASB) serves as a central procurement hub for pharmaceuticals and medical devices, ensuring cost efficiency, and PJ Healthshoppe is KPJ's retail healthcare subsidiary which operates under the KPJ Healthshoppe and Jx Pharmacy brands.

### Education

KPJ Healthcare University College achieved full university status, becoming KPJ Healthcare University (KPJU), with a vision to establish Malaysia's first globally recognised private Academic Health Centre. KPJU offers nearly 40 academic programmes, including 28 postgraduate medical specialty courses, and integrates with KPJ's network of 29 hospitals, supporting a talent pipeline for the healthcare sector. KPJU also empowers underprivileged students, aligning with SDG10 by promoting economic growth through education sponsorship.

### Health Tourism

Health tourism is one of KPJ's core activities, positioning the Group as a key player in Malaysia's thriving medical tourism sector. In 2023, with the reopening of international borders and Malaysia's reputation as a competitively priced, world-class healthcare hub, KPJ contributed significantly to the sector's growth. Leveraging its extensive network of hospitals and specialist medical consultants, KPJ offers state-of-the-art facilities and high-quality, patient-centric care, attracting health tourists from across the globe.





## BUSINESS REVIEW



### BUSINESS ENVIRONMENT

#### Global

In 2023, KPJ faced macroeconomic challenges driven by rising inflation, increased healthcare costs and global supply chain disruptions. These factors raised operational expenses, particularly as energy costs surged due to geopolitical tensions like the Ukraine conflict. The resulting price hikes for medical supplies and treatments placed added pressure on healthcare providers globally, including KPJ, which had to navigate these rising costs while maintaining affordability for patients.

Despite these challenges, KPJ also benefited from new growth opportunities. The resurgence of health tourism, following the reopening of borders post-pandemic, played a key role in driving demand for KPJ's services. The global healthcare and wellness sector saw a rise in mental health services and telemedicine, with the telehealth market expanding to \$90.7 billion in 2023. KPJ tapped into these trends by enhancing its digital healthcare services, providing remote care and AI-powered diagnostics to meet the growing needs of its patient base.

Technological innovation was crucial in maintaining KPJ's competitiveness amidst the challenging economic environment. By investing in digital healthcare and improving operational efficiency, KPJ was able to mitigate some of the macroeconomic pressures while focusing on future growth. These strategic investments highlighted the importance of adapting to global healthcare trends, positioning KPJ to leverage advancements and remain resilient in an increasingly volatile market.

*(Source: World Economic Forum Insight Report 2023)*

#### Malaysia

Malaysia's healthcare and wellness industry experienced growth, buoyed by several factors within the microeconomic landscape during the year. The recovery from the COVID-19 pandemic played a pivotal role in driving the sector forward, especially as demand for elective surgeries and non-COVID-related treatments surged.

KPJ, as Malaysia's largest private hospital operator, saw notable improvements in its patient throughput, which grew by 2% from 3,263,832 to 3,320,121 in 2023. Its bed occupancy rate (BOR) also increased to 67%, from 58% in the previous year. These trends were supported by rising demand for healthcare services, particularly from medical tourists and the return of elective procedures.

*(Source: [https://themalaysianreserve.com/2023/05/09/healthcare-plcs-navigating-challenges-and-seizing-opportunities-for-growth/#google\\_vignette](https://themalaysianreserve.com/2023/05/09/healthcare-plcs-navigating-challenges-and-seizing-opportunities-for-growth/#google_vignette))*

The healthcare industry benefited from a recovery in medical tourism, with KPJ's hospitals, such as the KPJ Damansara Specialist Hospital 2, attracting foreign patients seeking specialised treatments, like IVF, which was particularly sought after by Chinese patients. This boost was further amplified by Malaysia's improving private healthcare demand, driven by an increase in chronic diseases such as cardiovascular ailments and cancer.

*(Source: <https://www.businesstoday.com.my/2023/06/09/healthcare-sector-outlook-generally-healthy/>)*

The microeconomic landscape of 2023, characterised by increased healthcare spending and a focus on non-COVID medical needs, contributed significantly to KPJ's strong financial performance during the year. Rising patient volumes, along with operational improvements, helped KPJ continue to strengthen its position. Overall, this positive economic environment has enabled KPJ to maintain its leading role in Malaysia's healthcare industry.





## PERFORMANCE REVIEW

In 2023, KPJ Healthcare Berhad delivered exceptional performance, demonstrating the strength of its foundational strategy with a focus on enhancing patient-centric services while improving profitability through cost reduction and revenue growth. The Group streamlined its operations by prioritising core local businesses and divesting non-core assets, such as its aged care operations in Australia and Indonesian hospitals. This strategic shift allowed KPJ to concentrate on high-growth sectors within Malaysia.

The year marked the beginning of KPJ's transformation journey, guided by five strategic pillars, namely Asset Optimisation; New Growth Streams; Digital First; Branding; and Culture Activation.

The healthcare sector rebounded significantly, resulting in increased bed occupancy rates, which rose from 58% in 2022 to 67% in 2023. Patient visits also surged to 3,320,121, contributing to an 11% increase in surgeries performed, totalling 105,807 cases.

During the year, KPJ successfully addressed issues like the shortage of skilled talent through targeted strategic initiatives and aggressive recruitment drives. In tandem, it added 72 new resident consultants and 156 sessional/visiting consultants, boosting the total number of medical consultants from 1,374 to 1,491.

Strategic Objective	Key initiatives	Outcome (2023)
<b>Generate better revenue from the hospitals</b>	<ul style="list-style-type: none"> <li>Aggressive recruitment drives were conducted to attract more consultants, especially to enhance cluster services at KPJ hospitals.</li> <li>Collaborations with major insurance companies, such as Prudential and AIA, to offer procedure package pricing aimed at increasing patient volume and Bed Occupancy Rate (BOR).</li> </ul>	<ul style="list-style-type: none"> <li>Bed Occupancy Rate (BOR) increased from 58% in 2022 to 67%.</li> <li>Total patient visits rose to 3,320,121, up from 3,263,832 in 2022.</li> <li>The rise in patient visits led to an 11% increase in surgical cases, with 105,807 surgeries performed in 2023 compared to 95,600 in 2022.</li> </ul>
<b>Drive health tourism</b>	<ul style="list-style-type: none"> <li>Strengthened new markets and target segments through over 100 high-level engagements with expatriates and foreign embassies.</li> <li>Signed 10 memorandums of understanding (MoUs) with insurance companies and third-party administrators (TPAs), and seven commercial partners across five targeted markets.</li> <li>Partnered with the Malaysia Digital Economy Corporation (MDEC) through the PeMangkinMD DE Rantau initiative to position Malaysia as ASEAN's preferred digital nomad hub.</li> </ul>	<ul style="list-style-type: none"> <li>A significant collaboration with the Korean Society in Malaysia, offering access to KPJ specialist hospitals for Koreans residing in Malaysia.</li> </ul>
<b>Intensify marketing efforts</b>	<ul style="list-style-type: none"> <li>Prioritised segmentation strategies to enhance service for its diverse patient base, organising special events for occasions such as International Women's Day and Father's Day.</li> <li>Introduced tailored packages to improve the customer experience, which included attractive delivery packages and services for maternity care.</li> <li>Strengthened strategic partnerships with payors.</li> </ul>	<ul style="list-style-type: none"> <li>Some selected hospitals were awarded the 'Insurance Preferred Hospital Status' by prominent insurance providers like Great Eastern and HLA Assurance.</li> </ul>
<b>Retain and reskill Team KPJ</b>	<ul style="list-style-type: none"> <li>Focus on retention initiatives, ensuring packages were competitive or superior to market standards.</li> <li>Launched an aggressive recruitment drive, featuring the innovative 'Night Career Fair' which took place simultaneously across 29 KPJ specialist hospitals nationwide.</li> <li>Collaborated with KWAP Malaysia and HRD Corp for the Seniors Back in Action Programme (SEBA), providing opportunities for eligible retired public sector nurses to join the network of hospitals.</li> <li>Initiated a comprehensive strategy to develop a high-performance workforce.</li> </ul>	<ul style="list-style-type: none"> <li>The 'Night Career Fair' attracted about 20,000 attendees, and earned KPJ Healthcare a spot in the Malaysia Book of Records for the "Most Career Fairs Running Simultaneously."</li> </ul>

## BUSINESS REVIEW



### Challenges & Mitigation

#### Challenge/Risk

##### The increasing demand for private healthcare services:

- May lead to a potential shortage of qualified and experienced staff capable of delivering patient-centric care.
- A shortage of key medical staff and consultants can significantly affect the quality of care, potentially compromising patient experience and safety.

##### Maintaining the delivery of high-quality, customer-centric healthcare services:

- Failure to uphold high standards of patient care could lead to negative media coverage and patient dissatisfaction, potentially harming KPJ Healthcare's reputation and affecting customer retention.

##### Government policy and compliance:

- Risk of non-compliance with regulations, which may result in legal claims, financial penalties and operational disruptions.
- May potentially affect earnings and the ability to operate hospitals

#### Mitigation Actions

- Developed a Human Resource strategy to tackle nursing shortages, which includes salary adjustments, enhanced medical benefits, skills development and training programmes, retention initiatives, and a rewards strategy.
- Introduced new medical specialty programmes and expanded training opportunities for medical officers.
- Created a dedicated unit within Group Clinical Services focused on consultant recruitment and related matters.
- Centralised the consultant database to ensure accurate data management, coordinating consultant needs across KPJ facilities in response to expansions, retirements and vacancies.
- To maintain a robust talent pipeline, KPJ utilises its educational platform, KPJU, offering a range of medical and healthcare courses from certificate to PhD levels.

- Established a robust clinical governance structure based on best practices and guidelines from the Ministry of Health and the World Health Organisation.
- Quarterly meetings by the Group Medical Advisory and Clinical Governance Committee to oversee clinical governance.
- Conducted clinical specialty meetings to address specific issues, enhancing consultant engagement and facilitating the quick escalation of urgent matters.
- Maintained strong relationships with the Ministry of Health to stay informed on policies impacting private healthcare operations.
- Participated in accreditation activities to ensure compliance with both local and international industry standards.

- Enhanced the Enterprise Risk Management (ERM) framework, policies and procedures.
- Ongoing engagement with the Ministry of Health (MOH) Malaysia ensures awareness of potential policy changes.
- A robust Clinical Care process, overseen by the Group Medical Advisory & Clinical Governance Committee (GMACGC) and Clinical Safety & Risk Management Committee (CSRMC), ensures compliance with relevant laws and regulations.
- Regular compliance awareness activities are organised for staff.
- Centralised monitoring facilitates timely renewal of hospital and operating licenses, ensuring uninterrupted services.
- Compliance monitoring by the Governance, Risk, and Compliance Integration (GRCI) through monthly reports from Risk Compliance Officers.

#### Result/Expected Result

- The centralised consultant database has led to an increase in consultant referrals to KPJ facilities.

- Enhanced delivery of high-quality, customer-centric healthcare services that effectively meet market demands and expectations.

- Effective stakeholder management strategies foster positive relationships with authorities.
- Enhanced occupational health and safety management through the implementation of ISO 45001 across 19 hospitals.
- Improved overall compliance status.

Challenge/Risk	Mitigation Actions	Result/Expected Result
<b>Compliance to accreditation requirements:</b> <ul style="list-style-type: none"> <li>Trends such as medical tourism, corporate expansion and heightened competition necessitate ongoing enhancements to KPJ's healthcare services to maintain industry leadership.</li> <li>Although KPJ has established a quality assurance framework supported by national and international entities, failing to adapt to these dynamic trends could jeopardise the quality of care provided.</li> </ul>	<ul style="list-style-type: none"> <li>KPJ 's accreditation programme ensures compliance with healthcare regulations and industry standards.</li> <li>Employs a combination of self-assessments and external peer evaluations to evaluate performance and service delivery.</li> </ul>	<ul style="list-style-type: none"> <li>19 hospitals are accredited by MSQH, and four by JCI.</li> <li>Enhanced institutional credibility and also significantly improve patient trust in the services provided by KPJ.</li> </ul>
<b>Legal exposure:</b> <ul style="list-style-type: none"> <li>KPJ may encounter legal actions alleging negligence or malpractice, which could result in significant financial liabilities and legal costs, impacting its financial stability and reputation.</li> </ul>	<ul style="list-style-type: none"> <li>Maintains sufficient insurance for major assets and operational liabilities.</li> <li>All medical professionals, including specialists and medical officers, are covered by Medical Malpractice Insurance to address medico-legal risks.</li> <li>Conducted comprehensive risk reviews to assess the Group's insurance needs before renewing policies for 2023.</li> </ul>	<ul style="list-style-type: none"> <li>Competitive premiums and optimal coverage.</li> </ul>
<b>Timely response to emergencies:</b> <ul style="list-style-type: none"> <li>A failure to react promptly could disrupt hospital operations, potentially damaging the Group's reputation and negatively impacting profitability.</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced the Business Continuity Management (BCM) Framework for effective emergency and disaster response planning.</li> <li>Developed a Crisis Management Plan (CMP) to outline procedures for responding to crises, ensuring organisational readiness at all levels.</li> <li>Established Business Continuity Plans (BCP) across all KPJ facilities to quickly restore critical business processes in case of an incident.</li> </ul>	<ul style="list-style-type: none"> <li>The implementation of CMP and BCP at the hospital level strengthens KPJ 's ability to manage emergencies and reduce operational disruptions.</li> <li>Routine simulation exercises and the appointment of qualified Safety Officers enhance preparedness and ensure compliance with BCM requirements.</li> <li>The proactive strategies enable KPJ to maintain operational continuity, protecting both patients and staff while upholding its reputation and financial stability.</li> </ul>



## BUSINESS REVIEW

Challenge/Risk	Mitigation Actions	Mitigation Actions
<b>Cybersecurity vulnerabilities:</b> <ul style="list-style-type: none"> <li>Significant risks from digital vulnerabilities, including unauthorised access, data breaches and cyberattacks that can disrupt operations.</li> <li>Cyberattacks and security incidents may lead to business disruptions, exposing KPJ to potential penalties and legal actions for regulatory violations resulting from these breaches.</li> </ul>	<ul style="list-style-type: none"> <li>Subscribed to Incident Response and Retainer (IRR) services and conducted exercises to bolster readiness for cybersecurity incidents.</li> <li>Established a Security Operations Centre (SOC) to provide continuous monitoring and incident response.</li> <li>Upgraded its antivirus systems with Endpoint Detection Response (EDR) features across hospitals and subsidiaries.</li> <li>Implemented cybersecurity awareness programmes and training for staff, along with penetration testing to uncover and address security vulnerabilities.</li> <li>Initiated a Cybersecurity Remediation project to tackle critical security challenges.</li> <li>Maintains cybersecurity insurance to mitigate various associated risks.</li> </ul>	<ul style="list-style-type: none"> <li>Achieved ISO/IEC 27001:2022 certification, indicating a structured approach to managing information security risks.</li> </ul>
<b>Economic, environmental, social and governance (EESG):</b> <ul style="list-style-type: none"> <li>Can negatively affect KPJ's assets, stakeholder relationships, and reputation.</li> <li>May lead to increased costs and reduced profitability.</li> <li>Failure to effectively manage these risks may hinder KPJ's competitiveness and capacity to achieve resilient, sustainable long-term growth.</li> </ul>	<ul style="list-style-type: none"> <li>The Risk, Sustainability &amp; Governance Committee (RSGC) oversees KPJ's ESG agenda.</li> <li>The Sustainability Framework outlines a three-year roadmap which is aligned with the nation's Sustainability Agenda.</li> <li>ESG risks are integrated into the KPJ Group's risk profile, with regular evaluations and monitoring in place.</li> </ul>	<ul style="list-style-type: none"> <li>The KPJ Sustainability Agenda is communicated to employees and external partners, focusing on compliance with MCCG and Bursa regulations, with eight roadshows conducted from May to August 2023.</li> </ul>



### Financial Performance

In 2023, KPJ successfully leveraged emerging market opportunities following the challenges of the previous year's endemic phase. This resulted in a substantial 50% growth in Profit After Tax (PAT) from continuing operations and a 19% increase in revenue.

For the financial year ended 31 December 2023, the Group recorded a revenue of RM3,418.7 million, a notable increase from RM2,868.5 million in the prior year.

Profit After Tax (PAT) from continuing operations surged to RM302.6 million, reflecting the strength of KPJ's strategic initiatives and operational excellence. This growth was supported by a significant rise in revenue, climbing to RM3,418.7 million.

Additionally, the Group closed the year with total assets reaching RM7,246.2 million, compared to RM6,994.1 million in 2022.

In recognition of this robust performance, KPJ declared a dividend of 3.35 sen per share, a 68% increase from the previous year.

## Key Achievements

### ► INFRASTRUCTURE DEVELOPMENT

- **Damansara Specialist Hospital 2**

Opened as a flagship facility within KPJ's network, offering state-of-the-art healthcare services with a 300-bedded facility, further solidifying KPJ's commitment to advanced medical care.

### ► FINANCIAL AND STRATEGIC INITIATIVES

- **Sustainability Sukuk Issuance**

Successfully priced an inaugural Sustainability Sukuk offering of RM555.0 million under KPJ's RM3.0 billion Sukuk Wakalah Programme. This is a pioneering issuance by a private healthcare provider in Malaysia and the ASEAN region.

- **Strategic Divestments**

- Completed the divestment of interests in Rumah Sakit Medika Permata Hijau and Rumah Sakit Medika Bumi Serpong Damai in Indonesia.
- Divested the aged care business in Jeta Gardens, Australia, allowing the Group to focus on growth and strengthen its position in private healthcare.

### ► OPERATIONAL MILESTONES

- **Patient Services**

Recorded an 11% increase in surgical cases, reaching 105,807 surgeries compared to 95,600 cases in 2022.

### ► EDUCATION AND HEALTHCARE DEVELOPMENT

- **University Status**

Achieved full-fledged university status for KPJ Healthcare University (KPJU), accredited by the Ministry of Higher Education (MoHE) in June 2023. KPJU is now Malaysia's first and only private healthcare provider offering Medical Specialist Programmes.

### ► RESEARCH AND HEALTHCARE PARTNERSHIPS

- **MoU with FUJIFILM Malaysia, UPM, and UM**

Signed a Memorandum of Understanding between KPJU, KPJ Seremban Hospital, FUJIFILM Malaysia Sdn. Bhd., Universiti Putra Malaysia (UPM) and Universiti Malaya (UM). The partnership aims to strengthen research collaboration in medical software diagnostics with a focus on CT scan technologies.

- **MoU with National Cancer Society Malaysia (NCSM)**

Entered into an MoU with NCSM to provide free cancer screening services for individuals referred by NCSM in Johor with monthly incomes below RM5,000.

### ► AWARDS AND RECOGNITION

- **Health Tourism**

- Won six International Awards at the GlobalHealth Asia-Pacific Healthcare and Hospital Awards 2023.
- Received the Excellence in Services for Health Tourism from the Malaysia Australia Business Council (MABC).
- Received Company of the Year (Healthcare) from the Sustainability & CSR Malaysia Awards 2023

- **Employer Awards**

- Won the 'Most Preferred Graduate Employers to Work for in 2023' at the Graduates' Choice Award 2022 for the second consecutive year.
- Awarded '2024 Graduates' Choice of Employers to Work For' in the Healthcare (Hospital) category at the 6th Graduates' Choice Award (GCA) ceremony.

## BUSINESS REVIEW



### Outlook

As we transition into 2024, KPJ anticipates leveraging the sustained economic growth momentum from 2023 to fuel our advancements in the Malaysian healthcare sector. The healthcare landscape continues to evolve rapidly, driven by both public and private sector spending.

