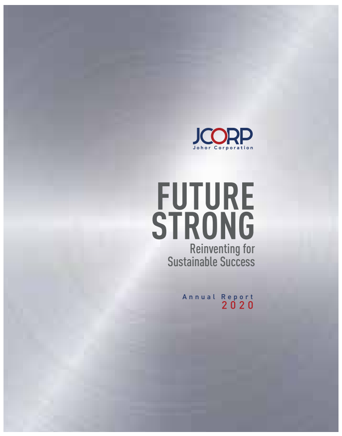
JCORP
Johor Corporation

FUTURE STRONG

Reinventing for Sustainable Success

Annual Report
2020



COVER RATIONALE

FUTURE STRONG

Reinventing for Sustainable Success

Building an organisation that is strong and able to carve sustainable, excellent and outstanding success is the strategy in moving forward for Johor Corporation (JCorp). Changes in business models certainly require the nerves of steel. The essence of this conviction is encapsulated through the cover which features a polished and refined metal that reflects the intensity of spirit and an unwavering determination to forge ahead with success, although having to traverse these difficult times, surrounded by various challenges and adversities.

ABOUT JOHOR CORPORATION

Johor Corporation was incorporated through Johor State Economic Development Corporation Enactment in 1968 and later amended in 1995 as the principal development institution to drive the growth of the state's economy.

MISSION MEMBINA & MEMBELA

MEMBINA

Leveraging continuous business growth, creating viable business entities, generating profits and being held in high esteem.

Concentrating

ITS FOCUS ON CORE BUSINESSES

- Agribusiness
- Wellness & Healthcare
- Food & Restaurant
- Real Estate & Infrastructure

Developing a mindset towards a

DIGITALLY DRIVEN ORGANISATION

- Improve accuracy and efficiency in decision making through data analysis
- Creating a unique digital experience for stakeholders at all levels

CRITICAL SKILLS
that are required to achieve the objectives and goals of reinventing.

- Analytical
- Smart and creative mind
- Leadership
- Agility

MEMBELA

Contributing to the state and national economic growth, as well as enhance the well-being of its society.

Emphasising on the

INTAKE/BETTERMENT
of fellow Johoreans.

Established in 1993, the Johor Skills Development Centre aims to train individuals to develop existing skills and in suiting the needs of the country.

Targets
88,142
participant
by 2025

JCorp Education Sponsorship Programme (JESP)

Yayasan JCorp Tuition Project

DEVOTED to the community

- Provision of **'benefits'** by Waqaf An-Nur
- Contributions to **sports and the less privilege and less fortunate**
- **Waqaf Community Centre** – tailors and barbers
- Dana Niaga – **Micro Credit**

CONTENTS OF THIS REPORT

SECTION 1

CORPORATE STATEMENT

CHAIRMAN'S MESSAGE

"IN THE NAME OF ALLAH, THE MOST GRACIOUS AND THE MOST MERCIFUL

Alhamdulillah – Praise be to Allah, for it is by the grace of Allah SWT, Johor Corporation had successfully weathered the storm in 2020 which challenged the global economy and was full of uncertainties. It is the result of continuous efforts from all relevant parties who have worked hard with diligence and dedication.

DATO' HAJI HASNI MOHAMMAD
MENTERI BESAR OF JOHOR
CHAIRMAN OF JOHOR CORPORATION

JCORP 3.0 REINFORCES JOHOR'S RECOVERY INITIATIVES

The negative impact of the COVID-19 pandemic dealt a severe blow to the survival of individuals, companies, as well as other stakeholders in the global and local economic sphere. The world community has had to adapt to an environment that restricted their movements and induced behavioural changes. As a result, it is difficult for the world to make projections in planning or developing economic scenarios for a recovery in 2021.

Although still plagued by trauma and bitterness, we have no choice but to immediately implement initiatives that are able to impel economic recovery and developments that have been affected. The objective for all the planning is to ensure that all branches of the organisation's businesses and investments are resilient to ensure the recovery process proceeds smoothly.

Johor Corporation (JCorp) is no exception to this sudden change. As the main socio-economic development organisation for the state of Johor, full commitment is given in the recovery process with specific measures being outlined and implemented to support the original goal of *Membina dan Membela*. At the same time, apart from the realignment measures to maintain the sustainability potential of the organisation, JCorp's Strategic Development Plan has been drawn up to be the crux of business strength and sustainability.

Changes are happening at a rapid pace and there is no guarantee that the economy will be able to recover in the near future. Hence, the Business Sustainability Plan, themed 'JCorp 3.0' has been activated with specific strategic direction to reinforce the institution's ability in weathering the era of new norms that is highly complex and challenging. The essence of the Plan has been devised by taking into account JCorp's need to be agile, resilient and future-proof. Digital Transformation is also one of JCorp's main focus, in addition to adhering to good governance practices, in keeping with the highest benchmark in related industries.

Solid commitment and support from JCorp's employees, top management and members of Johor Corporation has enabled the institution to continue its operations smoothly as well as fulfill its mandate despite having to face numerous obstacles throughout 2020. I would like to take this opportunity to say thank you for the dedication and commitment of all parties during this extraordinary period.

I am confident the slogan 'Reinventing JCorp for Sustainable Success' can be realized in order to articulate the aspiration of transforming this institution into 'JCorp 3.0', a dominant, excellent and viable Johor state economic development agency that transcends present and future challenges.

JOHOR CORPORATION
30 JUNE 2021

CORPORATE STATEMENT

BSP & SIX STRATEGIES DOMINATE JCORP'S FUTURE

"JOHOR Corporation entered the year 2020 with a new stipulation of 'No More Business as Usual' in the organisation. Drastic changes are needed to ensure the sustainability of the institution is intact. Therefore, this resolution was immediately followed by the formulation of Johor Corporation's Business Sustainability Plan (BSP).

DATUK SYED MOHAMED SYED IBRAHIM

PRESIDENT AND CHIEF EXECUTIVE
JOHOR CORPORATION

In spite of that, the COVID-19 pandemic had presented new and unexpected challenges. The Movement Control Order which was enforced also affected the economy and triggered a chain impact on the country's socio-economy. This demanded modifications to the original plan and adaptation to economic conditions as well as the ever-changing market patterns have been given priority.

As a result, Business Programming by virtue of the new norms has been realized and this practice has had a positive impact on the success of Johor Corporation (JCorp). In order to propel the institution in facing up to the challenges that lie ahead, JCorp's Digital Transformation Plan has been devised to focus on the changing trends in the modernisation of global business.

GROUP FINANCIAL PERFORMANCE 2020

Revenue

RM4,556 million

Asset Value

RM22,810 million

STEPPING AHEAD WITH BSP

JCorp is optimistic of the sustainable growth projections for each of the core sectors it ventures into. The drafted BSP has taken into consideration investment dynamics and related economic scenarios. BSP will also be the basis for the rebuilding of JCorp into a future-proof parent holding company, in which not only the reinforcement of business sustainability factor takes cognizance, but BSP also supports the aspiration for JCorp to remain at the forefront of the local corporate landscape and continue to spread its wings, flying higher than before.

BSP contains a list of proactive initiatives as a means to reinvent JCorp with a new image, perception, agility, capabilities and focus. In other words, BSP is the new 'playbook' and the driving force behind JCorp's transformation.

BSP also amplifies the values of excellence, respect, cooperation and integrity. These are the universal Islamic values that are instilled in JCorp's employees as they uphold the trust and carry out their responsibilities.

To date, JCorp has outlined three key focal points in the implementation of BSP which will spur growth in the direction of a sustainable success. **First, increasing its durability, agility, competitiveness and viability. Second, to inculcate values and work culture predicated on knowledge enhancement. And third, realising sustainable business growth.**

TRANSFORMATION OF FOUR CORE BUSINESSES

Anchored by a broad portfolio encompassing 298 companies, intensified efforts have been carried out in previous years to ensure business continuity as a whole. Nonetheless, after weighing all circumstantial factors of the companies under its umbrella, JCorp has therefore decided to focus on four core businesses, namely, **Agribusiness; Wellness & Healthcare; Food & Restaurant, as well as Real Estate & Infrastructure.**

Concurrently, JCorp also conducted a re-evaluation process of non-core and non-strategic companies as well as those within the Group which underperformed. Attention is now directed towards a portfolio enhancement strategy and focalisation on making the Group's companies the most outstanding in their respective industries.

At the group of companies' level, JCorp has also proceeded with the rationalisation exercise for the consolidation of all businesses and investment activities that are similar.

Monetisation is part of JCorp's strategy in navigating its plans for the future. Current situation has prompted JCorp to plan public listings (IPOs) for several of its companies, specifically **Johor Land Berhad (JLand), Damansara Assets Sdn Bhd (DASB), Kulim (Malaysia) Berhad (Kulim) and QSR Brands (M) Holdings Bhd (QSR Brands)** within these five years.

With regards to the Agribusiness, we are targeting an IPO in 2024 for Kulim, and the spotlight will be on agriculture and plantation, while letting go other than these branches of businesses.

As for the Wellness & Healthcare, JCorp aims to rebrand and restructure by being mindful of capability augmentation for digitalization. The sector's capacity is intensified to optimize its potential by leveraging on organisational reinforcement, in addition to expanding the value chain. Indeed, there are many opportunities to be seized in this sector, in tandem with the development of global health security.

The IPO for QSR Brands which spearheads the Food & Restaurant sector is targeted for 2023. JCorp will also improve and rebuild its business and financial operating models in accordance with the effects of the pandemic which triggered new norms and significant change in consumer behaviour in related sectors. This move is aligned with JCorp's endeavour to increase efficiency, while maximising returns for the upstream, midstream and downstream segments.

MARKET AND GLOBAL CHALLENGES

JCorp's strategic direction is now in full gear. Over the next 10 years, JCorp has set an objective of becoming an investment holding institution that is robust, sustainable and admired at the regional and international levels.

We have identified six core strategies in **JCorps's Strategic Development Plan** which will empower JCorp's future, to the point of making it capable and competitive in riding through the challenges to achieve such goal. This strategy has also been drafted to be consistent with JCorp's responsibilities and mission of *Membina & Membela*. It also aims to ensure that JCorp is on a solid, straight and clear track, thus preventing JCorp to stray from the path of attaining our vision.

These six strategies will be the pillars of JCorp's strength and success in facing the challenges and uncertainties of the present global market and in the future. There is no doubt that JCorp has achieved a plethora of achievements throughout its 52 years of corporate journey. Nevertheless, we see there are more to be done to ensure JCorp truly executes its mission – *Membina & Membela*, which is also being reinterpreted, to keep up with times and expanding needs.

The COVID-19 pandemic also had an adverse effect on the real estate sector and infrastructure development, including a sluggish market. For this fourth core business of Real Estate & Infrastructure, JCorp is targeting IPOs for DASB in 2023 and JLand in 2024. The goal is to consolidate all investments in this specific sector, including property investment and development, asset lifecycle management and infrastructure management to ultimately emerge as an integrated real estate services provider that is truly exhaustive.

THE SIX STRAGIES OF JCORP'S STRATEGIC DEVELOPMENT PLAN

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

CORPORATE EVENTS

A repertoire of corporate events had coloured JCorp's diary throughout 2020. Through this column, JCorp respectfully pay homage to His Majesty the Sultan of Johor who did us the honour of visiting JCorp's office at Menara KOMTAR JBCC, Johor Bahru on 7 July 2020. In conjunction with the visit, His Majesty the Sultan had consented to select and launch JCorp's new logo which reflects the beginning of a new corporate image, in step with JCorp 3.0 transformation.

Despite the gloomy atmosphere in the first and second quarters of 2020, planning kept on going at a time when COVID-19 had yet to be curbed. Among others, JCorp handed over donations to meet treatment and medical needs of hospitals, frontline workers and community groups severely affected by the pandemic. Throughout the 2020 period, JCorp had channelled various forms of aid worth RM32 million to achieve the said objectives.

JCorp also organised virtual townhall session in February 2021 to give employees a clear picture of the latest developments in the organisation or a series of corporate activities that have been implemented, ongoing and will be implemented during the current year. Details on the three focuses of BSP and JCorp's six core strategies, as well as JCorp's Strategic Development Plan were the main agendas brought to the fore during this information sharing session.

ACKNOWLEDGEMENT & APPRECIATION

We are confident that JCorp's transformation plan will achieve its targets. And for that, the highest appreciation goes to the **Johor State Government** and the **Federal Government**, including the departments and agencies under their aegis, for the trust, support and solid commitment, just as they had given to JCorp since its inception in 1968.

Gratitude is also extended to financial institutions, aside from our customers, strategic partners, media personnel as well as stakeholders, including shareholders of public listings, as well as individuals and institutions that have invested in JCorp's Group of companies.

Without the support and commitment of all parties, it would have been difficult for JCorp to attain the achievements it now has under its belt, and be in its present position, let alone in confronting a challenging future while fulfilling our roles, trusts and responsibilities.

Indeed, staff members remain our best asset. The smooth sailing of our transformation which has begun to show signs of germination would not have been possible without the attitude that spells out steadfastness or *istiqomah*, hard work and dedication among our employees, in addition to their commitment in embracing the moral values of the organisation. JCorp's transformation is founded on the perspective of change through Prophet Muhammad (PBUH)'s hegira or migration which was undertaken for the sake of progress as well as a more positive and brilliant future.

Now, JCorp's driving force boasts a clear new culture, thinking, attitude and vision of its responsibilities, as well as the tasks that must be accomplished in order to complete this transformation. In fact, it should also be construed as an *ibadah* or the following of Islamic beliefs and practices that shall be rewarded in the hereafter.

Meanwhile, the establishment of the Human Capital Development Centre is an initiative to empower the entire staff as they need to be more efficient, performing and possess integrity to execute this transformation and new fields of work in the future, so as to achieve the goals of JCorp 3.0 – an organisation with a vision to be an institution that is held in high esteem and can be emulated for its financial excellence and social responsibility. May Allah SWT ease our affairs.

JOHOR CORPORATION
30 JUNE 2021

SECTION 2

ABOUT JOHOR CORPORATION


MENARA
JLAND

CORPORATE PROFILE & INFORMATION

REGISTERED OFFICE

JOHOR CORPORATION

Level 13, Menara KOMTAR
Johor Bahru, Johor
Malaysia

Telephone : +607-219 2692
Fax : +607-223 3175
Email : enquiries@jcorp.com.my

AUDITOR

ERNST & YOUNG

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

PRINCIPAL BANKER

MAYBANK

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

Johor Corporation was incorporated through Johor State Economic Development Corporation Enactment in 1968 and later amended in 1995 as the principal development institution to drive the growth of the state's economy.

JOHOR CORPORATION IS INVOLVED IN FOUR CORE BUSINESSES, NAMELY:

AGRIBUSINESS

Kulim (Malaysia) Berhad

WELLNESS & HEALTHCARE

KPJ Healthcare Berhad

FOOD & RESTAURANT

QSR Brands (M) Holdings Bhd

REAL ESTATE & INFRASTRUCTURE

Johor Land Berhad
TPM Technopark Sdn Bhd
TLP Terminal Sdn Bhd
Damansara Assets Sdn Bhd
Al-'Aqar Healthcare REIT
Al-Salām REIT

Johor Corporation has become a leader in the domestic market for several key businesses and has expanded its operations overseas.

THE AGRIBUSINESS DIVISION HAS OPERATIONS AND INTERESTS IN:

- Malaysia: 60,064 hectares
- Indonesia: 14,511 hectares*
  *(*Areas under the right to cultivate)*

THE WELLNESS & HEALTHCARE DIVISION, LED BY KPJ HEALTHCARE BERHAD HAS EXPANDED TO:

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

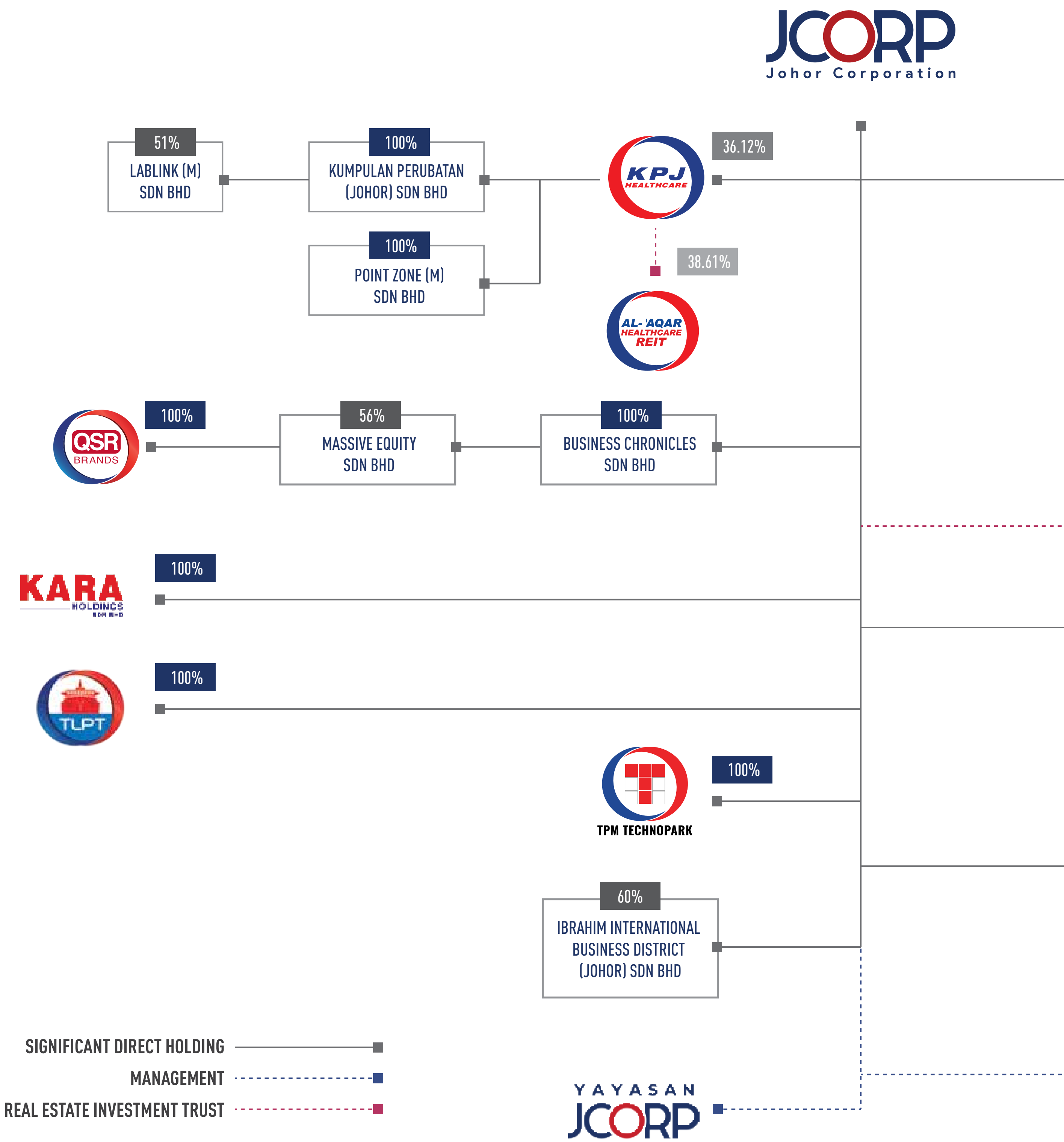
THE FOOD & RESTAURANT DIVISION, HAS SPREAD ITS WINGS TO:

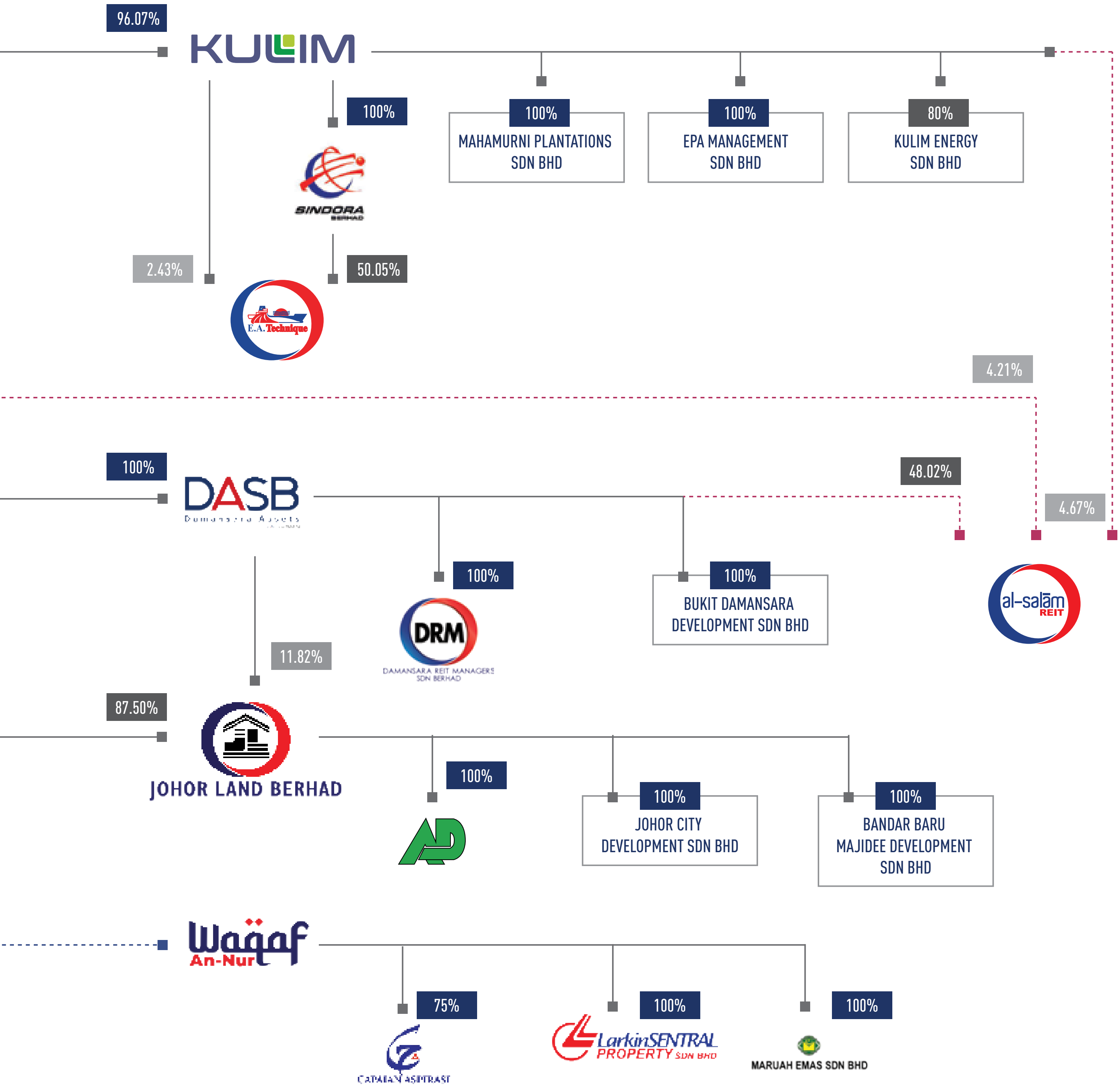
- Singapore (KFC & Pizza Hut).
- Brunei (KFC).
- Cambodia (KFC).

FOUR COMPANIES THAT ARE LISTED ON BURSA MALAYSIA COMPRISE OF:

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

BUSINESS & CORPORATE STRUCTURE




96.07%
KULIM
100%
SINDORA BERHAD
100%
MAHAMURNI PLANTATIONS SDN BHD
100%
EPA MANAGEMENT SDN BHD
80%
KULIM ENERGY SDN BHD
2.43%
50.05%
E.A. Technique
4.21%
100%
DASB
48.02%
4.67%
100%
DRM
DAMANSARA REIT MANAGERS SDN BERHAD
100%
BUKIT DAMANSARA DEVELOPMENT SDN BHD
al-salām REIT
11.82%
87.50%
JOHOR LAND BERHAD
100%
100%
JOHOR CITY DEVELOPMENT SDN BHD
100%
BANDAR BARU MAJIDEE DEVELOPMENT SDN BHD
Waqaf An-Nur
75%
CAPAIAN ASPIRASI
100%
LarkinSENTRAL PROPERTY SDN BHD
100%
MARUAH EMAS SDN BHD

BOARD OF DIRECTORS' PROFILE

DATO' HAJI HASNI BIN MOHAMMAD

Chief Minister of Johor
Chairman of Johor Corporation

He was appointed Chairman of the Board of Johor Corporation beginning 1 March 2020 in his capacity as the Chief Minister of Johor. He holds a Bachelor of Science in Civil Engineering from the University of Missouri, Rolla, United States of America.

TAN SRI DR. ALI BIN HAMSA

Deputy Chairman
Johor Corporation

His appointment to the Board of Johor Corporation began on 1 November 2009. Effective 15 June 2020, he was appointed as the Deputy Chairman and at the same time became an Independent Director of Johor Corporation. He has to his credentials a Doctorate from Oklahoma State University in 1997, a Master of Economics from Oklahoma State University in 1986, a Bachelor's Degree (Hons) from the University of Malaya in 1979 and a Diploma in Public Management from the National Institute of Public Administration in 1980. He was also appointed as Chairman of Kulim (Malaysia) Berhad as of 1 March 2021 and Chairman of KPJ Healthcare Berhad beginning 23 June 2021.

