KHAZANAH NASIONAL

ADVANCING MALAYSIA




The Khazanah Report 2025

# Investing with Purpose for Malaysians

# The Khazanah Report 2025

This year's Report is themed "Investing with Purpose for Malaysians." It captures how Khazanah's dual mandate as a sovereign wealth fund delivers sustainable financial returns while contributing to Malaysia's long-term development.

"Investing with Purpose" means deploying capital guided not only by financial considerations, but also by the outcomes it creates for the economy, society and the environment. It reflects a shift from treating sustainability as a separate agenda to embedding it within investment decisions. "For Malaysians" anchors this purpose in the beneficiaries of Khazanah's mandate, reflecting the responsibility to create value that extends beyond the portfolio: advancing national priorities, improving quality of life and supporting future generations.

Together, the theme conveys a disciplined, outcome-oriented approach to investing, aligned with Khazanah's role in Advancing Malaysia.




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# CHAIRMAN'S MESSAGE




## Guiding Khazanah's Mandate with Purpose

**Dear Valued Stakeholders,**

The wealth of a nation is not reckoned solely in the arithmetic of growth. The bigger question is whether prosperity enlarges the lives of its people: whether work carries dignity and whether the young inherit a country richer in opportunity than the one before it. Such is the purpose of Ekonomi MADANI.

The international economy has become more fragmented and less forgiving. Supply chains are shifting. Entire industries are being remade by technological change. Strategic rivalry between major powers now bears heavily upon trade, investment and industrial policy. Countries that fail to adapt will lose ground.

# CHAIRMAN'S MESSAGE

Malaysia has read these challenges clearly and moved to meet them. Through Ekonomi MADANI and national plans such as the New Industrial Master Plan 2030, the National Energy Transition Roadmap, the National Semiconductor Strategy and the Bumiputera Economic Transformation Plan 2035, the country is seeking to strengthen its industrial foundations and move into more advanced forms of economic activity.

Policy frameworks alone, however, will not suffice. Malaysia will require stronger companies, deeper technical capabilities and a greater willingness to compete internationally. It must also be discerning about where it chooses to concentrate its energies, building upon genuine advantages rather than pursuing every passing fashion.

Government has an important role, but it cannot carry this burden alone. Private capital, entrepreneurs, researchers and workers all have a part to play. Khazanah Nasional exists to support that broader national endeavour.



## CHAIRMAN'S MESSAGE

# Advancing National Priorities

Khazanah's responsibility extends beyond immediate financial returns. It is intended to invest with a longer national horizon in mind, especially in areas where progress requires long-term commitment and sustained coordination.

Dana Impak reflects that approach. It supports the venture capital ecosystem and helps businesses expand into more technologically demanding industries. The aim is straightforward: to help build firms that are more capable, more productive and better able to hold their own internationally.

The priority sectors are clear. They include semiconductors, advanced manufacturing, digital infrastructure, energy transition and artificial intelligence. These industries will shape future growth and determine where economic value and technological capability are concentrated in the years ahead.



## CHAIRMAN'S MESSAGE

# Strengthening Foundations for the Future

Economic development should not come at the expense of memory or character.

That principle can be seen in the work undertaken through Dana Warisan and the Warisan KL initiative. The restoration of Seri Negara, Bangunan Sultan Abdul Samad and Pejabat Pos Besar Lama was about more than preserving historic buildings. Cities, like nations, draw part of their strength from continuity. When too much of the past is erased, something deeper is diminished as well.

These sites reopened to the public in December 2025 following work that began in 2022. Their restoration reflects a simple belief: that development should deepen a city's character rather than strip it away.



## CHAIRMAN'S MESSAGE

# Moving Forward

Malaysia possesses the talent and institutional capacity to prosper in a more demanding world. The challenge now lies in the discipline to stay the course, even if the results may not be immediately apparent.

To the Board, management and staff of Khazanah Nasional, thank you for your dedication and commitment. To our partners and stakeholders, thank you for your continued trust and support.

May our efforts contribute towards building a Malaysia more confident in itself and more secure in its sense of purpose. Insya-Allah.

**YAB Dato' Seri Anwar Ibrahim**
Chairman, Khazanah Nasional Berhad



# MANAGING DIRECTOR'S MESSAGE



## Executing with Discipline, Delivering with Purpose

**Dear Valued Stakeholders,**

2025 was a year of profound calibration – it tested the global economy with geopolitical tensions, political uncertainty, technological disruption and currency volatility, all converging with deepening trade fragmentation. Tariff disputes and shifting supply chains, particularly between the United States and China, continued to redraw how nations compete and where capital flows.

# MANAGING DIRECTOR'S MESSAGE

Against this challenging backdrop, Khazanah remained focused on our role as long-term steward of national assets and our responsibility of preserving and growing capital, while ensuring that the strength of our portfolio enables us to continue supporting Malaysia's long-term progress and development. In a time of rising costs and global instability, this is a mission that requires us to be more than just investors; we must be stewards and architects of national resilience.

*Alhamdulillah*, Khazanah delivered a resilient financial performance in 2025 amidst the volatility, recording a 5.2% return for the year and a seven-year rolling annualised return of 6.1%, reflecting disciplined portfolio management and sustainable value creation across economic cycles. Total assets increased to RM156 billion, with net assets standing at RM105 billion alongside RM5.6 billion in profit from operations. Supported by strong performance in the global and domestic public markets, Khazanah also paid a RM2 billion dividend to the Government during the year.

*For further information on Khazanah's financial performance, please refer to pages 13–15.*

This resilience did not happen by chance. It was built over many years through disciplined diversification across geographies, sectors and asset classes, alongside prudent risk management. More importantly, it gives Khazanah the ability to stay the course and act with purpose during periods of uncertainty, deploying patient and catalytic capital towards strategic national priorities that require innovation across cycles.



MANAGING DIRECTOR'S MESSAGE

# Beyond Capital: Building Industrial Depth and Capability

This philosophy continued to shape several important decisions and investments during the year.

As geopolitical competition increasingly shapes economic outcomes, countries no longer compete solely on cost or market access, but also on resilience, capability and strategic relevance within global supply chains. Malaysia has benefited significantly from investment-led growth built on competitiveness in cost, infrastructure and connectivity. The next phase of development, however, will depend not on attracting more investment alone, but on whether those investments strengthen firms, deepen industrial linkages and build higher-value capabilities. Otherwise, the economy risks remaining active without becoming meaningfully stronger.




This is where domestic capital plays an important role. Through initiatives such as Dana Impak's Jelawang Capital and Malaysia Growth Innovation Programme ("MGIP"), Khazanah seeks not only to deploy capital, but also to strengthen the ecosystem surrounding key sectors, enabling Malaysian companies, suppliers and talent to scale alongside global investments. This is already strengthening Malaysia's semiconductor ecosystem as exemplified by our investment in US-based edge AI company Syntiant, which recently expanded with a manufacturing plant in Penang, and in local fabless integrated circuit (IC) design company SkyeChip. These investments contribute towards higher-value capabilities, skilled employment and deeper participation within global technology supply chains.

# MANAGING DIRECTOR'S MESSAGE

In energy and digital infrastructure, ecosystem-building efforts through companies such as UEM Lestra, Tenaga Nasional Berhad and TM continue to support Malaysia's ongoing transition towards greater connectivity, energy resilience and digital enablement.

Another significant milestone in 2025 is the privatisation of Malaysia Airports Holdings Berhad ("MAHB"). It reflects the type of stewardship required for strategic national infrastructure, where sustained investment horizons, operational transformation and institutional stability extend well beyond short-term market cycles. Airports are not merely commercial assets. They are critical enablers of global connectivity, trade, tourism and investment flows, making operational excellence and capacity planning ahead of demand essential to Malaysia's competitiveness as a regional gateway.



In supporting the connectivity strategy, our planned and committed investments in the conservation and activation of eight (8) heritage buildings around Kuala Lumpur under the Warisan KL initiative also reflects the commitment to increase Kuala Lumpur's economic potential, access to world-class public spaces and distinctive, heritage-led tourism offerings. Seri Negara at Bukit Carcosa was reopened to the public in December 2025 followed by the reopening of two other landmarks, namely the Bangunan Sultan Abdul Samad in February 2026 and Pejabat Pos Besar Lama in May 2026 respectively.

Ultimately, Malaysia's competitiveness will depend not only on attracting industries, but on building the depth of local talent and technical capability required to sustain them. Programmes such as K-Youth continue to strengthen workforce readiness in strategic sectors with 9,934 youths trained in 2025 and more than 34,000 since inception. The focus increasingly is on matching industry demand with the capabilities required in semiconductors, aviation, TVET and digital and technology industries. A stronger pipeline of skilled talent remains essential to ensuring that economic growth translates into enduring national capability.

These are investments aimed at strengthening Malaysia's industrial depth, innovation capacity and competitiveness in the industries that shape the future global economy. We cannot rely solely on remaining an attractive destination for capital. Investment activity must translate into stronger domestic capability, deeper industrial linkages and more enduring economic value.

MANAGING DIRECTOR'S MESSAGE

# Stewardship for the Long Term

As global and structural shifts grow more complex, strengthening resilience and sustainability across the portfolio has become equally important to sustaining enduring value. In 2025, Khazanah introduced the *Securing the Future* ("STF") framework to embed sustainability and resilience more deeply into how decisions are made across the organisation. The framework strengthens how transition readiness, supply chain resilience, workforce capability and climate risks are evaluated across investments and portfolio companies, ensuring that value creation remains responsible and durable financially, operationally, economically and socially.

**For Khazanah, this is where stewardship matters most - it is about the responsibility of generating wealth today while ensuring a secure and sustainable future for tomorrow and generations to come.**

We remain steadfast in ensuring that our efforts continue to raise both the ceiling and the floor towards national competitiveness and resilience.

*For further information on the Securing the Future Framework, please refer to pages 56–57.*



MANAGING DIRECTOR'S MESSAGE

# Advancing Malaysia: A Whole-of-Nation Effort

Building a resilient future for Malaysia is ultimately a relay race, one that requires different forms of capital, expertise and ecosystem support to work in sequence across each stage and cycle of growth. It is a responsibility Khazanah cannot carry alone; it requires a whole-of-nation approach. At its core, Advancing Malaysia reflects this enduring and shared responsibility.



I would like to take this opportunity to thank our Board of Directors, all our partners and stakeholders, whose shared commitment makes this work possible. To each of them, and to our colleagues across Khazanah whose dedication underpins everything we do, I extend my sincere appreciation.

To close, I am pleased to invite you to read The Khazanah Report 2025, which adopts a more case study-oriented approach to illustrate how Khazanah advances nation-building that deliver both commercial outcomes and broader benefits for Malaysians. Through examples across connectivity, digitalisation, energy transition, transforming firms, sustainability and community development, we hope to give readers a clearer understanding of how Khazanah approaches stewardship and investment with purpose and discipline, to advance Malaysia and deliver value to its people.

**Dato' Amirul Feisal Wan Zahir**
Managing Director, Khazanah Nasional Berhad

# KEY FINANCIAL HIGHLIGHTS AND PERFORMANCE

**In 2025, Khazanah delivered resilient financial and strategic performance amid heightened global volatility, underpinned by disciplined portfolio management and continued execution of our Advancing Malaysia strategy.**

Net assets of our Overall Portfolio increased to RM105 billion from RM104 billion in 2024, while total assets rose by RM5 billion to RM156 billion. Since 2004, our net assets have grown from RM33 billion to RM105 billion, representing annual growth of 6.2%, including dividends and net of cash flows.

Our Investments Portfolio, the mainstay of our financial returns, grew from RM93 billion in 2024 to RM95 billion in 2025. It delivered a return of 5.2% for the year, while the seven-year rolling annualised return since 2019 stood at 6.1%, reflecting the portfolio's ability to generate returns across market cycles and in line with our mandate and risk appetite.

Additionally, Khazanah recorded a profit from operations of RM5.6 billion, compared with RM5.1 billion in 2024.

We declared a dividend of RM2 billion to the Government of Malaysia, bringing cumulative dividends paid since 2004 to RM21.1 billion. Cumulative shareholder returns since 2004 stood at RM93.1 billion.

**Total Assets**

**RM156 billion**
(2024: RM151 billion)

**Net assets of our Overall Portfolio increased to**

**RM105 billion**
(2024: RM104 billion)

**7-year rolling return**

**6.1%**

**2025 Returns from Net Asset Value (NAV) of the Investments Portfolio**

**5.2%**

**RAV Cover stood at**

**3.1x**
(2024: 3.2x)

**Khazanah recorded a profit of**

**RM5.6 billion**
(2024: RM5.1 billion)

**Paid**

**RM2 billion**
dividend to the Government of Malaysia

# KEY FINANCIAL HIGHLIGHTS AND PERFORMANCE

**Income Statement (RM million)**
For the year ended 31 December 2025

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| **Revenue** | **6,620** | 6,978 | 7,812 | 8,017 | 5,353 |
| Profit from operations | 5,640 | 5,090 | 5,890 | 1,630 | 670 |
| Taxation | (567) | (335) | 61 | (156) | (226) |
| **Net profit for the year** | **5,073** | 4,755 | 5,951 | 1,474 | 444 |
| Dividends declared: | | | | | |
| - Normal dividend | (1,000) | (1,000) | (1,000) | (500) | (2,000) |
| - Special dividend | (1,000) | - | - | - | - |
| **Net profit / (loss) for the year after dividend** | **3,073** | 3,755 | 4,951 | 974 | (1,556) |

**Balance Sheet (RM million)**
As at 31 December

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Total assets | 98,229 | 94,317 | 93,924 | 86,819 | 84,822 |
| Total liabilities [Note A] | 51,751 | 48,629 | 51,187 | 50,101 | 49,504 |
| **Net assets** | **46,478** | 45,688 | 42,737 | 36,718 | 35,318 |
| Share capital | 12,816 | 12,816 | 12,284 | 12,284 | 12,284 |
| Retained profits | 27,714 | 24,640 | 21,044 | 16,093 | 15,119 |
| Other reserves | 5,948 | 8,232 | 9,409 | 8,341 | 7,915 |
| **Shareholders' funds** | **46,478** | 45,688 | 42,737 | 36,718 | 35,318 |

# KEY FINANCIAL HIGHLIGHTS AND PERFORMANCE

**Note A:** Included in total liabilities are borrowings as follows:

**Borrowings (RM million)**
As at 31 December

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Khazanah's Government-guaranteed bonds | 1,680 | 1,616 | 4,009 | 5,767 | 7,943 |
| Other bonds and notes | 39,632 | 39,260 | 35,271 | 30,188 | 29,826 |
| Term loans | - | 3,396 | 6,150 | 5,985 | 5,802 |
| Exchangeable Bonds | 2,034 | - | - | 1,015 | 3,283 |
| Revolving credit facilities | 7,356 | 3,429 | 4,808 | 6,189 | 1,624 |
| | **50,702** | 47,701 | 50,238 | 49,144 | 48,478 |

[1] The income statements and balance sheets are derived from Khazanah's Extended Company Financial Statements, which refers to the consolidation of the financial statements of Khazanah (Company) and its Special Purpose Vehicles (SPVs). These SPVs are wholly-owned subsidiaries of Khazanah, which have been set up to actively hold investments or as funding vehicles of the Company.