Private sector investment is expected to see substantial growth, with a projected 7.3% annual increase, positioning the industry for further expansion. Additionally, the Health Tourism sector is forecasted to grow by an impressive 11% in 2024, creating significant opportunities for KPJ to expand its services and reach a broader patient base.

KPJ is well-positioned to capture this growth, guided by our strategic focus on integrating cutting-edge technology into our operations to enhance patient care and operational efficiency.

A key milestone in 2024 is completion of the New Hospital Information System (nHIS) tender process allowing the solution to be progressively implemented from 2025 onwards. This state-of-the-art system will optimise hospital management and patient data access, offering tools such as AI-assisted treatment pathways, real-time patient records and enhanced diagnostic capabilities. These innovations will significantly improve our ability to deliver seamless, patient-centric care across our network of hospitals.

Additionally, KPJ remains committed to advancing its clinical capabilities. The introduction of the Elekta Versa HD Linear Accelerator (LINAC) at KPJ Damansara and KPJ Ipoh Specialist Hospitals will bolster our radiation therapy offerings, enhancing our ability to provide cutting-edge treatments.

Another groundbreaking initiative for 2024 is Malaysia's first 5G-enabled VSI Holomedicine® in partnership with apoQlar and key industry leaders like Digital Nasional Berhad (DNB) and Microsoft. This transformative technology will elevate our remote healthcare services, offering unprecedented precision in diagnosis and treatment.

As we move forward, KPJ is focused on driving innovation, improving clinical outcomes and continuously enhancing our patient experience. With a clear strategy and commitment to excellence, 2024 will be a transformative year for KPJ, ensuring that it continues to lead as a trusted healthcare provider in the region.



## Key Priorities for 2024

KPJ's strategic priorities for 2024 are aligned with our 2024-2028 roadmap, which focuses on optimising operations, driving innovation, and expanding its global reach.

### ▶ OPTIMISING THE CORE FOR A HIGH-PERFORMANCE ORGANISATION (HPO)

KPJ's journey toward becoming a High-Performance Organisation (HPO) will be driven by the theme of "Optimising the Core." We aim to enhance operational efficiencies and create a framework for exponential growth, ensuring that KPJ remains a leader in the healthcare sector.

### ▶ INTEGRATION OF KPJU AND KPJ HEALTHCARE: ADVANCING THE ACADEMIC HEALTH SYSTEM

A major priority is the seamless integration of KPJU and KPJ to realise our Academic Health System vision. This integration will not only improve clinical outcomes but also offer KPJ a unique value proposition in the market, providing us with a competitive edge that enhances both patient care and institutional reputation.

### ▶ IMPROVING BED OCCUPANCY RATE (BOR)

KPJ has set an ambitious target to increase its Bed Occupancy Rate (BOR) to 75% by 2028. This goal reflects its commitment to delivering patient-centered care under its "Care for Life" philosophy. By focusing on patient satisfaction and operational efficiencies, we aim to consistently improve service delivery and optimise resource utilisation.

### ▶ AI AND DATA-DRIVEN INITIATIVES

KPJ will further invest in artificial intelligence (AI) and data-driven technologies to enhance predictive, preventive, and precision medicine. These innovations will enable us to streamline patient care processes, improve diagnostic accuracy and personalise treatment plans, all contributing to better clinical outcomes and overall patient experience.

### ▶ EXPANDING ROBOTIC SURGERY CAPABILITIES

Robotic surgery will remain a key area of focus in 2024. Following the success of the Da Vinci Robot at DSH2, we will expand robotic-assisted surgeries to additional specialties such as orthopedics, and extend these services to more hospitals within KPJ's network. This will enhance our surgical offerings and position us at the forefront of minimally invasive surgery.

### ▶ HEALTH TOURISM STRATEGY AND INTERNATIONAL EXPANSION

Health tourism will be a critical driver of growth in 2024. To capture this opportunity, KPJ will invest in world-class marketing initiatives and establish a dedicated sales team. Additionally, we plan to open at least 10 representative offices in key international markets, further strengthening our presence in the global healthcare sector and expanding our reach to international patients.

## BUSINESS REVIEW



# FOOD AND BEVERAGES

### QSR

QSR Brands stands as a leader in the integrated food service industry, with an unparalleled presence across the entire farm-to-fork value chain. From feed production to poultry breeding, rearing and processing, the company ensures quality and efficiency at every stage. Beyond supplying its iconic brands, QSR Brands also extends its services to third party partners, demonstrating its versatility and commitment to industry excellence. With a robust network of 1,359 KFC and Pizza Hut restaurants strategically located across Malaysia, Singapore, Brunei and Cambodia, QSR Brands continues to deliver exceptional dining experiences to millions of customers.







## CORE ACTIVITIES

QSR Brands operates a vertically integrated business model, covering upstream, midstream and downstream activities:

### ▶ Upstream

QSR produces high-quality feed, manages poultry breeding and rearing operations, and processes poultry to meet the demands of its restaurants and third party partners. Additionally, it manufactures a variety of food products, including sauces, baked goods and commissary items like coleslaw, ensuring consistent quality and innovation.

### ▶ Midstream

QSR drives sales, marketing and trading activities, not only for its in-house products but also for third-party brands. These activities span domestic and international markets, solidifying its reputation as a key player in the food supply chain.

### ▶ Downstream

The company oversees the operation of 1,359 KFC and Pizza Hut outlets across Malaysia, Singapore and Cambodia. This includes managing customer experiences, enhancing operational efficiencies and upholding its brands' legacy as leaders in the quick-service and casual dining sectors.





## BUSINESS REVIEW

### KFC MALAYSIA

KFC Malaysia is a leading Quick Service Restaurant (QSR) chain, celebrated for its signature fried chicken and diverse menu offerings. Since opening its first outlet in Kuala Lumpur in 1973, KFC has grown into a beloved household name with 774 restaurants nationwide.



### BUSINESS ENVIRONMENT

The operating landscape in 2023 presented both opportunities and challenges for KFC Malaysia. As the nation transitioned from the pandemic to an endemic phase, supply chains stabilised and labour market conditions improved, providing a robust foundation for business growth. These developments enabled the company to implement an ambitious marketing calendar aimed at capturing greater market share.

However, the rising cost of living posed challenges to domestic demand. This prompted KFC Malaysia to prioritise product innovation and value offerings to resonate with cost-conscious consumers. By focusing on these areas, KFC Malaysia remained steadfast in delivering exceptional dining experiences and maintaining its position as a market leader.



### PERFORMANCE REVIEW

Strategic Objective	Key initiatives	Outcome (2023)
Building a RED brand.	<ul style="list-style-type: none"> <li>Re-energised 'Hero on Core' menu: Iconic Bucket, OR/ Hot &amp; Spicy, 3rd COB flavour as LTO, and portable varieties.</li> <li>Celebrated 50th anniversary with concerts (free tickets for customers).</li> <li>Hosted Kentucky Town one-week engagement event in a 5-star mall.</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced brand equity and engagement, especially among young adults. Increased menu appeal.</li> </ul>
New day-parts growth.	<ul style="list-style-type: none"> <li>Launched new sides, desserts, and snacks, including Portuguese egg tarts in 250 stores.</li> <li>Extended business hours.</li> <li>Introduced "Jimat Hours" for value-focused day-parts (2 pm–6 pm, 9 pm–3 am).</li> </ul>	<ul style="list-style-type: none"> <li>Expanded customer base, increased transactions during non-core hours.</li> </ul>
Accelerate organic and inorganic development.	<ul style="list-style-type: none"> <li>Grew drive-thru portfolio.</li> <li>Opened 5 new multi-format restaurants.</li> <li>Remodelled 104 stores for vibrant branding.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened operational footprint and refreshed brand visibility.</li> </ul>

Strategic Objective	Key initiatives	Outcome (2023)
<b>Price management.</b>	<ul style="list-style-type: none"> <li>• Deployed cautious menu price adjustments aligned with pricing framework.</li> <li>• Focused on upsell and suggestive selling with crew incentives.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased Average Order Value (AOV) and sustained profitability despite rising costs.</li> </ul>
<b>Capture higher share of delivery market.</b>	<ul style="list-style-type: none"> <li>• Expanded KFC's own delivery platform.</li> <li>• Scaled KFCD platform with feature enhancements.</li> <li>• Launched digital gamification, strategic data partnerships and omni-channel strategies.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased delivery market share and digital customer acquisition.</li> </ul>
<b>Events, catering, party, voucher sales.</b>	<ul style="list-style-type: none"> <li>• Expanded event and catering services and grew voucher sales.</li> </ul>	<ul style="list-style-type: none"> <li>• Diversified revenue streams through non-traditional sales channels.</li> </ul>
<b>Martech investment.</b>	<ul style="list-style-type: none"> <li>• Invested in Martech platforms for data acquisition.</li> <li>• Deployed a personalisation engine for omni-channel engagement.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced customer experience and increased AOV through tailored offers.</li> </ul>
<b>Cost optimisation.</b>	<ul style="list-style-type: none"> <li>• Optimised COGS through supplier renegotiations.</li> <li>• Reduced rental costs via landlord renegotiations.</li> <li>• Rolled out Self-Ordering Kiosks (SOKs) to 525 stores.</li> <li>• Improved energy management and minimised loss-making store closure.</li> </ul>	<ul style="list-style-type: none"> <li>• Lowered operational costs while improving service efficiency and sustainability.</li> </ul>



## Challenges & Mitigation

Challenge/Risk	Mitigation Actions
<b>Impact of the boycott of American brands due to the conflict in Gaza since October 2023, affecting revenue.</b>	<ul style="list-style-type: none"> <li>• Communicated neutrality and emphasised Malaysian ownership, including &gt;80% local Muslim employment.</li> <li>• Highlighted contributions such as zakat payments, taxes, support for the local supply chain and CSR initiatives.</li> <li>• Introduced value offers to retain customer loyalty.</li> <li>• Ensured consistent product quality and exceptional service standards to uphold customer trust.</li> </ul>



## Financial Performance

KFC Malaysia achieved a revenue of RM2.75 billion in 2023, reflecting a modest growth of 0.9% compared to 2022.

## BUSINESS REVIEW

### Key Achievements

#### ► PRESTIGIOUS BRAND RECOGNITION

- **PUTRA Brand Award 2023 – GOLD**

Honoured with the prestigious Gold Award for the 9th consecutive year since 2015, reaffirming KFC Malaysia's position as a trusted and beloved brand among Malaysians.

#### ► MARKETING EXCELLENCE

- **MDA d Awards 2023 – Best Use of Integrated Media – Bronze**

Recognised for innovative and impactful media strategies that integrated multiple channels effectively.

- **Festival of Media APAC Awards 2023 – Best Partnership – Silver:**

- Celebrated for exceptional collaborations, showcasing the power of strategic partnerships.

#### ► CREATIVITY IN ADVERTISING AND MEDIA

- **Kancil Awards 2023:**

Bronze:

- Best Use of Sponsorships & Partnerships.
- Best Use of Social & Messaging Platforms.

Merit:

- Best Use of Events & Live Experiences.
- Best Use of Branded Audio Content: Single.



### Outlook

In 2024, KFC Malaysia aims to strengthen its top- and bottom-line performance by focusing on sales and transaction growth at existing stores. This will be achieved through the introduction of new products, menu innovations and value-driven campaigns tailored to meet the needs of cost-conscious consumers.

To enhance its appeal among younger audiences, the brand will initiate youth-centric activations and campaigns specifically targeting Generation Z and younger millennials, fostering stronger emotional connections with this key demographic.

KFC Malaysia remains committed to elevating product quality, taste and portion sizes while reinforcing its service promise to build and maintain consumer trust. In addition, operational efficiency will be a key priority, with continued focus on cost optimisation initiatives, including resource management and supply chain enhancements. These strategic efforts are designed to ensure sustained growth, resilience and value delivery throughout the year.



## KFC SINGAPORE

KFC Singapore has been the leading fried chicken fast-food brand for 47 years, recognised for its quality and inclusivity with a Halal-certified menu. With 77 strategically located outlets and over 3,000 employees, KFC Singapore remains a trusted name, contributing significantly to the local economy and community.



### BUSINESS ENVIRONMENT

In 2023, KFC Singapore experienced strong sales growth and increased transactions, reflecting a positive recovery in the post-COVID marketplace. This momentum, however, was tempered by several challenges. Economic factors, such as a 1% GST increase in January and rising ingredient costs, led to necessary menu price adjustments in March and August.

The labour market posed ongoing difficulties as the F&B sector continued to face labour shortages, exacerbated by an aging population, higher literacy rates and increased labour costs due to the introduction of minimum wage policies and reduced foreign labour quotas.

The fast-food industry in Singapore also remained highly competitive, with brands like McDonald's, Burger King, Jollibee and Wingstop increasing their market presence throughout the year.

Consumer preferences shifted towards healthier, more sustainable food options, pushing KFC to adapt its menu to meet these evolving demands, particularly with the government's efforts to reduce sodium in food.

Additionally, the Gaza conflict in October impacted American brands, which in turn affected support from the Muslim community. Travel trends further impacted the retail and F&B sectors, with a surge in outbound travel from Singapore significantly affecting sales in December 2023.



### PERFORMANCE REVIEW

Strategic Objective	Key initiatives	Outcome (2023)
<b>Revenue growth and profitability.</b>	<ul style="list-style-type: none"> <li>Achieved strong sales performance of \$170.7 million, a 5.3% increase from 2022.</li> <li>Positive same-store sales growth of 7.6% and transaction growth of 1.8%.</li> </ul>	<ul style="list-style-type: none"> <li>Outperformed financial metrics, with annualised PBT and EBITDA surpassing expectations by 32% and 1%, respectively.</li> </ul>
<b>Store expansion.</b>	<ul style="list-style-type: none"> <li>Expanded store count to 77 by the end of 2023.</li> </ul>	<ul style="list-style-type: none"> <li>Demonstrated commitment to expansion and reaching more customers across Singapore.</li> </ul>
<b>Brand engagement and marketing.</b>	<ul style="list-style-type: none"> <li>Launched successful Limited Time Offers (LTOs) like Goldspice Chicken, Cereal Chicken, and Cheesy Zinger Meltz.</li> <li>Fostered collaborations with Gen Z-focused events and partners like the Transformers movie.</li> </ul>	<ul style="list-style-type: none"> <li>LTOs achieved positive sales and high customer engagement, e.g., Goldspice Chicken saw a 14.8% sales mix and +11% same-store sales growth.</li> </ul>
<b>Affordability and value for customers.</b>	<ul style="list-style-type: none"> <li>Activated value deals like \$5.50 Lunch Specials and Chicken Tuesday.</li> <li>Introduced app-based deals and partnerships with Shopee and Trust Bank to increase digital engagement.</li> </ul>	<ul style="list-style-type: none"> <li>Chicken Tuesday achieved a 37% sales mix, contributing \$1.38M in sales.</li> <li>Digital mix reached 62% through strategic partnerships and app promotions.</li> </ul>

## BUSINESS REVIEW

Strategic Objective	Key initiatives	Outcome (2023)
<b>Brand dominance and community engagement.</b>	<ul style="list-style-type: none"> <li>• Dominated International Fried Chicken Day with the first-ever Fried Chicken Unlimited Feast.</li> <li>• Celebrated local culture with collaborations like Amos Ananda's Bucket Hat collection.</li> </ul>	<ul style="list-style-type: none"> <li>• Successfully sold out 5,334 tickets for the three-day event, generating \$102K in sales.</li> <li>• Earned \$135K in media value and strong social media buzz.</li> </ul>
<b>Cost management and supply chain efficiency.</b>	<ul style="list-style-type: none"> <li>• Negotiated with suppliers to stabilise ingredient costs amidst inflation.</li> <li>• Established 2Y contracts with suppliers to lower costs.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced Costs of Sales (COS) from 31.9% to 29.7%, with further savings expected in the future.</li> <li>• \$30K in COS improvements identified.</li> </ul>
<b>Future-proofing and sustainability.</b>	<ul style="list-style-type: none"> <li>• Explored alternative poultry suppliers in preparation for upcoming tenders.</li> </ul>	<ul style="list-style-type: none"> <li>• Established a more stable supply chain for ingredients, preparing for future challenges in the industry.</li> </ul>

## Challenges & Mitigation

Challenge/Risk	Mitigation Actions
<b>Fluctuating demand and supply:</b> Sales slowdown in Q4 2023 due to the Israel war on Palestine and inflationary pressures.	<ul style="list-style-type: none"> <li>• Adjusted stock inventory levels and prepared for potential impacts into 2024.</li> </ul>
<b>Healthier ingredients:</b> Government's focus on lower sodium and healthier oil in food.	<ul style="list-style-type: none"> <li>• Reviewing food recipes and nutrition content with YUM, testing healthier oil in 2024 to comply with future legislation.</li> </ul>
<b>Labour challenges:</b> Labour market constraints due to tightening foreign worker quotas and the Progressive Wage Model (PWM).	<ul style="list-style-type: none"> <li>• Conducted a thorough review of labour scheduling, optimised job scopes, and workflows to increase productivity.</li> </ul>
<b>Overtime management:</b> Increased minimum pay rates and reduced foreign worker quotas.	<ul style="list-style-type: none"> <li>• Increased recruitment of part-time staff, reducing overtime costs and improving labour management.</li> </ul>
<b>Labour efficiency:</b> Need for higher productivity amidst tighter labour quotas.	<ul style="list-style-type: none"> <li>• Introduced a labour forecasting tool to assist restaurant managers in planning and achieving sales per man-hour (SPMH) targets.</li> </ul>
<b>Delivery costs and efficiency:</b> High reliance on full-time riders for last-mile delivery.	<ul style="list-style-type: none"> <li>• Transitioned to using last-mile delivery riders, improving efficiency and reducing costs.</li> </ul>



## Financial Performance

KFC Singapore registered a 5% increase in revenue from SG\$162 million in 2022 to SG\$171 million in 2023. This growth was driven by a 1.8% rise in same-store transactions, attributed to effective marketing campaigns and operational optimisation initiatives which enhanced the speed of service.

## Key Achievements

### ▶ TOP ACHIEVEMENTS

- **QSR Media Award - Best Sustainability Initiative**
  - Recognised for the partnership with TRIA on the pilot project aimed at achieving Zero Waste.
- **QSR Media Award - Best Marketing Campaign**
  - Awarded for the KFC Meltz (2022) campaign, highlighting exceptional marketing creativity and execution.
- **MARKETING EXCELLENCE AWARD by Marketing Magazine Singapore**
  - Silver in Excellence in Anniversary Marketing for the #MeandMyKFC campaign celebrating KFC's 45th Anniversary.
- **MARKIES by Marketing Magazine Singapore**
  - Gold in Most Effective Use – Customer Acquisition for the #UnboringMorning breakfast campaign, executed with Havas Media.
  - Bronze in Most Effective Use – Influencers/KOLs for the Zhng Zinger campaign, done in partnership with TSLA + Havas.

### ▶ OPERATIONAL & LEADERSHIP ACHIEVEMENTS

- **YUM! SCM:**
  - Above & Beyond Core Duty (ABCD) in 2022 for outstanding operational performance.
  - Spend Smarter Champion in 2023 for excellence in cost management and procurement strategies.

### ▶ CREATIVE & MARKETING EXCELLENCE

- **KABOOM Award – YUM Marketing:**
  - Most Crave-able Content for the Cheesy Zinger Meltz campaign, recognising exceptional marketing content.
  - Best Agency-Client Relationship awarded to the partnership between Havas Media and KFC Singapore for effective collaboration.



