

# DRIVING SUSTAINABLE GROWTH

ANNUAL REPORT 2019

# About Johor Corporation

Johor Corporation was established as a public enterprise and a statutory body with the passing of the Johor Corporation Enactment No. 4, 1968 (as amended under Enactment No. 5, 1995). As a state-owned conglomerate, Johor Corporation through its Group of Companies are involved in core businesses comprising Plantations, Specialist Healthcare, Food & Restaurant Services, as well as Property.

## MISSION



A conglomerate contributing to the state and national economic growth through efficient and effective business entities while upholding community interests.



Playing the role of catalyst for sustainable business growth and subsequently achieving success to discharge its obligations as a state investment corporation.



Maintaining its position as a competitive, profit generating and highly regarded business entity that leads & dominates the market.



Contributing and improving the well-being of the community through business success and corporate responsibility undertakings.

## VISION MEMBINA & MEMBELA

### JOHOR CORPORATION CORE VALUES 2.0



#### INTEGRITY

We execute our task with trustworthiness, honesty and fairness, in line with the law and corporate governance principles.



#### PROFESSIONAL

We are committed to executing our task efficiently through professional knowledge and skills, thereby providing excellent service and quality product to our customers and shareholders.



#### INNOVATIVE

We are knowledgeable, visionary, creative, dare to lead, responsive and resourceful in pursuit of Johor Corporation's Business Continuity Mission.



#### LOYAL

We execute our responsibilities with dedication and commitment towards Johor Corporation's mission and vision while being resilient and devoted to Johor Corporation.



#### TEAMWORK

We work as a team, contributing to achieving a common goal and shared vision in an interactive and conducive environment.

# A NEW LOGO FOR A NEW ERA

Symbolises the gateway that will bridge us all into a future of **innovation** and **advancement**



The new Johor Corporation (JCorp) brand identity reflects the ambition, aspiration and direction of the Group. The new logo is a representation of JCorp's forward trajectory, as well as its desired image moving forward – **dynamic, modern and forward thinking**. The main distinguishing feature in the modern logotype is its clean sharp and minimalist representation of the 'JCorp' identity.

The red 'O' symmetrically balances the overall logo which as a whole symbolises the gateway that will bridge us all into a future of **innovation** and **advancement**.

The typefaces used are **clean** and **bold**, connoting **strength** and **resilience**, all reminiscent of an image of a world class corporation. Designed in the colours of Johor Darul Ta'zim, our new logo also pays homage to our roots as we continue to carry the colours of our heritage on the path forward.

**DYNAMIC, MODERN AND FORWARD THINKING**

**CLEAN AND BOLD, CONNOTING STRENGTH AND RESILIENCE**

# INSIDE THIS REPORT



**CORPORATE STATEMENT  
CHAIRMAN'S STATEMENT**



**CORPORATE STATEMENT  
CORPORATE STATEMENT**



**PROSPECTS  
KULIM BUSINESS**



**PROSPECTS  
SPECIALIST  
HEALTHCARE  
DIVISION**



**PROSPECTS  
PROPERTY DIVISION**

## 1. CORPORATE STATEMENT

Chairman's Statement	4
Corporate Statement	6

## 2. ABOUT JOHOR CORPORATION

Corporate Profile & Information	13
Corporate Structure	14
Board of Directors' Profile	16

## 3. FINANCIAL REVIEW

Statements of Comprehensive Income	20
Statements of Financial Position	22
Statements of Cash Flows	24
Statement of Changes In Equity	27
Financial Performance Summary JCorp & Group (2015-2019)	30

## 4. PROSPECTS

Economic Review	32
Kulim Business	34
Specialist Healthcare Division	42
Food and Restaurant Services Business	48
Property Division	58
Industrial Development Division	70
Business Development Division	78
Corporate Responsibility Division	80
Group Human Capital Management Division	88
Group IT Advancement Division	92

## 5. CORPORATE GOVERNANCE STATEMENT

Corporate Governance Statement	94
Risk Management and Internal Control	99
Board Governance & Business Ecosystem Committee Report	102



Please scan the QR Code to link to more information on how JCorp contributed to the state.



# CHAIRMAN'S STATEMENT

## JCORP'S TRANSFORMATION TO ENABLE PROSPEROUS JOHOR AGENDA

**SINCE BEING GIVEN THE TRUST TO LEAD THE JOHOR STATE GOVERNMENT, I HAVE BROUGHT THE PROSPEROUS JOHOR AGENDA TO THE FOREFRONT, WHICH WILL FOCUS ON DEVELOPMENT IN AN EQUITABLE AND HOLISTIC MANNER FOR THE WELL-BEING AND PROSPERITY OF OUR CITIZENS.**

In our efforts to fully realise developments that benefit the people, an experienced strategic institution such as Johor Corporation (JCorp) is definitely needed to implement these aspirations.

I am confident that JCorp will be able to accomplish the Prosperous Johor agenda through the execution of the Johor Sustainable Development Plan. The synergy between JCorp, State Government and related agencies involved in the development of Johor must also continue to be galvanised.

Johor requires a strategic plan to act intelligently, swiftly and in an organised way to face the post-COVID-19 era.

We need to unify our expertise, energy, focus and other resources to fulfil this mission and achieve the state's vision.

From the perspective of development, investment and economic progress, the people should not be looking at topline numbers only, but also take part in these activities to benefit from the spill-over effects of economic prosperity.

Through 34 industrial zones developed across the state, JCorp has succeeded in providing 220,000 job opportunities. This is one of JCorp's major contributions in realising the Johor State Government's agenda.



**DATUK HAJI HASNI BIN MOHAMMAD**

Menteri Besar Johor  
Johor Corporation Chairman

## CHAIRMAN'S STATEMENT



This role not only needs to be continued, but needs to be multiplied through expansion of business activities as well as the implementation of other important development projects for the people.

I have given and will always give my full support and cooperation towards JCorp's transformation that began in 2020. This transformation will be able to bring JCorp to a higher level at both the domestic and regional stage.

The idea to spread JCorp's wings by riding the Industrial Revolution 4.0 to enter business and industry also cannot be delayed further.

The Internet as a platform for technological business and the digital economy must be fully exploited in order to create entrepreneurs for the new economy.

JCorp's efforts to improve its market share in its four core businesses - agriculture, specialist healthcare, property as well as food and restaurant services will also generate more revenue going forward.

I have also witnessed JCorp's many achievements in the agriculture sector, namely for the MD2 pineapple, *Melita*, which has succeeded in penetrating the markets of multiple countries. In addition, downstream products such as tarts, jam, juice and fresh-cut fruits have also been well-received in the market.

The government will also leverage on JCorp's expertise to help farmers and growers succeed in its mission to plant Del Monte pineapples which has the potential to produce excellent returns.

I also like to take this opportunity to heartily congratulate Yang Berbahagia Datuk Syed Mohamed Syed Ibrahim,

President and Chief Executive, as well as JCorp's Board of Directors who have led the new leadership within this conglomerate.

I am confident that JCorp's transformation efforts will be emulated by other state development and investment agencies.

This initiative must also go hand-in-hand with new futuristic ideas, innovation, improvements in governance, moral values, integrity and professionalism so that the Johor Prosperous agenda can be quickly achieved.

May Allah SWT ease our tasks and bless our devoted efforts.

**Johor Corporation**  
30 June 2020



# CORPORATE STATEMENT

## DRAMATIC TRANSFORMATION TO REMAIN SUSTAINABLE

A HOST OF DEVELOPMENTS IN OUR BUSINESS AND CORPORATE ACHIEVEMENTS HAS COLOURED THE YEAR 2019 FOR JOHOR CORPORATION. CONCURRENTLY, THIS ECONOMIC INSTITUTION AND CHANGE AGENT FOR THE STATE HAS FACED FIERCE CHALLENGES AND TAKEN DELIBERATE STEPS TO ENSURE THE GROUP'S BUSINESS CONTINUES TO BE RELEVANT AND COMPETITIVE AS WELL AS CAPABLE IN THE MARKET. IN ADDITION, THE UNCERTAIN GLOBAL POLITICAL AND ECONOMIC CLIMATE HAS IMPACTED BOTH GLOBAL AND DOMESTIC ACTIVITIES.

At the domestic level, Johor Corporation (JCorp) was also affected. The main factors were the effects of the trade war between US and China, in addition to falling commodity prices in the world market, especially crude oil and crude palm oil. This situation required JCorp to drastically change its business and operations, including going into new portfolios to generate new income in the future. This action is required to enable JCorp to continue its business and maintain its position in the market, while upholding the confidence



**DATUK SYED MOHAMED SYED IBRAHIM**  
President and Chief Executive  
Johor Corporation

### MAIN BUSINESSES



**Kulim**  
PG. 34



**Specialist Healthcare**  
PG. 42



**Property**  
PG. 58



**Food & Restaurant Services**  
PG. 48

## CORPORATE STATEMENT

## JCORP IS NOW FOCUSING AND PREPARING THE ORGANISATION TO STEP INTO THE NEW DECADE WHILE BRINGING JCORP TO A MUCH HIGHER LEVEL.

of its stakeholders. Currently, the global economy has been seriously impacted by the COVID-19 outbreak, since January 2020 and it is now a global health emergency that has disrupted the economy and global communities.

### EXPLORING THE FIFTH CORE BUSINESS

JCorp is now focusing and preparing the organisation to step into the new decade while bringing JCorp to a much higher level. The technology and digital business is now being explored and built up to become JCorp's fifth core business to generate additional revenue. This transformation is aligned with global trends that is essentially a computer in constant communication as part of a sophisticated and perplexing system. Look at the developments occurring with the Industrial Revolution 4.0 (IR4.0) that is seeing automation, drones and robotics taking over the roles of humans. Digital applications and wireless technology for the fifth-generation cellular network (5G) powers the way life is conducted around the world now.

This fifth core business calls on JCorp to venture into the areas where we have expertise. This involves products that are based on innovation and intellectual property, such as industrial and operations management, corporate responsibility management, the establishment of *waqaf* and the commercialisation of certain business and services modules.

In line with this development, the Group is being strengthened with various systems and high-tech applications that are able to improve the efficiency of data management and services in addition to accelerating operational efficiency to provide a positive experience to our customers – a vital element to succeed in business now and in the future.

At the same time, JCorp continues to strengthen its four core businesses of plantations, property, health and food through Kulim (Malaysia) Berhad (Kulim), Johor Land Berhad (JLand), KPJ Healthcare Berhad (KPJ Healthcare) and QSR Brands (M) Holdings Bhd (QSR Brands) to remain dominant and relevant in the marketplace.

### FINANCIAL PERFORMANCE 2019

REVENUE	<b>RM6,007</b> million
PROFIT BEFORE TAX	<b>RM384</b> million
PROFIT AFTER TAX	<b>RM295</b> million





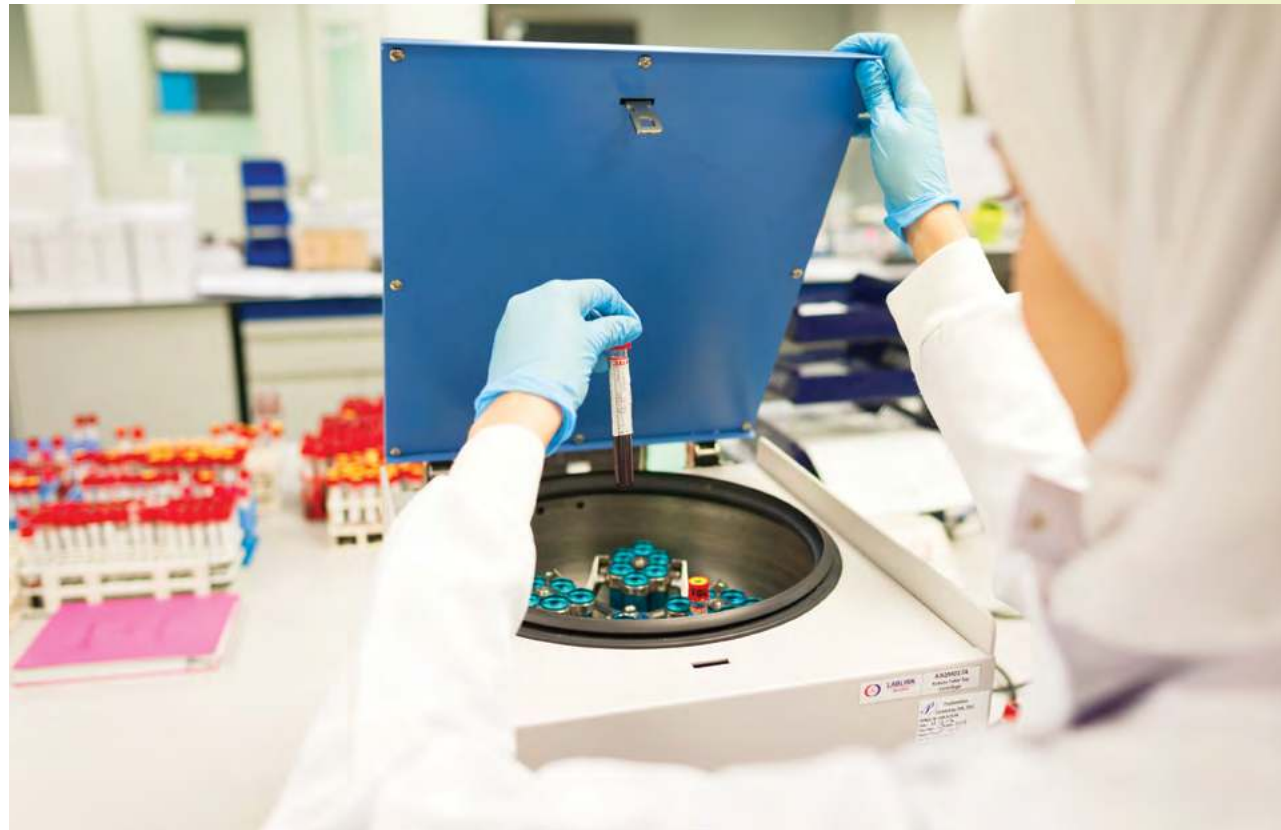
CORPORATE  
STATEMENTTRANSFORMATION &  
ORGANISATIONAL STRUCTURE

JCorp continues to place a high priority on identifying risks in the market as well as its impact on business and stakeholders, even though returns may be attractive and profitable. In this context, JCorp will enter 2020 more cautiously, strategically and with unwavering wisdom. Reviews, corrections and audits are carried out to identify weaknesses, strengths, potential or shortcomings in corporate governance, finances, procurement as well as operations, through their respective control measures.

With these changes and new requirements, JCorp will not neglect the skills of its employees in order to carry out this transformation that is intended to elevate JCorp's honour and status to a podium of excellence as Johor's strategic institution.

In accordance with Islamic teachings, JCorp emphasises the philosophy that duty and responsibility must be carried out skilfully and with excellence. Thus, JCorp's core values and corporate culture have been streamlined to strengthen the personalities of every employee who will need to be at their best for an organisation like JCorp. Through this, JCorp is confident that the full commitment of its employees will be able to move this development agency to succeed in its transformation, that will bring JCorp to a higher level, to be sustainable and relevant while contributing to the people's well-being.

To realise and achieve this transformation goal, drastic actions through the intelligence process - wise but firm, prudent with managed risk; have been taken by JCorp. This has been done without compromising or absconding



from our role, vision and mission that is clearly outlined in the Johor Corporation Enactment No. 4, 1968 (Amendment No. 5, 1995).

Examples of the drastic steps taken included reviewing and reorganising the organisational structure and business plan to obtain optimal results, in addition to the implementation of the Transformation Plan 2020-2022 that has succeeded and greatly impacted JCorp and Johor especially. Focus was also given on how to mitigate economic weakness because of the effects of the health emergency post-COVID-19, as well as the new global landscape that has been redrawn.

## CORE BUSINESS PERFORMANCE

The performance of our four core businesses, plantations under Kulim, property (JLand), health (KPH Healthcare)

and food (QSR Brands) remains solid and relevant as markets all over were plagued by a variety of sentiments throughout 2019.

Kulim remained resilient even though it was impacted by the decline in crude palm oil and palm kernel prices in the international commodity market throughout 2019. This scenario was overcome through corporate developments that strengthened its foundations and optimised its portfolio. Some of these actions included realising investments, exploring new business sectors and strengthening the marketing of agribusiness products.

Meanwhile, KPJ Healthcare succeeded in increasing its revenue despite a challenging business environment. The network of specialist hospitals recorded revenue growth of 7% or RM3.6



billion in 2019 compared to RM3.4 billion the year before, mainly contributed by an increase in patient numbers. This achievement was a result of an ongoing strategy to increase the capacity of all hospitals in its network.

JCorp's property development and investment arm, JLand, faced a tepid market with Johor recording the highest level of unsold properties in the first half of 2019 at 18.8%. However, this did not prevent JLand from raking in revenue of RM400 million compared to RM374

CORPORATE  
STATEMENT

million, whereas net assets improved to RM1.45 billion compared to RM1.40 billion in the same period. Damansara Assets Sdn Bhd recorded income of RM158.6 million compared to RM133.7 million.

QSR Brands which drives the food business via KFC and Pizza Hut demonstrated excellent performance. KFC Malaysia recorded revenue of RM2.8 billion, growing by 2.2% on the RM2.74 billion recorded last year. Pizza Hut, meanwhile, achieved outstanding revenue growth for the 3rd consecutive year with RM596 million, a 6.6% increase compared to 2018. The success of both these brands was the result of dedicated commitment to strategy, branding, exciting product innovation and digital transformation for customer convenience.

## ISLAMIC BUSINESS

At the same time, the potential of Waqaf An-Nur Corporation Berhad (WANCorp) continues to be honed. The space and opportunities for WANCorp to leverage its potential, role and achievements have been identified. WANCorp will also be directed to explore other new areas including the Islamic Business that will be able to improve capabilities and earnings to strengthen the socioeconomic agenda of the ummah.

Noting WANCorp's achievements throughout 2019, we are confident it is able to progress further. Besides its main responsibility as JCorp's corporate social responsibility arm, the scope of WANCorp's activities and programmes which include religion, charity and society, education and entrepreneur development will be reorganised, strengthened and expanded.



CORPORATE  
STATEMENT

JCORP IS READY TO OVERCOME EXTERNAL  
UNCERTAINTIES THAT HAVE BEEN AGGRAVATED BY THE  
ABNORMALITIES SET OFF BY THE DISRUPTION EDGE.

FACING CHALLENGES

JCorp is ready to overcome external uncertainties that have been aggravated by the abnormalities set off by the disruption edge. The effect of 5G technology and technological shock resulting from the game changers of artificial intelligence, robotics and drones has exceeded the logical boundaries of mankind. These developments will constantly be monitored and analysed considering how these technologies could dominate the world's intelligence through robots that are taking over human roles one by one. Like other entities, JCorp is faced with reputational, brand and image risk, as well as slander and misinformation on social media that is difficult to control. Therefore, this issue will be managed with speed and intelligence.

CORPORATE EVENTS

There were numerous highlights and corporate events colouring JCorp's year in 2019. Through this avenue, JCorp would like to take this opportunity to express our utmost gratitude to His Majesty The Sultan of Johor and Her Majesty The Queen of Johor for gracing a number of ceremonies organised by JCorp throughout the year.

On 28 May 2019, His Majesty The Sultan of Johor, Her Majesty The Queen of Johor and His Royal Highness Tunku Mahkota of Johor officiated Johor Corporation 2019 breaking fast event at Masjid Sultan

Iskandar, Bandar Dato' Onn, Johor Bahru.

The Sultan of Johor also graced Kulim Pineapple Farm Sdn Bhd, Ulu Tiram which was the final stopover location for the Program Kembara Mahkota Johor 2019 convoy on 22 July 2019. The Sultan of Johor also officiated the launch of Menara JLand at KOMTAR JBCC, on 27 November 2019.

On 17 April 2019, The Queen of Johor officiated the launch of The Caring Home By Pizza Hut at Hospital Sultanah Aminah, Johor Bahru. Prior to the event, His Royal Highness Tunku Mahkota of Johor officiated the handover of offer letters for Rumah Impian Bangsa Johor at Terminal Larkin Sentral on 3 March 2019.

Meanwhile, JCorp and all its employees would like to extend our heartfelt congratulations to YAB Datuk Hasni Mohammad on his appointment as Johor's 18th Menteri Besar and JCorp's new Chairman. This mandate was last held by YB Dato' Dr Sahruddin Haji Jamal and JCorp would like to record our deepest thanks and appreciation for his contributions.

JCorp and all its employees would also like to wish a warm welcome to YB Tuan Amir Nasruddin; YBhg Dato' Asri Hamidon; YBhg Dato' Saiful Anuar Lebai Hussen; YBhg Datuk Nor Azri Zulfakar; and YBhg Dato' Sr Hisham Jafrey on their appointments as new Directors on JCorp's Board of Directors.

01 DYMM Sultan Johor inspecting the automated MD2 pineapple harvesting process at the Kulim Pineapple Farm.



I would also like to take this opportunity to acknowledge and offer our sincere thanks and gratitude to YB Dato' Kamaruzzaman Abu Kassim, who led this institution from October 2010 until his retirement in December 2019.



02 DYMM Permaisuri Johor visiting patients at the Tunku Laksamana Johor Hematology Ward, Hospital Sultanah Aminah, Johor.



JCorp also acknowledges YB Dato' Ishak Sahari; YBhg Datuk Seri Dr Ismail Haji Bakar; YBhg Datuk Siti Zauyah Md Desa; YBhg Dato' Azman Mahmud; YBhg Datuk Dr Hafsa Hashim; YB Datuk Dr Shahrudin Md Salleh; and YBhg Datuk Ibrahim Ahmad for their guidance, support, wisdom and expertise while on JCorp's Board of Directors.

AWARDS & RECOGNITION

Our corporate achievements are also measured through recognition and awards from independent organisations and standard bearers. In 2019, JCorp

received its MS ISO 37001: 2016 Anti Bribery Management Systems (ABMS) certification. Kulim was awarded Best Annual Report Of Non-Listed Organisations while Kulim's Laboratory Unit received the IKM Laboratory Excellence Award; KPJ Pasir Gudang Specialist Hospital received the International Hospital Federation Award 2019; and JLand celebrated its recognition at the Malaysia Property Awards 2019 for the categories of International Real Estate Federation and Master Plan.

HEARTFELT TRIBUTE

Strong cooperation and staunch support of all our stakeholders has enabled JCorp to fulfil its role and carry out its mandate while moving closer to its goals. Thus, in representing JCorp and the Group, I wish to extend my deepest

appreciation and thanks to all, especially the Johor State Government and the Federal Government, together with their departments and agencies as well as other stakeholders including bank and financial advisors on the commitment given.

We also pay tribute and offer our thanks to our customers, strategic partners, media and our biggest stakeholders which include our individual and institutional shareholders of the Group's companies - KPJ Healthcare, E.A. Technique Berhad, Al-Salam REIT and Al-Aqar Healthcare REIT; who have given or stated their commitment to all our corporate plans, investments and business transactions throughout 2019.

This note would only be complete with our highest thanks and appreciation to the entire JCorp Board Members for all their invaluable input and contributions, be it in the form of guidance, wisdom or experience that they have accorded to ensure that JCorp remains relevant.

It is clear and proven that the contributions from all quarters have enabled JCorp to accelerate its operations on a strong platform that has the capability to overcome challenges in a new phase of our corporate journey to a higher level at the national and even regional stage.



CORPORATE  
STATEMENT





**ACKNOWLEDGEMENTS**

Thanks, congratulations and a deep appreciation must go out to our 62,000 employees of the JCorp Group that are totally committed, dedicated, capable and hardworking to fulfil the mandate that has been given. They have served while holding firm to our core values, corporate culture values, integrity and compliance to corporate governance procedures. Our ongoing transformation can only succeed with the support of each and every employee as they are the source of JCorp's strength that will push us through new economic challenges to achieve our vision and mission - **Membina dan Membela**



# CORPORATE PROFILE & INFORMATION

Johor Corporation was established as a public enterprise and a statutory body via Johor Corporation Enactment No. 4 , 1968 (Amendment No. 5 , 1995).

**Registered Office**

**JOHOR CORPORATION**

Level 11, Menara KOMTAR  
Johor Bahru City Centre  
80000 Johor Bahru, Johor, Malaysia.  
Telephone : +607-219 2692  
Fax : +607-223 3175  
Email : enquiries@jcorp.com.my

**Branch Office**

**JOHOR CORPORATION**

**CAWANGAN KUALA LUMPUR**

Level 11, Menara JCorp  
No 249 Jalan Tun Razak  
50400 Kuala Lumpur, Malaysia.  
Telephone : +603-2787 2692  
Fax : +603-2787 2700

**Auditor**

**Ernst & Young**

Level 23A, Menara Milenium,  
Jalan Damanlela  
Pusat Bandar Damansara,  
Kuala Lumpur, 50490, Malaysia.

**Principal Banker**

**MAYBANK**

Lot M1-22, 106-108 City Square  
Jalan Wong Ah Fook  
80000 Johor Bahru, Johor, Malaysia.

**As a State-owned Conglomerate, Johor Corporation through its Group of Companies are involved in core businesses encompassing:**

- Plantations - Kulim (Malaysia) Berhad.
- Specialist Healthcare - KPJ Healthcare Berhad.
- Property - TPM Technopark Sdn Bhd, TLP Terminal Sdn Bhd, Johor Land Berhad, Damansara Assets Sdn Bhd, Al-'Aqar Healthcare REIT and Al-Salām REIT.
- Food & Restaurant Services - QSR Brands (M) Holdings Bhd.

**Johor Corporation is a domestic market leader in a number of core businesses and has expanded its operations overseas.**

The Plantations Business owns operations and interests in:

- Malaysia: **50,851 hectares.**
- Indonesia: **14,511 hectares.\***  
(\*Area granted under Right of Exploitation (HGU)).

**Specialist Healthcare business spearheaded by KPJ Healthcare Berhad, has expanded to:**

- Jakarta, Indonesia.
- Brisbane, Australia.
- Bangkok, Thailand.
- Dhaka, Bangladesh.

**Food & Restaurant Services have spread from Malaysia to:**

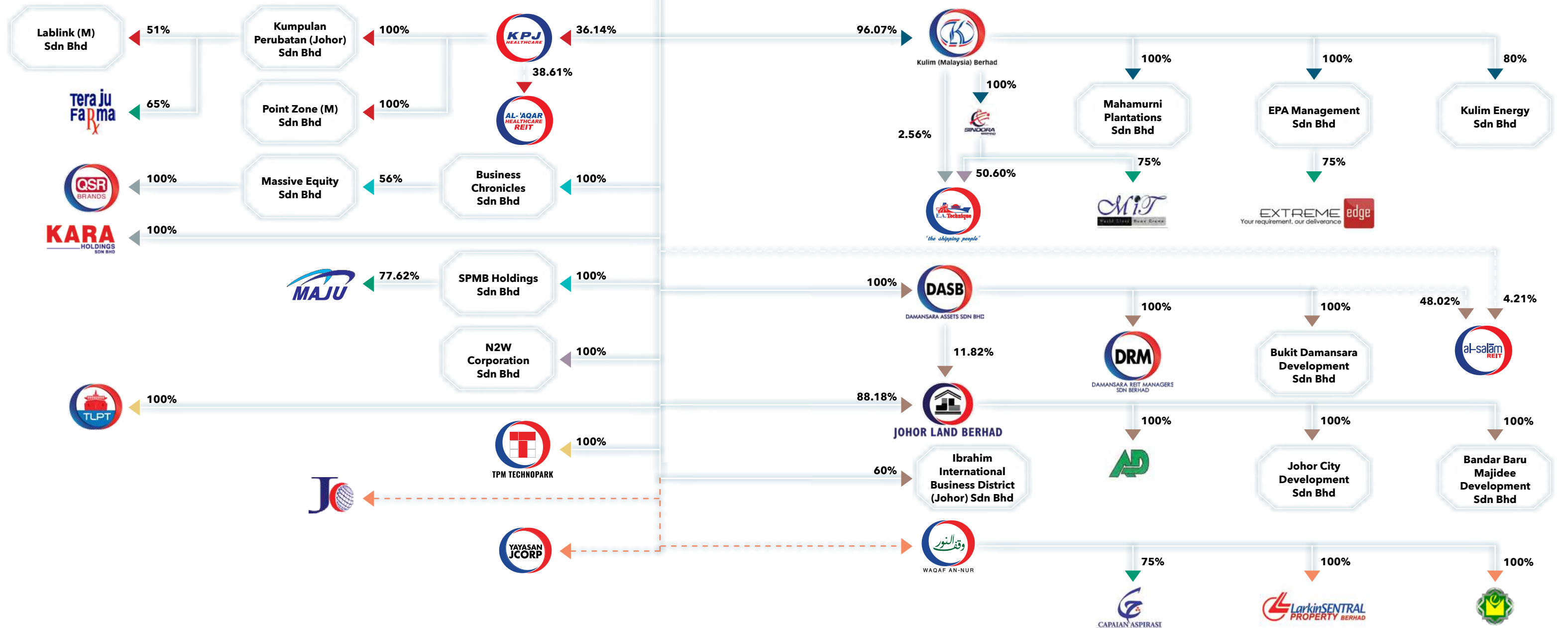
- Singapore (KFC & Pizza Hut).
- Brunei (KFC).
- Cambodia (KFC).