DATUK SYED MOHAMED BIN SYED IBRAHIM

President and Chief Executive
Johor Corporation

He was appointed to the post of President and Chief Executive, as well as a Board Member of Johor Corporation beginning 9 January 2020. He holds a Bachelor of Economics in Analytical Economics (Hons) from the University of Malaya. He then attended the Senior Management Development programme in Public Enterprises at Harvard University. He is also a Board Member of the Sultan Ibrahim Johor Foundation and the Tunku Laksamana Johor Cancer Foundation.

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DATO' HAJI AZMI BIN ROHANI

State Secretary of Johor

He was appointed as a Board Member of Johor Corporation effective 1 January 2017 based on his capacity as the Johor State Secretary. He graduated with a Master's Degree in Human Resource Development from Universiti Teknologi Malaysia in 2004 and a Bachelor of Science in Economic Development & Management (Hons) from Universiti Kebangsaan Malaysia in 1990.

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DATO' HAJI SALEHUDDIN HAJI HASSAN

State Financial Officer of Johor

His appointment to the Board of Directors of Johor Corporation began on 25 January 2021. He holds a Bachelor of Business Management (Hons) from Universiti Utara Malaysia and a Diploma in Banking from Institut Teknologi MARA. He is currently the State Financial Officer of Johor.

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TUAN AMIR BIN NASRUDDIN

State Legal Advisor of Johor

He was appointed as a Member of the Board of Johor Corporation on 1 January 2020 in his current capacity as the State Legal Advisor of Johor. He holds a Diploma in Law and an Advanced Diploma in Law (LLB Honors) from Universiti Teknologi MARA.

BOARD OF DIRECTORS' PROFILE

DATO' ASRI BIN HAMIDON

Secretary-General of Treasury
Ministry of Finance Malaysia

He became a member of Johor Corporation's Board of Directors upon his appointment on 15 June 2020. He graduated with a Masters of Economics from Hiroshima University, Japan in 2006, and a Bachelor of Economics, from University of Malaya in 1990. He is currently the Secretary-General of Treasury, Malaysia.

DATUK SAIFUL ANUAR BIN LEBAI HUSSEN

Director-General
Economic Planning Unit
Prime Minister's Department

His appointment to Johor Corporation's Board of Directors happened on 1 October 2019. He holds a Master's Degree in Economics (Development) from Universiti Kebangsaan Malaysia. Currently, he is the Director-General of the Economic Planning Unit at the Prime Minister's Department, and prior to that, he was the Secretary-General at the Ministry of Economic Affairs.

DATUK NOR AZRI BIN ZULFAKAR

Director-General
Implementation Coordination Unit
Prime Minister's Department

He is an appointed member of the Johor Corporation's Board of Directors since 8 March 2020. He graduated from the Massachusetts Institute of Technology (MIT), Cambridge, the United States of America with a Master's Degree in Business Administration (Business Management), and was formerly a Board Member of the Penang Regional Development Authority (PERDA).

DATO' SR. HISHAM BIN JAFREY

Managing Director
ARH Jurukur Bahan Sdn Bhd

He took on the appointment as a Board Member of Johor Corporation on 1 May 2020. He has to his credentials a Bachelor's Degree (Hons) in Quantity Surveying from Leeds Metropolitan University, United Kingdom, and is a Fellow of the Royal Institution of Surveyors Malaysia, as well as a Member of the Royal Institute of Chartered Surveyors, United Kingdom. In addition, he also sits as a Member of the Industry Advisory Panel at Segi University, besides being a Board Member of Kulim (Malaysia) Berhad beginning 1 March 2020.

MOHD NORDIN JAMALUDIN

Secretary
Johor Corporation

His appointment as the Secretary of Johor Corporation took effect on 2 February 2020, which was also the date he started his service in the organisation. He earned his Bachelor's Degree in Law from the University of West London, United Kingdom. At present, he holds the position of Chief Corporate Services Officer, Johor Corporation.

NURALIZA BINTI ABDUL RAHMAN

Assistant Secretary
Johor Corporation

Appointed as Assistant Secretary of Johor Corporation beginning 1 March 2020, she possesses a professional qualification from the Institute of Chartered Secretaries and Administrators (ICSA) (UK). Having joined Johor Corporation on 1 October 1997, she currently holds the post of Head of the Group Company Secretarial Department, Johor Corporation.

LINE-UP OF SENIOR MANAGEMENT

DATUK SYED MOHAMED SYED IBRAHIM
President and Chief Executive

Date of Appointment: 9 January 2020

Academic Qualification: Bachelor of Economics (Analytical Economics), University of Malaya

MOHD NORDIN JAMALUDIN
Chief Corporate Services Officer

Date of Appointment: 2 February 2020

Academic Qualification: Bachelor of Laws, University of West London, United Kingdom

DATUK SR AKMAL AHMAD
Director, Real Estate & Infrastructure Division / Group Managing Director of Johor Land Berhad

Date of Appointment: 3 August 2020

Academic Qualification: Bachelor of Science in Quantity Surveying, Universiti Teknologi MARA

SHAMSUL ANUAR ABD MAJID
Chief Investment Officer

Date of Appointment: 2 February 2020

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

ROZAINI MOHD SANI
Chief Financial Officer

Date of Appointment: 8 March 2020

Academic Qualification: Bachelor's Degree (Accounting and Finance), University of New South Wales, Sydney, Australia

MOHD AZMI HITAM
Chief Governance Officer

Date of Appointment: 2 February 2020

Academic Qualification: Master of Business Administration, Washington State University, United States of America

MUAAZAM MAHMUD
Head of Transformation & Restructuring

Date of Appointment: 12 January 2020

Academic Qualification: Bachelor of Finance, University of Illinois, Urbana Champaign, United States of America

SECTION 3

SUMMARY OF FINANCIAL PERFORMANCE

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2020
Amounts in RM Million Unless Otherwise Stated

	Note	2020	2019 Restated
Continuing operations			
Revenue	4	**4,556**	4,947
Cost of sales		**(2,925)**	(3,154)
Gross profit		**1,631**	1,793
Other items of income			
Other income	5	**190**	382
Other items of expense			
Distribution expenses		**(25)**	(43)
Administrative expenses		**(998)**	(1,220)
Other expenses	6	**(770)**	(178)
Finance costs	7	**(454)**	(470)
Share of results of associates, net of tax		**7**	27
Share of results of joint ventures, net of tax		**114**	97
(Loss)/profit before tax from continuing operations	8	**(305)**	388
Tax	11	**(75)**	(101)
(Loss)/profit from continuing operations, net of tax		**(380)**	287
Discontinued operations			
Loss from discontinued operations, net of tax	12	**(14)**	(7)
(Loss)/profit net of tax		**(394)**	280

	2020	2019 Restated
Other comprehensive income, classified as profit or loss in subsequent periods:		
Foreign currency translation of foreign operations	(3)	5
Other comprehensive (loss)/ income, not classified as profit or loss in subsequent periods:		
Fair value adjustment for financial assets at FVOCI	(1)	(4)
Fair value adjustment for financial assets at FVOCI in relation to disposal of subsidiary	-	99
Net surplus from revaluation of property, plant and equipment	150	42
Deferred tax on revaluation surplus	(23)	-
Surplus on transfer of property, plant and equipment to investment property	(3)	5
Disposal of property, plant and equipment	-	(6)
Other comprehensive income for the current financial year, net of tax	120	141
Total comprehensive (loss)/ income for the current financial year	(274)	421
(Loss)/profit attributable to:		
Owner of Johor Corporation	(375)	93
Non-controlling interest	(19)	187
	(394)	280
Total comprehensive (loss) income attributable to:		
Owners of Johor Corporation	(343)	209
Non-controlling interest	69	212
	(274)	421

GROUP STATEMENT OF FINANCIAL POSITION

As at 31 December 2020
Amounts in RM Million Unless Otherwise Stated

	Note	31.12.2020	31.12.2019 Restated	01.01.2019 Restated
ASSETS				
Non-current assets				
Property, plant and equipment	13	**8,608**	8,806	10,601
Right-of-use assets	14	**2,296**	2,201	-
Inventory	15	**506**	493	737
Investment properties	16	**4,912**	4,704	4,265
Biological assets	17	**-**	-	2
Intangible assets	18	**222**	251	252
Investment in subsidiaries	19	**-**	-	-
Investment in associates	20	**281**	300	282
Investment in joint ventures	21	**1,655**	1,760	1,701
Deferred tax assets	22	**256**	210	171
Financial assets at Fair Value through Other Comprehensive Income ("FVOCI")	23(a)	**12**	28	20
Financial assets at Fair Value through Profit or Loss ("FVTPL")	23(b)	**-**	2	-
Trade and other receivables	25	**3**	40	23
		18,751	18,795	18,054
Current assets				
Inventories	15	**1,529**	1,592	1,314
Biological assets	17	**45**	29	21
Contract costs	24	**9**	7	2
Trade and other receivables	25	**854**	1,017	1,078
Contract assets	26	**144**	134	129
Financial assets at Fair Value through Other Comprehensive Income ("FVOCI")	23(a)	**16**	-	-
Financial assets at Fair Value through Profit or Loss ("FVTPL")	23(b)	**5**	5	4
Tax recoverable		**104**	118	83
Cash and bank balances	28	**958**	1,136	1,239
		3,664	4,038	3,870
Assets of disposal group classified as held for sale	29	**395**	448	790
		4,059	4,486	4,660
Total assets		**22,810**	23,281	22,714

	Note	31.12.2020	31.12.2019 Restated	01.01.2019 Restated
EQUITY AND LIABILITIES				
Current liabilities				
Tax payable		**83**	35	34
Lease liabilities	30	**35**	47	-
Loans and borrowings	31	**2,593**	2,123	2,635
Trade and other payables	32	**1,915**	2,119	1,788
Contract liabilities	26	**126**	95	78
Derivative financial instrument	27	**4**	3	2
		4,756	4,422	4,537
Liabilities directly associated with disposal group, classified as held for sale	29	**5**	-	180
		4,761	4,422	4,717
Net current (liabilities)/assets		**(702)**	64	(57)
Non-current liabilities				
Trade and other payables	32	**440**	442	439
Other long-term liabilities	33	**1,324**	1,211	1,223
Deferred tax liabilities	22	**1,006**	1,015	1,022
Loans and borrowings	31	**6,671**	7,273	6,643
Lease liabilities	30	**87**	81	-
		9,528	10,022	9,327
Total liabilities		**14,289**	14,444	14,044
Net assets		**8,521**	8,837	8,670
Equities				
Capital reserves	34(a)	**391**	391	392
Asset revaluation reserve	34(b)	**200**	159	149
Currency fluctuation reserve	34(c)	**1**	9	(66)
FVOCI reserve	34(d)	**(100)**	(99)	(95)
Revenue reserve	34(e)	**5,533**	5,847	5,863
		6,025	6,307	6,243
Non-controlling interests		**2,496**	2,530	2,427
Total equity		**8,521**	8,837	8,670
Total equity and liabilities		**22,810**	23,281	22,714

GROUP STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2020
Amounts in RM Million Unless Otherwise Stated

2020	Note	Capital reserve	Asset revaluation reserve	Currency fluctuation reserve	FVOCI reserve	Revenue reserve	Total	Non-controlling interests	Total equity
At 1 January 2020 (as previously reported)		391	159	9	(99)	6,058	6,518	2,530	9,048
Prior year adjustment	43	-	-	-	-	(211)	(211)	-	(211)
At 1 January 2020 (restated)		391	159	9	(99)	5,847	6,307	2,530	8,837
Loss net of tax		-	-	-	-	(375)	(375)	(19)	(394)
Other comprehensive income									
Revaluation surplus on property, plant and equipment		-	44	-	-	-	44	83	127
Transfer surplus on property, plant and equipment to investment property		-	(3)	-	-	-	(3)	-	(3)
Fair value adjustment for financial assets at FVOCI		-	-	-	(1)	-	(1)	-	(1)
Foreign currency translation of foreign operations		-	-	(8)	-	-	(8)	5	(3)
Total other comprehensive loss for the current financial year		-	41	(8)	(1)	-	32	88	120
Total comprehensive loss for the current financial year		-	41	(8)	(1)	(375)	(343)	69	(274)
Transaction with owner									
Dividend paid to non-controlling interests		-	-	-	-	-	-	(69)	(69)
Accretion of interest in subsidiaries		-	-	-	-	-	-	1	1
Reduction of interest in subsidiaries		-	-	-	-	(1)	(1)	2	1
Reclassification		-	-	-	-	62	62	(37)	25
		-	-	-	-	61	61	(103)	(42)
Closing balance at 31 December 2020		391	200	1	(100)	5,533	6,025	2,496	8,521

2019	Note	Capital reserve	Asset revaluation reserve	Currency fluctuation reserve	FVOCI reserve	Revenue reserve	Total	Non-controlling interests	Total equity
At 1 January 2019 (as previously reported)		392	149	(66)	(95)	6,253	6,633	2,427	9,060
Prior year adjustment		-	-	-	-	(390)	(390)	-	(390)
At 1 January 2019 (restated)		392	149	(66)	(95)	5,863	6,243	2,427	8,670
Effect of MFRS 16		-	-	-	-	(1)	(1)	-	(1)
Adjusted balance as at 1 January 2019		392	149	(66)	(95)	5,862	6,242	2,427	8,669
Profit net of tax		-	-	-	-	93	93	187	280
Other comprehensive income									
Revaluation surplus on property, plant and equipment		-	7	-	-	-	7	35	42
Transfer surplus on property, plant and equipment to investment property		-	5	-	-	-	5	-	5
Disposal of property, plant and equipment		-	(2)	-	-	-	(2)	(4)	(6)
Fair value adjustment for financial assets at FVOCI		-	-	-	(4)	-	(4)	-	(4)
Fair value adjustment for financial assets on the disposal of subsidiaries		-	-	-	-	99	99	-	99
Foreign currency translation of foreign operations		-	-	11	-	-	11	(6)	5
Total other comprehensive income for the current financial year		-	10	11	(4)	99	116	25	141
Total comprehensive income for the current financial year		-	10	11	(4)	192	209	212	421
Transaction with owner									
Dividend paid to non-controlling interests		-	-	-	-	-	-	(119)	(119)
Disposal of subsidiaries		(1)	-	64	-	(181)	(118)	(1)	(119)
Accretion of interest in subsidiaries		-	-	-	-	(6)	(6)	8	2
Reduction of interest in subsidiaries		-	-	-	-	(2)	(2)	3	1
Distribution to State Government		-	-	-	-	(18)	(18)	-	(18)
		(1)	-	64	-	(207)	(144)	(109)	(253)
Closing balance at 31 December 2019		391	159	9	(99)	5,847	6,307	2,530	8,837

GROUP STATEMENT OF CASH FLOW

For the Financial Year Ended 31 December 2020
Amounts in RM Million Unless Otherwise Stated

	2020	2019 Restated
Operating activities		
(Loss)/Profit before tax:		
Continuing operations	**(305)**	388
Discontinued operations	**(15)**	(8)
Adjustments:		
Property, plant and equipment		
Net gain on disposal	**(2)**	(10)
Written off	**2**	4
Depreciation	**429**	391
Impairment loss	**216**	10
Right-of-use assets:		
Depreciation	**64**	70
Written off	**7**	-
Impairment loss	**4**	-
Investment properties:		
Changes in fair value	**94**	(165)
Biological assets:		
Loss on disposal	**1**	-
Changes in fair value	**(10)**	(2)
Gain on disposal of:		
Subsidiaries	**(1)**	(1)
Associates	**-**	(2)
Assets held for sale	**(3)**	-
Financial assets through profit or loss:		
Changes in fair value	**-**	(1)
Allowance for impairment:		
Trade and other receivables	**79**	70
Investment in joint ventures	**219**	43
Intangible assets:		
Amortisation	**16**	-
Impairment	**34**	12
Dividend income	**-**	(2)
Unrealised foreign currency exchange gain	**(3)**	(3)
Amortisation:		
Government grant	**(40)**	(14)
Land lease rental	**17**	(15)
Reversal of impairment of trade and other receivables	**(22)**	(10)
Recovery on return from receivables	**(32)**	-
Neglect of payables	**(8)**	-
Provision for expected loss on claims for the Construction Industry Payments and Adjudication Act 2012 ("CIPAA")	**39**	-
Provision for legal action on Indonesian plantations	**39**	-
Provision for expected loss for affordable housing	**30**	-
Interest expense	**454**	470
Interest income	**(24)**	(32)
Share of results of associates and joint ventures	**(121)**	(124)
Operating profit before changes in working capital	**1,158**	**1,069**

	2020	2019 Restated
Changes in working capital		
Inventories	**51**	(39)
Receivables	**112**	50
Contract assets	**(12)**	(5)
Payables	**(268)**	239
Contract liabilities	**31**	15
Associates and joint ventures	**(15)**	42
Cash generated from operations	**1,057**	1,371
Tax refunded	**17**	45
Tax paid	**(29)**	(205)
Net cash generated from operating activities	**1,045**	1,211
Investing activities		
Dividend received from subsidiaries	**-**	2
Dividend received form associates	**31**	11
Interest received	**24**	32
Property, plant and equipment:		
Proceeds from disposal	**25**	24
Purchase	**(474)**	(606)
Right of use assets:		
Purchase	**(18)**	(15)
Investment properties:		
Proceeds from disposal	**3**	-
Purchase	**(117)**	(195)
Biological assets:		
Proceeds from disposal	**645**	3
Purchase	**(647)**	(7)
Intangible assets		
Purchase	**(5)**	(15)
Government grant received	**40**	21
Purchase of:		
Financial assets at fair value through other comprehensive statement	**-**	(41)
Financial assets at fair value through profit or loss	**-**	(1)
Investment in joint venture	**(3)**	(47)
Increase in deposits with licensed bank with maturity of more than 3 months	**-**	(77)
Net cash flows used in investing activities	**(496)**	(911)

GROUP STATEMENT OF CASH FLOW

For the Financial Year Ended 31 December 2020

Amounts in RM Million Unless Otherwise Stated

	2020	2019 Restated
Financing activities		
Draw down of term loans and other long-term borrowings	**1,156**	2,846
Repayment of term loans and other long-term borrowings	**(1,303)**	(2,799)
Repayment of lease liabilities	**(26)**	(24)
Repayment to State Government	**(10)**	-
Disposal of subsidiaries	**-**	3
Interest paid	**(454)**	(470)
Dividend paid to non-controlling interests	**(69)**	(119)
Distribution of fund to State Government	**(9)**	(8)
Designated account	**-**	(34)
Net cash used in financing activities	**(715)**	(605)
Net change in cash and cash equivalents	**(166)**	(305)
Cash and cash equivalents at 1 January	**568**	866
Effect exchange rate changes on cash and cash equivalents	**45**	7
Cash and cash equivalents on 31 December	**447**	568
CASH AND CASH EQUIVALENTS		
Cash and bank balances	**586**	761
Fixed deposits	**372**	375
	958	1,136
Bank overdrafts	**(197)**	(213)
Deposit with licensed bank with maturity of more than 3 months	**(212)**	(203)
Designated account	**(102)**	(152)
	447	568

STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2020
Amounts in RM Million Unless Otherwise Stated

	Note	2020	2019
Revenue	4	**286**	566
Cost of sales		**(50)**	(155)
Gross profit		**236**	411
Other items of income			
Other income	5	**64**	112
Other items of expenses			
Distribution expenses		**-**	(1)
Administrative expenses		**(98)**	(155)
Other expenses	6	**(168)**	(68)
Finance costs	7	**(121)**	(137)
(Loss)/profit before tax from continuing operations	8	**(87)**	162
Tax	11	**79**	2
(Loss)/profit from continuing operations, net of tax		**(8)**	164
(Loss)/profit net of tax		**(8)**	164

STATEMENT OF FINANCIAL POSITION

For the Financial Year Ended 31 December 2020
Amounts in RM Million Unless Otherwise Stated

	Note	2020	2019 Restated
ASSET			
Non-current assets			
Property, plant and equipment	13	**199**	230
Right-of-use assets	14	**390**	375
Inventories	15	**34**	34
Investment properties	16	**1,358**	1,982
Investment in associates	19	**3,362**	3,378
Investment in subsidiaries	20	**4**	4
Deferred tax assets	22	**172**	148
		5,519	6,151
Current assets			
Inventories	15	**911**	900
Trade and other receivables	25	**138**	159
Contract assets	26	**6**	39
Financial assets at Fair Value through Profit or Loss ("FVTPL")	23(b)	**14**	21
Tax recoverable		**1**	1
Cash and bank balances	28	**56**	116
		1,126	1,236
Assets of disposal group classified as held for sale	29	**859**	183
		1,985	1,419
Total assets		**7,504**	7,570

	Nota	2020	2019 Restated
Equities and Liabilities			
Current liabilities			
Lease liabilities	30	**6**	6
Loans and borrowings	31	**3**	3
Trade and other payables	32	**1,560**	1,164
Contract liabilities	26	**50**	12
		1,619	1,185
Net current assets		**366**	234
Non-current liabilities			
Trade and other payables	32	**548**	1,067
Other long-term liabilities	33	**1,047**	958
Deferred tax liabilities	22	**212**	266
Loans and borrowings	31	**1,786**	1,789
Lease liabilities	30	**11**	16
		3,604	4,096
Total liabilities		**5,223**	5,281
Net assets		**2,281**	2,289
Equity			
Capital reservesl	34(a)	**55**	55
Revenue reserves	34(e)	**2,226**	2,234
		2,281	2,289
Total equity		**2,281**	2,289
Total equity and liabilities		**7,504**	7,570

STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2020
Amounts in RM Million Unless Otherwise Stated

Johor Corporation	Note	Capital reserve	Revenue reserve	Total equity
As at 1 January 2019 (as previously reported)		55	2,223	2,278
Prior adjustment		-	(134)	(134)
As at t 1 January 2019 (restated)		55	2,089	2,144
Effect of MFRS16		-	(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)
Total comprehensive income for the financial year		**55**	**2,234**	**2,289**
Closing balance as at 31 December 2019		**55**	**2,234**	**2,289**
As at 1 January 2020		55	2,234	2,289
Loss net of tax		-	(8)	(8)
Total comprehensive income for the financial year		**55**	**2,226**	**2,281**
Closing balance as at 31 December 2020		**55**	**2,226**	**2,281**

STATEMENT OF CASH FLOW

For the Financial Year Ended 31 December 2020
Amounts in RM Million Unless Otherwise Stated

	2020	2019
Operating activities		
(Loss)/profit before tax:		
Continuing operations	**(87)**	162
Adjustments:		
Property, plant and equipment:		
Depreciation	**6**	6
Impairment loss	**-**	2
Right of use assets:		
Depreciation	**(14)**	22
Investment properties:		
Changes in fair value	**17**	(74)
Financial assets through profit or loss:		
Changes in fair value	**6**	(1)
Allowance for impairment:		
Subsidiaries	**57**	-
Dividend income	**(127)**	(280)
Amortisation:		
Government grants	**(7)**	(7)
Land lease rental	**(12)**	(11)
Allowance for impairment of trade and other receivables	**62**	56
Reversal of impairment for trade and other receivables	**(26)**	(9)
Interest expense	**121**	137
Interest income	**(7)**	(11)
Operating loss before changes in working capital	**(11)**	(8)
Changes in working capital		
Inventories	**(10)**	(11)
Receivables	**(41)**	(48)
Contract assets	**33**	-
Payables	**(29)**	984
Contract liabilities	**39**	-
Associates and joint ventures	**2**	-
Cash (used in)/generated from operating activities	**(17)**	917
Tax refunded	**2**	3
Tax paid	**(1)**	(3)
Net cash (used in)/generated from operating activities	**(16)**	917

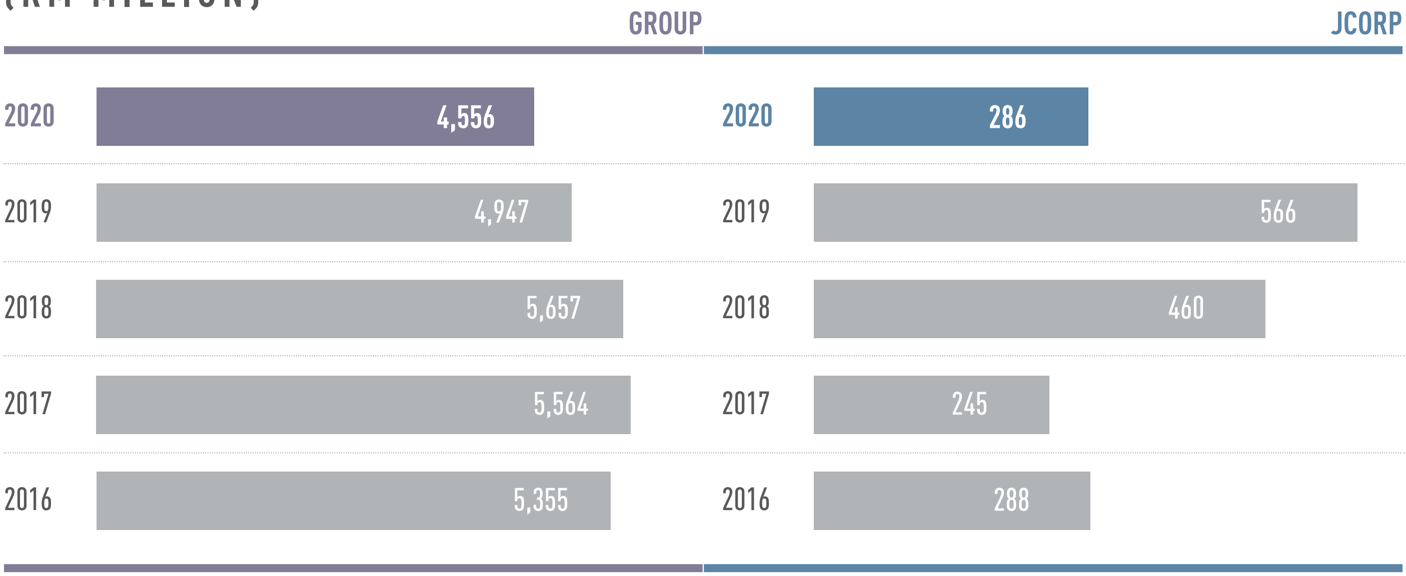
STATEMENT OF CASH FLOW

For the Financial Year Ended 31 December 2020
Amounts in RM Million Unless Otherwise Stated