## Outlook

KFC Singapore's 2024 outlook focuses on driving sustainable growth, improving business performance and enhancing customer experience. The company will prioritise menu innovation by introducing portable, boneless items and exciting Limited Time Offers (LTOs) that align with current trends, specifically targeting younger consumers and boosting lunchtime traffic. A new \$5 value layer and strategic value promotions are also planned to enhance consumer engagement and perception of value.

Digital expansion is a key focus, with plans to increase the number of self-service kiosks and launch a new, feature-rich ordering app to improve the customer experience. In line with its asset strategy, KFC will use data-driven tools to optimise store locations, focusing on profitability and exiting non-performing stores.

KFC Singapore will continue to enhance labour productivity through better scheduling and wage management, while also focusing on cost management by leveraging bulk purchasing and exploring alternative suppliers. Additionally, the company will invest in people capabilities by providing staff training and aligning performance with clear KPIs.



## BUSINESS REVIEW

### KFC BRUNEI

KFC Brunei is a leading quick-service restaurant chain in the nation and operates 18 strategically located restaurants across Brunei. It caters to diverse customer preferences through dine-in, takeaway, drive-thru and delivery services. Upholding its commitment to local values, KFC Brunei is Halal certified, ensuring the menu aligns with the dietary requirements of customers.



### BUSINESS ENVIRONMENT

The operating environment in 2023 presented both opportunities and recovery-driven momentum for KFC Brunei. With the full reopening of borders and the transition from pandemic to endemic phases, ingredient supplies stabilised, ensuring an uninterrupted availability of diverse menu offerings. This allowed for the expansion of its menu to include items such as fries, wedges, nuggets, Zinger Burgers and Colonel Burgers.

The relaunch of popular items like the Loaded Potato Bowl, Cheezilla and Double Down Zinger Burger further strengthened its market presence and contributed to strong sales growth. The combination of improved supply chain conditions, a recovering labour market, and heightened domestic demand positioned KFC Brunei for a successful year of operations.



### PERFORMANCE REVIEW

Strategic Objective	Key initiatives	Outcome (2023)
Cost optimisation.	<ul style="list-style-type: none"> <li>Negotiated rental agreements with landlords to reduce operating costs.</li> </ul>	<ul style="list-style-type: none"> <li>Achieved cost savings of B\$34,000 from rental reductions.</li> </ul>



### Challenges & Mitigation

Challenge/Risk	Mitigation Actions	Result/Expected Result
Boycott starting in November 2023 caused a significant revenue downturn in Q4 2023.	<ul style="list-style-type: none"> <li>Implemented low-margin marketing promotions and conducted active customer engagement activities during Q4 2023.</li> </ul>	<ul style="list-style-type: none"> <li>Successfully closed the sales and transaction gap in Q4 2023, achieving 13% sales growth and 12% transaction growth by year-end.</li> </ul>



## Financial Performance

KFC Brunei maintained its momentum, surpassing preceding year's record by achieving B\$16.1 million in revenue in 2023, reflecting a 12.5% growth. The success was driven by effective marketing campaigns.

## Key Achievements

KFC Brunei achieved a sales growth of 13% in 2023. This impressive growth was driven by an impactful marketing calendar and uninterrupted supply chain throughout the year, ensuring consistent availability of menu items and enhanced customer satisfaction.



## Outlook

The year 2024 presents a challenging business landscape for KFC Brunei, with a significant downturn in year-to-date (YTD) revenue primarily driven by ongoing boycotts through the first half of the year. Despite these challenges, KFC Brunei remains committed to revitalising its market presence by focusing on key priorities that cater to evolving customer needs and preferences.

To attract families, KFC Brunei plans to create a family-friendly atmosphere by introducing dedicated play areas and offering special kids' meals, including thoughtfully designed Kids Meal Combos. Simultaneously, the brand will target busy professionals with convenient combo meals tailored to their needs, offering balanced, satisfying options for quick lunches or post-work meals.

Emphasising the accessibility of KFC Brunei locations as ideal spots for fast, high-quality meals will further strengthen its appeal to time-conscious customers. These initiatives aim to drive customer engagement, enhance the dining experience and mitigate revenue challenges in the year ahead.

## BUSINESS REVIEW

### KFC CAMBODIA

KFC Cambodia has been serving the Cambodian market since 2008 in partnership with The Royal Group Cambodia. A leading quick-service restaurant chain, it operates 13 strategically-located outlets across the country, namely Phnom Penh, Siem Reap, Sihanoukville and Battambang. Notably, KFC Cambodia is among the few Halal-certified restaurants in the country, aligning with the dietary needs of our valued customers.



### BUSINESS ENVIRONMENT

In 2023, Cambodia's business environment posed several challenges and opportunities for KFC Cambodia. Inflationary pressures increased operating costs and reduced consumer spending power, impacting overall market conditions. Additionally, the change in government introduced numerous new policies, which led to a cautious approach among foreign investors as they awaited policy stabilisation.

Despite these challenges, the recovery of Cambodia's tourism sector proved advantageous, driving foot traffic to key locations and enhancing overall business performance. This mix of hurdles and opportunities shaped KFC Cambodia's operational strategies in 2023 as it continued to adapt to the evolving economic and political landscape.



### PERFORMANCE REVIEW

Strategic Objective	Key initiatives	Outcome (2023)
Business hour optimisation.	<ul style="list-style-type: none"> <li>Extended business hours for select restaurants to capture additional sales.</li> </ul>	<ul style="list-style-type: none"> <li>Contributed to approximately 8% of total sales.</li> </ul>
Menu and pricing review.	<ul style="list-style-type: none"> <li>Improved delivery menu and optimised pricing for both in-store and delivery channels.</li> </ul>	<ul style="list-style-type: none"> <li>Maintained gross profit (GP) at 68.7% despite increased cost of sales.</li> </ul>



### Challenges & Mitigation

Challenge/Risk	Mitigation Actions	Result/Expected Result
Increase in food costs and supply disruptions.	<ul style="list-style-type: none"> <li>Negotiated with YUM to obtain better poultry prices and actively sourced alternative suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>Maintained poultry costs at an affordable level and secured additional suppliers for key ingredients.</li> </ul>





## Financial Performance

KFC Cambodia achieved a 2.4% sales growth compared to the preceding year, with revenue reaching USD5.6 million in 2023. This growth was driven by the launch of new products and effective marketing efforts.

## Key Achievements

- KFC Cambodia achieved a 2.4% increase in sales compared to the previous year, successfully navigating the challenges posed by a difficult economic environment.
- The brand was recognised for its exceptional performance in the delivery sector, receiving the Top Regional Partner Award from Grab Food and the Best Sales Performance Award from Food Panda, highlighting its strong partnerships and effective sales strategies.



## Outlook

In 2024, KFC Cambodia anticipates a positive outlook with several factors contributing to the potential growth of the business. The recovery of the tourism sector is expected to drive foot traffic, especially in high-tourism areas, while the stabilisation of the new government and food costs will provide a more predictable business environment. These factors will create opportunities for continued growth despite the challenges faced in previous years.

The key priorities for KFC Cambodia in the coming year will be to maintain the sales growth momentum achieved in 2023 while effectively managing operational costs. Focus will be placed on optimising business operations, expanding customer engagement efforts and leveraging strategic partnerships to sustain profitability.

By staying agile and responsive to market conditions, KFC Cambodia aims to build on its successes and further strengthen its position in the competitive landscape.

BUSINESS REVIEW

PIZZA HUT MALAYSIA

Pizza Hut Malaysia was established in 1982 and today operates 475 omnichannel stores nationwide. It provides customers with a range of service options, including dine-in, takeaway and delivery, through its online platforms and third-party food aggregators. The brand aims to deliver both convenience and high-quality, great-tasting food at competitive pricing, catering to a broad customer base across the country.



BUSINESS ENVIRONMENT

The business environment in 2023 presented several challenges for Pizza Hut Malaysia. The ongoing recovery from the pandemic, combined with a surge in supply costs and raw material prices that began in 2022, created a more difficult landscape for the food and beverage (F&B) sector. Additionally, layoffs in key companies in Malaysia fueled concerns about a potential recession, leading to reduced consumer spending and a more cautious market.

The highly competitive nature of the F&B sector intensified during the year, with businesses, including Pizza Hut, adjusting their pricing strategies to attract reluctant customers. This was further exacerbated by the acquisition of Domino’s Malaysia by Domino’s Pizza Enterprises, which is the largest franchisee for the US Domino’s brand globally. This move sparked an aggressive push for market share, making the pizza market even more competitive.

Adding to the challenges, the geopolitical tensions in Gaza, which started in October, led to a boycott of American brands, further impacting major F&B players, including Pizza Hut. Despite these external pressures, the brand focused on maintaining its strong position in the market by adapting its strategies to meet customer needs in a shifting economic and political landscape.



PERFORMANCE REVIEW

Strategic Objective	Key initiatives	Outcome (2023)
Reinforce Pizza Hut as a brand for daily use.	<ul style="list-style-type: none"><li>Expanded the Personal Meal segment through:<ul style="list-style-type: none"><li>- Introduction of Melts, a new food format.</li><li>- Enhanced MyBox offerings with “MyBox of the Day” and “MyBox 2pc Savers” deals.</li></ul></li><li>Introduced the Fun 5 Flavours pizza range to reinforce entry-level value.</li><li>Collaborated with food aggregators for targeted promotions to attract new customers.</li></ul>	<ul style="list-style-type: none"><li>Growth of Individual Meals by +32%.</li><li>Sales of Melts and MyBox offers grew by 21% during the campaign period.</li><li>Entry Value segment grew by +20% in 2023 vs. 2022, with GP improving by +13% bsp, resulting in an overall GP improvement of +2% bsp.</li><li>Food aggregator sales grew by +13%.</li></ul>
Attract young adults by cultivating brand affection and relevance.	<ul style="list-style-type: none"><li>Partnered with trending brands and key interests such as Coke, Genshin (Anime), and Dolla (a local girl band).</li></ul>	<ul style="list-style-type: none"><li>Improved Brand Buzz and Brand Index by +20% during the campaign period.</li></ul>
Data and digital transformation.	<ul style="list-style-type: none"><li>Executed a digital transformation blueprint and roadmap, focusing on improving the customer experience.</li></ul>	<ul style="list-style-type: none"><li>Enhanced and improved digital systems and better customer experience.</li></ul>



## Challenges & Mitigation

### Challenge/Risk

Fluctuations in foreign exchange, rising costs of fuel and logistics, escalating raw material prices and evolving government policies impacting business expenses.

Continuous prolonged geopolitical conflict resulting in persistent boycotts.

### Mitigation Actions

- Applied successful supply chain strategies, including alternate sourcing and partnerships with local vendors.
  - Initiated measures to cut costs in distribution, storage, and transportation.
  - Implemented cost mitigation measures in stores and within the organisation.
- 
- Engaged in ongoing communication to clarify QSR Brands' role as a Malaysian entity, emphasising its contributions to nation-building and alignment with Islamic principles and heritage.
  - Strengthened community involvement through CSR initiatives, including educational scholarships and the Sehati campaign.



## Financial Performance

Pizza Hut Malaysia recorded RM663 million in revenue in 2023, a decline from the previous year, mainly due to decreased consumer demand.

## Key Achievements

### ► BUSINESS AND OPERATIONAL EXCELLENCE

- **APAC Champion League 2023**
  - Best of the Best (Cashier)
- **YUM International Franchisee Partner's Council 2023**
  - The Easiest Experience Award (Digital)
  - Development Engine Award (Store Developments & Expansion)
  - Unbreakable Chain Award (Continuous Supply)

### ► MARKETING EXCELLENCE

- **2023 CMO Awards of The Year**
  - CMO of the Year for F&B Category – Emily Chong
- **2023 YUM Pizza Hut Global Winning Shares of Culture**
  - Gold Winner | Pizza Hut Melts with Cola Collaboration
- **2023 EFFIES Malaysia**
  - Topical & Annual Events Category: Current Events (Bronze)  
Winning The Hearts Of The Youth With A "Blackpink" Pizza
  - Digital Category: Influencer Marketing (Bronze)  
Showcasing Pizza Hut's Value By Pulling The Greatest Pizza Heist

### • 2023 NorthStar Global Awards - Dentsu

- Integrated Growth Solutions (Bronze)  
Pizza Hut Cheese Codes

### • 2023 Global Clio Sports Awards

- Games & Digital Medium: Direct (Silver)  
Pizza Hut Cheese Codes
- Games & Digital Medium: Digital (Bronze)  
Pizza Hut Cheese Codes

### • 2023 Kancil Awards

- Won 18 awards

### • 2023 MDA d Awards

- Best Use of E-Gaming Platform in Digital Marketing (Gold)  
Pizza Hut Cheese Codes
- Best Influencer Marketing Campaign (Silver)  
The Syiokest Pizza Heist

### • 2023 MSA Awards

- Media Collaboration (Silver)  
Pizza Hut Cheese Codes
- Mobile, Interactive & Immersive Experiences (Silver)  
Pizza Hut Cheese Codes



## BUSINESS REVIEW



### Outlook

As the business navigates an evolving geopolitical landscape, operational agility and efficiency remain paramount for sustained growth in 2024. Pizza Hut Malaysia is committed to prioritising community engagement and upholding QSR's strong Malaysian heritage. This includes initiatives such as partnering with local universities and institutions, supporting national development through impactful CSR activities and continuing to be a major contributor to Zakat, all while strengthening its position as a leader in the Halal food sector in Malaysia.

Brand relevance and value will be central to expanding reach and deepening customer connections. By deploying innovative campaigns and strategic partnerships, Pizza Hut Malaysia aims to enhance single-meal occasions and resonate with younger demographics. Strengthening data-driven, personalised marketing strategies will be crucial to improving relevance and driving higher sales conversions, which will ensure the brand remains a preferred choice for diverse customer segments.

### PIZZA HUT SINGAPORE

Pizza Hut Singapore, established in 1981, is the country's #1 pizza brand, offering halal-certified inclusivity through 63 outlets and omnichannel services. With 90% of revenue from delivery and takeaway, the brand leverages key partnerships and innovative promotions, including a new rewards program, to deliver value and foster loyalty. Committed to community engagement and sustainability, Pizza Hut ensures exceptional dining experiences.



### BUSINESS ENVIRONMENT

In 2023, Pizza Hut Singapore navigated a challenging business environment shaped by post-endemic consumer behaviours and economic pressures. Rising costs of ingredients, utilities and operations, coupled with the implementation of the Progressive Wage Model and stricter foreign labour quotas, significantly impacted profit margins and heightened recruitment challenges in the F&B sector. Inflationary pressures and the additional 1% GST further drove up food prices, prompting consumers to become more value-conscious and reduce discretionary spending.

Shifts in consumer preferences saw increased interest in casual upper dining and budget-friendly cross-border dining in Malaysia, while the competitive landscape intensified with aggressive promotions from major players and smaller brands. Additionally, changing shopping habits and a preference for smaller retail spaces drove demand for self-service and fast-paced dining models.

Despite these challenges, the evolving environment presented opportunities for Pizza Hut Singapore to innovate, adapt and sustain its growth.



## PERFORMANCE REVIEW

Strategic Objective	Key initiatives	Outcome (2023)
Marketing and brand growth.	<ul style="list-style-type: none"> <li>• Introduction of solo dining items</li> </ul>	<ul style="list-style-type: none"> <li>• Introduction of Melts, with strong performance surpassing regional markets: 56 PDPS sales, 14% sales mix, 22% growth in youth market (16-24).</li> </ul>
	<ul style="list-style-type: none"> <li>• Product and marketing to engage growth customer segment aged 16 to 30.</li> </ul>	<ul style="list-style-type: none"> <li>• Army Stew Pizza, Mac &amp; Cheese Cheesy Bites, sweet &amp; sour Chicken Pizza, and heart-shaped Pizzas tailored to local tastes and seasonal events, boosting sales.</li> </ul>
	<ul style="list-style-type: none"> <li>• Brand buzz through creative initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>• Melts campaign won four awards at the Markies event, cementing success.</li> </ul>
Value-driven accessibility.	<ul style="list-style-type: none"> <li>• 50% off second pizza promotion.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased ticket orders, contributing to a rise in average sales per transaction.</li> </ul>
	<ul style="list-style-type: none"> <li>• Pocket Pleasers and special meal bundles.</li> </ul>	<ul style="list-style-type: none"> <li>• Pocket Pleasers achieved 5% sales mix, contributing to sales growth.</li> </ul>
	<ul style="list-style-type: none"> <li>• Teatime offers and bank partnerships.</li> </ul>	<ul style="list-style-type: none"> <li>• Generated \$280K in additional sales and expanded customer base via collaborations with DBS and Amex.</li> </ul>

Strategic Objective	Key initiatives	Outcome (2023)
Youth engagement and digital innovation	<ul style="list-style-type: none"> <li>• Launch of Pizza Dash mobile game.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced engagement with youth gaming culture, strengthening brand affinity.</li> </ul>
	<ul style="list-style-type: none"> <li>• Collaborations with tertiary institutions and food aggregators.</li> </ul>	<ul style="list-style-type: none"> <li>• Boosted online-to-offline sales, achieving 9% growth through aggregator partnerships.</li> </ul>
Supply chain management and cost efficiency	<ul style="list-style-type: none"> <li>• SKU and menu rationalisation.</li> </ul>	<ul style="list-style-type: none"> <li>• Saved approximately \$300K, reducing cost of sales from 23.9% to 22.2% in H2 2023.</li> </ul>
	<ul style="list-style-type: none"> <li>• Negotiations with suppliers for cost savings.</li> </ul>	<ul style="list-style-type: none"> <li>• Saved around \$1M annually despite rising ingredient costs.</li> </ul>
	<ul style="list-style-type: none"> <li>• Optimised inventory management.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced Food &amp; Drink costs from 2.9% (H1) to 2.5% (H2), improving overall cost management.</li> </ul>

## BUSINESS REVIEW



### Challenges & Mitigation

Challenge/Risk	Mitigation Actions	Result/Expected Result
Labour shortage and rising labour costs.	<ul style="list-style-type: none"> <li>Optimised operations allowance package to boost productivity and performance.</li> </ul>	<ul style="list-style-type: none"> <li>Improved efficiency in operations, helping to manage labour costs more effectively.</li> </ul>
	<ul style="list-style-type: none"> <li>Reduced operating hours at 14 stores, focusing on eliminating the least productive hour with low sales.</li> </ul>	<ul style="list-style-type: none"> <li>Cost savings on labour, improving overall operational efficiency.</li> </ul>
	<ul style="list-style-type: none"> <li>Transitioned 9 low-volume stores to last-mile delivery with 100% external riders.</li> </ul>	<ul style="list-style-type: none"> <li>Reduced delivery costs while maintaining quality service and ensuring pizzas are delivered at their best.</li> </ul>
	<ul style="list-style-type: none"> <li>Re-contracted rider fleet and reduced bike lease commitments, saving \$100,000 annually.</li> </ul>	<ul style="list-style-type: none"> <li>Significant savings on fleet and contract management, ensuring more cost-effective operations.</li> </ul>
	<ul style="list-style-type: none"> <li>Renegotiated contracts for rider payroll and liabilities management, saving an additional \$75,000 annually.</li> </ul>	<ul style="list-style-type: none"> <li>Further reduction in labour costs, contributing to overall savings and improved cost management.</li> </ul>
Escalating ingredient and supply chain costs.	<ol style="list-style-type: none"> <li>Continued negotiations with suppliers and sought alternative suppliers for more competitive pricing.</li> </ol>	<ul style="list-style-type: none"> <li>Stabilisation of ingredient costs, achieving better cost control despite market volatility.</li> </ul>
Rising menu prices due to cost increases.	<ol style="list-style-type: none"> <li>Qualified two new suppliers for Roast Wings and Drumlets to offer more competitive pricing.</li> </ol>	<ul style="list-style-type: none"> <li>Increased cost efficiency for specific ingredients, contributing to lower overall cost of sales (COS).</li> </ul>
	<ol style="list-style-type: none"> <li>Implemented price increases in January, May, and September 2023 to recover against rising COS.</li> <li>Carefully monitored price increases to avoid negatively affecting transactions.</li> </ol>	<ul style="list-style-type: none"> <li>Price adjustments helped mitigate the impact of increased ingredient costs while balancing affordability.</li> <li>Maintaining a balance between pricing and customer demand to sustain sales volumes.</li> </ul>



### Financial Performance

Pizza Hut Singapore experienced a slower year, with revenue closed at SG\$93 million.



