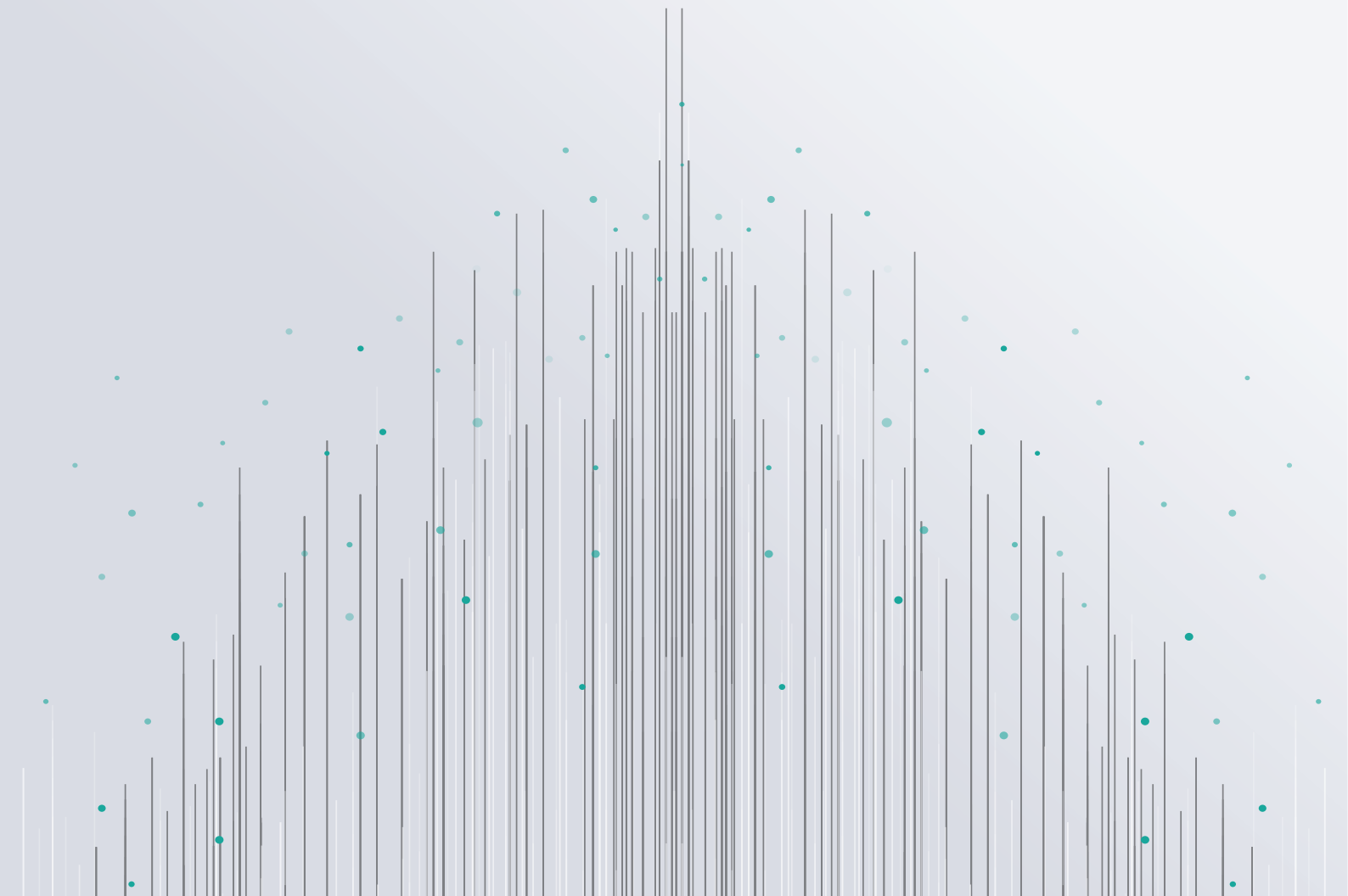


2020
INTEGRATED
REPORT



ANNUAL REPORT

ISLAMIC TOURISM CENTRE





Stronger together

Challenged by the pandemic in 2020, alhamdulillah, Islamic Tourism Centre (ITC) rises above the hardships by working together with its partners and relying on each other's combined resources, knowledge, courage and spirit, to ensure a more resilient and sustainable tourism future for all. The collection of lines reaching upwards represent the united efforts of everyone to rise above the challenges.

Being a global player, ITC has moved further in subscribing to a new standard in its annual reporting, adopting the international framework on Integrated Reporting <IR> as advocated by the Malaysian Institute of Accountants (MIA). This initial effort is a starting point by ITC to portray the value creation in our efforts to advance Islamic Tourism in Malaysia.

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About Islamic Tourism Centre

Islamic Tourism Centre (ITC) is a government agency registered as a Company Limited By Guarantee under the purview of the Ministry of Tourism, Arts and Culture Malaysia.

Since its founding in 2009, ITC has focused its efforts on supporting tourism practitioners in creating a sustainable tourism ecosystem through a well-built foundation in Islamic Tourism.

The business model employed by ITC to fulfil this goal merges education, research, capacity building and training, industry and standards development, and branding anchored by strong government support and global linkages, reflecting its corporate tagline, “Enhancing Ties, Enriching Knowledge.”

Since its founding in 2009, ITC has focused its efforts on supporting tourism practitioners in creating a sustainable tourism ecosystem through a well-built foundation in Islamic Tourism.

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Here we report about ITC’s 2020 performance in delivering its vision of establishing Malaysia as an Islamic Tourism destination of global standing, and how it achieves that through multi-faceted knowledge delivery across the tourism ecosystem.

ITC is committed to this vision and works with various stakeholders within the larger socio-economic landscape to ensure that everyone is on board with the Islamic Tourism agenda. This includes governments and policymakers, tourism business owners and practitioners, academicians, communities, youths, media, and others.

Key among ITC’s efforts is to promote the understanding and awareness for the potential of Islamic Tourism and the opportunities that come along with serving the Muslim consumer market, particularly in tourism.

Once the buy-in from stakeholders is achieved, ITC sustains the interest and capabilities by offering strategic support and toolkits in the form of training, research, standards and guidelines, information exchange, capacity building, and publicity and branding.

Through industry insights, market intelligence, research into the Islamic tourism development, training of industry players, knowledge-sharing through conferences and publications, Muslim-friendly certification, and consultative services, ITC has led the industry players in strengthening their position in Islamic tourism.

Today, Malaysia is the leading Muslim-friendly destination in the region*, with the capacity to further strengthen its position in the future.

* According to the Global Islamic Economy Report (GIER) 2020/2021

Say: "Travel through the earth and see how Allah did originate creation; so will Allah produce a later creation: for Allah has power over all things."
Al-Ankabut, 29:20

Many were the Ways of Life that have passed away before you: travel through the earth, and see what was the end of those who rejected Truth.
Ali 'Imran, 3:137



Malaysia: Leading the Way in Islamic Tourism and Hospitality

Islamic Tourism is defined as any activity, event, experience, or indulgence undertaken in a state of travel that is Islamically compliant, with the purpose to interface within an Islamic framework, with one or all of the following: history, arts, culture, heritage, way of life, economy, health, education, and any other human interests.

Source:
Islamic Tourism Centre
Malaysia



Message from the Chairman

The Board's position is consistent with the management's intention for ITC to embrace inclusivity, diversity, and sustainability in pursuing its corporate agenda.