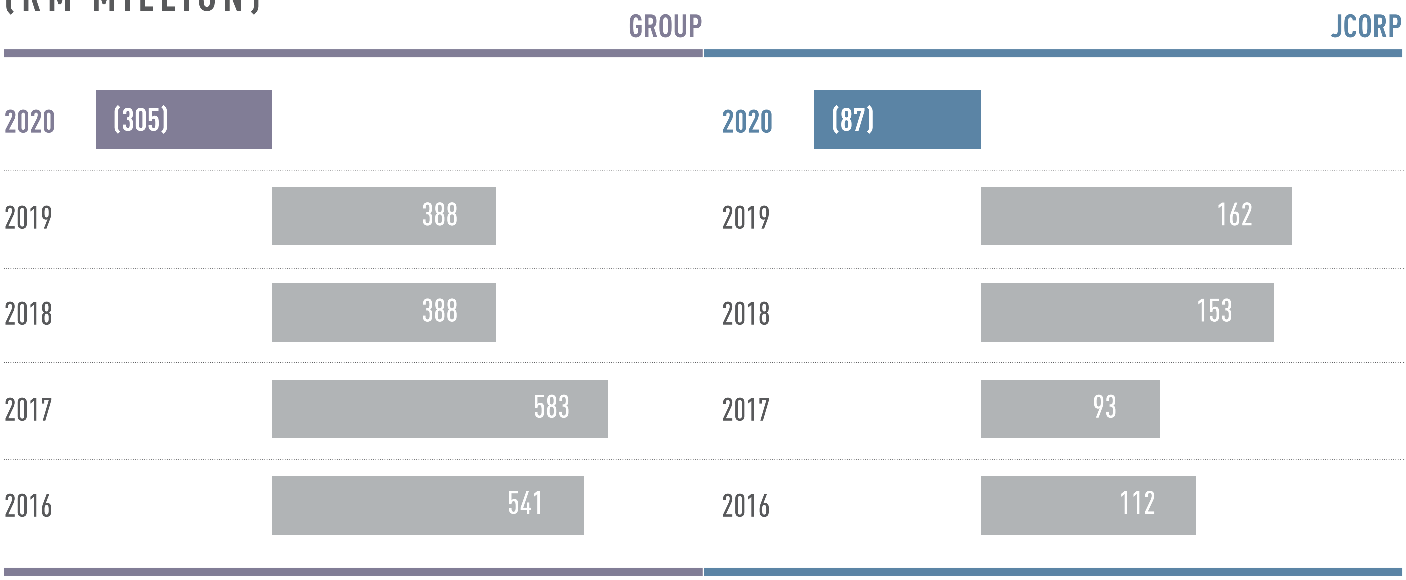
	2020	2019
Investing activities		
Acquisition of additional interest in subsidiaries	**-**	(17)
Dividend received from subsidiaries	**127**	280
Adjustment on initial recognition of MFRS16	**-**	1
Interest received	**7**	11
Property, plant and equipment		
Proceeds from disposal	**1**	-
Purchase	**(4)**	(37)
Investment properties:		
Purchase	**(42)**	(11)
Government grant received	**6**	14
Net cash generated from investing activities	**95**	241
INVESTING ACTIVITIES		
Repayment of term loans and other long-term borrowings	**(2)**	(809)
Repayment of lease liabilities	**(7)**	(8)
Repayment to subsidiaries	**-**	(199)
Interest paid	**(65)**	(77)
Interest paid to subsidiaries	**(56)**	(60)
Distribution of fund to State Government	**(9)**	(8)
Net cash used in financing activities	**(139)**	(1,161)
Net change in cash and cash equivalents	**(60)**	(3)
Cash and cash equivalent as at 1 January	**116**	119
Cash and cash equivalent as at 31 December	**56**	116
CASH AND CASH EQUIVALENTS		
Cash and bank balances	**55**	100
Fixed deposits	**1**	16
	56	116

SUMMARY OF FINANCIAL PERFORMANCE

REVENUE (RM MILLION)



PROFIT BEFORE TAX (RM MILLION)



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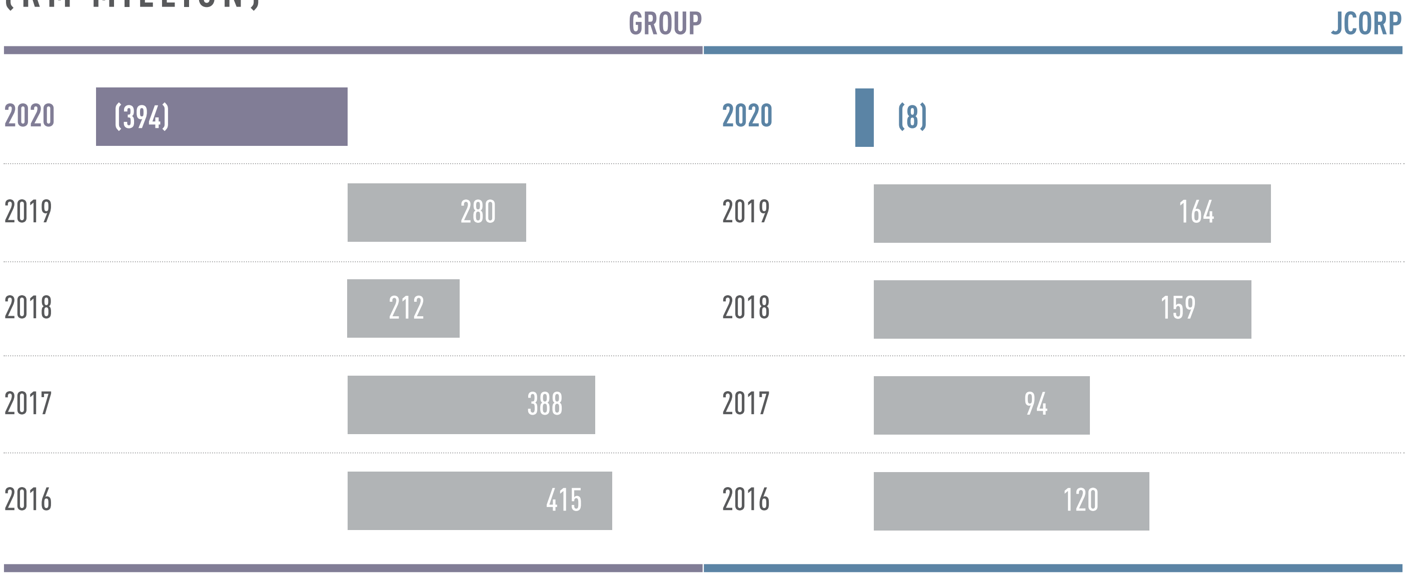
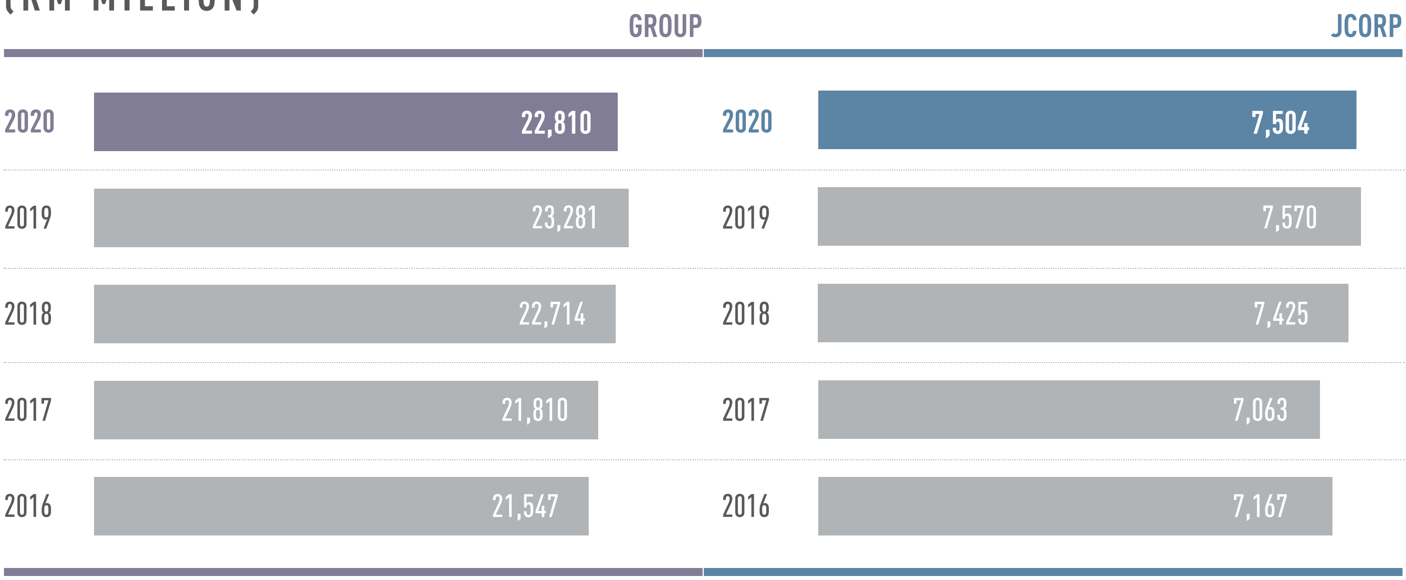
RINGKASAN PRESTASI KEWANGAN

PROFIT AFTER TAX (RM MILLION)



TOTAL ASSETS (RM MILLION)



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TOTAL LIABILITIES (RM MILLION)

	GROUP		JCORP
2020	14,289	2020	5,223
2019	14,444	2019	5,281
2018	14,044	2018	5,281
2017	13,103	2017	5,050
2016	13,038	2016	5,122

TOTAL EQUITY (RM MILLION))

	GROUP		JCORP
2020	8,521	2020	2,281
2019	8,837	2019	2,289
2018	8,670	2018	2,144
2017	8,707	2017	2,013
2016	8,509	2016	2,045

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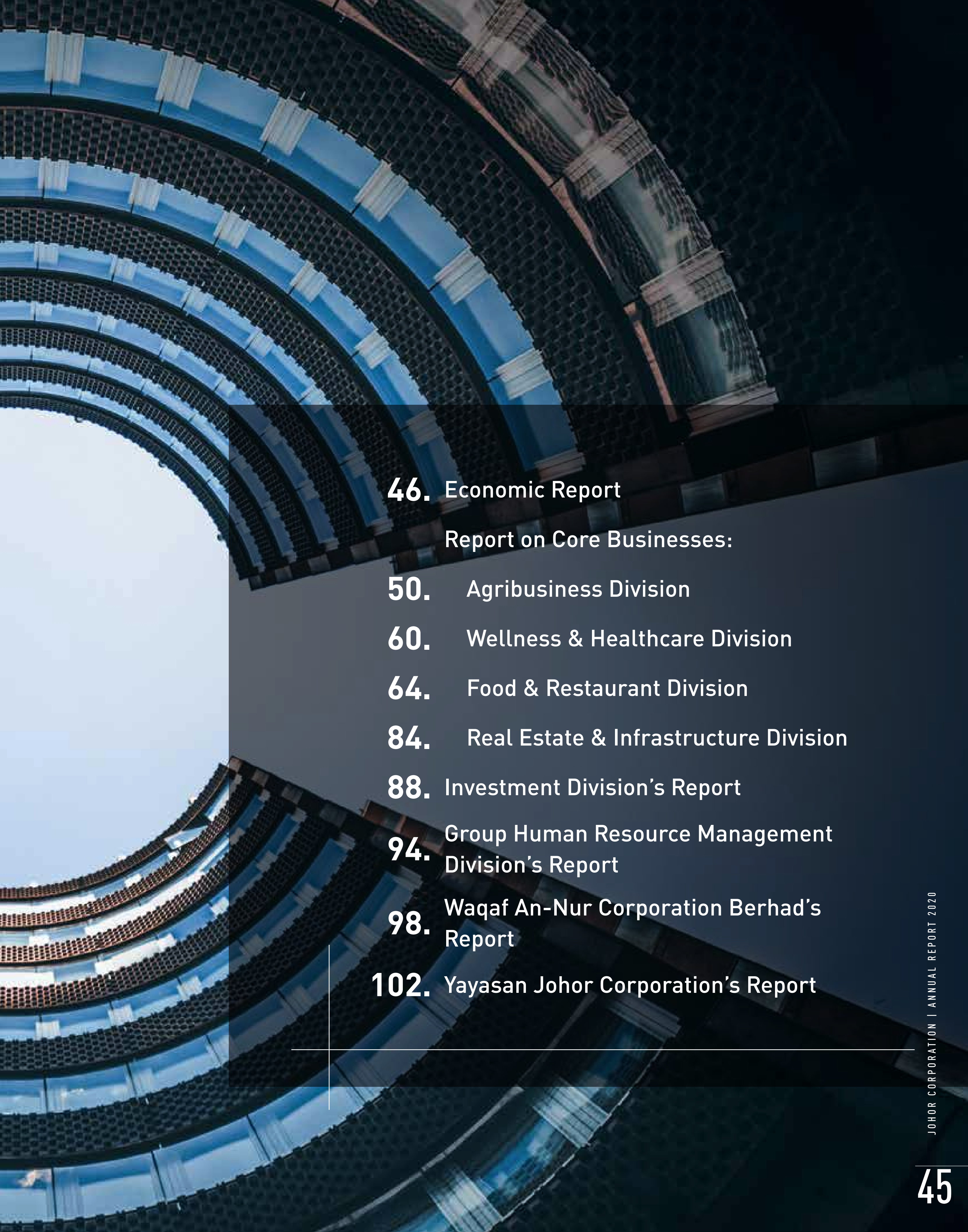
SECTION 4

PROSPECTS



ECONOMIC REPORT

ECONOMIC HIGHLIGHTS 2020

IN 2020, the world was tested and threatened by the COVID-19 pandemic. The virus had claimed more than 1.8 million lives in addition to crippling economies and livelihoods the world over. Panic swept over and the world was plagued by uncertainty; the country closed its borders and a concerted effort was channelled towards curbing the widespread. According to a report by Statista on 24 March 2021, it has been projected that the Gross Domestic Product (GDP) for major economies will lose at least 2.9 percent in 2020, but was restated to 4.5 percent. To lend more perspective to this figure, the global GDP was estimated to reach about US$87.55 trillion in 2019, and when the economy registered a decline of 4.5 percent, the total loss of economic output during that period almost touched US$3.94 trillion.

It was also quoted via Statista Report that the global stock and commodity markets suffered a dramatic slump. The most severe economic detriment has been due to a fall in demand - in gist, only a handful of consumers are purchasing goods and services available in the global economy. Among those affected are the tourism industry, demands for oil and new cars, social events and conferences, along with aviation, hospitality, and retail businesses. Apart from that, real estate, sports, and performances, transportation, and education sectors have been seriously impacted as well. Repercussions from all the affected sectors and economic activities saw a hike in the retrenchment rate, thus impinging on the lives of the people.

Yet, despite this global health crisis, some sectors are raking in profits. E-commerce, food retail, and the healthcare industry have at least contributed to some growth to offset the economic downturn. Accelerated online activities can be observed owing to the adoption of the working from home concept, purchasing of goods, and the crescive use of online applications to contact families.

On January 24, the BBC agency reported, among others, how COVID-19 has changed the world economy. The agency deduced – global stocks suffer volatility, unemployment is on the rise in major economies, most countries have plunged into recession, tourism is still far from happening, the door to the hospitality sector is shut till at least 2025, shopping is done from home, and pharmaceutical companies are among those making profits. Despite that, at a point when vaccines have been developed and released, the world is still in doubt over how the recovery will take place.

In Malaysia, at the start of the pandemic, the government's commitment and determination have been to 'save lives and protect the lives of the people'. It is addressed through an approach that focuses on three pillars, namely protecting the people, supporting business, and ultimately, strengthening the economy.

The government has been addressing the aftermath of the COVID-19 pandemic in 2020 by setting a more flexible fiscal stance and operating based on effective tax and spending strategies as means of impelling the nation's developmental orientation. During this bitter and critical predicament, a swift response by the government in formulating comprehensive and efficacious counter-cyclical fiscal measures is essential to prevail over the crisis with celerity and agility whilst building economic resilience in the medium run.

On the other hand, the government has implemented stimulus packages and economic recovery plans worth RM295 billion or 20 percent of GDP to reduce the impact on the domestic economy This also indicates the government's proactive intervention policy in resolving the impact of the crisis at various stages of recovery. All economic stimulus packages launched throughout 2020 are rooted in three pillars, namely, protecting the people, supporting businesses and ultimately strengthening the economy.

ECONOMIC PERSPECTIVE FOR 2021

The world, including us in Malaysia, is in a transitional period of crisis which enters the recovery phase in 2021. The Government has remained focused on the implementation of recovery measures that continue to be anchored on three thrusts, namely protecting and restoring the well-being of the people, supporting business activities, and eventually driving, boosting, as well as bolstering the domestic economy.

For the 2021 period, many parties projected the global economy will improve. The world will benefit from the vaccination programme mobilised by countries around the world for the 2021-2022 duration when the number of COVID-19 cases will decline and fear will subside.

As reported by the Organization for Economic Co-operation and Development (OECD), the outlook has improved in recent months with signs of a pick-up in merchandise and industry trade. According to the OECD, global GDP growth is now projected at 5.6 percent in 2021. World output is expected to reach pre-pandemic levels by mid-2021. What is also interesting is that the International Monetary Fund also predicts similar growth.

Based on these facts, rationales, and figures, it appears that the economic outlook in 2021 will be better and sound, and able to achieve a convincing level of recovery.

However, the speed and magnitude of Malaysia's economic recovery as an open economy is also dependant upon the performance of major trading partners, recovery in neighbouring countries as well as the effectiveness of global vaccination programmes. Moreover, these efforts would need to be balanced with the government's ability to strengthen and maximise tax revenue collection as well as increase tax buoyancy via tax reform initiatives, using strategies that will ensure solid public finances.

Nevertheless, we should not view COVID-19 strictly with a negative perspective. Instead, we need to be open-minded and positive that this global health crisis also opens up opportunities for businesses to renew their strategies as well as accelerate digital transformation, pioneering new economies and enlightening us that we are now in an era of the digital economy which is far different from the economy of decades ago. COVID-19 also brings us back to the principles of cooperation, valuing health and freedom as well as reconnecting family values and ties, along with humanity that has been draining over the years.

Over at Johor Corporation, the move to revamp our four core business clusters, i.e. Agribusiness (Kulim (Malaysia) Berhad); Wellness & Healthcare (KPJ Healthcare Berhad); Food & Restaurant (QSR Brands (M) Holdings Bhd) and Property & Infrastructure (Johor Land Berhad) is to achieve the goals of Corporate Restructuring and Investment Management, hence enabling the four companies to be the leading companies or numero uno in their respective industries. All these are embodied in an orderly, prudent and strategic manner through the conception of 'Reinventing JCorp for Sustainable Success 2021-2025'.

AGRIBUSINESS DIVISION

Currently, most countries, including Malaysia have entered the third wave of the COVID-19 pandemic. Although vaccinations have been given in stages, it still requires some time before a crowd of recipients receives the required doses to develop their immunity. Until then, the world still has to practice social distancing, good hygiene, and other Standard Operating Procedures (SOPs) as part of the 'new normal'.

At Kulim (Malaysia) Berhad (Kulim), the process of change had begun prior to the pandemic, which was at a point when Kulim decided to streamline its operations and create an organisation that is focused on an essential commodity, which is food. However, amidst the pandemic-related uncertainties, Kulim realised that to attain sustainable growth, Kulim needs to be relisted on Bursa Malaysia. Therefore, a five-year Transformation Programme has been designed to drive Kulim towards that end.

This programme is as comprehensive as it is detailed, covering organisational and corporate restructuring, the integration of Environmental, Social and Governance (ESG) principles into Kulim's business model, and a strengthened governance framework to ensure integrity as Kulim persist to deliver value to its stakeholders.

AN OVERVIEW OF 2020

As an edible and readily available source of oil, palm oil was relatively unravaged by the pandemic. Although prices have been low and unprofitable since 2019, even declining further in the first three months of the Movement Control Order (MCO), yet it subsequently rose to a decade-high by the end of 2020. It occurred following an increase in demand and reduced supply, owing to less than optimal harvesting activities. The latter situation was triggered by a shortage in manpower and lower yields due to the delayed impact of drought and haze from the previous year.

Domestic demand from the food and beverage (F&B) sector, i.e. from hotels, restaurants, and cafes heightened with the relaxation of movement restrictions beginning the middle of the year, while international demand was boosted by the implementation of lowered export duty to zero for six months, from July to December 2020. The said enforcement aided in boosting demand, resulting in a decline of Malaysia's crude palm oil (CPO) stockpile to as low as 1.26 million tonnes at the end of December 2020, as compared to 2.0 million tonnes at the end of December 2019.[1]

Meanwhile, the labour shortage is also one of the critical issues for this sector which has been severely affected in 2020 due to border closures aimed at curbing the pandemic. This predicament prevented the entry of foreign workers who are the largest workforce in the plantation sector. Coupled with weather conditions affecting crop yields, monthly CPO production dropped by 3.6 percent from 1,654,864 tonnes in 2019 to 1,594,744 tonnes in 2020.[2]

[1] *http://mpoc.org.my/monthly-palm-oil-trade-statistics-2020/*

[2] *http://mpoc.org.my/monthly-palm-oil-trade-statistics-2020/*

STRATEGIC COORDINATION

In the course of Kulim's journey to emerge as a leading and listed plantation and agribusiness company, it has established a Transformation Department to formulate a detailed transformation programme encompassing six key components, namely Financial and Corporate Restructuring, Organisational Restructuring, Governance Framework, Business Development, Digital Transformation and Performance Enhancement.

Under the Financial and Corporate Restructuring initiative, Kulim has streamlined its operations by closing loss-making companies and disposing of underperforming businesses as well as non-core assets to concentrate on the plantation and agribusiness segments which are Kulim's areas of competence, rooted in its extensive experience.

As part of the Organizational Reorganization, Kulim has reinforced its organizational structure and incorporated the latest technology to facilitate long-distance work, and thereby supporting more flexible working hours. This in turn enables its employees to enjoy a better work-life balance.

Premised on the desire to cultivate integrity, Kulim is working on obtaining the MS ISO 37001: 2016 accreditation for Anti-Bribery Management System, and the certification is expected to be attained in the second quarter of 2021. In addition, Kulim remains committed to the ESG principles as it recognises the importance of ESG in all matters it undertakes as an organization. Kulim will also review and strengthen its risk management and governance structure to ease its transition to a public listed company.

At present, Kulim's main involvement is in the oil palm upstream segment which is vulnerable to CPO price volatility. To mitigate this risk, and as part of a new growth strategy, Kulim will explore downstream segments with sustainable players. The move will also enable Kulim to earn better margins along the value chain.

Kulim has set a goal to expand its oil palm cultivation area from 63,509 hectares to 80,000 hectares. Kulim has made progress toward this end in 2020 when an agreement was signed to lease 8,917 hectares of oil palm planted area from Johor Corporation (JCorp) for 45 years. The lease, comprising four plantations owned by JCorp, will be managed by Mahamurni Plantations Sdn Bhd (MPSB), Kulim's wholly-owned subsidiary.

Kulim has also identified Renewable Energy (RE) as a sector that can be fully exploited through the oil palm business. Currently, Kulim captures methane gas from biogas released by its mills and converts it into electricity for its operational use. However, Kulim realises much more can be done because it believes that the benefits derived from such operation are not limited to financial gains alone, but it can also contribute towards conserving the environment. Kulim plans to build biogas plants at all of its mills by 2025. To date, four biogas plants have been commissioned and only one more remained to be completed at the Tereh Oil Palm Mill, which is expected to be ready in the first half of 2021.

Total Income

RM1.41 billion
(2019: RM1.21 billion)

^17%

CPO Price

RM2,753
per metric tonne
(2019: RM2,182 per metric tonne)

^26%

In addition, Kulim is developing its first bio-methane and bio-compressed natural gas (bio-CNG) plant. The biomethane plant works to extract methane gas from biogas and channelling it to Gas Malaysia's grid system, whereas the bio-CNG plant serves to compress methane into bottles for storage and supply it directly to Gas Malaysia's customers.

Kulim is also exploring new growth areas in the field of agribusiness and strives to develop an integrated farming model that involves the pineapple business, smart farming, and other crop cultivation as well as livestock and trade. Apart from fortifying Kulim's sustainability, it will also allow Kulim to fulfill its mandate in supporting Johor's economic development, besides contributing to the national food security programme in particular.

This year also saw Kulim forging further progress in terms of digitizing its corporate processes and procedures. Kulim is implementing a new system to upgrade its management, operations, administration, and accounting aspects, as well as providing a new network infrastructure to integrate all the data from Kulim's entire operating units into a database centralised at Kulim's headquarters. Although centralised, the data is still easily accessible by the operating units. Currently, Kulim's Digital Division is undergoing a transformation process and moving towards Microsoft 365 which will benefit Kulim as a whole.