## Key Achievements

### ► OPERATIONAL EXCELLENCE

- **Recognition from Yum for Significant Improvement in ACE Performance (H1 2024 over H2 2023)**
  - For a notable improvement in Quality Assurance (QA) and Operations (Ops), demonstrating its ongoing efforts to enhance service delivery and operational performance.

### ► MARKETING INNOVATION

- **"Elvis" Award for Pushing Boundaries in Marketing Initiatives**
  - In recognition of its bold and innovative marketing campaigns that have set new standards and elevated the brand's presence in the market.



## Outlook

In 2024, Pizza Hut Singapore aims to enhance sales, expand its footprint and strengthen brand relevance. Key strategies include introducing innovative menu items to maintain freshness, promoting value meals to improve affordability and launching a customer rewards programme to build loyalty. Pizza Hut Singapore's app will be upgraded with gamification features to boost engagement.

The company will optimise its store locations using precise mapping tools, exit non-performing outlets, and focus resources on more profitable locations. Labour productivity will be improved through better scheduling and new wage packages, while cost management will involve bulk purchasing and seeking alternative suppliers.

Additionally, staff training will focus on both technical and soft skills, with performance-based KPIs to ensure accountability. Pizza Hut will also implement the QSRB Flywheel to foster a high-performance, heart-led culture, particularly among Restaurant General Managers, to drive success throughout the year.

## QSR TRADING

Established in 2008, QSR Trading Sdn. Bhd. (QSRT) is a key subsidiary of QSR Brands, alongside renowned brands such as KFC, Pizza Hut, Ayamas, Life and QSR Manufacturing. The company focuses on trading operations both in domestic and international markets, solidifying its position as a prominent player in the food industry.

QSRT is recognised as one of the largest providers of frozen processed food products in Malaysia's consumer retail market. With its flagship brands, Ayamas and Ayamas Kitchen, QSRT has achieved significant market share, particularly in core product categories. The company's strategic approach and strong brand presence have made it a leader in frozen food, catering to the growing demand for high-quality, convenient food products across various consumer segments.



## BUSINESS REVIEW



### BUSINESS ENVIRONMENT

In 2023, the business environment for QSR Trading Sdn. Bhd. (QSRT) was shaped by several key factors that influenced both operational strategies and market performance.

#### Economic Recovery

Malaysia's economy continued its post-pandemic recovery, with steady GDP growth driven by strong domestic demand and a rebound in critical sectors such as manufacturing, services and exports. The first half of 2023 saw a robust performance, particularly in the fast-moving consumer goods (FMCG) sector, supported by key festivals like Chinese New Year and Hari Raya. However, the second half of the year presented challenges, as consumer spending became more cautious, and the pace of recovery became uneven across different industries.

#### Inflationary Pressures

Inflation was a significant concern for QSRT in 2023, largely driven by rising global commodity prices, ongoing supply chain disruptions, and an increased cost of goods and services. As a company reliant on imported products, QSRT faced considerable pressure to manage rising operational costs, which impacted pricing strategies and margins across its product portfolio. These inflationary challenges required effective cost management and strategic adjustments to maintain competitiveness in a cost-conscious market.

#### Domestic Customer Demand

Domestic consumer preferences shifted in 2023, with a growing demand for value, convenience and sustainability. Consumers became more discerning in their purchasing decisions, seeking high-quality products that offered better value for money. This shift in consumer behaviour prompted businesses, including QSRT, to adapt by offering personalised, high quality products while leveraging data-driven insights to better understand and anticipate customer needs. The focus on sustainability also became a key consideration, with consumers showing greater interest in brands that aligned with environmental and social responsibility values.



### PERFORMANCE REVIEW

Strategic Objective	Key initiatives	Outcome (2023)
<b>Business model transformation.</b>	<ul style="list-style-type: none"> <li>Transforming from a traditional trading house to a brand owner.</li> </ul>	<ul style="list-style-type: none"> <li>Launch of Ayamas Kitchen Santan with the tagline "more than just chicken" contributed to 6% incremental sales growth in 2023.</li> </ul>
<b>Trusted brand builder.</b> - To be a full-service distributor for external brands.	<ul style="list-style-type: none"> <li>Fully equipped distributor with complete online and offline capabilities.</li> <li>Route to Market structure reaching multiple channels.</li> </ul>	<ul style="list-style-type: none"> <li>Active customers of more than 13 thousand and double-digit YoY growth.</li> </ul>
<b>Digitalisation.</b>	<ul style="list-style-type: none"> <li>Introducing new digital tools to improve performance and productivity via traceability at in-store execution excellence.</li> </ul>	<ul style="list-style-type: none"> <li>Sales growth of 6%, improved coverage, and enhanced customer service.</li> </ul>



## Challenges & Mitigation

Challenge/Risk	Mitigation Actions	Result/Expected Result
Product quality and safety concerns.	<ul style="list-style-type: none"> <li>Implement strict quality control measures, including raw material inspection, comprehensive SOPs and regular testing &amp; sampling.</li> </ul>	<ul style="list-style-type: none"> <li>Increased traceability and lower incidences of quality issues.</li> </ul>
Supply chain disruptions.	<ul style="list-style-type: none"> <li>Implement inventory management strategies such as safety stock buffers and real-time tracking.</li> </ul>	<ul style="list-style-type: none"> <li>Little to no disruption to the business.</li> </ul>
Information security threats.	<ul style="list-style-type: none"> <li>Employee training and awareness programs (phishing awareness and regular IT training sessions).</li> </ul>	<ul style="list-style-type: none"> <li>Price adjustments helped mitigate the impact of increased ingredient costs while balancing affordability.</li> </ul>
	<ul style="list-style-type: none"> <li>Carefully monitored price increases to avoid negatively affecting transactions.</li> </ul>	<ul style="list-style-type: none"> <li>Increased employee vigilance against IT threats.</li> </ul>



## Financial Performance

QSRT registered a 6% increase in revenue from RM347 million in 2022 to RM366 million in 2023.

## Key Achievements

- Reported net sales of RM366 million, representing a 6% growth.
- Received the GIANT - Business Partner Award for the best grocery key account team.
- Awarded an appreciation award from Kewpie Malaysia for being one of the best-performing distributors globally in 2023.



## Outlook

The outlook for QSR Trading in 2024 presents several challenges, particularly with fluctuating foreign currency exchange rates and rising commodity prices. Consumer sentiment is expected to remain highly price-sensitive, with an emphasis on value, especially for trusted local brands offering quality products.

Despite these challenges, QSR Trading is well positioned for growth in 2024. In the first half of the year, the company has already seen strong, steady double-digit growth, driven by the continued success of core brands like Ayamias, Life Sauces and Kewpie. Additionally, QSRT is focusing on expanding the Ayamias Kitchen Frozen Food category as part of Ayamias' premiumisation strategy, introducing products such as bone-in, nuggets, and sausages. This strategic initiative is essential for ensuring long-term business growth and sustainability.





# REAL ESTATE & INFRASTRUCTURE

## WHAT WE DO

JLand Group Sdn Bhd (JLG) stands as a premier integrated end-to-end real estate solutions provider, dedicated to enhancing the quality of life through sustainable and innovative real estate developments. As a wholly-owned subsidiary of Johor Corporation (JCorp), JLG draws upon its extensive heritage and deep industry expertise to shape transformative projects that span industrial, commercial and residential sectors.







## CORE ACTIVITIES

### ▶ Real Estate Development

JLG specialises in creating industrial, commercial and residential properties that integrate smart technologies and sustainable ecosystems, unlocking asset value while promoting economic growth and environmental stewardship. These developments are designed to create liveable and future-ready communities, ensuring long-term value for stakeholders.

### ▶ Asset Lifecycle Management

JLG's proactive and holistic approach to managing real estate assets ensures consistent value delivery to customers and communities. By focusing on sustainable operations, JLG enhances the lifecycle of its assets, fostering trust and peace of mind amongst its stakeholders.

### ▶ Real Estate Investment

Through strategic capital deployment, JLG undertakes value-added impact investments across diversified portfolios. By identifying and executing investments that align with future market trends, JLG positions itself as a key player in delivering long-term returns while driving social and environmental benefits.

### ▶ Infrastructure and Utilities

In line with its commitment to innovation, JLG ventures into the development of critical digital and mobility infrastructures, alongside renewable energy solutions, particularly in high-tech industrial developments. These initiatives not only support JLG's sustainable vision but also contribute to the broader economic and environmental goals of the communities in which it operates.

## BUSINESS REVIEW



### BUSINESS ENVIRONMENT

#### Global

The global economic landscape in 2023 was fraught with challenges, marked by a deceleration in growth (2023: 2.6%; 2022: 3.1%) due to rising interest rates, persistent inflation, and ongoing geopolitical tensions. Despite initial optimism driven by China's post-COVID-19 reopening, the momentum faded quickly, adding to the global uncertainty.

Inflation, although easing from the peaks of 2022, remained elevated (2023: 6.8%; 2022: 8.7%), leading many central banks to maintain tight monetary policies, with some continuing to raise interest rates.

In the real estate sector, global supply chain disruptions persisted, increasing costs and causing delays in the procurement of construction materials. These challenges required JLand Group (JLG) to adopt strategic adjustments in its procurement processes and project management to mitigate the impact on timelines and costs.

#### Malaysia

Despite global headwinds, Malaysia's economy grew by 3.6% in 2023, supported by a robust services sector, which expanded by 5.1%, and a recovery in domestic tourism.

The easing of inflation to 2.5% (2022: 3.3%) was a positive development, aided by declining global commodity prices, improved supply chains, and government interventions such as price controls and subsidies.

The labour market also showed strong signs of recovery, with the unemployment rate decreasing to 3.4% and the labour force participation rate rising to 70%. However, the real estate sector faced challenges in securing semi-skilled and skilled labour, which impacted project delivery schedules.

Despite these obstacles, the domestic property market remained buoyant, driven by government incentives such as the Home Ownership Campaign and low interest rates. There was a strong preference for properties offering integrated lifestyle amenities, with suburban and emerging areas experiencing particularly high demand.

*(Source: Bank Negara Malaysia Annual Report, Mackenzie 2024, International Monetary Fund)*



## PERFORMANCE REVIEW

In 2023, JLand Group (JLG) demonstrated strong resilience and adaptability, with its performance underpinned by the execution of four key Strategic Thrusts.

**Sustainable Real Estate Development** remained a core focus, where JLG successfully launched and advanced key projects across the industrial, commercial and residential sectors. These developments integrated smart and sustainable technologies, aligning with its commitment to ESG principles. The adoption of green building standards and energy-efficient systems contributed to long-term value creation for both JLG and its communities.

**Asset Lifecycle Management** saw continuous enhancement as JLG implemented proactive management strategies across our portfolio, ensuring that assets delivered consistent value. This resulted in improved operational efficiency and asset performance, solidifying JLG's position as a trusted real estate partner.

JLG's **Strategic Investment & Portfolio Diversification** efforts yielded positive results, with new investments in high-growth areas such as renewable energy and digital infrastructure. These strategic moves have strengthened our investment portfolio, ensured a diversified revenue stream and enhanced the long-term sustainability of our business.

In the area of **Infrastructure & Utilities Development**, JLG made significant strides in expanding digital and mobility infrastructures, with particular focus on renewable energy solutions. These initiatives supported the development of high-tech industrial parks, positioning JLG as a leader in innovative real estate solutions.

These key thrusts are further supported by three critical enablers namely Environmental, Social and Governance (ESG), Digital Transformation and People.

Its commitment to **ESG** was evident through various sustainability initiatives, including waste reduction, energy conservation, and community development programmes. In 2023, JLG further embedded ESG into our operational processes, which not only enhanced its environmental and social impact but also contributed to improved governance practices.

**Digital Transformation** continued to be a key enabler of its success. Through enhanced digital platforms and the integration of smart technologies, JLG streamlined project management, improved customer engagement and optimised operational efficiencies.

Lastly, **People** remained at the heart of JLG's success. Our focus on talent development and a culture of innovation enabled us to overcome industry challenges, particularly in a competitive labour market, while driving operational excellence.



## BUSINESS REVIEW



### PERFORMANCE REVIEW

#### Strategic Objective

##### Customer growth and experience

Grow our customer base by providing unique value propositions that serve their unmet needs.

#### Key initiatives

- Understanding the customers.
- Develop value propositions that address unmet needs.
- Build strong customer management and engagement.
- Growth of identified customer segments.
  - ▣ Captive – Cross-sell/up-sell
  - ▣ New
- Developing trusted brand.

#### Outcome (2023)

- Launches of product:
  - 382 units of Flexi Home, Neighbourhood 14
  - 211 units of Sanubari, Neighbourhood 13
- Sales of land:
- Sale & purchase agreement on the sale of 31 acres of land in Sedenak Tech Park (STeP) to build a 150 MW hyperscale campus.
  - Sale & purchase agreement on the sale of 59.47 acres of land in Sedenak Tech Park (STeP) to build a 300 MW hyperscale campus.
- Contracts secured:
  - Comprehensive facility management and residential management services at Sri Kijang Langkawi, Bank Negara Malaysia.
  - Facility management & maintenance at Kompleks Kerja Raya Malaysia.
- Launch of JLG Brand.

##### Operational excellence

Attain efficiency and quality in product/service delivery for competitive advantage.

- Integration and optimisation of operations.
- Digitalising key processes.
- Improve efficiency level.
- Increase productivity.

- Award winning - Menara Jland
  - FIABCI Malaysia Property Award 2023 (office category).
- Award-winning for Best Developer for Affordable House from PKPJ.
- QClassic score (80% above):
  - 96 Units House (Phase 1C), Taman Mutiara Gading, Simpang Kanan, Batu Pahat.
  - 72 Units House, Neighbourhood 8, Bandar Dato' Onn.
  - 128 Units House, Neighbourhood 8, Bandar Dato' Onn.

##### Financial resiliency

Diversify income mix and strengthen balance sheet position with access to capital for future growth.

- Robust capital management.
- Positioning for growth.
- Access to green/capital markets.
- Build relationships with domestic/foreign bankers.

- Group combined pro-forma turnover of RM1,288 million as at December 2023 and combined pro-forma PAT of RM209 million.

**Strategic Objective**
**Move to ExO**

Positioning for scalability and high technology innovation.

**Key initiatives**

- Innovation management.
- Ecosystem development.

**Outcome (2023)**

- Partnerships (Joint Venture, MOU):
  - JV between JLG and Cenergi SEA to deploy rooftop solar, energy solutions for users in IBTEC.
  - The MOU between JLG and Gentari to undertake feasibility studies on the integration of renewable energy solutions at selected strategic assets and industrial parks under JLG.
  - MOU between MRT Corp and Al-Salam REIT to construct a pedestrian overhead bridge connecting Komtar JBCC to the planned bridge of the Bukit Chagar Link Rapid Transit System (RTS) station.
  - MOU between JLG and Yinson Holdings Bhd to explore the development and deployment of renewable energy (RE) and green technology solutions.

## BUSINESS REVIEW



### Challenges & Mitigation

Challenge/Risk	Mitigation Actions	Result/Expected Result
<b>Slowdown in GDP growth impacting:</b> <ul style="list-style-type: none"> <li>A notable reduction in overhang properties has been observed; however, buyers remain cautious and selective when making long-term property purchase commitments.</li> <li>Clients are reducing their spending on facility management services.</li> <li>Pressure on commercial asset yields due to reduced income.</li> </ul>	<ul style="list-style-type: none"> <li>Initiative to improve sales via attractive sales packages.</li> <li>Concerted efforts to secure captive markets.</li> <li>Diversify income streams; utilising existing assets base.</li> <li>Improve the occupancy rates and footfall for commercial assets and expansion into industrial assets.</li> <li>Continued investments in long term capacity building.</li> <li>Cost optimisation/austerity drive, where possible.</li> </ul>	<ul style="list-style-type: none"> <li>Achievement of sales targets.</li> <li>More stable and diversified revenue streams, including captive markets.</li> <li>Achievement of desired assets yield targets.</li> <li>Strengthening capacity and capability to capitalise on future market upswings.</li> <li>Better cost management and control.</li> </ul>
<b>Raising inflation and cost of doing business:</b> <ul style="list-style-type: none"> <li>Although global inflation eased from its 2022 peaks, it remained elevated in 2023 (2023: 6.8%; 2022: 8.7%), prompting many central banks to maintain tight monetary policies, with some continuing to raise interest rates.</li> <li>Inflationary pressures and rising costs of living impacted disposable income, reducing demand for property purchases and rental rates.</li> </ul>	<ul style="list-style-type: none"> <li>Collaborate as a group for better funding facilities.</li> <li>Optimise cost structure and productivity.</li> <li>Collaboration with suitable partners for solutions, co-investments and/or defray costs.</li> <li>Secure the best value from contractors and suppliers by negotiating long-term rates whenever possible.</li> </ul>	<ul style="list-style-type: none"> <li>Better financing terms for the Group.</li> <li>Better cost structure, management and control.</li> <li>Improved productivity.</li> <li>Defray/share cost of investments or developments with partners.</li> <li>Better long-term contractual terms.</li> </ul>





## Challenges & Mitigation

Challenge/Risk	Mitigation Actions	Result/Expected Result
<b>Global supply chain disruption</b> Persistent global supply chain disruptions led to increased costs and delays in construction materials. <ul style="list-style-type: none"> <li>• Many real estate projects have faced delays due to the inability to procure materials on time, which affects timelines.</li> <li>• Affected the availability of skilled labour, either due to health-related restrictions or the migration of labour.</li> <li>• The surge in material prices, driven by supply shortages, has led to inflated project costs.</li> </ul>	<ul style="list-style-type: none"> <li>• Diversify procurement.</li> <li>• Alternative materials or construction methods.</li> <li>• Incorporating technology in construction, e.g. IBS, BIM.</li> </ul>	<ul style="list-style-type: none"> <li>• Cost-benefit analysis helps determine the effectiveness of these strategies, ensuring that the benefits outweigh the costs.</li> <li>• Proper planning, aided by technology and diversified supply chains, will result in more reliable project timelines.</li> </ul>
<b>Environmental changes</b> <ul style="list-style-type: none"> <li>• Climate change leads to more frequent and severe weather events, impacting economic activities and investment decisions.</li> <li>• Market shifts towards sustainable investments - developers to incorporate green building practices can be more costly and complex to implement.</li> </ul>	<ul style="list-style-type: none"> <li>• The global transition from fossil fuels to renewable energy is accelerating.</li> <li>• Adopting sustainable practices to minimise environmental impact.</li> <li>• Sustainable and eco-friendly practices, e.g. sustainable building materials, reducing waste, and improving energy efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>• Establishing JV and MOU partnerships to undertake feasibility studies/deploy on the renewable energy solution.</li> <li>• Adoption of sustainable practices.</li> </ul>

## BUSINESS REVIEW



### Challenges & Mitigation

Challenge/Risk	Mitigation Actions	Result/Expected Result
<b>Shifting demographics and consumer demand</b> <ul style="list-style-type: none"> <li>• Demand for sustainability in products and services.</li> <li>• Shifts in consumer behaviour and living situations due to the ongoing recovery from the COVID-19 pandemic.</li> <li>• A shift towards experiential and customer-centric engagement spaces in retail properties.</li> <li>• The “uberisation” of real estate, with a shift towards Real Estate as a Service (REaaS) models.</li> </ul>	<ul style="list-style-type: none"> <li>• Designing more flexible living spaces to accommodate remote work and diverse lifestyle needs.</li> <li>• Leveraging technology platforms to manage property services effectively.</li> <li>• Offering a range of options and added value as a comprehensive, one-stop solutions provider.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced residents' satisfaction and built future-proofing assets:               <ul style="list-style-type: none"> <li>• Work-from-home spaces in residential properties which align with current trends.</li> <li>• Smart Home elements.</li> </ul> </li> <li>• A built-in community app that fosters an interactive virtual community.</li> </ul>
<b>Integration of technology</b> <ul style="list-style-type: none"> <li>• Technological innovation continued at a rapid pace, with businesses increasingly embracing digital transformation strategies to maintain a competitive edge.</li> <li>• Artificial intelligence, automation and cloud computing led these changes, driving efficiency while requiring investments in new technologies and workforce skills.</li> </ul>	<ul style="list-style-type: none"> <li>• Investment in technology infrastructure.</li> <li>• Workforce development and training.</li> <li>• Integration of smart technologies.</li> <li>• Emphasis on digital tools like Building Information Modelling (BIM) and other construction technologies will enhance project efficiency and reduce costs</li> </ul>	<ul style="list-style-type: none"> <li>• Centralised data by upgrading IT Systems and cloud migration.</li> <li>• Improved skill sets &amp; skills professional, and upgraded new skill sets to develop a future-ready workforce.</li> <li>• Enhanced customer experience with incorporation of AI &amp; smart elements in residential (smart home).</li> <li>• Early stage of implementation of BIM.</li> </ul>



## Financial Performance

In 2023, JLand Group (JLG) showcased robust financial performance, which reflects its strategic growth and operational efficiency.

