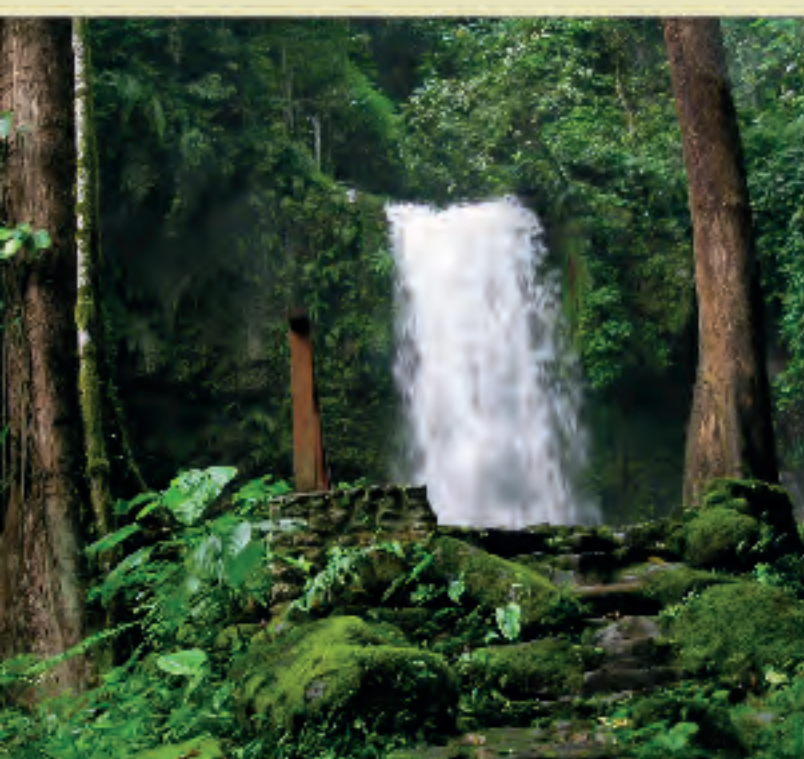




annual report 2010

Sabah Economic Development and Investment Authority





corporate



development



economy



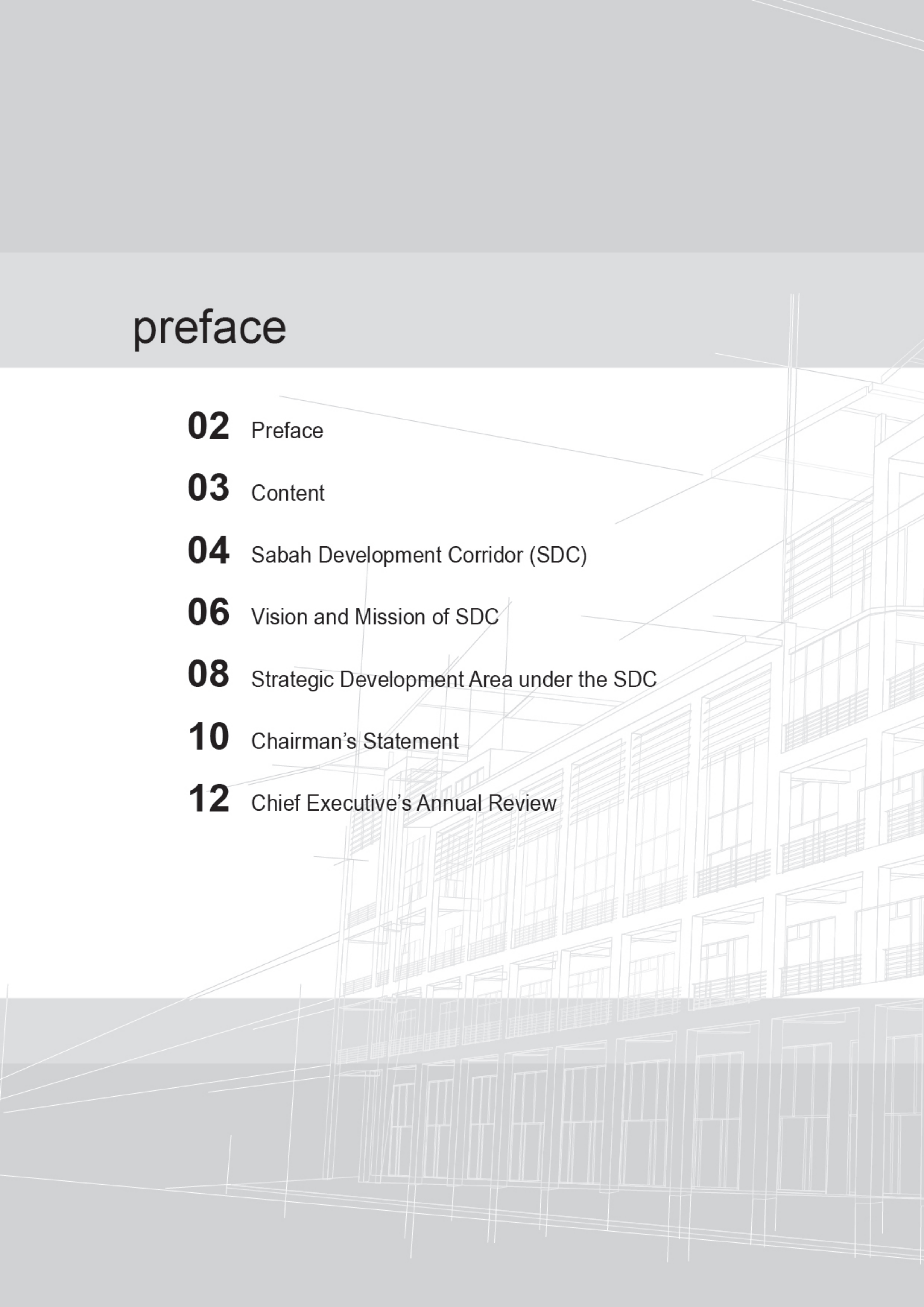
culture



Harnessing Unity
in Diversity for Wealth Creation
and Social Wellbeing

Sabah Economic Development and Investment Authority (SEDIA)
is the one stop authority driving Sabah Development Corridor

preface

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- A detailed architectural wireframe of a modern multi-story building, showing the structural grid, windows, and balconies. The drawing is rendered in white lines on a light gray background, creating a technical and architectural feel.

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The Sabah Development Corridor (SDC) was launched on 29th January 2008 to enhance the quality of life of the people by accelerating the growth of Sabah's economy, promoting regional balance and bridging the rural-urban divide while ensuring sustainable management of the state's resources. It is part of the five economic corridors inspired by the former Prime Minister Tun Abdullah bin Haji Ahmad Badawi. It is in line with the key thrusts and objectives of the *Halatuju Pembangunan dan Kemajuan Negeri Sabah*, launched in 2004 by Y.A.B. Datuk Seri Panglima Musa Haji Aman, Chief Minister of Sabah, which outlines the direction of the state's development.

The theme for the SDC is Harnessing Unity in Diversity for Wealth Creation and Social Well-Being. The concept of the SDC is also in line with the theme of One Malaysia: People First, Performance Now announced by Y.A.B. Dato' Sri Mohd Najib bin Tun Haji Abdul Razak, the current Prime Minister.

The SDC programmes are underpinned by three key principles that will guide development in Sabah, namely the need to:

- Capture higher value economic activities
- Promote balanced economic growth with distribution