FINANCIAL PERFORMANCE

For the financial year 2020, Kulim recorded a 17 percent revenue growth from RM1.21 billion in 2019 to RM1.41 billion. For the most part, this achievement is attributed to the increase in CPO and palm kernel (PK) prices, with an average hike of RM2,753 and RM1,625 per tonne respectively, as compared to RM2,182 and RM1,289.00 per tonne in 2019.

Even so, Kulim suffered a loss before tax (LBT) of RM398.95 million in 2020 in contrast to RM127.85 million in 2019. The main cause of these circumstances is the downturn in both the oil and gas (O&G) as well as the plantation segments in Indonesia. In fact, EA Technique (M) Berhad (EA Tech)'s business was also affected. Nevertheless, despite the downturn, Kulim's cash flow remained healthy and able to uphold its commitments to shareholders with a dividend payment of RM52 million for the year under review.

BUSINESS OVERVIEW

AGRICULTURAL OPERATIONS

Kulim's stake in the oil palm business covers upstream and midstream activities, with ownership of plantations located in Johor, Malaysia and South Sumatra, Indonesia. Kulim also has five factories in Johor to extract CPO and PK. In addition, Kulim owns and manages the pineapple business and coconut plantation, besides being involved in cattle farming.

In an effort to gain optimal value from its plantation operations, as well as a measure of reducing carbon emissions, Kulim has embarked on the process of capturing and converting biogas into an energy source. Supporting its plantation business and in the RE sector, Kulim has invested in research and development (R&D), which is carried out via Kulim Agrotech Centre (KAC). Kulim also joined forces with the Malaysian Palm Oil Board (MPOB) and the Malaysian Nuclear Agency in various agricultural-related research.

The operation of Kulim's oil palm plantation stretches over 74,575 hectares of land, of which 60,064 hectares or 81 percent are located in southern Peninsular Malaysia, while another 14,551 hectares are situated in South Sumatra, Indonesia, where Kulim has been granted the right to cultivate or HGU status.

As of 31 December 2020, 63,509 hectares have been planted with oil palm, which covers 56,147 hectares in Malaysia. The area of mature oil palm plantations has reached 53,667 hectares, and of the total, 49,945 hectares are located in Malaysia, while 3,722 hectares are in Indonesia.

In 2020, the total production of fresh fruit bunches (FFB) from Malaysian and Indonesian operations has reached 1,159,589 tonnes.

PLANTATION OPERATIONS - MALAYSIA

Throughout the year, Kulim continued to focus on improving cost and operational efficiencies across its estates. However, this matter is closely related to the problem of a foreign labour shortage as a consequence of the closure of international borders. About 73 percent of Kulim's estate workers originate from Indonesia, India and Bangladesh. Although some of them have returned to their home countries during the year, however, starting from March, Kulim has not been able to bring in new foreign workers to maintain the optimal number of workers on its estates. This has a significant effect during harvesting as Kulim requires substantial manpower to undertake the task.

OPERATIONAL PERFORMANCE

- Planted area increased from 47,230 hectares in 2019 to 56,147 hectares, owing to the acquisition of 8,917 hectares through the leasing of four JCorp-owned estates.
- 1,237 hectares of oil palm trees over 25 years of age were replanted using high-yielding Kulim-Dami hybrid clones. Replanting was executed in stages to maximise crop potential before tree felling is done.
- Malaysian operations produced 1,145,090 tonnes of FFB, a 26 percent increase from 907,188 tonnes in 2019.
- Yield per hectare (YPH) increased to 22.93 tonnes from 21.69 tonnes in 2019, exceeding the industry averages for Johor and Peninsular Malaysia at 20.14 tonnes and 17.76 tonnes respectively.

Planted Area

2020: 56,147 hectares

(2019: 47,230 hectares)

MILL OPERATIONS

Kulim's mill and business operations were also affected and disrupted by manpower shortages that arose resulting from the implementation of MCO. Labour shortage posed a challenge, especially in reducing loose fruits during harvesting. Moreover, high rainfall also contributed to the decrease in oil extraction rate (OER) and kernel extraction rate (KER).

Nevertheless, Kulim made encouraging progress in the RE sector which involves capturing gaseous emissions from palm oil mill effluent (POME) for conversion into an energy source. In 2020, Kulim introduced its fourth biogas plant located at the Palong Cocoa Palm Oil Mill. However, the plants in Sedenak and Sindora have been closed for maintenance work since October 2018 and March 2019, respectively.

Currently, all the biogas produced is used internally for power generation. In any event, Kulim has plans to commercialise biomethane as an added source of revenue. Towards that end, Kulim is setting up a biomethane plant at the Sedenak Palm Oil Mill and a bio-CNG plant at the Tereh Palm Oil Mill. Both plants are expected to start operations in the first quarter of 2022, while a fifth biogas plant will be set up and commissioned at the Tereh Palm Oil Mill in the first half of 2021.

OPERATIONAL PERFORMANCE

- Processed a total of 1,501,949 tonnes of FFB, including 362,875 tonnes from external suppliers, marking an increase of 5 percent from 2019 – largely due to Kulim's increased supply.
- CPO production totalled 316,066 tonnes, a 2 percent increase over 309,867 tonnes in 2019.
- Production of PK increased by 3 percent from 77,108 tonnes to 79,711 tonnes.
- OER decreased to 21.04 percent from 21.66 percent, yet remained higher than the industry average of 19.68 percent for Peninsular Malaysia and 19.92 percent for Malaysia as a whole.
- KER dropped to 5.31 percent from 5.39 percent in 2019.
- Total biogas production rose by 83 percent from 3,781,857 cubic meters in 2019 to 6,930,104 cubic meters.
- A total of 20,338 tonnes of palm shells and 13, 006 tonnes of palm fibres were sold for treatment and conversion into a source of RE. Compared to 2019, shells sold were 2,676 tonnes higher, while the sales for palm fibre recorded a reduction of 3,836 tonnes.

PLANTATION OPERATIONS – INDONESIA

Since being granted the right to cultivate (HGU) status for two estates in South Sumatra in 2016, the two subsidiaries of Kulim have rehabilitated 7,362 hectares of land, of which 4,248 hectares are cultivated by PT Rambang Agro Jaya (PT RAJ), while 3,114 hectares are managed by PT Tempirai palm Resources (PT TPR). The rehabilitation program was completed in October 2018 and July 2018, respectively. In consequence of the land rehabilitation works, crop yields have increased significantly. As part of the rehabilitation process, infrastructure developments are also carried out in the said estates.

OPERATIONAL PERFORMANCE

In total, both farms managed to produce 14,499 tonnes of FFB in 2020, representing a production yield of 5.24 tonnes per hectare from a harvested area of 2,766 hectares. This marks an increase of 42 percent as compared to 10,198 tonnes in 2019. On the back of the entire rehabilitated land covering 7,362 hectares, Kulim expects to be able to harvest its produce in 2022. By 2025, FFB production is targeted to reach 75,773 tonnes per year.

RESEARCH & DEVELOPMENT (R&D)

Rooted in Kulim's commitment to continuously improve the quality of its crop to obtain optimal results, R&D forms a crucial component in the agricultural business. In addition, Kulim also collaborates with MPOB in producing diverse oil palm clones. After seven years of research, the P325 clone has been satisfactorily created and officially acknowledged as an 'elite clone', signalling the ability to produce, on average, up to 30 tonnes of FFB per hectare, per year, whereas OER is capable of reaching 28.1 percent and CPO holds the potential of achieving 8.5 tonnes per hectare per year. In recognition of its superiority, the said clone took home a Gold under the Malaysian Innovative Product Award category at the International Invention, Innovation & Technology Exhibition (ITEX) 2020, held in Kuala Lumpur.

AGRIBUSINESS DIVISION

PINEAPPLE

Kulim Pineapple Farm (KPF), a subsidiary of Kulim, operates 359-hectares of an MD2 pineapple plantation in Ulu Tiram and Mersing, Johor. Production of pineapple downstream products (OEM products - original equipment manufacturer) under the Melita brand has obtained the HALAL certification from the Department of Islamic Development Malaysia (JAKIM). Melita pineapples are currently sold at five kiosks in Johor – Ladang Ulu Tiram, Galleria @ Kota Raya, KPJ Johor Specialist Hospital, Larkin Sentral, and KPJ Puteri Specialist Hospital.

KPF's seriousness in safeguarding the quality of its products has enabled it to garner several certifications such as the Malaysian Good Agricultural Practices (myGAP) 2010-2020, as well as Malaysia's Best, besides being ascertained under the Plant Material Verification Scheme (SPBT). In fact, they are one of three companies in Malaysia to have 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 the country.

KPF plans to expand the crop area to 623 hectares by 2025, thereby increasing its production from the current 2,316 tonnes to 13,350 tonnes through synergy with state agencies and third parties.

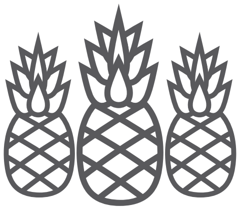
OPERATIONAL PERFORMANCE

- Pineapple production grew by 19 percent from 1,954 tonnes in 2019 to 2,316 tonnes.
- The total area has decreased from 418 hectares in 2019 to 359 hectares in 2020, following the return of 59 hectares of farmland to Ladang Selai.

KPF Planted Area

359 hectares

Ulu Tiram & Mersing



Pineapple Production

2020: 2,316 tonnes

(2019: 1,954 tonnes) **^19%**

COCONUT

As part of a strategic initiative to diversify plantation activities involving other crops, Kulim has embarked on a coconut planting project that is capable of enhancing Kulim's growth potential.

As of 31 December 2020, the coconut cultivation area which spans 100.21 hectares and located at the Balau Coconut Farm in Kota Tinggi, sees Kulim growing various types of coconut, such as Pandan, Deejay Sampoorna, Vietnam Green and Vietnam Brown. This coconut plantation is managed by Ladang Siang and the land has been planted with about 173 to 250 coconut trees per hectare. Since the coconut crop is still young and is expected to bear fruits only in the fifth year and beyond, no production was recorded in 2020.

SMART FARMING

Kulim has ventured into a pilot project of smart farming by planting local and Japanese cucumbers as well as other crops in Ulu Tiram.

Under the first cycle in Plot A, Kulim harvested a total of 18,496 kilograms (kg) of cucumbers, while for the second cycle, in Plot B, the total weight of cucumbers reaped was 11,941 kg. During the third cycle, Kulim planted 1,395 bags of cucumbers, 160 bags of bitter gourd, and 125 bags of Japanese cucumbers which will be harvested from late March to late April 2021. The project is being monitored by Kulim Nursery Sdn Bhd, a wholly-owned subsidiary of Kulim as well as the R&D Department.

LIVESTOCK

Kulim's livestock comprised of three breeds, namely Kedah-Kelantan (KK), Brahman, and also the crossbreed of Brahman and KK. These three are the most suitable breeds to be reared as a natural method of grazing grass on the farm. They are also hardy and can easily be reared within the farm area. Apart from that, the livestock is also a source of income earned from its sale, especially during Eid al-Adha celebrations, in the wake of the high demand for sacrifices.

Kulim's objective is to become a major player in the integrated livestock industry in Malaysia, whereby setting a target of owning 10,000 cattle heads, grazing freely on Kulim's farm within the next five years.

In addition to cattle, buffaloes are also used on the farms for the evacuation of oil palm fresh fruit bunch. Although the number of buffaloes is slowly declining, it is however in step with the boost in mechanisation, aimed at improving productivity. Kulim also ventured into goat farming in 2005 as one of its contribution initiatives in fulfilling its corporate responsibilities. Moving forward, Kulim will start commercialising goats as part of its business expansion measures.

OPERATIONAL PERFORMANCE

- At the end of 2020, Kulim has a total of 6,115 cattle heads, with more than 14,000 hectares of farm available as a grazing area. This is a 5 percent increase from 5,808 heads that were owned in 2019, attributable to an increase in calving rate and a decrease in mortality.
- At the end of 2020, Kulim recorded a total count of 52 heads of buffalo and 216 heads of goat as compared to 59 and 261 heads, respectively, in 2019.
- Saved RM351,889 from the reduced cost of using chemical herbicides. A rise of 6 percent from RM331,871 that was saved in 2019
- Kulim earned RM1.99 million from the cattle sales

NON-AGRICULTURAL DIVISION

INTRAPRENEUR VENTURE (IV)

As part of Kulim's business restructuring measure to concentrate on its core business, Kulim is gradually shutting down the IV business and divesting the companies in this portfolio in the near future.

In recent years, Kulim has sought to streamline its intrapreneur ventures by reviewing potential business models, merging several enterprises to increase capacity, terminating loss-making companies, and disposing of enterprises that are no longer in line with the Group's strategic vision. Certain businesses and activities have also been diversified and outsourced by Kulim.

On 1 May 2020, Kulim made a strategic decision to cease the operations of Renown Value Sdn Bhd (RVSB).

OIL & GAS (O&G)

Kulim is involved in providing support services for the O&G industry, including the transportation of petroleum products and the fabrication of pipelines. Kulim has also invested in upstream O&G activities in Indonesia. However, Kulim intends to reap the benefits made in line with Kulim's strategy to divest its stake in non-core businesses.

Business restructuring also means Kulim will progressively cease its O&G business with the exception of EA Tech. In this regard, Kulim will seek to release companies in this portfolio before long.

OVERVIEW

Although there have been positive developments related to the COVID-19 vaccine, there are still many pandemic variables that are difficult to control. This means the atmosphere of uncertainty is likely to continue in 2021, and for that reason, every industry and business needs to anticipate its long-term effect on the economy. Against this backdrop, Kulim will continue to strive and maintain its resilience in the supply chain, protect revenue and manage profits, while reconfiguring capital allocation to further explore the future, following the passing of the COVID-19 phase. Guided by its transformation program, Kulim seeks to achieve its goal of providing long-term returns and value to shareholders and other stakeholders.

WELLNESS & HEALTHCARE DIVISION

2020 has been a year that brings many changes to KPJ Healthcare Berhad ('KPJ' or 'Group'), be it in terms of self-initiated efforts or changes caused by external factors. When combined, these two elements have triggered an evolution and transformation to the Wellness & Healthcare Division of Johor Corporation (JCorp).

The COVID-19 pandemic created the biggest impact throughout 2020. Not only did it change the manner in which KPJ provides its services to patients, but also in impelling organisational changes and transformation.

FINANCIAL PERFORMANCE IN 2020

KPJ registered a revenue of RM2.4 billion and RM150.8 million on profit before tax (PBT), a reduction of 12.4 percent and 45.2 percent respectively. The primary cause of this decline has been the outbreak of the COVID-19 pandemic. Against this backdrop, the dividend payment for 2020 has been set at 1.2 sen per share, with the total payment reaching RM51.4 million, which is equivalent to 46.4 percent of the Group's profit for the year. The average bed occupancy rate (BOR) for 2020 is 48 percent.

ENSURING HOSPITAL SAFETY DURING THE PANDEMIC PERIOD

KPJ's main goals and focus throughout the year are directed towards maintaining the well-being and health of our patients, clients, and physicians. It is estimated that by 2020, KPJ has treated a total of 2.9 million patients throughout Malaysia. All cases are handled by KPJ's frontliners.

KPJ hospitals are always in a state of preparedness to face any eventuality. Not only do we ensure that all infection control measures, protocols, and operating procedures are adequate, moreover, they are also constantly reviewed, revised, and improved to ensure the quality of service.

Immediate steps have been taken to protect the Group's patients, visitors, and hospital staff based on standard operating procedures (SOPs) set by the Ministry of Health Malaysia (MOH). This means having to reduce the number of points of entry (POEs) into the hospital, the provision of body temperature scanners, and keeping travel records of hospital staff who are fully donned in personal protective equipment (PPE).

Patients admitted to the wards, as well as outpatients have been asked to undergo COVID-19 screening before entering the premises and also before undergoing any treatment or surgery. In fact, KPJ hospital also took the initiative of setting up a ward and special facilities to handle the admission of any respiratory-related cases so that the risk of infection can be reduced.

Meanwhile, KPJ's laboratory, Lablink, has been fully leveraged to analyse samples from screening results conducted by hospitals owned by the Group, and that of other hospitals from the private sector, as well as hospitals under the MOH.

Several other services have been introduced as well to ensure our relationship with patients and customers is always strong and well-maintained. This includes medication home delivery services, online counselling for existing patients, along with the provision of dialysis services based on established SOPs.

CONTRIBUTING TO NATIONAL HEALTH

KPJ Group continues to support the government's efforts in tackling this pandemic. All KPJ hospitals are involved in the MOH's initiative to provide vaccination to frontline workers since the beginning of phase one of the National COVID-19 Immunisation Programme (PICK).

Ten KPJ hospitals selected by the MOH as vaccination centres during phase one, offer vaccinations to Malaysian frontliners. The decision to give precedence to the frontliners is aimed at strengthening and enhancing the resilience of the country's health sector, as such action will, in turn, protect patients, their families, and communities.

In addition, 20 hospitals under the KPJ Group nationwide have also become Private Hospital Vaccination Centres (PPVHS) for phases two and three of PICK. The KPJ Group also channelled its assistance to public hospitals by virtue of donations of PPE, medicines, breathing apparatus, and food for frontliners. This effort is carried out through the KPJ Group network as well as via the Association of Private Hospitals Malaysia (APHM) as a statement of KPJ's commitment to supporting the country in dealing with this pandemic. The Group also offers its services to MOH patients, including for surgical cases. In fact, several of the Group's hospitals have provided care to MOH's non-COVID-19 positive patients to ease the burden on public hospitals.

New revenue for 2020
RM2.4 billion

Profit Before Tax
RM150.8 million

KPJ'S TRANSFORMATION THROUGHOUT 2020

KPJ has embarked on a transformational journey in 2021 anchored on the aspiration of augmenting long-term business continuity and competitiveness. KPJ Group's central focus is aimed towards further reinforcing its integrated ecosystem that echoes KPJ's priority for its patients.

Accordingly, KPJ altered its internal structure to enhance the commercial value of the Group. This measure is expected to bolster the capability and effectiveness of operations as well as strengthen the company's finances. Most of these changes have been executed in stages from January 2020 to March 2021 by creating a leadership team that not only constitutes a wide range of backgrounds but represents all components of the Group's businesses as well.

Over and above, KPJ will be introducing and opening ambulatory service centres (ACCs) in several commercial locations, which offer other services as well. The first ACC, located in Kinrara, Selangor, is under construction and operations shall commence in mid-2021.

In consonance with these changes, KPJ is expected to consolidate its activities and gather its collective values founded on the main goal, which is about 'Reinventing' KPJ.

NETWORK EXPANSION IN 2020

RELOCATION

KPJ Kluang Specialist Hospital and KPJ Kuching Specialist Hospital have been relocated from the old building to a larger new building, and the relocation takes place in October and November 2020 respectively.

EXISTING HOSPITALS

Several existing hospitals have been through an expansion process, which either saw the addition of new clinics and/or the addition of beds to meet patient demands at their respective current locations. The process involves KPJ Seremban Specialist Hospital, KPJ Klang Specialist Hospital, KPJ Sri Manjung Specialist Hospital, KPJ Perdana Specialist Hospital, KPJ Puteri Specialist Hospital and KPJ Penang Specialist Hospital.

NEW HOSPITALS

KPJ Damansara II Specialist Hospital will be opened to the public by the second quarter of 2022. This newly built hospital has a capacity of 300 beds, with 60 beds to be available during the first phase of the launch. KPJ Damansara II is expected to be KPJ's first premium hospital.

EDUCATION

Since its inception 30 years ago, KPJ University College of Healthcare (KPJUC) has carved out many impressive successes by offering various new master programmes for doctoral, master's, and bachelor's degrees. To date, KPJUC offers a total of 38 academic programs. In 2020, despite the pandemic environment, KPJUC recorded a rise in terms of new enrolment, which saw the number of new students increase by 9 percent to 916 in 2020 compared to 837 in 2019.

EXCELLENCE AWARD

In 2020, KPJ emerged as one of the selected brands being declared as the Most Trusted Brand by winning the Platinum award from Readers' Digest Malaysia. The selection was made by Reader's Digest Malaysia through a user survey it had conducted. This is clearly a recognition by local consumers of KPJ's ability to consistently offer the value of high-quality service regardless of the current economic situation. This victory in 2020 is the ninth consecutive victory for KPJ, starting with the Gold Award won in 2012 to 2017 and the Platinum Award in 2018, 2019, and 2020.

KPJ also won the Gold Excellence Award at the National Annual Corporate Report Awards (NACRA) 2020. This win, categorised under companies with a market capitalisation of RM2 billion to 10 billion, recognizes the disclosures and presentations submitted by KPJ through its annual report, which eventually led to its maiden victory.

On top of that, KPJ Healthcare Berhad has once again been chosen and became one of the recipients of the 'HR Asia Best Companies to Work for in Asia' 2020 award – Malaysian edition. The essence of the award is about acknowledging organisations that have a strong and positive work culture as well as encouraging a high level of engagement among their employees. The acceptance of this award goes to record KPJ's selection for the third time, having been picked previously in 2014 and 2018.

FOOD & RESTAURANT DIVISION

KFC MALAYSIA

The COVID-19 pandemic has had a major impact on global economic activities in 2020 as various sanctions and drastic actions have been taken by countries around the world in an effort to halt the spread of this virus. In Malaysia, the retail industry recorded its worst performance since the eruption of the Asian financial and economic crisis 22 years ago, whereby the nation's retail sales growth rate plummeted to -16.3 percent for 2020 as compared to the same period in previous years.

KFC Malaysia has been confronted with a plethora of predicaments, but it continued to demonstrate its perseverance and resilience in mitigating the impact of COVID-19, especially in traversing through the various phases of the Movement Control Order (MCO).

Although 2020 presented a daunting challenge, KFC persisted to innovate in order to maintain its market dominance and the effort proved prolific when it ended 2020 with the addition of seven new restaurants, bringing the total number of KFC restaurants in Malaysia to 743. In navigating the 'new norms', KFC continues to drive market leadership through several key initiatives that gravitate towards the precedence of its employees' and customers' health and safety, in accordance with government regulations, laws, and standard operating procedures (SOPs).

A customer-centric strategy has been adopted as well in expanding its outlets to ensure more people can come around. At the same time, KFC has further reinforced its presence founded on values that are inspired by Malaysians, produced by Malaysians for Malaysians, and this conception is deciphered by offering mouth-watering, limited-time value-for-money menus. All this, however, did not distract KFC from displaying a spirit of camaraderie and concern for fellow Malaysians, especially those affected by the pandemic.

PRIORITISING HEALTH AND SAFETY

Immediately after the announcement of the first MCO on 16 March 2020, KFC launched its 'Contactless Delivery' and 'Contactless Self Collect' services which allow customers to transact in an entirely contact-free manner, thus reducing the risk of virus spread. In this regard, KFC's already stringent food safety and hygiene standards have been further enhanced by introducing several additional measures, inter alia increasing the frequency of cleaning and sanitisation, disinfecting high touchpoint surfaces, providing hand sanitisers, health surveillance, wearing face masks at all times and conducting training on new procedures for all employees.

When dine-in service had been allowed to operate again in phases, KFC had taken steps to practice and implement the SOPs set by the Ministry of Health Malaysia.

The most pertinent aspects are wearing face masks, taking body temperatures, and recording names and telephone numbers either manually or through the MySejahtera application for the purpose of tracking customers' contacts.

On top of that, KFC also practices social distancing, which is to ensure a distance of one-meter radius between tables, marking distances on the floors for queuing customers, and designating seats for distance sitting.

KFC always limits the number of customers at its premises at any one time.

OUTLET EXPANSION AND AVAILABILITY

Aligned with the progress in accessing e-commerce and contactless channels, KFC continues focalising on this development while expanding its network of stores that are capable of providing delivery services. It is in tandem with the need to create more efficient and fast accessibility, along with off-premise sales during the MCO period.

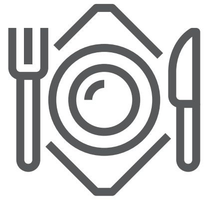
Owing to this, KFC's self-collect skyrocketed 160 percent spanning 545 restaurants, while KFC's delivery escalated 140 percent encompassing 512 restaurants.

The availability of KFC delivery grew as well through a solid partnership with Foodpanda which had seen an average expansion of 18 new restaurants per month utilising this delivery service in 2020.

In August 2020, KFC announced a collaboration with GrabFood starting with 200 restaurants and ending 2020 with 510 restaurants across Malaysia. KFC's services continue to be enhanced in pursuit of greater convenience, availability, and safety through the introduction of 'Pandu Ambil' (Curbside Pickup); an additional service to KFC Self Collect and deployed in over 200 restaurants.

Via such a method, customers only need to place their orders online and enjoy KFC meals without stepping out of the car. In addition, online payments are also expanded with the activation of e-Wallet, which is abreast with the increasing use of cashless transactions right now.