[2] Revenue includes realised divestment gains from investments classified as fair value through other comprehensive income that was recycled to retained earnings upon divestment.

[3] Profit from operations consist of profit before tax, realised divestment gains and permanent reduction value of assets classified as fair value through other comprehensive income that was recycled to retained earnings.

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Highlight 2025

# CAPITAL WITH PURPOSE ESSAYS



Connecting the World to Malaysia



Doing the Difficult Things Malaysia Needs



Building Digital Bridges Across Borders and Networks



Securing the Future



Building Capacity and Vibrant Communities




CAPITAL WITH PURPOSE

# CONNECTING THE WORLD TO MALAYSIA

# CONNECTING THE WORLD TO MALAYSIA

**By Dato' Amirul Feisal Wan Zahir, Managing Director**





## Building Resilience in National Connectivity

Malaysia's strategic geographic position at the heart of Southeast Asia, its cultural diversity, tourism assets and established aviation infrastructure provide the foundations for it to become one of the region's leading connectivity hubs. Connectivity, in this context, is more than transportation infrastructure. It is a strategic enabler of trade, tourism, investment and national competitiveness.

For Khazanah, connectivity represents one of the key pillars within our broader Advancing Malaysia mandate, alongside digitalisation, energy transition and transforming firms. The objective is not merely to move people efficiently, but to strengthen Malaysia's position in regional and global economic flows.

Connectivity is also one of the most visible expressions of national competitiveness. It shapes how a country is accessed, experienced and valued by the world. Yet for many years, Malaysia's ecosystem in connecting the country to the outside world was constrained not by a lack of capacity, but by a deeper structural imbalance that limited its full potential and ability to generate sustainable value.

At first glance, Kuala Lumpur appeared to be well-connected with frequent flights, various destinations and more, but the quality of its connectivity told a different story. The market had settled into an undesirable low-yield state, where Malaysia was perceived primarily as a low-cost transit point rather than a destination in its own right. This has been evidenced by its weaker long-haul connectivity and the lower tourism spend compared to our neighbours in Singapore and Bangkok.

This perception discouraged premium long-haul carriers, suppressed yields across the system and constrained reinvestment into both infrastructure and associated services.

# CONNECTING THE WORLD TO MALAYSIA

## The Diagnosis: Breaking the Low-Yield Cycle

It became increasingly clear that this was not a failure of any single institution, but a system that had gradually evolved out of alignment.

A major constraint within Malaysia's aviation ecosystem was the imbalance between its strong short-haul connectivity and comparatively weaker long-haul connectivity. While regional and domestic seat capacity remained competitive, long-haul connectivity lagged regional peers such as Singapore and Bangkok, according to Malaysian Aviation Commission data.

Historically, the business case for premium global carriers to enter the Malaysian market was weak. The lack of demand for Kuala Lumpur as a destination suppressed the yields necessary for airlines to sustain long-haul routes. This reinforced underperformance of KLIA as a hub.

Our response began with a necessary admission: we were managing a system that had become out of sync and had been underinvested for decades. The airline was restructuring its software - its service, reliability and fleet - but it was doing so while the airport's hardware was ageing.

At the same time, Kuala Lumpur, despite its role as the country's economic hub, offered little to encourage tourists to stay longer.

Fixing connectivity, therefore, required more than capital, it required a structural realignment of the entire ecosystem.



# CONNECTING THE WORLD TO MALAYSIA

## The Hardware and the Software: Aligning the Hub

To break the low-yield cycle, we had to address a fundamental mismatch between the "hardware" of our infrastructure and the "software" of our service delivery. As a major shareholder in both the airport and the airline, we recognised that these entities could no longer solve their problems in isolation.




The first step was a pragmatic response to the challenges at Malaysia Airports Holdings Berhad (MAHB). As a listed entity, MAHB was constrained by quarterly market expectations and dividend pressures, even as the sector required significantly higher capital expenditure to modernise infrastructure, remediate ageing assets and accelerate expansion. Rebuilding competitiveness required a different operating model, one capable of supporting long-term capital deployment, operational transformation and disciplined execution over multiple years.

Leading the privatisation of MAHB was therefore a structural intervention intended to reposition Malaysia's aviation ecosystem for the long term. It now had the "quiet space" required to focus on long-term operational transformation and to rebuild its status as a world-class gateway.

# CONNECTING THE WORLD TO MALAYSIA

The aspiration was not merely to improve airport operations, but to restore KLIA's position as a leading regional hub capable of competing with airports such as Changi and Suvarnabhumi through stronger connectivity, better passenger experience, faster project execution and enhanced commercial offerings.

Performance indicators have been encouraging following the privatisation. In 2025, MAHB handled 104.4 million passengers across its Malaysian network, representing an 11.2% increase year-on-year, while KLIA alone recorded 63.3 million passengers, up 10.8%.

Beyond passenger growth, the return of global carriers such as British Airways and Lufthansa, alongside new entrants such as Fits Air and Juneyao Airlines reflects renewed confidence in Malaysia's aviation ecosystem and long-term hub potential.

In parallel, we remained committed to the restructuring of Malaysia Aviation Group (MAG). This was a difficult, decade-long journey, but it was essential for building the "software" of our connectivity.

For years, the national carrier underwent a prolonged restructuring journey marked by operational and financial challenges, which affected its ability to consistently support Malaysia's ambitions as a regional aviation hub. Reliability, operational stability and customer experience remained key areas requiring improvement. Strengthening the national carrier was therefore critical to reinforcing KLIA's role within the broader connectivity ecosystem.

The turnaround therefore required more than cost rationalisation. It demanded operational discipline, fleet optimisation, service recovery and the rebuilding of customer trust. By focusing on these priorities, the carrier has begun to find its footing as a reliable anchor for the hub.

By 2025, the airline recorded a net income after tax of RM137 million, marking its third consecutive year of profitability and a 154% increase from RM54 million in 2024. This improvement was underpinned by stronger operational performance, with on-time performance rising from 72% in 2024 to 88% as of 1Q 2026, alongside meaningful gains in global rankings and customer perception.

Over time, it has become increasingly clear that the turnarounds at the airport and the national carrier are not to be treated as separate optimisation exercises. Their long-term competitiveness is fundamentally interdependent, requiring coordinated transformation across infrastructure, operations, connectivity and destination development.

# CONNECTING THE WORLD TO MALAYSIA

## The Hub Logic: Creating Demand through Flow

Malaysia's domestic market, while meaningful, is not large enough to support the frequency and variety of long-haul routes needed for a world-class hub. The solution, therefore, lies in aggregation and a pivot to a hub-and-spoke strategy that leverages Malaysia's geographic advantage.

By focusing on transit corridors, we aggregate global demand into KLIA. This transit volume provides the base load that makes long-haul routes commercially viable. When we increase the frequency of flights to Sydney or London and resume long-haul services to Paris to accommodate transit passengers, we simultaneously make those routes more convenient and attractive for high-yield, point-to-point business and leisure travellers.

In this model, connectivity becomes a self-reinforcing loop: greater transit flow justifies more routes, and more routes increase the attractiveness of KL as both a hub and a destination.



# CONNECTING THE WORLD TO MALAYSIA

## Portfolio Convergence: From Transit to Destination

As the hub strengthens, a more fundamental challenge remains. Although Malaysia is becoming increasingly efficient at moving passengers, it needs to capture sufficient value from these flows. Addressing this requires Malaysia to be both an efficient transit point and a destination of choice.

It was through Khazanah's broader Connectivity pillar under the Malaysian Investment Strategy that a critical insight emerged. While Kuala Lumpur serves as the country's main gateway, the city was not fully translating visitor arrivals into deeper engagement, longer stays and stronger tourism yield. The challenge was not a lack of history or character, but the ability to make visitors meaningfully connect with them.

This was the starting point of integrating Dana Warisan into the broader connectivity ecosystem. Announced by the Government following the tabling of Budget 2023 and reinforced in subsequent national initiatives, Dana Warisan reflects a broader effort to preserve and rejuvenate strategic heritage assets as part of long-term nation-building and urban revitalisation.

Rather than treating heritage conservation as a standalone restoration exercise, Khazanah positioned it as a catalyst for urban regeneration and place-making, strengthening Kuala Lumpur's attractiveness as a cultural and experiential destination while reinforcing the broader aviation and tourism ecosystem.



Furthermore, the objective is not merely to preserve old buildings, but to return them to active public life as galleries, civic spaces and cultural anchors capable of revitalising the city centre while strengthening national identity and pride. In this context, heritage assets are viewed not as static monuments, but as living spaces that must remain relevant, accessible and economically sustainable over the long term.

The early response has been encouraging. Bangunan Sultan Abdul Samad has welcomed over 150,000 visitors, while Seri Negara recorded more than 16,000 visitors within months of reopening. These figures signal a shift in visitor behaviour towards deeper engagement and longer dwell time, which are key drivers of tourism yield.

For Khazanah, heritage preservation is ultimately not about nostalgia. It is about safeguarding collective memory, restoring meaning and ensuring that the stories, identity and civic foundations of the nation continue to remain lived, understood and transferred to future generations.

# CONNECTING THE WORLD TO MALAYSIA

## The Systemic Outcome: Evidence of a Strengthening Ecosystem

The validity of these efforts is best measured by the return of global confidence and the restoration of commercial health. By addressing structural flaws while simultaneously regenerating demand through place-making, we are seeing the first signs of a self-sustaining connectivity ecosystem.

The most immediate proof lies in the resurgence of the national carrier. After a decade of fundamental restructuring, MAG recorded its first positive net profit since 2010. This was supported by a 31% year-on-year increase in passenger traffic, effectively restoring capacity to 90% of pre-pandemic levels. However, the most critical markers of this turnaround are found in the customer experience.

The carrier has achieved a significant recovery in its On-Time Performance (OTP), a vital metric for a hub-and-spoke model where seamless connections are the primary product. This reliability, coupled with a 12-point improvement in its Net Promoter Score (NPS), signals that MAG is successfully repositioning itself to command the yields necessary for long-term sustainability.

This internal stability has revitalised the airport's ability to build international prestige. The momentum at MAHB is validated by the increase in passenger movements and the return of global carriers to KLIA, recognising the value of the Malaysian gateway.

The final piece of this strategy lies in the physical integration of the heritage core into the broader visitor journey. As we progress into 2026, this will be reinforced by the opening of the *Pejabat Pos Besar Lama*, a part of the wider Bangunan Sultan Abdul Samad complex, and the completion of a 600-metre pedestrian bridge linking the Perdana Botanical Gardens to Carcosa and Seri Negara. Delivered in partnership with Kuala Lumpur City Hall (DBKL) and with the support of the Ministry of Finance (MoF), such enhancements will further strengthen coherence and attractiveness.

*For further information on our community development and place-making initiatives, please refer to Building Capacity and Vibrant Communities on pages 66–71.*

# CONNECTING THE WORLD TO MALAYSIA

## Conclusion: Sustaining the Flywheel's Momentum

The priority now is to sustain and deepen this momentum. This will require continued discipline in execution by expanding long-haul connectivity, maintaining operational reliability and delivering infrastructure upgrades in a coordinated and timely manner.

At the same time, Kuala Lumpur's evolution as a destination must continue to support Visit Malaysia Year 2026, alongside sustained alignment across the ecosystem. Connectivity is not a one-off achievement, but an ongoing process of coordination and adaptation.

It is important to recognise that this progress marks only the beginning. The work of rebuilding and strengthening a national connectivity ecosystem is inherently long-term and complex. It will require sustained commitment, careful coordination and resilience through cycles. This will be a long and, at times, arduous journey. Yet, it is one we approach with conviction. The early signs of alignment across infrastructure, operators and destination give us confidence that we are on the right path. The broader lesson from this effort is that connectivity cannot be strengthened through isolated interventions. Airports, airlines, tourism assets and urban experiences must evolve as part of an integrated ecosystem.

When these components are aligned, connectivity becomes more than mobility infrastructure. It becomes a catalyst for tourism, investment, talent flows, economic complexity and national competitiveness.

For Khazanah, this reflects the essence of our role as an investor with a purpose that strengthens strategic ecosystems not only to generate sustainable value, but to advance Malaysia over the long term and deliver enduring value for Malaysia and its people.



# CONNECTING THE WORLD TO MALAYSIA

## Sidebar 1 : Restoring Heritage, Reopening Memories

By Selvendran Katheerayson, Head of Real Assets

### What Was Restored

Seri Negara, Bangunan Sultan Abdul Samad (BSAS) and *Pejabat Pos Besar Lama*, three nationally significant heritage assets under Dana Warisan.