On behalf of the Board of Trustees, I am pleased to share with you the Islamic Tourism Centre (ITC) Annual Report 2020.

2020 was the year that had totally changed our plans, both corporate and business. ITC was no exception. The challenges of the pandemic and its impact on our stakeholders in the tourism industry only spurred us on to deepen our commitment and assistance to them.

Alhamdulillah, though restrictions were in place that limited face-to-face engagement, we found that during such times of isolation, we were able to nurture far deeper relationships with our stakeholders and partners. By leaning into our strengths in training, research, and capacity building, as well as standards development and branding, ITC was able to reach out to more industry players during this challenging time for them.

Our intention in 2020 was singular, to help industry players cope as they prepared and looked forward to better times ahead. Along the way, we strived to understand their unique challenges and strengths, and shared with them the opportunities within the Islamic Tourism space, which ITC has committed to developing since its establishment in 2009.

Our engagements with those in the field and on the ground revealed an industry openness for new ideas, positive reception towards Islamic Tourism, and an eagerness to connect further. This spurred us to do more, and several key initiatives were rolled out in 2020 involving our Muslim-Friendly Accommodation Recognition (MFAR) programme, Muslim Friendly tour guide training, module development and research activities with academia.

The Board's position is consistent with the management's intention for ITC to embrace inclusivity, diversity, and sustainability



in pursuing its corporate agenda. Indeed, this is the essence of Islamic Tourism and the National Tourism Policy which seeks to advocate for the opportunities available in the history, culture, and legacy of the Islamic world and civilisation in the realm of tourism.

The ITC Board of Trustees itself has been revamped to represent the industry better. This was the year that the Board adopted the ITC Strategic Development Plan 2021-2025 for implementation. To facilitate the plan, the Board also passed the resolution for the restructuring of ITC and strengthening of its operations and roles in research and training, capability and capacity towards standards, certification, and communication and branding.

Being an agency under the auspices of the Ministry of Tourism, Arts and Culture (MOTAC), in 2020 ITC also aligned its efforts with the National Tourism Policy 2020-2030

aspirations and MOTAC Strategic Plan 2021-2025. The support of the Ministry is clear, for ITC to lead and develop Malaysia as a key Muslim-Friendly destination and to share its expertise as reference centre for Islamic Tourism.

We take heart in delivering our services to the best of our abilities under the circumstances, and trust that these efforts have borne fruit. My deepest thanks to the Board of Trustees and ITC management and staff for their constant commitment in light of all challenges. I look forward to more vibrant years to come, inshaa-Allah. Stay safe and be vigilant.

Wassalam.

Datuk Wira Dr. Noor Zari Hamat

Chairman

Board of Trustees

Islamic Tourism Centre



The Global Islamic Tourism Potential



1.8 BILLION

Global Muslim population

Source: Pew Research Centre

1.1 BILLION

**Muslim population
in OIC countries**

Source: Pew Research Centre

350 MILLION

**Muslim population in
non-Muslim majority countries**

Source: Thomson Reuters

255 MILLION

**Muslim population
in ASEAN**

Source: Pew Research Centre

1.47 BILLION

**International travellers
in 2019**

Source: UNWTO

200.3 MILLION

**International Muslim travellers
in 2019**

Source: Dinar Standard

160 MILLION

**International Muslim
travellers in 2019**

Source: MasterCard CrescentRating

USD194 BILLION

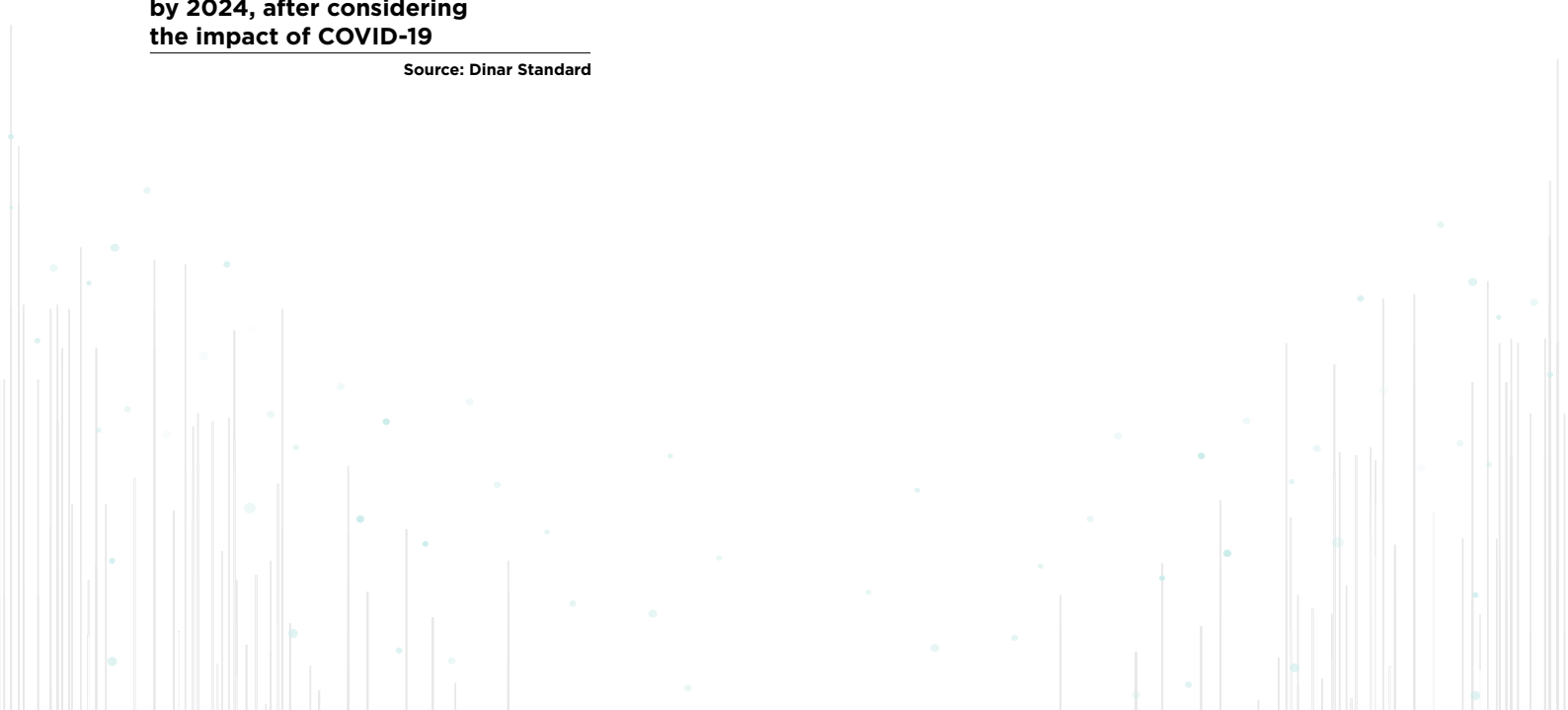
**Market worth (travel expenditure)
of Muslim travellers in 2019**