**Four listed companies on Bursa Malaysia:**

- KPJ Healthcare Berhad.
- E.A. Technique (M) Berhad.
- Al-'Aqar Healthcare REIT.
- Al-Salām REIT.



# CORPORATE STRUCTURE



- ◀ Plantation
- ◀ Specialist Healthcare
- ◀ Food & Restaurant Services
- ◀ Property
- ◀ Intrapreneur
- ◀ Shipping
- ◀ Port/Logistic
- ◀ Industry
- ◀ Intrapreneur Development
- ◀ Investment Holding
- ◀ WANCorp/OBA
- ◀ Significant Direct Holding
- - - Management
- ◀ Real Estate Investment Trust (REIT)



# BOARD of DIRECTORS' Profile

## DATUK HAJI HASNI BIN MOHAMMAD

Chief Minister of Johor  
Chairman Johor Corporation

He was appointed as Chairman of Johor Corporation Board of Directors effective 28 February 2020. He holds a Bachelor of Science in Civil Engineering from the University of Missouri, Rolla, United States of America. He is now the Chief Minister of Johor.



## TAN SRI DR ALI BIN HAMSA

Deputy Chairman  
Johor Corporation

He was appointed the Director of Johor Corporation effective 1 November 2009. Beginning 15 June 2020, he was appointed the Deputy Chairman as well as Independent Director of Johor Corporation. He holds a Philosophy Doctorate (PhD) from Oklahoma State University in 1997, MS (Economics) from Oklahoma State University in 1986, B.A (Hons) from University of Malaya in 1979 and Diploma in Public Management from INTAN in 1980.



## DATUK SYED MOHAMED BIN SYED IBRAHIM

President & Chief Executive  
Johor Corporation

He was appointed President & Chief Executive and Director of Johor Corporation effective 9 Januari 2020. He holds a Degree in Economic Analysis from Universiti Malaya and continued with the Senior Management Development in Public Enterprise programme in Harvard University. He is also Chairman and Board Director of Prasarana Integrated Development Sdn Bhd, Board Director of Yayasan Sultan Ibrahim Johor, Yayasan Kanser Tunku Laksamana Johor and Iskandar Seafont Assets Sdn Bhd. Prior to this, he was the Chairman of FELDA Investment Corporation; President & Executive Chairman of Iskandar Waterfront Holdings Sdn Bhd. He is also a Board Director for Yayasan Sultan Ibrahim Johor and Yayasan Kanser Tunku Laksamana Johor.



## DATO' HAJI AZMI BIN ROHANI

State Secretary of Johor

Appointed Director of Johor Corporation effective 1 January 2017. He holds a Bachelor of Science (Human Resource Development) from Universiti Teknologi Malaysia obtained in 2004 and a Bachelor of Development (Economic and Management) from Universiti Kebangsaan Malaysia obtained in 1990. He is currently the State Secretary of Johor.



## TUAN AMIR BIN NASRUDDIN

State Legal Advisor of Johor

He was appointed Director of Johor Corporation effective 1 January 2020. He obtained a Diploma in Law and an Advanced Diploma in Law (LLB Honours) from Institut Teknologi MARA in 1994. He is currently the State Legal Advisor of Johor.

## DATO' HAJI A. RAHIM BIN HAJI NIN

State Financial Officer of Johor

Appointed Director of Johor Corporation representing the State Government effective 20 October 2017. He holds a Bachelor of Arts (Hons) in Economics from Universiti Kebangsaan Malaysia. He is currently the State Financial Officer of Johor.





BOARD OF DIRECTORS'  
PROFILEDATO' ASRI BIN  
HAMIDON

Treasury Secretary-General  
Ministry of Finance  
Board of Directors Johor Corporation

He was appointed the Director of Johor Corporation effective 15 Jun 2020. He has a Bachelor's Degree in Economics from the Hiroshima University, Japan. Prior to this, he was the Treasury Deputy Secretary-General (Policy). He is now the Treasury Secretary-General.

DATO' SAIFUL  
ANUAR  
BIN LEBAI  
HUSSEN

Secretary General, Ministry of  
Economic Affairs

Appointed Director of Johor Corporation effective 1 October 2019. He holds a Bachelor of Economics (Development) from Universiti Kebangsaan Malaysia. Prior to this, he held the position of Deputy Secretary-General (Management) at the Ministry of Health. He is currently the Director-General, Economic Planning Unit, Prime Minister's Department.

DATUK NOR  
AZRI BIN  
ZULFAKAR

Director-General,  
Implementation and  
Coordination Unit,  
Prime Minister's Office

Appointed Director of Johor Corporation effective 8 March 2020. He holds a Degree in Business Administration (Financial Management) from the Massachusetts Institute of Technology (MIT), Cambridge Massachusetts, United States of America. Prior to this, he was a Board Director for the Penang Regional Development Authority (PERDA).

DATO' SR.  
HISHAM BIN  
JAFREY

Managing Director, ARH  
Jurukur Bahan Sdn Bhd

Appointed Director of Johor Corporation effective 1 May 2020. He holds a degree in Quantity Surveying from the Leeds Metropolitan University, United Kingdom. He is a Fellow of the Royal Institution of Surveyor Malaysia and a Member of the Royal Institute of Chartered Surveyors, United Kingdom. In addition, he is also on the Industry Member Advisory Panel of SEGi University.

MOHD  
NORDIN  
JAMALUDIN

Secretary Johor Corporation

He was appointed Secretary of Johor Corporation effective 2 February 2020. He holds a Bachelor of Law from the University of West London, United Kingdom. He began serving with Johor Corporation on 2 February 2020. He currently holds the position of Head of Corporate Services, Johor Corporation.

BOARD OF DIRECTORS'  
PROFILENURALIZA BINTI  
ABDUL RAHMAN

Assistant Secretary

She was appointed as Johor Corporation Assistant Secretary on 1 March 2020. She has a Professional Degree from the Institute of Chartered Secretaries and Administrators (ICSA)(UK). She began serving in Johor Corporation from 1 October 1997. She currently holds the position of Company Secretary Department Head, Johor Corporation.





# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group		Corporation	
		2019	2018 Restated	2019	2018 Restated
<b>Continuing operations</b>					
Revenue	4	6,007	5,657	566	460
Cost of sales		(4,217)	(3,967)	(155)	(194)
Gross profit		1,790	1,690	411	266
<b>Other items of income</b>					
Other income	5	381	376	112	370
<b>Other items of expense</b>					
Distribution expenses		(43)	(54)	(1)	(1)
Administrative expenses		(1,220)	(1,144)	(155)	(136)
Other expenses	6	(178)	(147)	(68)	(194)
Finance costs	7	(470)	(451)	(137)	(152)
Share of results of associates, net of tax		27	27	-	-
Share of results of joint ventures, net of tax		97	91	-	-
<b>Profit before tax from continuing operations</b>	8	<b>384</b>	388	<b>162</b>	153
Tax	11	(89)	(172)	2	6
<b>Profit from continuing operations, net of tax</b>		<b>295</b>	216	<b>164</b>	159
<b>Discontinued operations</b>					
Loss from discontinued operations, net of tax	12	(7)	(4)	-	-
<b>Profit net of tax</b>		<b>288</b>	212	<b>164</b>	159

	Group		Corporation	
	2019	2018 Restated	2019	2018 Restated
<b>Other comprehensive income, to be reclassified to profit or loss in subsequent periods:</b>				
Foreign currency translation of foreign operations	5	46	-	-
<b>Other comprehensive income/(loss), not to be reclassified to profit or loss in subsequent periods:</b>				
Fair value adjustment for financial assets at FVOCI	(4)	(199)	-	-
Fair value adjustment for financial assets at FVOCI in relation to disposal of subsidiary	99	-	-	-
Net surplus from revaluation of property, plant and equipment	42	89	-	-
Surplus on transfer of property, plant and equipment to investment property	5	-	-	-
Disposal of property, plant and equipment	(6)	-	-	-
<b>Other comprehensive income/(loss), for the financial year, net of tax</b>	<b>141</b>	(64)	-	-
<b>Total comprehensive income for the financial year</b>	<b>429</b>	148	<b>164</b>	159
<b>Profit attributable to:</b>				
Owner of the Corporation	101	62	164	159
Non-controlling interests	187	150	-	-
	<b>288</b>	212	<b>164</b>	159
<b>Total comprehensive income attributable to:</b>				
Owner of the Corporation	217	(99)	164	159
Non-controlling interests	212	247	-	-
	<b>429</b>	148	<b>164</b>	159

# STATEMENTS OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Note	Group			Corporation		
	31.12.2019	31.12.2018	01.01.2018	31.12.2019	31.12.2018	01.01.2018
	Restated	Restated		Restated	Restated	
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	13	8,928	10,601	10,569	352	597
Right-of-use assets	14	2,079	-	-	253	-
Inventories	15	493	737	759	34	261
Investment properties	16	4,704	4,265	3,549	1,982	1,875
Biological assets	17	-	2	1	-	-
Intangible assets	18	251	252	250	-	-
Investment in subsidiaries	19	-	-	-	3,378	3,151
Investment in associates	20	300	282	268	4	4
Investment in joint ventures	21	1,760	1,701	1,583	-	-
Deferred tax assets	22	210	171	170	148	118
Financial assets at Fair Value through Other Comprehensive Income ("FVOCI")	23(a)	28	20	215	-	-
Financial assets at Fair Value through Profit or Loss ("FVTPL")	23(b)	2	-	-	-	-
Trade and other receivables	25	40	23	65	-	-
		<b>18,795</b>	18,054	17,429	<b>6,151</b>	6,006
<b>Current assets</b>						
Inventories	15	1,592	1,314	1,346	900	665
Biological assets	17	29	21	31	-	-
Contract costs	24	7	2	4	-	-
Trade and other receivables	25	1,017	1,078	1,194	159	290
Contract assets	26	134	129	61	39	76
Financial assets at Fair Value through Profit or Loss ("FVTPL")	23(b)	5	4	5	21	20
Tax recoverable		118	83	68	1	4
Cash and bank balances	28	1,136	1,239	877	116	119
		<b>4,038</b>	3,870	3,586	<b>1,236</b>	1,174
Assets of disposal group classified as held for sale	29	448	790	795	183	245
		<b>4,486</b>	4,660	4,381	<b>1,419</b>	1,419
<b>Total assets</b>		<b>23,281</b>	22,714	21,810	<b>7,570</b>	7,063

## STATEMENTS OF FINANCIAL POSITION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Note	Group			Corporation		
	31.12.2019	31.12.2018	01.01.2018	31.12.2019	31.12.2018	01.01.2018
	Restated	Restated		Restated	Restated	
<b>EQUITY AND LIABILITIES</b>						
<b>Current liabilities</b>						
Current tax liabilities		35	34	63	-	-
Lease liabilities	30	47	-	-	6	-
Loans and borrowings	31	2,123	2,635	2,307	3	807
Trade and other payables	32	2,119	1,788	2,022	1,164	391
Contract liabilities	26	95	78	20	12	-
Derivative financial instrument	27	3	2	2	-	-
		<b>4,422</b>	4,537	4,414	<b>1,185</b>	1,198
Liabilities directly associated with disposal group classified as held for sale	29	-	180	203	-	-
		<b>4,422</b>	4,717	4,617	<b>1,185</b>	1,198
<b>Net current assets/(liabilities)</b>		<b>64</b>	(57)	(236)	<b>234</b>	188
<b>Non-current liabilities</b>						
Trade and other payables	32	442	439	271	1,067	1,100
Other long term liabilities	33	1,227	1,235	1,056	958	934
Deferred tax liabilities	22	789	808	772	266	241
Loans and borrowings	31	7,272	6,642	6,387	1,789	1,808
Lease liabilities	30	81	-	-	16	-
		<b>9,811</b>	9,124	8,486	<b>4,096</b>	4,083
<b>Total liabilities</b>		<b>14,233</b>	13,841	13,103	<b>5,281</b>	5,281
<b>Net assets</b>		<b>9,048</b>	8,873	8,707	<b>2,289</b>	2,144
<b>Equity</b>						
Capital reserves	34(a)	391	392	392	55	55
Asset revaluation reserve	34(b)	159	149	123	-	-
Currency fluctuation reserve	34(c)	9	(66)	(43)	-	-
FVOCI reserve	34(d)	(99)	(95)	69	-	-
Revenue reserve	34(e)	6,058	6,066	5,913	2,234	2,089
		<b>6,518</b>	6,446	6,454	<b>2,289</b>	2,144
Non-controlling interests		2,530	2,427	2,253	-	-
<b>Total equity</b>		<b>9,048</b>	8,873	8,707	<b>2,289</b>	2,144
<b>Total equity and liabilities</b>		<b>23,281</b>	22,714	21,810	<b>7,570</b>	7,063



# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		Corporation	
	2019	2018 Restated	2019	2018 Restated
<b>OPERATING ACTIVITIES</b>				
Profit before tax:				
Continuing operations	384	388	162	153
Discontinued operations	(8)	(5)	-	-
Adjustments:				
Property, plant and equipment:				
Net gain on disposal	(10)	(31)	-	-
Written off	4	1	-	-
Depreciation	391	426	6	23
Impairment loss	10	29	2	-
Right-of-use assets				
Depreciation	70	-	22	-
Investment properties:				
Changes in fair value	(165)	(65)	(74)	(183)
Net loss/(gain) on disposal	-	1	-	5
Biological assets:				
Changes in fair value	(2)	7	-	-
Gain on disposal of:				
Subsidiaries	(1)	-	-	(43)
Associates	(2)	-	-	-
Asset held for sales	-	(71)	-	-
Financial assets through profit or loss:				
Changes in fair value	(1)	1	(1)	44
Allowance for impairment :				
Joint venture	43	-	-	-
Subsidiaries	-	-	-	48
Intangible assets:				
Written off	-	1	-	-
Amortisation and impairment	12	5	-	-
Dividend income	(2)	(5)	(280)	(212)
Unrealised foreign currency exchange loss/(gain)	(3)	10	-	-
Amortisation:				
Government grant	(14)	(16)	(7)	(7)
Land lease rental	(15)	(14)	(11)	(11)
Allowance for impairment of trade and other receivables	70	12	56	9
Reversal of impairment for trade and other receivables	(10)	(4)	(9)	(42)
Interest expense	470	451	137	152
Interest income	(32)	(45)	(11)	(8)
Share of results of associates and joint ventures	(124)	(118)	-	-
<b>Operating profit/(loss) before changes in working capital</b>	<b>1,065</b>	<b>958</b>	<b>(8)</b>	<b>(72)</b>

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		Corporation	
	2019	2018 Restated	2019	2018 Restated
<b>Changes in working capital</b>				
Inventories	(39)	(158)	(11)	(156)
Receivables	54	505	(48)	213
Contract assets	(5)	(68)	-	-
Payables	239	(226)	984	234
Contract liabilities	15	58	-	-
Associates and joint ventures	42	(5)	-	-
<b>Cash generated/(used in) from operations</b>	<b>1,371</b>	<b>1,064</b>	<b>917</b>	<b>219</b>
Tax refunded	45	8	3	-
Tax paid	(205)	(223)	(3)	-
<b>Net cash generated from operating activities</b>	<b>1,211</b>	<b>849</b>	<b>917</b>	<b>219</b>
<b>INVESTING ACTIVITIES</b>				
Proceeds from disposal of investment in:				
Subsidiaries	-	-	-	52
Financial assets at fair value through profit or loss	-	5	-	-
Acquisition of additional interest in subsidiaries	-	(2)	(17)	(60)
Dividend received from subsidiaries	2	5	280	212
Dividend received from associates	11	13	-	-
Adjustment on initial recognition of MFRS 16	-	-	1	-
Interest received	32	45	11	8
Property, plant and equipment:				
Proceeds from disposal	24	190	-	5
Purchase	(606)	(617)	(37)	(3)
Right of use asset:				
Purchase	(15)	-	-	-
Investment properties:				
Purchase	(195)	(428)	(11)	(10)
Biological assets:				
Proceeds from disposal	3	6	-	-
Purchase	(7)	(4)	-	-
Intangible assets:				
Proceeds from disposal	-	3	-	-
Purchase	(15)	(11)	-	-
Purchase of:				
Financial assets at fair value through other comprehensive income	(41)	-	-	-
Financial assets at fair value through profit or loss	(1)	(5)	-	(42)
Investment in joint venture	(47)	(27)	-	-
Increase in deposits with licensed bank with maturity of more than 3 months	(77)	(93)	-	-



## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		Corporation	
	2019	2018 Restated	2019	2018 Restated
<b>INVESTING ACTIVITIES (CONTINUED)</b>				
Government grant received	21	15	14	10
Net cash inflow on disposal group classified as held for sale	-	181	-	91
<b>Net cash flows (used in)/generated from investing activities</b>	<b>(911)</b>	<b>(724)</b>	<b>241</b>	<b>263</b>
<b>FINANCING ACTIVITIES</b>				
Drawdown of term loans and other long term borrowings	2,846	1,544	-	-
Repayment of term loans and other long term borrowings	(2,799)	(955)	(809)	(5)
Repayment of the lease liabilities	(24)	-	(8)	-
Repayment to subsidiaries	-	-	(199)	(224)
Advances from non-controlling interest of subsidiaries, net of repayments	-	(5)	-	-
Proceed from dilution of interest in subsidiary	-	120	-	-
Disposal of subsidiary	3	-	-	-
Interest paid	(470)	(451)	(77)	(112)
Interest paid to subsidiaries	-	-	(60)	(40)
Dividend paid to non-controlling interests	(119)	(104)	-	-
Distribution of fund to State Government	(8)	(12)	(8)	(12)
Designated account	(34)	(17)	-	-
<b>Net cash used in financing activities</b>	<b>(605)</b>	<b>120</b>	<b>(1,161)</b>	<b>(393)</b>
Net change in cash and cash equivalents	(305)	245	(3)	89
Cash and cash equivalents at 1 January	866	607	119	30
Effect of exchange rate changes on cash and cash equivalents	7	14	-	-
<b>Cash and cash equivalents at 31 December</b>	<b>568</b>	<b>866</b>	<b>116</b>	<b>119</b>
<b>CASH AND CASH EQUIVALENTS</b>				
Cash and bank balances	761	834	100	27
Fixed deposits	375	405	16	92
	<b>1,136</b>	<b>1,239</b>	<b>116</b>	<b>119</b>
Bank overdrafts	(213)	(129)	-	-
Deposit with licensed bank with maturity of more than 3 months	(203)	(126)	-	-
Designated account	(152)	(118)	-	-
	<b>568</b>	<b>866</b>	<b>116</b>	<b>119</b>

STATEMENT OF CHANGES  
IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Capital reserves	Asset revaluation reserve	Currency fluctuation reserve	FVOCI reserve	Revenue reserve	Total	Non-controlling interests	Total equity
<b>2019 Group</b>	<b>Note</b>	<b>reserve</b>	<b>reserve</b>	<b>reserve</b>	<b>reserve</b>	<b>reserve</b>	<b>equity</b>	<b>equity</b>
At 1 January 2019 (as previously reported)	43	392	149	(66)	(95)	6,253	2,427	9,060
Prior year adjustment		-	-	-	-	(187)	-	(187)
At 1 January 2019 (restated)		392	149	(66)	(95)	6,066	2,427	8,873
Effect of MFRS 16		-	-	-	-	(1)	-	(1)
Adjusted balance as at 1 January 2019		392	149	(66)	(95)	6,065	2,427	8,872
Profit net of tax		-	-	-	-	101	187	288
<b>Other comprehensive income</b>								
Revaluation surplus on property, plant and equipment	13	-	7	-	-	-	35	42
Surplus on transfer of property, plant and equipment to investment properties	16	-	5	-	-	-	-	5
Disposal of property, plant and equipment		-	(2)	-	-	-	(4)	(6)
Fair value adjustment for financial assets at FVOCI	23(a)	-	-	-	(4)	-	-	(4)
Fair value adjustment for financial assets in relation to disposal of subsidiary		-	-	-	-	99	-	99
Foreign currency translation of foreign operations		-	-	11	-	-	(6)	5
Total other comprehensive loss for the financial year		-	10	11	(4)	99	25	141
Total comprehensive income for the financial year		-	10	11	(4)	200	212	429
<b>Transaction with owner</b>								
Dividend paid to non-controlling interests		-	-	-	-	-	(119)	(119)
Disposal of subsidiary		(1)	-	64	-	(181)	(1)	(119)
Accretion of interest in subsidiaries		-	-	-	-	(6)	8	2
Dilution of interest in subsidiaries		-	-	-	-	(2)	3	1
Distribution to State Government		-	-	-	-	(18)	-	(18)
		(1)	-	64	-	(207)	(109)	(253)
<b>Closing balance at 31 December 2019</b>		<b>391</b>	<b>159</b>	<b>9</b>	<b>(99)</b>	<b>6,058</b>	<b>2,530</b>	<b>9,048</b>



**STATEMENT OF CHANGES IN EQUITY**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

<b>2018 Group</b>	<b>Note</b>	<b>Capital reserves</b>	<b>Asset revaluation reserve</b>	<b>Currency fluctuation reserve</b>	<b>FVOCI reserve</b>	<b>Revenue reserve</b>	<b>Total</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
At 1 January 2018		392	123	(43)	69	6,063	6,604	2,253	8,857
Prior year adjustment	43	-	-	-	-	(150)	(150)	-	(150)
At 1 January 2018 (restated)		392	123	(43)	69	5,913	6,454	2,253	8,707
Effect of MFRS 9		-	-	-	-	4	4	-	4
Adjusted balance as at 1 January 2018		392	123	(43)	69	5,917	6,458	2,253	8,711
Profit net of tax		-	-	-	-	62	62	150	212
<b>Other comprehensive income</b>									
Revaluation surplus on property, plant and equipment	13	-	26	-	-	-	26	63	89
Fair value adjustment for financial assets at FVOCI		-	-	-	(164)	-	(164)	(35)	(199)
Foreign currency translation of foreign operations		-	-	(23)	-	-	(23)	69	46
Total other comprehensive income for the financial year		-	26	(23)	(164)	-	(161)	97	(64)
Total comprehensive income for the financial year		-	26	(23)	(164)	62	(99)	247	148
<b>Transaction with owner</b>									
Dividend paid to non-controlling interests		-	-	-	-	-	-	(104)	(104)
Accretion of interest in subsidiaries		-	-	-	-	33	33	(35)	(2)
Dilution of interest in subsidiaries		-	-	-	-	54	54	66	120
		-	-	-	-	87	87	(73)	14
<b>Closing balance at 31 December 2018</b>									
		392	149	(66)	(95)	6,066	6,446	2,427	8,873

**STATEMENT OF CHANGES IN EQUITY**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

<b>Corporation</b>	<b>Note</b>	<b>Capital reserves</b>	<b>Asset revaluation reserve</b>	<b>Revenue reserve</b>	<b>Total equity</b>
At 1 January 2019 (as previously reported)		55	-	2,223	2,278
Prior year adjustment	43	-	-	(134)	(134)
At 1 January 2019 (restated)		55	-	2,089	2,144
Effect of MFRS 16	44	-	-	(1)	(1)
Adjusted balance as at 1 January 2019		55	-	2,088	2,143
Profit net of tax		-	-	164	164
Distribution to State Government		-	-	(18)	(18)
<b>Total comprehensive income for the financial year</b>		<b>55</b>	<b>-</b>	<b>2,234</b>	<b>2,289</b>
<b>Closing balance at 31 December 2019</b>		<b>55</b>	<b>-</b>	<b>2,234</b>	<b>2,289</b>

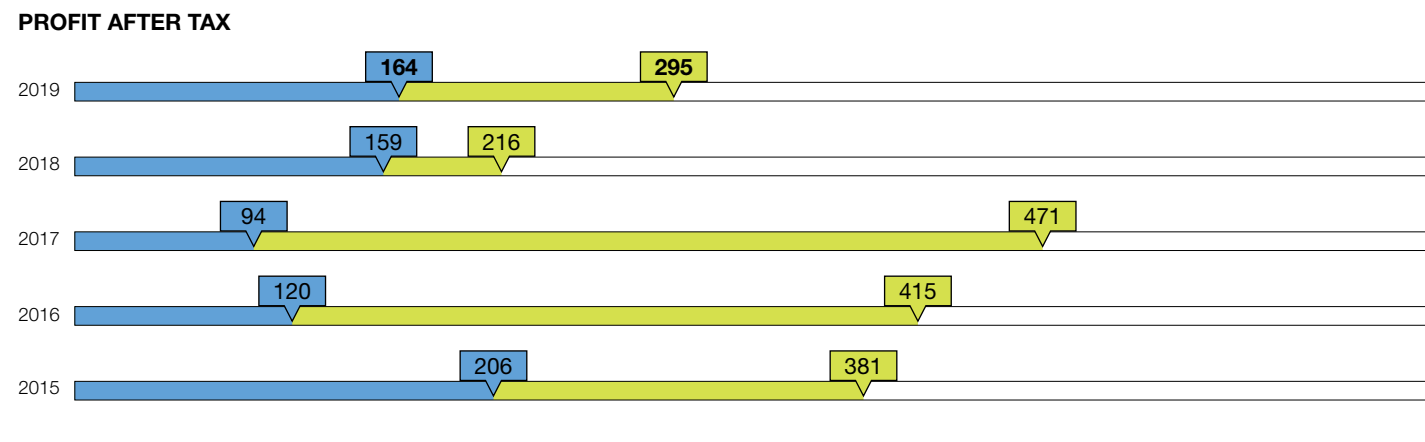
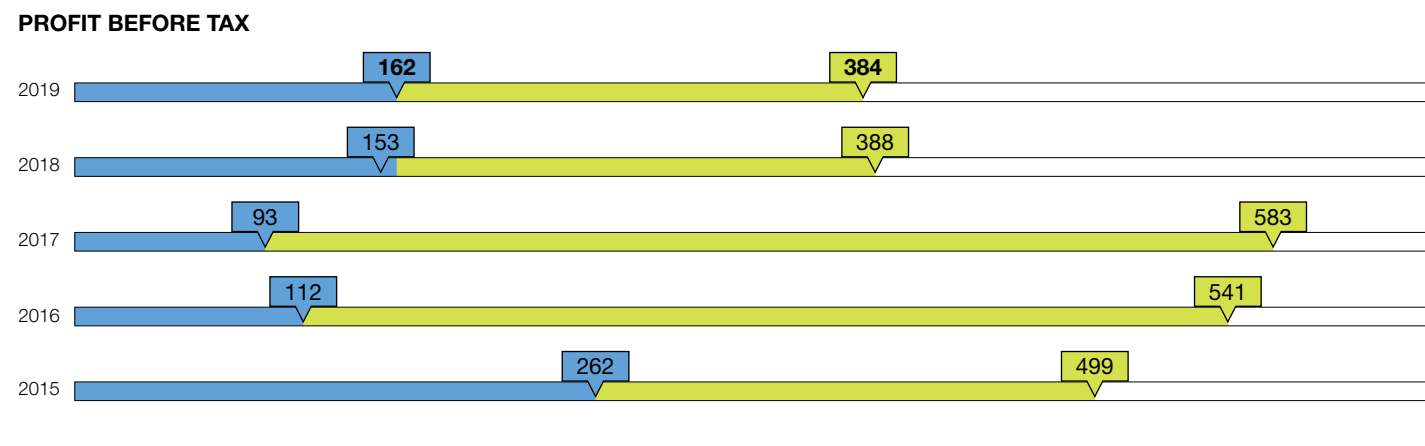
	<b>Note</b>	<b>Capital reserves</b>	<b>Asset revaluation reserve</b>	<b>Revenue reserve</b>	<b>Total equity</b>
At 1 January 2018 (as previously reported)		55	118	1,814	1,987
Prior year adjustment	43	-	-	(120)	(120)
Effect of MFRS		-	(118)	264	146
At 1 January 2018 (restated)		55	-	1,958	2,013
Effect of MFRS 9		-	-	(28)	(28)
Adjusted balance as at 1 January 2018		55	-	1,930	1,985
Profit net of tax		-	-	159	159
<b>Total comprehensive income for the financial year</b>		<b>55</b>	<b>-</b>	<b>2,089</b>	<b>2,144</b>
<b>Closing balance at 31 December 2018</b>		<b>55</b>	<b>-</b>	<b>2,089</b>	<b>2,144</b>



Please scan the QR Code above to view the full pdf version of financial report online.