JLG reported a notable **combined pro-forma turnover of RM1,288 million** as of December 2023. This impressive revenue figure highlights JLG's strong market presence and successful execution of its business strategies.

Additionally, JLG achieved **combined pro-forma Profit After Tax (PAT) of RM209 million**, demonstrating a solid profit margin and effective cost management. This financial performance underscores the Group's ability to generate substantial profits while maintaining operational excellence.

## Key Achievements

### ▶ PRODUCT LAUNCHES

- Introduced 382 units of Flexi Home in Neighbourhood 14.
- Launched 211 units of Sanubari in Neighbourhood 13.

### ▶ LAND SALES

- Executed a sale & purchase agreement for 31 acres of land in Sedenak Tech Park (STeP) for the development of a 150 MW hyperscale campus.
- Completed a sale & purchase agreement for 59.47 acres of land in Sedenak Tech Park (STeP) to establish a 300 MW hyperscale campus.

### ▶ CONTRACTS SECURED

- Awarded the contract for Comprehensive Facility Management and Residential Management Services at Sri Kijang Langkawi, Bank Negara Malaysia.
- Secured the contract for Facility Management & Maintenance at Kompleks Kerja Raya Malaysia.

### ▶ BRAND AND AWARDS

- Successfully launched the JLG Brand.
- Received the FIABCI Malaysia Property Award 2023 for Menara Jland in the Office category.
- Honoured with the Best Developer for Affordable Housing award from PKPJ.

### ▶ QCLASSIC SCORE

- Achieved a score of 80% and above in the QClassic evaluations for:
  - 96 Units House (Phase 1C), Taman Mutiara Gading, Simpang Kanan, Batu Pahat.
  - 72 Units House, Neighbourhood 8, Bandar Dato' Onn.
  - 128 Units House, Neighbourhood 8, Bandar Dato' Onn.

### ▶ PARTNERSHIPS AND JOINT VENTURES

- Formed a Joint Venture with Cenergi SEA to deploy rooftop solar and energy solutions for users in IBTEC.
- Signed a MOU with Gentari to conduct feasibility studies on integrating renewable energy solutions at selected assets and industrial parks under JLG.
- Entered into a MOU with MRT Corp and Al-Salam REIT to construct a pedestrian overhead bridge connecting Komtar JBCC to the Bukit Chagar Link RTS station.
- Established an MOU with Yinson Holdings Bhd to explore the development and deployment of renewable energy and green technology solutions.

## BUSINESS REVIEW



### Outlook

The economic outlook for 2024 appears promising, with Malaysia's GDP projected to grow between 4.0% and 5.0%, driven by strong domestic demand and a continuing recovery in the tourism sector.

Inflation is expected to remain stable at 2.5%, fostering a favourable environment for growth. Johor, in particular, is positioned to experience growth exceeding the national average, making it a strategic focus for Johor Land Group (JLG).

#### Real Estate Development

In the coming year, JLG's real estate development activities are expected to benefit from the robust demand for residential and commercial properties, spurred by urbanisation trends, government incentives and low-interest rates.

Initiatives like the RTS (Rapid Transit System) and SEZ (Special Economic Zone) will enhance investor confidence and drive further investments into Johor. With Johor emerging as Malaysia's next economic growth engine, developments like the Johor-Singapore SEZ and the Special Financial Zone (SFZ) in Forest City will fuel demand in sectors like construction and tourism, benefiting JLG's property portfolio.

While the residential property market remains robust, challenges persist in the commercial segment, where oversupply and slower demand have created a competitive landscape. Nonetheless, the reduction in property overhang provides a more balanced outlook for JLG's development strategy. The company will capitalise on Johor's strategic location, advanced infrastructure and growing industrial base to fuel its expansion plans.

#### Asset Lifecycle Management

JLG's asset lifecycle management division is set to tap into a growing market, with an estimated market size of RM66.4 billion in 2024. Growth is expected to continue at a compounded annual growth rate (CAGR) of 5.54%, reaching RM86.9 billion by 2029.

The increasing demand for sustainable and cost-effective solutions is driving the facility management industry. In response, JLG is focusing on integrating smart technologies, sustainability practices and sector-specific solutions to enhance operational efficiency.

The company will also invest in training and development to address skilled labour shortages, ensuring high-quality execution of projects. Additionally, digital solutions such as IoT and data analytics will optimise the performance and maintenance of JLG's properties, which will drive better asset management outcomes.

#### Real Estate Investment

JLG's real estate investment arm continues to see strong performance from REITs, which offer attractive yields compared to government bonds and EPF distributions.

Investors are particularly focused on prime assets in strategic locations, along with industrial and healthcare assets. The adoption of digital platforms will further support JLG's investment strategies by improving operational efficiency and customer experiences.

#### Infrastructure and Utilities

The industrial sector, particularly in data centres, is expected to drive demand for infrastructure services, including energy, fibre connectivity and industrial water. The National Energy Transition Roadmap (NETR) will promote the use of sustainable energy solutions, providing JLG with opportunities to expand into renewable energy services and smart grid infrastructure.

The easing of regulatory frameworks and conditions will further support JLG's growth in this sector. This will enable the company to capitalise on the rising demand for industrial utilities and energy-efficient solutions.



## Key Priorities for 2024

### ▶ SUPPORTING THE ENERGY TRANSITION

JLG aims to establish Johor as a hub for renewable energy by expanding its offerings in rooftop solar for industrial and residential sectors, utility-scale solar projects and EV charging solutions. The company's focus on developing smart grids and sustainable infrastructure will support efficient energy distribution and drive new revenue streams.

### ▶ CONNECTING SMART SOLUTIONS THROUGH STRATEGIC INFRASTRUCTURE

Fiberisation initiatives will enable high-speed internet access, supporting the connectivity needs of smart communities. JLG will also offer strategic consulting and advisory services to clients looking to integrate smart solutions that improve both operational efficiency and quality of life.

### ▶ DIGITALISING ASSET LIFECYCLE MANAGEMENT

JLG plans to enhance asset lifecycle management through managed technology services. This approach will optimise asset performance using end-to-end digital solutions. In addition, the introduction of a cashless payment system for parking and the expansion of transaction-based app services will further improve user engagement and efficiency.

### ▶ SCALE AND EXPANSION BEYOND MALAYSIA

In line with JLG's growth strategy, the company will refocus its investments in high-growth areas beyond Johor and Malaysia. It will also explore opportunities in other dynamic markets to further scale its business operations.

## SECTION

# 05

### SUSTAINABILITY REPORT

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# OUR SUSTAINABILITY

Journey



# SUSTAINABILITY STATEMENT

Our sustainability efforts are guided by a robust governance structure, which ensures responsible and ethical decision-making. By integrating sustainability considerations into our governance framework, we uphold transparency, accountability and long-term resilience, fostering trust and creating value for all stakeholders.

This Sustainability Report reflects the performance and advancements of JCorp across all segments for the financial year 2023. We remain steadfast in addressing key sustainability matters such as environmental stewardship, social responsibility, economic contribution and community well-being. Through these efforts, we aim to make a positive and lasting impact both within our organisation and in the broader community.

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.

Further disclosures on our governance structure, sustainability initiatives and material matters can be found in the subsequent sections of this report.

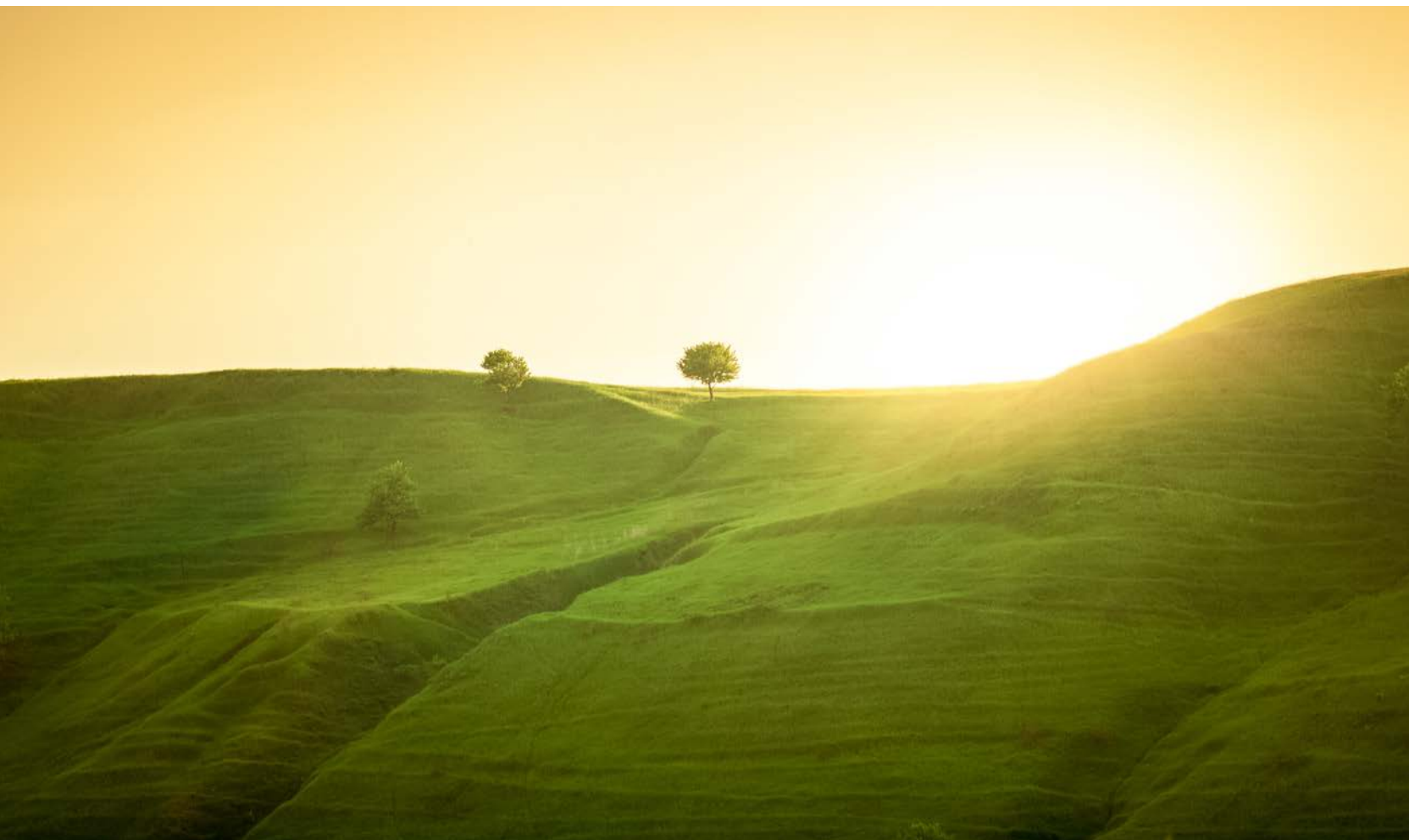
## Forward-Looking Statement

The Group takes pride in sustaining momentum in advancing our sustainability initiatives while effectively addressing challenges on both domestic and global fronts. We remain optimistic about achieving or exceeding our objectives and targets across the Economic, Environmental and Social pillars. Our dedication includes continuously enhancing our disclosure and reporting practices to ensure consistent positive outcomes and meaningful progress in these critical areas of sustainability.

“AT JOHOR CORPORATION (JCORP), OUR SUSTAINABILITY VISION IS ANCHORED IN GENERATING SUSTAINABLE BUSINESS GROWTH WHILE POSITIONING OURSELVES AS A COMPETITIVE AND HIGHLY REGARDED BUSINESS ENTITY. WE RECOGNISE THE INEXTRICABLE LINK BETWEEN OUR SUCCESS AND BROADER ECONOMIC PROSPERITY, STRIVING TO ACTIVELY CONTRIBUTE TO THE GROWTH OF OUR STATE AND NATION WHILE ENHANCING THE WELL-BEING OF THE COMMUNITIES WE IMPACT.”



# VISION AND STRATEGY



## Sustainability Vision

At Johor Corporation (JCorp), we envision a future where sustainable practices are embedded in all aspects of our operations, driving innovation, preserving the environment and ensuring long-term value for stakeholders.

Our sustainability framework integrates environmental stewardship, social responsibility and economic viability, reflecting our core values of *Membina* (to build) and *Membela* (to protect). This commitment guides our core businesses in agribusiness, wellness & healthcare, real estate & infrastructure, and food & restaurant sectors.

## Progress In the Sustainability Roadmap

In 2023, JCorp embarked on the initial phase of a comprehensive five-year sustainability journey. This year, our focus was on establishing a robust foundation and framework, with an emphasis on integrating digital infrastructure wherever feasible. Our strategy for 2023 centred on enhancing our Environmental, Social and Governance (ESG) framework.

## Key milestones include:



**Defining Clear Goals:** Established specific, measurable sustainability objectives.



**Policy Development:** Implemented sustainable investment, finance and procurement policies.



**Stakeholder Engagement:** Conducted materiality assessments to incorporate stakeholder feedback.

## VISION AND STRATEGY

### Key Initiatives in 2023

In 2023, Johor Corporation (JCorp) reinforced its commitment to sustainability through impactful initiatives that aligned with our three sustainability pillars namely Profit, People and Planet. These efforts were driven by a strategic approach that engaged stakeholders, fostered collaboration and prioritised long-term environmental, social and economic value creation.

#### **Profit: Driving Sustainable Growth**

Recognising the importance of aligning business practices with sustainability, JCorp established a comprehensive sustainability framework at the entity level. This framework has been adopted and tailored by our Investee Companies, ensuring consistency while allowing customisation based on their specific operational contexts.

To enhance our approach to addressing material sustainability matters, we actively engaged stakeholders to understand their expectations and used their feedback to refine policies and set ambitious targets. This proactive dialogue not only strengthened our relationships with stakeholders but also guided the review and prioritisation of key material issues to deliver sustainable value.

#### **People: Empowering Communities and Workforce**

Our efforts in 2023 placed a strong emphasis on capacity building and community engagement. Through a series of sustainability awareness talks, we empowered employees with the knowledge and practical skills needed to integrate sustainable practices into their daily work.

#### THE PROGRAMME FOCUSED ON:

Educating employees about sustainability and their role in achieving organisational goals.

Providing actionable insights to foster environmental stewardship.

Cultivating a culture of accountability and responsibility toward sustainability within the workforce.

Externally, Yayasan Johor Corporation, our philanthropic arm, undertook impactful community-focused initiatives. These included mangrove and coral planting as well as river cleaning activities, showcasing our commitment to environmental and societal well-being.

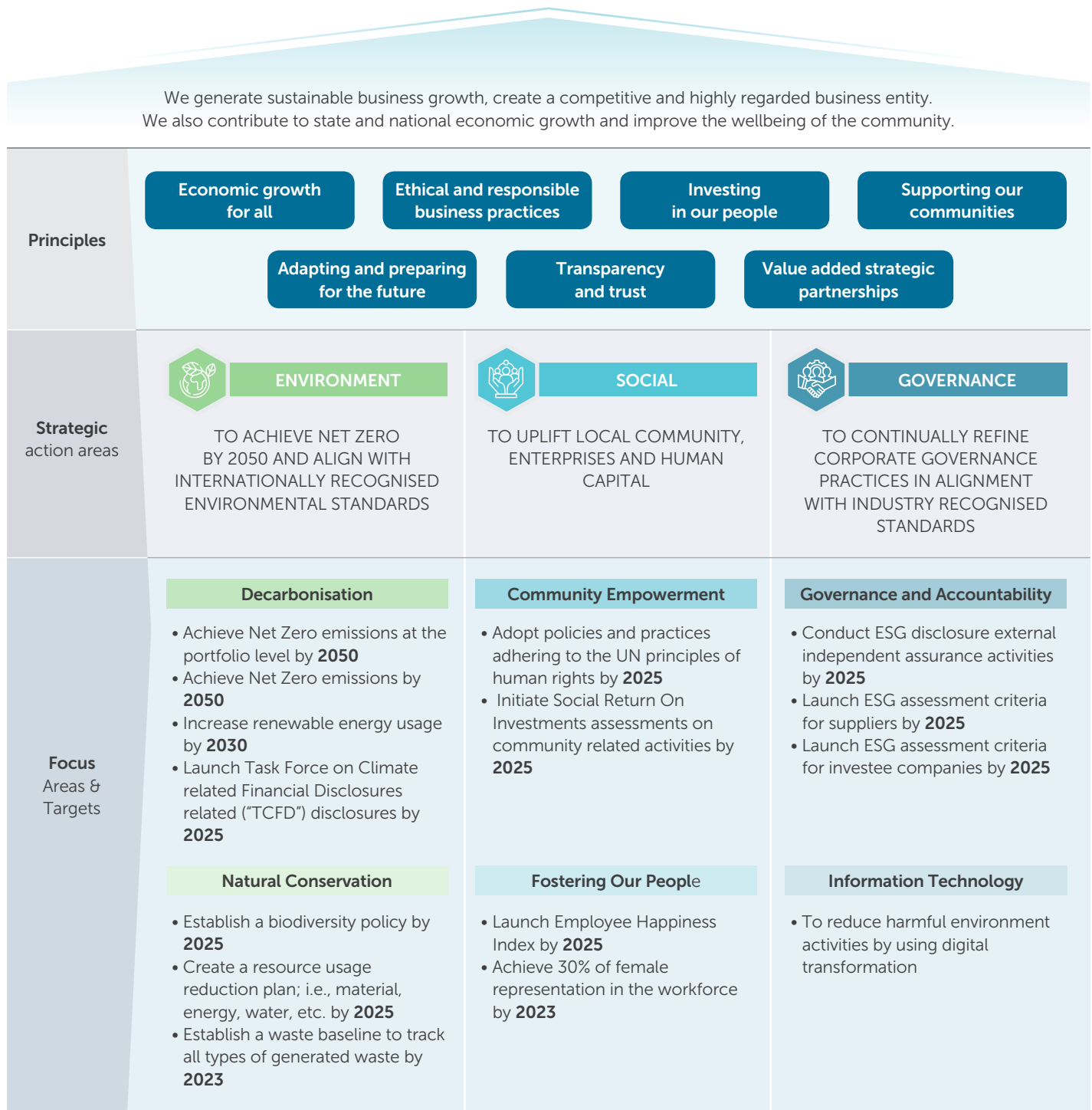
#### **Planet: Protecting Our Environment**

Our environmental stewardship extended to hands-on efforts through programmes like mangrove and coral planting as well as river clean-ups. These initiatives not only contributed to biodiversity preservation but also strengthened natural ecosystems essential to combating climate change.