Source: Dinar Standard

USD208 BILLION

**Potential market worth (travel
expenditure) of Muslim travellers
by 2024, after considering
the impact of COVID-19**

Source: Dinar Standard



ITC Business Model

Our value system	The resources that help us create value	How we create value
<p>The Vision</p> <p>To be the prime mover and a leader in positioning Malaysia as an Islamic tourism and Muslim-friendly tourism and hospitality hub of global standards and recognitions.</p>	<p>Financial</p> <p>Intellectual</p> <p>Human</p> <p>Social and relationships</p>	<p>Research Offer current, relevant and in-depth research into various areas of the Islamic tourism landscape</p> <p>Training and capacity building Provide ample opportunities for various stakeholders in upskilling and training for capacity development and sharpen focus on Islamic Tourism</p> <p>Information exchange Share and distribute knowledge and awareness about Islamic Tourism across various platforms</p>
<p>The Mission</p> <p>To undertake the task as an internationally-recognized centre of excellence, point of reference, certification body, and service provider in Islamic Tourism and Muslim-Friendly Tourism and Hospitality (MFTH)</p>	<p>Natural</p> <p>Manufactured</p>	<p>Industry development Create platforms, solutions and opportunities to guide stakeholders to unlock the potential of the Muslim tourist market and grow their business</p> <p>Standards and certification Identify industry needs and develop market-leading solutions</p> <p>Branding and marketing</p>

What we do to create value

We collaborate with leading academicians and universities to create Islamic Tourism training modules

We disburse funding for the implementation of research into various micro and macro aspects of Islamic Tourism

We organise events on public platforms for the presentation of Islamic Tourism research and to share new and current insights on Islamic Tourism trends and opportunities

We organise online-sharing platforms to advance knowledge, understanding, awareness and training on Islamic Tourism

We partner with training institutions and institutes of higher learning to strengthen our credibility and reputation as a training provider

We enrol staff in internal training programmes on Islamic Tourism and Halal economy

We provide a platform and a voice for stakeholders to share their Islamic Tourism and MFTH branding stories

We collaborate with arts and culture sector to ideate innovative Islamic Tourism products

We partner with relevant agencies and institutions to develop standards and certifications

We work with state tourism boards and governments to explore Islamic Tourism potential within their jurisdictions

The value we create

We generate new and current knowledge backed by research that help provide insights and drive decisions in Islamic Tourism

We make quality education and training on Islamic Tourism accessible to all

We empower others with knowledge and inspiration to chart their own business journey in Islamic Tourism

We expand our delivery capabilities to reach more stakeholders

We provide networking opportunities for industry and businesses to advance their journey in the Islamic Tourism economy

We help industry players expand their product and service delivery by exploring Islamic Tourism potentials

We establish guidelines and certification programmes to guide tourism industry players in Islamic Tourism

We empower ITC staff with knowledge and confidence to provide support to our stakeholders





The Governance Board of Trustees

January - July 2020

- 1. YBHG. DATO' DR. NOOR ZARI BIN HAMAT**
Secretary General
Ministry of Tourism, Arts and Culture
 - 2. YBHG. DATO' NADZIRAH BINTI OSMAN**
Deputy Secretary General
(Multilateral Affairs)
Ministry of Foreign Affairs
 - 3. YBHG. DATO' SRI ABDUL KHANI BIN DAUD**
Chief Executive Officer
Malaysia Convention & Exhibition Bureau (MyCEB)
 - 4. YBHG. DATUK MOHD ILYAS BIN ZAINOL ABIDIN**
Managing Director
Biztel Sdn Bhd
 - 5. YBHG. PROF. EMERITUS DATO' DR. ABDUL KADIR BIN HAJI DIN**
Universiti Utara Malaysia
 - 6. YBRS. PROF. DR. AMRAN BIN HAMZAH**
Universiti Teknologi Malaysia
-

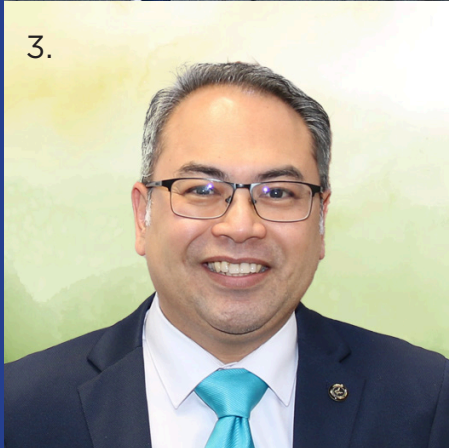
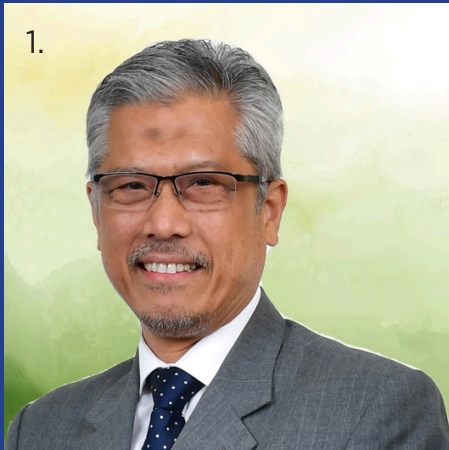




The Governance Board of Trustees

July - December 2020

- 1. YBHG. DATO' DR. NOOR ZARI BIN HAMAT**
Secretary General
Ministry of Tourism, Arts and Culture
 - 2. YBHG. DATO' NADZIRAH BINTI OSMAN**
Deputy Secretary General
(Multilateral Affairs)
Ministry of Foreign Affairs
 - 3. YBHG. DATO' SRI ABDUL KHANI BIN DAUD**
Chief Executive Officer
Malaysia Convention & Exhibition Bureau (MyCEB)
 - 4. YBRS. ENCIK AHMAD FARID BIN AHMAD**
Chief Principal Secretary
Government Investment Companies Division
Ministry of Finance
 - 5. YBRS. PROF. MADYA DR. MOHD HAFIZ MOHD HANAFIAH**
Deputy Dean
Faculty of Hotel & Tourism Management
Universiti Teknologi MARA
 - 6. YBRS. TUAN HAJI KHAIRAN BIN UNTOH**
Chief Executive Officer
Al-Amin Group
-





The Management

- 1. YBHG. DATO' DR. MOHMED RAZIP BIN HAJI HASAN**
Director General
Islamic Tourism Centre
 - 2. ZAIN AZRAI BIN RASHID**
Director
Industry Development
 - 3. MOHD ZAIDI BAHIRIN BIN ZAINAL ABIDIN**
Manager
Corporate Development & Finance
 - 4. NUR ALYSSA CORALINE YUSSIN**
Manager
Research & Training
 - 5. ANIS ROZALINA BINTI RAMLI**
Manager
Corporate Communications Unit
-

Message from the Director-General

I am pleased to highlight the initiatives taken and delivered by ITC in 2020, more importantly, the thinking and transformation plans to strengthen Islamic Tourism and its own ecosystem, and Muslim-Friendly Tourism as a powerful brand for Malaysia to withstand the challenges ahead.

The year 2020 was a test of resilience for many, one in which we realised more than ever, the importance of sustainability in tourism. The key to long-term success and sustained growth of tourism is founded upon knowledge, collaborations, and the flexibility to adapt to the times.

As such, in 2020, and despite the severe limitations, Islamic Tourism Centre (ITC) poured our efforts to respond and support industry players during this challenging period to provide hope and motivation for the future.

It was during this time that we embraced a new philosophy to provide a big push forward - "New Thinking, New Actions, New Results." This resulted in the crafting of the ITC Strategic Development Plan 2021-2025 to drive tourism recovery and ensure sustainability of Islamic Tourism.

Initiatives such as knowledge-sharing, training and upskilling, standards and certifications for a strengthened industry, as well as communications and branding were where we invested the time and efforts of our small, but strategic team.