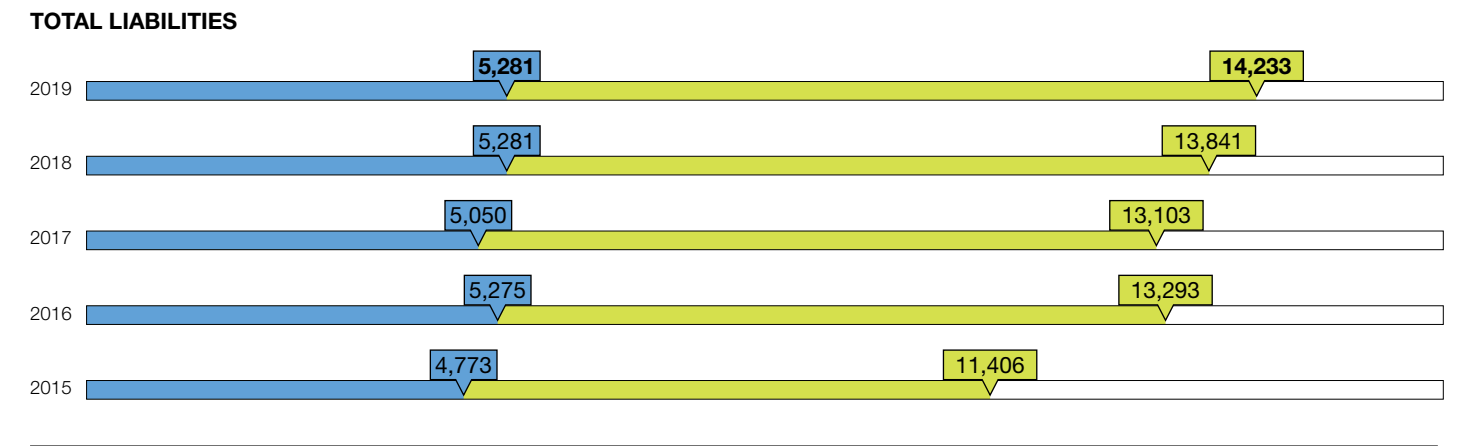
# FINANCIAL PERFORMANCE SUMMARY

## JCORP & GROUP (2015-2019)



# FINANCIAL PERFORMANCE SUMMARY

## JCORP & GROUP (2015-2019)





# ECONOMIC REVIEW

## ECONOMIC REVIEW 2019

After hovering in the range of 4.0-5.0% over the last six consecutive quarters since the second quarter of 2018, Malaysia's Gross Domestic Product (GDP) recorded a sharp decline to 3.6% in the fourth quarter of 2019, leading to 2019's GDP growth of only 4.3%. In line with Malaysia's slowest economic growth since 2009, the world economy and global trade only expanded 2.9% (2018: 3.6%) and 1.0% (2018: 3.7%), respectively. This clearly demonstrated that Malaysia was impacted by external pressures throughout 2019.

This included global trade tensions and an increase in protectionist rhetoric that was not limited to the US and China; an increase in geopolitical risk in the Middle East, Eastern Europe, South Asia and the Asia-Pacific; the uncertainty of economic, social, political and international relations between Europe and Britain as a result of Brexit, and the economic impact of climate change aside from several internal speed-bumps in growth trends.

In fact, domestic demand growth moderated at 4.3% due to lack of support from the main driver of growth, the private sector. This contraction in gross fixed capital formation caused by the shrinkage in public sector investments and a slowdown in private sector investments growth was the main reason Malaysia recorded its slowest GDP growth since 2009.

In terms of the supply side, the decline in GDP growth was mainly contributed by the loss of momentum in the manufacturing and construction

sectors that grew 3.8% and 0.1% respectively. The construction sector's marginal growth was because of the completion of large-scale projects, with fewer new projects which are mostly smaller scale and an oversupply of real estate. Although the services and manufacturing sector were the biggest contributors to overall GDP growth, it also experienced a deceleration due to weak global demand for manufactured items and household spending returning to more appropriate levels compared to 2018's unusual performance.

As a result of the supply disruptions in commodity output in 2018, the first half of 2019 witnessed the resurgence of the agricultural and mining sectors, especially palm oil and natural gas. However, this all changed in the second half of 2019 when there were supply disruptions as a result of plant closures and maintenance activities that affected the output of crude oil and natural gas resulting in the mining sector continuing its contraction trend. The lagged impact due to the drought and less fertiliser application in early 2019 affected palm oil production, the main cause of the decline in its recovery, although this was offset by the agriculture sector which recorded growth of 2.0% (2018: 0.1%).

Meanwhile, the equity market based on the Bursa Malaysia Composite Index (KLCI) was trapped in a downward trend, declining by 6% and closing at 1,588.8 points (2018: -5.9% and 1,690.6 points) at the end of 2019 due to outflows by foreign investors (-RM6.7 billion). However, the Ringgit ended the year stronger by 1.1% to RM4.0925 compared to the US dollar. The average price of palm oil and crude oil (Brent), two global commodities that has a direct impact on Johor Corporation declined in 2019 with palm oil at RM2,119/metric ton (2018: RM2,235/metric ton) and crude oil at US\$64.37/per barrel (2018: US\$71.19/per barrel).



## ECONOMIC REVIEW

### MALAYSIA'S GROSS DOMESTIC PRODUCT (GDP) RECORDED A SHARP DECLINE TO 3.6% IN THE FOURTH QUARTER OF 2019, LEADING TO 2019'S GDP GROWTH OF ONLY 4.3%.

#### 2020 ECONOMIC PERSPECTIVE

The year 2020 began encouragingly where the worst market scenario by consensus expected the weakness in the second half of 2019 to continue into the first half of 2020, whereas a clear rebound was seen in the second half of 2020 as a result of the easing of interest rates around the world and a more relaxed financial market. However, what was earlier considered a local issue for China, led to the outbreak of the COVID-19 pandemic, a black swan event that was acknowledged as a global pandemic on 11 March 2020.

Since then, the majority of the world's countries have had to institute lockdowns and all kinds of social distancing protocols to stem the spread, resulting in the world grinding to a halt. This global health crisis and critical steps taken to stop the outbreak at both the global and local level has led to a global recession and a simultaneous supply and demand shock due to weak final demand and disruption in the supply chain.

Based on the latest forecasts from the International Monetary Fund (IMF) and World Bank (WB), the global economy is expected to contract by 3.0% to 5.2%. Some of the other contributors to this global recession which has been regarded as unprecedented and unparalleled include the effects of the

US-China trade war that is still being felt until now with signs that it may erupt again, and the fall of the crude oil market due to the price war between Saudi Arabia and Russia.

The dramatic decline in the economy in the first quarter of 2020 due to the rapid spread of COVID-19 since early March 2020 which forced the implementation of the MCO and its variants. This was compounded by the repeated supply disruptions in the commodity sector as well as the risk of being collateral damage in the price war between Saudi Arabia and Russia, and the local political instability continuing to impact Malaysia's economy negatively.

While there is a wide range of views for Malaysia's economic prospects in 2020, BNM's official forecast of -2.0% to +0.5% is the least pessimistic, although the likelihood that it will be a recession that is worse than the Global Financial Crisis of 2008-2009 cannot be discounted.

Therefore, the prospects for global growth depend on how quickly the virus can be contained and eventually stopped, as well as the shape, scope and scale of the various follow-up measures for cross-border travel to control the spread of the pandemic and to reduce the multi-dimensional negative effects with monetary and fiscal stimulus during and post-COVID-19. The economic

response of the whole world to ease monetary policy and implement stimulus packages during the first half of 2020 is expected to strengthen the recovery of global growth by the end of 2020 or by early 2021. In line with the forecast of economic recovery in 2021, Malaysia is also expected to return to a positive growth trajectory.

As of now, cuts to the OPR have amounted to 100 basis points, bringing it to 2.0% and with four stimulus packages totalling RM295 billion, it is hoped that this will reduce the economic impact of COVID-19.

BNM has also forecasted average inflation growth of between -1.5% and 0.5% for 2020 considering the downward pressure on prices in general, largely mirroring the prospects of low crude oil prices and other commodities in the global market, as well as muted aggregate demand. With the focus on strengthening the support for economic recovery, low inflationary pressures that could threaten deflation permits a more accommodative monetary policy through further cuts to the OPR, to as low as 1.5%, which would be the lowest in history, or further cuts to the Statutory Reserve Rates of 2.0% currently. All this is to ensure the Malaysia's real GDP does not take too long to return to its long-term potential growth output estimated at between 4.3% and 4.8%.



# KULIM BUSINESS

**THE YEAR 2019 HAS BEEN ANOTHER CHALLENGING PERIOD FOR KULIM (MALAYSIA) BERHAD (KULIM) AS THE LOW PRICES OF CRUDE PALM OIL (CPO) AND PALM KERNEL (PK) IMPACTED THE GROUP'S EARNINGS.**

However, Kulim has remained resilient with a host of initiatives to optimise the potential value of our business segments. The Palm Oil Plantation business is still the main contributor to revenue despite the uncertain price environment for CPO and PK, European Union sanctions towards palm oil use, high inventories and lower CPO exports to other main markets. Our operations were also affected by worker shortages and the rising cost of labour.

From a financial perspective, the Group's revenue declined to RM1.21 billion as of end-December 2019 compared to RM1.39 billion recorded in 2018. The decline was caused by the 35% reduction in revenue from EA Technique (M) Berhad (EA Tech) as there was no revenue from Engineering, Procurement, Contract, Installation and Construction projects throughout 2019. In addition, the lower revenue was compounded by lower contribution from the Plantation Division, specifically revenue from PK amounting to RM43 million.



There was a slight decrease in the production of PK to 77,256 tonnes in 2019 compared to 79,286 tonnes in 2018. In addition, the price of PK dropped sharply in 2019 to an average price of RM1,289 per tonne compared to RM1,792 per tonne in 2018. However, the Plantations segment remains the main contributor to the Group, delivering RM834.61 million or 69.04% of revenue.

The Group recorded losses before tax of RM127.85 million in 2019, compared to a profit before tax of RM57.81 million the year before. The loss before tax was primarily due to the recognition of impairments due to changes to the Malaysian Financial Reporting Standards (MFRS). The Group also recorded joint-venture losses in the oil and gas segment

in Indonesia valued at RM44.03 million, and set aside an allocation for expected losses from a litigation case involving EA Tech and Malaysia Marine and Heavy Engineering amounting to RM45.28 million. Despite this, the Group's cashflow remains strong.

At the same time, the Intrapreneur Venture (IV) Division recorded revenue of RM37.63 million, 21.49% less than the RM47.93 million in 2018. This Division recorded profit before tax of RM0.25 million in 2019 compared to RM1.24 million the year before.

The Oil & Gas Division recorded revenue of RM307.52 million, falling by 34.56% from the RM469.92 million achieved the year before. This Division recorded losses before tax of RM92.51 million compared to profit before tax of RM73.91 million the year before.

Although facing challenges in balancing investments against creditors and cash flow, Kulim remains committed to delivering value to our shareholders. In line with this, the Board of Directors have approved a dividend payment of RM200 million for the year 2019.

## CORPORATE DEVELOPMENTS

In 2019, Kulim continued to streamline all its portfolio assets in an effort to strengthen the company's operations as well as ensure optimum revenue generation. Kulim's approach to optimise its portfolio takes into account factors such as the market condition, disposal of non-profitable assets or businesses that are no longer aligned with the Group's strategic vision. In addition to this, realising some of our investments is also an option if an appropriate offer is received.

## KULIM BUSINESS

### REVENUE

**RM1.21** billion

### OIL & GAS REVENUE

**RM307.52** million

### CPO PRICE

**RM2,181** average

On 13 February 2019, the disposal of a 75% equity stake in Optimum Status Sdn Bhd (OSSB) which is owned by EPA Management Sdn Bhd to IVKulim or Kulim Safety Strategy Training and Services Sdn Bhd was successfully completed. This disposal is in line with our strategy to transform KSTS into a health, safety and environment management company.

On the 1 May 2019, Kulim stopped operations of EPASA Shipping Agency Sdn Bhd and turned it into a dormant company (not active).

Following this, on 7 May 2019, Kulim acquired the 25% stake belonging to Intrapreneur in Renown Value Sdn Bhd. This step was to increase Kulim's revenue through stronger MD2 pineapple farming by paying close attention and having full control of the pineapple business.

On 1 October 2019, Kulim and MTC Orec Sdn Bhd entered into a Subscription and Shareholders Agreement (SHA) for the formation of Kulim Green Energy Ventures Sdn Bhd (KGEV) as a joint venture company for biomethane commercialisation. MTC Orec was established to capture the synergy between O'REC Ind Sdn Bhd and MTC Engineering Sdn Bhd.



**KULIM BUSINESS**

On 8 October, Kulim through KGEV signed a Gas Purchase Agreement with and Gas Malaysia Virtual Pipeline Sdn Bhd (GMVP), a fully owned subsidiary of Gas Malaysia Berhad (GMB). Through this agreement, GMVP will obtain biomethane from KGEV which will be channelled into the Natural Gas Distribution System.

These investments are part of Kulim's long-term strategies that look to capitalise on the potential of biomethane commercialisation. It is also in line with Kulim's business direction to expand its other businesses and to be involved in green technology. The Sedenak palm oil mill is strategically located within GMVP's pipe network and thus indicates the great potential for biomethane to be commercialised and sold to GMB.

On 31 December 2019, Kulim ended the operations of Special Appearance Sdn Bhd (SASB), in line with Kulim's strategy to wind down companies that are not profitable or no longer in line with our strategic vision. This action was also taken to reduce the Group's risk and ensure the business continuity of Kulim.

**AWARDS AND RECOGNITION**

Kulim continued to collect a string of awards throughout 2019. This included being announced the winner in the categories of *World Business Leader and Inspirational Company* at the *BIZZ Awards AMEA 2019*.

Kulim's Integrated Annual Report 2018 was chosen as the Best Annual Report of Non-Listed Organisations at the *National Annual Corporate Report Awards (NACRA) 2019*.



At the 11<sup>th</sup> Annual Global CSR Summit Awards Ceremony 2019, Kulim crowned the winner in three categories which included Best Workplace Practice Award (Gold), CSR Leadership Awards (Silver) and Empowerment of Women Awards (Bronze).

Kulim was also the Bronze prize winner for HR Best Practises at the 19<sup>th</sup> Malaysia International HR Awards 2019. The Ulu

Tiram Central Laboratory (UTCL) also won the IKM Laboratory Excellence Award 2019 at the Malam Kimia 2019 event.

Kulim's excellence continued to be recognised as the Kulim Pineapple Farm was the MD2 pineapple winner in the category of agricultural produce at the National Farmers, Livestock Breeders and Fishermen Day 2019.

Meanwhile, Kulim's subsidiary, Danamin (M) Sdn Bhd was awarded the On-call Contractor 2019 award by BASF Petronas Chemicals in conjunction with the Global Safety Days 2019 event.

To promote a workplace culture that is free from corruption, Kulim is currently obtaining MS ISO 37001:2016 certification for the Anti-Bribery Management System that is expected to be completed by December 2020.

**KULIM BUSINESS**



**FFB PRODUCTION**  
**907,188** tonnes

**CPO PRODUCTION**  
**309,867** tonnes

**REPLANTED**  
**776** hectares

**RIGHT TO CULTIVATE (HGU) IN SOUTH SUMATRA**  
**14,511** HECTARES

**BIOMASS PLANTS WILL BE BUILT BY 2025**  
**5** plants

period, palm kernel production declined by 2.39% to 77,108 tonnes in 2019 from 78,995 recorded in 2018. The oil extraction rate (OER) improved to 21.66% from the 21% achieved before this. Just like in previous years, Kulim's OER was higher than the industry average of 19.93% for the Peninsular and 20.21% for Malaysia as a whole. Kulim was also able to achieve a lower kernel extraction rate (KER) of 5.39% compared to the 5.41% recorded in 2018.

In our commitment to good sustainability practices, Kulim continues its replanting programme to improve the age profile of its plantations and obtain optimum yield. To achieve this, 776 hectares (Kulim and JCorp) were replanted in 2019 using high-yielding seed clones. The replanting was carried out in stages to maximise the potential of the crop before trees were felled. As at end-2018, the planted area of the Group in Malaysia comprised 65% mature trees, 29% immature trees or young trees and 6% of trees aged 23 years old and above.

**BUSINESS REVIEW**

**AGRIBUSINESS**

**Plantations in Malaysia**

The year 2019 can be described as the year where Kulim showed its resilience in facing challenges that pressured the palm oil industry. For the year under review, operations in Malaysia produced 907,188 tonnes of fresh fruit bunches (FFB), 1.38% less than the 919,844 tonnes produced in 2018. This caused the yield per hectare to decline to 21.69 tonnes from 22.13 tonnes recorded the year before.

However, the Group's performance was much higher in terms of the average yield that was achieved by the industry, in Johor, as well as in the Peninsular which recorded 19.41 tonnes and 17.95 tonnes, respectively.

Meanwhile, the price of CPO showed a downward trend in the first quarter of the year but was able to record a high of RM2,813 per tonne in 2019. Overall, the low price of CPO at RM2,119 per tonne was due to oversupply and lower exports to the main importing countries.

In 2019, CPO production from the Kulim plant totalled 309,867 tonnes, improving by 1.10% from the 306,483 tonnes recorded in 2018. In the same



**KULIM  
BUSINESS**



**Plantations in Indonesia**

Kulim has been given the right to plant (HGU - Right to Cultivate) in 14,511 hectares in South Sumatra, Indonesia. Of this, 57.20% or 8,271 hectares has been developed with 5,228 hectares under the management of PT Rambang Agro Jaya (PT RAJ) and the remaining 3,043 hectares managed by PT Tempirai Palm Resources (PT TPR).

The timeline for the Group to complete the rehabilitation of the plantations in Indonesia was April 2019. However, the programme was completed earlier than scheduled when PT RAJ completed rehabilitation on 4,317 hectares in October 2018. PT TPR also completed its rehabilitation works on 3,191 hectares on July 2018, ten months ahead of schedule.

The Group's investment in the rehabilitation programme over the past two years has proven effective with a substantial increase

in production. Both plantations produced 10,198 tonnes of FFB translating to a yield of 4.2 tonnes per hectare from an area of 1,938 hectares. This has shown a 74.15% increase from the 5,856 tonnes produced in 2018.

This trend is expected to be maintained considering the improvement in the plantations which demonstrates strong potential to produce greater yields in the future.

**Renewable Energy - Biogas**

Palm oil mill effluent (POME) is the waste produced in the processing of CPO and contributes a large amount of methane gas from the anaerobic process, which has 21 times more Global Warming Potential (GWP) compared to other gases. However, the organic content of POME grants it

high-potential to transform it into a biogas and thus as a renewable source of energy.

Kulim will build biogas plants at all its five mills by 2025. Three of these biogas plants are already operational whereas two more are being constructed.

The amount of biogas produced by the plants in 2019 was 3,781,857 cubic meters, and was used to generate power and fuel. The biogas plant at the Sedenak and Sindora palm oil mills were shut for maintenance in 2019. Therefore, all the biogas

**KULIM  
BUSINESS**

produced in the meantime was from the Pasir Panjang palm oil mill.

The maintenance work at the Sindora palm oil mill is expected to be completed by Jun 2020. The capacity of the biogas plant at the Sedenak palm oil mill will also be increased so that all the POME produced can be processed into biogas and subsequent conversion into biomethane for distribution to the NGDS network owned by Gas Malaysia. The biomethane project which is expected to be completed in December 2020 is expected to produce 250,000 MMBtu of biomethane gas annually.

**Pineapple Business**

Kulim has been involved in the pineapple business since 2008 and is now amongst the largest fresh premium MD2 pineapple producers in the country. The MD2 pineapple farm is managed by Kulim Pineapple Farm (KPF) which is responsible for developing, promoting and marketing pineapple products branded Melita. As of 31 December 2019, KPF, which produces MD2 for local and export consumption owns farms totalling 418 hectares in Ulu Tiram, Kluang and Mersing.

The Melita pineapple has been Halal certified by the Department of Islamic Development Malaysia (Jakim) and has also been awarded certificates by MYGAP, MYBest and the System Approach and Seed Certification Scheme (SPBT). In addition, Kulim is also one of three companies in Malaysia that has received approval from the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (AQSIQ) to export fresh pineapples to China. The official recognition has increased the credibility of the main product as well as its downstream products. As of now, Melita has nine sales kiosks located in Johor Bahru, Seremban and Kuala Lumpur.

Via a joint development programme with the Malaysia Pineapple Industry Board and Agrobank for B40 Agropreneurs, 12 Agropreneurs have planted MD2 pineapples on 24.29 hectares in 2019. In the same year, Kulim has achieved

good progress in the pineapple business with revenue exceeding RM14.62 million.

**Cattle Breeding Project**

Expanding the Agro Food business has been the appropriate step taken by Kulim based on its achievements and track record in palm oil. The Group began raising cattle on a small scale in line with the government's call for farm owners to start cattle breeding and rotational grazing as well as to comply with Good Animal Husbandry Practices. Cattle were brought to the farm not only to manage grass but also as an initiative to reduce cost for plantations.

This project is carried out by Selai Sdn Bhd (Selai Cattle), a subsidiary of Kulim. As of 2019, the number of milk producing cattle numbered 5,808 compared to 6,199 in 2018. The total number of cattle for the feedlot and integration segment is 6,024, an 8% decrease compared to the 6,479 in 2018. The lower number is

**MD2 PINEAPPLE**  
**418** hectares

**SALES OF PINEAPPLES**  
**RM14.62** million

**COWS RAISED**  
**6,024** cows





## KULIM BUSINESS

because less productive cows were sold as well as the company no longer being involved in feedlots.

### INTRAPRENEUR VENTURES (IV)

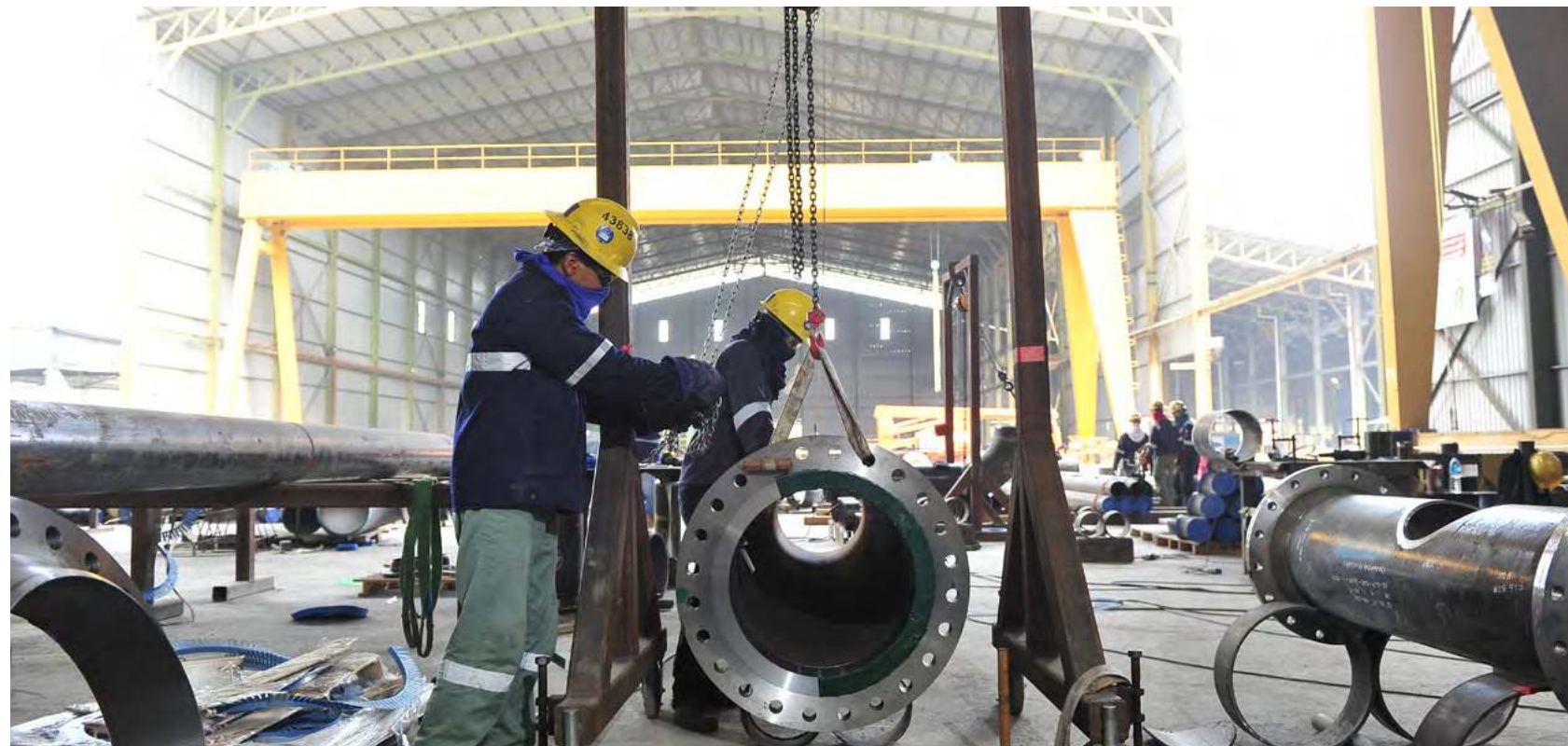
In 2019, the IV Division recorded revenue of RM37.63 million, declining by 21.49% compared to RM47.93 million recorded in 2018. The IV Division posted profit before tax of RM0.25 million in 2019 compared to RM1.24 million the year before. Kumpulan Extreme Edge Sdn Bhd was the most profitable company in the Division, generating profit before tax of RM1.04 million.

Other companies that performed satisfactorily include Kulim Safety Training and Services Sdn Bhd (KSTS), MIT Insurance Brokers Sdn Bhd (MIT) and Perfect Synergy Trading Sdn Bhd (PSTSB).

Due to an uncertain economic environment, Kulim has reevaluated the performance of all IV companies. Companies with potential and which have recorded growth will be supported and grown, while companies that have experienced a decline will be evaluated again, restructured or merged. We have also laid out optimum plans and strategies to tackle a challenging and evolving market.

### OIL AND GAS

The financial year ending 2019 was a challenging one for the Oil & Gas Division as it recorded Losses Before Tax (LBT) of RM92.51 compared to Profit Before Tax of RM73.91 in FY2018. LBT was mainly caused by depreciation and joint-venture



losses in the Indonesia Oil & Gas Division valued at RM44.03 million. The Division also recorded a decrease in revenue to RM307.52 million, or 34.56% less than the RM469.92 million recorded the year before.

In 2019, Kulim's subsidiary, E.A. Technique (M) Berhad (EA Tech) contributed RM271.87 million to the Group's revenue, declining from the RM419 million recorded in 2018. EA Tech's profit before tax was RM32.68 million compared to a loss before tax of RM90.36 million in 2018.

Another of the Group's subsidiaries, Danamin (M) Sdn Bhd (Danamin), a company that offers engineering and quality assurance services for niche industries, recorded revenue of RM35.64 million in 2019, a decline of 30.01% from

the RM50.92 million achieved in 2018. Danamin also recorded a loss before tax of RM16.52 million compared to RM2.08 million the year before.

In Indonesia, the agreement with PT Citra Sarana Energi (PT CSE) in Indonesia was a strategic decision to enter the O&G upstream business and to develop the O&G supply chain in exploration and production.

This joint venture in Indonesia which is now in its production phase is expected to begin in 2021. While this venture will offer little or no contribution to our financial performance in 2019, Kulim believes this venture will contribute significantly in the years to come once it enters its commercial phase.

### OUTLOOK AND PROSPECTS

Kulim remains optimistic about the Group's prospects for the coming year based on our strong foundations that remained intact even when faced with all kinds of challenges throughout 2019. Therefore, Kulim is optimistic about its strategic initiatives that have been outlined to strengthen and further explore high-potential business opportunities.

### AGRIBUSINESS

#### Plantations

Kulim aspires to strengthen the effectiveness of the Agribusiness Division through the development of upstream activities present in the integrated

agribusiness supply chain with our involvement in upstream, downstream, trade and new value creation by converting waste to profits.

The further development of the Agribusiness Division is important for Kulim to reduce its dependency on palm oil activities and to reduce the impact of uncertain CPO and PK prices to the Group. This step is also a strategic initiative to leverage on our internal palm oil plantations expertise and extend it into pineapples, cattle, coconuts and other crops that are likely to contribute to aid the Group's growth.

As of March 2020, vegetable oil stocks are expected to decline and this is projected to cause palm oil prices to rise. Performance of this crop is expected to be good throughout the year where the price of CPO is projected to range between RM2,600-RM2,700 per tonne. At this price, this commodity is still able to support demand from main markets like China and India.

In addition, the Group is focusing on exploring new opportunities related to the environment and value-added downstream products based on palm oil. The conversion of biogas into biomethane is part of the circular economy and is seen as Kulim's long-term commitment to sustainability practices along the entire palm oil plantation business.

#### Pineapple Business

Kulim plans to expand its pineapple business and increase production through joint ventures with government agencies and interested parties. Kulim is also set on further developing its downstream pineapple products.

## KULIM BUSINESS

### Cattle Breeding Project

Kulim's main aim is to leverage Selai Cattle's integrated cattle operations at palm oil plantations to increase the rate of birth and selling weight.

### IV DIVISION

Kulim's goal is to create a stronger foundation for the IV Division and to increase its growth in order to bring the division to a higher level. All kinds of strategies will be carried out to strengthen the Group's IV Division. Among them, the closure of businesses, exploiting joint ventures or disposal strategies, changing the IV business to be in line with its core business, other businesses and the strengthening of the IV Division to ensure the Group's business continuity.

### O&G DIVISION

For the O&G Division in Indonesia, Kulim aims to give attention to the completion of the Conditional Subscription and Shares Purchase Agreement (CSSPA) in 2020. Moving forward, Kulim targets to reap the benefits of its investments in the O&G business, consider joint ventures with third parties or monetisation through the liquidating of Kulim Energy Nusantara Sdn Bhd's (KENSBN) equity holding in PT CSE for the potential of greater returns.