# SUSTAINABILITY FRAMEWORK

JCorp's Sustainability Framework is anchored on three core pillars namely Environmental Stewardship, Social Responsibility, and Governance and Ethical Conduct. These pillars guide our strategic decisions, embedding Environmental, Social and Governance (ESG) considerations into every facet of its operations to achieve long-term sustainable value creation.



## SUSTAINABILITY FRAMEWORK

### Environment: Environmental Stewardship

JCorp places a strong emphasis on minimising ecological impact and promoting sustainability in its operations. Key initiatives include:

#### *Reducing Carbon Emissions:*

Implementing measures to curb greenhouse gas emissions, contributing to global climate action efforts.

#### *Enhancing Energy Efficiency:*

Optimising energy use across facilities and operations to lower environmental footprint.

#### *Promoting Renewable Energy:*

Transitioning to renewable energy sources to reduce reliance on non-renewable resources.

### Social: Social Responsibility

JCorp is dedicated to fostering social well-being through meaningful initiatives that empower communities and enhance employee welfare. These include:

#### *Community Engagement:*

Investing in education, healthcare and economic development to uplift local communities.

#### *Employee Welfare:*

Creating a safe, inclusive and equitable workplace that values diversity and promotes growth opportunities.

#### *Diversity and Inclusion:*

Ensuring equal representation and opportunities across all organisational levels.

### Governance: Governance and Ethical Conduct

Governance is the cornerstone of JCorp's sustainability strategy, ensuring that business practices uphold the highest standards of integrity and accountability. Key governance practices include:

#### *Transparency and Accountability:*

Adhering to robust corporate governance frameworks to build trust among stakeholders.

#### *Compliance and Risk Management:*

Implementing rigorous mechanisms to ensure regulatory compliance and mitigate risks effectively.

#### *Ethical Guidelines:*

Establishing clear ethical conduct policies aligned with global best practices.

“

Environmental assessments and sustainable technologies are integral to JCorp's decision-making processes, ensuring that the organisation's operations align with global sustainability standards while preserving natural resources for future generations.

”

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Guided by these principles, JCorp actively supports corporate philanthropy, develops progressive human resource policies and engages stakeholders to address pressing societal needs.

”

“

These governance efforts ensure that JCorp operates responsibly and ethically, safeguarding stakeholder interests while fostering sustainable growth.

”



# EMBEDDING SUSTAINABILITY IN JCORP'S BUSINESS OPERATIONS

JCorp integrates sustainability across its business functions, ensuring that Environmental, Social and Governance (ESG) principles are deeply rooted in every aspect of operations. This comprehensive approach enhances operational efficiency, mitigates risks and delivers long-term value to stakeholders while aligning business practices with global sustainability standards.



## Governance: Integrating Sustainability into Leadership

Strong governance forms the foundation of JCorp's sustainability agenda, ensuring that sustainable practices are seamlessly integrated into leadership and decision-making. At the core of this approach is dedicated board oversight, with a sustainability committee established at the board level to ensure that sustainability remains a strategic priority.

Transparency further reinforces accountability, with regular reporting on sustainability performance and progress toward goals. Additionally, we actively engage stakeholders in our sustainability initiatives, fostering alignment with their expectations and promoting collaboration.



## Impact on Operational Efficiency and Stakeholder Value

Embedding sustainability across its operations enables JCorp to achieve substantial benefits that enhance both operational efficiency and stakeholder value.

Streamlining processes and reducing resource consumption result in notable efficiency gains which improves overall performance. By meeting sustainability-related regulations, JCorp minimises risks and avoids potential penalties, ensuring compliance across all areas of its operations.

Transparent and ethical practices strengthen trust among customers, investors and communities, reinforcing JCorp's reputation as a responsible corporate citizen.

Furthermore, integrating sustainability into the business strategy drives innovation and growth, aligning long-term objectives with environmental and social priorities. Clear sustainability goals and measurable metrics enhance accountability, ensuring impactful performance and demonstrating JCorp's commitment to creating sustainable value for all stakeholders.

# SUSTAINABILITY GOVERNANCE

JCorp has implemented a robust governance framework to oversee its sustainability initiatives, ensuring alignment with strategic objectives and global sustainability standards. Roles and responsibilities are clearly defined across multiple levels of governance to drive effective implementation and accountability.

This multi-tiered governance structure ensures that sustainability is not only a strategic priority but also an operational reality, fostering resilience, innovation and stakeholder confidence in JCorp's commitment to sustainable development.

## Board Sustainability Committee

At the apex of JCorp's governance model is the Board Sustainability Committee (BSC), which supports the Board of Directors in shaping and overseeing the company's sustainability strategy. The BSC ensures that sustainability considerations are embedded into the highest levels of decision-making, reinforcing JCorp's commitment to long-term value creation and responsible governance.



## Group Sustainability Committee

To extend governance from the Board to the operational level, JCorp has established the Group Sustainability Committee (GSC). This committee acts as the driving force for implementing sustainability initiatives across the organisation, ensuring that strategic goals are translated into actionable plans and integrated into daily operations.



## Sustainability Department and Leadership

Operational execution of JCorp's sustainability framework is spearheaded by a dedicated Sustainability Department. The department plays a pivotal role in aligning initiatives with JCorp's goals, engaging stakeholders and ensuring compliance with international standards like the Global Reporting Initiative (GRI) and International Sustainability Standards Board (ISSB).



# STAKEHOLDER ENGAGEMENT

JCorp recognises the pivotal role its diverse stakeholder groups play in shaping its strategic direction, sustainability initiatives and overall success. With a broad spectrum of stakeholders, JCorp adopts a multifaceted approach to engagement that ensures inclusivity and alignment with its goals.

## Key Stakeholder Groups

### Government and Regulatory Bodies

As a state-owned enterprise, JCorp works closely with the Johor state government and national regulatory authorities. These stakeholders provide strategic guidance and oversight, ensuring JCorp's compliance with regulations while aligning its operations with state economic and sustainability objectives.

### Suppliers and Business Partners

Suppliers and contractors in JCorp's value chain are encouraged to adopt ethical and sustainable practices, ensuring alignment with the corporation's operational standards and sustainability goals.

### Shareholders and Investors

JCorp's financial performance and sustainability strategies are of utmost importance to its shareholders, including institutional investors, the Johor state government and private investors. Transparent governance practices and regular reporting are key to fostering trust and confidence within this group.

### Non-Governmental Organisations (NGOs) and Civil Society

NGOs and civil society groups monitor JCorp's adherence to ESG principles and collaborate on initiatives related to environmental sustainability and community development.

### Employees

With a diverse workforce across its subsidiaries, employees are integral to JCorp's operations. The corporation prioritises job security, professional growth, workplace safety and inclusion, embedding sustainability values into its corporate culture.

### Financial Institutions

Banks and financial institutions supporting JCorp with capital or services monitor its financial stability and ESG compliance, reinforcing our focus on sustainable growth.

### Subsidiaries and Investee Companies

Subsidiaries like Kulim (Malaysia) Berhad and KPJ Healthcare play a critical role in executing JCorp's strategies. These entities align with JCorp's sustainability framework and governance standards, contributing to the corporation's broader objectives.

### Media and Public

JCorp maintains transparency and accountability through engagements with media and the public to communicate its impact on society and the environment.

### Customers and Clients

JCorp serves customers across various industries, including healthcare, agriculture and property development. Customer satisfaction and responsible business practices remain a central focus, ensuring that products and services align with sustainability principles.

### Innovative Stakeholder Engagement Initiatives in 2023

In 2023, JCorp launched several forward-looking initiatives to enhance stakeholder engagement and sustainability collaboration.

### Local Communities

Social responsibility remains a focus for JCorp. The efforts towards this are attested by actively supporting local communities through initiatives in education, healthcare and infrastructure. These endeavours foster positive social impact while enhancing community well-being.

# ECONOMIC SUSTAINABILITY AND IMPACT

JCorp's commitment to economic sustainability is evident in its dual focus on direct financial outcomes and broader societal impacts. By aligning profitability with community and environmental goals, JCorp not only drives economic growth but also contributes to a more sustainable and resilient future for Johor and beyond.

## Generating Value Through Strategic Investments

Our strategic focus on key sectors contributes substantially to economic performance. This consequently drives financial growth while fostering societal well-being.

### Agribusiness

JCorp's investments in agribusiness emphasise sustainable agricultural practices, enhancing food security and supporting local economies. By leveraging innovation and efficient resource management, this sector has become a cornerstone of JCorp's value creation.

### Healthcare

Investments in healthcare ensure access to high-quality medical services while improving overall community health standards. These efforts align with JCorp's mission to uplift societal well-being while creating significant economic value.

### Real Estate and Infrastructure

JCorp's development of sustainable real estate ecosystems enhances Johor's infrastructure and supports thriving communities. These projects not only generate revenue but also play a vital role in regional development.

### Food and Beverages

JCorp's ventures in this sector contribute to financial growth while addressing societal needs, demonstrating our commitment to aligning profitability with community benefit.

### Direct Economic Impact

In 2023, JCorp made significant strides in achieving its economic goals, showcasing robust performance and resilience.

### Revenue Growth

JCorp recorded total revenue of RM6.2 billion, reflecting an 8% increase from the previous year. This growth underlines our strategic agility and our vital role in driving Johor's economic landscape.

## Profitability

With a profit after tax of RM6.177 billion, JCorp reinforced its position as a financially strong and operationally efficient corporation. This profitability enables further investments in community development and sustainability projects.

### Investments in Key Sectors

Core sectors like agribusiness, healthcare and real estate benefited from JCorp's focused investments, creating substantial economic value while contributing to job creation and local economic stability.

### Economic Contributions

JCorp's financial activities significantly impact the Johor economy. In tandem, we support local businesses through procurement and services, amplifying our influence across various industries.

### Indirect Economic Impacts

JCorp's economic contributions extend beyond monetary value, creating a ripple effect that enhances societal well-being and environmental sustainability.

### Job Creation

Through its wide-ranging investments, JCorp has generated numerous job opportunities that foster economic stability and improve livelihoods within the communities it serves.

### Knowledge Sharing and Capacity Building

As part of our sustainability initiatives, we prioritised employee engagement. Awareness talks conducted during the year emphasised the importance of sustainability, equipping employees with practical knowledge and skills to implement sustainable practices in their work and daily lives.



## Community Investments

JCorp's philanthropic arm, Yayasan Johor Corporation, has driven impactful initiatives in four focus areas namely education; environment; arts, culture and heritage; and community wellbeing.

### 1 EDUCATION

In 2023, Yayasan JCorp reaffirmed its commitment to education through a total investment of RM1.33 million in various initiatives, positively impacting students across Johor and beyond. A total of 10 programmes were implemented, engaging over 4,000 students from 106 schools and universities, with the support of more than 40 dedicated personnel. As part of our effort to enhance learning environments, we contributed smartboards and smart TVs to 20 primary and secondary schools, equipping classrooms with modern technology to facilitate interactive and effective teaching.

Beyond school-level initiatives, Yayasan JCorp remains steadfast in supporting B40 students in higher education by easing their financial burdens. In 2023, RM180,000 was allocated to assist 217 students nationwide, continuing a long-standing commitment that has benefited over 1,424 recipients through a cumulative investment of RM786,689. By empowering students with financial aid and educational resources, we are fostering academic excellence and paving the way for a brighter future.

### 2 ENVIRONMENT

In 2023, we invested RM1.8 million in environmental initiatives, working alongside more than 10 partners to drive meaningful action. Our efforts directly benefited over 1,000 individuals from various communities, with significant contributions from more than 50 dedicated *Sahabat YJC* volunteers. Through clean-up activities, we successfully removed over 300 kg of waste, contributing to healthier ecosystems. Additionally, we completed four major projects focused on sustainability and conservation, including the planting of 100 mangrove trees to protect coastal biodiversity and combat climate change.

### 3 ARTS, CULTURE AND HERITAGE

In 2023, Yayasan JCorp allocated RM803,000 to support six major events that showcased the vibrancy of Malaysia's cultural landscape. These initiatives benefited 520 local artists and entrepreneurs, providing them with opportunities to gain recognition and expand their reach. Furthermore, our programmes engaged more than 30,000 individuals, including members of local communities as well as local and international tourists, fostering a deeper appreciation for Malaysia's artistic and cultural heritage.

### 4 COMMUNITY WELL-BEING

In 2023, Yayasan JCorp invested RM1.4 million in welfare, health, disaster relief and community projects, positively impacting 10,000 individuals. These efforts were made possible through collaboration with 500 dedicated volunteers who played a vital role in delivering aid and support to communities across Johor and beyond. Through these initiatives, we continue to drive meaningful change, strengthening the social fabric and improving the quality of life for those who need it most.



# ENVIRONMENTAL STEWARDSHIP: FOSTERING SUSTAINABILITY FOR A GREENER FUTURE

JCorp takes a proactive stance on reducing its environmental footprint by implementing initiatives and policies that prioritise sustainability.



## Environmental Advocacy Through Public Relations

In 2023, JCorp launched several eco-friendly public relations initiatives to promote sustainability and engage stakeholders effectively. One notable effort was the ESG Awareness Talks, a series of sessions designed to educate employees on the importance of sustainability and their role in achieving our sustainability goals. These talks fostered a culture of environmental responsibility within the workforce.

Additionally, we participated in the Asia Pacific Climate Week, where we showcased our commitment to sustainability through a dedicated booth and various side events. This participation provided an opportunity to engage with industry partners and governmental bodies, further enhancing JCorp's reputation as a sustainability leader.

We also carried out impactful community initiatives, such as tree planting and river cleaning activities, which not only contributed to environmental conservation but also raised awareness and encouraged local community involvement.

Collectively, these initiatives underscore JCorp's commitment to environmental stewardship and its dedication to fostering meaningful engagement with stakeholders.

## Communication Strategies and Tools

JCorp employs a variety of platforms and tools to communicate its green initiatives effectively and ensure transparency in its sustainability efforts. Through detailed Annual Reports and Sustainability Reports, we provide stakeholders with comprehensive insights into our ESG achievements and goals.

We also conduct workshops and awareness campaigns, aimed at educating employees and stakeholders about sustainable practices and fostering a culture of environmental responsibility.

Additionally, we perform materiality assessments, gathering valuable feedback from stakeholders to prioritise sustainability issues and align its initiatives with community and environmental needs.

## Collaborative Efforts for Eco-Friendly Public Relations

JCorp actively collaborates with external partners to address environmental concerns and drive impactful sustainability initiatives. By partnering with NGOs and governmental bodies, we leverage diverse expertise to amplify our environmental impact and contribute to collective action toward sustainable development.

Regular consultations with stakeholders enable us to engage key internal and external stakeholders through structured feedback mechanisms to address concerns and develop materiality matrices that guide our sustainability strategy.

In addition, we conduct vendor ESG awareness workshops. These workshops helped create roadmaps for sustainability in collaboration with our vendors and introducing e-learning platforms to enhance understanding of ESG principles.

# SOCIAL IMPACT INITIATIVES

At the core of our operations is our commitment to creating a positive and lasting social impact. In 2023, we strengthened our efforts to foster inclusivity, empower communities and improve quality of life through targeted initiatives.

## Education Initiatives

Recognising the importance of fostering creative and innovative thinking, we developed programmes aimed at nurturing the younger generation. These initiatives provided essential upskilling opportunities, equipping individuals with employable skills and encouraging innovation within local communities.

## Healthcare Projects

JCorp invested in community health outreach programmes, which included providing accessible healthcare services and raising awareness about health and well-being. These efforts significantly improved healthcare access and enhanced the quality of life for many community members.

## Welfare Programmes

To support vulnerable groups, we introduced various welfare initiatives aimed at uplifting underprivileged individuals. These programmes delivered essential services and resources, directly improving the lives of those in need and contributing to the overall well-being of local communities.

## Environment

Dedicated to environmental stewardship, we implement impactful initiatives that preserve nature, protect waterways and promote sustainability. Our environmental programmes focus on key areas such as nature and river preservation, tree planting, recycling initiatives and marine conservation.

## Arts, Culture and Heritage

In our commitment to preserve Malaysia's rich arts, culture and heritage, we provide a platform to educate, engage and inspire communities while nurturing local talent and creativity. Through strategic collaborations with artists, the National Art Gallery, the Johor Heritage Foundation and the National Department for Culture and Arts (JKKN), we continue to support initiatives that celebrate cultural heritage, promote artistic expression, and uplift local talent.

## Community Well-Being

To foster resilient communities and enhance overall well-being through impactful initiatives, we work closely with stakeholders to uplift those in need and create long-term prosperity. We address social challenges and support sustainable development to ensure a holistic approach that nurtures both people and the planet.

# GOVERNANCE AND COMPLIANCE

JCorp continues to emphasise strong governance and compliance frameworks to drive its sustainability agenda. In 2023, we enhanced our governance structure to ensure seamless integration of sustainability and ESG practices across all operations, further solidifying its commitment to responsible and transparent business conduct.



## Enhancing Sustainability Governance

In 2023, JCorp introduced a comprehensive group-wide governance and harmonisation framework designed to enhance Enterprise Risk Management and ensure integrity across the group.

Key initiatives included continuous compliance exercises and the standardisation of the Procurement Policy and Framework. Additionally, we established the Board Sustainability Committee (BSC) to assist the Board of Directors in overseeing the development of a robust sustainability strategy.

To strengthen alignment with its ESG practices, we expanded the scope of our Group Sustainability Committee. This committee now bridges sustainability governance from the Board level through the BSC to the Management level, creating a seamless framework for integrating sustainability into everyday business activities. Clear roles and responsibilities within this structure empower us to maintain a cohesive approach to sustainability and compliance across the organisation.

JCorp ensures that its investee companies align with its sustainability and ESG goals through the implementation of its Sustainability Framework, which was approved by the Board of Directors in early 2023. This framework provides consistent guidelines and practices for sustainability initiatives across the group.

Dedicated committees, including the Board Sustainability Committee (BSC) and Group Sustainability Committee (GSC), actively monitor ESG performance and targets. These committees facilitate regular discussions, provide strategic direction, and review progress to ensure that all investee companies adhere to JCorp's overarching sustainability objectives.