### Why It Was Complex

All the buildings carry heritage status, requiring their conservation to be undertaken with a far higher level of complexity and sensitivity. Every intervention had to carefully balance conservation integrity with safety, accessibility, public use and long-term operating requirements. Seri Negara's restoration emphasised the site's authentic architectural character while enhancing safety, accessibility and public facilities. BSAS was restored with a focus on safeguarding its character as a National Heritage building while improving the visitor experience. The *Pejabat Pos Besar Lama* (Old General Post Office), which forms part of the wider BSAS complex, has also been carefully conserved and adapted for new use. Reopened to the public in May 2026, the historic building now enters a new chapter as a renewed civic and heritage destination for all visitors.



# CONNECTING THE WORLD TO MALAYSIA

**Time Taken**

Seri Negara: 10 months
Bangunan Sultan Abdul Samad: 11 months
Pejabat Pos Besar Lama: 11 months

**Who Came Together**

The effort was undertaken under the larger Warisan KL initiative, a national heritage and culture-led urban rejuvenation initiative that brings together government agencies, GLCs, GLICs, private sector partners and communities. Key government stakeholders ensuring the successful conservation and reopening of these buildings include the Finance Ministry, the Department of Federal Territories, Dewan Bandaraya Kuala Lumpur, the Department of Director General of Lands and Mines, and the Department of Heritage.

**What Changed**

The restored buildings were not returned as static monuments. Seri Negara now features galleries and F&B offerings, while BSAS offers exhibition spaces, galleries, a visitor centre, retail and craft-making spaces, event venues and F&B offerings. The *Pejabat Pos Besar Lama* houses unique Malaysian F&B outlets that count on offerings that celebrate Malaysia's culinary heritage and history.

**Why It Matters**

Dana Warisan positions conservation as part of a wider cultural connectivity agenda, linking restoration with public access, cultural content, tourism activation and urban renewal. In practical terms, it turns heritage assets into lived public spaces that add depth to Kuala Lumpur's visitor experience and strengthen the city's role as a cultural destination.






# CONNECTING THE WORLD TO MALAYSIA

## Sidebar 2: Flying Through Volatility

By Azmir Zain, Head of Connectivity (Airlines)

### MAG Soaring Towards A Position of Strength

In 2025, MAG posted RM1.6 billion in EBITDA and RM137 million in net income after tax on the back of RM14.7 billion in revenue. MAG also recorded a 16% increase in Available Seat Kilometres and an 81% passenger load factor. On-time performance also improved to 81% by year-end, reflecting better operational discipline despite higher flight volumes.

### 2026 Operating Backdrop

MAG enters this period from a more stable operating and financial position. However, geopolitical tensions disrupted energy markets and pushed jet fuel costs sharply higher, resulting in renewed uncertainty for the global aviation industry. MAG has flagged that higher fuel prices, insurance premiums, rerouting and flight cancellations may weigh on its 2026 financial performance, even as demand for key long-haul routes continues to hold.

### Why It Matters to MAG

Fuel is one of the most significant cost items for an airline, including MAG. As such, movements in fuel price can have a material impact on MAG's financial performance. The Group has nevertheless hedged a fair portion of its 2026 fuel needs, thereby providing some cushion to the impact arising from the Middle East conflict.

### What to Watch Operationally

MAG's 2026 priorities are expected to centre on disciplined capacity growth, route resilience, fleet efficiency and customer experience, whilst keeping a close eye on its cash flows. The Group has resumed services to Paris and Brisbane, increased frequencies to key markets and continued its fleet renewal programme, including the A330neo and new narrowbody aircraft commitments.



# CONNECTING THE WORLD TO MALAYSIA

## Sidebar 3: Rebuilding the Gateway for the Next Cycle

### The Post-Privatisation Shift

MAHB's privatisation in early 2025 marked a shift from a listed company operating rhythm to a longer-term transformation platform. The most material change has been a sharper alignment between operating model, investment discipline and the ambition to raise Malaysia's airports towards world-class standards. While it is still early days, this has allowed MAHB to adopt a more commercial and partnership-led posture with airlines, agencies and local stakeholders.

### Early Execution Wins

MAHB's early progress has been driven by a series of targeted, practical initiatives focused on enhancing passenger experience and improving operational efficiency, alongside disciplined capital delivery. Key operational initiatives include the implementation of Vehicle Access Management System at KLIA Terminal 1 to ease kerbside congestion, as well as the deployment of self-service check-in kiosks at Penang, Kuching and Kota Kinabalu to streamline passenger flow. In parallel, MAHB has adopted a refreshed capital investment strategy aimed at upgrading ageing infrastructure and supporting capacity expansion across its network. This includes projects such as the Ipoh Airport expansion, which increased its passenger handling capacity by 40%.

### A Stronger Airport System

In 2025, Malaysia Airports handled 104.4 million passengers across its Malaysian network, an 11.2% year-on-year increase. KLIA recorded 63.3 million passengers, up 10.8% from 2024, while its Skytrax ranking improved to 65th in 2025, from 71st in 2024. These indicators point to stronger operational planning and closer coordination with stakeholders such as airlines and government agencies.



# CONNECTING THE WORLD TO MALAYSIA

**Sustainability Lens: Renewable Energy Adoption**

MAHB's transformation also extends to energy. The airport operator is developing a large-scale solar project on approximately 100 acres near KLIA, targeting 30MW of generation capacity to supplement KLIA's energy requirements. A second phase is planned in the same vicinity, while rooftop solar installations are being considered for smaller regional airports nationwide.

**2026 Outlook: Disruption and Opportunity**

The 2026 outlook is shaped by external headwinds, particularly fuel price pressures and evolving geopolitical developments affecting regional airspace. These factors have led airlines to recalibrate capacity and network deployment. Amidst these headwinds, international passenger numbers have remained comparatively resilient, signalling the underlying strength of KLIA as a regional hub. MAHB continues to focus on sustaining connectivity, capturing emerging opportunities and supporting airline partners in rebuilding momentum.

**Repositioning KLIA in Shifting Travel flows**

The disruption is also changing how passengers move between Asia, the Middle East and Europe. As some travellers avoid Middle Eastern transit routes, MAHB sees an opportunity to position KLIA as an alternative transit hub for passengers travelling between Asia and Europe. MAHB is strengthening KLIA's proposition as a regional hub through targeted airline attraction, expanded route development efforts and proactive engagement with foreign carriers to capture displaced international capacity.

**Preparing for Visit Malaysia 2026**

MAHB is strengthening collaboration across the aviation and tourism ecosystem to make Visit Malaysia 2026 a success. Early outcomes include the introduction of new airlines at KLIA, such as Chongqing Airlines connecting to Chongqing and Air Algerie linking Algeria, further enhancing KLIA's connectivity with the African continent.

Efforts to improve passenger flow are also being advanced through initiatives such as the Green Lane programme at KLIA Terminal 1, introduced to expedite clearance and reduce congestion, developed in close collaboration with the Royal Malaysian Customs Department and the Border Control and Protection Agency (AKPS). In parallel, MAHB continues to elevate the overall passenger experience through service enhancement initiatives such as the launch of RIMBA at KLIA Terminal 1, a nature-inspired rest space for passengers.

**Why It Matters**

For Malaysia, a stronger airport system is not just about higher passenger volumes. It creates the operating foundation for tourism flows, business travel, airline confidence and long-term national connectivity. The post-privatisation reset gives MAHB the platform to move from incremental fixes towards a more coordinated, scalable and resilient gateway network.



CAPITAL WITH PURPOSE

# DOING THE DIFFICULT THINGS MALAYSIA NEEDS

# DOING THE DIFFICULT THINGS MALAYSIA NEEDS

**By Datuk Hisham Hamdan, Chief Investment Officer**



Dana Impak
An initiative by Khazanah Nasional

Malaysia's first great economic ascent emerged from a profound reordering of the global economy.

Following the Plaza Accord of 1985, the sharp appreciation of the Japanese yen pushed manufacturing capital and industrial production across Asia in search of more competitive destinations. Malaysia was among the countries best positioned to benefit. We welcomed foreign direct investment, developed industrial zones, strengthened export capabilities, and embedded ourselves into global supply chains just as multinational firms were restructuring their operations across the region. The result was Malaysia's "Tiger Cub Economy" era. Between 1988 and 1996, the country sustained average annual GDP growth exceeding 8%, driven by rapid industrialisation, surging exports and expanding employment.

However, China's accession to the World Trade Organization in 2001 exposed the limits of this model. As global manufacturing capacity consolidated around China's scale, infrastructure and supplier networks, Malaysia's position as a host for production became harder to defend on cost alone. Hosting activity was no longer sufficient. Malaysia needed to retain more value by building local firms, technical know-how, intellectual property and ownership in the industries where we participate.

The very model that powered our rise also shaped our limitations. Malaysia became highly effective at attracting and hosting global production, but less successful at retaining the higher-value layers of innovation, intellectual property and technological ownership that ultimately determine long-term economic prosperity.

For a country to grow, it must attract activity. For a country to prosper, it must own more of the value created from that activity. While we have become adept at making things, the harder question today is how much value Malaysia actually retains. What are we giving away when we celebrate headline investment numbers? How much of the intellectual property, capital returns, strategic decision-making and future optionality remain here? And to what extent is this holding back our full potential?

The cost of prioritising headline investment volume over actual value retention is visible in our long-term developmental trajectory. Creating value and capturing value are not the same thing. While economic activity may take place within a country's borders, measures such as Gross National Income (GNI) per capita ultimately reveal how much of that value remains and accrues to its people.

# DOING THE DIFFICULT THINGS MALAYSIA NEEDS

By absorbing foreign assembly functions more successfully than we scaled homegrown intellectual property, Malaysia became anchored in the middle-income trap. While Malaysia's GNI per capita of USD11,650 as of 2024 remains below the World Bank's high-income status threshold of USD13,935, South Korea has climbed to roughly three times Malaysia's level at a GNI per capita of USD36,750. International benchmarks tell a similar story where South Korea represents ~26% of MSCI Asia ex Japan index weight, relative to ~1% for Malaysia.

The divergence reflects a deeper challenge in Malaysia's productive capabilities. According to the Harvard Growth Lab's Atlas of Economic Complexity, developed by Professor Ricardo Hausmann and Professor César A. Hidalgo, Malaysia ranks 32$^{nd}$ globally on the Economic Complexity Index (ECI), two places lower than a decade ago. Over the same period, countries such as Romania (23$^{rd}$, ↑ 9 ranks), Lithuania (29$^{th}$, ↑6 ranks) and Croatia (30$^{th}$, ↑7 ranks) steadily improved their productive capabilities and overtook Malaysia in the rankings over the last decade, while Vietnam (45$^{th}$, ↑17 ranks) continued to make notable gains. Although Malaysia maintains a relatively sophisticated export base, it has not expanded the diversity and complexity of its productive capabilities as rapidly as many of its peers. South Korea, by comparison, ranks 4$^{th}$ globally.

The premise is simple. A factory can export without creating ownership. A supply chain can employ Malaysian engineers while the intellectual property sits elsewhere. A multinational company can operate here while strategic decisions, capital returns and the highest-value functions remain at headquarters abroad.

In that model, Malaysia benefits, but only partially. We provide the labour, the infrastructure and the stability, but too much of the real value leaks out to other countries, companies and stock exchanges.

This bears resemblance to the "hotel economy" concept, where a hotel can be bustling and important to the activity within it, yet the most valuable conversations and decisions in the lobby lounge do not belong to the hotel. A billion-ringgit deal can be struck there, but the hotel captures only the relatively nominal value of providing the venue and services.

The solution is not to close the hotel. Foreign investment and global supply chains remain essential. But Malaysia must participate more meaningfully in the value being created, not merely provide the location where it happens. We must use the presence of global capital and multinational companies to build deeper Malaysian capability, stronger local firms, greater technical know-how and more domestic capital ownership in the sectors that will define the future.

# DOING THE DIFFICULT THINGS MALAYSIA NEEDS

## Building the Letters of a More Complex Economy

This work is inherently difficult. Building the kind of economy that owns, rather than merely hosts, is not a simple undertaking. Development economist Professor Ricardo Hausmann defines economic complexity as the know-how embedded in firms, industries and people that allows a country to produce sophisticated goods and services.

Think of economic development like a game of Scrabble. Every player starts with the same board, but the points you score depend on the letters you hold. Vowels are essential because without them, no word gets formed. However, they carry the lowest point value in the game. It is the consonants, the rarer and harder-to-acquire letters, that determine whether you score modestly or dominate the board. The consonants allow a player to form complex, high-value words & sentences to dominate the board.