### PROPERTY

Kulim aspires to increase the value of the Group's land by converting the Group's agricultural land into real estate developments in strategic locations that are near population growth areas and high demand.



# SPECIALIST HEALTHCARE DIVISION

**KPJ HEALTHCARE BERHAD (KPJ HEALTHCARE) HAS RECORDED ENCOURAGING RESULTS IN 2019. DESPITE A CHALLENGING GLOBAL ENVIRONMENT, KPJ HEALTHCARE ACHIEVED MANY POSITIVE IMPROVEMENTS. THIS HAS PROVEN THE ORGANISATION'S CAPABILITY TO ENSURE THAT IT REMAINS SUSTAINABLE.**

## FINANCIAL PERFORMANCE

KPJ Healthcare recorded an impressive performance in 2019. Revenue grew by 7%, from RM3.4 billion in 2018 to RM3.6 billion in 2019. Revenue before interest, tax, depreciation and amortisation (EBITDA) improved significantly to 29%, from RM497.0 million the year before to RM640.6 million in 2019. Profit before tax increased by 7% to RM275.4 million compared to RM258.1 million the year before.



## GROUP CAPACITY EXPANSION

One of the main factors driving KPJ Healthcare's success today is our ongoing strategy to increase the capacity of specialist hospitals in our network.

Three new hospitals were opened in 2019. The Bandar Dato' Onn KPJ Specialist Hospital (KPJBDO) began its operations in February 2019 with six main specialities. After operating for a year, KPJBDO was given the mandate by the Ministry of Health to offer many more services to both local and foreigner patients, especially from Indonesia.



One other new hospital in Johor is the Batu Pahat KPJ Specialist Hospital (KPJBP) that was opened in September 2019. With 90 beds, KPJBP operates with 11 specialist consultants and is able to offer services to locals as well as medical tourists from Indonesia.

The Miri KPJ Specialist Hospital, located in Bandar Baru Permyjaya was opened in December 2019, and fulfils the needs of those living in Miri which is rapidly

growing, as well as medical tourists from Brunei and Indonesia.

In addition to the new hospitals, KPJ is also adding and improving facilities in existing hospitals. The Ampang Puteri KPJ Specialist Hospital has opened a new block with 140 additional beds. The new block also contains an oncology centre, equipped with the latest PET-CT technology for non-invasive imaging, as well as radiotherapy facilities to treat cancer patients. In Negeri Sembilan, Seremban KPJ Specialist Hospital now has a new block with two wards containing 48 beds and 34 additional dialysis machines, which has been operational since September 2019. This has positioned KPJ Seremban as the largest private hospital in Negeri Sembilan with 199 beds.

In the north, the position of the Perlis KPJ Specialist Hospital as the only private hospital in the Indera Kayangan state has been further strengthened following the approval by the Health Ministry to add additional beds, bringing the total to 36 beds. This represents the Ministry's belief in the hospital's capabilities to treat locals and medical tourists mainly from southern Thailand and Langkawi.

## KPJ IN OTHER COUNTRIES

KPJ Healthcare has two hospitals in Indonesia which are the Permata Hijau (RSMPH) hospital and Bumi Serpong Damai (RSMBSD) hospital located in Jakarta. Both hospitals have recorded double-digit growth on the back of effective marketing efforts and the introduction of new treatment packages that have attracted patients.

## SPECIALIST HEALTHCARE DIVISION

**2019 REVENUE**  
**RM3.6** billion

**EBITDA**  
**RM640.6** million

**PROFIT BEFORE TAX**  
**RM275.4** million

**NEW BLOCK AT KPJ AMPANG PUTERI HAS MORE THAN**  
**140** beds

**NUMBER OF PATIENTS IN RSMBSD WARDS**  
**4,155** patients

Revenue for RSMBSD has increased by 40% from RM22.1 million in 2018 to RM31.1 million in 2019. Some of the main factors that have stimulated this growth include an increase in hospital activity. In addition, the number of patients has grown by 39% to 4,155 people with an average bed occupancy rate of 46%. The number of outpatients also increased by 17% to 79,253 people. RSMPH recorded revenue increase of 23% to RM27.3 million in 2019. The number of warded patients expanded by 10% compared to the year before, while outpatients showed a slight decrease of 2% compared to the year before.

In Dhaka, Bangladesh, the Sheikh Fazilatunnesa Mujib Memorial KPJ Specialised Hospital & Nursing College recorded an increase of patients in ward of 55.9% to 6,608 patients, whereas outpatients increased by 25.3% to 142,493 patients.



SPECIALIST  
HEALTHCARE DIVISION

## MEDICAL TOURISM

KPJ Healthcare has continued to demonstrate its excellence in medical tourism activities. In 2019, KPJ Healthcare's revenue from the medical tourism sector increased by 7% from RM140.4 million in 2018 to RM150.3 million in 2019. The number of medical tourists to KPJ Healthcare hospitals has increased by 5%, from 158,711 visits in 2018 to 166,671 visits in 2019. Some of KPJ Healthcare's areas of treatment that have attracted medical tourists include orthopaedic, cardiology, general surgery, gastroenterology and respiratory.

Indonesia is one of the main markets for medical tourism that has contributed RM73.7 million compared to RM60.0 million the year before. Aside from Indonesia, there are a few other countries

that are a main focus for medical tourism including Bangladesh and Somalia which contributed RM3.67 million and RM4.08 million in 2018, respectively.

KPH Healthcare has also identified other countries with potential for medical tourism and this includes China, Myanmar, Pakistan and Vietnam which contributed RM6.9 million, RM2.03 million, RM1.76 million and RM1.7 million, respectively.

To ensure KPJ Healthcare remains competitive, many initiatives have been undertaken by introducing a number of health packages for the international audience such as bariatric surgery, endoscopies, knee replacement surgery and health tourism packages.



In addition, KPJ Healthcare's network of hospitals have improved their service standards by offering a number of services that include two-way transfer from the airport to the hospital, an International Patient Centre Lounge, the use of international insurance and others.

## INNOVATION CULTURE

The emphasis on innovation and creativity is very important as it is able to improve the organisation's competitiveness. At KPJ Healthcare, innovation is not

**IN 2019, KPJ HEALTHCARE'S REVENUE FROM THE MEDICAL TOURISM SECTOR INCREASED BY 7% FROM RM140.4 MILLION IN 2018 TO RM150.3 MILLION IN 2019, WHILE THE NUMBER OF VISITS INCREASED BY 5% FROM 158,711 TO 166,671 VISITS.**

only limited to using sophisticated technology. In fact, it encompasses all of the Group's efforts to add value.

By thinking out of the box, KPJ has changed the way we deliver treatment. This includes introducing delivery of medicine to patient's homes and allowing patients to pick up their medication via drive-thru at KPJ hospitals.

Other services include tele-consultation to make it more convenient for patients to interact with KPJ's specialists - without having to leave their homes.

## PROTECTING THE ENVIRONMENT

Environmental pollution that causes climate change has driven KPJ Healthcare to launch a campaign to eradicate the use of single-use plastic in 2019. Almost all (92%) of our hospitals have completed the transition from plastic straws to non-plastic or biodegradable alternatives. KPJ Healthcare hospitals have ceased the distribution of mineral water bottles and the use of plastic bags in its daily operations.

In addition, KPJ Healthcare has continued its Clinical Plastic Waste Recycling programme where the plastic waste from clinical operations is recycled.

## CORPORATE GOVERNANCE

There were a number of changes in the Board Director lineup of KPJ Healthcare in early 2020. This included the appointment of the highest number ever of independent non-executive directors, now numbering nine out of 13 directors. They are Dato' Yusli Bin Mohamed Yusoff as the Chairman of KPJ Healthcare, Datuk Mohd Radzif bin Mohd Yunus, Dato' Dr Ngun Kok Weng, Encik Mohamed Ridza bin Abdulla, Dato' Mohd Redza Shah bin Abdul Wahid, Dato' Dr Sivamohan a/l S. Namasivayam and Encik Khairuddin bin Jaflus.

In addition, KPJ Healthcare also appointed three non-independent non-executive directors who are Dato' Seri (Dr) Mohamed Azahari bin Mohamed Kamil, Encik Rozaini bin Mohd. Sani and Encik Shamsul Anuar bin Abdul Majid.

In line with the changes in the Board, KPJ has also reorganised its various Board Committees. The changes have affected the Nomination and Remuneration Committee (NRC), Development & Procurement Committee (DPC), Employee Share Options Scheme Committee (ESOS), Investment Committee (IC), Audit Committee (AC)

SPECIALIST  
HEALTHCARE DIVISION



**SPECIALIST  
HEALTHCARE DIVISION**

and the Risk and Governance Committee (RGC).

KPJ Healthcare is also prepared with a compliance policy in line with the Securities Commission decision to introduce Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which will be effective from 1 June 2020. This Act will tighten existing regulations for commercial organisations to ensure integrity of business ethics which is free from corruption.

Based on this, KPJ Healthcare has implemented the Anti Bribery Management System (ABMS), with the 10 ABMS Standard Operating Procedures that will undergo the ISO37001 (ABMS) audit. This was followed with the appointment of a Chief Integrity Officer (CIO) that has broad experience in implementing various polices and strategies to improve corporate governance, corporate ethics and integrity systems in the group.

**STRENGTH OF OUR EMPLOYEES**

The development of human capital is an important strategy in KPJ Healthcare's efforts to maintain its position as a national health services provider. As of end-2019, KPJ has 15,624 employees, including 7,029 nurses, 2,047 allied services workers and 1,105 medical consultants who provide the core services of KPJ Group's hospitals.

KPJ Healthcare's leadership has always prioritised the development of its people. Talent development programmes have been in place from the early days, whether for the short-term or long-term. These efforts were targeted at increasing a skilled and excellent workforce to a sufficient level.

In 2019, KPJ Healthcare introduced new initiatives aimed at improving competency and robustness of the Group's workforce. The goal of the organisation's leadership is to create dynamic human capital that is highly competitive in order to generate progress together in every aspect.

**CONTRIBUTION TO SOCIETY**

KPJ is dedicated to its commitment as a responsible services provider, especially to those who are less fortunate.

The lower-income community who require support to obtain access to treatment and healthcare that incur high costs have been given aid by KPJ through the Klinik Waqaf An-Nur (KWAN) programme nationwide.

Through this KWAN initiative, KPJ has carried out various initiatives as part of our responsibility to the community. Currently, KWAN clinics now number 18 including four mobile clinics. All the clinics operate at selected mosques and have received the approval of the various State Islamic Religious Councils. In 2019, 124,618 patients throughout Malaysia utilised the services that were provided.

Mobile clinics meanwhile are the direct result of cooperation between the state Baitamul (Islamic treasuries), Zakat Board as well as other organisations such as Perbadanan Waqaf Selangor and Bank Muamalat Malaysia Berhad. KWAN is working to open more mobile clinics. At this juncture, KWAN is working with the Kedah Zakat Board, Penang Zakat and the Sabah Islamic Religious Council.

KPJ was also well-aware of the incident at Sungai Kim Kim, Pasir Gudang, Johor that was polluted by illegally dumped toxic waste that caused 937 people to be sick and 111 schools in the area closed in March 2019. KPJ mobilised 82 volunteers from its hospitals in Johor Bahru to take part in rescue missions carried out by Briged Waqaf JCorp. Through these missions, KPJ provided medical assistance, medicine and tended to the needs of the victims.

We are also committed to improving socio economic levels and environmental preservation, with the aim of cultivating the country's environmental sustainability and society's welfare wherever KPJ operates. This view is aligned to KPJ Healthcare's position in the FTSE4Good

Bursa Malaysia index, an internationally recognised standard that evaluates the performance of companies in managing social and environmental practices and policies.

**EXCELLENCE AWARDS**

The consistency of KPJ's performance has clearly been demonstrated through the various awards and recognition it has won in 2019. The Ipoh KPJ Specialist Hospital won the prestigious Prime Minister's Industry Excellence Award in 2018 and the Asia Hospital Management Award 2019.

Tawakkal KL KPJ Specialist Hospital was awarded the Orthopaedic Service Provider of the Year (Asia Pacific) at the

**SPECIALIST  
HEALTHCARE DIVISION**

Global Health & Travel Awards. KPJ was also chosen as one of the Platinum Awards winner for Reader's Digest Most Trusted Brands based on research carried out by Reader's Digest on consumers. This award proves KPJ's capability in maintaining the confidence and loyalty of its consumers as KPJ has been listed as a winner in the Healthcare Services sector since 2012 with improvements to the level of recognition in 2018 and 2019. These awards and recognition received by KPJ will strengthen its reputation as a provider of world-class healthcare services.





# FOOD AND RESTAURANT SERVICES BUSINESS

## KFC MALAYSIA

**KFC MALAYSIA STARTED ALMOST 50 YEARS AGO WHEN IT FIRST OPENED AT JALAN TUNKU ABDUL RAHMAN, KUALA LUMPUR IN 1973.**

Since then, KFC has experienced a good pace of growth and in terms of achievements, defended its market share with 736 restaurants as of December 2019. With the opening of 23 new restaurants, the chain saw an additional 33 restaurants, where 10 of the restaurants were built with drive-thru facilities. Meanwhile, 137 branches were upgraded to create a new ambience in line with KFC's heritage.

KFC continued to be committed to ensure the best customer service through its digital services. Our online platform and online store sales were improved and optimised, in addition to focusing on the speed of service and ordering features. The progress of our restaurants is supported with technology-based innovation including digital payment as well as digital food ordering and take-aways. In line with its digital transformation throughout 2019, KFC Malaysia has strengthened its point of sales, delivery system and kitchen display to improve its operations while ensuring best services for its customers.



- 01 Singapore KFC staff's new uniform was designed by renowned fashion designer, Thomas Wee.
- 02 Our popular product, Golden Egg Crunch.
- 03 Pizza Hut Malaysia's new menu.

KFC remained as Malaysia's favourite brand when it successfully retained its position as Malaysians' chosen brand in 2019 by garnering its fifth consecutive gold award under the Restaurant & Fast Food category at the Putra Brand - The People's Choice Awards 2019. This was followed by several digital awards and recognised advertisements including

*Grand Prix (Optimisation on Steroids)* at the Malaysian Digital Association Awards 2019 as well as *Grand Prix: Best Entry of the Competition (Anything's Better With Golden Egg Crunch - Even Ad Breaks!)* and *Advertiser of the Year*.



In 2019, three of KFC's popular products were relaunched including the iconic *KFC Popcorn Chicken*. This favourite of the 90's has made a return due to popular demand with its taste enhanced and a Hot & Spicy version. *KFC Popcorn Chicken's* loyal fans were surprised with a special delivery of an extra-large sized box of *Popcorn Chicken* prior to the launch, kicking off the excitement and reflecting its identity as an iconic product. KFC continued to attract its loyal customers by bringing back its popular burgers, the *KFC Zinger Double Down* and the *Golden Egg Crunch* during Hari Raya.

In addition to the relaunching of the popular products, KFC Malaysia continued to attract the attention of its customers by introducing value promotions such as '*Chicken Tuesday*' - 9 pieces of chicken for RM19.90, '*RM8.90 Fill Up Box*' and chicken nuggets promotion '*20 for RM15*'. The value promotions increased the store sales and transactions for every window an average of 4.3% and 3.7% respectively.

KFC increased its digital and mobile application presence through robust initiatives and greater promotions throughout the year. This included the launch of 'self-collect' facility, kiosks and collaborations with renowned e-commerce platforms (Lazada & Shopee), aggregator (Food Panda), Customer Relationship Management (CRM) automation and collaborations with gaming applications. These initiatives were to enable easy access for customers, while giving them a good experience and closer rapport with the KFC brand.

As of end-FY2019, KFC Malaysia recorded overall revenue growth of

## FOOD AND RESTAURANT SERVICES BUSINESS

### TOTAL KFC RESTAURANTS

**736** restaurants

### NEW RESTAURANTS OPENED

**23** restaurants

### 2019'S REVENUE

**RM2.8** billion

### KFC RESTAURANTS IN SINGAPORE

**85** restaurants

### SINGAPORE KFC REVENUE

**SG\$176.9** million

RM2.8 billion or 2.2% from RM2.74 billion in the previous year.

While its main focus is on improving the people's favourite Colonel Recipe's fried chicken recipe, KFC successfully increased its branding in 2019 by collaborating with the local streetwear label, *Pestle & Mortar Clothing*. Inspired and designed by the people of Malaysia for the people of Malaysia, the limited collection of '*11 Finger Lickin' Good Goods*' streetwear evoked uniqueness in celebrating the nation, its people and the KFC brand's origins in Malaysia besides commemorating Malaysia Day. As a brand that emphasises originality, KFC aspires to establish close relations with the people of Malaysia and foster love for the brand by mirroring a clean identity and contributing meaningfully to society. Proceeds from the campaign were channelled to the Add Hope Malaysia fund, KFC's corporate social responsibility programme that fights global hunger.





FOOD AND RESTAURANT  
SERVICES BUSINESS

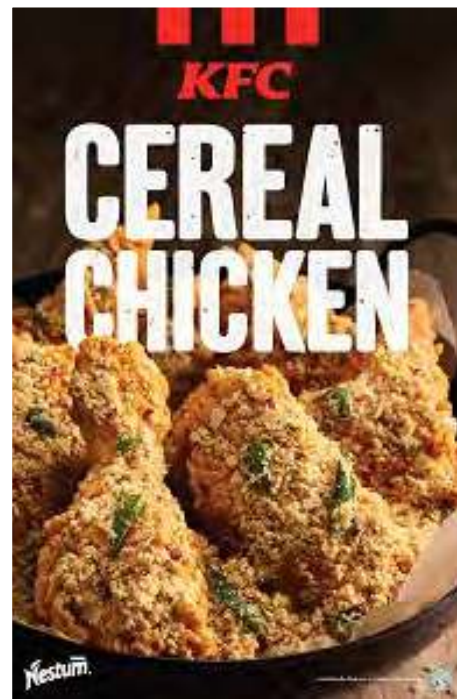


KFC Singapore

In 2019, KFC Singapore continued to strengthen its position as a quick service restaurant (QSR) business based on its well-known chicken through 11 attractive innovations. Among the prominent products were *Parmesan Truffle*, *Mala*, *Cereal* and *Sour Cream & Onion* as well as the products that mostly appeared on Instagram such as *Mac 'N Cheese Zinger* and *Waffles O.R. Double Down*. Of all the innovations, *Cereal Chicken* was the most popular product with over 1.1 million pieces of chicken sold throughout July, causing the promotion to end 11 days earlier than the scheduled date.

The introduction of the new *KFC Mac 'N Cheese Zinger* in February had attracted global attention when news about the product was published worldwide by media from the United States of America, the United Kingdom and Australia. The widespread news boosted demand for the product in international markets.

As part of the strategy to boost transactions and create more value for customers, KFC Singapore launched several saving promotions such as *SG\$4.95 Lunch Box, 8 for SG\$12, Chicken Tuesday* and value couponing throughout the year.



Inspired to serve only the best to customers, KFC Singapore advanced with the launch of The Tank@KFC Tampines Mall, a store with an open-kitchen concept, in April 2019. As the first such store in Singapore and Southeast Asia, The Tank's open-kitchen concept allows customers to watch how KFC's fried chicken is prepared. The unique store received widespread news coverage and positive response from customers.

In its digital effort, KFC Singapore improved its online order platform by adding pre-order service for dine-in and take-away in addition to its delivery service. The order application enables customers to

order in advance and pick up their food at a desired time and chosen KFC outlet without having to be wait in long queues.

KFC restaurants in Singapore are increasingly expanding its self-order kiosk technology to overcome shortage of workers. The reduction in hiring counter workers have enabled the Service Rock Stars to serve customers. KFC Singapore continued to introduce the concept in two restaurants in Funan Mall and PLQ.

To maintain a stylish exterior while boosting the morale of employees in KFC, new uniforms were designed by Singapore's renowned designer, Thomas Wee, and were launched in July 2019. With its striking colours



and four different designs, the new uniforms are not only comfortable but also suit the role of every employee.

To achieve business sustainability, KFC Singapore has stopped using plastic cups in October and introduced paper cups as a green initiative, which reduced the consumption of six million plastic cups a year. This was followed by another waste reduction initiative through the introduction of reusable food trays to replace paper boxes for 13 items on the menu in two KFC restaurants. This initiative is expected to be fully implemented in 2020.

Giving back to society is KFC's main philosophy throughout the world. In 2019, 110 employees from the restaurant support department spent time at HCA Hospis Care centre, a KFC welfare initiative to cheer up

the patients there. In October 2019, a group of 14 KFC workers helped to raised SG\$37,583 for the HCA fund through *The Dandelion Ride*, a cycling event where KFC emerged as the top fundraiser.

The year 2019 ended with 85 restaurant branches with the addition of one new restaurant. Sales grew by 0.5% from 2018 with SG\$176.9 million, which was an increase of SG\$0.9 million from the previous year. The growth contribution was due to several big branches' full annual sales impact, which generated a 0.8% positive growth for same store sales.

KFC Brunei

KFC Brunei recorded a total revenue of BND13.64 million in 2019, a 12.4% growth compared to 2018. The revenue growth was due to strategic business plans and supported by several marketing promotions that were carried out in 2019. It was however affected by competition from the thriving development in Miri and high currency exchange that attracted Bruneians to spend more in Miri.

To boost sales performance, KFC Brunei activated local store marketing to drive awareness about promotions and rolled out several attractive KFC delivery services. This included a 20% discount promotion for Snack Plate or Dinner Plate as well as Chicken Tuesday. KFC Brunei also planned to strengthen its digital presence with mobile applications as part of its future growth driver.

KFC Brunei carried on with its corporate social responsibility by helping underprivileged groups through activities such as annual contributions to welfare homes during festive seasons.

FOOD AND RESTAURANT  
SERVICES BUSINESS

KFC Brunei ended 2019 with 18 restaurants. Two new restaurants were added to the chain while six restaurants were upgraded. In facing new competition, its efforts to enhance customers' dining experience boosted sales growth from 15% to 20% after the upgrading of premises. KFC Brunei's projected revenue for 2020 is set to improve by 10% compared to 2019, based on several plans in addition to a potential new store as well as three stores that are in the process of upgrading.

KFC Cambodia

KFC Cambodia recorded 11.3% revenue growth compared to 2018 with total sales of USD4.9 million in 2019. The growth was driven by an increase in sales through delivery service via collaborations with more aggregators. In 2019, delivery sales went up by 44% compared to 2018. Several new products were also rolled out to boost total sales.

The shift in foreign direct investments and tourism growth of 8% contributed to the positive economic growth in Cambodia. Booming exports and strong internal demand were catalysts that boosted higher disposal income among the locals. KFC Cambodia ended 2019 with 12 restaurants including the opening of a new restaurant at Furi Times Square shopping complex in Sihanoukville in November 2019.





## FOOD AND RESTAURANT SERVICES BUSINESS

### PIZZA HUT MALAYSIA

**PIZZA HUT MALAYSIA RECORDED OUTSTANDING PERFORMANCE FOR THREE CONSECUTIVE YEARS WITH A TOTAL REVENUE OF RM596 MILLION, WHICH WAS A 6.6% GROWTH COMPARED TO 2018, DUE TO A MAJOR TURNAROUND THAT BEGAN IN 2016.**

The success was the result of a continuous commitment to our strong branding strategy, by maximising the customer experience through 3 key pillars, namely; repeated value model, attractive innovative products; as well as digital transformation for the ease and comfort of customers.

Our resilience in implementing these strategies has further strengthened Pizza Hut's business foundation. This can be seen through the high business growth rate of 5% same-store sales. The expansion of stores continued to generate transaction growth in the whole system by 8.5%, strengthening Pizza Hut's market position as the top pizza restaurant chain in Malaysia. The opening of the 400<sup>th</sup> Pizza Hut outlet signified the company's new milestone which has almost doubled the number of stores we have compared to our main competitor.

The repeated value model such as the 'WOW' take-away promotion proved to be relevant and instrumental in driving brand penetration to target customers by centralising brand accessibility. The renewed 'WOW' marketing campaign has contributed double-digit growth since it was launched in 2016.

Appealing innovations have helped to increase brand experience and strengthened the excellence in taste,

translating to higher frequent visits and average ticket. Among the most popular innovative products in 2019 included *Durian Cheese Pizza* and *Black Volcano Pizza*. The special campaign that was based on music preference, 'The Singing Pizza', was also rolled out in 2019. Its innovative pizza boxes that also doubled up as digital musical boxes changed the way Malaysians enjoy pizzas. This campaign gave Pizza Hut the opportunity to create a closer relationship between the brand and the younger group of customers.

In its digital transformation journey, Pizza Hut launched a mobile application in its Fast Casual Digital Store (FCDS) for faster and easier ordering. The application was improved with more attractive food visuals to enhance customer experience.

The roll out of Fast Casual Delco (FCD) restaurants is a testimony to Pizza Hut's commitment to continue evolving with the taste of the people of Malaysia. The FCDs were built to cater to the flourishing food delivery service industry and offer a casual and contemporary dine-in experience.



## FOOD AND RESTAURANT SERVICES BUSINESS

The year 2019 proved to be a stellar year for Pizza Hut Malaysia when it successfully bagged various prestigious awards including the Putra Brand Awards' Silver Award under the Restaurant and Fast Food category as well as the Asia Pacific R.E.D YUM Award. The innovative campaigns through 'Singing Pizza' and Pizza Hut Delivery App also won various awards for their excellence in marketing. Among the awards were The Effie Awards, The Marketing Excellence Awards, The Kancils Award, The Appies Malaysia and The Mob-Ex Award.

*Tail Kitchen and Rider Management* digital system. Pizza Hut Singapore was the pioneer in the technology in 2018 and YUM has currently made it a global standard for all Pizza Hut restaurants' delivery service. The system has helped Pizza Hut Singapore to enhance customer experience by promptly delivering fresh and hot products.

Pizza Hut Singapore also expanded its delivery service through collaboration with Grab Food (in addition to existing collaborations with Food Panda and

### REVENUE

**RM596** million

### RESTAURANTS IN MALAYSIA

**400** restaurants

### REVENUE IN SINGAPORE

**SG\$93.3** million

### DIFFERENTLY ABLED EMPLOYEES IN PIZZA HUT SINGAPORE

**80** persons



### PIZZA HUT SINGAPORE

The year 2019 was the most challenging year for Pizza Hut Singapore. Transactions dropped by 1%(SG\$1.2million)toSG\$93.3 million compared to 2018 (SG\$94.5 million). While the business benefitted from collaborations with food aggregators, the overall aggressive growth within the food aggregator delivery service was affected by own sales, thus the slight decrease in delivery sales.

Pizza Hut Singapore implemented several core business initiatives in 2019. For delivery service, 2019 was the second year of the implementation of *The Dragon*

Deliveroo). The collaboration with Grab Food, the largest company that controls 50% to 60% of the market's total aggregate, has benefitted the business.

Grab Food has also increased platform orders through online and mobile application orders by rolling out the Fast Casual Digital Store (FCDS) according to Global YUM's standards. The FCDS launched the home delivery service and makes it easier for customers who prefer to order through digital platforms. Pizza Hut Singapore is optimistic that with the full implementation of the FCDS concept in 2020, will contribute to growth of the delivery service segment in the future.

For dine-in segment, Pizza Hut Singapore rolled out 'Bring Your Own Device' (BYOD), a new technology that enables customers to order and pay through their mobile phones. This innovation allows customers to experience a modern and fast digital lifestyle. While this mode of shopping and transaction is a norm in countries such as China and Hong Kong, it is new in Singapore and puts Pizza Hut Singapore in the forefront of such services in the republic.

In giving back to society, Pizza Hut Singapore employed 80 differently abled employees throughout the republic apart from working closely with the Association of Persons with Special Needs (APSN). In 2019, Pizza Hut Singapore organised a pizza box designing competition among the APSN school children. The winning design was used by Pizza Hut throughout the Christmas season. During its annual Christmas celebration with the APSN school, Pizza Hut Singapore's delivery workers dressed up as Santa Clause to deliver free pizzas to APSN's students. The student who won the design competition also received a gift during the celebration.