By fostering collaboration and maintaining rigorous oversight, we ensure that our investee companies contribute meaningfully to the group's collective sustainability goals.



## Oversight of Investee Companies



# FOSTERING ALIGNMENT: HOW JCORP'S INVESTEE COMPANIES SUPPORT SUSTAINABILITY GOALS

JCorp has cultivated a comprehensive sustainability framework that extends to its investee companies, guiding them to achieve ESG goals in alignment with JCorp's overarching sustainability targets. This alignment is fostered through specific strategies and requirements that embed sustainability into the core operations of these entities.

## Adoption of ESG Criteria

Investee companies are encouraged to integrate ESG principles into their business strategies, promoting practices that drive environmental sustainability, social impact and governance excellence. Examples include reporting on carbon footprints, adopting sustainable waste management practices, and ensuring ethical labour conditions. These measures ensure that investee companies actively support JCorp's ESG vision.

## Encouraging Green Innovation and Circular Economy Practices

JCorp advocates for green innovation and circular economy initiatives among its investee companies. These include developing energy-efficient technologies, designing products with sustainability in mind, reducing waste and recycling materials to create closed-loop systems that enhance resource efficiency.



# SUSTAINABILITY PERFORMANCE OF OUR INVESTEE COMPANIES

JCorp and its group of companies operate across four core business sectors namely agribusiness, wellness and healthcare, real estate and infrastructure, and food and restaurant services nationwide. As a responsible steward, we are committed to a long-term outlook, integrating sustainability principles into every aspect of our investments and operations. We actively collaborate with industry peers, community partners and key stakeholders to drive sustainable practices and achieve meaningful outcomes.

## JOHOR PLANTATION GROUP

Category	Key Initiatives/Highlights
<b>Environment</b>	
Carbon Footprint	– Achieved a 48% reduction in carbon intensity to 0.9 MT CO <sub>2</sub> e/MT CPO/PK compared to the 2012 baseline (RSPO PalmGHG Calculator).
Waste-to-Wealth	– Commercialised biomethane plant at Sedenak POM on 1 August 2023.
	– Achieved 70% completion of bioCNG plants at Tereh and Sindora Palm Oil Mills.
	– Completed Palm Fibre Oil Extraction (PFOE) plant at Sedenak Palm Oil Mill on 31 August 2023.
	– Captured methane from POME at all five mills.
Water Management	– Mill water consumption maintained at 1.1 m <sup>3</sup> /MT FFB, below the target of 1.2 m <sup>3</sup> /MT FFB.
Conservation and Biodiversity	– Maintained and enhanced 1,131.1 hectares of High Conservation Value (HCV) area.
<b>Social</b>	
Labour Conditions	– Successfully completed Labour Transformation Programme (LTP) to improve and enhance labour conditions.
Diversity	– Achieved 37% representation of women in senior management roles.
Occupational Safety and Health	– Maintained zero fatalities for three consecutive years (2021-2023).
	– Achieved ISO 45001:2018 certification for Sedenak Mill and Sedenak Estate.
<b>Governance</b>	
Stakeholder Engagement	– Secured 100% vendor signing commitment pledge under the Vendor Code of Business Ethics.
Reporting and Communication	– Improved SPOTT Assessment score from 73.2% (2022) to 81.7% (2023).
Traceability and Certification	– Achieved 85.9% traceability to plantations.
	– 100% of own plantation area is RSPO-certified.
Corruption	– Recorded zero confirmed cases of corruption.

**KPJ HEALTHCARE BERHAD**

Category	Key Initiatives/Highlights
<b>Economic</b>	
Re-imagining Experience	– Digitalising interactions with patients (external stakeholders) and intensifying staff engagement (internal stakeholders).
Re-skilling Talents	– Recruiting skilled professionals and cultivating a high-performing workforce.
Research and Innovation	– Collaborating with partners to create continuous value in medicine, research and medical technology.
Re-emphasising ESG	– Implementing green initiatives in hospitals, focusing on optimising resource efficiency and minimising environmental impact.
Sustainability Sukuk	– Issued inaugural Sustainability Sukuk Wakalah (RM555 million) in March 2023.
Recognition	– Won Alpha SEA's Best Deal & Solution Awards 2023: "Best Sri Wakalah of the Year."
	– Won Islamic Finance News (IFN) Deals of the Year 2023: "Deal of the Year."
<b>Environment</b>	
Renewable Energy	– Signed MoU with TNB and GSPARX for rooftop solar panel installations at 5 hospitals by end-2024.
	– Targeted savings from electricity costs to reinvest in patient care excellence.
Green Mobility	– MoU with Gentari Sdn Bhd for installing EV charging stations (31 bays at 10 premises).
Green Energy tariff (GET)	– Participation in the GET Programme by 10 hospitals, offsetting Scope 2 GHG emissions by 8.8%.
Clinical Waste Segregation	– MoU with Cenviro for clinical waste segregation (Malaysia Book of Records).
	– Initiated at 9 hospitals in the Central Region in 2023.
Climate Change Resilience	– Adopted TCFD recommendations to integrate climate-related risks with operational and financial risks.
<b>Social</b>	
Community Outreach	– Contributed RM2.31 million through KPJ Healthcare University, benefitting 815 students in 2023.
Employee Rights and Engagement	– Launched DEI Policy (effective November 2023) to ensure equality and inclusivity.
	– Enhanced Employee Development Policy for continuous learning and skill enhancement.
Labour Rights	– Aligned with Employment Act 1955 (Amendment 2022), OSHA Amendment 2022, and ISO 45001:2018.
	– Organised KPJ Night Career Fair, setting a Malaysian record for most simultaneous career fairs across 29 hospitals.
<b>Governance</b>	
Business Model Resilience	– Integrated sustainability into business processes aiming for accountability by 2025.
Technology, Innovation and Collaboration	– Emphasised technology as a catalyst for sustainability transition.
Ethics and Integrity	– Focused on ethical management to enhance stakeholder well-being.
Data Privacy and Security	– Ensured adherence to regulations for data collection, storage, retention and transfer.
Supply Chain Management	– Incorporated ESG criteria in vendor selection, including supplier pre-qualification and evaluation.

## SUSTAINABILITY PERFORMANCE OF OUR INVESTEE COMPANIES

### QSR BRANDS (M) HOLDINGS BHD

Category	Key Initiatives/Highlights
<b>Environment</b>	
Carbon Inventory	– Refined Scope 1 & 2 GHG emissions inventory assessment to include a broader range of operations.
Energy Efficiency	– Signed an MoA with Seido Solutions to enhance energy efficiency at KFC restaurants.
Used Cooking Oil Recycling	– Collected over 2,800 tonnes of used cooking oil in 2023 for recycling into biodiesel.
Food Waste Management	– Redirected over 6,000 kg of unsold cooked food from select KFC outlets away from landfills via the Harvest Programme since 2019.
<b>Social</b>	
Employee Engagement	– Launched the “Qatalyst” Intranet system to improve internal communication and engagement.
Education Partnership	– Partnered with Universiti Sains Malaysia (USM) to develop Malaysia’s first fully accredited micro-credential degree for QSR employees.
Community Investment	– Invested approximately RM4 million in CSR initiatives from 2022 to 2023.
National Dual Training System	– Collaborated with Yayasan Johor Corporate and the Johor State Education Department to pilot the first National Dual Training System for B40 students.
	– A total of 26 students participated in the eight-month pilot programme.
<b>Governance</b>	
Anti-Corruption Training	– Launched self-paced online training on anti-corruption and good business practices.
Employee Training	– More than 87% of employees received anti-corruption training.
Halal Certification	– Maintained 100% halal certification across restaurants, slaughterhouses, manufacturing plants and logistics facilities.



**JOHOR LAND GROUP**

Category	Key Initiatives/Highlights
<b>Environment</b>	
Bandar Dato' Onn Wetland	– Developed the Bandar Dato' Onn (BDO) wetland project as a natural water filter and biodiversity education space for the community.
Renewable Energy Initiatives	– Implemented solar-powered streetscapes and fiberisation for broadband access at BDO to enhance energy efficiency and reduce reliance on fossil fuels.
Environmental Monitoring	– All monitored parameters remained below the Environmental Impact Assessment baseline levels for JLB.
Waste Recycling	– Recycled 9 tonnes of non-scheduled waste (JLB).
Industrial Solar Installation	– Installed rooftop industrial solar systems at industrial areas.
Sanubari Smart Homes	– Launched Sanubari Smart Homes at BDO equipped with rooftop solar panels.
EV Charging Stations	– Signed an MoU with Gentari to develop EV Charging Stations.
<b>Social</b>	
Urban Farming	– Introduced Community Urban Farming at Rumpunkita @ P10 & P11, Bandar Dato' Onn.
Climate Awareness	– Participated in the Asia Pacific Climate Week 2023 and Johor Smart City Forum 2023.
Occupational Safety and Health	– Recorded zero lost-time injuries and zero fatalities.
Community Investment	– Invested in urban infrastructure including Sultan Iskandar Mosque, Central Park, Community Centre and Food Hub.
	– JLB invested RM2.1 million into the community.
Customer Satisfaction	– Achieved a score of 3.7/5.0 on the Customer Satisfaction Index (CSI) for JLB.
Quality Standards	– Scored above 70 in all QLASSIC assessments for JLB.
CSR Activities	– Conducted multiple initiatives, including Misi Bantuan Banjir KG Sejangong Sri Medan Batu Pahat, Majlis Iftar Jamaie with Orphans 2023 and Selamat D'Market Charity Event.
<b>Governance</b>	
Sustainability Framework	– Established Group Sustainability Framework, Roadmap and Policy.
Legal Compliance	– Zero non-compliance with relevant laws and regulations.
Data Privacy	– Zero cases of breaches of customer privacy or data loss.
Whistleblowing Policy	– Established a Whistleblowing Policy for reporting breaches of corporate governance, corruption or policy violations.
Bribery and Corruption	– Assessed 100% of JLG for bribery risk.
	– Recorded zero cases of bribery and corruption.

## SUSTAINABILITY PERFORMANCE OF OUR INVESTEE COMPANIES

### YAYASAN JCORP

Category	Key Initiatives/Highlights
<b>Environment</b>	
Mangrove Planting & KUDAH	<ul style="list-style-type: none"> <li>Over 100 volunteers participated.</li> <li>Collected 100 kg of trash and planted 100 mangrove seedlings, benefitting 100 community members.</li> </ul>
World River Day Celebration	<ul style="list-style-type: none"> <li>200 participants joined the event, including 132 facilitators, students, teachers and local community members.</li> <li>Collected 282 kg of garbage during the event.</li> </ul>
Coral Rehabilitation	<ul style="list-style-type: none"> <li>50 coral reefs planted with participation from 40 employees and 110 local residents.</li> <li>RM10,500 donated to 38 families for community activities and school support.</li> </ul>
Sayangi Sungai Johor Programme	<ul style="list-style-type: none"> <li>100 volunteers from UTM and 20 from KPJUC contributed to preserving the Johor River Basin as a vital water source.</li> </ul>
Muar Sustainable Carnival	<ul style="list-style-type: none"> <li>Benefitted 300 school students through knowledge-sharing sessions.</li> <li>RM10,000 allocated for awareness activities.</li> </ul>
Recycling Hub	<ul style="list-style-type: none"> <li>Recycled 288.4 kg of trash (KITARecycle), 270 kg of fabric materials, and 576.7 kg of used cooking oil.</li> </ul>
<b>Social</b>	
National Dual Training System	<ul style="list-style-type: none"> <li>25 students participated in the pioneering SLDN programme for secondary schools in Malaysia.</li> <li>Six KFC restaurants served as training sites, with 14 personnel involved in monitoring and support.</li> </ul>
Choral Speaking Competition	<ul style="list-style-type: none"> <li>22 schools from 11 districts in Johor participated, involving 504 students.</li> <li>RM10,800 worth of prizes were awarded, with over 1 million views on Yayasan JCorp's Facebook page.</li> </ul>
English Unity Carnival	<ul style="list-style-type: none"> <li>Participation of 535 primary and secondary school students.</li> </ul>
Financing Professional Accounting	<ul style="list-style-type: none"> <li>RM300,000 invested to support 10 students in ACCA programmes at Tymba Education College.</li> <li>JLB invested RM2.1 million into the community.</li> </ul>
Enhancing STEM Programmes	<ul style="list-style-type: none"> <li>Established IoT-based smart greenhouse at SMK Bandar Baru Uda.</li> <li>Produced over 100 kg of vegetables managed by the community.</li> </ul>
Nextgen Innovators Programme	<ul style="list-style-type: none"> <li>80 students participated in innovation workshops, with more than 4,000 views on Facebook.</li> </ul>
Industrial Training Programme	<ul style="list-style-type: none"> <li>Benefitted 315 participants from 2020-2023, with 73 participants hired and 242 pursuing higher education.</li> </ul>
Arts, Culture and Heritage	<ul style="list-style-type: none"> <li>Organised forums, festivals and exhibitions, benefitting over 2,500 visitors and generating significant income for artisans and vendors.</li> </ul>
Community Well-Being	<ul style="list-style-type: none"> <li>Conducted various programmes for cancer patients, flood relief and food security, assisting thousands of beneficiaries.</li> </ul>
<b>Governance</b>	
Internal Audit	<ul style="list-style-type: none"> <li>Underwent an internal audit by Deloitte, covering operations from 1 April 2022 to 31 March 2023.</li> </ul>
Anti-Bribery and Whistleblowing	<ul style="list-style-type: none"> <li>Adopted and made available the Anti-Bribery and Whistleblowing Policy online for public access.</li> </ul>

## WAQAF AN-NUR

In June 2024, Waqaf An-Nur Corporation (WANCorp) formalised its Sustainability Governance Structure, marking a significant step toward integrating Environmental, Social and Governance (ESG) principles into its core operations.

This initiative underscores WANCorp's commitment to transparency, accountability and strategic alignment in achieving sustainable socio-economic development. Despite the formal structure being established only in 2024, WANCorp was already implementing impactful sustainability initiatives in 2023, emphasising healthcare services, social engagement and economic empowerment.

Category	Key Initiatives/Highlights
<b>Environment</b>	
Initiatives	<ul style="list-style-type: none"> <li>No formal practical strategies initiated in 2023, but groundwork for the 2024 sustainability governance structure was laid.</li> </ul>
<b>Social</b>	
Employee Welfare	<ul style="list-style-type: none"> <li>Invested over 1,000 hours in leadership and skills enhancement training for employees.</li> </ul>
Community Engagements	<ul style="list-style-type: none"> <li>Distributed RM2.56 million under Dana Kebajikan Am, benefitting over 5,000 individuals.</li> <li>Breakdown of Contributions:               <ul style="list-style-type: none"> <li>Community and Welfare: RM1,401,886 (55%)</li> <li>Healthcare: RM469,815 (18%)</li> <li>Socioeconomic and Human Capital Development: RM413,637 (16%)</li> <li>Spirituality and Religion: RM273,516 (11%)</li> </ul> </li> </ul>
Community and Welfare	<ul style="list-style-type: none"> <li>Waqf Brigade: Disaster assistance and corporate social responsibility.</li> <li>Jalinan Ukhwah: Included repairs for schools and community spaces, food baskets, financial contributions, free medical check-ups and haircuts.</li> </ul>
Healthcare	<ul style="list-style-type: none"> <li>Waqaf An-Nur Clinics (KWAN): Provided outpatient and dialysis treatments to underprivileged communities.</li> <li>Home Dialysis Programme: Facilitated home dialysis using Automated Peritoneal Dialysis (APD) for underserved patients.</li> </ul>
Socioeconomic Development	<ul style="list-style-type: none"> <li>Waqafpreneur: Empowered individuals through entrepreneurial skills training.</li> <li>Waqaf Tani Komuniti: Focused on urban farming concepts and practices.</li> <li>Waqaf Dana Niaga: Provided Shariah-compliant micro-financing to assist entrepreneurs in starting or expanding businesses.</li> <li>Community Waqf Centres: Offered skills training for B40 groups, asnaf, and unemployed individuals to improve their income levels.</li> </ul>
Spiritual and Religion	<ul style="list-style-type: none"> <li>Rangkaian Masjid An-Nur: Managed six mosques, provided religious services and supported community activities.</li> </ul>
<b>Governance</b>	
Ethical Business Practices	<ul style="list-style-type: none"> <li>Introduced key governance policies in 2023, including Anti-Corruption Policy, Syariah Governance Policy and Business Continuity Management (BCM) Policy and Framework.</li> </ul>
Governance Programmes	<ul style="list-style-type: none"> <li>Organised Governance Day 2023, which focused on:               <ul style="list-style-type: none"> <li>Promoting principles of integrity, transparency, and accountability.</li> <li>Conducting discussions and workshops to educate employees on governance's role in corporate success.</li> </ul> </li> </ul>



SECTION

# 06

## LEADERSHIP

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# LOADING

With Integrity

# PROFILE OF BOARD DIRECTOR

## YAB DATO' ONN HAFIZ GHAZI

Menteri Besar of Johor  
Chairman

- ➔ **Nationality:** Malaysian
- ➔ **Age / Gender:** 45 / 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 BAKAR

Deputy Chairman

- **Nationality:** Malaysian
- **Age / Gender:** 63 / 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 and Chairman of KPJ Healthcare Berhad on 2 April 2024. Tan Sri Dato' Sri Dr Ismail also serves as Chairman of the Executive Committee of JCorp.

## PROFILE OF BOARD DIRECTOR

### DATUK SYED MOHAMED SYED IBRAHIM

President & Chief Executive  
Board of Director

- ➔ **Nationality:** Malaysian
- ➔ **Age / Gender:** 65 / 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 is also the Chairman of Waqaf An-Nur Corporation Berhad and KPJ Healthcare University as well as a Member of JCorp's Executive Committee.







## TAN SRI DATO' DR HAJI AZMI ROHANI

State Secretary of Johor  
Board of Director

- **Nationality:** Malaysian
- **Age / Gender:** 58 / Male
- **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 2017 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 DIRECTOR

### DATUK ABD AZIZ ENGAN

State Legal Advisor of Johor  
Board of Director

- ➔ **Nationality:** Malaysian
- ➔ **Age / Gender:** 53 / Male
- ➔ **Date of Appointment:** 1 October 2024

Dato' Amir has been appointed as a Member of the Board of Johor Corporation effective from 1 October 2024 in his current capacity as the State Legal Advisor of Johor. He holds a Bachelor of Laws from Universiti Malaya. Datuk Abd Aziz is currently the Chairman of JCorp's Board of Sustainability Committee.





## DATO' MOHAMMED RIDHA DATO' ABD KADIR

State Financial Officer of Johor  
Board of Director

- **Nationality:** Malaysian
- **Age / Gender:** 52 / Male
- **Date of Appointment:** 25 January 2020

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Dato' Salehuddin's appointment to the Board of Directors of Johor Corporation is effective on 9 January 2024. He has a master's degree in information technology from Universiti Teknologi Malaysia. He is currently the State Finance Officer of Johor. Dato' Mohammed Ridha also serves on the Board Audit and Risk Committee of JCorp.