Our nimble efforts to utilise digital technology saw ITC quickly pivoting towards online platforms to deliver our services in 2020. Through the wonders of technology, we were able to share valuable Islamic Tourism research conducted by Islamic Tourism Research Grant recipients; spread awareness about the potential of Islamic Tourism and the global Muslim tourist market; and share our views about post-pandemic tourism economy recovery.

We were also fortunate to be able to explore the potential of Terengganu, Kelantan, and Sarawak as fresh Islamic Tourism destinations. Our engagement at state-level helped to give local government authorities and industry players new perspectives on the future of tourism. We hope these working visits will set the groundwork for their own preparations to steer efforts towards Islamic Tourism development within their jurisdictions.

Stakeholder engagement was further enhanced with partnerships established with various parties including academia and regional tourism promotion bodies, driving home a clear message that we can achieve more with teamwork during the pandemic. These collaborations became the foundations for ITC to develop critical guidelines that would help establish a stronger Islamic Tourism ecosystem.



While tourism industry players were our main target audience, we also realised that ITC was only as strong as the workforce that drove it. With this in mind, we set about enhancing the ITC team with key skills and knowledge that would help them drive the organisation – and industry – forward. ITC staff was hands-on in the development of the ITC strategic plan for the next five years, and were given intensive training on Islamic Tourism to understand the Halal economy in greater depth. Membership with the Institute of Corporate Directors Malaysia (ICDM) was also arranged for senior managers of ITC.

2020 was also the year that the Corporate Communications Unit was established to strengthen ITC's focus on branding, communications, and publicity. Under this new unit, ITC's branding messages received more visibility than ever before, helping to create awareness, trust, and confidence among stakeholders.

Throughout this period, ITC continued to communicate and engage with its target audience, providing benefit and support wherever possible. One of the key outcomes of 2020 was the launch of the Muslim-Friendly Accommodation Recognition (MFAR) logo in September. It was exactly what the industry needed at a time of great distress. Far more than just a badge to identify hotels for their Muslim-friendly services and facilities, the MFAR logo reflected that opportunities within the tourism industry were far and wide.

These were some of the measures undertaken by ITC to rebuild confidence and prepare industry players for the years ahead. Through research, seminars, workshops, industry outreach programmes, strengthened frameworks, partnerships, branding and communications, ITC was able to make the most of what was otherwise a lacklustre year for tourism.

As we negotiate our way through this pandemic, we haven't lost sight of the possibilities of the future, especially where Islamic Tourism is concerned. Aligning our efforts with the National Tourism Policy 2020-2030, ITC will continue to move forward with all resources available.

Insha Allah, with God's grace, and for the sake of our tourism industry family, we will be able to see tourism flourish again. Until then, ITC will continue to advocate for and equip industry players with the needed skills and knowledge to go further.

On behalf of ITC management and staff, I would like to express our gratitude to all ITC Board of Trustees, ministries and agencies, travel, tourism and hospitality fraternities, academic partners, NGOs and media for their belief and support in growing the Islamic Tourism space with us.

Dato' Dr. Mohmed Razip Haji Hasan

Director-General

Islamic Tourism Centre

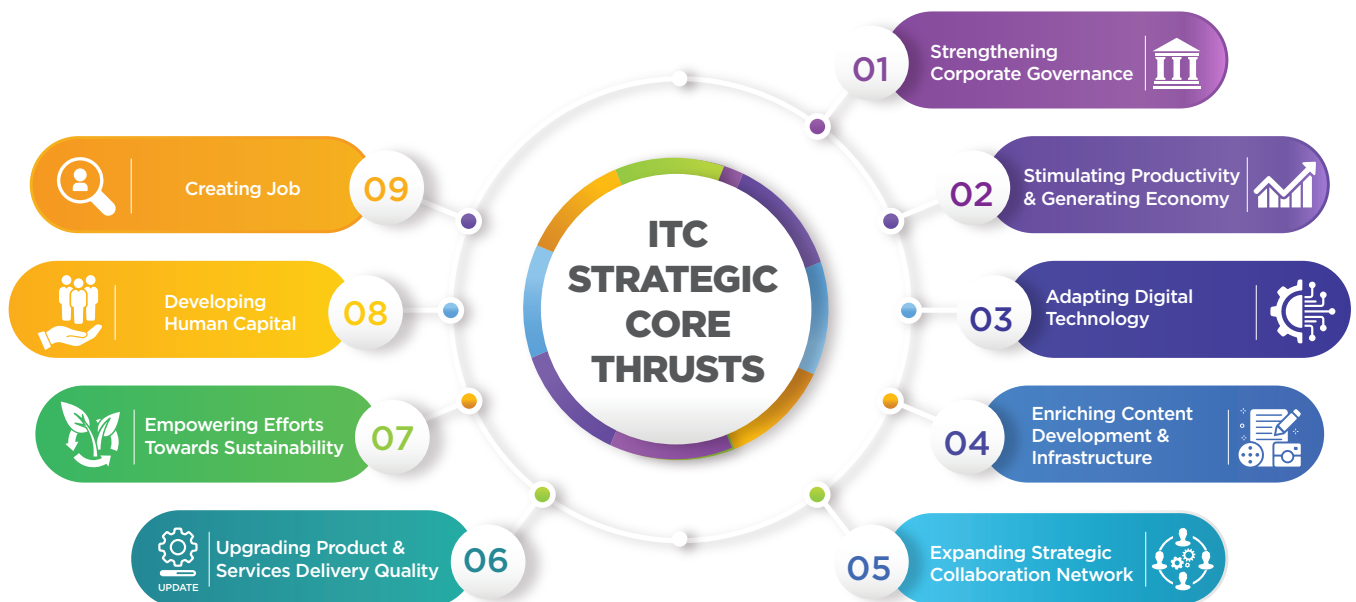
Creating Value Through Good Governance

Developing the ITC Strategic Development Plan (2021-2025)