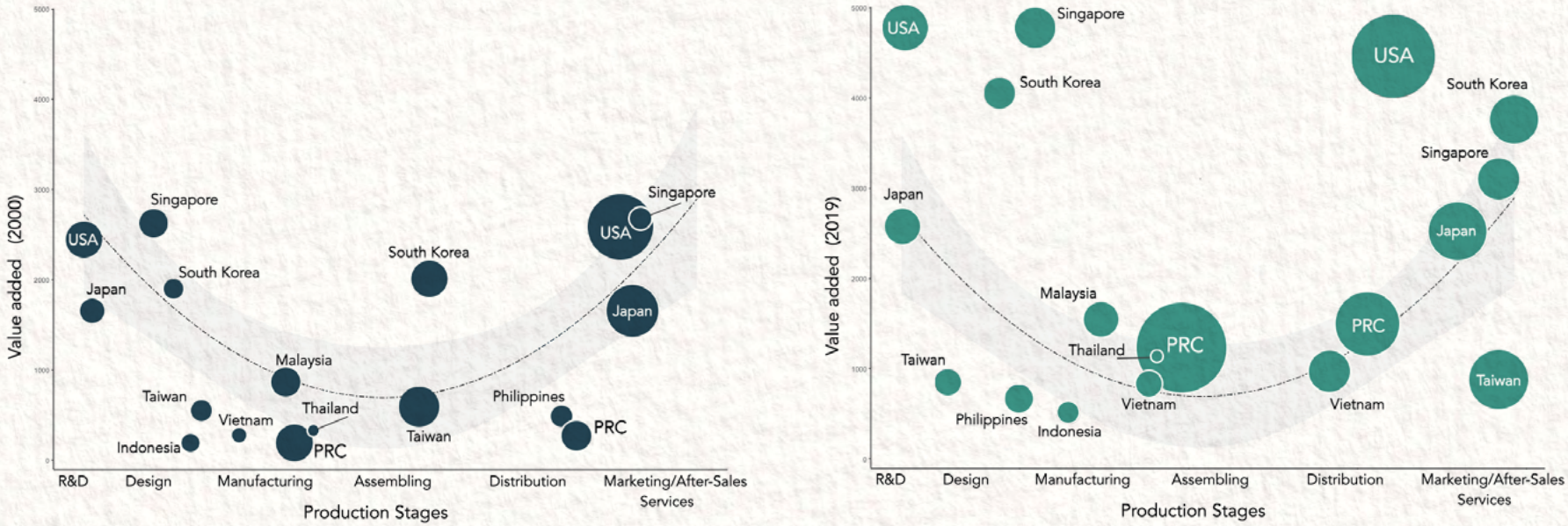
For economies, the same principle holds. High-income jobs are created when a country is able to combine higher value alphabets to elevate its economic complexity by producing what few others can. We become price takers if we sell commoditised and undifferentiated products such as palm oil or semiconductor assembly and testing services. We become price setters if we build capabilities that are difficult to replicate, such as advanced chip design and specialised pharmaceutical development.



Malaysia's development story can be read through this lens. We, like many other countries, already possess many of the "vowels" of development: roads, ports, industrial zones, connectivity, and basic manufacturing capacity built over decades of investment. These are essential foundations. But in the language of global value chains, they often anchor us near the base of the economic Smile Curve: the high-volume, lower-margin territory of physical processing and contract assembly, that positions us as price takers and ultimately limits how far household incomes and wages can rise.

# DOING THE DIFFICULT THINGS MALAYSIA NEEDS

**Positions along the Smile Curve (2000 vs. 2019)**




*Source: MarcoPolo.org analysis*

Malaysia has long occupied this base of the Smile Curve. For decades, that position served us well. We attracted FDI, built industries and achieved growth by offering what multinational supply chains needed: reliable production at competitive cost.

That proposition is now under structural pressure. Across the region, lower-cost economies, including Vietnam and Thailand, have emerged as credible alternatives, eroding the labour-cost differential that once underpinned our model. Competing with Vietnam & Thailand on cost alone is a race to the bottom, a race that Malaysia will lose. Malaysia is caught between two positions: no longer cheap enough to compete comfortably at the base, but not yet sufficiently equipped to command the high-value ends of the curve. Essentially, Malaysia remains “stuck in the middle” as per Professor Richard Vietor from Harvard Business School.

# DOING THE DIFFICULT THINGS MALAYSIA NEEDS

The base of the curve is no longer a place Malaysia can afford to stay. We must climb. We now require the "consonants": know-how, technology, domestic capability and firms capable of competing beyond our borders. Some of these consonants already exist within Malaysia, but they reside largely within multinational firms. The know-how is here, the technology is here, but the ownership and diffusion into local hands remains shallow. These consonants represent the ascending, high-value sections of the curve: upstream research and proprietary intellectual property on one end, and downstream branding, distribution and market access on the other.

If we fail to build these consonants, we remain confined to the bottom of the Smile Curve, providing the location where value is created while the true wealth of industry continues to be captured elsewhere. Again, creating value does not necessarily mean capturing it. A country may manufacture the product, employ the workforce and facilitate the transaction, yet the largest share of economic value often accrues to those who own the intellectual property, control the technology, shape the brand and direct the flow of capital.

This is Khazanah's role as a purpose-driven investor. We are not merely an investor in the narrow sense of purchasing assets for returns. We are an institution designed to act where national value can be built, particularly where the market moves too slowly, too cautiously or too narrowly.

Our historical blueprint reflects this mandate. Khazanah helped consolidate a fragmented domestic healthcare landscape and supported the creation of what became a global champion in IHH Healthcare. We also anchored large-scale regional economic development through investments such as Iskandar Malaysia in Johor, at a time when private capital deemed the developmental risk too high.

This requires more discipline, not less.

We must operate in spaces where markets are still forming, risks are difficult to price and ecosystems are fragmented. Returns may be non-linear. They may not always flow directly back to the initial investor. They may appear instead as supplier depth, tax revenue, technical knowledge, better jobs, stronger firms and deeper local ownership.

This is what I sometimes call "foundational investing": investing when the ecosystem is still young, before the market has fully formed, and before success is obvious. It is not undisciplined investing. In fact, it requires greater discipline because the path is uncertain and the impact may compound across the ecosystem rather than appear immediately on a single balance sheet.

Not every effort will reach maturity. But that is not failure. It is the price of building something authentic.

South Korea's experience reminds us that countries which climb the development ladder often make deliberate choices before the payoff is visible. They build institutions, back capability formation and take risks long before the market sends obvious signals. In doing so, they would have to accept periods of uncertainty, missteps and short-term sacrifice in exchange for greater long-term economic resilience and competitiveness. They understand that value appears not only as financial return, but also through industrial depth, technical capacity, local ownership and globally competitive firms.

# DOING THE DIFFICULT THINGS MALAYSIA NEEDS

## Dana Impak: Catalytic Capital for the Difficult

Dana Impak is Khazanah's catalytic capital platform to support Malaysia's next stage of economic development. Under the Ministry of Finance's GEAR-uP initiative, Khazanah has committed RM6 billion to help advance Malaysia's economic complexity by strengthening firms, building capabilities and catalysing strategic ecosystems.

This is not capital deployed for sustainable financial returns alone. It is catalytic capital deployed with strategic intent, targeted at areas where market gaps remain and where funding, enterprise support, technical capability and ecosystem coordination need to come together.

Through Dana Impak, Khazanah is helping Malaysia build the consonants of a more complex economy: stronger firms, deeper capabilities and new engines of growth that are harder to build, but necessary for the country's next stage of development.

### *Jelawang Capital: Catalysing the Malaysian venture capital and startup ecosystem*

At the early stage of the company lifecycle, Malaysian startups require more than funding. They need institutional capital, capable fund managers, market access and regional networks to scale.




Building a company is like raising a child: different stages of growth demand different kinds of parents. There is the Foundational Parent, who sets purpose and direction in the early years. The Skilled Parent, who instils discipline and builds capability as the child develops. The Innovation Parent, who brings exposure to new ideas and unlocks the next level of potential. And the Accountability Parent, who imposes the rigour that turns a good child into a great one.

Capital works the same way. The Foundational Parent is patient, long-term institutional capital willing to back potential before it is proven. The Skilled Parent is represented by private equity and operational partners who bring transformation playbooks and scale. The Innovation Parent is venture capital and technology networks that open access to frontier capabilities. The Accountability Parent is public markets, where performance is tested and rewarded. No single parent raises the child alone, and no single capital type builds a company to its full potential. Through Jelawang Capital, Khazanah supports Malaysia's venture capital ecosystem via the Emerging Fund Managers Programme and the Regional Fund Managers Initiative. To date, around RM300 million of investments have been mobilised, with more than RM30 million crowded in from external co-investors for Emerging Fund Managers Programme managers.

# DOING THE DIFFICULT THINGS MALAYSIA NEEDS

The companies emerging from this pipeline show how early-stage capital can support both commercial scale and domestic capability.

Aonic is a Malaysian drone solutions company operating in 15 countries, serving plantation groups and improving rural productivity at scale. DF Automation was founded by Universiti Teknologi Malaysia alumni who turned university research into autonomous mobile robots deployed by manufacturers worldwide. ServAuto rebuilt Malaysia's fragmented automotive aftersales market with a digital platform that served over 30,000 customers in its first year. These are not yet national champions in the old sense. But they represent something Malaysia needs more of firms that combine local problem-solving with technology, regional ambition and exportable capability.

Together, these companies reflect the role of catalytic capital in helping Malaysian firms turn early promise into commercial scale, adding new letters to Malaysia's economic vocabulary and expanding what the country is able to build.

***Mid-Tier Companies: Strengthening the Missing Middle***

Further along the growth trajectory, Dana Impak focuses on Malaysia's "Missing Middle".

Mid-tier companies are an important part of the economy, contributing around 36% of national Gross Domestic Product and 16% of national employment. Yet many continue to face constraints in accessing the right form of growth capital, strengthening operational capabilities and preparing for larger-scale expansion.

Khazanah addresses this through a dual-track approach, combining capacity development with growth capital through private equity and private credit strategies.

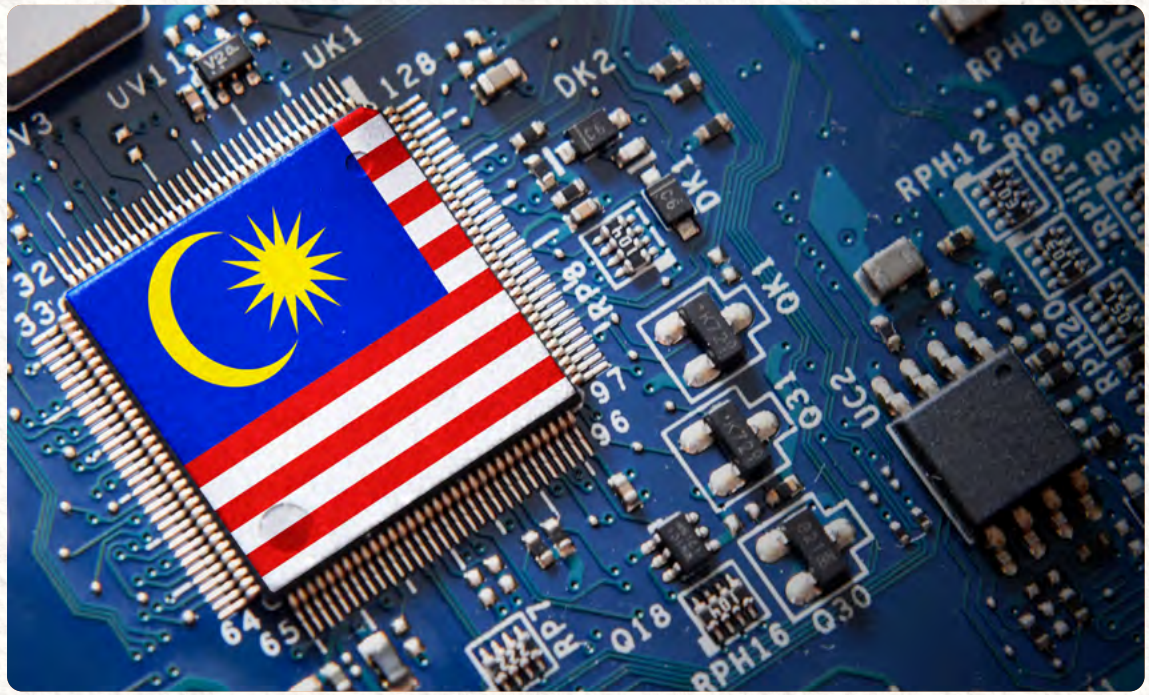


# DOING THE DIFFICULT THINGS MALAYSIA NEEDS

The capital track supports value creation and provides alternative financing solutions, including non-dilutive capital. Capacity development efforts such as the Mid-Tier Company Growth Innovation Programme and ELEVATE, in partnership with the Securities Commission Malaysia, help mid-tier companies sharpen their growth strategy, improve investor readiness and boost productivity to unlock innovation-led growth.

To date, more than 50 Malaysian mid-tier companies have been supported. NSW Automation, a precision fluid dispensing systems company serving the semiconductor industry, is commercialising high-precision technology for next-generation advanced packaging customers globally. Jalen, a Malaysian consumer brand known for its household kicap products, is applying the Working Backwards methodology through the Mid-Tier Company Growth Innovation Programme to identify new growth opportunities that better serve evolving consumer needs, with its concept currently under testing and validation. The missing middle matters because Malaysia cannot rely only on large incumbents or early-stage startups. We need more firms in the middle that are capable of scaling, professionalising, innovating and eventually competing beyond Malaysia.

***Semiconductors and Advanced Manufacturing: Moving Up the Value Chain***




A core part of raising Malaysia's economic complexity lies in moving beyond lower-value activities into higher-value capabilities such as integrated circuit design, advanced packaging, equipment and materials.

Dana Impak supports this shift through targeted investments across the semiconductor and advanced manufacturing ecosystem. This includes anchor investments into specialised vehicles such as the ViTrox-backed Cambrian Fund, as well as direct and indirect exposure to companies building capabilities in integrated circuit design, advanced packaging and frontier technologies.

# DOING THE DIFFICULT THINGS MALAYSIA NEEDS

SkyeChip shows how this targeted ecosystem approach can support companies across the lifecycle. From early venture support through Gobi Partners Dana Impak Ventures to Khazanah's participation as a leading cornerstone investor alongside EPF, LTAT, Tabung Haji and other institutional capital providers, SkyeChip reflects the relay race of capital needed to support potential Malaysian champions.

Its Main Market debut on Bursa Malaysia marks an important milestone for Malaysia's semiconductor ambitions and the development of higher-value integrated circuit design capabilities. With more than 300 specialised integrated circuit design engineers and over 100 patents in artificial intelligence and high-performance computing, SkyeChip reflects Malaysia's growing depth in semiconductor intellectual property.

Dana Impak also supports companies that can anchor new technical depth in Malaysia.

NanoSkunkWorkX, founded by Malaysian entrepreneurs including a NASA-trained scientist, is developing graphene-based platforms with potential applications across semiconductors, hydrogen and diagnostics. Cortical Labs, co-founded by a Malaysian entrepreneur, is building a Malaysian engineering presence around systems that combine living neurons with silicon. Syntiant's expansion into Penang brings manufacturing and research and development capabilities into Malaysia, creating around 800 high-tech jobs and strengthening the country's role in edge artificial intelligence and advanced semiconductor applications.