FOOD AND RESTAURANT SERVICES BUSINESS

UPSTREAM DIVISION

QSR BRANDS UPSTREAM DIVISION COMPRISES:

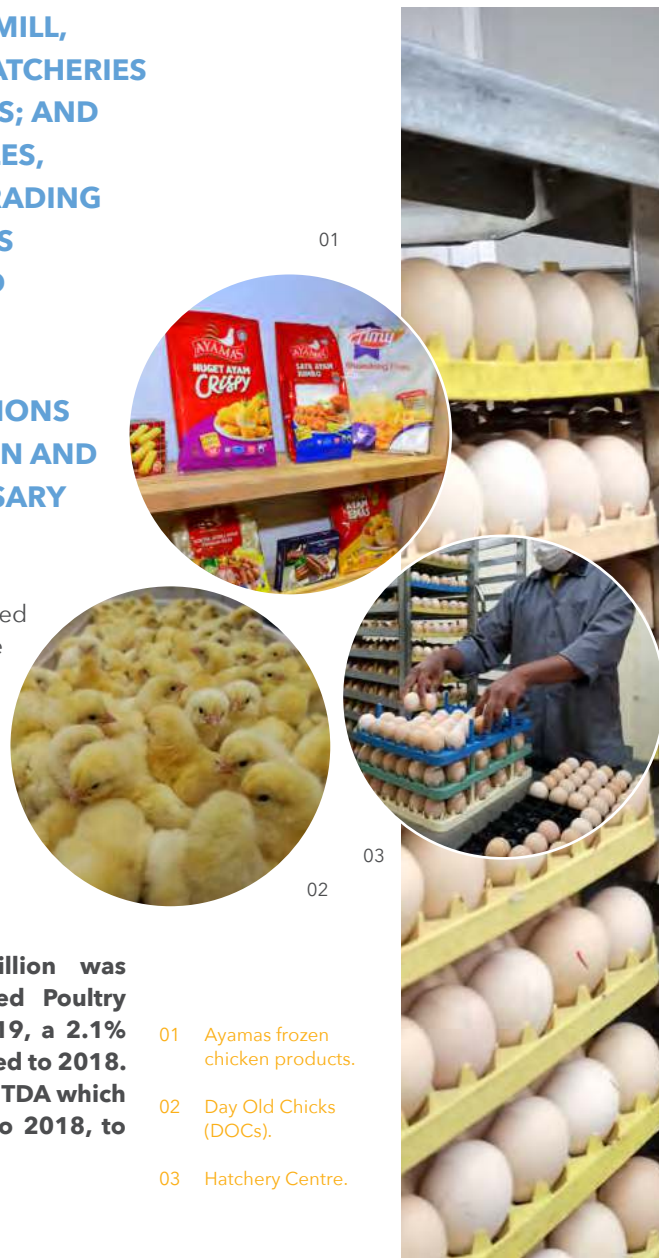
- INTEGRATED POULTRY OPERATIONS (FEEDMILL, BREEDER FARMS, HATCHERIES AND BROILER FARMS; AND ALSO INCLUDES SALES, MARKETING AND TRADING OF FOOD PRODUCTS DOMESTICALLY AND OVERSEAS)
- ANCILLARY OPERATIONS (SAUCE PRODUCTION AND BAKERY & COMMISSARY OPERATIONS)

The Upstream Division ended 2019 with positive revenue growth of RM1.525 billion, a 1.3% increase from 2018's revenue. EBITDA also increased 6.3% in 2018 to RM38.8 million.

INTEGRATED POULTRY OPERATIONS

Revenue of RM1.303 billion was recorded by the Integrated Poultry Operations segment in 2019, a 2.1% increase in revenue compared to 2018. This positively impacted EBITDA which jumped 57.3% compared to 2018, to RM22.5 million.

- 01 Ayamias frozen chicken products.
- 02 Day Old Chicks (DOCs).
- 03 Hatchery Centre.



Breeder Farms

Company: Ayamias Integrated Poultry Sdn Bhd (AIPI)

Starting from our feedmill operations to the breeding and hatching of eggs and onto the raising of broiler meat, AIPI has established a comprehensive Integrated Poultry System through its expertise, to support the Group's Farm-to-Fork business.

As a primary component of the Group, AIPI is the trusted supplier of high-quality and competitively priced chickens to KFC restaurants. Apart from KFC, AIPI is also the main supplier of choice in the chicken industry, both domestically and overseas.

AIPI is also fully committed to its responsibility to ensuring every step of the Integrated Poultry System complies with strict guidelines imposed by the authorities, especially in the context of adhering to conditions under Halal certification, while continuing our efforts to uphold quality and food safety.

Feedmill

AIPI's feedmill is located in Port Klang, where it is responsible for sourcing and obtaining the appropriate feedstock to be converted into chicken feed at each stage of the breeding process - breeder farms, hatcheries and Group and contract broiler farms. The chicken feed is made from vegan grains and selected raw materials that are specially imported. In addition, palm oil and medicine are also supplied by AIPI to meet the needs of the Group and its contract farmers.

In 2019, AIPI's feedmill utilised 60% of its capacity and produced 97,200 tonnes of chicken feed. As of end-2019, both profits and EBITDA showed positive results. Profit was RM180 million in 2019 compared to RM153 million in 2018, whereas EBITDA tripled to RM18 million compared to RM5 million in 2018. The main driver of the positive revenue was due to the stabilisation of commodity prices like soya bean and crude palm oil.

Breeder Farms, Hatcheries and Broiler Farms

A total of 51 million eggs were produced in 2019 by 64 breeding houses that operate under four breeding farms located in Alor Gajah, Melaka; Bangi, Selangor; Linggi and Tampin in Negeri Sembilan.

To attain the standard size set by the Group in order to produce quality chicken meat, a special genetic and breeding formula is closely followed by AIPI in the production of eggs. The formula has a ratio of chicken species comprising 46% Ross, 30% Cobb and 24% AA+.

There was also a total of 36 million day-old-chicks (DOCs) hatched, utilising 88% of the incubator capacity. These DOCs were then distributed to the Group's broiler farms in Mantin, as well as 31 contract broiler farms in Kedah, Pahang, Selangor and Johor.

Broiler farms operated at 97% production capacity in 2019. Broiler meat that achieves the target weight will be sent to the Processing Centre.

Chicken Processing

Company: Ayamias Food Corporation Sdn Bhd (AFCSB)

There are two categories of Chicken Processing Operations - Primary and Secondary

QSR Brands' primary chicken processing operations involve the slaughtering and production of chicken products according to Halal procedures. Ayamias Port Klang (Selangor), IPI Bukit Mertajam (Penang), and Ayamias Bandar Tenggara (Johor) are the three main Processing Centres under AFCSB.

With an annual production capacity of 48 million birds-to-plant (BTP) products, all three Processing Centres use the Primary Processing facility to produce our main products which includes the 'nine-piece cut chicken' which we supply to all KFC outlets.

FOOD AND RESTAURANT SERVICES BUSINESS



## FOOD AND RESTAURANT SERVICES BUSINESS

In 2019, 25.6 million BTP were produced by Ayamas Port Klang utilising 91% of its production capacity, 13.7 million BTP were from Ayamas Bandar Tenggara using 85% production capacity, and 7.5 million BTP were from IPI Bukit Mertajam using 79% of its production capacity.

Meanwhile, production activities of secondary chicken products like nuggets, burgers and sausages is carried out at Ayamas Port Klang only which is equipped with Further Processing facilities. Ayamas Port Klang reported total production capacity of 15,653 metric tonnes of nuggets, 12,979 metric tonnes of sausage products and 3,566 metric tonnes of 'topping' products.

AFCSB, in 2019, recorded solid sales performance of RM672 million, matching what was achieved in 2018. However, EBITDA continued its downward trend, at negative RM10 million in 2019 compared to negative RM5 million in 2018 as a result of repair and maintenance costs.

### Sales, Marketing and Trading Company: QSR Trading Sdn Bhd (QSRT)

QSRT represents the sales, marketing and trading component of QSR Brands. In addition to trading a variety of halal QSR Brands products, QSRT also conducts business activities for local and international brands. The food brands under QSR Brands include Ayamas, Ayamas Kitchen, Jodi, Life, Bakers' Street, and others.

In 2019, 70% of sales were from frozen products under the Ayamas brand, while 30% were from Shelf-Stable product sales. With the success seen by the Ayamas brand as a popular consumer choice, QSRT is now expanding its profile



with activities under the Ayamas Kitchen brand. Ayamas Kitchen offers ready-to-eat food products, with its ingredients sourced from outside the Group. QSRT has considered taste profiles and daily nutritional needs coupled with affordable prices while executing Ayamas Kitchen's marketing activities.

QSRT's revenue in 2019 recorded a decrease to RM333 million from RM353 million in 2018. Meanwhile, EBITDA was positive, increasing to RM20 million compared to RM17 million in 2018.

### ANCILLARY OPERATIONS

**Ancillary Operations recorded a decrease in revenue and EBITDA this year with revenue at RM222 million (3% less than revenue in 2018) and RM16.3 million for EBITDA (26.1% lower than EBITDA in 2018).**

### Sauce Production Company: Region Food Industries (RFI)

RFI is one of the leaders in the sauce production sector with authentic and quality products, cold dressings and food pastes. The products are exported to the global market to countries like the UK, France, Australia, New Zealand, Japan, Mauritius, Maldives, Dubai, Qatar, Saudi Arabia, Brunei, Vietnam, Bangladesh, and Singapore. The sauce brand, *Life*, is also supplied to KFC and Pizza Hut restaurants in Malaysia and Singapore.

## FOOD AND RESTAURANT SERVICES BUSINESS

In 2019, the RFI Processing Centre produced 28,151 metric tonnes of sauce and operated at full capacity.

RFI's revenue in 2019 was consisted in 2018 with a 3% reduction compared to 2018 with RM147 million recorded, whereas EBITDA also mirrored 2018 with RM13 million recorded.

### Bakery & Commissary Operations Company: QSR Manufacturing (QSRM)

Located in Glenmarie, Shah Alam, QSRM produces and supplies bakery and commissary products like buns, dough balls, raw pizzas, coleslaw, fresh vegetables and dairy products to KFC and Pizza Hut restaurants.

A total of 63 metric tonnes of bakery goods were produced in 2019, utilising 41% of the bakery's capacity. This included 54.9 million units of buns

(39.5% capacity utilisation), 5 million units of raw pizza dough balls (49.7% capacity utilisation), and 1.4 million units of other products, such as curry puffs, muffins and pies (100% capacity utilisation).

Meanwhile, QSRM commissary operations produced 2.7 million packets of coleslaw (48.6% capacity utilisation), 689 metric tonnes of fresh vegetables (55% capacity utilisation) and 68 metric tonnes of dairy products (16.2% capacity utilisation).

QSRM reported revenue of RM75 million, lower than 2018 (RM76 million). EBITDA was also negatively impacted recording RM3.1 million this year compared to RM8.5 million in 2018. Some of the factors for the reduction in revenue included a change in the product mix as the Group's restaurant segment has a larger influence on QSRM's gross profit margins.





# PROPERTY DIVISION

## JOHOR LAND BERHAD

**IN LINE WITH THE INDUSTRIAL REVOLUTION 4.0 ERA AND ITS 47<sup>TH</sup> ANNIVERSARY, JOHOR LAND BERHAD (JLAND), AS THE REAL ESTATE DEVELOPER AND PROPERTY DEVELOPMENT AGENT OF JOHOR CORPORATION CONTINUES TO FOCUS ON BUILDING HOMES THAT ARE IDEAL, QUALITY AND AFFORDABLE, WITH INNOVATIVE FEATURES.**

01

JLand owns a 790 hectare landbank in strategic locations in the middle of the Iskandar Malaysia development. In the last five years, JLand has built more than 5,000 homes and commercial units in Bandar Dato' Onn, Bandar Tiram, Taman Bukit Dahlia, Taman Mutiara Gading and around Johor Bahru, while emphasising sustainable values in each and every development. As of the end of 2019, JLand has built and handed over more than 33,000 residential and commercial units to its owners.

JLand continues to be committed to strengthening the business and its brand through improvements to quality, practising ethics and integrity, cultivating a long-term relationship with our stakeholders while having vast knowledge about the real estate market.



02



03

- 01 JLand offers exclusive homes that prioritises the comfort of its customers.
- 02 The Kasturi apartments won the FIABCI Malaysia Property Awards 2019 for the Affordable Homes category.
- 03 Bandar Tiram represents another new township that is being developed by JLand.

## FINANCIAL PERFORMANCE

The real estate market continued to face economic challenges and uncertainty in 2019. Johor recorded the highest number of unsold units in the country at 18.8%, as of the first half of 2019. This was due to the mismatch between supply and market demand, aside from factors such as affordability and tighter lending regulations by financial institutions.

For the year ending 31 December 2019, JLand recorded an increase in revenue of RM400 million compared to RM374 million the year before. Profit before tax was RM115 million compared to RM118 the year before. JLand's balance sheet

quality continued to remain strong with net assets rising to RM1.45 billion in 2019 compared to RM1.40 billion in 2018.

## BANDAR DATO' ONN

Bandar Dato' Onn is a premium development built by JLand which commenced construction in 2007. This township comprises 19 neighbourhoods occupying 597 hectares of freehold land that can be accessed through the North-South Highway (PLUS) and the Johor Bahru Eastern Dispersal Link (EDL).

The modern township concept comes equipped with ecological features and a sustainable environment which also emphasises the quality and relationships

## PROPERTY DIVISION

of a community-based lifestyle. Bandar Dato' Onn is the ideal residential location. This development will be fully completed over the next 10-15 years and involves the construction of 17,200 units of homes and commercial units with a GDV of RM10 billion. As of now, JLand has completed 3,333 housing and commercial units with another 706 units under construction and expected to be completed in 2020-2021.

Throughout 2019, JLand completed building 212 double-storey terrace houses and six double-storey semi detached houses in Phase 1, Neighbourhood 9 with a GDV of RM166.2 million. This neighbourhood is equipped with facilities such as a community centre, recreation park and playground.

The Bandar Dato' Onn township has also prepared other public facilities such as mosques, recreational parks, schools, college, shopping centre, specialist hospital, fast food restaurant, petrol station and police station. On 26 October 2019, JLand launched new sales of double-storey terrace houses and double-storey semi-detached houses in Phase 2 of Neighbourhood 9 with a GDV of RM217.5 million.

Efforts to upgrade the sustainable lifestyle of this township has led to JLand developing the Riverside @ Bandar Dato' Onn, the longest food hub in Johor Bahru with 40 restaurants and recreational facilities. Riverside is expected to be operational by the second quarter of 2020. Next to this area is the 'Wetland' community park which has been built to control water pollution in Bandar Dato' Onn apart from being a recreational space that can also educate its visitors.

JLand has taken the initiative to introduce innovation to fulfil requests of

**ASSET VALUE**  
**RM1.45** billion

**REVENUE**  
**RM400** million

**RESIDENTIAL AND COMMERCIAL UNITS COMPLETED**  
**33,000** units

**GDV BANDAR DATO' ONN**  
**RM10** billion

**GDV BANDAR TIRAM**  
**RM5** billion

customers in Bandar Dato' Onn. Located in Neighbourhood 14, 455 units of *Flexi Homes* with a concept studio were built for the M40 group that would allow owners to utilise their homes in creative ways. In addition, the house also has two entrances to enable separation of tenants.

In line with the Industrial Revolution 4.0, JLand has planned a smart neighbourhood in Neighbourhood 13 with the construction of 646 double-storey terrace homes that utilise smart features with facilities such as a community centre, bicycle lane, pedestrian and jogging track, wifi hotspots and a guardhouse.

The Smart 2.0 features that are both sustainable and utilise the cradle to grave concept in Bandar Dato' Onn led to JLand winning the Master Plan category at the FIABCI Malaysia Property Awards 2019 on 2 November 2019. At the same event, JLand also won the Affordable Homes category through its Kasturi Apartments project in Bandar Dato' Onn.



PROPERTY  
DIVISION

## BANDAR TIRAM

Bandar Tiram is another prestigious development carried out by JLand. This new township occupies 405 hectares and can be accessed by the Senai-Desaru Highway and is being developed in stages (Phase 1-5). This development offers more than 11,000 residential and commercial units with a GDV of RM5 billion and is expected to be completed in 2035.

As of now, JLand has developed 43.30 hectares of land in Bandar Tiram 1, comprising 799 double-storey terrace houses and 53 office shophots with a

GDV of RM362 million. As of 2019, 24 office shophots, 66 double-storey terrace *Carnelian* 2 units and 25 terrace *Citrina* units have been completed. Another 34 office shophots are being constructed with another 45 to be built in stages. The entire GDV of Bandar Tiram 1 is RM440 million and it is expected to be fully completed in 2022.

Bandar Tiram is also equipped with public facilities such as schools, police stations, fire stations, bus terminals, mosques, markets and a community hall. In terms of common use facilities, a landscaped centre has been built for the community to relax in.

## TAMAN BUKIT DAHLIA

Constructed on a 168.75-hectare space, Taman Bukit Dahlia is a mixed development that comprises 3,800 double-storey terrace houses, double-storey semi-detached houses and a commercial complex. The GDV of this development is RM990 million.

In 2019, 28 semi-detached houses were built whereas 64 double-storey terrace houses of type A as well as 103 units of type B were being constructed in Zone C and is expected to be completed in 2020.

## TAMAN MUTIARA GADING

Occupying a 96 hectare area, Taman Mutiara Gading is a mixed development located in Sri Gading, Batu Pahat, Johor. This project comprises 1,809 residential units, 119 office shophots and commercial plots with a GDV of RM700 million. The houses are strategically located seven kilometres away from Batu Pahat town. Taman Mutiara Gading will be developed in stages and fully completed in 2026.

In September 2019, 194 double-storey terrace houses in Phase 1A and 1B with GDV of RM90.5 million were completed. JLand is also building 250 double-storey terrace houses in Phase 1C & 1E with a GDV of RM131.3 million and it is expected to be completed in the first quarter of 2021. Many facilities have been prepared for residents including a market, affordable homes, mosque and schools.

The construction of the Sri Gading KPJ Specialist Hospital will also help drive the development of Taman Mutiara Gading. This 90-bed hospital will help to overcome the shortage of hospital services in the surrounding area.

## MENARA JLAND

JLand has taken another significant step in real estate development with the construction of Menara JLand in the Johor Bahru city centre. This structure is a grade A office building, applying new green building concepts which adhere to the Green Building Index Gold Certification standards and MSC specifications. The building obtained its Certificate of Completion and Compliance (CCC) in August 2018 and was occupied towards the end of 2018. Menara JLand offers 262,592 square feet total space with floor space ranging between 5,000 and 12,000 square feet per floor.

Environmentally-friendly features that were applied to this tower includes maximising daylight and the use of double glazed low E windows that reduces the absorption of sunlight by up to 50% and the usage of electricity by up to 73%. The use of technology and GBI-specified materials has made a significant impact on the use of natural resources such as energy, water and fuel as well as reducing the impact of the building on health and the environment.

Built on top of the KOMTAR Johor Bahru City Centre (JBCC) shopping mall, the beauty of the modern and contemporary design of Menara JLand can be seen throughout the city. The building also has a Sky Garden every two floors. Menara JLand also offers the foremost tourist family attraction with the Skyscape @ Menara JLand on the 34<sup>th</sup> floor with its Observation Deck and Sky Walk with glass detailing, rooftop restaurant and other facilities that will give visitors an unforgettable experience. The Sultan of Johor Sultan Ibrahim Sultan Iskandar officiated the launch of Menara JLand on 26 November 2019.

The uniqueness and significance of the building has won JLand many accolades including 'Best Office Development' by Asia Property Awards (Malaysia) 2018 and 'Best Commercial Development' by StarProperty Awards 2018 Jewels of Johor, in April and September 2018, respectively. JLand also won 'Best Office Development (Malaysia)' at the PropertyGuru Asia Property Awards Grand Final 2018, representing Malaysia in Bangkok on 9 November 2018.

DEVELOPMENT OF AFFORDABLE  
HOMES

JLand is also committed to realising the aspirations of the state government by ensuring home ownership for all Johoreans through the Johor Affordable Housing Policy. As such, JLand will build 7,064 low cost houses and Johor Affordable Housing (RMMJ) in Tampoi, Bandar Dato' Onn, Bandar Tiram, Bandar Baru Majidee, Taman Mutiara Gading, Jalan Kong Kong-Masai in Pasir Gudang, Kampung Londang Batu in Mersing and Lenga, Muar.

As of 2019, JLand has built and handed over 2,106 affordable homes to buyers with 304 units in Taman Seroja and 630 units in Bandar Tiram. A total of 1,016 units are *Myhome* and PKJ 'B' in Bandar Dato' Onn whereas 156 units were handed over in Kampung Dato' Ajib, Mersing. A total of 1,048 affordable homes including 320 units of Rumah Impian Johor (RIBJ) in Bandar Baru Majidee as well as 488 units of RIBJ in Bandar Dato' Onn are currently being constructed and are expected to be completed in 2020. The 240 units on Jalan Kong Kong-Masai is in the process of obtaining its Certificate of Practical Completion. The remaining 3,768 affordable homes is expected to be completed fully by 2025.

## ROLE AS A DEVELOPMENT AGENT

As the development agent of JCorp and in line with the state government's aspirations to accelerate and expand economic growth, JLand is also responsible for the construction and upgrading of sports infrastructure in the Arena Larkin development. This project sits on a 43.30-hectare space and is intended to fulfil the needs of the state government and the people in its preparations to be the host for Sukma 2020. As of end-2019, the construction of the new closed stadium is at 99%, while the upgrading of the aquatic stadium is at 98%. JLand is also reorganising the traffic flow in the area and upgrading the state football stadium.

## GDV TAMAN BUKIT DAHLIA

**RM990** million

## GDV TAMAN MUTIARA GADING

**RM700** million

## MENARA JLAND HAS WON

**4** awards

AFFORDABLE HOMES HAVE BEEN  
BUILT

**2,106** units

PROPERTY  
DIVISION



PROPERTY  
DIVISION

## DAMANSARA ASSETS SDN BHD

**DAMANSARA ASSETS SDN BHD (DASB) IS A FULLY OWNED SUBSIDIARY OF JCORP. AS THE COMMERCIAL PROPERTY MANAGER OF THE JCORP GROUP, DASB MANAGES VARIOUS BUSINESS CENTRES, OFFICE TOWERS AND A TRANSPORTATION HUB.**

As of end-December 2019, DAB manages 240,000 square meters of leased space worth nearly RM2 billion that is located in strategic locations in the Klang Valley and Johor Bahru, and with an average occupancy rate of 80%. The space is occupied by 1,521 tenants comprising various types of companies such as corporate bodies, government agencies, financial institutions, professional and private companies as well as small traders. Of this total, 37% are Bumiputera companies (not including JCorp subsidiaries).

## FINANCIAL POSITION 2019

DASB Group income was RM158.6 million as of 31 December 2019 compared to RM133.7 million for the same period in 2018. Most of the increase in revenue was because of rental incomes. Profit before tax for the Group for the same period was RM47 million compared to RM68 million in 2017. The difference in profit was due to an increase in financing costs and a reduction in other income.



01



02



03

01 Galleria @ Kotaraya.

02 Community Market @Mart Kempas.

03 B5 Johor Street Market.

CORPORATE SETTLEMENT  
EFFORTS WITH IESB

DASB through its subsidiary, Bukit Damansara Development Sdn Bhd signed a sales and purchase agreement for Pusat Bandar Damansara with Impian Ekspresi Sdn Bhd (IESB) valued at RM700 million in 2009. The payment terms for this included RM500 million cash as well as two office spaces worth RM200 million at VSQ and Pavilion Damansara Heights. The transaction was completed on 31 December 2019 following the payment on an 80,000 square feet office space in Pavilion Damansara Heights valued at RM75 million from IESB. The entire corporate exercise was carried out for the purpose of redeeming JCorp's sukuk debt.

GLOBAL SETTLEMENT BETWEEN  
JCORP, DASB AND DBHD

JCorp, DASB and Damansara Realty Berhad (DBhd) have agreed to a global settlement involving the JCorp Group and DBhd Group. In relation to this, all parties have signed the Deed of Settlement on 17 December 2019. The settlement involves the transfer of DASB companies, TMR Urusharta Sdn Bhd and HC Duraclean Sdn Bhd to DBhd and the transfer of shares in Healthcare Technical Services SDn Bhd from DBhd to DASB. In addition, DBhd agreed to settle outstanding debt of almost RM12 million to DASB in the form of 25 terrace houses in Damansara Hills 1 and Bandar Damansara Kuantan, Pahang.

COOPERATION BETWEEN DASB AND  
UTM TO STRENGTHEN REAL ESTATE  
MANAGEMENT

To strengthen real estate management, DASB works closely with Universiti Teknologi Malaysia (UTM) to provide structured training to students undertaking the Bachelor of Science majoring in Real Estate or the Land Administration and Development degree. Selected students will undergo industry training and a Professional Real Estate Apprenticeship Programme before being considered for a position at DASB.

A ceremony to recognise this cooperation was held on 18 December 2019 to sign a five-year Memorandum of Understanding between DASB and UTM held at the Faculty of Built Environment and Surveying in UTM Johor Bahru.

The ceremony was officiated by UTM Deputy Vice Chancellor (Academic and International) Prof Ir Ts Dr Zainuddin Abd Manan and DASB's Executive Chairman, Tuan Haji Yusaini Sidek. Also present was Sr Dr Mohd Nadzri Jaafar, Director (Real Estate), Faculty of Built Environment and Surveying.

KOMTAR JBCC RECOGNISED AS  
SELECTED TRADE ZONE

KOMTAR JBCC has been recognised as one of the Selected Trade Zones (ZPT), together with nine business complexes in the southern zone, by the Domestic Trade and Consumer Affairs Ministry, based on its level of compliance under the Smart Enforcement programme.

Aside from a certificate and plaque, KOMTAR JBCC received other rewards, in the form of promoting ZPTs as a shopping destination, being listed in a

PROPERTY  
DIVISIONRENTABLE SPACE  
**250,000** m<sup>2</sup>RENTAL VALUE  
**RM2** billionTENANTS  
**1,724**BUMIPUTERA TENANTS  
**37** %REVENUE  
**RM158.6** million

tourist directory, outreach programme, announcements within the Ministry's network as well as being listed on the Ministry website. The Southern Zone ZPT recognition ceremony was held on 7 July 2019 and was officiated by its minister, YA Datuk Seri Saifuddin Nasution Ismail at the KOMTAR JBCC lobby.

JOM JUMPA - B5 JOHOR STREET  
MARKET & 'BROWN SIGNAGE'  
HANDOVER

On 20 October 2019, the 'Brown Signage' Handover event was officiated by State Tourism, Women, Family and Community Development Committee Chairman YB Liow Cai Tung as a symbolic recognition of the B5 Johor Street Market being registered as a local tourism centre under the Promotion of Investments Act 1986.



PROPERTY  
DIVISION

01 Finals of the Angry Bird Crew Challenge 2019.

02 Jom Jumpa - B5 Johor Street Market &amp; "Brown Signage" Handover.



In conjunction with the event, tenants were given the opportunity to witness the latest progress with the project through the *Jom Jumpa* session. The B5 Johor Street Market offers 219 lots to Bumiputera entrepreneurs to create job opportunities for the local community. With the combination of the five elements of a retail bazaar, box park, food truck, food and beverages, as well as Johor arts and culture, the B5 Johor Street Market is targeting both local and foreign tourists, as well as the youth and locals.

**ANGRY BIRDS CREW CHALLENGE 2019**

This programme served as a platform to expose students to a healthy lifestyle, teamwork and confidence building,

as well as shaping leadership skills, in addition to promoting family theme park activities. The highlight of the *Angry Birds Crew Challenge 2019* took place on 19 November 2019, involving 100 students from 16 schools. Participants were divided into two categories according to their age and were required to complete 10 tasks within the stipulated time.

Sekolah Kebangsaan Taman Pelangi Indah emerged champions of Category A and Sekolah Kebangsaan Desa Skudai was first in Category B. Prizes to the winners were handed out by Johor Education Department Senior Principal Assistant Director (Languages), Rokiah

Ahmad, DASB Executive Director, Haji Yusaini Sidek; as well as Pontian District Education Office Communications Officer, Mohd Yunos Mahmod.

**UPGRADING OF TAMAN DAHLIA MARKET**

DASB carried out upgrading works at the wet market at the 16,800 square foot Taman Dahlia Business Centre at a cost of RM2.7 million to benefit almost 400 traders. The handover of the completed building with 105 lots was officiated by JCorp Property Division Vice President cum DASB Executive Director, Haji Yusaini Sidek on 7 December 2019. Also present

was Johor Bahru City Council Member for Tampoi, Haji Abdullah Ideris; as well as the President of the Johor Melayu Gemilang Hawker and Small Traders Association, Haji Onn Mohd Yassin.

In order to lighten the burden of tenants that are affected by the uncertain economic situation, DASB granted a rental rebate of as much as 30% to tenants and leeway to pay deposits and any other advanced fees over two payments. Qualified tenants were also given a two month rental exemption.

These market traders sell seafood, chicken, groceries, eggs, spices and frozen products.

**JU MAULIDUR RASUL 1441H & KHITAN JAMAEI PROGRAMME**

DASB together with Waqaf An-Nur Corporation Berhad, Masjid An-Nur Kotaraya and the KPJ Johor Specialist Hospital organised the *Jalinan Ukhwah Sambutan Maulidur Rasul 1441H & Majlis Khitan Jamaei Programme* on 7 December 2019. Fifty children from the B40 segment underwent a free mass circumcision at the Klinik Waqaf An-Nur Galleria@Kotaraya.

The event was fully sponsored by the KPJ Johor Specialist Hospital, Klinik Waqaf An-Nur Galleria@Kotaraya and DASB. The children also received aid for their school preparations in the form of a bag and RM100 cash contributed by JCorp Foundation and DASB. Their families meanwhile, received help from *Food Bank for Charity* contributed by Galleria@Kotaraya and KOMTAR JBCC.

PROPERTY  
DIVISION



PROPERTY DIVISION

AL-AQAR HEALTHCARE REIT

**AL-AQAR HEALTHCARE REIT ('AL-AQAR') WAS LISTED ON THE BURSA MALAYSIA SECURITIES BERHAD MAIN BOARD ON 10 AUGUST 2006. AL-AQAR HAS GROWN ITS PORTFOLIO TO 23 PROPERTIES COMPRISING 17 HOSPITALS AND THREE HEALTHCARE RELATED PROPERTIES, TWO ENGINEERING COLLEGES AND ONE SENIOR CITIZEN AND RETIREMENT CENTRE IN MALAYSIA AND AUSTRALIA.**

**PROPERTIES**  
**23**  
**PROPERTY VALUE STOOD AT**  
**RM1.57** billion

Al-Aqar is managed by Damansara REIT Managers Sdn Berhad (DRMSB or the Manager), a wholly owned subsidiary of Johor Corporation Group and supported by KPJ Healthcare Berhad (KPJ).