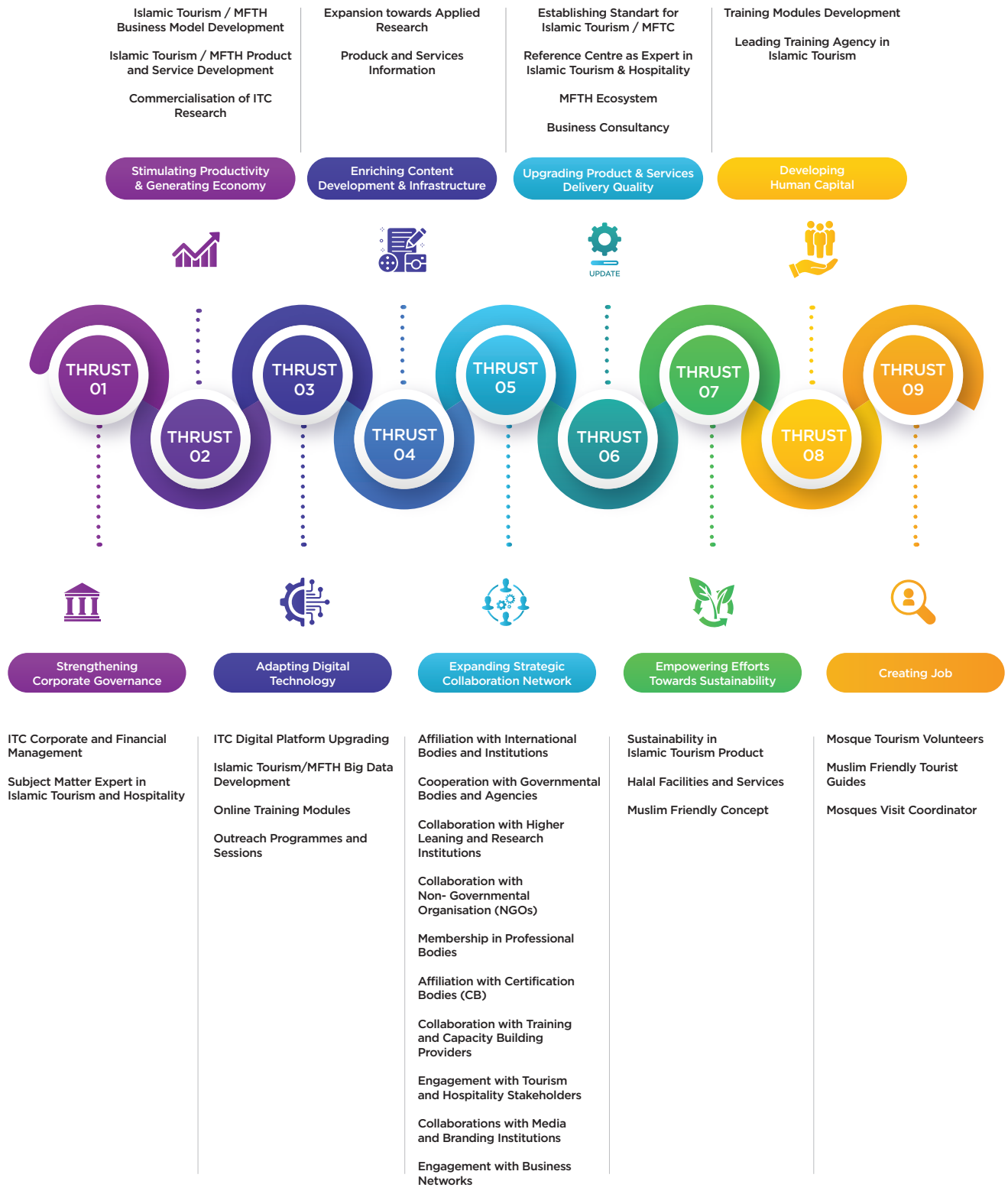
To push the Islamic Tourism development agenda forward, ITC prepared the ITC Strategic Plan for implementation from 2021 to 2025, based on the “New Thinking, New Actions, New Results” philosophy underpinning the goal of Islamic Tourism recovery and sustainability in the post-pandemic.

ITC’s strategies focus on industry development, human capital development, partnerships, sustainability, and innovation, among others.

ITC STRATEGIC CORE THRUSTS



ITC FOCUS AREAS OF DEVELOPMENT & ACTION PLANS



Creating Value Through New and Current Research

Enhancing the knowledge base of Islamic Tourism through research

ITC, being the only governmental agency of its kind in the world, has its focus on the development of Islamic Tourism. It aims to elevate the awareness of the economic potential of the Muslim tourist market to a destination. One of the ways it does this is by enhancing the knowledge base of Islamic Tourism and Muslim-Friendly Tourism and Hospitality (MFTH). As such, a key area of focus for ITC is research and the creation of knowledge. ITC has collaborated with academic institutions to conduct studies and produce reports and publications related to Islamic Tourism and MFTH.

To encourage and explore new knowledge and experiences in Islamic Tourism and MFTH, ITC has introduced an incentive to extract qualified research through its own Islamic Tourism Research Grant (ITRG) programme.

Islamic Tourism Research Grant (ITRG)

Respected academia

Successful recipients from various academic institutions in Malaysia are required to study diverse areas of Islamic Tourism, including Muslim travellers' perceptions, Muslim-friendly spa requirements, branding of Muslim-friendly destinations, medical tourism for Muslim tourists, models of sustainable Islamic Tourism, and so forth.

Selectivity

The grant is relatively small due to the limited resources available. Thus ITC has a strict set of criteria in selecting recipients to ensure that the research conducted and findings presented are beneficial in strengthening existing policies and the entire Islamic Tourism ecosystem to better serve the needs of this growing and high-value tourist market.

10 recipients in 2020

In the selection process that took place from March to August 2020, the Advisory Committee selected a total of 10 applicants to receive the ITRG 2020/2021. Successful grant recipients were from various universities in Malaysia including public universities like Universiti Teknologi MARA and Universiti Sains Malaysia, and private higher education institutions such as Taylor's University.

Micro and macro views

Research topics included micro and macro views on Islamic Tourism such as big data, mobile app development, Islamic medical tourism, sustainability, Islamic crowdfunding concept, and more. ITC expands the availability of this knowledge through symposiums and its Islamic Tourism Journal publications. The idea behind this is to encourage further investments into the outcomes of the research for commercial applications that would advance Islamic Tourism.

Creating Value Through Knowledge-Sharing

Delivering quality training during the Movement Control Order (MCO)

Despite movement restriction orders during the pandemic, ITC found ways to share knowledge and information about Islamic Tourism through numerous online training programmes—those organised in-house as well as through invited speaking engagements.

Sharing Islamic Tourism research knowledge

With the wealth of information available at ITC on Islamic Tourism, thanks to its support towards academic research, ITC initiated a platform to give opportunities to the 2019 ITRG recipients to share their research findings with tourism industry players.

“Attracting Turkish Tourists to Malaysia: Understanding Their Expectations, Motivations and Decision-Making Behaviour”

Assoc. Prof. Dr. Mohd Hafiz Hanafiah
4 June 2020

The study explores how Malaysia, as a Muslim-Friendly tourism destination, could capture the Turkish tourist market in the future. It identifies factors that motivate Turkish visitors to visit Malaysia, i.e. the natural attractions, modest Islamic culture and halal branded restaurants. The study reveals that the Turkish are aware of the Muslim-Friendly brand and the brand quality. However, they value it lowly and do not favour the Muslim-Friendly tourism image.

“Mapping The Potential Muslim-Friendly Social Tourism in Malaysia”

Dr. Rizal Muwazir
25 June 2020

The research explains the definition of social tourism and its correlation with Muslim-Friendly tourism. The potential of positioning Malaysia as a Muslim-Friendly social tourism destination was also defined.

“Manual Khidmat Tamu Berasaskan Ikram Al-Dyfi: Perlaksanaan di Hotel Mesra Muslim Terpilih”

Dr. Suhaili Sarif
18 June 2020

The “guest service manual”, compiled in the spirit of serving guests based on Islamic principles, presents guidelines on hospitality services that Muslim-Friendly accommodation providers could uphold. It could be applied by the front-office staff or the entire hotel administration section.

“Hubungan Budaya Islam dan Prestasi Industri Pelancongan Perhotelan”

Dr. Norlida Hanim Mohd Salleh
2 July 2020

This study focuses on strengthening the development of the tourism industry from the aspect of supply in the hospitality sector. Islamic cultural concepts are applied to study the performance of hotel management efficiency.

Promoting Islamic Tourism potential

ITC used the opportunity to speak at online events as a platform to further drive awareness on the potential of Islamic Tourism.

World Halal Tourism Exchange Virtual Event 2020 (Online) 20-23 July 2020

ITC was invited to participate in the virtual World Halal Tourism Exchange (previously known as Muslim Hospitality Travel Mart) organised by Penasatria Event Sdn Bhd from 20 to 23 July 2020, to promote its products and services on Muslim-Friendly Tourism. ITC used the opportunity to build confidence, trust and awareness, and position Malaysia as a preferred Muslim-Friendly holiday destination.