The point is not that every company will become a giant. The point is that Malaysia must accumulate more technical nodes in the ecosystem: engineers, patents, supplier relationships, manufacturing know-how, research capability, capital-market pathways and companies with the ambition to compete globally.

### *The Commitment to Patient Capital*

This model reflects a simple reality: meaningful capability-building takes time.

Some investments require longer horizons, and the returns may not always appear first on a single corporate balance sheet. They may show up instead as deeper supplier networks, stronger technical capabilities, higher-value jobs, tax revenue and more competitive Malaysian firms.

The greater risk is not in entering these complex spaces. The greater risk is avoiding them, leaving Malaysia with only the letters of its past while the next generation of global industries is written elsewhere.

### Owning More of Malaysia's Future

For many Malaysians, this challenge is not abstract. It is reflected in wages, job quality, skills, business ownership and whether the next generation can access industries with a future. GDP growth alone is not enough if it does not create better pathways for Malaysia and Malaysians to advance.

# DOING THE DIFFICULT THINGS MALAYSIA NEEDS

We often speak about development in large numbers: billions of ringgit of investment, percentage points of GDP growth, export values, market share and productivity statistics. These numbers matter. They help us measure progress. But the real test is whether these numbers translate into stronger Malaysian firms, deeper local capabilities, higher-value jobs and greater ownership of the value created in our own economy.

Behind every number is a life. Behind every industry is a worker trying to upgrade his skills, a young graduate deciding whether to remain in Malaysia, an entrepreneur trying to build something difficult, and a family hoping that the next generation will live with greater opportunity than the last.



This is the deeper purpose of Dana Impak. It is not only to deploy capital, but to help Malaysia create the conditions where more of these individual stories can become stories of progress. It is capital deployed to help Malaysia build the firms, skills, technologies, intellectual property and ecosystems that allow us to participate more meaningfully in the industries that will define the future.

This requires patience and discipline. Some returns will appear directly as financial gains. Others will appear as supplier depth, technical capability, tax revenue, better jobs, stronger firms and more competitive Malaysian companies. Not all of these returns will be captured immediately on a single balance sheet, but they matter because they strengthen the productive base of the country.

No single institution can do this alone. Dana Impak can catalyse, but the work of building a more complex economy requires government, regulators, universities, institutional capital, private capital, entrepreneurs and firms to move with shared purpose. The middle-income trap was not created by one decision, and it will not be dismantled by one institution.

The difficult things are difficult precisely because they require sustained effort before the payoff is obvious. But if Malaysia wants to move beyond hosting activity to owning more of the value created from that activity, these are the things we must do — patiently, collectively and with discipline.

**“At Dana Impak, impact is not a slogan. It is an investment discipline. We deploy catalytic capital where it can strengthen Malaysian firms, support potential champions and build ecosystems that are critical to Malaysia’s next stage of growth.”**

**Kayse Foo**
Interim Head of Dana Impak

# DOING THE DIFFICULT THINGS MALAYSIA NEEDS

## Spotlight: Dana Impak Beneficiaries

PolicyStreet

### Company name

**Polisea Sdn. Bhd. ("PolicyStreet")**

### Purpose/Mission

Homegrown insurtech company providing digital insurance distribution, embedded insurance, employee benefits and advisory services for individuals, gig workers, SMEs and businesses

### Dana Impak programme

Direct investment from Khazanah in June 2023, leading Policy Street's Series B round under Dana Impak

### Milestones

- Serves over **10 million** customers/policyholders
- Works with more than **40** insurance and takaful providers
- Extended **protection** to gig economy workers, MSMEs and businesses
- Achieved **profitability** in FY2025
- Secured **RM84 million** (USD 21 million) in the first close of its Series C funding round in April 2026, led by Cool Japan Fund, Japan's sovereign wealth fund

**Why It Matters**

PolicyStreet reflects how the relay race of capital can help Malaysian startups progress from early ecosystem support to wider institutional backing. From pitchIN and MyCIF support, to Khazanah's Dana Impak-led Series B investment, and now its latest Series C round led by Cool Japan Fund, its journey shows how catalytic capital can help crowd in wider participation around promising homegrown companies. Beyond startup growth, PolicyStreet is helping increase insurance penetration in Malaysia, narrow protection gaps and improve the country's overall insurance coverage, while building a technology-enabled financial services platform with regional potential.

# DOING THE DIFFICULT THINGS MALAYSIA NEEDS

## Spotlight: Dana Impak Beneficiaries

JAZRO

### Company name

**JAZRO Technology Berhad ("JAZRO")**

### Purpose/Mission

Homegrown robotics edtech company focused on nurturing young Malaysian digital talent through robotics, coding and STEM education for students aged 7–17

### Dana Impak programme

VC & Startup Programme
Received early-stage funding from Dana Impak in 2024 (via Gobi Dana Impak Ventures) through the Future Malaysia programme

### Milestones

- Founded in 2020
- Reached more than **126,000** students
- Operates **5 centres** across **3 states**, namely **Terengganu, Selangor** and **Penang**
- Achieved **86%** student retention rate
- Developed a structured in-house curriculum with **5 levels, 50 classes** and around **100 learning hours**

**Why It Matters**

JAZRO shows how talent development can begin far upstream. What started as a father's effort in Kerteh, Terengganu to find a robotics programme for his son has grown into a homegrown robotics edtech platform reaching more than 126,000 students across Malaysia. With nearly 40% of workers' core skills expected to change by 2030, JAZRO's work in expanding access to robotics, coding and AI education helps prepare young Malaysians for a technology-driven future. Its journey also reflects the relay race of ecosystem support, from PETRONAS Innovation Garage to investment backing through Gobi Dana Impak Ventures, helping a small East Coast classroom scale into a platform nurturing Malaysia's next generation of digital talent.

# DOING THE DIFFICULT THINGS MALAYSIA NEEDS

## Spotlight: Dana Impak Beneficiaries

### Company name

**Jalen Sdn Bhd ("Jalen")**

### Purpose/Mission

Halal food manufacturing company known for its flagship soy and chilli sauces, serving mass-market Malaysian households and export markets

### Dana Impak programme

Mid-Tier Growth Innovation Programme (MGIP)

### Milestones

- Founded in 1981 (as Jalil Enterprise) with a focus on manual production and soy sauce specialisation
- Incorporated as **Jalen Sdn Bhd** and moved to a **3-acre** industrial facility in 1990
- Supported by a workforce of **400 Malaysian employees** across manufacturing and distribution
- Offers more than **20** product categories and over **80 SKUs** across consumer and food service segments
- Expanded into export markets from 2003, with established presence across **Southeast Asia**, the **Middle East, East Asia** and **Australia**
- Participating in MGIP to develop new product concepts using **"Working Backwards"** methodology

### Why It Matters

From its beginnings as Jalil Enterprise in 1981 to becoming a familiar household kicap brand today, Jalen reflects the strength of Malaysian family businesses built on resilience, values and long-term ambition. Through MGIP, Jalen is applying the Working Backwards methodology to better understand evolving consumer needs and test new concepts beyond its traditional core. Its journey shows how structured enterprise support can help Malaysian MTCs preserve heritage while building for the future, turning manufacturing depth and brand familiarity into more consumer-led, innovation-driven growth.

# DOING THE DIFFICULT THINGS MALAYSIA NEEDS

## Spotlight: Dana Impak Beneficiaries

SKYECHIP
Accelerating Computing

### Company name

**SkyeChip Berhad ("SkyeChip")**

### Purpose/Mission

Leading Malaysian semiconductor intellectual property ("IP") and integrated circuit ("IC") design company developing silicon IP and custom application-specific IC for artificial intelligence and high-performance computing applications.

### Dana Impak programme

- Direct investment, with Dana Impak participating as a leading cornerstone investor in SkyeChip's Main Market listing in May 2026
- Early support through Dana Impak and Jelawang Capital-backed venture capital partners since 2024, including Gobi Partners via Dana Impak

### Milestones

- Commenced operations in 2020 and is headquartered in Penang, specialising in silicon intellectual property and custom ASIC solutions for AI and high-performance computing applications
- Led by senior Malaysian IC design talent with deep experience from Intel, Altera and Broadcom-linked companies, anchoring local front-end semiconductor capability
- Built a team of over **300** designers and filed more than **100** patents across the US, China and Malaysia since inception
- Raised up to **RM352 million** through its Main Market IPO, with more than **60%** of proceeds allocated for research and development
- Listed on the Main Market of Bursa Malaysia in May 2026, with Khazanah participating as a leading cornerstone investor alongside EPF, LTAT, Tabung Haji and other institutional capital providers
- Public tranche was oversubscribed by **95.03 times**, generating **RM3.04 billion** in demand, the largest since PETRONAS Chemicals Group Berhad's IPO in 2010 and ahead of Felda Global Ventures in 2012

### Why It Matters

SkyeChip is a proof point for Malaysia's shift from semiconductor participation to semiconductor ownership. Its journey reflects the relay race of capital needed to build potential Malaysian champions, from early support through Dana Impak and Jelawang Capital-backed venture capital partners to Khazanah's direct participation as the leading cornerstone investor during its Main Market listing. By building capabilities in IC design, semiconductor intellectual property and AI-related chip solutions, SkyeChip reflects Malaysia's growing depth in higher-value semiconductor activities, while helping seed the talent and capability flywheel needed to move Malaysia up the value chain.



CAPITAL WITH PURPOSE

# BUILDING DIGITAL BRIDGES ACROSS BORDERS AND NETWORKS

# BUILDING DIGITAL BRIDGES ACROSS BORDERS AND NETWORKS



**By Dr Farid Mohamed Sani, Head of Digitalisation**

## Building Malaysia's Intelligent Digital Backbone

Digital infrastructure has become a core layer of national competitiveness. It shapes how businesses operate, how public services are delivered to citizens, how industries improve productivity and how new areas of growth are created. For Malaysia, the question is no longer whether people and businesses are connected, it is about how that connectivity can translate into higher-value digital capabilities.

The telecommunications sector sits at the centre of this shift. As data-intensive applications such as artificial intelligence and cloud adoption gain momentum, networks must function as more than pipes for data transmission. They must increasingly serve as intelligent infrastructure that enables computing capabilities, cloud services, AI adoption and cross-border digital activity.

Malaysia also needs the infrastructure to process, manage and secure more of its digital activity domestically, while building platforms that allow local enterprises to move beyond consumption towards value creation. Building this capability strengthens national resilience, improves the delivery of public and enterprise services and widens participation in the digital economy.



# BUILDING DIGITAL BRIDGES ACROSS BORDERS AND NETWORKS

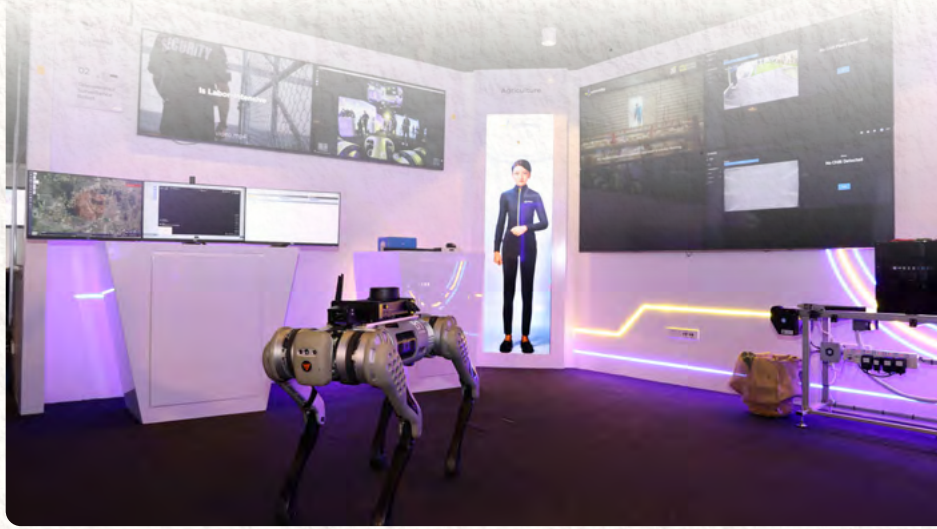
## Guiding the Transition from Connectivity to Capability

The strategic imperative, therefore, is to build the underlying capacity that allows Malaysia to host, process and create more value from digital activity across data centres, cloud platforms, cybersecurity, AI infrastructure, software ecosystems and enterprise solutions.

This transition comes at a demanding time for the sector. Telcos must continue investing in fibre, 5G, data centres, cloud platforms and AI-ready infrastructure, even as basic connectivity faces pricing pressure and data becomes increasingly commoditised. The result is a structural tension: the economy requires deeper and more advanced digital infrastructure, but the companies expected to build this infrastructure must do so while managing the demands of higher capital requirements, margin pressure and market expectations.

Within the Digitalisation sector, Khazanah's key portfolio companies, Telekom Malaysia and Axiata, are advancing connectivity and digital infrastructure across Malaysia and the region. Through our stewardship approach, Khazanah supports commercially disciplined investments while ensuring alignment between shareholder returns and broader economic priorities, building on Malaysia's foundation to compete in a more digital, AI-enabled and regionally connected economy.

Telekom Malaysia's transition reflects this direction. Through its PWR2030 strategy, TM is working to reposition itself as a Digital Powerhouse, moving beyond traditional connectivity towards digital infrastructure and platform-led services. A key part of this is the development of AI-ready infrastructure, including data centre capacity and GPU-as-a-Service, which can provide the computing foundation needed by enterprises, startups, researchers and public institutions seeking to adopt AI at scale.



The development of TM Nxera in Johor Bahru adds a further dimension to this national capability. As a hyperconnected, AI-ready data centre developed through a joint venture with Singtel's Nxera, the facility is designed to serve hyperscalers and next-generation digital workloads across the region, with capacity to scale up to 200 MW. Its strategic location in Johor, close to submarine cable links between Malaysia and Singapore, positions it to capture cross-border data traffic and strengthen Malaysia's role in the regional digital infrastructure network.