As at 31 December 2019, Al-Aqar's property value stood at RM1.57 billion with a market capitalisation of RM971.5 million.

FINANCIAL PERFORMANCE

Al-Aqar recorded income of RM106.1 million in 2019, an increase of 3.4% compared to 2018. Net property income (NPI) also increased by 3.8% to RM100.3 million from RM96.6 million in 2018. The increase in revenue and NPI was due to full rental income received upon settlement of the KPJUC Nilai acquisition as well as annual increment on rental income.

Profit for 2019 was RM76.2 million (2018: RM92.3 million) comprising realised profit of RM63.4 million (2017: RM61.0 million) and unrealised profit of RM12.7 million (2018: RM30.3 million).

Realised profit increased by 3.9% or RM2.4 million and was due to full rental income received upon settlement of the KPJUC Nilai acquisition as well as annual increment on rental income.

The unrealised profit of RM12.7 million mainly relates to fair value gains on investment properties, which was lower by RM17.6 million.

Declared dividend for 2018 is 7.8 sen per unit totalling RM57.0 million, which represents 95% of the income available for distribution.

KPJ Batu Pahat Specialist Hospital, the 23<sup>rd</sup> asset owned by Al-Aqar.



PROPERTY DIVISION

BUSINESS REVIEW

As at 31 December 2019, Al-Aqar has 22 properties in Malaysia comprising 17 hospitals, three wellness/health centres and two colleges and one aged care & retirement village in Australia. It represents 91.6% of the total property value and contributes 89.1% and 88.7% to the revenue and net rental income of Al-Aqar, respectively.

Jeta Gardens Aged Care and Retirement Village in Australia is the sole foreign asset owned by Al-Aqar. The property represents 8.4% of the total property value and contributes 10.9% and 11.3% to the revenue and net rental income of Al-Aqar, respectively.

Challenges

2019 has shown numerous factors are advancing the growth of the healthcare industry which creates challenges for the players of the industry. Going forward, Al-Aqar is in the opinion that the following are the three main challenges for the Fund:

- 1 Technology Trends In Healthcare**

Significant consolidation in the healthcare industry over the past several years has resulted in more complex back end technology and systems as networks get larger.

The main challenges in adopting technological innovations in the healthcare sector lies in cost and the ability of such innovations to meet consumer needs.
- 2 Implementation of Drug Ceiling Price**

The Malaysian Cabinet announcement on the implementation of price control measures for pharmaceutical drugs is expected to affect the pharmaceutical value chain, impacting clinics, hospitals and pharmacies. Operating profit margin for healthcare operators would be compressed further and indirectly it could affect the tenant's ability to serve their lease obligations.
- 3 Royal Commission Into Aged Care Quality & Safety**

On 16 September 2018, Australian Prime Minister Scott Morrison announced that the government had decided to establish a Royal Commission into the residential aged care sector. Its formation creates an increased level of uncertainty for operators which includes the possible impact of the Royal Commission's future recommendations on the profitability and value of aged care businesses.



## PROPERTY DIVISION

### PROSPECTS

Despite the above challenges, the Manager expects the Fund to be able to record stable and resilient earnings as the healthcare real estate is an alternative specialised asset class that is less reliant on the economy. In addition, the healthcare market is driven by an increase of demand, both local and overseas.

The growth in healthcare tourism bodes well for KPJ's prospects and brand recognition as the preferred operator through its excellent operational and service standards. Together with KPJ's strategy to strengthen its presence nationwide through the brownfield expansion plan and introduction of its Ambulatory Care Centres (ACC) facilities, the long-term prospects are positive, and will eventually benefit the Fund that is currently looking into business opportunities in other segments. A number of new hospitals and expansion projects have been identified to be injected into the Fund and will augur well for the performance of Al-'Aqar.

As there have been no major acquisitions recently, the settlement of the acquisition of Batu Pahat KPJ Specialist Hospital is viewed as the starting point of Al-'Aqar's expansion. The establishment of the Royal Commission in Australia was tasked to review the overall aged care industry's current practices and recommend improvements to the services. The Commission has issued an Interim Report and found that a fundamental overhaul of the design, objectives, regulation and funding of aged care in Australia is required. Accordingly, this will have an impact on the future viability of the aged care businesses. The Managers

and Management of Jeta Gardens are currently monitoring the impact of the Royal Commission findings.

### Al-Salām REIT

Al-Salām REAL ESTATE INVESTMENT TRUST (REIT) was listed on the Main Market of Bursa Malaysia Securities Berhad on 29 September 2015. Al-Salām REIT is a Shariah compliant fund with principal activity to invest in diversified Shariah-compliant properties.

With an initial portfolio of 31 properties, Al-Salām REIT has grown to 49 properties comprising three retail malls, one office building, 38 Food & Beverage restaurants and seven Food & Beverage Non-Restaurant outlets located across Malaysia. The property value has grown 30% from an initial portfolio of RM911.5 million to RM1.19 billion as at 31 December 2019.

Al-Salām REIT is managed by Damansara REIT Managers Sdn Berhad (DRMSB or the Manager) a wholly-owned subsidiary of Johor Corporation (JCorp). The Manager is a Capital Markets Service licence holder, authorised to carry out fund management activities in relation to REIT.

As at 31 December 2019, Al-Salām REIT asset value stood at RM1.25 billion with a market capitalisation of RM469.8 million.



### FINANCIAL PERFORMANCE

Al-Salām REIT achieved a gross revenue of RM94.9 million for the financial year ended 31 December 2019, a growth of 15.5% against RM82.2 million achieved in 2018, mainly contributed by additional rental income from Mydin Hypermart Gong Badak and 17 QSR Brands assets, for which the acquisitions were completed on 21 September 2018 and 19 March 2019, respectively.

01



02

01 KFC Restaurants is part of Al-Salam REIT's assets.

02 Menara KOMTAR JBCC.

Despite the increase in revenue, Al-Salām REIT registered a lower realised EPU in 2019 mainly due to lower NPI contribution from KOMTAR JBCC of RM21.0 million as compared to RM25.2 million in 2018.

Profit for the year was RM36.2 million compared to RM40.3 million the year before, comprising realised profit of RM28.4 million and unrealised profit of RM7.8 million compared to RM8.4 million the year before. Realised profit was lower by 10.9% from the previous year mainly due to lower NPI of KOMTAR JBCC (RM4.2 million).

The unrealised profit of RM7.8 million comprised of fair value gain of RM3.6 million and unbilled rental income from Mydin Hypermart Gong Badak of RM4.2 million. The higher net fair value gain was mainly attributable to F&B related properties.

The dividend declared for 2019 is 4.75 sen per unit (FY2018: 5.35 sen) totaling RM27.6 million, which represents 97% of the income available for distribution.

### PROSPECTS

Al-Salām REIT's retail assets represent the majority of the fund's portfolio composition, and the increase in competition coupled with dampened consumer spending had impacted its performance in 2019. While prime shopping malls in prominent locations have sustained their revenues, which is derived from stable footfall, tenant occupancy and rental revision rates, players operating at a smaller scale and located in less strategic areas will be most affected by the intense competition in the retail landscape. This scenario will continue to develop due to the rising threat of e-commerce which is disrupting physical store performance. These factors are affecting Johor Bahru's retail scene as new shopping malls continue to offer various incentives to attract tenants.

By virtue of KOMTAR JBCC's well known strategic location and strong brand value, these competitive strengths are key drivers to attract new retailers whilst retaining existing operators that are due for lease renewals. With the upcoming developments within the city centre, KOMTAR JBCC will continue to prosper due to locals and Singaporean patrons, considering that Malaysia represents the most convenient and closely located shopping haven.

The long-term triple net lease agreements for the Restaurant and Non-Restaurant F&B segments will strengthen Al-Salām REIT's revenue. This arrangement will also minimise the Fund's exposure to increase in operational costs that are needed for properties in the long-term.

## PROPERTY DIVISION



# INDUSTRIAL DEVELOPMENT DIVISION

**JCORP ESTABLISHED THE INDUSTRIAL DEVELOPMENT DIVISION (IDD) TO CARRY OUT ITS MANDATE AS A STATE DEVELOPMENT AGENCY. SOME OF THE DIVISION'S MAIN ACTIVITIES INCLUDE PLANNING AND DEVELOPING INDUSTRIAL AREAS IN EVERY DISTRICT IN JOHOR.**

This task is carried by TPM Technopark Sdn Bhd (TTSB). In addition to this, the division's main activities are supported by port and logistics services through TLP Terminal Sdn Bhd; while skills training is handled by Johor Skill Development Centre (JSDC).

The opening of new industrial areas is important to increase economic growth as well as ensuring that locals are able to benefit from positive economic spillover effects. This would occur through the development of new townships, as well as the creation of supporting businesses and jobs. Industrial development will also generate demand for other activities, such as housing and commercial development.

To date, IDD has developed 34 industrial areas which spans 6,587 hectares across Johor. These developments have succeeded in attracting investments amounting to

RM94.92 billion through 1,980 domestic and foreign investors, while creating 220,479 job opportunities. In 2019, IDD recorded 60 new investors with investments amounting to RM401 million.

As at end-2019, JCorp has offered 900 hectares of industrial land for development located in Kulai Industrial Park (KIP), Muar Furniture Park (MFP), Pengerang Industrial Park (PIP) and Kompleks Perindustrian Tanjung Langsat (KPTL). The development of these new industrial areas is aligned to the government's aspirations to spur economic growth especially in the era of the Industrial Revolution 4.0 and the oil and gas sector.

## TPM TECHNOPARK SDN BHD (TTSB)

TTSB is a wholly-owned subsidiary company of JCorp under IDD. It provides project management services, development, marketing, as well as the management of JCorp's industrial

areas in addition to managing commercial and industrial developments.

Revenue under the TTSB Group's Financial Performance as of 31 December 2019 was RM71.97 million compared to RM40.15 million in 2018. Profit before tax increased to RM10.4 million in 2019 compared to a loss before tax of RM2.68 million in 2018. This was due to the realisation of industrial land sales in Sedenak that was recorded in 2019.

TTSB expects to record better results in the years ahead through new industrial development projects in Pengerang and Bakri, Muar.

## MARKETING OF INDUSTRIAL LAND

JCorp, through TTSB, is consistently focused on attracting investments to Johor as the choice location for investors in Malaysia, especially in industrial areas in Kulai, Muar, Pengerang and KPTL. Through cooperation with state and federal government agencies, TTSB often participates in both local and international promotion efforts. In 2019, TTSB participated in investment missions organised by the Malaysian Investment Development Authority to South Korea, Taiwan, Australia, Indonesia and the United States.

## INDUSTRIAL DEVELOPMENT DIVISION

**NEW INVESTMENTS**  
**RM401** million

**FOUR INDUSTRIAL ZONES**  
**900** hectares

**PROJECTS MANAGED BY TTSB**  
**42** projects

**JCORP'S SEDENAK MASTERPLAN**  
**2,834** hectares

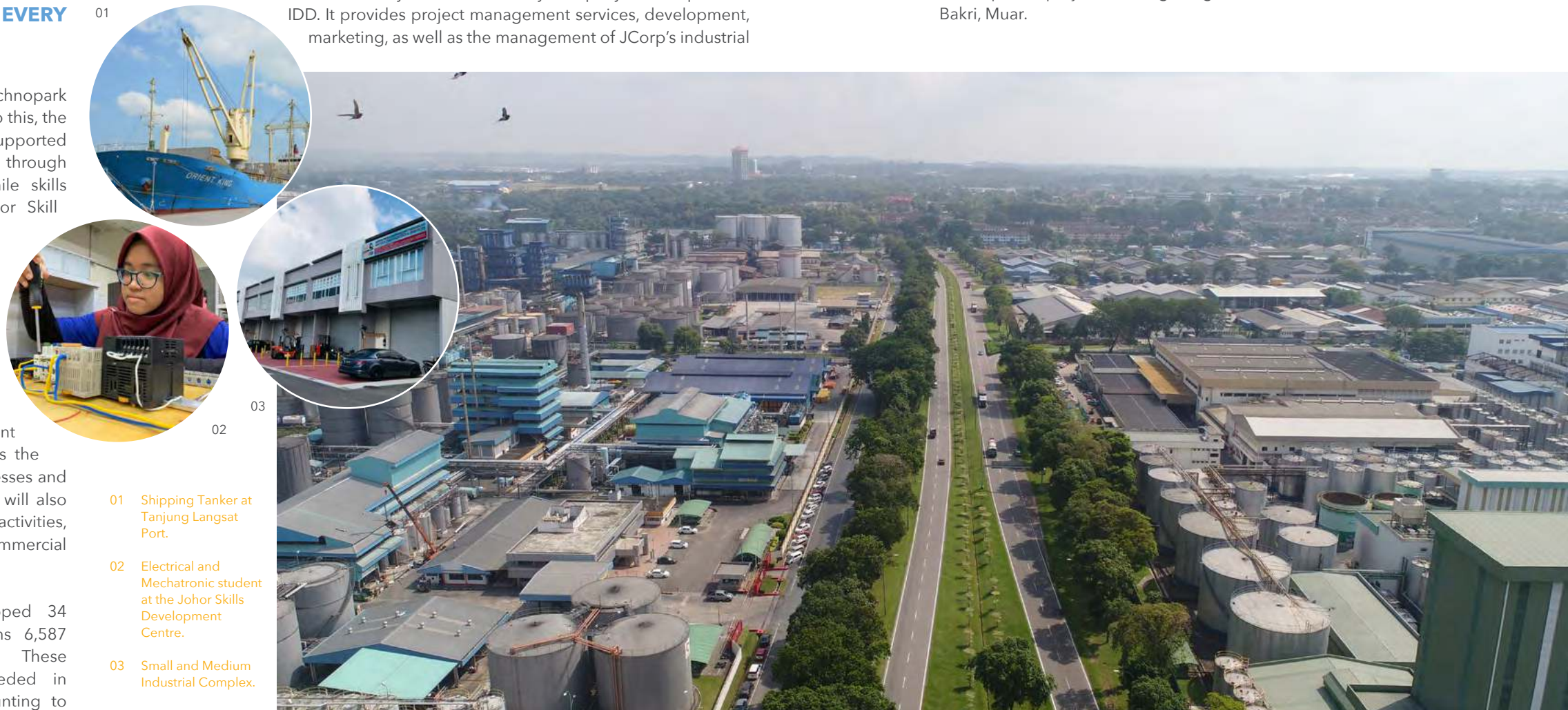
As the marketing agent for JCorp's industrial areas, throughout 2019, TTSB sold 143.2 hectares of land valued at RM422.8 million, while sales collection achieved was RM265.8 million.

## PROJECT MANAGEMENT

Aside from the marketing of JCorp's industrial areas, TTSB also offers project management services. In 2019, TTSB managed 42 developments with a project value of RM96.7 million.

TTSB also acts as project manager for projects awarded by the Prime Minister's Department via the State Development Office (SDO) of Johor. Throughout 2019, TTSB managed 17 SDO projects valued at RM48.72 million. Since 2011, TTSB has managed or is managing a total of 60 projects valued at RM131.175 million.

Overall, TTSB completed 34 projects valued at RM99.4 million in 2019. It involved 26 industrial projects mostly located in KPTL, Pasir Gudang and Sedenak; and seven commercial projects under the SDO valued at RM20.5 million.



01 Shipping Tanker at Tanjung Langsat Port.

02 Electrical and Mechatronic student at the Johor Skills Development Centre.

03 Small and Medium Industrial Complex.



## INDUSTRIAL DEVELOPMENT DIVISION



Lawatan Ketua Setiausaha Negara ke Pengerang Industrial Park.

### DEVELOPMENT OF SEDENAK

#### a) Johor Corporation Master Plan

##### Sedenak Industry 4.0 Hub and Smart City Master Plan

JCorp's Sedenak Masterplan for a 2,834 hectare area was mooted in 2016. This plan is an important component that supports the Greater Sedenak Masterplan covering a total area of 20,242 hectares. According to the plan JCorp has targeted for development to be more focused towards the Industry 4.0 Centre and Smart City.

#### b) KIDEX

Malaysia Digital Economy Corporation (MDEC), the main entity leading Malaysia into the digital economy, began its cooperation with JCorp to develop Sedenak as an international standard data centre which would be named Sedenak Iskandar Data Hub. AECOM, a design and engineering firm, prepared the SIDH master plan in 2016 based on the principle of live-work-play.

In 2019, SIDH was rebranded to Kulai Iskandar Data Exchange (KIDEX), Infrastructure work began in 2016. In 2019, investors began development works for a Tier 3 data centre began in and it is expected to be operational in 2021.

### DEVELOPMENT OF MUAR FURNITURE INDUSTRIAL HUB

As planned in the Johor Budget 2016, JCorp has been entrusted by the State Government to develop a more systematic furniture industrial hub that would be named Muar Furniture Park (MFP). This hub is equipped with a variety of infrastructure facilities and amenities for furniture manufacturers currently operating on agriculture land across Muar.

Spanning 399 hectares, physical development began in February 2018 and the first 28.3 hectare platform was handed over to investors on 9 October 2019. In 2019, a 150.1 hectare industrial area valued at RM264 million was sold to 124 investors. When complete, the MPF is expected to generate investments of RM1.5 billion and the creation of 15,000 jobs.

### PENGERANG OIL & GAS SUPPORT INDUSTRIAL AREA

The development of the Pengerang Industrial Park (PIP) on a 319-hectare site is to provide the Pengerang Integrated Petroleum Complex (PIPC) with supporting oil & gas industries. Aggressive marketing was conducted to attract owners of downstream activities, such as aromatics, chemical production, O&G equipment storage and O&G engineering and services.

Physical development has begun and ground work progress at the site has exceeded 63 percent as of December 2019 and is expected to generate investments valued at RM17.4 billion. The involvement of JCorp is expected to complement the existing and incoming infrastructure at PIPC such as the Pengerang Deepwater Terminal, maritime industrial area and commercial services hub.

### EXPANSION OF KPTL

KPTL is a large-scaled industrial zone owned by JCorp, spanning 1,957 hectares and dedicated to heavy industry. Currently, there are 122 local and foreign investors with committed investments of RM27 billion. Of this amount, 80 factories valued at RM21.18 billion have started operations.

### TLP TERMINAL SDN BHD

TLP Terminal Sdn Bhd (TLPT) is JCorp's fully owned subsidiary company which manages Tanjung Langsat Port (TLP). TLPT recorded income of RM63.3 million for the financial year 2019. Profit before

tax declined to RM5.8 million compared to RM10.6 million in 2018 due to new accounting standards for leasing (MFRS 16) for dock rentals, and a rise in port operational costs.

TLPT was awarded the Best Private Jetty at the Port Industrial Award 2019 by the Johor Port Authority. In addition, TLPT received the silver award from Etiqa Insurance (risk adviser) for its outstanding risk management record.

### ENABLER - PORT SERVICES

Throughout 2019, TLP recorded cargo handling of 11.76 million metric tonnes (MT). The largest contributor to this was petroleum with 10.62 million MT (90%) while the rest comprised edible oil and bulk cargo with 0.64 million MT (5%) and 0.50 million MT (4%), respectively.

### PORT BUSINESS

Equipped with berthing facilities and the capability of handling vessels of Suezmax and Aframax sizes, TLP is working to remain as a preferred harbouring destination among traders and investors.



## INDUSTRIAL DEVELOPMENT DIVISION

Located only 12 nautical miles from the international shipping lane, PTL has seven berths for liquid cargo with a capacity of 23 million MT and two berths for dry goods/bulk cargo with a capacity of 3 million MT. To fully complete the ports and logistics ecosystem, TLP is also supported by the following clusters:

a) Oil storage tanks with a capacity of 986,500 cubic metres situated on a 150-hectare site, comprising oil terminals for petroleum and petrochemical cargo, edible oil cargo as well as direct piping to the jetty. As of now, a few foreign and international investors are operating here including Dialog Terminals Langsat Sdn Bhd, Langsat Bitumen Terminal (owned by Puma Energy, subsidiary of Trafigura Group), Musim Mastika Oil & Fats (M) Sdn Bhd (subsidiary of Musim Mas Group), Langsat Bulkers Terminals (owned by Felda Johore Bulkers) and Menajaya Oil & Fats Sdn Bhd. Norman Process Oil Sdn Bhd (subsidiary of Orghkim Group) is in the process of building a factory to process rubber oil without carcinogens for the rubber industry and synthetic tires.

b) Oilfield Services & Equipment Hubs (OFSE): 174 hectares of industrial for Offshore Engineering Services has been allocated to global OFSE companies to operate in TLP, to provide their services to a rapidly growing industry in this region. Some of the companies operating here include, Asiaflex Products Sdn Bhd (Technip Group company), Kiswire Neptune Sdn Bhd; and Bahru Stainless Sdn Bhd (subsidiary of Acerinox Pte Ltd).



## INDUSTRIAL DEVELOPMENT DIVISION

c) Regional Marine Supply Base: This port has also been equipped with a Regional Marine Supply Base comprising a Common User Supply Base, as well as a Logistics and Warehouse Hub, each occupying 20 hectares. These facilities provide services to contractors, service providers and others who are supporting oil exploration in the region.

### i. Common User Supply Base

The CUSB facilities were constructed by Langsat OSC Sdn Bhd (LOSC), which is a joint venture company of Langsat Marine Base Sdn Bhd, a subsidiary of JCorp with Oilfields Supply Center Ltd, a company in Dubai. LOSC is operating with a Public Warehouse License and Licensed Manufacturing Warehouse in accordance with Section 65 and 65A of the Customs Act 1967. This facility has 16 workshops that can be utilised by the downstream oil & gas industry. With shared expertise managing this facility in the form of Jebel Ali Freezone (JAFZA), Dubai, United Arab Emirates, LOSC is able to attract well-known O&G companies to operate here.

### ii. Logistics and Warehousing Hub

The logistics and warehousing hub that was built by Langsat Marine Terminal Sdn Bhd (LMT) has succeeded in drawing NKGBS Malaysia Sdn Bhd, a Japan-headquartered company to rent the entire closed warehouse for 10 years, beginning in 2016. The whole LMT operates under



a Public Warehouse Licence under Section 65 of the Customs Act 1967. Other companies that have invested in LMT are Welfab Engineering Sdn Bhd, Tiong Nam Logistics Solution Sdn Bhd and FGV Logistics Sdn Bhd.

### ENABLER - PALM OIL INDUSTRIAL CLUSTER

The development of the Palm Oil Industrial Cluster (POIC) at the Tanjung Langsat Industrial Complex was carried out with a RM103 million grant from the Federal Government, that was allocated through the Ministry of Plantation Industries and Commodities.

#### HANDLED BY TLP

**11.76** million MT

#### CAPACITY THROUGH SEVEN LIQUID TERMINALS

**23** million MT

#### INVESTMENT IN POIC

**RM1.77** billion

#### SME FACTORIES IN MUAR & PASIR GUDANG

**54** factories

#### JSDC GRADUATES

**499** graduates

## INDUSTRIAL DEVELOPMENT DIVISION

### ENABLER - FREE COMMERCIAL ZONE

To add value for investors as well as to maximise its strategic location, JCorp has taken the initiative to set up a Free Commercial Zone (FCZ) within the port area. The Ministry of Finance granted approval for JCorp to set up the 75-hectare facility in June 2016.



Equipped with components, such as office and factory buildings, biomass plant, oil storage tanks, as well as other infrastructure on a 131-hectare site, POIC provides value add to palm oil operators in TLP. As of end-2019, sales of industrial land at POIC exceeded 70%, comprising nine fully operational strategic investors with investments totalling RM1.77 billion.

The FCZ was gazetted on April 2018 and operations began on November 2018. Aiming to turn TLP into an integrated logistics hub in the region, there has been encouraging demand for industrial lots in the FCZ area from both local and foreign investors with sales achieved to date of 53% of the entire 75-hectare area.

### ENABLER - READY BUILT FACTORIES

#### a) Premium Corporate Premises (PCP)

Consisting of 14 units of ready built factories in Zone 12B Phase 2, Pasir Gudang Industrial Area, the PCP is TTSB's effort to generate diverse revenue streams beyond its core business. Seven units have been sold to date and promotional efforts for the rest are underway.

#### b) Small and Medium Industry Complex (SMI)

##### i. Pasir Gudang SMI

The construction of 30 ready built factories in the Pasir Gudang Industrial Area on a 1.9-hectare site was financed with a RM30 million Federal Government grant. Completed in 2019, this project is targeted to fully cater to the demand of small and medium Bumiputera businesses.

##### ii. Muar SME Furniture Park

In addition, 24 ready built factories under construction at the Muar Furniture Park was financed with a RM22 million Federal Government grant. Construction started in October 2019 and is expected to be completed in the middle of 2022. Focused on Bumiputera SME businesses, this project is expected to create 450 new job opportunities.



## INDUSTRIAL DEVELOPMENT DIVISION

### INDUSTRIAL PARK MANAGEMENT

To add more value for investors, TTSB was appointed to provide industrial park management services for all JCorp-owned industrial zones. Some of the services include gated & guarded, continuous monitoring of facilities in industrial areas, as well as customer service. This service is considered an important requirement and further planning for its implementation is underway. It is expected to be used in 2020 for the Muar Furniture Industrial Park, Sedenak Iskandar Data Hub and the Pengerang Industrial Park.

### ENABLER - JOHOR SKILLS DEVELOPMENT CENTRE

The Johor Skills Development Centre (JSDC) was established with the



aspiration of constantly ensuring industrial development is well equipped with technical skills training centres to produce skilled and semiskilled manpower, in line with the needs and growth of the nation's industries.

As of 2019, JSDC has produced 71,000 graduates through all kinds of industry training programmes, professional certificates as well as courses for school leavers. The latest plans are to offer training courses to the furniture industry and O&G support industry.

### PROSPECTS

#### DIRECTION OF INDUSTRIALISATION

IDD forecasts that industrialisation will be focusing more on incorporating Industry 4.0 across economic sectors. Features

such as the Internet of Things, Artificial Intelligence and robotic automation will improve effectiveness and productivity; and manufacturing *just in time* will enable investors to have smaller factory spaces.

In addition, in line with the business cycle and economic conditions, investors are expected to choose the Asset Light principle where factory infrastructure is rented, so that they are not tied to any particular location for the long-term. In the near future, IDD will focus on investors who utilise high technology, as well as high value-add industries.

#### SUSTAINABLE INDUSTRIAL ZONES

Aside from constructing industrial zones that are fully equipped with infrastructure, IDD has taken the next step forward. The division will continue to confine the development of specialised industrial zones to their respective sectors and industries; like MFP as a furniture hub, PIP for O&G industries and the Kulai Industrial Park for high-technology industries, such as data and multimedia centres.

IDD will also target to equip JCorp industrial zones with ready built factories and workers quarters as one of its sustainable initiatives. In order to meet the needs of the data centre sector, it is important for IDD to ensure the industrial zone has continuous supply of utilities and is free from any form of disruption.

In line with the green technology trend, the incorporation of renewable energy, recycling and creation of green spaces for recreation purposes will be an important agenda to increase the value of industrial zone development in Johor, so that it is benchmarked to industry standards.

## INDUSTRIAL DEVELOPMENT DIVISION

IDD is also focusing on developing alternative energy projects in line with the government's aspirations. One of the projects that has been implemented is the Biomass Steam Plan in POIC, KPTL.

Going forward, IDD is expected to carry out more high impact projects. This includes the development of the Kulai Industrial Park with a space of 2,834 hectares as outlined in JCorp's Sedenak Masterplan. This development is focused on Industry 4.0, medical and pharmaceuticals, in addition to being a Smart City, and residential and commercial area.

Some of the longer-term projects that have been planned include offering third-party negotiation services for industrial zones outside Johor. This will leverage on the expertise and experience of IDD as the premier developer of industrial zones in Johor.

### IMPROVING PORT FACILITIES

IDD continues to expend efforts to bring in new investors to TLPT through value add and continuous improvements to facilities and port services.

#### i. Digitalisation and Technological Advancement

With our aspiration to be a next generation port, TLPT has come up with a Digitalisation and Technology Plan to spur productivity gains and security. The Port Safety System was implemented in April 2019 and TLPT continues to focus on improving its network infrastructure and systems, as well as innovations, such as Internet of Things and Big Data analytics.



#### ii. Contingency Planning and Emergency Response

As an active participant of the Pasir Gudang Emergency Mutual Aid (PAGEMA), TLPT has organised a few training sessions that involved various agencies to test employee preparedness and the effectiveness of safety procedures. In March 2019, the TLPT ERT team was involved in Ops Sg Kim-Kim where a large-scale environmental pollution disaster occurred due to the dumping of chemical waste in Sungai Kim Kim, Pasir Gudang, Johor that involved more than 5,000 people.

#### COMPREHENSIVE TRAINING CENTRE

JSDC's framework offers all kinds of industrial training that is tailored to market needs. Some of these include, furniture making, oil & gas, green industries and Industry 4.0. The collaboration between the private sector and state and federal government agencies is also strengthened to ensure that comprehensive training is provided and in line with the aspirations of the government to produce independent skilled and semi-skilled workers.