Expansion to
743 KFC Restaurants
by the end of 2020



KFC Self-Collect escalated **160 %**

KFC Delivery escalated **140 %**

LIMITED TIME AND VALUE-FOR-MONEY MENUS

In evoking a sense of nostalgia, KFC launched 'Nasi Kari Atuk' – a special menu with local classic flavours during the Raya season. The popular limited time offer, 'Zinger Cheezilla' was back for a second time by popular demand, and the 'Zinger' range was further expanded to include both the 'Cheezy' and 'Spicy BBQ' variants in KFC's basic menu – great news for the hardcore 'Zinger' fans! At the same time, besides locally-inspired menus such as 'Nasi Atuk KFC', 'Zinger Chop' and 'Crunchy Tandoori' have been introduced as well. Apart from showcasing innovations in new products, KFC also introduced several value-for-money promotions amidst an uncertain economic environment, namely 'RM2.50 Cheezy Wedges', '15 for RM15 nuggets and tenders' and 'Chicken Every Day' – 5 chicken nuggets and 4 tenders. On 20 February 2020, KFC attracted public attention due to a special one-day promotion of '2 Snack Plate Combos for RM20' which received an overwhelming response from customers.

STAYING TRUE TO ITS VALUES AND DISTINCTIVE BRAND IDENTITY

As a brand inspired by Malaysians, produced by Malaysians for Malaysians, the 2020 marketing campaign has been orchestrated to be aligned with KFC's brand identity that celebrates Malaysia, Malaysians, and KFC's heritage in Malaysia. In conjunction with the Merdeka month, KFC expressed its love for the country with the launch of the 'KFC Cara Kita' campaign by featuring patriotic murals painted at three KFC restaurants in Klang Valley, namely 5 Barat, Sea Park, and Desa Sri Hartamas. Each mural is a unique artwork that pays tribute to Malaysia and proudly showcases the beauty of Malaysia's unique identity.

Guided by the COVID-19 sentiment, several branding initiatives have been launched. Through '#KepciKitchen', KFC encourages Malaysians to stay at home and demonstrate their creativity with the KFC menu. They can even share recipes on social media using the hashtag '#KepciKitchen'. There has been a collaboration between KFC and TV host Sharifah Shahirah as well in sharing Ramadan recipes using

KFC chickens made fresh daily as the basic ingredient for a TV3 cooking programme. The recipes that have been created are then re-posted on social media and websites, aside from providing additional tips in reheating food.

Meanwhile, by virtue of the 'Behind the Skins' campaign, KFC has produced a series of videos that assure customers of the highest standards and quality applied in preparing KFC dishes. Into the bargain, KFC also launched a parody music video serenading 'KFC YOU SOON' upon the re-opening of business premises for dine-in to metaphorically illustrate KFC restaurants' yearning for its customers. The video is also linked to a specially curated 86-track playlist themed 'missing you' and can be found on Spotify.

MANIFESTING SOLIDARITY WITH FELLOW MALAYSIANS

At a time when the MCO predicament reached its peak, the demand for food delivery has been increasing as well. Making the most of the situation, KFC pays homage to Foodpanda and GrabFood delivery riders as they too are the frontliners. In fact, it also includes riders from competing brands like McDonald's and Pizza Hut. Appreciations have been conveyed via touching social media posts which garnered positive responses from netizens. 'Love notes' are also inserted in customers' KFC meals to thank them for their support, whilst encouraging them to stay home.

KFC intensified its corporate social responsibility (CSR) efforts in helping local communities affected by the pandemic. To that end, KFC distributed over 17,000 meals to frontliners and underprivileged communities at more than 100 locations across 13 states. The 'Kita Fight COVID-19' CSR campaign was rolled-out as well by virtue of a sincere donation of RM1 for each purchase of 'KFC Mix Bucket', whereas contributions made through the Add Hope Fund will be matched accordingly, or '1 for 1'. Proceeds of the accumulated fund have been distributed to three organisations; the Ministry of Health Malaysia's Special Trust Fund, the Malaysian Red Crescent (National Committee for Community Services & Health), and MERCY Malaysia

PERFORMANCE AND RECOGNITION

KFC recorded revenue of RM2.6 billion in 2020 – a reduction of 6.85 percent from RM2.8 billion registered in 2019. The decline was mostly due to limited operating hours and temporary closure of dine-in services which have been among the measures put into place by the government to curb the spread of the COVID-19 pandemic. Both these factors have a significant impact on restaurant operations, especially restaurants that previously operated 24 hours and after 10 p.m.

However, despite all that, KFC continues its dominance as Malaysians' favourite brand with its success in winning the Putra Brand Award 2020 in the 'Restaurant and Fast Food' category and taking home the gold trophy. Meanwhile, through a rating survey conducted by YouGov Best Malaysia Brands 2020, KFC is in first place for the most improved brand with 12.3 points score increase from 2019, hence listing KFC as one of the '10 Best Brands' in Malaysia with 45.7 points. The scoring takes into account consumers' perception as a whole, and it covers aspects of quality, value, impression, reputation, satisfaction, and whether consumers will recommend the brand to others. This is a validation that KFC is trusted and acknowledged by customers as both these recognitions are determined entirely by them.

Understanding customers' needs, lifestyles, and aspirations are vital, and KFC is committed to continuously strengthening its relationships with customers by investing in branding campaigns. KFC Malaysia sees a positive outlook in 2021 predicated on innovative and delicious offerings of KFC meals.

Total Revenue
RM2.6 billion
in 2020

KFC Malaysia receives the Putra Brand Awards 2020

Gold Trophy under the Restaurant and Fast-Food category

KFC SINGAPORE

Despite having to endure a turbulent 2020, KFC Singapore managed to grow its brand share from 20 percent to 22 percent to solidify its position in second place as the favourite fast food brand in Singapore. The efficient shift in branding strategies that previously emphasised products and promotions have since switched its focus on the health and well-being of the people and resulted in garnering positive equity scores from Singaporeans, for KFC to be crowned a 'Caring Brand'.

Sales growth for the year 2020 has been reported to be 2 percent higher than in 2019 at S$180.4 million - an increase of S$3.5 million from the previous year. The increase has been attributed to a spike in the sale of takeaways, deliveries, and sales handled by intermediaries or aggregators during phase one of the COVID-19 circuit breaker in Singapore from April to June 2020. These modes of sales are more than adequate in covering the losses due to declining dine-in sales. Overall, this situation has generated a positive same-store sales growth (SSSG) of 1.3 percent in 2020. In fact, 2020 ended on a good note with a total of 87 KFC restaurants – an increase of two units.

A great deal of KFC Singapore's success in 2020 is due to its focus on putting the people first, cultivating trust through hygiene and safety, flexible marketing strategies rested on products and values, driving sales by harnessing delivery, takeaway, and e-Commerce, as well as demonstrating responsibility and concern for the community.

PEOPLE FIRST AND BUILDING TRUST

When COVID-19 hit Singapore in March 2020, health and hygiene became major issues. As such, the safety of employees and customers takes priority over sales, and safety measures have been promptly enforced across all KFC restaurants, including delivery services. Clear communication regarding safety measures had been immediately implemented and displayed at restaurant premises and social spaces to reassure customers. KFC Singapore demonstrated its leadership by becoming the first fast-food brand in Singapore to implement a 'contactless takeaway' service and work closely with government agencies in complying with guidelines and safety measures.

Rooted in strict adherence to safety and fuelled by the commitment, dedication, and courage of KFC employees - especially frontline employees, the said measures have enabled KFC Singapore to be fully operational throughout the first phase of the circuit breaker, when all dine-in services have been closed. This situation also contributed to KFC's excellent sales performance in the delivery and takeaway segments. As a token of appreciation, the 'KFC Care' packs have been personally distributed by the management to all full-time staff of the restaurant.

KFC also expressed its appreciation and support to the country's frontline health workers by distributing more than 3,000 KFC meals to Singapore General Hospital, Tan Tock Seng Hospital, and Raffles Hospital.

ACCELERATING DELIVERY, TAKEAWAY, AND E-COMMERCE

When dine-in services had been closed from April to June 2020 during phase one of the circuit breaker, demand for food delivery in Singapore soared and grew multi-fold versus a year before. Most food and beverage (F&B) establishments and brands that previously did not offer delivery jumped on the bandwagon as well by offering this service for the sake of business continuity. In tandem with the rising demand, KFC Singapore witnessed double-digit growth from both segments of the KFC delivery and sales aggregators. To meet this extraordinary demand, KFC's fast-acting operations team formed partnerships with taxi companies such as SMRT and Comfort Delgro to provide opportunities for taxi drivers whose livelihoods have been affected by the pandemic by doing delivery work. This two-pronged approach has not only enabled KFC to fulfil customers' demands, moreover, it also provided employment for the cab drivers in trudging through the gruelling circuit breaker phases.

Rapid changes in consumers' mode of consumption, whereby switching to delivery and takeaway have impelled the use of digital ordering and e-Payment methods. The foresight in launching the 'KFC Omni Channel' application (app) in 2019 has given KFC the edge to communicate messages about the convenience of pre-ordering and ordering food across all channels, be it dine-in, takeaway, or delivery. To expand its user base and boost its app usage, KFC made its foray into the gaming field by introducing the 'Spin N Sure Win' contest in August 2020. Understanding the nature of the general public that craves some cheers and winnings, 'Spin N Sure Win' succeeded in escalating the number of app registrations to 45,300, which is a 30 percent spike in usage.

Spurred by trend and brand initiatives, KFC Singapore's overall digital sales have seen extraordinary growth as much as 47 percent in 2020, in contrast to 2019.

VALUE AND PRODUCT STRATEGIES

In 2020, the focus on consumer promotions pivoted on values and bringing back favourites with a limited-time offer (LTOs). Observing the shift towards group meals, KFC launched an attractive, value-for-money menu offering, which includes 'S$23.95 Feast for 4', '10 pieces chicken for S$18', S$19.90 Meal for 4', and 'Chicken Tuesday', to drive transactions. On the product front, preferred LTOs, i.e. 'Chipotle Meltz', 'Mozarella Double Down', 'Hot Devil Drumlets', 'Cheesy Pockett' and 'Grilled Chicken Legs' have been brought back into the offerings to excite and stimulate purchases.

AUGMENTING KFC CARES

As part of its continuous efforts to enhance KFC's presence as a brand that cares, KFC Singapore provided charitable support to HCA Hospice Care in the 'Vertical Challenge 2020' event held in December 2020. 10 participants including those from the management team took part in helping to raise a donation of S$9,030, which led to acquiring the 'Top Fundraising Corporate Group Award' and the 'Top Supporter Award'. To add more cheerfulness to the community and help to ease the burden of underprivileged families during this pandemic and in conjunction with Christmas, KFC joint forces with SunLove House to distribute more than 1,000 chicken meals to low-income families in July 2020. Aside from that, KFC Singapore also gifted school supplies to over 80 families of meagre income with school-going kids.

Total Revenue
S$180.4 million
in 2020

2% **higher than 2019**

Although enveloped in a gloomy atmosphere, KFC Singapore remains resolute in bringing joy to its fans. Starting April 2020, a total of 11 different KFC recipes have been rolled out to help KFC fans get more creative and break the boredom in the preparation of their daily meals. On 6 July 2020, as part of its 'International Fried Chicken Day' celebration, KFC brought forth its first 'Virtual Eat Together 2020' event which saw 65,000 promotional meals sold on that day, and 1,000 KFC lovers gathered virtually to eat and engage in activities collectively. In December 2020, KFC Singapore jokingly filed a petition to 'dethrone the turkey' during Christmas Day which garnered the support of over 3, 000 chicken lovers, hence triggering the success of 'taking over the crown'.

2020 has indeed been a difficult year for communities around the world. Nevertheless, buoyed by the commitment and solid synergy from the KFC Singapore team, the KFC brand grew stronger, not only in terms of sales and brand dominance but also in terms of 'top-of-mind awareness', as its ability to imprint the mind has grown from 14 percent in 2019 to 16 percent by 2020 – hence entrenching KFC Singapore's brand positioning in the country.

FOOD & RESTAURANT DIVISION

KFC BRUNEI

The ordeals of the pandemic did not stop KFC Brunei from registering revenue of B$13.83 million in 2020, a modest increase of 1.4 percent over 2019.

The closure of KFC restaurants at Brunei International Airport due to limited flights and the closure of dine-ins from March to May 2020 had been the cause of disruption to KFC Brunei's operations. Fortunately, this situation has been able to breathe new life into food delivery as KFC Brunei experience an increase in sales for this segment. Several initiatives have been deployed to make up for the losses in dine-in sales, including the onboarding of two new aggregators to generate additional revenue.

KFC Brunei's success in sustaining sales can also be attributed to its government's directive in preventing non-essential overseas travel for Brunei residents. This resulted in more domestic spending by consumers, and thereby, hindering an outflow to neighbouring countries. This state of affairs is further supported by a strategic business plan offering several marketing promotions such as limited time offer of 2 snacks for B$9.90 and 2 snacks for B$10.10.

At the close of 2020, the total number of restaurants remained 18 units, although the opening of one new outlet is in the pipeline for 2021. On a related note, a number of restaurants have been upgraded and refreshed to deliver a greater dine-in experience for guests. KFC Brunei also intends to magnify its digital presence and offerings using mobile applications to drive sales growth in the first quarter (Q1) of 2021.

KFC CAMBODIA

Cambodia's economy continues to be pressured by the COVID-19 pandemic outbreak and the economy has been projected to contract by 2 percent in 2020. Gross Domestic Product (GDP) also shrank for the first time in two decades, mainly due to a drop in tourism activities, whilst the real estate industry endured a slow growth. 2020 also suffers from a lacklustre performance in the industry as it trudges along at a rate of 6.5 percent owing to a slump in the production of garments for export, in addition to the sluggishness in the construction industry.

Yet, against this problematic backdrop, KFC Cambodia has been able to achieve total revenue growth of 16.8 percent with sales revenue hitting US$5.7 million in 2020, in contrast to 2019.

Efforts to boost revenue have been centred on increasing delivery sales through collaborations with more aggregators. In 2020, delivery sales soared 314 percent versus 2019. The hike in deliveries can be attributed to a shift in consumer purchasing patterns as most purchasing activities are now conducted online due to the threats of contracting COVID-19. The strength of KFC Cambodia's marketing campaign as seen through the launch of new products also contributed to achieving profitability. As a means of amplifying brand awareness and catapulting sales, KFC also leverages influencer marketing reach to underpin its bond with customers.

KFC Cambodia ends 2020 with a count of 13 restaurants as it opens a new outlet at Golden Bay (Prince Mall), Sihanoukville, in October 2020.

FOOD & RESTAURANT DIVISION

PIZZA HUT MALAYSIA

2020 has been the year Pizza Hut Malaysia makes the transition of becoming a home meal replacement (HMR) brand by capitalizing on the challenges of the pandemic, hence exalting Pizza Hut Malaysia as the latest specialist in food delivery service. 2020 kicked off positively with same-store sales growth (SSSG) notching up 12 percent, whereas same-store total growth (SSTG) climbs 11 percent.

In March, at the time when the country had been smitten by the COVID-19 pandemic, Pizza Hut Malaysia, for the very first time have had to endure the most trying period when it lost one-third of its business in the blink of an eye, as a consequence of the Movement Control Order (MCO). Following the ban on dine-in during the MCO, over 40 restaurants had to be closed for more than two and a half months and restaurant operations have been limited to delivery and takeaway services only.

The transition from dine-in to HMR and the quick adaptation to contactless service has helped mitigate losses due to the closing of dine-ins in the early stages of adjusting to this new normal.

Given Pizza Hut Malaysia's forward-looking nature, measures for an aggressive transition had been deployed to future-proof its business and ensure business continuity. Indeed, Pizza Hut Malaysia has since long stepped up its digital transformation through e-Commerce and delivery services as a priority, even before the pandemic.

Below are six strategies that have been formulated, planned, and rolled out by Pizza Hut Malaysia to reinforce its business continuity endeavours:

- **Expanding delivery service coverage**

  Transformation begins by complementing its delivery service operations through delivery service expansion and increasing manpower. To that end, Pizza Hut Malaysia has hired more food delivery workers or riders for its own system in addition to working with Foodpanda to deliver to its customers. Apart from that, Pizza Hut Malaysia has also converted non-delivery restaurants into ones that cater to delivery services, in order to expand service coverage.

  Pizza Hut Malaysia reshaped the retail landscape of the food business by launching a messaging service via WhatsApp which allows customers to order pizza with ease and comfort during the ongoing pandemic. This new ordering system is really convenient for customers as it does not require downloading any application, instead just place an order via WhatsApp and it will be delivered directly to your doorstep.

- **Leveraging partnership with food aggregators for customer acquisition**

  Pizza Hut Malaysia leveraged the expansion of restaurant services by virtue of collaboration with aggregators or other food intermediaries, e.g. Foodpanda. It also brought in a new food aggregator – GrabFood into its fold to further expand its customer base.

  Pizza Hut Malaysia worked on building a stronger cooperation with various food aggregators by capitalising on monthly campaigns to optimize brand visibility, as well as obtain co-funding support to further push incremental sales.

- **Building brand relevancy during the pandemic**

  Pizza Hut Malaysia is emotionally stirred and empathises with the plight of the people by resolving to help them weather the storm of this ongoing pandemic, centred on initiatives that highlight contactless delivery and campaigns such as '#HappyKatRumah' and 'Sampaikan Salam Syawal'.

  The launch of contactless delivery and contactless takeaway as well as cashless payments allow customers to enjoy their favourite pizzas with ease and comfort, in a safe contact-free manner.

  Pizza Hut Malaysia encourages the people to continue celebrating religious festivities by observing the months of Ramadan and Syawal safely besides forging closer ties despite living in the new normal situation. Pizza Hut adopts a unique approach of rejoicing on Hari Raya amidst a difficult time with the enforcement of the Conditional Movement Control Order (CMCO) by bringing forth the 'Sampaikan Salam Syawal' promotional campaign. Embracing the concept of barakah in the cherished tradition of seeking forgiveness and extending salaam, Pizza Hut Malaysia offers the opportunity for Malaysians to continue giving salaam by means of pizza delivery packed in a special pizza box 'Sampaikan Salam Syawal'.

- **Introducing branded values for HMR**

  In the current arduous situation that evinces a high unemployment rate, customers are certainly starting to be frugal. In keeping with this change, Pizza Hut Malaysia has been upweighting its communications and media support by highlighting key branded values that are rooted in HMR needs, i.e. the promotion of 'Double Box' (two pizza deals) and WOW (takeaway offer) as well as occasion-based branded value for frequency.

FOOD & RESTAURANT DIVISION

- **Focus on e-Commerce**

  Pizza Hut Malaysia continues to streamline its performance marketing with media planning to engender robust growth for efficient demand acquisition by means of:
  - o Upweighting spending
  - o Sharper audience targeting

  Enhancing customers' experience is also on Pizza Hut Malaysia's agenda in order to generate higher in-app conversion through the following manner:
  - o Refinement of user interface (UI) design and enhancing user experience (UX)
  - o Strengthening purchase checkouts with better and reliable payment systems

  All these initiatives manifest business readiness measures to emerge as a strong HMR brand

- **Limited time offers (LTOs) of pizza anchored on HMR familiarity and needs**

  In this uncertain time, whereby Malaysians choose to stay at home, cravings for something familiar will overcome the tendency to explore new dishes, with food orders being considered a habit to enjoy a meal. Hence, the launch of LTOs such as 'Sweet & Sour Cheesy Bites' pizza and 'Cheesy Poppers' pizza have been among the popular and familiar types of pizza that suit customers' taste buds.

  Apart from that, despite continuing to practice social distancing, Pizza Hut Malaysia still insists on giving joy through its year-end promotion of 'Cheesy Poppers' with the activation of #pulldippop TikTok. Our aim is to make it easier for Malaysians to stay happy and connected, anytime, anywhere.

Quick adaptation
to contactless service has helped mitigate losses due to the closure of dine-ins in the early phase of MCO

Restaurant renovation
to further enhance the coverage of its delivery service

PIZZA HUT SINGAPORE

2020 has been an exceptional year for Pizza Hut Singapore. System sales peaked at S$110 million, indicating a growth of 18 percent versus 2019, and marking a success for exceeding the S$100 million threshold for the first time. The year started with an encouraging performance during the Chinese New Year as sales from January to February had risen 8 percent over the previous year. In March, Pizza Hut Singapore implemented a new value promotional strategy with a '50 percent discount' across delivery and takeaway services, accompanied by a price increase. It resulted in a sales lift of 16 percent in contrast to the same month in the previous year.

Between April to May, when the Singapore government implemented stringent COVID-19 circuit breaker measures that included the closure of restaurants, total sales climbed 46 percent. Subsequently, restaurants have been allowed to operate again, but with limited seating. On the flip side, against the backdrop of the deteriorating economic environment, sales transactions and same-store sales growth (SSSG) began to decline from October and the following months. Nonetheless, buoyed by the implementation of a reasonable price increase in March, SSSG started showing a positive outcome as opposed to the year before.

Pizza Hut Singapore respects and appreciates the perseverance displayed by its employees in all the restaurants, including those at the Restaurant Support Centre (RSC) in addressing and weathering the challenges and tribulations of the COVID-19 pandemic that had stricken the world in 2020.

Reorganising tasks among staff

by hiring more riders, executing first time partnerships with taxi companies and additional aggregators.

Notwithstanding the prevailing scenario of being in the midst of a movement restriction phase or lockdown, the Development and Projects Division still managed to deliver a new, state-of-the-art office. Then again, this move had been necessary as the lease for the old premise had expired in May. Meanwhile, the Human Resources Division succeeded in handling a 100 percent mandatory transition to work from home, even without any prior preparation; unlike most companies which may already have in place some form of a framework on work-from-home policy and infrastructure. As it happens, they handled the transition of employees to the new office seamlessly.

In the meantime, the Operations Division coped well with the sudden drop in food sales for dine-ins as it had been simultaneously followed by a surge in demand for delivery services. The situation proceeded by reorganising tasks among its staff, hiring more riders, and executing first time partnerships with taxi companies and additional aggregators. In relation to that, the Marketing Division has increased expenditure to be in tandem with demand which has been seeing a focus towards brand building efforts as well as communications of the revamped value platform. Moreover, they continued with food innovations although without being able to conduct much product testing.

As for the Supply Chain Division, the role has been to ensure that products and packaging are always available despite the problem of lockdowns in certain sourcing countries, apart from having to deal with issues relating to transportation disruptions. The Information Technology (IT) Division meanwhile also had its fair share of success as it handled the transition to the new office, besides continuing to ascertain all the restaurants and RSC are running smoothly although having to work from home.

In the Finance and Planning Division, it maintained a diligent focus on financial and business health to ensure profit erosion can be reduced in the face of increased contribution from the less profitable delivery business. Tapping on its fortitude, Pizza Hut Singapore has been able to realise a four-fold increase in profit before tax (PBT) in comparison to the previous year without considering the awarding of grants. However, if the grant is to be accounted for, it would have stretched over twentyfold. Hence, in ascertaining the grant from the Singapore government is effectively capitalized upon, all departments rally together and leverage it in the form of rental rebates, third-party rider commission, labour pay-outs, etcetera. All these have been executed within a year, in line with the motion to implement a wage freeze to ensure no employees will be retrenched due to the pandemic.

Pizza Hut Singapore also continues to give back to the community to help them cope during this difficult time. Over the year, Pizza Hut Singapore had given away 18,000 pizzas through a series of CSR initiatives specially dedicated towards the low-income households, healthcare workers, and foreign workers.

In consideration of everything that has transpired, Pizza Hut Singapore believes that despite the ongoing pandemic, it managed to wade through the waters and emerge stronger as a brand and as an organisation that is able to compete even more successfully in one of the most competitive F&B markets in the world.

QSR BRANDS UPSTREAM DIVISION & MIDSTREAM DIVISION

The Upstream Operations Division (also known as Upstream Business) and the Midstream Operations Division of QSR Brands (also known as Midstream Business) constitute the first two segments of the entire value chain 'from farm to fork'. At the close of the 2020 financial year, QSR Brands' Upstream Operations Division and Midstream Operations Division registered revenue totalling RM1.51 billion, just 1 percent lower than in 2019, while earnings before interest, tax, depreciation, and amortisation (EBITDA) had plummeted as well by RM24.9 million, a slump of 42.9 percent compared to 2019.

QSR Brands' Upstream Operations Division is segregated into two complementary operations, comprising:

- Integrated Poultry Operations – feed mill, breeder farms, and processing plant
- Ancillary Operations – sauce manufacturing, bakery, and commissary kitchen with almost 66 percent of its operations serving as suppliers to the Downstream Operations Division's restaurants (also known as Downstream Business)

QSR Brands' Midstream Division is spearheaded by the trading arm operations for in-house manufactured products, in addition to conducting extensive trading activities covering a repertoire of food-based products for both domestic and international markets.

QSR BRANDS' UPSTREAM OPERATIONS DIVISION

INTEGRATED POULTRY OPERATIONS

Having generated a total of RM947 million in 2020, the Integrated Poultry Operations experienced a drop of 2.2 percent in its revenue versus that of 2019, besides contributing to a poor rate in EBITDA of over 100 percent against the year before with a sum of RM18.4 million.

RM947 million

has been generated by the Integrated Poultry Operations in 2020

129,184 metric tonnes

of feed have been produced in 2020, utilising

86% of its production capacity

COMPANY: AYAMAS INTEGRATED POULTRY INDUSTRY SDN. BHD. (AIPI)

Characterised by its existing expertise and experience, AIPI has established a vertically integrated poultry system designed to support the 'farm to fork' value chain managed by the Group through its feed mills and farms, consisting of the breeder, hatcheries, and broiler farms. AIPI has demonstrated its resilience in producing a supply of high-quality chicken for its restaurants under downstream operations, with the additional option of supplying chicken to the local open market.