Networking opportunity

The virtual event was joined by 32 international exhibitors mainly from National Tourism Organisations (NTOs) and Destination Marketing Organisations (DMOs), and hoteliers.

High traffic

A total of 2,624 visits were recorded throughout the four-day event. The top 10 visitor countries were Malaysia, Indonesia, India, Egypt, United States of America, Pakistan, Singapore, Saudi Arabia, United Arab Emirates and Jordan.

Awareness on ITC

ITC set up a virtual booth that gained 397 visits. Visitors enquired about ITC's roles and functions along with questions on Malaysia's strategies to revive the tourism sector once the pandemic is over.

Halal Mini-Symposium 2.0: Turning COVID-19 Crisis into Opportunities in Halal Industry (Online) 13 August 2020

ITC participated in an online webinar on Halal Mini-Symposium 2.0: Turning COVID-19 Crisis into Opportunities in Halal Industry organised by the University Malaya Halal Research Centre (UMHRC) on 13 August 2020.

Dato' Dr Mohmed Razip Hasan, the DG of ITC, was invited as one of the panelists, where he presented on "Islamic Tourism and Its Opportunities in COVID-19 Crisis." Other speakers were Tuan Mohd Roslan bin Mohd Saludin, an advisor of Dewan Perdagangan Islam Malaysia, and Mr. Hussalmizzar bin Hussain, Senior Director of Standardisation Division in Department of Standards. Joining them was Prof. Dr Ainin Binti Sulaiman, the Dean of Social Advancement and Happiness Research Cluster of UMHRC, who all shared some key takeaways to survive the pandemic.

Opportunity to transform

COVID-19 disrupted businesses but it's a time for reflection and to explore ways to create sustainable opportunities

Embrace digital

Companies need to embrace digitalisation and utilise the many innovations like big data, IoT, artificial intelligence and blockchain deployment.

Rely on standards for sustainability

National Quality Infrastructure (NQI) as well as the initiatives implemented by the Department of Standards Malaysia support pandemic-challenged industries and help them through the transformation.

Promoting Islamic Tourism potential

Tourism Promotion Organization for Asia Pacific Cities (TPO) Regional Meeting for Malaysian Member Cities (Online) 21 October 2020

ITC was invited to deliver a keynote address at the TPO Regional Meeting for Malaysian Member Cities on 21 October 2020 conducted via Zoom.

Networking opportunity

A total of 20 people including Mr. Kim Sooil, TPO Secretary-General; Mr. Khairul Amir Mohamad Zubir, Mayor of Taiping; Mr. Tuan Abdul Halim Bin Saad, Mayor of Kampar; and Dr. Kevin Lazarus, Zoo Taiping and Night Safari Director, attended the meeting. Participation from mayors, heads of relevant bureaus and working-level staff from six member cities, two non-member cities (Batu Gajah and Manjung), and five tourism-related organisations in Malaysia, made the event a success.

Sustainability agenda

The meeting aimed to seek ways to achieve sustainable development of the tourism industry which was severely impacted by the COVID-19 pandemic and share strategies to promote tourism activities in the post-COVID-19 era. The TPO Tourism Network (TTN) project was introduced, and the experiences of Zoo Taiping and Night Safari were shared.

Managing tourism amid crisis

Dato' Dr. Mohmed Razip Hasan, ITC DG, delivered the keynote address on "Managing Tourism Amid COVID-19: From the Perspectives of Muslim-Friendly Hospitality and Sustainable Practices" which emphasised on the potential of the Muslim tourist market in revitalising the tourism economy.

Creating Value Through Tourism Stakeholder Engagement

Unlocking the potential of Islamic Tourism in Sarawak, Terengganu and Kelantan

Working Visit to Sarawak 5-8 July 2020

ITC organised a visit to Sarawak to survey and inspect potential premises, products and projects in Kuching, Batang Sadong, and Bau to be considered for the development of Muslim-Friendly Tourism packages as well as to be registered under the Muslim-Friendly Accommodation Recognition (MFAR) initiative.

The trip included a courtesy call to YB Datuk Haji Abdul Karim Rahman Hamzah, the Minister of Tourism, Arts, Culture, Youth and Sports, Sarawak, who shared his ideas on Muslim-Friendly segments in Sarawak including the potential of Sambas with its accessibility and Islamic history and Temajuk with its beautiful beaches, to be developed as tourist attractions.

Overall, the meeting reflected Sarawak's potential to be developed as an Islamic Tourism destination due to its diversity of cultural, gastronomic, and natural assets. In addition, Sarawak's good relationship with and proximity to Brunei could spell further opportunities to develop Islamic Tourism packages to attract Brunei visitors. The Sarawak state government also believed that due to flight connections between Kuching and Saudi Arabia, Kuching could be positioned as an umrah hub with interesting Islamic Tourism attractions.

In this regard, collaborations between ITC and the state government could be explored to strengthen Islamic Tourism packages based on Sarawak's tourism

Technical Visit to Kelantan and Terengganu 10-15 August 2020

The ITC team organised a working visit to the states of Kelantan and Terengganu to explore the east coast as an Islamic Tourism hub, and expand Malaysia's tourism offerings outside the tourism corridors of the west coast.

Meetings between ITC, Tourism Malaysia and the Terengganu state government were held together with site inspections of hotels and tourism products in both states. Discussions centred around the potential of east coast nature and beach destinations, mosque tourism, Islamic architecture and way of life, Islamic traditional architecture, and pondokstay to be developed as Muslim-Friendly tourism products. Terengganu's Islamic Tourism Plan was on the right track which included focus on the development of Islamic Tourism through educational platforms such as the pondok school concept in Pulau Duyong. The Zainal Abidin Mosque in Kuala Terengganu showed promise as a Mosque Tourism product with proper tour guiding programmes incorporated.

From the technical visit to Kelantan and Terengganu, it was clear that the two east coast states had great potential to be developed as Islamic Tourism destinations. ITC shared its hopes of working together with the state governments in the following areas:

- work on strategic cooperation with East Coast Religious Councils to share Islamic Tourism information

Unlocking the potential of Islamic Tourism in Sarawak, Terengganu and Kelantan

products and cultural events, enhanced by industry training and certifications by ITC.

and conduct training for the tourism industry players in both Kelantan and Terengganu.

- nurture the confidence of Kelantan and Terengganu tourism stakeholders towards the socio-cultural and environmental potential and benefits of implementing Muslim- Friendly tourism and hospitality practices.
- play a leading role to match Islamic Tourism product owners with relevant industry players to raise awareness and secure business opportunities.

Creating Value Through Academic Stakeholder Engagement

Enhancing ITC through academic collaborations

ITC collaborates closely with its academic partners in fulfilling its vision and mission. In 2020, ITC partnered with Universiti Sains Islam Malaysia (USIM) to facilitate the delivery of several of ITC's products and services. The involvement of USIM provides the academic backing that sharpens ITC's programmes in terms of quality, focus, delivery and relevance for tourism stakeholders. ITC's collaborations with USIM involved the Associate Professor Dr. Irwan Mohd. Subri, Acting General

Director of International Fatwa and Halal Centre (IFFAH), its Institute of Halal Research and Management (IHRAM) and World Fatwa Management and Research Institute (INFAD). Among the areas of cooperation were the development of the Mosque Tour Guide Training modules, the appointment of USIM as experts in the development of ITC's Islamic Tourism standards, and the engagement of USIM academicians as speakers for future ITC programmes.