## PROFILE OF BOARD DIRECTOR

### DATUK JOHAN MAHMOOD MERICAN

Secretary General of Treasury, Ministry of Finance  
Board of Director

- ➔ **Nationality:** Malaysian
- ➔ **Age / Gender:** 50 / 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 DIRON

Secretary General, Ministry of Economy  
Board of Director

- **Nationality:** Malaysian
- **Age / Gender:** 61 / Male
- **Date of Appointment:** 6 February 2023

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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 DIRECTOR

### DATO' HAIRIL YAHRI YAACOB

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

- ➔ **Nationality:** Malaysian
- ➔ **Age / Gender:** 52 / 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 ZULFAKAR

Board of Director

- **Nationality:** Malaysian
- **Age / Gender:** 62 / Male
- **Date of Appointment:** 8 March 2023

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 DIRECTOR

### DATO' SR HISHAM JAFREY

Board of Director

- ➔ **Nationality:** Malaysian
- ➔ **Age / Gender:** 65 / 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:** 61 / 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 ABDUL RAHMAN, ACIS

Assistant Secretary



- **Nationality:** Malaysian
- **Age / Gender:** 52 / 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 TEAM



## DATUK SYED MOHAMED SYED IBRAHIM

President and Chief Executive

- **Nationality:** Malaysian
- **Age / Gender:** 65 / Male
- **Date of Appointment:** 9 March 2010

### Academic/Professional Qualification(s)

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

1



2



3



4



5



6



7



1

**SHAMSUL ANUAR ABD MAJID**

Chief Investment Officer



52

**Academic/Professional Qualification(s)**

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

2

**MOHD NORDIN JAMALUDIN**

Chief Corporate Services Officer



61

**Academic/Professional Qualification(s)**

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

3

**DATUK SR AKMAL AHMAD**

Director, Real Estate &amp; Infrastructure Division



57

**Academic/Professional Qualification(s)**

- Bachelor of Science in Quantity Surveying, Universiti Teknologi MARA

4

**ROZAINI MOHD SANI**

Chief Financial Officer



50

**Academic/Professional Qualification(s)**

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

5

**MOHD AZMI HITAM**

Chief Governance Officer



58

**Academic/Professional Qualification(s)**

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

6

**AHMAD YUSRI MOHAMED**

Chief Digital Officer



51

**Academic/Professional Qualification(s)**

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

7

**MOHAMMAD NAJMIE NOORDIN**

Chief Learning Officer



40

**Academic/Professional Qualification(s)**

- Master of Business Administration, University of Manchester, United Kingdom





SECTION

# 07

## OUR GOVERNANCE

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# TRANSPARENCY and Accountability

# STATEMENT OF CORPORATE GOVERNANCE



IN 2023, JCORP REMAINED UNWAVERING IN ITS COMMITMENT TO STRONG CORPORATE GOVERNANCE CONSTANTLY STRIVING TO ALIGN WITH BEST PRACTICES AND STAKEHOLDER EXPECTATIONS. BY EMPHASIZING TRANSPARENCY, ACCOUNTABILITY, AND ETHICAL CONDUCT, JCORP AIMS TO FOSTER TRUST, STRENGTHEN ORGANISATIONAL RESILIENCE, AND ADAPT ITS GOVERNANCE FRAMEWORK TO ADDRESS EVOLVING REGULATORY DEMANDS, ENSURING LONG-TERM VALUE TO THE COMMUNITIES IT SERVES.



## MEMBERS OF JOHOR CORPORATION (THE “BOARD”)

The Board holds ultimate responsibility to shareholders for JCorp’s direction, management, performance and long-term success. It sets the Group’s strategies and objectives, while overseeing performance, internal controls, risks management, governance and overall viability of JCorp. The Board is chaired by the Chief Minister of Johor and comprises a team of qualified individuals with diverse professional expertise and backgrounds.

### Composition

As outlined in Enactment No. 4 of 1968, the Members of JCorp comprise the following:

01

A Chairman who also serves as the Chief Minister of Johor

02

A Deputy Chairman appointed by the Ruler

03

Three representatives from the Johor Civil Service, (holding the positions of State Secretary, State Legal Advisor, and State Financial Officer

04

Director of the Corporation appointed under Section 12 of the Enactment (known as the President and Chief Executive)

05

Three representatives from the Federal Government, primarily from the Ministry of Finance, Minister of International Trade & Industry, and Ministry of Economy

06

Independent Directors appointed by the Ruler, possessing qualifications, experience, and expertise in area such as banking, manufacturing, housing, business, finance, and other professional or administrative fields

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.

### Duties and Responsibilities

Members of JCorp are accountable for the overall performance of JCorp by establishing the Group’s objectives and defining its long-term strategic plan. In addition, they ensure that JCorp fulfils its key role, as a leader in Johor’s economic development through efficient and effective business entities. These businesses must also be driven to dominate the market, remain competitive and contribute to the wellbeing of the people through the execution of its corporate responsibilities.



## Meetings and Attendance

During the financial year ended 31 December 2023, the Board met four (4) times. The attendance for the Board meetings, as well as the Committee meetings, is outlined below:-

No.	Name	BOD Meeting	EXCO Meeting	BARC Meeting	BTC Meeting	BNRC Meeting	BSC Meeting
1.	YAB Dato' Onn Hafiz Ghazi (Menteri Besar Johor & Chairman)	4 <sup>1</sup>	N/A	N/A	N/A	N/A	N/A
2.	YBhg Tan Sri Dato' Sri Dr. Ismail Bakar (Deputy Chairman)	4	4 <sup>1</sup>	N/A	N/A	N/A	N/A
3.	YBhg Datuk Syed Mohamed Syed Ibrahim (President & Chief Executive/Ahli JCorp)	4	4	4 <sup>3</sup>	2	N/A	1 <sup>3</sup>
4.	YB Tan Sri Dato' Dr. Haji Azmi Rohani (State Secretary of Johor/Ahli JCorp)	3	0	N/A	0 <sup>1</sup>	N/A	N/A
5.	YB Dato' Amir Nasruddin (State Legal Advisor of Johor/Ahli JCorp)	4	N/A	N/A	N/A	N/A	1 <sup>1</sup>
6.	YB Dato' Salehuddin Hassan (State Financial Officer of Johor/Ahli JCorp)	4	4 <sup>2</sup>	5	2	N/A	N/A
7.	YBhg Datuk Johan Mahmood Merican (Secretary General of Treasury, Ministry of Finance/Ahli JCorp) – Appointed w.e.f. 1 May 2023	1	1	N/A	N/A	N/A	N/A
8.	YBhg Dato' Nor Azmie Diron (Secretary General of Ministry of Economy/ Ahli JCorp) – Appointed w.e.f. 6 February 2023	3	4	N/A	N/A	N/A	N/A
9.	YBhg Dato' Hairil Yahri Yaacob (Secretary General of the Ministry of Investment, Trade & Industry/Ahli JCorp) – Appointed w.e.f. 1 December 2023	1	1	N/A	N/A	N/A	N/A
10.	YBhg Datuk Nor Azri Zulfakar (Ahli JCorp)	4	N/A	N/A	N/A	N/A <sup>1</sup>	1
11.	YBhg Dato' Sr. Hisham Jafrey (Ahli JCorp)	4	N/A	5 <sup>1</sup>	N/A	N/A	N/A
12.	YBhg Datuk Seri Asri Hamidon – Resigned w.e.f. 4 January 2023	0	0	N/A	N/A	N/A	N/A
13.	YBhg Datuk Lokman Hakim Ali – Resigned w.e.f. 6 February 2023	0	0	N/A	N/A	N/A	N/A
14.	YBhg Datuk Seri Isham Ishak – Resigned w.e.f. 1 December 2023	2	3	N/A	N/A	N/A	N/A
15.	Puan Hajah Zainah Mustafa (Independent Committee Member)	N/A	N/A	5	N/A	N/A	N/A
16.	Puan Norliza Hashim (Independent Committee Member)	N/A	N/A	N/A	N/A	N/A	1

### Notes:

<sup>1</sup> Chairman of the Committee

<sup>2</sup> Alternate Committee Member

<sup>3</sup> Management and/or Permanent Invitee

If no meeting was conducted for the said Committee, then decisions were made and passed through a Circular Resolution of the said Committee.

# STATEMENT OF CORPORATE GOVERNANCE

## Board Committee

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

### BOARD COMMITTEES

#### EXECUTIVE COMMITTEE (EXCO)

The EXCO recommends key business strategies, operational plans, policies, and other important matters to the Board for approval, ensuring alignment with organizational goals and priorities..

#### BOARD AUDIT AND RISK COMMITTEE (BARC)

Responsible for overseeing the organization's financial reporting, internal controls, risk management, and audit processes, the BARC reviews financial statements, ensures compliance with regulations, evaluates risk management strategies, monitors the effectiveness of internal audits, and provides recommendations to enhance corporate governance and mitigate risks.

#### BOARD TENDER COMMITTEE (BTC)

Responsible for overseeing the transparency in the implementation and management of as well as cultivating integrity and compliance with JCorp's procurement policies.

#### BOARD NOMINATION AND REMUNERATION COMMITTEE (BNRC)

Responsible for overseeing the organisation's board composition and executive compensation, the BNRC recommends appointments to the Board, evaluates the performance of directors and executives, and determines appropriate remuneration packages to align with organisational goals and performance.

#### BOARD SUSTAINABILITY COMMITTEE (BSC)

Responsible for overseeing the organisation's sustainability efforts, the BSC ensures the integration of sustainable practices into business strategies, monitors environmental, social, and governance (ESG) performance, and recommends policies and initiatives to promote long-term sustainability.

Chart 1. Board Committee

Senior leadership is assisted and supported by five main Committees namely, the Stewardship Committee (SC), Management Committee (MC), Group Management Committee (GMC), Enterprise Risk Management Committee (ERMC), and People and Culture Council (P&C) to drive strategic execution.

For each committee, the approved Terms of Reference outline their strategic objectives, authority, and responsibilities, thereby providing a clear framework for their strategic and operational roles.

## Corporate Governance For Listed Entities In The JCorp Group

Corporate governance for listed companies in the JCorp Group focuses on ensuring transparency, accountability, and ethical management by adhering to regulatory requirements, promoting best practices in board leadership, risk management, and stakeholder communication, while safeguarding the interests of shareholders and the long-term success of the organisation



## 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 2023-2027 which includes the establishment of JCorp Stewardship Committee and People & Culture Council.

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 prioritized safeguarding the value of its investments and employs best practices as a responsible shareholder in its investee companies. The Stewardship Committee oversees the JCorp Stewardship Framework, which articulates JCorp's philosophy and expectations for the companies within its investment portfolio. The Committee is dedicated to promoting a performance-driven culture and enhancing the organisational health of the respective companies.

### b. Strategies Towards JCorp's Sustainability

JCorp has established the Sustainability Framework to embody our commitment to sustainability beyond financial performance, as we endeavor to build enterprises that excel in environmental, economic, social, and governance dimensions, thereby ensuring long-term viability and a positive impact. We ensure that this framework is aligned with the United Nations' Sustainable Development Goals (SDGs) and is effectively disseminated across the Group.

### 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. Recognizing the significance of timely information dissemination to shareholders and other stakeholders, JCorp ensures that communication aligns with the Group Communications Policy.

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 JCorp.

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 submits periodic report to 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 is certified with 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 demonstrate JCorp's commitment to deliver quality outcomes for stakeholders and investors.

## STATEMENT OF CORPORATE GOVERNANCE

### 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. To enhance oversight, JCorp has established a Stewardship Committee responsible for guiding and overseeing investment activities. The monitoring team, under the Committee's direction, diligently manages JCorp's investments with the objective of safeguarding assets and ensuring optimal returns through dividend extraction, while 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

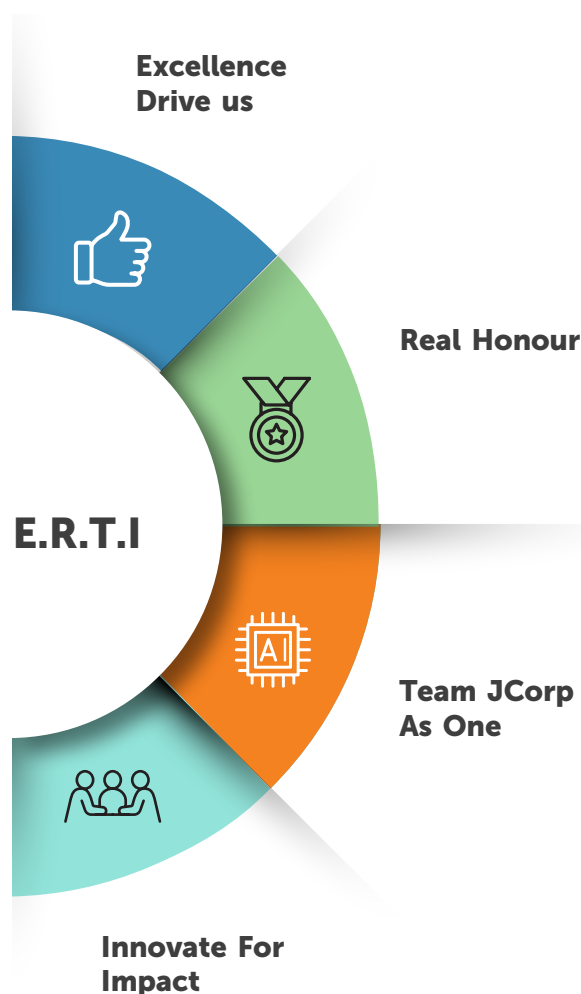
JCorp places a high priority on cybersecurity, reinforced by the Digital Cybersecurity Framework approved on 21 August 2023. The framework ensures robust governance measures, such as stringent access controls and regular security audits, are integrated from the earliest stages of software development. This proactive approach supports compliance with industry regulations and strengthens defenses against evolving cyber threats. JCorp also carefully balances the advantages of cloud technology with stringent requirements to maintain data confidentiality and integrity through continuous assessments and updates.

### j. Human Resources

Recognising the importance of continuous development, JCorp is fostering a culture of growth by embedding a learning organisation ethos. This commitment empowers employees to adopt a growth mindset, driving innovation and excellence across the organisation. 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 remains steadfast in addressing global challenges such as climate change, social equity, and responsible governance. Guided by the core values of E.R.T.I., the organisation is dedicated to sustainable growth and creating a meaningful impact across its operations. Additionally, JCorp is cultivating a corporate culture DNA that fosters an organisation capable of navigating an evolving landscape with agility and resilience.



# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The risks identified in 2022 have continued to impact economic and technological transformation throughout the 2023. Inflationary pressures, persistent supply chain disruptions, and geopolitical tensions created a challenging environment internationally, affecting sentiment in key markets. Amidst these challenges, we remain committed to delivering value to the communities we serve, adapting our strategies to ensure resilience and sustained support.

The formulation of organisational 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 organisational 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:

## RISK MANAGEMENT AND INTERNAL CONTROL STRUCTURE

The Board fulfils 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 (ERMC)	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"> <li>Ensure that risk management initiatives are well initiated to evaluate and making decisions related to key strategies and operations.</li> <li>Ensure that risk assessment review exercise is conducted prudently and extensively.</li> <li>Ensure action plans are identified, implemented and addressed at the division/subsidiary/ project level.</li> <li>Review and approve the 'Risk Register' of each division/subsidiary/project</li> <li>Collaborate with the Group Governance and Risk Division (GGRD) on enterprise risk management (ERM) initiatives</li> </ul>
	Risk Champion (RC)	<ul style="list-style-type: none"> <li>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.</li> <li>Complete, update, maintain and archive all relevant 'Risk Registers' of division/subsidiary/ projects in a consistent manner.</li> <li>Assist GGRD and RO in coordinating and fostering risk awareness and training activities at the divisional and subsidiary levels.</li> </ul>

# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

## RISK MANAGEMENT FRAMEWORK

JCorp has established an Enterprise Risk Management Framework that serves as the cornerstone and organisational 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.

## RISK MANAGEMENT AND INTERNAL CONTROL ACTIVITIES

Throughout 2023, 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:



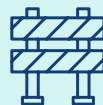
Jointly developed policies for Digital Security and Sustainability.



Evaluated the Group's Business Continuity Management (BCM) initiatives including revision to the BCM Crisis Escalation Criteria & Incident Procedures as well as the secure storage of data, systems, and applications in the cloud.



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



Leveraged the Governance Risk Compliance (GRC) System and other relevant internal governance processes for Robotic Process Automation (RPA) to improve reporting on both risk and internal controls.



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



Implemented a Risk Management and Internal Control awareness program to familiarise staff with Risk, Controls, Compliance, and BCM including the roles and responsibilities of the Emergency Response Team (ERT) and procedures for responding to incidents.



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



# BOARD AUDIT AND RISK COMMITTEE ("BARC") REPORT

The BARC's primary role is to assist the Board in fulfilling its oversight responsibilities in areas such as the integrity of financial reporting, the effectiveness of the risk management framework and system of internal controls as well as consideration of ethics and compliance matters. The BARC is responsible for assessing the quality of the audit performed by, and the independence and objectivity of, the external auditor. The BARC also reports to the JCorp Members on the appointment or reappointment of the external auditor and internal auditor. In addition, the BARC oversee the work and quality of the internal audit function.

During the financial year ended 31 December 2023, the BARC consist of three (3) members as follows:

- Dato Sr. Hisham Jafrey, a Member of JCorp (Independent Director) – Chairman of BARC.
- Dato' Salehuddin Hassan, State Financial Officer and is also a Member of JCorp - Member's BARC
- 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 AND ATTENDANCE

Based on the Terms of Reference approved by the Members of JCorp, the BARC shall meet at least four times a year. During the financial year ended 31 December 2023, the Committee met five (5) times (including two special meetings), as outlines as below:

	19 FEBRUARY	13 MARCH (Special Meeting)	11 MAY (Special Meeting)	15 AUGUST	3 DECEMBER
Dato' Sr. Hisham Jafrey	●	●	●	●	●
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, integrity, 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.

The BARC ensures the JCorp Members is kept apprised of its activities and recommendations, with the Chairman delivering updates to the Board after every BARC meeting.

## FINANCIAL STATEMENTS

BARC activities over the course of a year focuses on a variety of matters that involve a high degree of judgement and/or are significant to JCorp's consolidated financial statements:

- Review the financial statements, including annual and quarterly financial statements.
- Review and discuss with management the appropriateness of judgements involving the application of accounting principles and disclosure rules.
- Review and certify that the appropriate financial risk management process is thorough and comprehensive at the JCorp and Group levels.

# BOARD AUDIT AND RISK COMMITTEE REPORT

## EXTERNAL AUDIT

Review with the external auditors and thereafter bring to the attention of the Members of JCorp concerning:

- Appointment and termination of services of external auditors, service fees, and appropriate recommendations.
- Scope and planning of audit work, as well as coordination involving the external auditors of JCorp and the Group.
- Any finding identified by the external auditors and feedback from management.
- 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 appointment and termination of services of internal auditors, service fees, and appropriate recommendations.
- Review the effectiveness and capability of JCorp's internal control systems.
- Review, acknowledge and certify the annual internal audit activity plan which covers the adequacy of scope of work.
- Review finalised audit reports and observations as well as monitor follow-up actions and areas of improvements that are required.

## RISK MANAGEMENT

- Review sources of estimation uncertainty, emerging risks, and other key assumptions with management takes into account economic and market volatility, climate risk, geopolitical dynamics, and the evolving expectations of stakeholders.
- 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 2023, the Board Audit and Risk Committee elaborated, discussed and endorsed the following:

- Revision of JCorp Enterprise Risk Management Policy and JCorp's Limits of Authority.
- Report of the Enterprise Risk Management Committee meeting held on 12 February, 3 August and 14 November 2023.
- Report of the Group Governance Committee meetings held on 11 January, 24 February, 28 April, and 19 November 2023.
- Performance of previous and re-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.
- Key risks that have been updated throughout 2023, 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 2023.
- 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 2022 by the Jabatan Audit Negara, Negeri Johor and 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.

# JOHOR CORPORATION

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