POULTRY FEED MILLS

Located in Port Klang, AIPI's feed mill acquires suitable raw materials to manufacture poultry feed at every stage of breeding and rearing – breeder farms, hatcheries, and broiler farms owned and contracted by the Group. The feed processing operations procure local palm oil as well as animal medication and imported ingredients such as top-grade vegan-based feed grains and other raw materials to meet the needs of the Group's own farm and that of its contract farm. In 2020, the feed mill has been utilising 86 percent of its total production capacity, producing 129,184 metric tonnes of feed.

Both revenue and EBITDA for the feed mill have witnessed a significant upturn in 2020 as it records RM216 million in revenue (RM180 million in 2019) as well as a hike to RM28 million (RM18 million in 2019) for EBITDA, largely attributed to the stability of commodity prices, namely soybean and crude palm oil (CPO) in 2020.

BREEDER, HATCHERY AND BROILER FARMS

A total of 50.6 million hatched eggs (HE) has been produced in 2020 by 64 breeder houses operating under four breeder farms situated in Alor Gajah (Melaka), Bangi (Selangor), as well as Linggi and Tampin (Negeri Sembilan). The percentage ratio adopted to attain the standard in chicken size as determined by the Group's Downstream Operations Division are composed of 53 percent Ross breed chickens, 21 percent Cobb and 25 percent AA+.

Day-old chicks (DOCs) totalling 39.6 million have been hatched this year, leveraging 80 percent of the total incubator capacity. The hatched DOCs are then distributed to the Group's broiler farms located in Mantin as well as to 31 contract farms in Kedah, Pahang, Selangor, and Johor. The broiler farm (Mantin) has exerted 100 percent of its total production capacity in 2020. Upon reaching the desired weight, the broilers are sent to the processing plants.

COMPANY: AYAMAS FOOD CORPORATION SDN. BHD. (AFCSB)

AFCSB consists of three processing plants, namely Ayamas Port Klang (Selangor), AIPI Bukit Mertajam (Penang) and Ayamas Bandar Tenggara (Johor). The services provided by these plants include slaughtering, primary processing, and manufacturing of poultry products based on halal procedures. The current total combined annual production capacity of these three processing plants has hit 48 million birds-to-plant (BTP). AFCSB processes the chickens received from AIPI and ensures its quality is in accordance with the requirements of restaurants under its downstream operations, besides being fully compliant with Yum! Brands, halal, as well as food safety procedures, as it pivots on competitive pricing.

PROCESSING PLANT

All three plants have been equipped with slaughtering facilities and the production of halal chicken products based on primary processing (PP) line to produce nine-piece-cut chickens that are being supplied to all downstream operations of KFC restaurant.

In 2020, 21.3 million BTP have been processed by Ayamas Port Klang, whereby exploiting 92 percent production capacity, IPISB Bukit Mertajam recorded 5.7 million BTP on account of 63 percent capacity utilisation, while 11.4 million BTP have been produced by Ayamas Bandar Tenggara as it exerts 71 percent of its capacity.

In addition to the PP line facility, Ayamas Port Klang is also equipped with further processed product (FPP) lines for chickens such as nuggets, sausages, and toppings. For the year 2020, Ayamas Port Klang reported the total production of nuggets has reached 9,883 metric tonnes, sausages recorded output of 7,658 metric tonnes, whereas the flow of toppings revealed a total weight of 3,593 metric tonnes.

As for AFCSB, the RM606 million in revenue attained in 2020 contrasted with the RM673 million recorded in 2019, suffering a dip of RM67 million. Consequently, AFCB's EBITDA showed a declining trend as well with RM35 million in 2020, continuing its drop of RM25 million compared to 2019.

ANCILLARY OPERATIONS

Witnessing a dwindling revenue and EBITDA in 2020, the Ancillary Operations only managed to generate revenue totalling RM202 million, which means 9 percent lower than in 2019, while EBITDA showed a reading of RM7.5 million, indicating a plunge of 55.2 percent against 2019.

COMPANY: REGION FOOD INDUSTRIES SDN. BHD. (RFI)

RFI is one of the leaders in the making of quality authentic sauces in the food manufacturing sector, aside from producing cold dressings, soup mixes, and cooking pastes. Its assortment of products is exported having penetrated the global market which includes the United Kingdom, France, Australia, New Zealand, Japan, Mauritius, Maldives, Myanmar, Mongolia, Qatar, United Arab Emirates, Brunei, Vietnam, Bangladesh, and Singapore. Sauces under the Life band are also supplied to both KFC and Pizza Hut restaurants in Malaysia, Brunei, and Singapore.

SAUCE MANUFACTURING

In 2020, the RFI processing plant manufactures 25,632 metric tonnes of sauces and cold dressings, wherein the total production capacity exploited has only been 63 percent. In terms of financial performance, RFI's revenue stands at RM130 million with EBITDA of RM7 million, indicating a drop of 12 percent in revenue and 46 percent for EBITDA versus figures attained in 2019. This has been largely due to reduced inter-company sales, i.e. KFC and Pizza Hut restaurant operations which experienced a plunge in consumer demand, a direct impact of the COVID-19 pandemic.

COMPANY: QSR MANUFACTURING SDN. BHD. (QSRM)

Located in Glenmarie, Shah Alam, QSRM produces and supplies bakery products and commissary products such as buns, pizza dough, coleslaw, sanitised vegetables, and dairy products to KFC and Pizza Hut restaurants.

BAKERY AND COMMISSARY OPERATIONS

Having concocted an entire 63 metric tonnes of bakery products in 2020, it signifies that QSRM has put to use only 41 percent of its capacity. This consists of 55.7 million buns which consume a 40.6 percent capacity rate, 4.4 million units of pizza dough with just 31.8 percent capacity utilisation, and 1.7 million units of other products, including pastries such as curry puffs, muffins, and pies, with production capacity hitting 120 percent.

Meantime, QSRM's commissary operations have been able to produce 3.0 million packets of coleslaw, which accounts for 54.3 percent of its production capacity, 920 metric tonnes of sanitised vegetables capitalises 72.0 percent of capacity rate, and 16.5 metric tonnes of dairy products benefitting only 10.00 percent of production capacity.

QSRM registers a slightly lower revenue of RM72 million in 2020 in comparison to RM75 million in 2019 and the same has been reflected in QSRM's EBITDA, whereby generating RM0.1 million in 2020 to mark a steep decline from RM3.0 million in 2019.

QSR BRANDS' MIDSTREAM OPERATIONS DIVISON

SALES, MARKETING, AND TRADING

COMPANY: QSR TRADING SDN. BHD. (QSRT)

QSRT functions as the sales, marketing, and trading arm of QSR Brands. Apart from trading a vast variety of QSR Brands' halal products, it also conducts trading activities for external brands that are being distributed domestically and internationally. Among the food brands under QSR Brands include Ayamas, Ayamas Kitchen, Jodi, Life, Baker's Street, Fatboi Noodles, and Lactima.

At present, frozen products from Ayamas make up 70 percent of its total annual sales, while the remaining 30 percent of sales have been contributed by shelf-stable goods. Having established Ayamas as a popular homegrown brand, QSRT plans to expand the Ayamas Kitchen brand to create new sales channels by offering a profusion of ready-to-serve food products with externally sourced ingredients that are not from the Group.

Although 2020 has been a year fraught with challenges, QSRT managed to retain its standing in various sales channels and expand new avenues through e-commerce partners such as Potboy and GrabMart. Forsooth, QSRT has benefited from MCO by virtue of elevated demand for FPP.

On that account, QSRT holds the privilege of reporting a high revenue of RM360 million in 2020 compared to RM334 million generated in 2019. Similarly, a higher EBITDA of RM22 million has been recorded in 2020 as opposed to RM20 million generated in 2019.

RM202 million
has been generated by the Ancillary Operations in 2020

25,632 metric tonnes
of sauces and cold dressings have been manufactured by RFI, utilising
63% of its production capacity

REAL ESTATE & INFRASTRUCTURE DIVISION

The Real Estate and Infrastructure Division (REID) has been established by Johor Corporation (JCorp) in 2020 following the genesis of a strategy to focalise its business activities on four core businesses.

REID consolidates five of JCorp's subsidiaries that have business activities related to the real estate and infrastructure industry. The five subsidiaries comprise Johor Land Berhad (JLand), TPM Technopark Sdn Bhd (TPM Technopark), Damansara Asset Sdn Bhd (DASB), Damansara REIT Managers Sdn Bhd (DRMSB), and TLP Terminal Sdn Bhd (TLPT).

The restructuring aims to optimise resource deployment efforts, streamline product and service offerings, provide an end-to-end solution for the real estate sector, and ultimately, emerge as an integrated real estate group that is able to lead the nation's property industry in terms of economic growth and sustainable development.

REID operates a diverse portfolio of real estate businesses and it is divided into four segments, namely property development (JLand & TPM Technopark), property management (DASB), investment fund management (DRMSB), and infrastructure (TLPT).

To date, REID has developed 34 industrial estates spanning 6,587 hectares, built more than 34,000 residential units and commercial lots, leased 445,000 square meters of business and office space, managed investment funds for 77 hospitals and healthcare-related properties, including retail buildings.

ECONOMIC CHALLENGES

2020 has been a gruelling year as global and Malaysian economic growth contracted 3.5 and 5.6 percent respectively, following the uncertainties emanating from measures taken by countries around the world to curb the spread of COVID-19.

Nonetheless, the outlook seems brighter by the end of 2020, with signs of an economic rebound upon entering 2021. Global gross domestic product (GDP) growth has been projected to reach 5.6 percent, while the Malaysian economy is expected to return to positive growth, appertaining to the forecast made by the International Monetary Fund (IMF) and the World Bank that Malaysia's economy will grow at a rate of 7 percent in 2021.

Then again, this recovery phase is mostly contingent on whether the roll-out and implementation of the COVID-19 vaccination in Malaysia and around the world proceed smoothly as planned.

SEGMENT PERFORMANCE

Companies under REID have not been spared the adverse economic impact from the Movement Control Order (MCO) as well as travel and cross-border restrictions that entails. Accordingly, REID's combined profit in 2020, excluding real estate investment trusts (REITs) has deteriorated by 62 percent to register RM47.1 million from RM125.1 million in the previous year.

Of this figure, the bulk of the profit is derived from the property development segment, particularly the residential and infrastructure sector.

The property development segment has been affected as well, as investors and buyers took a wait-and-see approach towards property investment. Nevertheless, the residential subsegment of this division, especially in the state of Johor, has been more fortunate to still be profitable despite an overall weak performance of the property industry and the prevalent property overhang situation in Malaysia. Meanwhile, the industrial subsegment trailed closely with a modest level of sales, but unfortunately, measures to cover the impairment have neutralised its gains.

In addition, the infrastructure segment has also contributed to REID's profits. During the first half of 2020, the TLP Terminal has seen a reduction in cargo handling and company revenue. However, at the end of the MCO period, and on the back of an economic recovery, most of the business sectors have resumed operations and this has revived activities at the TLP Terminal.

The property management segment has been hit the hardest by the pandemic constraints. Given the sluggish economic conditions as well as reduced demand and consumption in the retail sector, a large number of retail space tenants suffered a slump in their business operations. Overall, the occupancy rate of retail space has dwindled from 78 percent to 73 percent due to the termination of tenancies in 2020.

The degradation in retail business activities along with consumer purchasing power has bearings on the investment fund management segment as well. KPJ Group, as a major investor in the Al-'Aqar Healthcare REIT, has reported a decline in their healthcare business activities due to lower patient episodes and lesser daily bed occupancy rate (BOR). At the same time, Al-Salām REIT also reported a reduction in revenue and net property income from retail properties.

DIGITAL

Movement restrictions, border closures, and the ban of mass gatherings have prompted companies under REID to adopt new norms of working anchored by digitalisation. Meetings are held online as office premises are closed. Digital work has been deployed across the division, in which the workplace is no longer confined to the office and employees have been given access to information that allows them to work from anywhere.

The division has also shifted gears and stepped up its digitalisation initiatives to boost marketing activities. REID has adopted and applied augmented reality (AR) and virtual reality (VR) as alternative marketing tools for prospective investors and buyers to facilitate the browsing of properties through its virtual galleries. The corporate website has also been revamped by adding more interactive modules and upgrading it with a multilingual facility in choosing foreign languages to attract more investors from abroad. The division has also begun to explore and exploit data analytics and artificial intelligence to gain market insights, as well as develop property technology solutions related to smart city applications, smart factories, and smart ports.

PROSPECTS

In October 2020, REID has formulated a transformation strategy for the purpose of restructuring REID and stepping forward as an integrated property development group, in order to strengthen and enhance its value-creating efficiency in the near term, as well as maintain sustainable growth.

The strengthening of REID's core businesses will be driven by technology and the expansion of the REID value chain which in turn will enhance the recurring income base derived from new business opportunities.

This transformation will forge closer collaboration between the REID companies, which is imperative in harnessing the potential and diversity of the division and an essential element to drive value creation, such as through new innovative product offerings, for example, asset lifecycle management services, municipal and industrial park management services, as well as by exploring new sources of recurring income through the provision of urban fiberisation networks, renewable energy generation, and also real estate digital technologies.

Furthermore, REID companies will also be primed to go beyond Johor, expanding their horizons and venturing into new markets outside Johor and internationally, to rise as prominent players in the real estate industry.

ENVIRONMENT, SOCIAL & GOVERNANCE (ESG)

Deeply rooted in their dedication towards sustainable development, the REID companies are cognisant that such matter is only feasible through the implementation of strategic Environmental, Social, and Governance (ESG) programmes.

REID places the utmost importance on ESG in its desire to lead in the realm of sustainable development. Businesses are not just held accountable for their financial performance. Giving back to society, respect for the environment, as well as a sound corporate governance, are the basic foundations in building sustainable businesses.

ENVIRONMENT

REID will continue to strive in developing sustainable industrial parks by prioritising the use of green technology and renewable energy. The use of solar energy, construction of centralized utility facilities, rainwater harvesting, and other green features will be incorporated in the development of new industrial parks and buildings. The generation of solar energy at Pasaraya@mart Kempas is an illustration in the execution of such an initiative that boasts innovative solutions for efficient and economical facility management.

Another example of the application of eco-friendly features in building construction is evident through Menara JLand. This tower is the first Grade 'A' green office building in Johor. The green features and technology adopted at JLand Tower increase efficiency in the utilisation of resources, thus reducing the negative impact on health and the environment.

Other green initiatives that have been planned to be integrated into REID's property development projects are waste management, urban farming, as well as renewable energy generation and management.

SOCIAL

Being proud community builders, REID companies persist to enhance their social responsibility efforts by giving back and serving the community. JLand demonstrated its commitment to social responsibility through the development of 7,064 units of low-cost and affordable housing for those in the B40 income category in both urban and rural areas. In 2020, JLand has completed and handed over 2,106 units of affordable homes in Taman Seroja, Bandar Tiram 1, Bandar Dato 'Onn, and Kg Dato' Ajib, Mersing.

JLand is also exploring and exerting its efforts in developing a 'wellness village' in Neighborhood 7, Bandar Dato 'Onn, whereby building a township that nurtures healthy living and enveloping it with wellness and freshness.

At the same time, REID perseveres in its mission of providing direct and prompt assistance to those in need and those affected by the MCO, such as welfare homes, asnaf or those who are eligible to receive zakat aid collected from Muslims, as well as senior citizens. Through DASB, the division has distributed food to government agencies including firefighters and government hospital staff as a token of appreciation to the frontliners.

GOVERNANCE

Adhering to its commitment to protecting REID's companies and employees, and in ascertaining business continuity, REID will pursue to reinforce its governance through the deployment of various methods and processes, e.g. Enterprise Risk Management (ERM) system, Business Continuity Management, and procurement policy framework.

INVESTMENT DIVISION'S REPORT

INTRODUCTION

Following the change in leadership of Johor Corporation (JCorp) in January 2020, JCorp's strategic direction has also been revamped in line with JCorp's key transformation objective to emerge as an investment holding entity focused on increasing the value of its core business portfolio in four key sectors including Agribusiness, Wellness & Healthcare, Food and Restaurants as well as Property and Infrastructure.

In furtherance to that, the Investment Division has been established in line with the goals of JCorp 3.0 that brings into focus the effort to enhance the investment value of JCorp's portfolio via the execution of optimal investment strategies. Inter alia, the Investment Division plays a key role appertaining to matters such as:

1. Steering JCorp towards becoming an organisation that is focused on its growth performance.
2. Managing a portfolio that is able to generate profitable investment returns for its shareholders.
3. Engendering a portfolio anchored by a repertoire of investment companies that are at the vanguard of their respective industries.

Among the primary mechanism adopted by the Investment Division to effectuate the above functions are by practicing the precepts of Investment Policies and Procedures, Portfolio Monitoring and Management, along with the Stewardship Framework .

By virtue of its Business Sustainability Plan which has been approved by the Members of Johor Corporation during its 187th meeting on 22 June 2020, JCorp's transformation plan encompassing a plethora of drastic and comprehensive corporate restructuring measures has since been introduced. The deployment of this transformation plan is critical in ascertaining JCorp is on the right trajectory, whereby maintaining its position as a relevant, competitive and, an innovative entity which ultimately fulfil its role as a state development instrument pivoted on business functions and the implementation of corporate responsibilities.

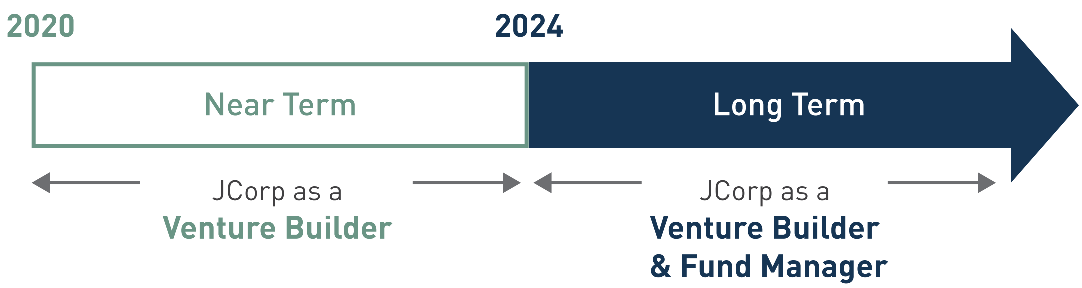
ESTABLISHING INVESTMENT POLICIES AND PROCEDURES

The Investment Policy has been designed to close investment gaps in the process of managing investments at JCorp, besides actualising optimal cost and capital structure.

The objectives of the Investment Policy are as follows:

1. Outlining JCorp's principles and commitment towards responsible investments.
2. As a guide in generating sustainable financial returns for the medium and long term, subject to the prescribed risk tolerance threshold and limits and founded on a good corporate governance system.

As detailed in the investment policy, JCorp will play the role of venture builder for near-term investments until 2024 and beyond that, it serves as a venture builder and fund manager for the long term.



The Investment Policy has been drafted to ensure the existence of active and effective investment stewardship to enhance the quality and return of investments contingent on the following four approaches:

- Outlining the prescribed investment guidelines and standards
- Monitoring and analysing investment performances
- Ensuring JCorp's investments remain relevant and significant
- Bolstering the management of JCorp's portfolio

There are two categories of investments in JCorp namely commercial and catalyst. Any investment decisions regarding these two categories will be made by taking into account environmental, social, and governance (ESG) elements.

In addition, JCorp's investment strategy does not just target returns in the financial form but should also have an impact on the environment and be done ethically by reflecting on its social responsibility.

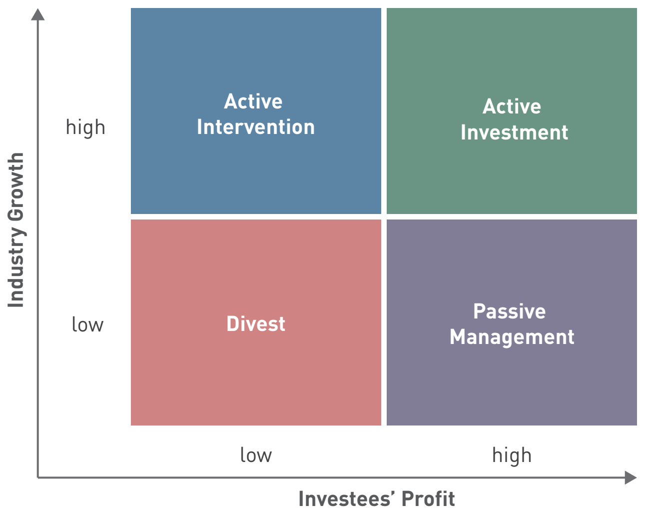
	Commercial			Catalyst
	Growth	**Complementing or strengthening the value chain**	**Innovation**	
Objectives	*Achieve sustainable growth and contribute to JCorp's profit*	*Strengthening and/or adding value through horizontal or vertical integration*	*Creating new markets, enlivening customers' experience, and preventing obsolescence*	*Attaining socioeconomic goals beyond financial returns from the business*

The agenda on social inclusion is a necessity in all forms of investment

The Investment Policy will be used as a guidebook in determining the investments' resistance level, period, and target rate which are required by investors according to investment, and industry categories as well as dividend policies.

PORTFOLIO MONITORING AND MANAGEMENT

JCORP'S PORTFOLIO MATRIX



In line with JCorp's Investment Policy, a portfolio matrix has been configured to identify the positioning of JCorp's investment companies based on two axes, namely whether investment profits are evaluated in tandem with current economic development rates or market conditions.

Methods of managing and monitoring the performance of investment companies are shaped according to their positioning in the JCorp portfolio matrix.

Periodic monitoring mechanisms will be practiced by JCorp to ensure that its management is able to receive feedback effectively and take appropriate enforcement and remedial action if necessary.

STEWARDSHIP FRAMEWORK

JCorp's Stewardship Framework has been introduced to achieve long-term value in all forms of investment undertaken by JCorp, premised on the emphasis towards corporate accountability as reflected in the setting of investment targets and the establishment of a sound stewardship framework for each investment company.

The JCorp Stewardship Framework Handbook will be used as a document of reference by nominee directors in understanding JCorp's investment aspirations as well as support in terms of management structure provided to nominee directors to achieve JCorp's goal of becoming a high performing organisation in line with JCorp's mission which is *Membina & Membela*.

JCorp's Stewardship Framework is segregated into four key components to spur the achievement of long-term shareholder value without compromising the interests of other stakeholders.

1. Governance

Employing various best practices to ensure the effectiveness of the functions and elevate the excellence of the Board's governance.

2. Capital Allocation

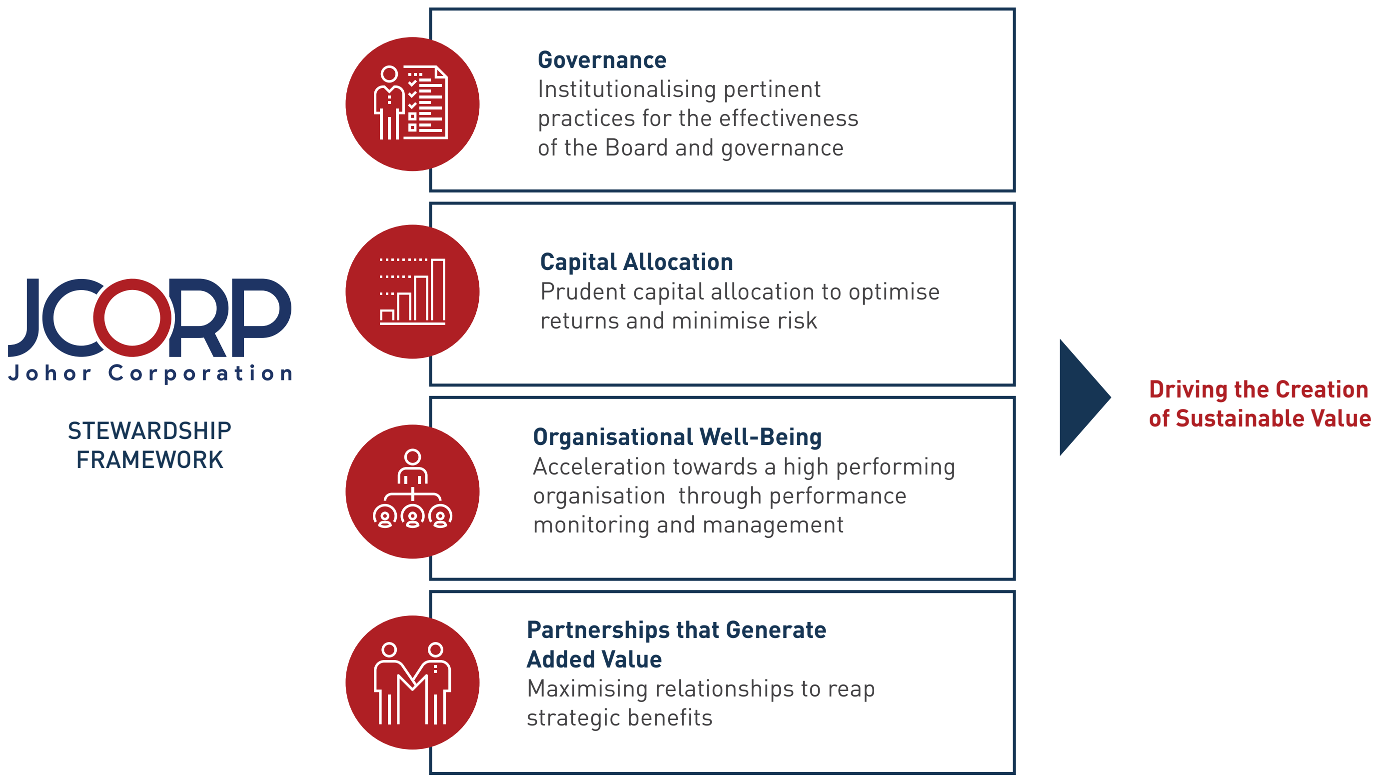
A sustainable capital allocation together with optimisation of return, but at the lowest possible risk.