Creating Value Through Standards And Certification

Strengthening Islamic Tourism benchmarking and branding

Muslim-Friendly Accommodation Recognition (MFAR) Logo Launching Ceremony 3 September 2020

YB Dato Sri Hajah Nancy Shukri, the Minister of Tourism, Arts & Culture Malaysia, launched the Muslim-Friendly Accommodation Recognition (MFAR) logo on 3 September at Mövenpick Hotel and Convention Centre KLIA in Sepang, signalling another step by ITC to advance the MFAR branding. The minister highlighted the potential of Islamic Tourism and hoped that more hotels would apply to be recognised as Muslim-Friendly.

The MFAR initiative highlights the importance of the Muslim tourist market and is a strategic marketing tool for hoteliers to attract Muslim consumers, especially post-pandemic. A total of 39 hotels received their MFAR certifications from the minister.



Creating Value Through Quality Service Delivery

Enhancing training quality on Islamic Tourism

ITC believes in providing quality services to its stakeholders, and part of that involves the development of its own staff to empower them with the skills and knowledge to facilitate service delivery.

HRDF Partnership

A partnership between ITC and the Human Resources Development Fund (HRDF) was initiated on 1 July 2020 to enrich and empower the ITC workforce as confident and capable trainers.

The partnership resulted in ITC's registration as an HRDF Training Provider commencing 23 July 2020, as well as the training of ITC staff under the Train the Trainers programme to become certified trainers.

These certifications strengthen ITC's standing as a training provider associated with HRDF and assure clients of the capabilities of our lineup of internal and external trainers as well as the modules that are developed.

Halal Executive Certification

Five ITC staff completed the Internal Training Programme for Halal Executive Certification, carried out together with the Standard and Industrial Research Institute of Malaysia (SIRIM) at Concorde Hotel, Shah Alam, from 7 to 11 September 2020.

The certification, leading them to be endorsed by JAKIM as Halal Executives, equips them with knowledge about Halal in the Islamic Tourism sector including the Halal quality assurance, the certification process, and the internal audit procedures.

The training focused on the significance of an organised management system to achieve the overall objective of Halal. To conclude, equipping ITC officers with knowledge and skills as Halal Executive was an advanced move to allow ITC to lead Islamic Tourism development and consultancy.

Internal Workshop on MFAR

An internal workshop on Muslim-Friendly Accommodation Recognition (MFAR) and Muslim-Friendly Tourism Products and Packages was organised for ITC staff to equip ITC officers with knowledge and understanding of the process for hotels to obtain the MFAR. In addition, ITC officers were briefed about ITC's newest service, the registration of Muslim-Friendly Tourism Products and Packages (MFT ProPack). Hotel inspections and discussions on UNSDGs were part of the training.

The 3-day intensive workshop was organised at Sunway Clio Hotel, Subang Jaya, from 17 to 19 September 2020, and covered:

- MOTAC star rating system
- Criteria of MOTAC star rating
- Basic requirements of MFAR
- MFAR classifications and criteria
- Inspection/auditing of accommodation premise
- The need for MFT ProPack
- Eligibility for MFT ProPack

Creating Value Through Arts and Culture

Promoting Islamic arts and culture as potential tourism products

ITC's key strength has always been its collaborations with others to advance the opportunities within Islamic Tourism. In 2020, ITC partnered with the entertainment industry's popular Raihan nasheed group to organise an online nasheed singing competition called the ITC-Raihan Nasheed Challenge from 25 May to 30 June. It was an initiative to explore the demand and supply for entertainment and media products that were in line with the faith-based needs of Muslims.

Leverage art and culture

It was an ideal partnership to leverage art and culture to promote Islamic Tourism and showcase the uniqueness of nasheed.

Potential tourism product

ITC opened the minds of tourism industry players to view the possibilities of Islamic arts and entertainment as a way to create new ideas and attractions to appeal to the Muslim tourist market.

Industry engagement

Mr. Che Amran Idris from Raihan International and Mr. Kamaruzaman Husa, a composer at the Malaysia Tourism Centre (MATIC) were involved in the evaluation process.

International participation

Participants from Malaysia, Indonesia, Singapore, and Brunei, took part

Talent unleashed

More than 100 entries were received



FINANCIAL REPORT

ISLAMIC TOURISM CENTRE
(Incorporated in Malaysia)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The trustees have pleasure in submitting their report together with the audited financial statements of the Foundation for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Foundation are mainly to facilitate the Ministry of Tourism and Culture, Malaysia in undertaking strategic research for tourism policy formulation that will enhance travel and sustainable tourism development of the Malaysian tourism industry. There have been no significant changes in the nature of the activities during the year.

RESULTS

RM

Surplus for the year	<u>17,080</u>
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In the opinion of the trustees, the results of the operations of the Foundation during the year have not been substantially affected by any item, transaction or event of a material and unusual nature.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions except as disclosed in the financial statements.

TRUSTEES

The trustees who held office since the date of the last report are:

Dato' Nadzirah Binti Osman	
Dato' Sri Abdul Khani Bin Daud	
Dato' Dr. Noor Zari Bin Hamat	(Appointed w.e.f. 14/07/2020)
Ahmad Farid Bin Ahmad	(Appointed w.e.f. 15/12/2020)
Tuan Haji Khairan Bin Untoh	(Appointed w.e.f. 23/12/2020)
Prof. Madya Dr. Mohd Hafiz Bin Mohd Hanafiah	(Appointed w.e.f. 15/12/2020)
Professor Dr. Amran Bin Hamzah	(Resigned w.e.f. 03/07/2020)
Professor Emeritus Dato' Dr. Abdul Kadir Bin Lebai Din	(Resigned w.e.f. 05/07/2020)
Datuk Mohd Ilyas Bin Zainol Abidin	(Resigned w.e.f. 07/07/2020)

ISLAMIC TOURISM CENTRE
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 RM	2019 (As restated) RM
NON-CURRENT ASSET			
Property, plant and equipment	5	213,540	137,329
CURRENT ASSETS			
Other receivables, deposits and prepayments		-	105,292
Current tax assets		20,232	197
Fixed deposits	6	2,046,785	3,469,849
Cash and bank balances	7	1,503,431	158,518
		3,570,448	3,733,856
CURRENT LIABILITY			
Other payables and accruals	8	90,374	194,651
NET CURRENT ASSETS			
		3,480,074	3,539,205
		3,693,614	3,676,534
FINANCED BY:			
ACCUMULATED SURPLUS FROM GRANT RECEIVED			
		3,693,614	3,676,534

ISLAMIC TOURISM CENTRE
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	Note	RM	(As restated)
			RM
Operating grant		2,000,000	2,000,000
Special grant		416,200	892,150
Project revenue		100	155,472
Cost of services		<u>(375,150)</u>	<u>(1,978,190)</u>
Gross surplus		2,041,150	1,069,432
Other operating income		57,457	169,193
Administration costs		(469,741)	(309,474)
Staff emoluments		(1,543,843)	(1,437,047)
Other operating expenses		<u>(59,216)</u>	<u>(37,946)</u>
Surplus/(Deficit) before tax	9	25,807	(545,842)
Income tax expense	10	<u>(8,727)</u>	<u>(30,000)</u>
Surplus/(Deficit) for the year		17,080	(575,842)
Other comprehensive income, net of tax		<u>-</u>	<u>-</u>
Surplus/(Deficit) for the year representing total comprehensive income		<u><u>17,080</u></u>	<u><u>(575,842)</u></u>