Assuming all our projects can be carried out smoothly, IDD is expected to retain its status as the main contributor of profits and cash to JCorp, while also strengthening its strategic institutional role in driving industrial development in Johor.



# BUSINESS DEVELOPMENT DIVISION

**JOHOR CORPORATION (JCorp) IS ALSO TASKED WITH THE IMPLEMENTATION OF ENTREPRENEURIAL DEVELOPMENT AND ENTREPRENEURIAL SCHEME PROGRAMMES, ESPECIALLY IN JOHOR.**

Creating an entrepreneurial community in various fields including Small and Medium-sized Enterprises (SME) is vital in supporting industrial growth as well as the country's economy. Since 2017, JCorp has rolled out three entrepreneur categories under the Intrapreneur 2.0 Scheme namely Category A: Innovative/ High Impact, Category B: Dynamic/Sustainable and Category C: Social.

It is mandatory for entrepreneurs in Category A to adapt projects or implement innovation towards generating better revenue in their organisations. All the 18 Intrapreneur companies are in Category B. These companies, which have either collaborated with or complemented existing JCorp businesses, can be integrated into open markets. Every Intrapreneur has the opportunity to graduate after five years and ensuring a high return of investment to the parent company.

To crystallise the role of JCorp as an entrepreneurial development agent, this scheme encourages the participation of external companies that have the potential and interest in being JCorp's strategic partner. By

developing 18 Intrapreneur companies, JCorp has embarked in various business services such as tourism and *amil zakat* (zakat management), information technology, transportation, food and beverage, health care and industrial training.

## FINANCIAL PERFORMANCE

As of FY ending 31 December 2019, there were 18 companies placed under the Intrapreneur 2.0 Scheme with a turnover of RM281 million compared with turnover of RM280 million from

21 companies in 2018. Four of the 18 Intrapreneur companies recorded profit before tax of more than RM1 million each as a result of restructuring of business activities and company liabilities.

## INTRAPRENEUR COMPANIES

In upholding its commitment to ensure business sustainability, Capaian Aspirasi Sdn Bhd (Capaian), led by Tuan Haji Ismail Mat Ali, further expanded its business by offering *Kembara Islam* (Islamic Tour) to Islamic countries such as Jordan, Turkey and Balkan countries apart from

Indonesia. Besides continuing with its core business of managing corporate zakat (*amil zakat*) and organising umrah and hajj pilgrimage trips, Capaian also manages Humanitarian Aid Missions to Cambodia, Thailand and Vietnam to fulfil the mandate entrusted by the community to contribute to Muslims in the neighbouring countries.

Capaian also has plans to offer *Kembara Islam* to Egypt in the near future. With this package, Capaian is inspired to add tour agency services in order to complete its lineup of businesses.

## STRATEGIC COOPERATION

On 19 January 2019, an exchange of Memoranda of Understanding (MoU) between JCorp and nine Johor state government-linked companies was carried out to leverage the expertise, resources, capital, technological advancement and strategic development of the companies to develop entrepreneurs in Johor.

The companies involved included Kumpulan Prasarana Rakyat Johor Sdn Bhd (KPRJ), Permodalan Darul Ta'zim (PDT), Perbadanan Pengangkutan Awam Johor (PAJ), Perbadanan Islam Johor Holdings Sdn Bhd (PIJ), Johor Biotechnology & Biodiversity Corporation (J-Biotech), Perbadanan Usahawan Johor Sdn Bhd (EDC), Yayasan Pelajaran Johor and YPJ Holdings Sdn Bhd.

The MoU has further opened up opportunities for Intrapreneur companies under JCorp and the Group besides aiming to resolve economic issues in the related industries by leveraging on

## BUSINESS DEVELOPMENT DIVISION

### INTRAPRENEUR 2.0 SCHEME COMPANIES

**18** companies

### POSTED TURNOVER

**RM281** million

### CREATED PACKAGE

**KEMBARA ISLAM (ISLAMIC TOUR)**

### CLASSRUUM PACKAGE

**4,134** subscribe

a wider network. The industries include agriculture, real estate development and management, furniture industry supply chain, chicken and cattle livestock, oil and gas, services, food and transportation.

Participants of the Humanitarian aid mission to Cambodia organised by Capaian Aspirasi Sdn Bhd.





# CORPORATE RESPONSIBILITY DIVISION

## WAQAF AN-NUR CORPORATION BERHAD

**CORPORATE RESPONSIBILITY IS THE THIRD MANDATE UNDER THE ESTABLISHMENT OF JOHOR CORPORATION (JCorp). THIS CORPORATE RESPONSIBILITY IS REALISED THROUGH VARIOUS ACTIVITIES INVOLVING TARGETED GROUPS AT THE GRASSROOTS LEVEL. PART OF THESE CORPORATE RESPONSIBILITIES ARE CARRIED OUT THROUGH WAQAF AN-NUR CORPORATION BERHAD (WANCORP).**

### AN-NUR MOSQUE NETWORK

WANCorp manages six mosques - Masjid Sultan Iskandar and Masjid An-Nur Kotaraya, Larkin Sentral, Bandar Pasir Gudang, Kompleks Pasir Gudang and Taman Cendana - which organise various religious, recreational and community programmes. The Masjid Sultan Iskandar at Bandar Dato' Onn, which was already known as a Tourism Mosque in 2018, received the recognition from the Malaysia Tourism Quality Assurance (MyTQA) as a Tourism Mosque under the auspices of the Ministry of Tourism, Arts and Culture in 2019.



Haji course at the Sultan Iskandar Mosque, Bandar Dato' Onn.

### THE KWAN NETWORK

A total of 22 Klinik Waqaf An-Nur (KWAN) and Mobile Clinics were established from 1998 to December 2019. KWAN's outpatient medical services serves communities from all races and religions at a fee of RM5. As of 2019, a total of 1,856,781 treatments have been administered to patients in the KWAN network, including 167,110 treatments for non-Muslim patients. To date, there are nine clinics offering treatment to kidney patients through 72 dialysis machines at a minimum charge of RM90.



### JALINAN UKHUWAH™

Jalinan Ukuwah is a grassroots programme to foster closer relations between leaders and local communities through gotong-royong, free health screenings, mosque activities and contributions to the needy. It is also a platform for JCorp's and WANCorp's management and employees to engage with community leaders as well as religious leaders (*ahli kariah*) at selected locations with the cooperation of Briged Waqaf, the Johor State Islamic Council and the Malaysian Royal Police Force (PDRM). In 2019, six Jalinan Ukuwah programmes were organised in selected districts in Johor.

## CORPORATE RESPONSIBILITY DIVISION

### KLINIK WAQAF AN-NUR

**22** clinics

### MEDICAL TREATMENTS

**1.8** million

### DIALYSIS MACHINES

**72** machines

### KIDNEY PATIENTS TREATED

**350** patients

### DANA NIAGA

Dana Niaga is an initiative to provide interest-free Al-Qardhul Hassan financial support to micro entrepreneurs who want to expand their business. The initiative is aimed at increasing the greatness of Islam through business and stimulating the Islamic economy besides benefitting Muslim entrepreneurs who need assistance. As of 2019, a total of 464 loans amounting to RM1,143,376 have been distributed to micro entrepreneurs throughout Johor.

In addition, the Murabahah Tawarruq facility provides larger support of between RM10,000 and RM20,000 with a profit rate of 4% to 6%. The loan was recognised as Syariah compliant by WANCorp's Syariah Committee on 31 March 2019. To date, three borrowers have received a total of RM55,000 in loans.

The application for Dana Niaga loans can be made online at [www.wancorp.com.my](http://www.wancorp.com.my)



01

01 Jalinan Ukuwah and mass circumcision programme.



02

02 Briged Waqaf members participating in the Civil Defence Emergency Response Team Volunteer Course.



03

03 Dialysis services at the Waqaf An-Nur clinic.

The opening of the Islamic Information Centre (IIC) in December 2019 was the highlight of efforts to attract more local and foreign tourists. IIC gives visitors the opportunity to learn more about the aesthetics of Islam and mosque architecture. In addition, visitors also get to see various replicas of different versions of the al-Quran, and the beauty and history of the Kaabah via a hologram machine.



CORPORATE RESPONSIBILITY  
DIVISION



**DANA NIAGA LOANS**  
**464** loans

**LOANS DISTRIBUTED**  
**RM1.14** million

**MAXIMUM LOAN**  
**RM20,000**

**PARTICIPANTS RECEIVED TRAINING AT WAQAF COMMUNITY CENTRES**  
**39** participants

**WAQAF COMMUNITY CENTRE**

The Waqaf Community Centre was established by leveraging on WANCorp's purchase of properties. The centre offers sewing and barber lessons to target groups, enabling them to generate

additional income with the skills that are obtained. In 2019, the Sewing Waqaf Community in Taman Bukit Tiram, Ulu Tiram and Taman Bukit Dahlia, Pasir Gudang trained 12 participants.

The Barber Community Centre in Kempas Town Centre resumed its operation in March 2019 and has trained 27 participants through three series of Barber Courses to date.

**BRIGED WAQAF™**

Briged Waqaf is a voluntary programme for employees in JCorp and companies under the Group, who are active in offering humanitarian aid and carrying out community programmes. The team plays a significant role in aiding victims of disasters such as fire and floods in addition to helping in the Sungai Kim Kim toxic waste pollution incident in Pasir Gudang.

Briged Waqaf was also involved in corporate responsibility through various community programmes that were organised throughout the year. The year 2019 also saw the establishment of Kompeni Ibnu Sina, a new company comprising employees from KPJ Healthcare Berhad in the Klang Valley.

The Annual Briged Waqaf Camp was held from 11 to 13 October 2019. The biennial event is aimed at fostering closer relationships (*ukhuwah*) between the leadership and brigade members besides testing the skills of the members. Briged Waqaf members were recognised when they won the Best March under the Corporate Body category in conjunction with the 2019 Johor State National Day Parade.

**HIBAH WAKAF**

WANCorp continued to actively invite the public to benefit from giving voluntary

CORPORATE RESPONSIBILITY  
DIVISION

**THIS TWO-PRONGED PROGRAMME NOT ONLY EXPANDED THE KWAN CHAIN OF CLINICS, BUT IT ALSO PRESERVED THE ENVIRONMENT THROUGH TREE PLANTING AT SELECTED AREAS WITH THE COLLABORATION OF LOCAL COUNCILS IN JOHOR.**

contributions or gifts for charitable purposes or religious purposes (*berwakaf*) through the Hibah wakaf programme. The programme involves collaborations with takaful companies, property management, trustees and trust fund management by opening up bigger and better opportunities for people to contribute to welfare through WANCorp.

The programme, which started in October 2019, is receiving good response. This programme enables takaful holders to contribute up to 30% from the protection amount that would be received upon death. The public is also encouraged to dedicate their property through their will or *hibah* (giving without expectation while alive) that can be managed by will management companies and trustee companies.

The public's voluntary contributions (*pewakafan*) will be translated to wakaf assets and the purchase of Syariah-compliant shares to strengthen the value of Ain WANCorp, which would eventually increase the dividend distribution to benefit the public.

**INFAQ WARISAN**

The KWAN chain continues to remain popular with a year on year increase in the number of patients. To ensure that



of the 2019 National Landscape Day in early March 2019, which was to transform landscapes in the country towards making Malaysia the Most Beautiful Garden Nation by 2020. A remote sensing system was used for benefactors to conveniently monitor the trees that were planted.

**COVID-19 FUND CONTRIBUTION**

WANCorp through the Sultan Iskandar Mosque launched a Covid-19 fund to invite the people

to donate in order to lighten the burden of certain target groups. WANCorp extended a variety of aid including three ventilators to selected hospitals, personal protective equipment (PPE), liquid hand sanitiser and infrared thermometers.

The Barber Waqaf Community Centre granted six-month rental exemptions to participants of an incubator for barbers while the Tailoring Waqaf Community Centre helped to tailor PPE. In addition, those who received financing from Dana Niaga were given a six-month repayment moratorium while tenants of the WANCorp Group received discounts or rebates on their monthly rent. WANCorp allocated RM3.9 million to help those that were affected by the pandemic.

**WANCorp introduced the Hibah Wakaf and Infaq Warisan programmes to enable the public to embrace the blessings of charitable giving**

the management and community service provided can continue, the Infaq Warisan programme was introduced to increase the number of clinics in the chain.

This two-pronged programme not only expanded the KWAN chain of clinics, but it also preserved the environment through tree planting at selected areas with the collaboration of local councils in Johor. This was in line with the objective



CORPORATE RESPONSIBILITY DIVISION

YAYASAN JOHOR CORPORATION

**JOHOR CORPORATION (JCORP) ESTABLISHED THE YAYASAN JOHOR CORPORATION ON 9 JUNE 1997 AS AN ORGANISATION THAT ENABLES THE CONTINUITY OF JCORP'S CSR ACTIVITIES IN THE FIELD OF EDUCATION TO THE PUBLIC.**

The aim of the foundation is to be the main driver to improve quality of life, human capital and self-development in education, entrepreneurship, skills and provision of training to help develop the country's economy.

It is also a platform to maximise tax exemption for donors who contribute in tandem with the foundation's objective.

Its three main core activities are to optimise the use of technology and mass media that are more edutainment, flexible and wider, to instil the values of civic education which are happiness, love, responsibility and respect, as well as to collaborate with relevant agencies.



Following are the foundation's activities and achievements:

**1. YAYASAN JOHOR CORPORATION TUITION PROJECT**

Established since 2012 with the cooperation of the Johor State Education Department, the programme is meant for students from selected primary schools throughout Johor.

To date, 6,745 students from 260 schools have benefitted from the programme. These students have shown improvement and excellent performance in their exams. For the record, a total of 577 students have achieved excellent results in the UPSR exams i.e scoring 3As and above.

The learning method is not only focused in classrooms but also includes E-Learning system through Classroom.com. The various learning methods were implemented to interest students more in addition to allowing the students easy access anytime and anywhere.

**2. PRO DU-IT FINANCIAL MANAGEMENT PROGRAMME**

This programme was developed due to awareness of weak financial management among youth and teenagers. It emphasises a systematic financial management skills and trains youths and teenagers to save and manage their finances better.

CORPORATE RESPONSIBILITY DIVISION

**YAYASAN JOHOR CORPORATION TUITION PROJECT**

**6,745** students

**577** obtained 3As and above

**PRO DU-IT FINANCIAL MANAGEMENT PROGRAMME**

**1,800** students

**TOTAL SAVINGS RM452,000**

This financial management module was developed through collaboration with Universiti Malaya. Overall, there are 6 modules that centres around smart financial knowledge, entrepreneurship, technology and social responsibility for children aged 7 to 12.

The programme was first introduced in Johor schools in 2017. To date, 1,800 students from 60 schools at Johor state and national level have benefited from the programme. Throughout the programme, students were given a log book each to record their daily finances. The total savings recorded was RM452,000 or RM251 on average per student.



CORPORATE RESPONSIBILITY DIVISION



3. KELAS RANCANGAN USAHAWAN ENTREPRENEURSHIP PROGRAMME

Johor Corporation's involvement in entrepreneurship began in 1992 with the start of the BISTARI programme, an entrepreneurial programme for secondary school students in Johor.

Beginning 2016, the implementation concept was rebranded through the Kelas Rancangan Usahawan (KRU). The new programme focuses on Form 4 and 5 students from Commerce, Economy and Accounting streams.

KELAS RANCANGAN USAHAWAN ENTREPRENEURSHIP PROGRAMME

**RM654,000**

total sales recorded

READING PROGRAMME

**20,000** copies of non-fiction books received

**6,610** participants have signed up

**305,929** visitors have browsed the facebook page of JCorp for information on the quiz

To date, 50 selected schools have participated in the programme by setting up 25 companies, recording total sales of RM654,000. The programme also includes mentorship by entrepreneurs from JCorp Group and agencies such as FAMA, MARA, Kolej Komuniti and GiatMara as advisors.

The programme aims to create and shape the young generation and youths with entrepreneurial and leadership qualities that include skills, independence, charisma, and creative and innovative thinking.

4. READING PROGRAMME

Beginning 2019, Yayasan Johor Corporation was appointed as a Local Partner by The Asia Foundation (TAF) to rollout the English Language Reading and Strengthening Programme in Peninsular Malaysia for three years. Throughout the period, JCorp Foundation will receive 20,000 copies of non-fiction books to be distributed for free through the Books For Asia programme.

The implementation of the programme is not limited to only the distributed reading material but also through JCorp English Challenge, a quiz competition that can be downloaded from JCorp's Facebook page to promote the Books For Asia programme. Participants can also download e-books from The Asia Foundation's *Let's Read* mobile application which is available on Google Store.

The quiz is open to all students aged 7 to 18. A total of 6,610 participants have signed up while 305,929 visitors have browsed the facebook page of JCorp for information on the quiz.

5. SEMARAK JAWI 2.0 EDUCATION

Semarak Jawi 2.0 sees an improved and more innovative programme compared to the original programme with the involvement of the Johor State Education Department, Johor State Islamic Department, calligraphy associations and NGOs of Jawi art enthusiasts.

This programme was activated in 2020 amongst primary and secondary school students in Johor. The implementation of this programme also incorporated entrepreneurial aspects, online competitions and Jawi reading and identification programmes for primary students through the Kem Semarak Jawi.

For a start, 330 students from 11 selected schools took part in Semarak Jawi 2.0 through programmes organised by Yayasan JCorp. In addition, 1,056 contestants took part in the Semarak Jawi Quiz and Beautiful Handwriting Competition (Jawi), which is held once a month. A total of 160,428 contestants have visited JCorp's page for information on the quiz.

6. EDUCATION AID

This programme aims to ease the financial burden of parents/guardians through the provision of fee assistance for education or preschool. All applications for aid will be tabled through the Yayasan Johor Corporation Fund Distribution & Procurement Committee. To date, RM175,619 has been distributed to 450 recipients.

PENDIDIKAN SEMARAK JAWI 2.0

**330** students

**160,428** visitors sought information on the quiz

EDUCATION AID

**RM175,619**

distributed to 450 recipients



CORPORATE RESPONSIBILITY DIVISION



# GROUP HUMAN CAPITAL MANAGEMENT DIVISION

**THE GROUP HUMAN CAPITAL MANAGEMENT DIVISION PLAYS AN IMPORTANT ROLE IN SUPPORTING JCORP'S ADMINISTRATION AND THE GROUP'S COMPANIES TO DEVELOP STRATEGIC AND SUSTAINABLE HUMAN CAPITAL.**

## PERFORMANCE MANAGEMENT

In order to measure the performance of the company and its staff, JCorp continued to implement the Balance Scorecard approach as well as Key Performance Indicators, which began in 2017. This management approach ensures that JCorp's goals are aligned from top management down to every single employee.

## BALANCED SCORE CARD (BSC)

The BSC is the method used by JCorp and its subsidiaries to measure the organisation's performance. It looks at achievement from four different angles, comprising Financials, Shareholders, Internal Processes and Organisational Capacity.

01



02

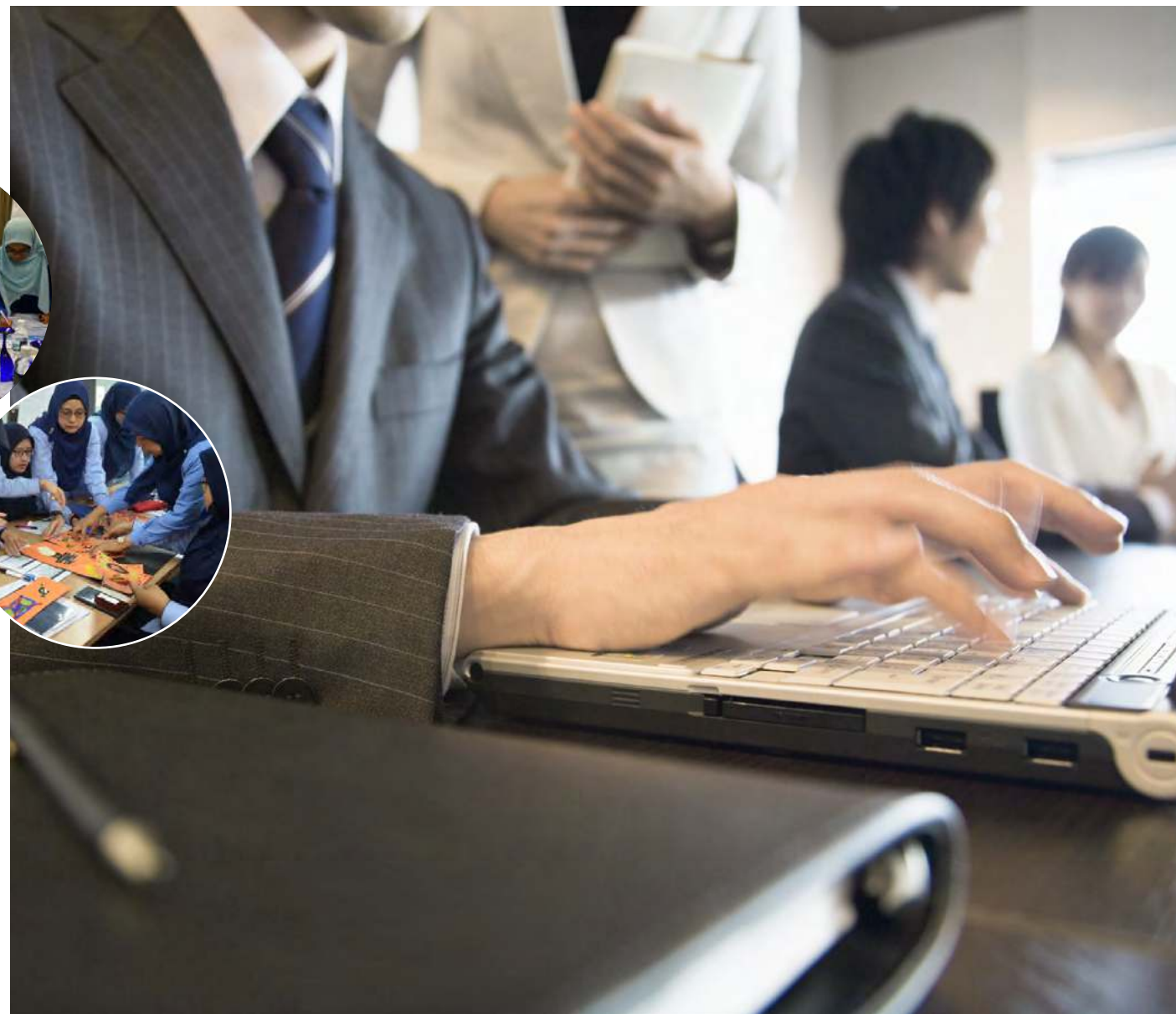


01 Advanced JLP Cohort 2 2019/2020.

02 Cultural Awareness & Acceptance Workshop.

## SUCCESSION PLANNING

Succession Planning is one of the strategic initiatives outlined by Group Human Capital Management Division to identify and develop the potential of selected employees as preparation to replace the lineup of leaders in the future.



For this purpose, as many as 50 employees were identified as high-potential candidates to replace the current leadership. Their selection was based on performance and leadership potential after going through a number of assessments including external consultants under the Leadership Assessment Centre programme.



This Leadership Talent group will be monitored to ensure that they remain relevant to the qualifying criteria. This assessment is important to ensure that their leadership talent is always sufficient to steer the leaders of JCorp and the Group. To ensure the continuity in growth and development of this group, exposure to career mobility has been implemented through transfers or secondments to other companies within the group to widen their experience and self-growth. They are also given priority for promotions and additional work that is more challenging.

## HUMAN CAPITAL DEVELOPMENT PROGRAMME

Human capital development is important for the continuity of an organisation. Therefore, as an organisation that seeks to produce successful human capital

in terms of leadership and personality, JCorp through the Human Capital Development Department - Academy and the Human Capital Development Department - Education, launched eight related programmes in 2019.

Amongst this was the implementation of the Group Leadership & Management Framework (LMDF) based on an outlined developed in December 2016 to shape leaders at every level and position of a worker's development. This LMDF programme falls under the JCorp Education Sponsorship Programme (JESP), JCorp Chartered Accountancy Programme (JCAP), Basic Management Programme (BMP), Self-Transformation Programme (STP), JCorp Leadership Programme (JLP), Advanced JCorp Leadership Programme (AJLP) and External Senior Leadership Development Programme (ESLDP) initiatives.

## GROUP HUMAN CAPITAL MANAGEMENT DIVISION



GROUP HUMAN CAPITAL MANAGEMENT DIVISION



JCAP aims to generate professional manpower in the area of accounting from those who have undergone training at audit firms. Some of the accounting certifications include ICAEW, CPA and Australia's MICPA. A total of 23 trainees completed training in 2018-2019 and were placed in jobs in finance, accounting and tax.

JESP is a strategic human capital development initiative to fulfil JCorp's needs in critical areas in the future. A total of 68 graduates have attended this programme since 2015. Four of these graduates have graduated and are now serving JCorp since 2019.

Other programmes that were carried out included Basic Management Programme (BMP), STP, JLP, AJLP and ESLDP.

**DIVISION OPEN DAY**

To strengthen the human capital relationship that is valued by JCorp and its employees, the Group Human Capital Management Division through the Human Capital Management Division-Operations, organised a host of activities including the Open Day Programme that serves as a platform to disseminate the latest information about human resources.

This programme is organised six times a year and involves both the public and private sector. Some of the briefings are related to the Human Capital Management System, Performance Improvement Plan, Assessment and Training, Business Performance Management System, Employee Health Benefits and Property and Financial Management.

**EMPLOYEE SATISFACTION SURVEY**

In 2019, JCorp and its group of companies conducted the JCorp Employee Satisfaction Survey with the objective of:

- Finding out about employee satisfaction towards JCorp's policies
- Identifying the issues that lead to employee dissatisfaction
- Identifying the issues that need to be improved
- Outlining an action plan to improve employee satisfaction



**PEDOMAN**

The Group Human Capital Management Division is responsible for organising this assembly with employees of JCorp and its group of companies that is known as Majlis Perhimpunan Dialog dan Amanat (PEDOMAN) that has been consistently organised for the past 35 years. In 2019, this session was organised in the early part and the middle of the year. This platform serves to provide information about the company's direction, business plans, achievements and feedback from JCorp's senior management with employees. During the assembly, promotions, as well as the appointments of first-time chairmen and directors for the Group's companies are announced.



**CULTURE INTERVENTION PLAN**

The Culture Intervention Plan (CIP) began in July 2018 and was continued in 2019 with the objective of strengthening the lifespan of JCorp 2.0 Core Values among employees. Value Behaviour Descriptors were created to become a reference point for definitions of each core value, in addition to aligning the understanding of each employee to the meaning of each value. Some of the CIP activities included workshops, campaign advertisements, briefings and performance evaluations.



GROUP HUMAN CAPITAL MANAGEMENT DIVISION



# GROUP IT ADVANCEMENT DIVISION

## CIO CIRCLE

**THE CIO CIRCLE JOHOR CORPORATION 2019, WITH THE THEME 'CYBER RESILIENCE & INCIDENT RESPONSE', WAS A CYBER SECURITY CONFERENCE HELD AT PERSADA JOHOR ON 23 OCTOBER 2019 AS A FOLLOW UP TO JCORP'S MANDATE IN DRIVING CYBER SECURITY IN JOHOR.**

The main objective of the conference was to promote cyber security awareness and to cultivate best practices for cyber security in JCorp Group. In conjunction with the conference, an agreement was signed with Cyber Security Malaysia (CSM) comprising cyber security initiatives organised by CSM.

This initiative would emphasise the development of technical skills for the *Johor Corporation Computer Emergency Response Team (JCERT)*, in line with JCorp's efforts to be a member of the globally-recognised *Forum on Incident Response and Security Team (FIRST)*.



## DC HUB

JCorp achieved another digital success with the launch of the DC Hub data centre that complies with Tier-III data centre standards, at the MSC-certified Menara JLand. This hub is capable of providing data centre related services to businesses in Menara JLand, Menara KOMTAR as

well as Johor Bahru and its surrounding areas. It is operated by JCorp's Group ICT Advancement Division and offers services such as co-location, high-speed internet connections, as well as managed services, including ICT support and *IT disaster recovery - ITDR*.

## IT DISASTER RECOVERY

As part of our sustained efforts to ensure JCorp's business and operations continuity, the Group ICT Advancement Division has completed the ITDR project, a strategic initiative under the ICT Master Plan 2017-2022. This project is intended to eliminate single points of failure in JCorp's ICT infrastructure

## GROUP IT ADVANCEMENT DIVISION

while simultaneously avoiding potential losses or downtime in the event of a disaster or crisis. It is also to ensure the recovery process is quick, effective and structured, and carried out to implement the resumption of operations after a disaster or crisis. ITDR covers critical and operational applications in JCorp that represents the key to assuring business confidence towards the continuity of its operations even during challenging times.

## DATA ANALYSIS

In taking advantage of the wealth of organisation knowledge in the Group, JCorp is determined to strengthen its *Platform Data Analytics* capabilities that it has been building since 2018. This effort, in collaboration with Universiti Teknologi Malaysia (UTM), has succeeded in improving the platform to a stage where it can amalgamate JCorp's main business trends with analysis, aside from social media analysis and sentiments towards the JCorp Group. It is also able to give wide-ranging and in-depth views and give focus to allow management to make effective and inclusive decisions.