3. Organisational Sustainability

Accelerating towards a high-performing organisation through performance monitoring and management.

4. Strategic Relationships that Increases the Organisation's Added Value

Leveraging strategic alliances for the benefit of the organisation.



CORPORATE RESTRUCTURING

Against the backdrop of a very challenging macro and business environment and coupled with the COVID-19 pandemic that has been sweeping the world, drastic changes and comprehensive restructuring measures needed to be implemented to ensure JCorp's continuity in facing business realities and disruptions. Hence, JCorp has put in place a number of measures that lead to future working methods, in addition to embedding new norms to continue being relevant as a strategic institution in the state of Johor, while continuing to be able to play its role effectively.

The corporate restructuring that has been devised covers the reorganisation of the investment holding structure in the company and asset ownership. It is divided into several categories as follows:

1. Reorganisation of company structure

Among the major restructuring has been at the Property and Infrastructure Division level as there appear to be several cracks along the value chain in the existing structure involving various subsidiaries. This has indirectly led to duplication of functions and inefficiencies. Therefore, there is a need to restructure and streamline these entities according to their respective functions to be able to contribute to the concept of integrated asset lifecycle management, and in turn, achieve operational efficiencies based on economies of scale.

2. Restructuring asset ownership at JCorp's entity level to related investment companies

In keeping with JCorp's transformation into an investment holding entity, JCorp has identified assets that need to be placed under related investment companies. This is to enable the related investment company to fully control the assets and operations of the business.

JCorp has begun leasing its plantation assets to Kulim (Malaysia) Berhad (Kulim) starting July 2020, thus enhancing the profile of Kulim's plantation assets in an effort to become a leader in the oil palm industry in Johor. Next, JCorp is also in the process of organising its port's assets under TLP Terminal Sdn Bhd (TLP Terminal) as the holder of the port operating license at the Tanjung Langsat Port. This undertaking is targeted to be completed by mid-2021.

3. Closure and/or disposal of underperforming or non-core companies

Several companies and businesses that have been identified as underperforming or non-core such as digital business (Classruum Technologies Sdn Bhd, N2W Corporation Sdn Bhd, and Virtualflex Sdn Bhd), hotel business (Puteri Hotels Sdn Bhd and Hotel Selesa Pasir Gudang), intrapreneur business (Rajaudang Group, Timeless Commitment Sdn Bhd and Syarikat Pengangkutan Maju Berhad) have been and are in the process of being disposed and/or shut-down to curb the risk of greater loss in the long run. At the investment company level, Kulim also identified non-core and non-strategic assets and businesses that need to be disposed of such as oil and gas and plantation-related assets as well as businesses in Indonesia, to focus on its core competency areas, namely agribusiness.

However, there are several unforeseen and beyond controlled factors that influenced the progress of disposal and/or the closure process of those companies such as the implementation of the Movement Control Order which has not fully recovered to date, as well as the bidding process with potential buyers which takes longer than scheduled.

4. Strategic investment monetisation

JCorp and the Group have also taken the initiative to carry out strategic investment monetisation aimed at assisting JCorp and the Group's cash flow position in the long run, and targeting for the goal to be completed in the medium term, around 2023- 2024. The monetisation of these strategic investments involves real estate and integrated facility management (IFM) companies or businesses, restaurant and food businesses as well as agribusinesses.

RETREAT SESSION WITH MEMBERS OF JOHOR CORPORATION

For the very first time, JCorp held a retreat session from 27 to 28 September 2020 at the Westin Hotel, Desaru, Johor. Appertaining to the theme 'Reinventing JCorp for Sustainable Success', the retreat has been an ideal platform for the Johor Corporation Members, top management of JCorp as well as top management representatives from the four core businesses in the Group to jointly discuss and pitch ideas in determining the strategic direction of JCorp Group.

The objective of the retreat session is to affirm the purpose and vision of JCorp. Making the best out of the opportunity, discussions have been centred on building JCorp's resilience to remain relevant and to grow sustainably by building a strong future, besides defining JCorp's role and transformation in the future.

Over and above, among the key issues addressed during the retreat session that required comprehensive action have been issues related to strategies and initiatives in building JCorp's resilience and agility in terms of adopting and implementing digital transformation as well as agile management, investment management and governance, organisational redesign as well as financial stability. All of these have been central to the preparation of the JCorp Group's Five Year Strategic Plan for the period 2021-2025.

PROSPECTS

The Investment Division will continue to be JCorp's backbone in performing its business functions as an investment holding entity with the aim of improving the value of its investment portfolio year on year and achieving sustainable long-term returns via the implementation of comprehensive and optimal investment strategies. This is to ensure that JCorp continues to play a vital role in supporting the economic development of the state of Johor, providing a reasonable return to the state government, and thereupon delivering the benefits contained in the social inclusion agenda in a more structured and effectual manner.

GROUP HUMAN RESOURCE MANAGEMENT DIVISON'S REPORT

TOWNHALL SESSION WITH THE PRESIDENT AND CHIEF EXECUTIVE OF JOHOR CORPORATION

The Group Human Resource Management has been responsible for conducting employees Townhall session with the President and Chief Executive of Johor Corporation on 2 February 2020. This Townhall session created history as well, whereby the employees got to be introduced to the new Top Management line-up. Moreover, this Townhall session also serves as a platform for conveying and communicating the company's entire roadmap.

BRIEFING ON HUMAN RESOURCE

To strengthen the human capital aspects that are seen as important to Johor Corporation and its employees, the Group's Human Resource Management, by virtue of the Human Resource Management Department-Operations have conducted and given various online briefings to employees via webinars. Among the briefings conducted are regarding:

- Human Capital Management System (HCMS) V2
- Cost Saving Initiatives - Human Resource Reduction
- Informal Chat Sessions – Programme between the General Manager, Group Human Resource Management with Johor Corporation employees
    - Four sessions have been held through this programme, involving 64 employees. Topics covered include the JCorp 3.0 Roadmap, Communications, Rightsizing, Career Transition, as well as Professional Certification and Employee Performance Management.

PERFORMANCE MANAGEMENT & KPI REFRESHER WORKSHOP FOR 2020

Johor Corporation has implemented an online performance appraisal process through the Human Capital Management System (HCMS). HCMS is viewed as a strategic medium to streamline the delivery of key performance indicators (KPIs) more clearly at all levels of management and a simultaneous implementation would enable the translation of strategic plans into duly taken actions.

In general, Johor Corporation has been affected as well by the COVID-19 pandemic which hit the world at the end of 2019. Thereafter, Johor Corporation, under new arrangements, has stipulated that all employees only need to complete individual KPIs for 2020. The setting of these KPIs has to specifically target internal work processes that are involved, whether at the departmental level or in the respective units.


File picture / January 2020

In confronting these challenging times, especially in a situation of limited resources, the HRM Strategic Unit, in collaboration with the Academy Unit, has taken the initiative to organise an online KPI Refresher Workshop for all Johor Corporation employees through several sessions scheduled to begin on 23 April 2020 till 1 May 2020. The main objectives of organising the workshop are as follows:

1. To ensure the alignment of strategic objectives at all levels
2. Understanding the concept of KPIs
3. Developing a more meaningful and outcome-driven KPIs

The workshop received an overwhelming response from all employees of Johor Corporation. A total of 32 workshop sessions have been conducted jointly by staff in the HRM Strategic Unit in which they too are individuals who have been affirmed as 'Key Performance Indicator (KPI) & Balanced Scorecard (BSC) certified'.

The hour-long session includes the presentation of concepts and guidelines in building KPIs.

Employees are also given simulations and real examples of KPIs for discussions. The interactive session provided more extensive exposure as well as deeper understanding among the staff. The result of the before and after tests conducted on all employees who participated in the workshop showed they were on the whole very satisfied with the flow and contents provided throughout the workshop.

HUMAN CAPITAL DEVELOPMENT PROGRAMME

Human capital development is an essential foundation in ensuring the survival of an organisation. For that reason, as an organisation that aims to produce successful human capital in terms of leadership and character, Johor Corporation (JCorp), by means of the Department of Human Resource Development-Academy, and the Department of Human Resource Development-Education, has launched numerous related programmes until 2020.

No.	Initiative	Programme Details	Status until December 2020
1	LMDF (Group Leadership & Management Framework)	The LMDF framework which has been developed beginning December 2016 is a concept of shaping a leader throughout the employee's development process at each level and position..	A programme under the LMDF concept and implemented under the JESP, JCAP, BMP, STP, JLP, AJLP, and ESLDP programmes.
2	JCorp Chartered Accountancy Programme (JCAP)	The JCAP programme is meant to generate a professional workforce in the field of accountancy for those who have undertaken training in audit firms. Among the accounting certifications offered are ICAEW and Australia MICPA.	From 2018 to 2020, 24 trainees have completed their training. The trainees have been placed in the Finance, Accounting, and Taxation Department under the JCorp Group.
3	JCorp Education Sponsorship Programme (JESP)	JESP is a strategic human capital development initiative to breed a workforce capable of creating business continuity plans in JCorp as an active and competitive conglomerate.	A total of 68 graduates have been brought forth via this programme since its launch in 2015 to 2020, involving various critical areas required by JCorp. In 2020 alone, 16 employees had graduated and served under the JCorp Group.
4	Group Management Associate Programme (GMAP)	GMAP is one of the initiatives to build a talent pool for the management level by recruiting postgraduate students with excellent qualifications in related fields to be polished and given comprehensive exposure during their 24-month placement at JCorp and its Group of companies. And thereafter, establish a team of young management talents that has the potential to lead the company.	Five trainees in total have participated since 2019. The programme requires trainees to undergo four job rotations in different departments. By August 2020, the trainees have started their final rotation at JCorp and its Group of companies.

No.	Initiative	Programme Details	Status until December 2020
5	Corporation Leadership Programme (JLP)	JLP is a human capital development programme that focuses on critical thinking at the middle management level and the programme lasts for 18 months.	Cohort 4: A total of 26 participants ranging from Deputy Managers to Senior Managers at JCorp and its Group of companies participated in the programme.
6	Corporation Leadership Programme (AdvJLP)	AdvJLP is a human capital development programme that focuses on leadership thinking at the top management level and it lasts for 15 months.	Cohort 2: Overall, 20 participants comprising Deputy General Managers and General Managers of JCorp and its Group of companies took part in the programme.
7	JCorp E-Learning	The programme has been modified and conducted online (Skype, ZOOM, MS Teams). Among the programmes conducted include 7 Habits of Highly Effective People, Digital Organisation: Are You Ready? SpeakEasy, TheVodCast, Growth Mindset, etcetera.	In total, 10 JCorp E-Learning series have been conducted throughout 2020 with the implementation of 54 programmes and involving 3,387 participants comprising employees from JCorp and its Group of companies.

JCORP 3.0 DNA

It was at the end of 2019 when the world was initially struck by the COVID-19 pandemic, and since then, it has made 2020 a very turbulent year for all, JCorp included. A large number of business sectors within the Group have been affected, prompting the organisation to undertake a transformation programme so as to remain relevant.

The era of new normal JCorp 3.0 demands a change in every employee in multifarious aspects so as to invent a new JCorp that is Agile, Adaptable and Resilient, in tandem with JCorp's economic recovery. The transition involves a shift in culture, attitudes, as well as organisational values that correspond with current needs.

In view of this, JCorp has outlined four (4) core values that must be internalised and practiced by every single employee, namely Excellence, Respect, Teamwork, and Integrity.

WAQAF AN-NUR CORPORATION BERHAD'S REPORT

Waqaf An-Nur is a company limited by guarantee with no shares, whereby its incorporation had been initiated by Johor Corporation (JCorp).

Established for the purpose of managing the assets and shares of companies in the JCorp group that have been endowed by JCorp, Waqaf An-Nur, therefore, acts as *Mauquf'Alaihi* for the shares and other forms of securities of the companies.

2020 has been a significant year for Waqaf An-Nur as the waqf institution celebrates its 20th anniversary on 25 October 2020. *'Dua Dekad Bermakna, Dua Dekad Membela'* was chosen as the theme for the celebration as it is synonymous with achievements and all the efforts it has taken in helping those in need.

WAQAF AN-NUR 2.0

In tandem with its 20 years of establishment, Waqaf An-Nur continues to move forward as an institution that is progressively becoming more robust. The change to the new logo is symbolic of Waqaf An-Nur's maturity in the realm of waqf management.

Innovations in waqf persist to be the aspiration for Waqaf An-Nur in attracting more people to be accustomed to waqf practice and thereupon adding value to existing waqf assets.

The introduction of new initiatives through the Hibah Lil-Waqaf program, Infaq Warisan, Pusara An-Nur, and most recently, PMB An-Nur Income Fund evinces Waqaf An-Nur's capability in diversifying the concept of waqf and infaq, in line with current developments.

BEST ISLAMIC MICROFINANCE INSTITUTION AWARD

Waqaf An-Nur continued to make history when it was named the recipient of the Best Islamic Microfinance Institution Award in conjunction with the Global Islamic Finance Awards (GIFA) 2020 event held in Islamabad, Pakistan on 14 September 2020.

This victory is the highest recognition of Waqaf An-Nur's efforts in providing microcredit services to help small entrepreneurs and target groups in need.

Receipt of the award has been the result of nominations for economic development activities that had been introduced, among others, the microcredit financing of Dana Niaga, Mutawwif Fund, and Al-Rahnu microcredit under Maruah Emas Sdn Bhd.

PMB AN-NUR-WAQF INCOME FUND

PMB An-Nur Waqf Income Fund which is PMB Investment Berhad (PMB Investment)'s 17th fund offers the opportunity for investors to do charity work while earning a profit from the investments made. This collaborative project between Waqaf An-Nur and PMB Investment had been launched on 18 March 2021.

By virtue of this initiative, the public will indirectly endow with Waqaf An-Nur when dividends received from investment proceeds not only provide a return to customers but the dividends are endowed as well to Waqaf An-Nur.

As a manager, Waqaf An-Nur will use the endowed dividends to purchase an assortment of shariah-compliant shares to further nurture waqf practice.

Proceeds from the purchase of such shares will be channelled on an ongoing basis for the benefit of the community.

PUSARA AN-NUR

Another new activity under Waqaf An-Nur which is under construction is Pusara An-Nur, located in Bandar Dato' Onn, Johor Bahru. Pusara An-Nur will set a benchmark in adopting a systematic and efficient grave management concept through the introduction of the e-grave system.

This initiative had been introduced based on the inclination of making the cemetery or graveyard a place that should not be feared and abandoned, instead, it should be closer to the public besides being part of a dawah to the community to always be reminded of death.

GENERAL WELFARE

Not forgetting its role in distributing the benefits of the endowment to the target group, Waqaf An-Nur continues to actively contribute to the needy, especially when the country had been hit by the COVID-19 pandemic. In this regard, Waqaf An-Nur has launched the 'COVID-19 Fund Contribution' providing an opportunity for the public to contribute and help those in need as well.

In 2020 alone, a total of RM11 million has been distributed to the target group, whereby almost half of it has been channelled to those affected by the COVID-19 pandemic.

A FRATERNITY – FRIENDS ON THE STREET

A programme that involves leaders going down to the ground to visit the local community could not be carried out as usual due to the pandemic. Consequently, a 'Jalinan Ukhuwah-Sahabat Jalanan' programme has been initiated and hit the ground running in December 2020. The program which is being held every week has seen efforts to help nearly 150 homeless people around the Johor Bahru district.

There is a slight variation to this program as the homeless are not only provided with food packs but are also given face masks. At the same time, street dawah has been featured as well in making the most of the opportunity to meet people.

In essence, street dawah is a platform to share knowledge with the homeless through advice that is delivered in a more relaxed and concise manner so that this group feels closer and does not feel isolated or marginalized by society. These sessions have been conducted by the Religious Executives of Waqaf An-Nur, consisting of imams and muezzins from the Masjid An-Nur network.

YAYASAN JOHOR CORPORATION'S REPORT

Yayasan Johor Corporation (Yayasan JCorp) is an entity founded by Johor Corporation (JCorp) and acts as an enabling agent for corporate social responsibility (CSR) that has been embedded with environmental, social, and governance (ESG) elements in realising JCorp's mission of *Membina & Membela*, involving students, schools and universities, teachers, parents, and the local community.

Yayasan JCorp's primary vision is to be a leading institution and foundation in providing a platform for initiatives that improve the quality and socioeconomic status of the community, in line with its slogan of 'Empowering the Quality of Life'.

Yayasan JCorp has chosen to focus on four key areas in making a success of the ESG mission and agenda, which are:

i. Education.
ii. Arts, Culture & Heritage.
iii. Community Welfare.
iv. Environment

Through these four realms, Yayasan JCorp is committed to contributing towards empowering human capital as a whole, building identity, and raising the socioeconomic status of the community through the mastery of occupational skills, digital skills, and entrepreneurial skills.

Yayasan JCorp has also been entrusted to be a platform in managing all of JCorp and its Group of companies' succour initiatives and channelling it to individuals and communities affected by the COVID-19 pandemic, besides providing assistance and support to organisations, non-governmental organisations (NGO), as well as government agencies that require help.

In conformity with the transition to technological changes as well as to support the 'Stay at Home' campaign as a means of halting the spread of COVID-19, Yayasan JCorp remains committed to organising beneficial virtual activities for students, teachers, parents, and the community.

FOCUS IN THE REALM OF EDUCATION

PRO DU-IT FINANCIAL MANAGEMENT PROGRAMME

This program has been developed out of concern and awareness relating to the issue of weakness in financial management among adolescents and youths. This program underscores the aspect of skills in managing finances systematically, aside from training them to save and be apt at managing their finances.

The financial management module has been developed in cooperation with the University of Malaya. There are six modules in total and they zero in on financial literacy, entrepreneurship, technology, and social responsibility specifically for children aged seven to 12 years.

KELAS RANCANGAN USAHAWAN OF THE ENTREPERNEURSHIP EDUCATION

Starting 2020, the Sustainability of School Programme has been introduced as an improvement to the *Kelas Rancangan Usahawan* (KRU) programme in terms of quality, brand, and product sales. The main selection criterion for this program is the creation of products that have the potential to be developed to a higher level. For a start, three schools out of 41 KRU schools have been selected as pilot schools for the 'Sustainability of School' programme.

The programme also involves cooperation from the Federal Agriculture Marketing Authority (FAMA), Department of Agriculture, Malaysian Pineapple Industry Board, MARA, Community College, and GiatMara as advisors and facilitators.

INDUSTRIAL SKILL TRAINING PROGRAMME

The Industrial Skills Training Programme is a programme that provides knowledge of the real working world besides gaining practical experience that would enhance their employability.

By dint of this programme, Yayasan JCorp takes on the role of a 'system integrator' to connect students from the skills institutes, Upper Secondary Vocational Programme (PVMA) and vocational colleges with employers comprising of JCorp Group of companies, as well as external agencies and companies.

Throughout the programme which takes about three to six months, participants will receive benefits such as allowances, self-development courses, and a special certificate of completion of the programme.

Among the strategic partners of this scheme are the Skills Development Department, Johor Human Capital Strategic Unit, Human Resources Development Fund, Malaysian Employers Federation and MARA.

FOCUS IN THE REALMS OF ARTS, CULTURE & HERITAGE

READING PROMOTION PROGRAMME

Beginning 2019, Yayasan JCorp has been appointed as a local partner by The Asia Foundation (TAF) in making a success of the English Language Empowerment & Reading Encouragement Programme in the Peninsula.

Yayasan JCorp has received 10,380 copies of English-language scholarly books. The books have since been distributed to 345 primary schools and educational institutions throughout Malaysia by means of a programme known as 'Books for Asia'.

Into the bargain, Yayasan JCorp also organised the JCorp English Challenge, a quiz competition that can be accessed via the Johor Corporation's Facebook page to further invigorate the 'Books for Asia' programme. Moreover, participants can also download the Let's Read! The Asia Foundation application which can be found on Google Store to obtain digital reading books.

SEMARAK JAWI 2.0 EDUCATION

Semarak Jawi 2.0 is an improved and innovated programme in comparison to its original programme and it has been conducted through teamwork with the Johor State Education Department, Johor Islamic Religious Department, calligraphy associations, and several Jawi script art enthusiast NGOs.

In 2020, this programme came to life and abuzz among primary and secondary school students throughout the state of Johor. To date, a total of 11 secondary schools have been involved in the Jawi Entrepreneurship programme which markets creative products based on Jawi or Arabic script writing.

In the effort to revitalise the writing of Jawi scripts that is regarded as a national heritage, online competitions for the public have been organized via Yayasan JCorp's Facebook. Among them are the Beautiful Writing Quiz, Jawi Quiz, LIVE Jawi Quiz, and Jawi Comic Writing Competition.

FOCUS IN THE REALM OF COMMUNITY WELLBEING

COMMUNITY WELLBEING

Community Wellbeing is Yayasan JCorp's new area of focus and it takes on the form of donations to communities in need, which is in harmony with its ESG agenda that emphasises the socioeconomic development aspects of communities.

Towards that end, there are four categories of assistance provided to the public, namely welfare, disaster, health and education assistance.

Among the initiatives undertaken through Community Welfare assistance are:-

i. The assistance of RM500,000 to the Johor Cerebral Palsy Association.
ii. Channelling contribution of RM150,000 to Tabung Prihatin UTM Skudai, Johor
iii. Contributing laptops worth RM90,000 to Yayasan Tunku Laksamana Johor
iv. Allocating RM50,000 in support of the flood relief mission
v. An allocation of RM150,000 to help Asnaf and B40 category students, through the Education Fund to lighten the burden of their expenses as well as educational and study fees
vi. Allocation of RM170,000 to the Johor State Health Department in collaboration with the Raja Zarith Sofiah of Johor Foundation; as well as
vii. An allocation of RM600,000 to Yayasan JCorp's Food Bank and Food Boxes project for those affected by COVID-19.

EDUCATIONAL ASSISTANCE

Yayasan JCorp has introduced an Education Assistance initiative aimed at easing the financial burden of parents or guardians by assisting with fees in preparation for admission to tertiary institutions while awaiting offers of loans and scholarships.

This assistance is in the form of cash and is given on a one-off basis specifically to help the B40 group and families who have a large number of dependent children and have to fulfil the needs of their dependents to further their studies at institutes of higher learning.

Since its implementation in 2017 and to date, a total of 864 students have received benefits with a total fund of RM331,689.

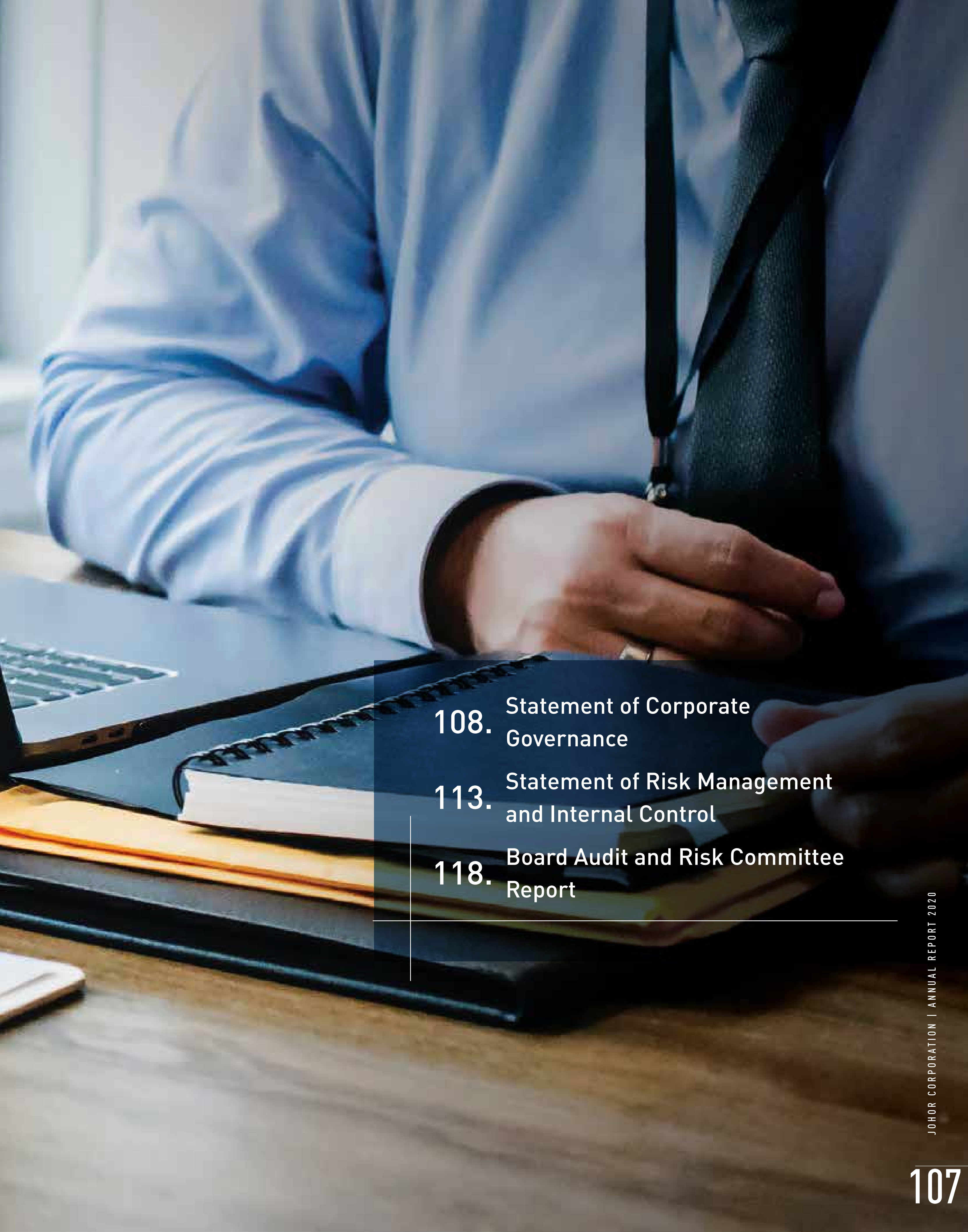
FOCUS IN THE REALM OF THE ENVIRONMENT

The Environmental Programme has been a new programme introduced to support JCorp's ESG agenda which involves the overall collaboration and involvement of JCorp and its Group of companies.