ISLAMIC TOURISM CENTRE
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
Note	RM	(As restated) RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Government grant received:		
Operating grant	2,000,000	2,000,000
Special grant	416,200	892,150
Project revenue	100	155,472
Cash received from non-trade transactions	(104,277)	(115,364)
Cash payments to trade and other suppliers	(375,150)	(1,834,605)
Cash paid to employees for wages and salaries	(1,543,843)	(1,437,047)
Cash payments for other operating expenses	(421,629)	(308,833)
Cash (used in)/from operations	(28,599)	(648,227)
Tax paid	(30,000)	(30,000)
Tax refunded	1,238	-
Cash received from hibah	3,774	3,308
Cash received from interest of fixed deposit	52,212	145,110
Cash withdrawal from fixed deposit	1,475,276	367,441
Cash received from other income	4,004	22,733
Net cash (used in)/from operating activities	1,477,905	(139,635)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(134,257)	(163,650)
Proceed from disposal of property, plant and equipment	1,265	-
Net cash used in investing activities	(132,992)	(163,650)
Net (decrease)/increase in cash and cash equivalents	1,344,913	(303,285)
Cash and cash equivalents at beginning of the year	158,518	461,803
Cash and cash equivalents at end of the year	7 1,503,431	158,518
Cash and cash equivalents comprise:		
Cash and bank balances	1,503,431	158,518

8 OTHER PAYABLES AND ACCRUALS

	2020 RM	2019 RM
Other payables	68,906	171,737
Accruals	<u>21,468</u>	<u>22,914</u>
	<u><u>90,374</u></u>	<u><u>194,651</u></u>

The outstanding amount is unsecured, interest-free and has no fixed terms of repayments.

All other payables and accruals are denominated in Ringgit Malaysia.

9 SURPLUS/(DEFICIT) FOR THE YEAR

9.1 DISCLOSURE ITEMS

	2020 RM	2019 RM
This is stated after charging:		
Audit fee	18,000	18,000
Depreciation of property, plant and equipment	58,022	36,935
Loss on foreign exchange (realised)	<u>177</u>	<u>214</u>

10 INCOME TAX EXPENSE

	2020 RM	2019 RM
Current tax expense		
Current year		
- Malaysia	<u>9,768</u>	<u>30,000</u>
	9,768	30,000
Under / (over) provision in prior years	<u>(1,041)</u>	<u>-</u>
	<u>8,727</u>	<u>30,000</u>
Deferred tax expense		
Temporary differences	-	-
Changes in tax rate	<u>-</u>	<u>-</u>
	-	-
Total income tax expense	<u><u>8,727</u></u>	<u><u>30,000</u></u>

11 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management is integral to the development of the Foundation's business. The Foundation has in place the financial risk management policies to manage its exposure to a variety of risks to an acceptable level. The Foundation's principal financial risk management policies are as follows:

11.1 CREDIT RISK

Cash and bank balances are placed with reputable financial institutions based on rating agencies' ratings. The Foundation placed funds in respect of other financial assets by reference to the investment evaluation procedures to ensure that the credit risk is kept at minimum level.

Therefore, credit risk arises mainly from the inability of its customers to make payments when due. Trade receivables presented in the statement of financial position are net of allowances for impairment losses, estimated by management based on prior experience and the current economic environment.

The carrying amounts of the financial assets recorded on the statement of financial position at the reporting date represent the Foundation's maximum exposure to credit risk in relation to financial assets. No financial assets carry a significant exposure to credit risk other than those disclosed in the notes.

The Foundation does not hold any collateral and thus, the credit exposure is continuously monitored by the trustees.

11.2 LIQUIDITY RISK

The Foundation's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Foundation monitors its cash flows and ensures that sufficient funding is in place to meet the obligations as and when they fall due.

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Foundation can be required to pay. The weighted average effective interest rates of these non-derivative financial liabilities are disclosed in the respective notes.

	Not later than 1 year or on demand RM	One to five years RM	Over five years RM	Total RM
2020				
Other payables	90,374	-	-	90,374
	90,374	-	-	90,374
2019				
Other payables	194,651	-	-	194,651
	194,651	-	-	194,651

11.3 INTEREST RATE RISK

Interest rate risk arises when the future cash flows or fair value will fluctuate due to the changes in interest rates related to financial assets and financial liabilities with floating interest rates.

The Foundation's financial instruments that are exposed to interest rate risk and the applicable weighted average effective interest rates are disclosed in the respective notes.

The Foundation entered into interest rate swaps and fixed interest rate instruments to mitigate the interest rate risk.

12 FINANCIAL INSTRUMENTS

12.1 CLASSIFICATION OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are measured on an on-going basis either at fair value or at amortised cost. The principal accounting policies in Note 4.5 and 4.7 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	2020 RM	2019 RM
Financial Assets		
Other receivables	-	105,292
Fixed deposit	2,046,785	3,469,846
Cash and bank balances	1,503,431	158,518
	<u>3,550,216</u>	<u>3,733,656</u>
	2020 RM	2019 RM
Financial Liabilities		
Other payables	90,374	194,651
	<u>90,374</u>	<u>194,651</u>

12.2 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments is the amount at which the instrument could be exchanged for or settled between knowledgeable parties at an arm's length transaction, other than a forced or liquidation sale. The Foundation's financial instruments consist of cash and cash equivalents, trade and other receivables and trade and other payables.

The carrying value of the financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

13 CAPITAL MANAGEMENT

The Foundation's capital is represented by its total equity in the statement of financial position. The Trustees monitor the adequacy of capital on a going basis. There is no external requirement imposed on the Foundation.

14 PRIOR YEAR ADJUSTMENT

The prior year adjustments arise from the unapproved progress claims recorded in the income statement of the Company in prior year. The adjustments have been applied retrospectively under benchmark treatment.

	2019 (As previously reported) RM	(Prior year adjustment) RM	2019 (As restated) RM
Equity			
Accumulated surplus from grant received	3,681,274	(4,740)	3,676,534
Statement of Comprehensive Income			
Cost of services	1,970,362	7,828	1,978,190
	312,559	(3,085)	309,474
Statement of Financial Position			
Other receivables, deposit and prepayment	115,364	(10,072)	105,292
Fixed deposit	3,469,846	3	3,469,849
Other payables and accruals	199,980	(5,329)	194,651
	9,749,385	(15,395)	9,733,990

15 SIGNIFICANT ACCOUNTING DISCLOSURE

"The coronavirus disease 2019 ("COVID-19") pandemic has interrupted the movement of people and goods throughout the world, and many levels of government are instituting restrictions on individuals and businesses, including Malaysia, where majority of the company's operations are located. In relation to this, the government of Malaysia has issued a federal government gazette on 18th March 2020 imposing a movement control order ('MCO').

As at the date of the authorisation of the financial statements, the Company has determined that these events are non-adjusting subsequent events in accordance with MFRS 110 Events after the Reporting Period. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

Notwithstanding of the above, the Company anticipates that the effects of COVID-19 might be recognized in the financial statements for the financial year 31 December 2020. The effects of COVID-19 would potentially impact the judgements and assumptions used in the preparation of the financial statements for the financial year ending 31 December 2020, such as expected credit losses of financial assets ("ECL"), fair value measurements of financial instruments, assessments of assets (property, plant and equipment), financial asset and non-financial asset; and liabilities that will affect the Company in totality.



▶ **ITC ANNUAL REPORT 2020**



ISLAMIC TOURISM CENTRE

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