Importantly, TM Nxera is also being developed with sustainability-by-design principles, including energy-efficient architecture, advanced cooling technologies and water management systems. This allows Malaysia to support high-performance computing and AI workloads while reinforcing its attractiveness as a trusted and responsible destination for global technology investment.

# BUILDING DIGITAL BRIDGES ACROSS BORDERS AND NETWORKS

## Building Scale Beyond Borders

While TM's infrastructure push strengthens Malaysia's domestic digital foundations, Axiata's regional footprint addresses a different part of the same equation: scale. In a sector where investment requirements continue to rise, stronger regional platforms allow telecommunications groups to optimise capital, improve network economics and compete in markets where digital demand is expanding.

The merger of XL Axiata and Smartfren in Indonesia reflects this structural need. Valued at USD6.5 billion, the transaction creates a larger platform in one of Southeast Asia's most important digital markets. For Axiata, the merger provides the opportunity to strengthen competitiveness, improve operating efficiency and build a more resilient regional business. For Malaysia, it helps protect the value of a home-grown regional champion with exposure to long-term digital growth beyond the domestic market.

This matters because Malaysia's digital future will not be shaped only within national borders. Regional scale allows Malaysian-linked companies to participate in the growth of neighbouring markets, gain operating depth and develop capabilities that can be brought back into the broader ecosystem.



# BUILDING DIGITAL BRIDGES ACROSS BORDERS AND NETWORKS

## Extending Capability Across the Ecosystem

Digitalisation must also create pathways for domestic enterprises to participate in the value chain. Large-scale infrastructure may provide the foundation, but the wider economic benefit depends on whether local companies, vendors and small and medium enterprises can develop the capabilities needed to serve a more advanced digital economy.

TM's Bumiputera Vendor Development Programme provides one example of developing stronger domestic capabilities. Through structured capability-building, TM continues to develop Bumiputera suppliers within its value chain, with an emphasis on long-term sustainability, readiness and participation in future areas of demand. This extends the digitalisation story beyond assets and infrastructure, showing how a national telecommunications company can contribute to enterprise development as the sector moves into more complex digital services.

This domestic capability-building is important because the next phase of digital growth will require a broader base of companies that can deliver specialised products, technical services and operational solutions. As digital infrastructure becomes more sophisticated, local vendors must also move up the capability curve. Their participation helps ensure that value is not concentrated only among large platform owners but distributed through a wider industrial and enterprise ecosystem.




## Towards a More Resilient Digital Future

These developments indicate that Malaysia's digital future is being built with a clear focus on moving away from access alone towards capability, scale and ecosystem depth. Connectivity continues to matter, but the next layer of value will come from infrastructure that can host data, process advanced workloads, enable AI adoption and connect Malaysia more effectively to regional growth.

Khazanah's role in this transition is anchored in long-term stewardship. By engaging with portfolio companies through a patient, commercially disciplined lens, we seek to encourage investments that can strengthen both enterprise value and national capability. The intended outcome is a digital economy that is more locally anchored, regionally connected and commercially sustainable. By moving from passive connectivity towards intelligent infrastructure, Malaysia can strengthen its ability to participate in higher-value digital activity, attract technology investment and create more pathways for local enterprises to grow.

*For further information on our efforts to strengthen Malaysia's industrial capabilities and innovation ecosystem, please refer to Doing the Difficult Things Malaysia Needs on pages 32-41.*



CAPITAL WITH PURPOSE

# SECURING THE FUTURE

# SECURING THE FUTURE

**By Dato' Shahira Ahmed Bazari, Head of Group Sustainability & Advocacy, Managing Director's Office**



Malaysia's development story has always been shaped by a careful balance between growth, inclusion and long-term stability. In recent years, that balance has come under greater strain. Economic transitions are accelerating, expectations on institutions have broadened, and the consequences of investment decisions are felt more visibly across communities, industries and the natural environment.

In this context, the role of long-term capital has become more consequential. It is no longer sufficient to generate returns within the boundaries of a portfolio. There is a growing expectation that capital should also contribute to the resilience of the system it operates within, whether through supporting economic stability, enabling liveable environments or strengthening the social fabric that underpins growth.

This expectation is not entirely new. From its inception, Khazanah was guided by a view that the creation of enduring wealth cannot be separated from the health of the society and environment that sustains it. What has changed is the urgency of action, the transparency of intent and the breadth of accountability that now comes with it.



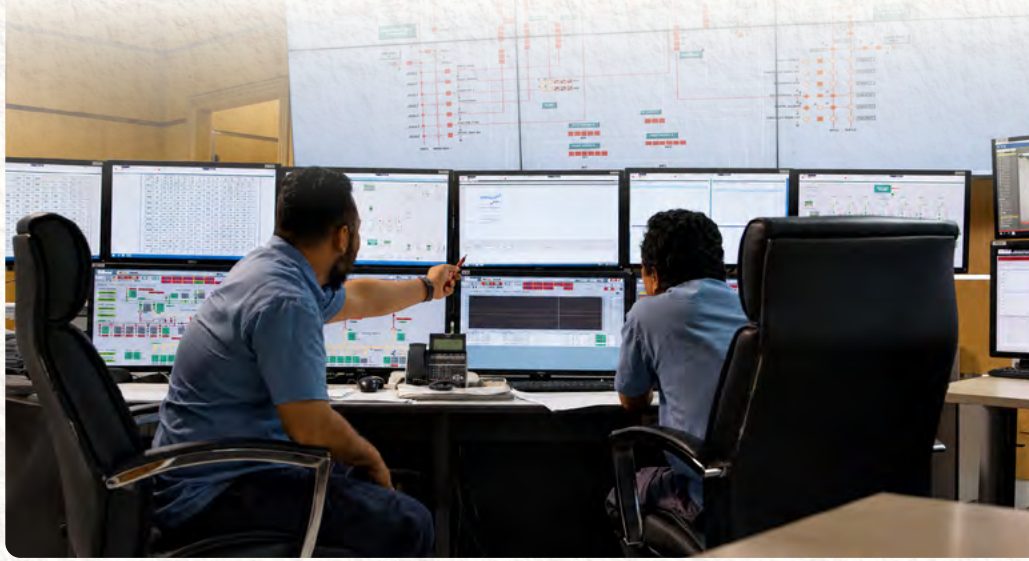
# SECURING THE FUTURE

## From Building Foundations to Reframing the Question

Khazanah's sustainability journey did not begin in response to recent shifts but has evolved alongside them. Long before Environmental, Social and Governance (ESG) and sustainability entered the mainstream, considerations of value protection, risk management and responsible stewardship were already part of Khazanah's institutional DNA. Since 2004, early signals were embedded through investment exclusions, reflecting the belief that not all returns are equal and that capital allocation should align with the broader responsibility, stewardship and societal outcomes.

This initial conviction was followed by a period of deeper inquiry. Between 2009 and 2015, internal initiatives sought to understand how emerging issues, particularly climate-related risks and sustainability-adjusted valuation models, could influence long-term investment outcomes and portfolio valuation. These efforts marked an early attempt to translate sustainability from principle into the language of investment analysis.

As this analytical foundation strengthened, the focus shifted towards formalising governance and expectations. The introduction of the Responsible Investments Policy in 2019 embedded ESG considerations into investment processes. Subsequent efforts, including the Shareholder Expectations and Investment Stewardship document in 2022, which incorporated Net Zero into voting policy, extended these expectations across portfolio companies, reinforcing Khazanah's role as an active steward in sustainability issues.



This progression culminated in the Sustainability Framework and ESG Targets introduced in 2022, which established a structured approach to sustainability anchored in the familiar pillars of ESG. By the end of its cycle in 2024, most of the objectives set under this framework had been achieved, and sustainability had been embedded across investment processes, decision-making and reporting within Khazanah, albeit with opportunities for improvement.

What changed thereafter was not the level of ambition, but the nature of the questions being asked. As the external environment evolved, it became increasingly clear that a pillar-based ESG approach, while still relevant, could not fully capture the broader set of responsibilities associated with Khazanah's mandate. The focus on how sustainability factors affect financial performance needed to be complemented by a clearer understanding of how Khazanah's investments, and our companies, in turn, shape outcomes across the economy, environment and society.

# SECURING THE FUTURE

## Expanding the Lens: From Impact on Us to Impact by Us

This shift was formalised through the adoption of a double materiality perspective in 2024, extending the lens beyond financial impact to include real-world effects. It provided a more complete map of what matters, to whom, and why, and in doing so enhanced sustainability parameters beyond the question of risk management and compliance to also factor in contributions and accountability.

The 2024 materiality assessment identified 16 material issues across governance, economic, social and environmental dimensions that were highly material to Khazanah's role as Malaysia's sovereign wealth fund and long-term steward of national assets. Among the most significant themes were governance and business ethics, financial performance and stability, nation-building and socio-economic development, responsible investment practices, talent and workforce development, climate resilience and the long-term sustainability of strategic infrastructure and communities. The findings also reinforced the interconnected nature of these priorities, where governance, financial resilience and societal outcomes increasingly shape one another.

In practical terms, this reflects a long-standing line of inquiry within Khazanah: how the gap between market value and broader societal value can represent both risk and opportunity when left unaddressed. From that point, the direction of travel and scale became clearer, not as an incremental adjustment, but as a necessary broadening of how value itself is understood. This meant recognising that long-term investment outcomes are increasingly linked to the resilience of systems around them, whether infrastructure, communities, institutions or the environment itself.

The result is a framework that encourages a more integrated view of stewardship. One that considers not only how sustainability factors may affect investment performance, but also how investments themselves can shape national competitiveness, social resilience and long-term outcomes for Malaysia and its people.

# SECURING THE FUTURE

## Converging Roles in Malaysia's Development

As Malaysia's sovereign wealth fund, Khazanah operates across three distinct but converging roles. As a responsible investor and asset owner, we safeguard portfolio resilience by balancing risk, return and opportunity. As a national advocate, we influence from the perspective of a sovereign wealth fund by engaging government, regulators and peers on policies and the conditions that make long-term value creation sustainable; and as a committed enterprise, we shape the culture and talent that carry these responsibilities forward. Each of these roles carries distinct expectations, yet in practice they converge. Decisions made at the investment level shape outcomes beyond the balance sheet, and organisational priorities influence how those decisions are carried through. Bringing these dimensions into alignment therefore became central to the next phase of Khazanah's sustainability journey.



# SECURING THE FUTURE

## Securing the Future as a Strategic Direction

The *Securing the Future* framework emerged from this convergence of context, reflection and reassessment of Khazanah's role and responsibility as an investor and Malaysia's sovereign wealth fund. It represents a shift in orientation, moving away from a focus on internal structures and towards the outcomes Khazanah seeks to influence over time.

### Securing the Future

The responsibility of generating wealth today while ensuring a secure future for tomorrow

### Our Vision for a Sustainable Malaysia

**Our strategy is focused on three priority outcomes for Malaysia:**

#### Stable and Strong Economy



Supporting a resilient economy that facilitates the flow of capital, knowledge and opportunities

#### Liveability for All



Contributing to a safe, inclusive environment that enhances quality of life

#### Thriving Communities



Enabling individuals and communities through access to opportunities, talent development, workers' rights and inclusive solutions

These priorities guide how we allocate capital, engage with portfolio companies and work with partners across sectors. Rather than operating as a standalone initiative, sustainability is embedded into investment decisions, organisational practices and portfolio-wide engagement.

# SECURING THE FUTURE

**Raising the Ceiling** — **Raising the Floor**

| Protecting Long-Term Value | Progressing Liveability | Catalysing Communities |
|---|---|---|
| Integrating responsible investment principles | Promoting access through increased connectivity | Developing talent pipeline |
| Upholding good governance | Fostering good physical environment | Safeguarding workers wellbeing |
| Encouraging beta activism | Ensuring asset resilience | Enhancing community development |
| Catalysing innovation | Improving quality of life | |

## Khazanah's Climate Change Management Approach to address each pillar

Intended outcome of climate change management approach

| Climate Resilient Portfolio | Communities Safeguarded from Climate-Related Risks | Advocate for Climate Action |
|---|---|---|
| Preserve the portfolio to ensure resiliency to physical and transition risks | Protect businesses and communities from impact of climate change whether it's through adaptation or mitigation | Champion climate advocacy to align global and national movements with KNB's strategic goals |

Approaches to achieve levers

| Protect and steward the portfolio | Empower communities and businesses | Fostering strategic partnerships |
|---|---|---|
| Manage climate-related risks through responsible investing integration and identifying opportunities in climate adaptation and decarbonisation | Raise awareness and support communities and businesses in proactively mitigating climate-related risks and mobilizing support if required | Support climate action through evidence-based advocacy; utilising scientific research and data to shape policies, strategies and stakeholder engagement |

**Key Enablers**

*Data, technology, knowledge, advocacy, people*

# SECURING THE FUTURE

Grounded in the insights from the double materiality assessment as well as our converging roles, the framework is anchored on three key outcomes: a stable and strong economy that facilitates the flow of knowledge, networks and investment opportunities; liveability for all by providing a safe and inclusive environment and improves the quality of life; and thriving communities where individuals are empowered with access to equal opportunities and vibrant talent pipelines. These are not positioned as abstract aspirations, but as reference points that guide how decisions are considered and prioritised across the organisation.

Underpinning all three pillars is a cross-cutting climate strategy. The framework recognises that climate risks, physical and transition, do not sit within a single pillar. They cut across the economy, the quality of places and the wellbeing of communities, simultaneously.

The approach recognises that climate risks are no longer confined to environmental concerns alone but carry direct economic and societal implications. For Malaysia, this includes the potential for material economic losses, disruption to infrastructure and supply chains, and widening vulnerabilities across communities and industries if transition and adaptation efforts are not managed proactively.