Four core elements are essential in the implementation of this programme, namely the preservation and conservation of nature and rivers, tree planting, recycling, and energy conservation programmes.

SECTION 5

STATEMENT OF CORPORATE GOVERNANCE



STATEMENT OF CORPORATE GOVERNANCE

The year 2020 witnessed the entire world confronted by a formidable situation brought about by the outbreak of the COVID-19 pandemic, which affected the global economy. Nevertheless, Johor Corporation (JCorp) continues to move forward in ensuring the implementation of its corporate governance strategy remains sustainable, as it is cognisant of how crucial it is for JCorp to continue carrying out its responsibilities to help improve the state's economy.

As a Johor State Government Corporation, JCorp is subjected to its articles of association, namely the Johor Corporation Enactment No.4/1968 and Amendments; Enactment No.5/1995, Corporations (State Legislatures Competence) Act 1962 (Act 380), and Loans Guarantee (Bodies Corporate) Act 1965 (Act 96).

JCorp has always emphasised that good corporate governance practices can ensure the yielding of integrity, solid internal controls, and sound risk management practices. In turn, it can contribute to stimulating business performance as well as strengthen the corporate culture based on accountability and transparency.

MEMBERS OF JOHOR CORPORATION

COMPOSITION

As stipulated in Enactment No. 4 of 1968, the Members of JCorp consist of:

i. A Chairman who holds the position of Chief Minister of Johor.
ii. Deputy Chairman appointed by the King.
iii. Three representatives from the Johor Civil Service (holding the positions of State Secretary, State Legal Advisor, and State Financial Officer of Johor).
iv. Directors of the Corporation appointed under Section 12 (known as the President and Chief Executive).
v. Three representatives from the Federal Government.
vi. Three Independent Directors appointed by the King with qualifications, experience, and expertise in matters relating to banking, manufacturing, housing, business, finance as well as professional or administrative fields.

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

DUTIES AND RESPONSIBILITIES

Members of JCorp are responsible for JCorp's overall performance by setting the Group's objectives and determining its long-term strategic plan, aside from ensuring that JCorp fulfils its key role, namely as a leader in Johor's economic development through business entities that have been built in an efficient and effective manner. These businesses have to be impelled as well in order to dominate the market and be competitive, besides contributing to the wellbeing of the people via the execution of its corporate responsibilities.

MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2020, Members of JCorp had met three times. The following are the attendance details of JCorp Members:

No	Name	Position	Member (Independent/ Non-Independent	Date of Appointment	Attendance
1	YAB Dato' Haji Hasni Bin Mohammad	Chief Minister of Johor/ Chairman of Johor Corporation	Non-Independent Member	01/03/2020	3/3
2	YBhg Tan Sri Dr Ali Bin Hamsa	Deputy Chairman, Johor Corporation	Independent Member	15/06/2020	3/3
3	YBhg Datuk Syed Mohamed Bin Syed Ibrahim	President & Chief Executive of Johor Corporation	Non-Independent Member	09/01/2020	3/3
4	YB Dato' Haji Azmi Bin Rohani	State Secretary of Johor	Non-Independent Member	01/01/2017	3/3
5	YB Tuan Amir Bin Nasruddin	State Legal Advisor of Johor	Non-Independent Member	01/01/2020	3/3
6	YB Dato' Haji A. Rahim Bin Haji Nin	State Financial Officer of Johor	Non-Independent Member	Resigned in accordance with compulsory retirement on 25 January 2021	3/3
	YB Dato' Salehuddin Bin Hassan			25/01/2021	-/-
7	YBhg Dato' Asri Bin Hamidon	Secretary-General of Treasury Ministry of Finance Malaysia	Non-Independent Member	15/06/2020	2/3
8	YBhg Datuk Saiful Anuar Bin Lebai Hussen	Director-General Economic Planning Unit Prime Minister's Department	Non-Independent Member	01/10/2019	3/3
9	YBhg Datuk Nor Azri Bin Zulfakar	Director-General Implementation Coordination Unit Prime Minister's Department	Independent Member	08/03/2020	1/3
10	YBhg Dato' Sr. Hisham Bin Jafrey	Managing Director ARH Jurukur Bahan Sdn Bhd	Independent Member	01/05/2020	3/3

BOARD COMMITTEE

In discharging their duties, JCorp Members are assisted and supported by four main Committees, namely Board Tender Committee, Board Audit and Risk Committee, Executive Board Committee, Board Nomination and Remuneration Committee.

MEMBERS OF JCORP

BOARD TENDER COMMITTEE (BTC)

Responsible for overseeing the transparency in the implementation and management of procurement as well as cultivating integrity and compliance with JCorp's procurement policies.

BOARD AUDIT AND RISK COMMITTEE (BARC)

Responsible for overseeing accounting and financial requirements, as well as monitoring the effectiveness of risk management and ensuring a high level of compliance with standards of governance, integrity, and ethics.

EXECUTIVE BOARD COMMITTEE (EXCO)

Responsible for overseeing strategic aspects, including reviewing new and existing investments to ensure satisfactory and sustainable returns.

BOARD NOMINATION AND REMUNERATION COMMITTEE (BNRC)

Responsible for ensuring transparency in appointments and terminations as well as matters relating to remunerations and services, in addition to conducting performance appraisals on JCorp Members and top management.

GOVERNANCE COMMITTEE

JCorp has always upheld the concept of governance and decision-making systems based on the principles and practices of shura (by consultation and deliberation). At the management level, the Management Committee (MC), Group Management Committee (GMC), Management Tender Committee (MTC), Group Risk Management Committee (GRMC), and Enterprise Risk Management Committee (ERMC) have been formed to manage and oversee operational and investment-related matters.

CORPORATE GOVERNANCE FOR LISTED ENTITIES IN THE JCOPR GROUP

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

STRENGTHENING JCORP'S GOVERNANCE AND RISK MANAGEMENT

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

STRATEGIES TOWARDS JCORP'S SUSTAINABILITY

Throughout 2020, JCorp Members support inclusive growth and sustainable development as JCorp's strategy in responding to the various economic challenges and impacts of the COVID-19 pandemic. The organisational structure has been thoroughly reviewed and approved to propel the implementation of JCorp's strategies and sustainability plans as well as operational requirements to ensure JCorp remains resilient. Procurement and investment structures and policies with clearly defined responsibilities and roles have been established in line with JCorp's efforts to increase the value of investments, implement cost optimisation initiatives and work planning strategies.

LIMITS OF AUTHORITY

JCorp operates based on the updated 'Limits of Authority' to further strengthen the culture of transparency and accountability in the organisation. This document has been approved by JCorp Members on 22 June 2020 and it covers eight main scopes, namely Corporate, Audit, Company Law and Secretarial, Finance and Accounting, Human Resources, Procurement and Contract Management, Investments and Assets. This document will be reviewed on an ongoing basis to ensure its effectiveness and to remain relevant.

STRENGTHENING SENTINEL

In order to balance its obligations which, among others, include duties as a state development agent, executor of business activities, and social inclusion, JCorp needs to act swiftly. Therefore, the business continuity management function has been established and guided by the Crisis Management Committee, which acts and is responsible as JCorp's sentinel. In addition, JCorp also now has a comprehensive Risk Management Framework, Business Continuity Management, and Compliance Management to provide guidance in integrating elements of risk management and internal control in the business plan evaluation and development processes.

JCorp also expresses support for strengthening governance by reinforcing cyber security aspects as well as implementing the Digital Transformation Programme which includes the transformation and digitisation of the Governance Framework, effective control, and governance of data management, accessibility management, mitigation and prevention of cyber threats.

ENCULTURATION OF INTEGRITY AND GOVERNANCE PRACTICES

JCorp has always emphasised the practice of a superior work culture based on strong moral and ethical values. It will thus be able to curb misconduct such as corruption, abuse of power, and malpractice. In conformity with Service Circular No. 6, 2013, the Group Integrity Unit is now taking a more rigorous approach by performing three main core functions, namely detection and verification, governance, and strengthening of integrity.

JCorp and the Group have also implemented several initiatives to maintain a healthy corporate culture through the enculturation of integrity. JCorp's management together with the Group Integrity Unit conducts awareness programmes on the importance of integrity at the Group level as well as at the consultant and supplier levels of JCorp and the Group, whereby, it is in accordance with the enforcement of Section 17A of the MACC 2009. Awareness and receptiveness programmes on integrity practices are also boosted with the use of electronic media as a communication platform in the enculturation of integrity on an ongoing basis.

JCorp remains committed to promoting better and more meaningful governance practices. Therefore, policies and procedures are also reviewed so that they remain relevant and in line with best governance practices. The new approach by prioritising the concept of explanation, understanding, and internalisation of the spirit and intent behind the production of policies and procedures has been used to inculcate a culture of accountability, transparency, and harmonious engagement of JCorp employees and the Group as a whole, and further to that, able to stimulate excellence in business performance.

RISK MANAGEMENT AND INTERNAL CONTROL

In response to the Government's call to strengthen governance, JCorp has implemented many initiatives leading to the establishment of a culture of transparency and understanding as well as the implementation of internal control as detailed in the Johor Corporation's Statement on Risk Management and Internal Control for the financial year ended 31 December 2020, on page 113.

RELATIONSHIP WITH THE AUDITORS

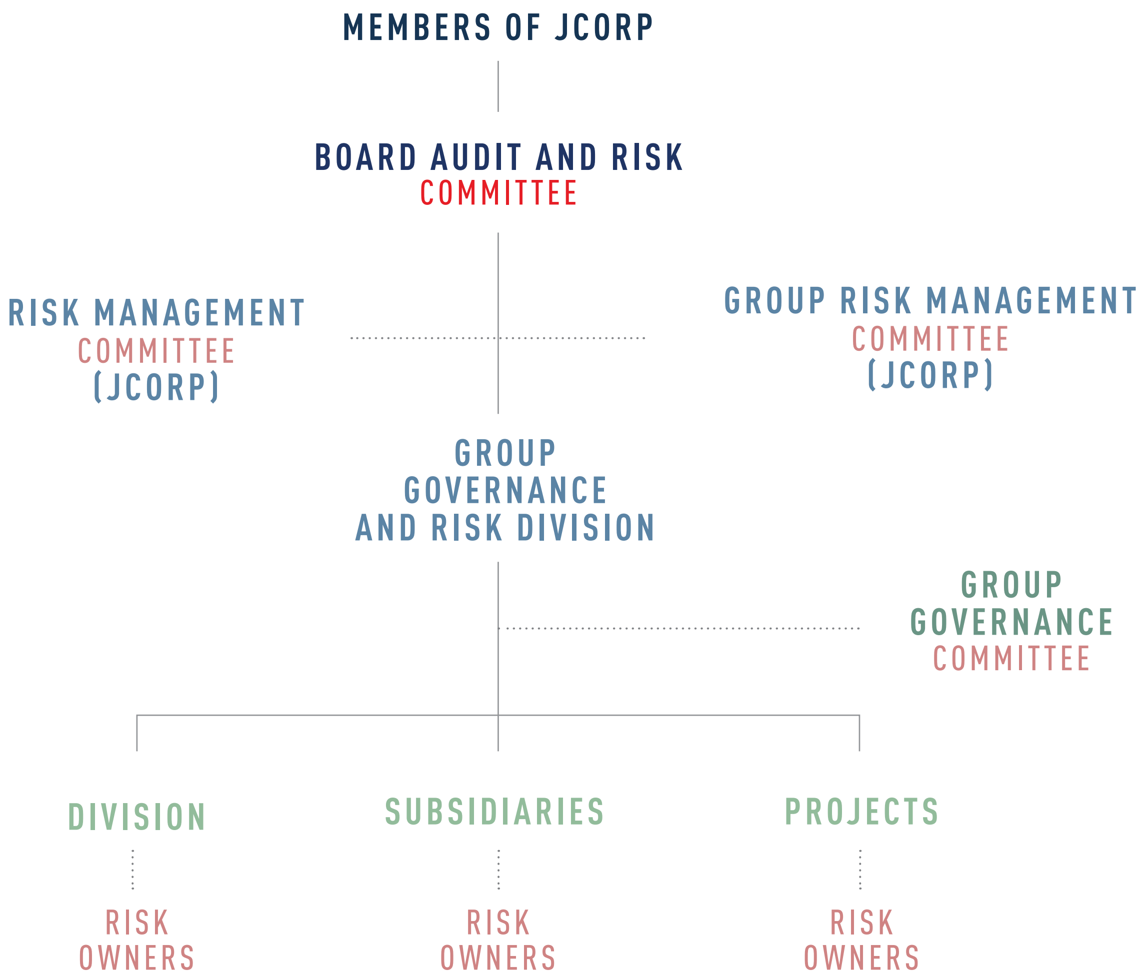
The Members of JCorp are assisted by the Board Audit and Risk Committee in their efforts to maintain a transparent relationship with the internal and external auditors. Further information on the Board Audit and Risk Committee can be found in the Board Audit and Risk Committee Report on page 118.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

2020 has been another exacting year for Johor Corporation (JCorp) as it observes the various changes in the country's political landscape as well as the spread of the coronavirus (COVID-19) pandemic. All these challenges have left JCorp vulnerable to uncertainty in managing its risks as an investment entity. Rooted in its preparedness measures, JCorp continues to strive in bolstering existing risk management processes so that they remain sustainable in dealing with any uncertainties, while ensuring the effectiveness of risk management and internal controls that cover the following aspects:

RISK MANAGEMENT AND INTERNAL CONTROL STRUCTURE

JCorp's Risk Management and Internal Control reporting structure is as follows:



Each of the above committees has its own responsibilities. The following are the responsibilities of the respective committees:

Committee	Duties & Responsibilities
Members of JCorp	Fully responsible for establishing and maintaining a sound system of internal control at JCorp. The control structure encompasses the process of identifying, evaluating, monitoring, managing and responding to significant risks faced by JCorp.
Board Audit and Risk Committee	Representing JCorp Members, it is responsible for overseeing the effectiveness of risk management processes, internal controls, governance as well as reviewing the implementation status of mitigation actions by management.
Risk Management Committee & Group Risk Management Committee	Evaluate, review and making decisions in relation to risk management that affect key strategic and operational aspects at the JCorp and Group levels.
Governance and Risk Division	Implements initiatives to strengthen governance, risk management and internal control as well as assist JCorp in performing sentinel functions.
Group Governance Committee	Assists the Group Governance and Risk Division in implementing and coordinating initiatives to strengthen governance, risk management and internal control at the JCorp and Group levels.
Risk Owner (RO) – Head of Division/Subsidiary/Project	• Ensure that risk management initiatives are well implemented in evaluating and making decisions related to key strategies and operations. • Ensure that risk assessment is done prudently and carefully considered • Ensure action plans are implemented and addressed at the division/subsidiary/project level • Review and approve the 'Risk Register' of division/subsidiary/project • Collaborate with the Group Governance and Risk Division (GGRD) on enterprise risk management (ERM) initiatives • Responsible for finalising all risk information of the division/ subsidiary/project
Risk Manager (RC)	• Arranges meetings with the respective action plan owners to discuss progress, risk profile status and actions to be reported to GGRD • Complete, update and maintain the 'Risk Register' of division/ subsidiary/project in a consistent manner • Assist GGRD and RO in coordinating risk awareness and training activities at the divisional and subsidiary levels

RISK MANAGEMENT FRAMEWORK

JCorp's Risk Management Framework sets out guidelines for all employees on how to manage and control exposures to significant risks that could interfere with the achievements of the organisation's vision and mission. Members of JCorp had approved the JCorp Risk Management Policy and Framework at the 188th JCorp Members Meeting, on 28 September 2020 which had seen this Risk Management Framework essentially aligned with the ISO 31000: 2018 Risk Management Standard. The primary goal of this risk management framework is to support JCorp's overall vision and mission of transformation by:

1. Preparing policies and organizational structure to establish good risk management, for adoption by JCorp and the Group.
2. Defining roles and responsibilities in risk management and procedures in order to mitigate risk effectively.
3. Ensuring effectiveness in communicating and in conveying information to JCorp Members, Board Audit and Risk Committee, Risk Management Committee, Group Risk Management Committee, Group Governance Committee, risk owners, and employees involved in risk management activities.
4. Ensuring robustness, adequacy, and consistency in risk management.
5. Particularising the approved risk assessment methods.
6. Ensuring risk management information is monitored and reported in a timely manner.

INTERNAL CONTROL FRAMEWORK

Organisational strategies are formulated regularly by the management and approved by JCorp Members. The management is fully responsible for implementing planning, identifying risks, and ensuring that appropriate control measures are in place. This goal can be achieved through an organisational structure that clearly details the responsibilities, terms of reference, and reporting procedures.

POLICIES AND PROCEDURES

Policies and procedures are comprehensively documented and reviewed periodically to ensure appropriateness and compliance with current laws and regulations. Policies and procedures also help ensure that the organisation adopts appropriate 'limits of authority', business activities are conducted in accordance with prescribed standards, whereas appropriate mitigation actions and internal controls are taken to address and minimise risks and thereupon, ensure a smooth flow and continuity of businesses.

JCorp operates based on the guidelines provided to achieve optimum levels in terms of operational efficiency, service effectiveness as well as projected financial results. Specific controls are also in place to ensure that financial management is conducted prudently and is able to protect assets from physical loss, and insure them at appropriate rates.

FINANCIAL REPORTING

Detailed budgets are prepared by each company and presented to JCorp. The presentation session is chaired by the President and Chief Executive Officer of JCorp and staffed by all JCorp Division Heads.

For 2020, JCorp's Sustainability Plan and Budget have been presented and approved by JCorp Members, while the detailed budget for each company is approved at the Board level of the respective company.

INVESTMENT EVALUATION

JCorp has prepared a clear policy in relation to investment approvals and other forms of capital expenditure. Planned expenses are stated in the annual budget. Approval for capital expenditure is made in accordance with the 'limits of authority' set by the Members of JCorp. All major investment proposals are subject to the scrutiny of the Executive Board Committee (EXCO) before being tabled at the JCorp Members' meeting for approval.

MONITORING INTERNAL CONTROL

The effectiveness of the financial internal control system and its operating procedures are monitored by management and audited by internal auditors. The internal auditors adopt a risk-based audit plan, i.e. an approach that requires the auditor to focus on the factors that influence the achievement of the organisation's and its operational objectives. The internal auditors then report the status of effectiveness of the internal controls to the Board Audit and Risk Committee and monitor the implementation of improvement recommendations.

The Audit and Compliance Management Committee at the JCorp level has been established as well on 23 October 2020 to assist the management and the Board Audit and Risk Committee in fulfiling their oversight responsibilities on internal control improvement actions and financial reporting compliance. Coordination by the Monitoring Committee is also carried out at the JCorp Group level.

RISK MANAGEMENT AND INTERNAL CONTROL ACTIVITIES

Throughout 2002, JCorp Members, together with the management have been active and carried out various activities and initiatives to fortify risk management and internal control, among others:

1.	Review and establish key policies and frameworks covering Investment Policy, Financial Policy, Group Procurement Policy, Risk Management Policy, Business Continuity Management Policy, and Compliance Management Policy.
2.	Review and establish board committees that function to assist JCorp Members in overseeing the effectiveness of strategies and operations. The board committees that have been approved for formation are the Board Tender Committee, the Board Audit and Risk Committee, as well as the Board Nomination and Remuneration Committee.
3.	Review and prepare a 'Limits of Authority' manual in accordance with the latest reporting and monitoring structure.
4.	Review and establish committees at the management level to assist board committees in implementing and managing the effectiveness of risk management and internal controls. The management committees that have been established are the Tender Management Committee, Management Committee, Group Management Committee, Group Risk Management Committee, and Risk Management Committee.
5.	Review and establish a Group Governance Committee and an Audit and Compliance Management Committee to assist GGRD in overseeing uniformed governance at the Group level as well as monitoring remedial actions related to internal control issues.
6.	Review and outline the terms of reference of all committees, to ensure that the monitoring of internal controls is carried out fairly.
7.	Conduct risk culture perception and assessment studies at JCorp.
8.	Conduct governance studies with Ernst & Young (EY) consultants, as well as risk maturity initiatives with companies within the Group.
9.	Establish business continuity functions at the JCorp and Group levels and implement related activities including Business Impact Analysis, Business Continuity Plan, and preparation of the Crisis Management Plan documents.
10.	Continuing the Compliance Verification Audit and Self-Compliance Assessment at JCorp and Group level.

BOARD AUDIT AND RISK COMMITTEE REPORT

The rebranding involving the Board Audit and Risk Committee had been approved by the Members of JCorp on 22 June 2020 to align the name of the committee with the portfolio that it is accountable for. These improvements involve focusing on functions and roles to help JCorp Members ensure a more effective and planned corporate governance system in Johor Corporation as well as monitor the adequacy of internal controls, the effectiveness of financial and non-financial reporting processes, risk management, policy compliance, and implementation integrity practices by JCorp and companies within the Group.

COMPOSITION

During the financial year ended 31 December 2020, the Board Audit and Risk Committee consist of three members and was chaired by YBhg Dato Sr. Hisham Jafrey, a Member of JCorp who is also an Independent Director. YB Dato 'Haji A. Rahim Haji Nin is a former Member of JCorp and also the State Financial Officer of Johor(compulsory retirement on 25 January 2021). Puan Zainah Mustafa is an Independent Member of the Committee and is a Fellow Member of Association of Chartered Certified Accountants (FCCA) United Kingdom.

MEETING ATTENDANCE

Based on the terms of reference approved by the Members of JCorp, this committee shall meet at least four times a year. During the financial year ended 31 December 2020, the Committee met five times (including two special meetings), as evidenced below :

	Meeting Date				
	14 January	25 February (Special Meeting)	17 August	23 October	27 November (Special Meeting)
YBhg Dato' Sr. Hisham Jafrey (Appointment on 1 May 2020)	-	-	✓	✓	✓
Puan Zainah Mustafa	✓	✓	✓	✓	✓
YB Dato' Haji A. Rahim Haji Nin	✓	✓	✓	✓	✓
YBhg Datuk Ibrahim Ahmad (Ended his service on 8 March 2020)	✓	✓	-	-	-

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

FINANCIAL STATEMENTS

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

EXTERNAL AUDIT

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

INTERNAL AUDIT

- Review the effectiveness and capability of JCorp's system of internal control.
- Review and certify the annual internal audit activity plan which covers the scope of work, membership, and organisational structure of the internal audit function.
- Oversees the effectiveness of a comprehensive framework for dynamic audits as well as the implementation of internal audits including performance and compliance with the Institute of Internal Auditors' (IIA) International Professional Practice Framework (IPPF) while providing appropriate recommendations.
- Review audit reports and observations as well as monitor follow-up actions and improvements that need to be taken.

RISK MANAGEMENT

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

COMPLIANCE

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

ETHICS AND INTEGRITY

- Uphold and promote high ethical standards and practices of integrity among JCorp Members and employees.
- Oversees, reviews, and advises on matters relating to the ethics and integrity of JCorp's management, operations, and transactions.

OTHER RESPONSIBILITIES

- Catalyse the institution's commitment towards a sound and effective internal control.
- Continuously monitor policies related to audit, risk management, ethics and integrity, as well as compliance with regulatory requirements, conflicts of interest, and fraud prevention.
- Monitor the current status of legal actions involving JCorp and the Group.
- Oversee the fairness of transaction recognition for related companies.

SUMMARY OF ACTIVITIES

During the financial year 31 December 2020, the Board Audit and Risk Committee discussed and endorsed the following:-

- Risk Management Policy, Compliance Management Policy, Business Continuity Management Policy and subsequently presented them at the Meeting of Members of JCorp for approval.
- Establishment of committees and setting the terms of reference for the Risk Management Committee, Group Risk Management Committee, Group Governance Committee, and Audit and Compliance Management Committee.
- Report of the Risk Management Committee meeting held on 21 October 2020.
- Report of the Group Governance Committee meetings held on 28 July 2020, 22 September 2020, and 22 December 2020.
- Audit reports and findings performed by the internal auditors as well as the status of improvement actions taken by the management.
- Key risks that have been updated throughout 2020, the adequacy of internal controls, and the effectiveness of mitigation measures.
- Acts and guidelines to be complied with by JCorp, compliance status as well as rectification and mitigation actions.
- Completion of the integrity aspects that have been implemented by the Group Integrity Unit throughout 2020
- Current status of legal actions involving JCorp and the Group.
- The audit results of the annual financial statements for 2019 by the external auditors as well as findings and other matters of concern to them.
- Adequacy of internal audit scope, planning, and resource requirements to propel the enhancement of relevant and dynamic governance and internal controls.

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