## JCORP WIFI

JCorp WiFi is the free high-speed internet connection that connects businesses and Johoreans. The addition of new hotspots have been placed in the KOMTAR shopping centre in Johor Bahru City Centre. This Hotspot brings the total number of access points (AP) in Johor to more than 800, covering more than 300 locations. The year 2020 will see additional APs being installed to expand coverage at the B5 Johor Street Market, Tampoi and the Riverside Park in Bandar Dato' Onn.

## AP THROUGHOUT JOHOR

**800** access points

## LOCATIONS

**300**

## BENEFITTING

**30,000** users

## SUKMA 2020 APPLICATION

JCorp was given the mandate and trust by the state government to manage the Athletes Village and Athlete Food Distribution for Sukma Johor 2020 that is scheduled for July 2020. To bring this biennial sports carnival to a higher level and digital base, Group ICT Advancement Division has taken the initiative to develop a mobile application to manage all requisite functions for the event. The application can be used by athletes, sports officials, secretariat, suppliers such as food coordinators and state team managers. The digitalisation of SUKMA's operations has been accepted and praised by state sports administrations as a positive move, proving JCorp's determination and capabilities in its efforts to digitalise its entire organisation.



# CORPORATE GOVERNANCE STATEMENT

## CORPORATE GOVERNANCE STATEMENT

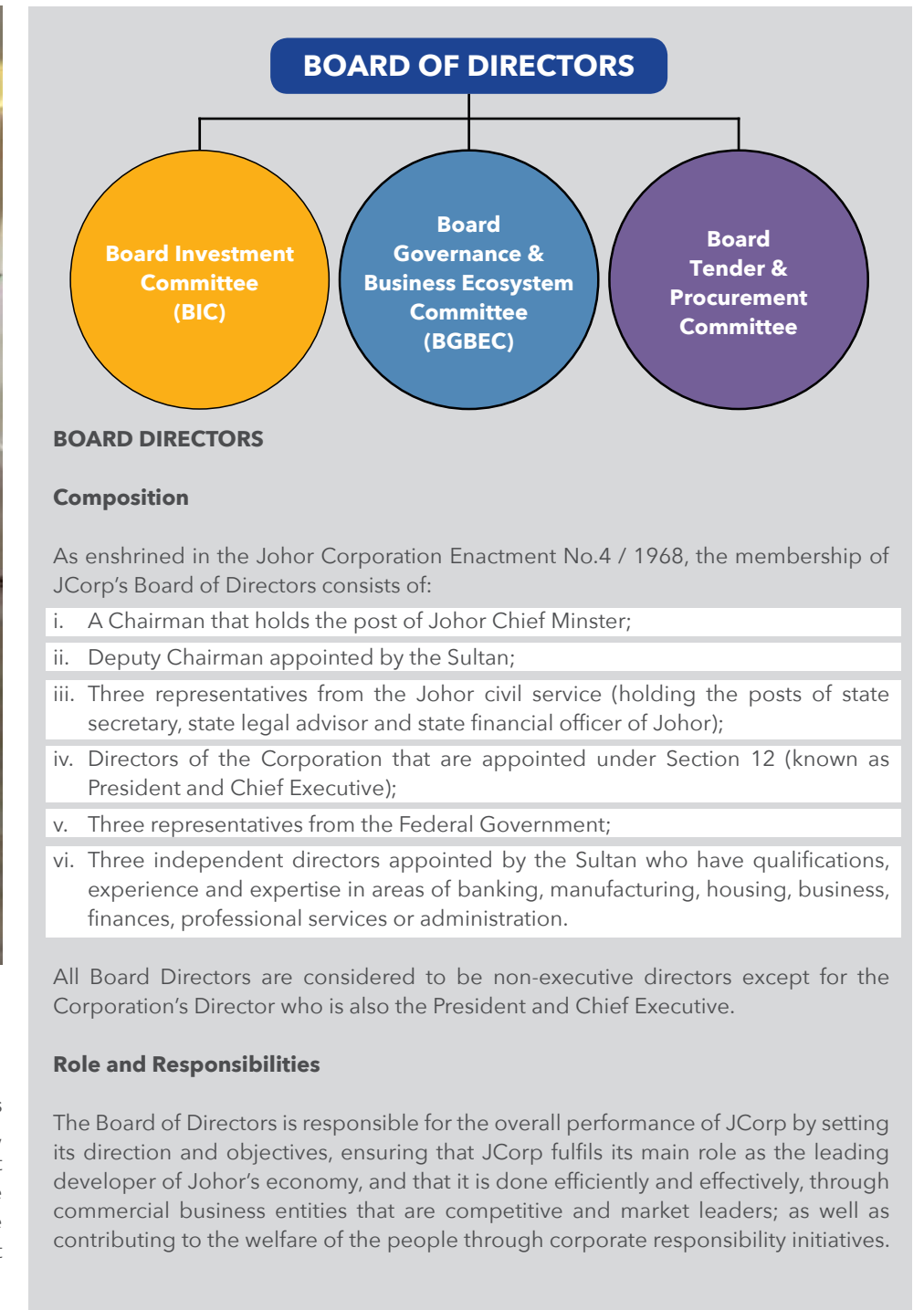


As a state corporation, JCorp is subjected to the laws of its formation which include the Johor Corporation Enactment No.4/1968 and Amendment; Enactment No.5/1995, the Corporation Act (State Legislative Competency) 1962 (Act 380) and Loan Guarantee Act (Establishment of the Corporation) 1965 (Act 96).

Johor Corporation constantly upholds the Federal Government's recommendations and initiatives, especially in the context of corporate governance. JCorp also ensures that its administrative affairs and operations always adhere to good corporate governance practices, with the believe that a robust corporate governance framework will contribute to an improvement in the accountability, integrity, transparency and the sustainability of a company's initiatives.

### BOARD OF DIRECTORS AND BOARD COMMITTEES

To carry out their tasks, the Board is supported by three key committees, namely the Board of Investment Committee, Board of Governance & Business Ecosystem Committee and Board of Tender & Procurement Committee.





CORPORATE GOVERNANCE  
STATEMENT

## Board Directors Attendance

Throughout the financial year ending 31 December 2019, the Board of Directors met a total of five times. The list of JCorp's Board of Directors follows:

No	Name	Position	Director (Independent/ Non-Independent)	Date of Appointment
1	YAB Dato' Haji Osman Bin Haji Sapian (Former)	Chief Minister of Johor/ Chairman, Johor Corporation	Non-Independent	12/5/2018 - 13/4/2019
	Dato' Dr Sahrudin Bin Haji Jamal		Non-Independent	14/4/2019
2	YBhg Tan Sri Dr Ali Bin Hamsa	Deputy Chairman, Johor Corporation	Independent	1/11/2017 - 31/9/2019
	YBhg Tan Sri Dr Ismail Bin Haji Bakar		Non-Independent	1/10/2017
3	Yang Berhormat Dato' Kamaruzzaman Bin Abu Kassim	President and Chief Executive, Johor Corporation	Non-Independent	1/1/2017 - 31/12/2019
4	Yang Berhormat Dato' Haji Azmi Bin Rohani	State Secretary, Johor State Government	Non-Independent	1/1/2017
5	YB Dato' Ishak Bin Sahari	Legal Advisor, Johor State Government	Non-Independent	1/1/ 2014 - 31/12/2019
6	Yang Berhormat Dato' Haji A. Rahim Bin Haji Nin	State Financial Officer, Johor State Government	Non-Independent	20/10/2017
7	YBhg Datuk Siti Zaayah Binti Md Desa	Deputy Secretary General of Treasury (Policy) Ministry of Finance	Non-Independent	11/3/2019 - 14/11/2019
8	YBhg Dato' Azman Bin Mahmud	Chief Executive Officer Malaysian Investment Development Authority (MIDA)	Non-Independent	1/3/2018
9	YBhg Datuk Dr Hafsa Binti Hashim	Board Director, Johor Corporation	Independent	1/12/2017
10	YBhg Datuk Ibrahim Bin Ahmad	Board Director, Johor Corporation	Independent	1/9/2017
11	YB Datuk Dr Shahrudin Bin Md Salleh	Deputy Minister, Federal Territories Ministry	Independent	15/6/2018

CORPORATE GOVERNANCE  
STATEMENT

## CORPORATE GOVERNANCE IN JOHOR CORPORATION GROUP LISTED ENTITIES

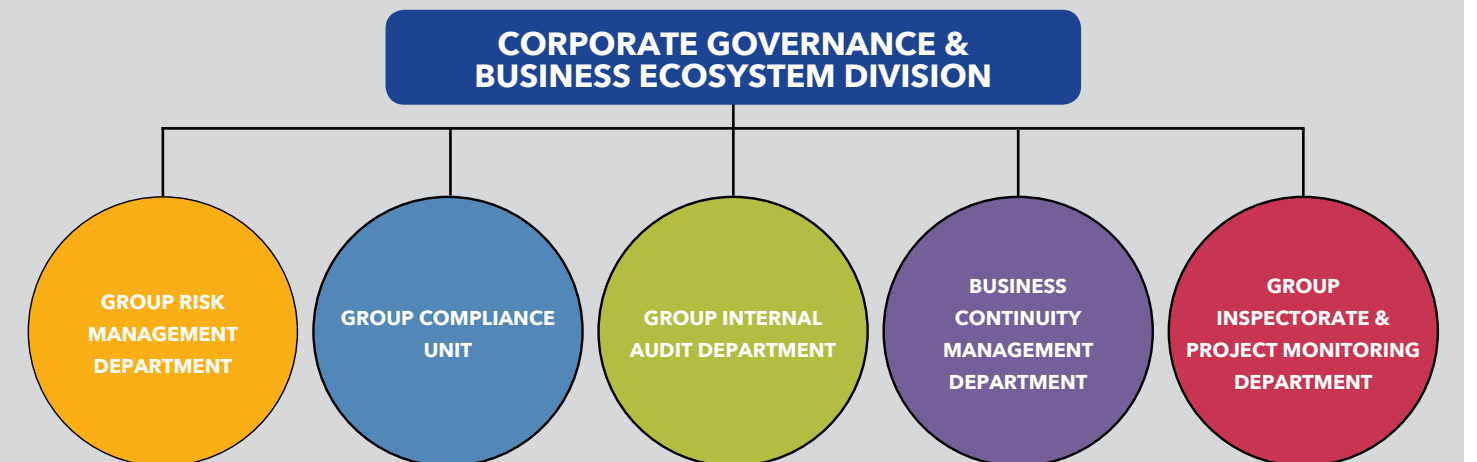
JCorp supports best practices in corporate governance in the Group's companies, especially in its four entities listed on Bursa Malaysia namely KPJ Healthcare Berhad, Al-Aqar Healthcare REIT, E.A Technique (M) Berhad and Al-Salām REIT. These four listed companies also adhere to statutory requirements, best practices and guidelines set out by the Securities Commission, Bursa Malaysia Securities Berhad Main Market Listing Requirements, Bursa Malaysia Corporate Governance Guidelines and the Malaysian Code on Corporate Governance. These entities also have their respective Board of Directors and Audit Committees.

## CORPORATE GOVERNANCE COMPONENTS IN JOHOR CORPORATION

The Governance and Business Ecosystem Division assists in mobilising governance in JCorp. The objective of the Division is as follows:

- To serve independent of the JCorp Group's sentinel role that adds value to operations;
- To support the continuous improvement in asset lifecycle, project and contract management in JCorp Group;
- To monitor and advise on matters relating to ethics, management and integrity;
- To catalyse JCorp Group's Business Continuity; and
- To support the corporate governance framework, mechanism and implementation of JCorp Group's operations in areas such as:
  - Customer service management;
  - Procurement management;
  - Human Resource management;
  - Asset management;
  - Risk management; and
  - Financial management.

There are a few components that are placed under this Division and each of these components play an important role in strengthening corporate governance in JCorp. The components under the Division are as follows:





CORPORATE GOVERNANCE  
STATEMENTCORPORATE GOVERNANCE ACTIVITIES AND  
PROGRAMMES IN JOHOR CORPORATION

Throughout 2019, various activities and programmes were carried out by the Governance and Business Ecosystem Division to strengthen and enhance corporate governance in Johor Corporation. Some of the activities and programmes include the ISO 37001:2016 *Anti Bribery Management Systems (ABMS)* certification that took place between April and October 2019. This certification is intended to prevent, monitor and combat corruption and integrity risk in JCorp, and involved all JCorp employees. In addition, the certification also promotes the culture of Integrity and JCorp's core values 2.0.

To encourage better corporate governance, aside from the proactive steps taken to combat corruption, a forum entitled *Forum on Corporate Liability: Awareness & Prevention* was held on 30 April 2019. The objective of this programme is to encourage business and commercial activities to be carried out free from corruption while ensuring that sufficient steps have been taken to prevent corruption.

Aside from this, the core value of Innovation is also emphasised in JCorp and the Group's companies. Through the Business Continuity Department, JCorp organised the JCorp Innovation Leadership Circle (JILC) twice, on 7 May 2019 and 1 October 2019 for the purpose of improving the innovation capabilities of senior management in JCorp and the Group's companies. JILC also served as a platform to discuss suggestions, issues and challenges related to innovation while encouraging an open discussion amongst the senior management in JCorp and the Group's companies.

The strengthening of the core value of Integrity and Teamwork was demonstrated through the *Governance Awareness Day* programme that took place in 3 October 2019. This programme was attended by all JCorp employees and management of companies in the Group. The objective of this programme was to increase awareness and knowledge of JCorp employees and companies in the Group about corporate governance elements, human governance and integrity values through talks and sharing by speakers with broad experience in corporate governance. This programme was also an opportunity for Johor Corporation employees and companies in the Group to better understand the functions of the Governance and Business Ecosystem Division through special talks that were related to the functions of each Department Head as well as special counters that displayed information about the departments in the Division.

## RISK MANAGEMENT AND INTERNAL CONTROL

Johor Corporation's Statement on Risk Management and Internal Control for the financial year ending 31 December 2019 is as stated in the Statement on Risk Management and Internal Control on page 94.

## RELATIONSHIP WITH AUDITORS

The Board through the Board of Governance & Business Ecosystem Committee always maintains a transparent and sound relationship with the internal and external auditors. Further information on the duties and responsibilities of the Board of Governance & Business Ecosystem Committee may be referred to the Board of Governance and Business Ecosystem Committee Report on page 102.

RISK MANAGEMENT AND  
INTERNAL CONTROL

**RISK MANAGEMENT AND INTERNAL CONTROL ARE IMPORTANT ASPECTS IN GOVERNANCE, MANAGEMENT AND THE OPERATIONS OF THE COMPANY. RISK MANAGEMENT FOCUSES ATTENTION ON IDENTIFYING THREATS AND OPPORTUNITIES WHILE INTERNAL CONTROL PREVENTS THREATS AND CAPITALISES ON OPPORTUNITIES. EFFECTIVE RISK MANAGEMENT AND INTERNAL CONTROL WILL HELP THE DECISION-MAKING PROCESS BY MAKING DECISIONS THAT CONSIDER RISKS THAT NEED TO BE TAKEN AND IMPLEMENTING CONTROLS THAT ARE NEEDED TO ACHIEVE THE COMPANY'S OBJECTIVES EFFECTIVELY.**

## RESPONSIBILITY OF JOHOR CORPORATION MEMBERS

The Board of Directors is committed to creating and maintaining a risk management and internal control system that is robust, effective and efficient in order to protect shareholder investments and the Group's assets. The risk management and internal control system has been designed to identify, analyse, evaluate, control and monitor the Group's risk so that it is always within an acceptable risk threshold.

The Board of Directors considers risk management as an essential part of business operations. In that regard, the Board clearly upholds its responsibility to identify the main risks and ensure that a dynamic system is implemented to manage risk to an acceptable level.

## JOHOR CORPORATION GROUP RISK MANAGEMENT DEPARTMENT (GRMD)

GRMD is a department in the Group Governance and Business Ecosystem that is responsible for managing the risk that JCorp is exposed while also protecting the interests of JCorp and companies in the Group.

GRMD tasks and responsibilities are as follows:

- To identify, analyse, evaluate and mitigate the risk that JCorp and companies in the Group are exposed to in an organised way with minimum cost;
- To promote a risk awareness culture that encourages all employees to take part in managing risk and opportunities in a cost-effective way.

## GROUP RISK MANAGEMENT PROCESS

At the Group level, risks arise from business operations that are going concerns. The risk that is identified is registered in a Risk Register and evaluated as severe, major, significant, minor or trivial. The process of ranking the risk is done through a risk probability matrix and the impact of the risk should it occur, as well as financial and non-financial impact. Thus, the risk owner will carry out steps to reduce the risk to head in the direction of achieving residual risk that is at an acceptable tolerance level.

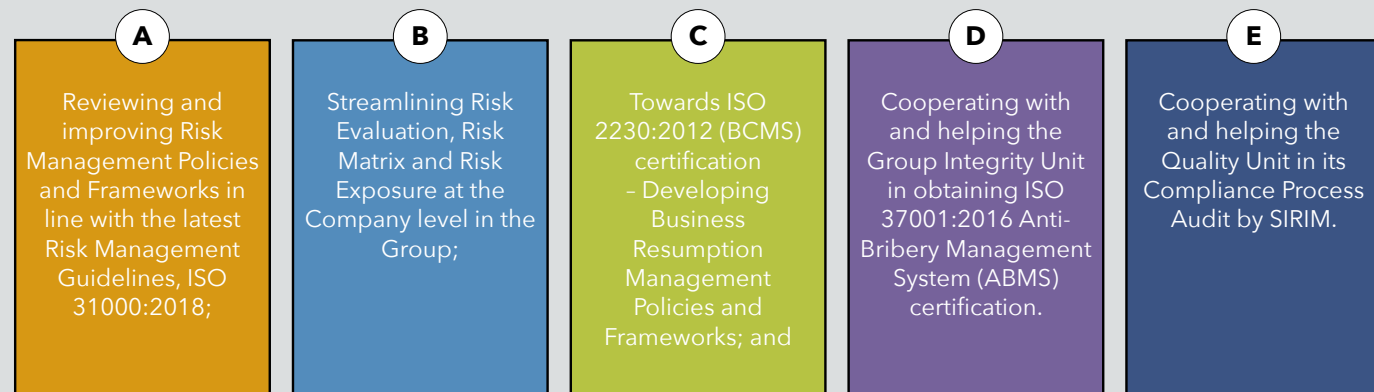
A progress report about mitigation steps taken will be reported every quarter by the risk owner for discussion by the Group Governance & Business Ecosystem Committee (GGBEC). The adequacy and effectiveness of the mitigation steps will be evaluated and enhanced if necessary. The report will then be updated and sent to the Board Governance & Business Ecosystem Committee (BGBEC) for a strategic discussion. Mitigation steps will be further refined to ensure action plans are being carried out with the right assumptions. This approach has yielded a risk management system that is robust, sustainable and responsive to the changing business environment.



## RISK MANAGEMENT AND INTERNAL CONTROL

### MAIN RISK MANAGEMENT INITIATIVES

The following main initiatives were implemented by the Group Risk Management Department in 2019:



### GROUP GOVERNANCE & BUSINESS ECOSYSTEM COMMITTEE ('GGBEC')

The formation of GGBEC was approved on 28 July 2017, in line with a resolution passed in the Audit Committee's 34<sup>th</sup> meeting. This Committee is in charge of strengthening and further improving the management, operations and business ecosystem of JCorp and the Group.

#### Objective of the formation of GGBEC

- To support the functions of the Board of Governance & Business Ecosystem Committee as an institution that carries out check and balance tasks and responsibilities as well as to improve the management and operations of JCorp and the Group.

#### GGBEC Terms of Reference

- Review and discuss findings, conclusions and suggestions in relation to:
  - Internal audit activities by the JCorp Group as well as suggesting appropriate actions to be taken next;
  - Main risks that have been identified, category of risk, effects and mitigation as well as suggesting appropriate actions to be taken next;
  - Improving corporate governance practices as well as good project management;
  - The needs of top management, policies and the institution's procedures.
- Aligning all matters that are related to ethics, management integrity, operations and business that are raised by the JCorp Group.
- All matters discussed by the Committee are considered private and confidential;
- The committee will manage any conflicts of interest that arise; and
- Meeting procedures:
  - Frequency - once a quarter
  - Chairman - Head of JCorp's Governance & Business Ecosystem Division
  - Member - Heads of Governance from the JCorp Group (Core Businesses).

For the year ending 31 December 2019, GGBEC met three times in April, July and September to discuss the latest status and reports related to the Group Governance function in the areas of internal audit, risk management, compliance, integrity, project management and technical audit.

## RISK MANAGEMENT AND INTERNAL CONTROL

### MAIN FEATURES OF INTERNAL CONTROL

#### Control Framework

The Group's strategy is formulated by the management team and approved by the Board. Management has the ultimate responsibility for implementing plans, identifying risks and ensuring appropriate control measures are in place. This is achieved through an organisational structure that clearly defines responsibilities, levels of authority and reporting procedures.

The Group adopts The Committee of the Sponsoring Organisation of the Treadway Commission (COSO) Internal Control Framework and has in place manuals on policies and procedures for accounting and financial reporting, delegation of authorities and authorisation levels, property operations and human resource management.

#### Financial Reporting

Detailed budgets prepared by each division are reviewed by the Strategic Planning Committee before the consolidated budget is approved by the Board. The results from the **Balanced Scorecard (BSC)** and operations are prepared and checked to compare against the budget that was allocated.

#### Operating Controls

The Group's management teams operate within the Group's guidelines on operating procedures designed to achieve optimum operating efficiency and service effectiveness and

the planned financial results. Specific controls are in place to ensure prudent financial management as well as safeguard assets from physical loss and insuring them at appropriate levels.

#### Investment Appraisal

The Group has clearly defined procedures for the approval of investments and other capital expenditures. Planned expenditure is set out in the annual budget. Approval of capital expenditure commitments is made in accordance with the delegated authority levels approved by the Board. All major investment proposals are subjected to review by Board Investment Committee, before being presented to the Board for approval.

#### Monitoring Controls

The effectiveness of internal financial control systems and operational procedures is monitored by the management and audited by the Group Internal Audit Department (GIA) of Johor Corporation. GIA adopts a risk-based audit plan, an approach whereby the auditor focuses on the factors that affect, beneficially or adversely, the achievement of the organisational objectives and its operations. Its scope covers the risks themselves, and the way those risks are governed, managed and controlled. It then reports to Board Governance & Business Ecosystem Committee (BGBEC) on internal control weaknesses and monitors the implementation of recommendations for improvements.

### INTERNAL AUDIT

Internal audit function of Johor Corporation is undertaken by the Group Internal Audit Department (GIA) and the department reports directly to the BGBEC. GIA receives reports from the Internal Audit Department of Johor Corporation Group of Companies for review and deliberations by the BGBEC. The department plans its internal audit schedules each year in consultation with the management; (but is independent from it) and the plan is submitted to BGBEC for approval.

Johor Corporation is also a corporate member of the Institute of Internal Auditors Malaysia (IIAM). GIA subscribes to, and is guided by the International Standards for the Professional Practice of Internal Auditing ("the Standards") and has incorporated these Standards into its audit practices. The Standards cover requirements on independence, professional proficiency, scope of work, performance of audit work and management of internal audit activities.

To ensure that the internal audits are performed by competent professionals and technical knowledge remains current and relevant, GIA provides appropriate training and development opportunities to its staff, including the Certified Internal Auditor (CIA) programme. At present, there are eight practicing CIAs throughout Johor Corporation Group.



# BOARD GOVERNANCE & BUSINESS ECOSYSTEM COMMITTEE REPORT

## BOARD GOVERNANCE & BUSINESS ECOSYSTEM COMMITTEE REPORT

### Composition

BGBEC is chaired by Yang Berbahagia Datuk Ibrahim Ahmad, an independent member of the Board and consists of three members.

Yang Berhormat Dato' Haji A. Rahim Haji Nin is a member of the JCorp Board and is currently the State Financial Officer of Johor.

Puan Zainah Mustafa is an independent member of the Committee and is a Fellow of the Association of Certified Chartered Accountants (ACCA) United Kingdom.

### ATTENDANCE AT MEETINGS

BGBEC meets on a scheduled basis at least four (4) times a year. In 2019, BGBEC met on five (5) occasions (including two (2) special meetings) as follows:

	DATE OF MEETING				
	26 FEBRUARY	17 MAY	5 JULY (Special Meeting)	27 SEPTEMBER	6 DECEMBER (Special Meeting)
YBhg Datuk Ibrahim Ahmad	/	/	/	/	/
YB Dato' Haji A. Rahim Haji Nin	/	/	/	/	/
Puan Zainah Mustafa	/	/	/	/	/

### DUTIES AND RESPONSIBILITIES

The Board Governance & Business Ecosystem Committee discussed the following matters:

#### Internal Audit

- Monitor the internal audit process in JCorp and its Group of Companies;
- Review and approve the annual internal audit plans of JCorp and companies in the group;
- Review and deliberate reports and findings pursuant to internal audit exercises by Johor Corporation and internal audit departments in its Group of Companies as well as propose the actions pursuant thereto;
- Ensure a comprehensive framework for a dynamic audit, governance and implementation for internal and external audit; and
- Catalyze a healthy and collaborative relationship between Johor Corporation internal and external audit functions with internal management and operations.

#### External Audit and Financial Statement

- Review the year-end financial statements of Johor Corporation, focusing particularly on:
  - Compliance with accounting standards and other legal requirements;
  - Any changes in accounting policies and practices;
  - Significant adjustments arising from the audit; and
  - Special emphasis.
- Meet separately with the external auditors;
- Review the findings of the external auditors and response from management;
- Discuss the problems or observations arising from the interim and final work of the audit; and
- Recommend for Board consideration and approval of Johor Corporation's Financial Statements.

#### Risk Management

- Ensure risk management process is comprehensive and continuous; and
- Review and deliberate the findings, conclusions and recommendations by the Group Risk Management Department in relation to key risk identified based on their categories, impact and mitigation as well propose the actions pursuant thereto.

#### Compliance

- Ensures compliance of Johor Corporation's management, operations and business activities with key legal requirements, institutional policies and procedures.

#### Inspectorate

- Review and deliberate the findings, conclusions and recommendations by the Group Inspectorate and Project Monitoring Department as well as propose the actions to be taken to improve corporate governance and project management.

#### Ethics and Integrity

- Oversee, review and advise on matters pertaining to ethics and integrity of management, operations and transactions highlighted/raised by JCorp and its Group of Companies.

#### Business Continuity Management

- Review, deliberate and advise on the implementation of strategic initiatives for JCorp business continuity that focuses on:
  - Implementation of policies prescribed by Johor Corporation Strategic Innovation and Corporate Responsibility Frameworks;
  - Implementation of the projects stipulated in Johor Corporation Strategic Innovation and Corporate Responsibility Frameworks and the activities/ initiatives related thereto;
  - Creation of a conducive innovation ecosystem;
  - Business sustainability; and
  - Assessing the impact and outcomes of JCorp business continuity strategic initiatives.

#### Strategic Planning

- If necessary, review and deliberate on strategic planning of Johor Corporation and its Group of Companies.

#### Other Responsibilities

- Catalyze institutional commitment to strong and effective internal controls;
- Continuous review of policies related to audit, risk management, inspectorate and project monitoring, ethics and integrity and compliance vis-à-vis regulatory requirements, conflicts of interest and fraud prevention;
- Monitor the status of current and pending key litigations that involve JCorp and its Group of Companies; and
- Ensures adequate access to information required for the effective performance of Johor Corporation internal functions.



## BOARD GOVERNANCE & BUSINESS ECOSYSTEM COMMITTEE REPORT

### SUMMARY OF ACTIVITIES

Activities carried out by the Board Governance & Business Ecosystem Committee throughout the financial year ending 31 December 2019 are as follows:

- Review reports by the Board Governance & Business Ecosystem Committee which held meetings on 1 April 2019, 18 July 2019 dan 20 September 2019;

- Review the completion of JCorp's Business Continuity strategic initiatives executed throughout the year 2019 by the Business Continuity Management Department;

- Review and deliberate reports and findings pursuant to internal audit exercises by Johor Corporation and its departments as well as propose the actions pursuant thereto;

- Discuss the findings reported by the Inspectorate and Project Monitoring Department and recommend for improvement towards better corporate governance practices and project management;

- Discuss problems and issues that arise during the audit, and any matter both internal and external auditors may wish to discuss confidentially;

- Discuss the relevant Acts and Guidelines that govern Johor Corporation and its Group of Companies, as well as a status report on compliance and mitigation plans;

- Review the adequacy of the scope, functions and resources of the external auditors, and that it has the necessary authority to carry out its work;

- Discuss the completion of initiatives and activities undertaken by the Group Integrity Unit throughout the year 2019;

- Review the results of year-end audit by the external auditors and discussed the findings and other concerns of the external auditors;

- Review the current status of legal actions involving Johor Corporation and its Group of Companies.





**Johor Corporation**

Level 11, Menara KOMTAR,  
Johor Bahru City Centre,  
80000 Johor Bahru,  
Johor, Malaysia.

Tel : (607) 219 2692

Fax : (607) 223 3175

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



johorcorporationofficial