Khazanah's Climate Change Management Approach was therefore developed to support each pillar of the Securing the Future framework. It reflects the view that climate resilience must be addressed through a balanced approach that advances decarbonisation while strengthening the resilience of businesses, infrastructure and communities to the physical impacts of climate change.

In this sense, the framework marks a progression from building internal capability to shaping external outcomes. It addresses climate and systemic risks with urgency, aligns capital deployment with Malaysia's long-term development, and holds to a belief that genuine progress must raise both "the ceiling and the floor", expanding what is possible for the economy while ensuring no community is left behind in the journey.



# SECURING THE FUTURE

## Embedding Sustainability into Decisions and Actions

The distinction of the framework becomes evident in how it translates into practice. At the investment level, sustainability is increasingly integrated into how opportunities are assessed, how risks are understood and how long-term value is defined. The materiality lens informs screening, shapes engagement with portfolio companies and influences how Khazanah exercises its position as a shareholder.

Across the organisation, the articulation of three roles - responsible investor, national advocate and committed enterprise - provides a clearer line of sight between each decision and broader outcomes. Sustainability is not confined to a dedicated function, but embedded as a shared responsibility that informs strategy, operations and people-related decisions.

At the portfolio level, the nature of engagement is also evolving. The conversation moves beyond disclosures and ratings towards a more fundamental question of contribution and shared responsibility, where companies are expected to consider how their strategies align with the broader outcomes of economic stability, liveability and community development. This introduces a higher threshold, but also a more meaningful one.

In practice, this means working with companies through the specifics of their sector and their place within Malaysia's development architecture. TNB, for example, is central to the nation's energy transition commitment. Its RM90 billion grid investment plan for 2025-2030, of which RM35 billion is earmarked for energy transition-related capex, positions it as the structural enabler of Malaysia's renewable energy growth under the National Energy Transition Roadmap (NETR). The expectation we place on TNB is therefore not just about emissions; it is about the pace and reliability of a national grid that every sector depends on.

But a grid without sufficient clean generation to flow through it is only half the answer. This is where UEM Lestra, Khazanah's green investment platform under UEM Group, is actively developing this supply. Backed by a RM7 billion SRI sukuk programme, its first major tranche of RM1.5 billion is decarbonising Malaysia's industrial parks, with longer-term ambitions across renewables and storage, integrated energy solutions, green mobility and waste management.



# SECURING THE FUTURE




Malaysia Aviation Group (MAG), carries a different but equally important responsibility: as the parent of our national carrier, MAG is not simply managing down its own emissions. By co-chairing the National Sustainable Aviation Energy Task Force alongside the Civil Aviation Authority of Malaysia (CAAM), it is helping to build the supply architecture that determines how fast the entire sector can move under the Malaysia Aviation Decarbonisation Blueprint (MADB). Malaysia Airports Holdings Berhad, on the other hand, sits at the intersection of national access and international competitiveness. Its connectivity, passenger experience and trade facilitation carries consequences well beyond its own balance sheet.

The common thread across all these portfolio companies is not a uniform sustainability template, but a clearer expectation that each company understands its systemic role and is able to translate that role into required investments and measurable outcomes.

## From Commitment to Conduct: The Measure that Counts

Over time, the effectiveness of this approach will be reflected less in the expansion of policies or reporting, and more in the consistency of behaviour. Success will be evident when sustainability is no longer framed as an external requirement but understood as integral to how businesses define their role within Malaysia's development.

It reflects a continuation of a longer institutional trajectory, where each phase, from early conviction to analytical rigour to formal policy, has progressively moved sustainability closer to the core of investment thinking and decision-making.

When portfolio companies begin to articulate their contribution in these terms, and act on it, it signals a deeper level of integration that extends beyond compliance. That shift, when it takes hold across the portfolio, is what the Securing the Future framework ultimately seeks to achieve, that is the responsibility of generating wealth today while ensuring a secure, liveable and thriving future for generations to come.

# SECURING THE FUTURE

## Sidebar: The Energy Trilemma: Navigating the Pivot to a Low-Carbon Economy

By Mohammad Hilmi Yusof, Head, Energy Transition

For the sovereign steward, the energy transition is perhaps the clearest test of balance. It is shaped by the Energy Trilemma, which brings together the three interconnected priorities of Energy Equity, Environmental Sustainability and Energy Security.

In Malaysia, these priorities have clear practical implications. Energy Equity is not simply about affordability. It is about ensuring that households continue to have access to reliable energy at affordable and sustainable cost levels, while businesses and industries remain competitive in an increasingly demanding global economy. At the same time, attracting long-term investment into the energy system requires pricing structures that reflect the realities of infrastructure renewal, grid modernisation and future capacity needs. Energy Equity, therefore, requires balancing affordability, fairness, reliability and long-term investability of the system.

Energy Security, meanwhile, is ultimately about confidence in the continuity and reliability of supply. It is the assurance that homes remain powered, industries remain productive and critical national infrastructure continues to function without disruption from internal or external forces. As Malaysia's economy becomes more digital, electrified and interconnected, the resilience of the power system, particularly the transmission and distribution network, becomes increasingly strategic as variability and electrification intensify.

Environmental Sustainability adds another layer of complexity. Malaysia's transition towards net zero by 2050 must be pursued



alongside economic growth and social stability. The challenge is to decarbonise responsibly, in a way that reflects Malaysia's development needs while maintaining competitiveness and economic resilience.

Balancing these priorities will not be a straightforward undertaking. Progress in one area can create pressure in another, requiring trade-offs to ensure that outcomes are aligned with system constraints, investment capacity and broader economic context. Accelerating Environmental Sustainability, for example, requires sustained investment in grid infrastructure, storage and system flexibility. Those investments are essential for Energy Security, but their cost must be carefully managed and sequenced to preserve Energy Equity. The transition therefore requires discipline, sequencing and a clear prioritisation of system needs at different stages of Malaysia's energy journey.

# SECURING THE FUTURE




## Preparing for Complexity

Khazanah's journey into the energy transition began with a recognition of the nation's existing energy landscape. While the National Energy Transition Roadmap (NETR) sets ambitious targets for renewable energy (RE) penetration with a target of 70% by 2050, the reality is that our current grid was designed for a different era. Historically, power flowed in one direction from large and centralised thermal and hydropower plants to the consumer.

The pivot to RE introduces a fundamental operational challenge. Because solar and wind are intermittent and decentralised, they require a bi-directional "smart" system capable of handling volatility. This creates a significant capital challenge. Through our portfolio company, Tenaga Nasional Berhad (TNB), we are supporting a RM42.8 billion capital expenditure plan under Regulatory Period 4 (RP4) to modernise and upgrade the grid.

However, as a disciplined and responsible steward, we recognise the trade-offs in this investment. The challenge lies in accelerating this hardware upgrade to accommodate higher RE penetration while ensuring that the cost of this transition does not place an undue burden on the *Rakyat* or undermine the competitiveness of our industries. We are moving from a system of predictable supply to one of greater complexity, and the transition requires a phased approach with grid resilience as the baseline for Energy Security.

# SECURING THE FUTURE



## Synchronising Capital and Capability

The transition cannot be funded by the public purse or sovereign wealth alone. The sheer scale of the requirement necessitates a shift from being the provider of capital to becoming a strategic intermediary. This is where Khazanah faces a complex coordination challenge in moving fast enough to meet 2050 targets without outstripping the market's capacity to absorb and deploy that investment.

The overarching aim is to support sustainable sector growth, with Khazanah playing a catalytic role alongside private sector participation. This is reinforced through broader public-private collaboration, including initiatives such as the MoF-led GEAR-uP programme to drive domestic investment, enable wider investor participation and scale green infrastructure.

In addition, through our own green investment platform, UEM Lestra, we are identifying and investing in opportunities that advance the nation's energy transition agenda as we seek to accelerate market development and strengthen investor confidence. Together, these efforts position the energy transition not only as a decarbonisation agenda, but as a key driver of long-term economic value creation for Malaysia.

# SECURING THE FUTURE

## From Ambition to Execution

We are beginning to see the material results of this coordination through projects that bridge the gap between national policy and commercial viability.

Through our investment in TNB, we are supporting flagship projects under the NETR that serve as critical proof points for the transition. These include the development of Centralised Solar Parks and hybrid hydro-floating solar, which represent a significant shift in how we generate and integrate RE into the national grid.

We are also seeing progress in the industrial sector through NUR Power, a subsidiary of UEM Lestra. The completion of a 50MW solar plant at the Kulim Hi-Tech Park, complemented by the transition to hydrogen-ready gas turbines, marks the beginning of an industrial decarbonisation pathway. These efforts advance environmental sustainability while helping our industrial hubs remain competitive as global demand for low-carbon manufacturing intensifies.



# SECURING THE FUTURE

## Beyond Decarbonisation: The Forward View

As we look toward the horizon, the energy transition is being pursued not merely as a decarbonisation agenda but as a primary driver of long-term economic value. A key pathway lies in extending beyond national borders through initiatives such as the ASEAN Power Grid. By enabling cross-border power trade and deeper regional connectivity, Malaysia can leverage its geographic position to participate in a more integrated and efficient regional energy marketplace, including the growing trade and deployment of RE across ASEAN.

At the same time, domestic system readiness remains critical. Priorities are shifting toward enabling technologies such as Battery Energy Storage Systems, as well as enhancing grid flexibility to support higher RE penetration without compromising supply security.

In this context, Khazanah's role is to ensure that the transition is grounded in national priorities and aligned with energy equity. This includes strengthening energy security in an uncertain global environment, while managing costs and access to ensure that the benefits of the transition are shared across the economy.





CAPITAL WITH PURPOSE

# BUILDING CAPACITY AND VIBRANT COMMUNITIES

# BUILDING CAPACITY AND VIBRANT COMMUNITIES

By Dato' Mohamed Nasri Sallehuddin, Chief Corporate Officer & General Counsel



## Investing in Social Resilience

In the traditional view of a sovereign wealth fund, success is measured by the height of the "ceiling". It is the alpha generated, the industries disrupted and the commercial returns secured. However, at Khazanah, we recognise that the structural integrity of a nation's economy is equally dependent on the strength of its "floor." As part of the Ekonomi MADANI framework, our commitment to building Vibrant Communities is not mere philanthropy. It is a commitment to the social fabric that sets us apart from purely commercial entities, ensuring that our mandate remains fundamentally human-centric and for the advancement of Malaysia and its people.

It is what gives Khazanah its soul.



# BUILDING CAPACITY AND VIBRANT COMMUNITIES

## Social Capital as a Leading Indicator

For a long-term steward, social fragmentation is a systemic risk. Entrenched inequality, urban decay and the vulnerability gap in underserved communities are not just social issues. They are economic friction points that can impede national productivity and destabilise the environment in which our commercial assets operate. By investing in social capital, we are mitigating these long-term risks. We believe that a resilient community is the ultimate hedge against economic volatility.

To execute this mandate with precision, Khazanah operates as a hub, serving as the anchor that provides the strategic alignment, long-term capital stability and the ethical mandate that connects social outcomes to national progress. Assisting us are the spokes, comprising the independent, expert-led execution arms consisting of Yayasan Hasanah, Think City, Yayasan Khazanah and the Khazanah Research Institute (KRI), all empowered with the autonomy to drive ground-level impact.

This structure ensures that while our commercial portfolio pursues “Raising the Ceiling,” our social ecosystem is professionally enabled to “Raise the Floor,” creating a more balanced and resilient Malaysia.



# BUILDING CAPACITY AND VIBRANT COMMUNITIES

## Why Policy Alone Is Insufficient

While high-level government policies aim to "Raise the Floor," a critical gap often exists between policy intent and ground-level execution. Traditional top-down interventions frequently lack the specialised, localised expertise required to transform complex social environments. Whether it is the physical and social decay of public housing (PPRs) or the persistent mismatch between graduate skills and industry needs, these are multifaceted problems that capital alone cannot solve. They require a "thinking and doing" approach that addresses the root causes of stagnation.



## The Need for Institutional Logic

For Khazanah, building vibrant communities requires moving beyond a "grant-and-forget" mentality. It requires an institutional logic that treats social challenges with the same rigour as commercial ones. We identified that to create lasting impact, we must address three friction points:

### Policy Fragmentation

The need for evidence-based research to inform sustainable fiscal and social reforms.

### Urban Stagnation

The need for heritage-led and climate-resilient urban regeneration that restores pride and economic utility to cities.

### Human Capital Mismatch

The need for a talent pipeline that is not only academically certified but industry-ready and values-driven.

# BUILDING CAPACITY AND VIBRANT COMMUNITIES

## The Mechanics of Impact: Precision-Led Execution

To address the vulnerability gap, Khazanah does not rely on a monolithic administrative body. Instead, we orchestrate a specialised social ecosystem that allows us to address the root causes of an issue through a coordinated framework.

Firstly, before action comes understanding. The Khazanah Research Institute (KRI) provides the intellectual bedrock for our social interventions. In 2025, KRI moved beyond identifying gaps to designing sustainable frameworks for housing affordability, social protection and industrial policy. By analysing the evolution of industrial linkages and the necessity of revenue reform, KRI ensures that Khazanah's social investments are anchored in data-driven reality rather than anecdotal need.

Moving from that point, as our primary grant-making arm, Yayasan Hasanah transforms policy research into ground-level impact. Transitioning away from short-term project cycles, Hasanah adopts an ecosystem-based approach, investing in the systems and people that sustain communities. To date, Hasanah has reached over four million people through 1,100 projects, focusing on long-term outcomes in PPRs in the Klang Valley. Here, the focus is on building grassroots leadership and community ownership—turning public housing into vibrant, self-managed neighbourhoods.

A vibrant community also requires a resilient physical environment. Think City acts as our urban architect, focusing on heritage-led regeneration and climate resilience. By ensuring that cities grow based on their own cultural identity rather than imported templates, Think City restores economic utility and social pride to urban centres. Their work in the Klang Valley and George Town demonstrates that liveable, inclusive cities are the product of place-based action and nature-based solutions.

To tie this all up into one cohesive blueprint, we consider human capital to be the ultimate asset class for national resilience. This is where Yayasan Khazanah focuses on the "ceiling," nurturing a prestigious pipeline of future leaders through leadership development and scholarships to top-tier global institutions.

Meanwhile, K-Youth focuses on the "floor," with a commitment in 2025 to equip 11,000 youths with high-demand skills in sectors like semiconductors and MRO. With an 85% employment success rate for its primary track, K-Youth is not just training students; it is bridging the gap between underserved backgrounds and the high-value workforce.

# BUILDING CAPACITY AND VIBRANT COMMUNITIES

## Looking Forward: From Outputs to Sustainability

For a sovereign wealth fund, the ultimate measure of success in the social sphere is not the volume of capital deployed, but the durability and sustainability of the systems left behind. Our goal is to ensure that every intervention, whether a scholarship, an urban park, or a policy recommendation, is designed for institutional sustainability. We have to move beyond project cycles toward a model of long-term stewardship where communities are empowered to maintain and grow the progress they have achieved.

The culmination of our work is a Malaysia that is fundamentally more prepared for the future. Ultimately, this work ensures that Khazanah remains a living institution with a moral compass. We are not merely a harvester of returns; we are a dedicated steward of the Malaysian people. By integrating our commercial rigour with a human-centric soul, we ensure that as we “Advance Malaysia,” we do so by bringing the entire nation along with us.



# BUILDING CAPACITY AND VIBRANT COMMUNITIES

**Sidebar 1**

YAYASAN HASANAH

A foundation of Khazanah Nasional

## BUILDING SYSTEMS THAT COMMUNITIES CAN SUSTAIN

Yayasan Hasanah is the impact-based foundation of Khazanah Nasional Berhad, focused on strengthening the social and community systems that enable inclusive development. Established in 2015, it is more than a grant-making organisation. It operates as a convenor and ecosystem builder, combining funding with capacity building, stakeholder coordination and implementation support to enable communities and partners to sustain outcomes over time. To date, Yayasan Hasanah has impacted the lives of over four million people in Malaysia, across all layers of society.



**Initiative**

**Omadal Island Community Ecosystem, Sabah**

**Impact**

Established alternative learning, community-based healthcare and livelihood pathways such as seaweed farming within a largely undocumented community. Improved access to basic services and enabled local youth to take on roles as teachers and health workers, strengthening internal capability and reducing reliance on external actors.

**Initiative**

**Tanjung Kepah Coastal Restoration, Perak**

**Impact**

Rebuilt mangrove ecosystems through science-led intervention and community participation, increasing survival rates to about 70% and restoring coastal protection. The return of marine life has begun to stabilise local fishing livelihoods.

# BUILDING CAPACITY AND VIBRANT COMMUNITIES

**Initiative**

**Social Reintegration through Employment, Kuantan**

**Impact**

Created structured employment pathways for individuals in recovery from addiction through a community-run food court model. Participants secured stable income, with some gaining confidence to start their own F&B business, while public interaction helped rebuild trust and social acceptance.

**Initiative**

**CELIK Education Programme, Tawau**

**Impact**

Improved student attendance and learning outcomes by pairing academic lessons with football training sessions. Increased classroom participation and strengthened discipline and social development among at-risk children.



# BUILDING CAPACITY AND VIBRANT COMMUNITIES

**Sidebar 2**

YAYASAN KHAZANAH

## DEVELOPING TALENT FOR NATIONAL LEADERSHIP

Yayasan Khazanah is responsible for identifying and developing high-potential Malaysians through structured scholarship and leadership programmes. Established in 2006, its role extends beyond funding education to building a pipeline of future leaders equipped with the skills, exposure and values required to contribute across sectors critical to Malaysia's long-term development.

**Initiative**

**Global and Domestic Scholarship Pathways**

**Impact**

Supported more than **1,700** scholars across local and international institutions, creating access to high-quality education while building a diverse talent pool positioned to enter key sectors and leadership roles.

**Initiative**

**Leadership Development and Industry Exposure**

**Impact**

Combined academic sponsorship with internships, mentorship and placements in government-linked companies and partner organisations. This has strengthened workplace readiness, facilitating more effective transitions into roles aligned with national priorities and enhancing overall employability.



# BUILDING CAPACITY AND VIBRANT COMMUNITIES

**Initiative**

**Public Health and Policy Contribution**

**Impact**

Scholars have translated academic training into policy and institutional impact. In one case, research in addiction medicine contributed to national drug policy development, demonstrating how specialised expertise can inform public systems.

**Initiative**

**Community and Social Engagement**

**Impact**

Integrated volunteering and community-based learning into the scholar journey, strengthening awareness of social challenges and encouraging participation in initiatives that extend beyond individual career advancement.



**"The scholarship and my time at Cambridge gave me the skills, exposure and confidence to pursue opportunities beyond my original field. It ultimately led me from the automotive industry into clean energy, where I now contribute to the renewable energy sector at Gentari."**

**Syed Malek Faisal Bin Syed Mohamad**
Head of Renewable Energy Malaysia, Gentari

**"My research in addiction medicine began as an academic pursuit but eventually contributed to Malaysia's national drug policy discussions. It showed me how specialised expertise can move beyond academia and help shape public systems and policy."**

**Dr. Rashidi Mohamed bin Pakri Mohamed**
Consultant Family Physician, Senior Lecturer at UKM and CEO, Optima Wellness and Skin Center

**"The value of the scholarship lies not only in where it sends its scholars, but in how it strengthens those already committed to making a difference. Beyond my professional role, I continue to mentor underprivileged students and support refugee education initiatives because I believe access to opportunity should be widened for others as well."**

**Chow Shenn Kuan**
Senior Manager of Education Advocacy, Yayasan Hasanah

# BUILDING CAPACITY AND VIBRANT COMMUNITIES

**Sidebar 3**

KHAZANAH RESEARCH INSTITUTE

## INFORMING POLICY THROUGH EVIDENCE

The Khazanah Research Institute (KRI) was founded in 2014 to be an independent policy research institute focused on advancing evidence-based solutions to Malaysia's structural socio-economic challenges. Its role is to strengthen policy thinking, public discourse and institutional decision-making through research, convening and advocacy.



**Initiative**

**Housing Reform – Build Then Sell Model**

**Impact**

Contributed to policy discussions on shifting development risk from homebuyers to developers, improving accountability and consumer protection. The model has gained traction in national housing reform considerations.

**Initiative**

**Labour Market and Wage Policy Research**

**Impact**

Informed national-level policy development through contributions to the National Wage Council, National Human Resource Policy, graduate wage guidelines and broader labour policy frameworks, shaping how wage structures and workforce challenges are addressed.

**Initiative**

**Artificial Intelligence Governance Study**

**Impact**

Produced research and convened multi-stakeholder discussions involving public and private sector actors, strengthening policy readiness and positioning KRI as a reference point in national and regional AI governance conversations.

**Initiative**

**Public Transport and Urban Mobility Research**

**Impact**

Influenced how transport reliability is framed in policy and public discourse, shifting the focus from rail and bus systems alone to the full commuter journey, including first and last-mile connectivity, bus stop experience, and broader considerations of network integration and service quality.

# BUILDING CAPACITY AND VIBRANT COMMUNITIES

**Sidebar 4**

thinkCITY

## REGENERATING CITIES THROUGH COMMUNITY-LED ACTION

Started in 2009, Think City is a "think-and-do tank" focused on making cities more liveable, sustainable and inclusive. Operating across urban design, place-making, heritage conservation, climate resilience and community development, it works with communities, governments and partners to deliver place-based interventions that integrate physical, economic and social outcomes.



**Initiative**

**Kampung Attap Regeneration, Kuala Lumpur**

**Impact**

Revitalised a declining historic quarter through adaptive reuse, small grants and community-led activation. More than 30 creative tenants established operations alongside existing residents, restoring economic activity while retaining local character.

**Initiative**

**Kita-untuk-Kita (K2K) Programme, Klang Valley PPRs**

**Impact**

Transformed shared spaces in public housing into community-managed hubs. Residents mobilised resources beyond initial grants, leading to over 60 community-led projects and stronger local ownership of neighbourhood development.

**Initiative**

**George Town Heritage Conservation Programme**

**Impact**

Restored heritage buildings and supported local businesses through a grant-based approach that attracted co-investment. The programme strengthened the local economy while preserving the cultural fabric of the city.

**Initiative**

**Penang Nature-based Climate Adaptation Programme**

**Impact**

Established Malaysia's national pilot for urban climate adaptation. Ten urban greening projects brought communities into shared climate action, while parallel programmes-built capacity among women, youth, and local councils to lead long-term resilience. The approach is now being adapted across other Malaysian cities, including Batu Pahat.

# BUILDING CAPACITY AND VIBRANT COMMUNITIES

**Sidebar 5**

An initiative by Khazanah Nasional

## BRIDGING SKILLS TO EMPLOYMENT

K-Youth is Khazanah's flagship programme to strengthen youth employability, focusing on equipping young Malaysians with industry-relevant skills and pathways into sustainable employment. Designed as a multi-track initiative, it addresses different stages of the talent pipeline, from early preparation to workforce entry, while working closely with industry partners to align training with real job demand.

**Initiative**

**Track A (Accelerate)**
**– Industry-Aligned Skills Training**

**Impact**

Trained graduates in high-demand sectors such as semiconductors and MRO, with about **85%** securing employment upon completion, improving the transition from education to workforce.

**"One story that has stayed with us was a young woman who joined our aircraft painting programme after struggling to find opportunities in the industry. She was the only female participant in her batch. Today, she works proudly as an aircraft painter. Seeing lives change in such tangible ways is a powerful reminder of why programmes like K-Youth matter."**

**Seri Nurfahana**
Programme Partner, Aviation (Machinery & Equipment)



# BUILDING CAPACITY AND VIBRANT COMMUNITIES

**Initiative**

**Track B (Nurture)**
**– Early Talent Development**

**Impact**

Engaged students before graduation to build technical and soft skills, strengthening readiness for employment and reducing the gap between academic training and industry expectations.

**"Before joining the programme, I lacked discipline and often felt uncertain about my future. Over time, I became more focused, responsible and clearer about what I wanted to achieve. The experience changed the way I approached both work and life."**

**Muhammad Haikal bin Aslinoor**
SKM Level 2 Graduate, Semiconductor Track

**Initiative**

**Track C (Optimise)**
**– Educator and Ecosystem Uplift**

**Impact**

Upskilled lecturers and career advisors to align curricula and guidance with evolving industry needs, improving the quality and relevance of talent development across institutions.

**"One of the most meaningful outcomes of the programme was seeing participants grow from being uncertain about their future to becoming confident professionals, with some even returning to mentor new participants. It reflects the importance of aligning talent development with real industry needs and long-term employability."**

**Faridah Ismail**
Programme Partner, Machinery & Equipment (M&E) and Digital & Technology (D&T)

**Initiative**

**GIFT Programme**
**(Global Initiative for Future Talent)**

**Impact**

Piloted enhanced training combining digital, technical and behavioural competencies, resulting in improved employability outcomes and access to higher-quality job placements.

**"The programme helped me bridge the gap between university and the workplace. I gained confidence, practical exposure and a clearer sense of direction, which eventually led me to secure a role in data analytics at PETRONAS."**

**Albert Wong Zhu Wen**
Bachelor of Computer Science (Software Engineering), Universiti Malaysia Pahang Al-Sultan Abdullah (UMPSA)

# BUILDING CAPACITY AND VIBRANT COMMUNITIES

**Sidebar 6**

## PRESERVING NATURE WITHIN THE CITY

Taman Tugu is a conservation-led urban rainforest park in Kuala Lumpur, created by restoring a previously degraded site into a publicly accessible green space. Spanning 66 acres, the park conserves about 1,000 mature trees and includes over 5,000 planted native species, strengthening biodiversity within the city. Since opening in 2018, it has recorded more than 1.7 million visits, providing a space for recreation, environmental learning and community engagement. Programmes such as guided walks, workshops and public events encourage active participation in environmental stewardship, while partnerships with civil society organisations and volunteers support ongoing maintenance and outreach. By prioritising preservation over commercial use, Taman Tugu demonstrates how urban land can be managed to deliver long-term environmental and social value.



# BUILDING CAPACITY AND VIBRANT COMMUNITIES

**Sidebar 7**

KHAZANAH RESIDENCY PROGRAMME
An initiative by Khazanah Nasional

## EXPANDING TALENT THROUGH GLOBAL EXPOSURE

The Khazanah Residency Programme (KRP) develops mid-career Malaysian professionals by placing them in residencies at leading global institutions, focusing on journalists, communications practitioners and artists. Through programmes such as the Khazanah Nasional Wolfson Press Fellowship at the University of Cambridge and the Khazanah Associate Artist Residency in London, participants gain exposure to international practices, research opportunities and cross-cultural exchange. Since 2013, 47 professionals have participated, with outcomes reflected in expanded professional capabilities, new creative work and contributions to public discourse and industry practice. Alumni remain engaged through outreach, mentorship and knowledge-sharing initiatives, extending the programme's impact beyond individual participants. By strengthening perspective, capability and networks, KRP contributes to the development of talent within Malaysia's media and creative sectors.



**"The Fellowship gave me the space to step back from the demands of daily newsroom work and think more critically about the future of journalism. I returned with a broader perspective, a more structured way of thinking, and a stronger understanding of how emerging tools and global practices can strengthen public trust and reporting."**
**Ameerul Eiman,** KNWPF Fellow 2025

**"The residency deepened my understanding of myself as much as the industry. Observing how London-based artists work strengthened my confidence in sustaining an independent practice and helped me reflect on what could be improved within the Malaysian art scene."**
**Lee Mok Yee,** KAAR Fellow 2025

# INVESTING WITH PURPOSE FOR MALAYSIANS



KHAZANAH
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