- Ensure sustainable growth via environmental conservation

The initiative by Y.A.B. Dato' Sri Najib to introduce a new high income service-based economic model driven by creativity, innovation and high value is clearly consistent with the principles underpinning the SDC programmes. Under the SDC initiative, sub-regions and growth centres will be planned systematically to ensure optimum resources utilisation, and development efforts are well-coordinated and sustainable.

The initial focus is on enhancing Sabah's liveability index and making it a business friendly location via targeted infrastructure upgrading and by lowering the cost of doing business.

By 2025, the SDC initiative aims to triple Sabah's Gross Domestic Product (GDP) per capita and increase its GDP by four times through the implementation of the prioritised programmes. In total, more than 900,000 new jobs are expected to be generated during the SDC implementation period.

Hardcore poverty is targeted to be eliminated by the end of the Ninth Malaysia Plan (9MP) with overall poverty halved from 23% in 2004 to 12% in 2010.

vision and mission of SDC

SDC VISION

To be a leading economic region
in Asia by being a preferred gateway for trade,
investment and leisure for talents and businesses

Physical Infrastructure

Structured infrastructure development in transportation, utilities and communication to enhance living standards and enable commercial activities.

SECTOR-SPECIFIC VISIONS

Agriculture

- Highly productive
- Food self-sufficiency
- Sustainable and safe

Services

- Premier eco-tourism
- Second home
- Low cost of doing business

Manufacturing

- High value jobs
- High value-add downstream
- Successful pool of SMEs

Soft Infrastructure

Systematic skills upgrading of existing workforce in key industries, retention of talented Sabahans and targeted import of foreign talent in professional and managerial positions.

Social

Harmonious and cohesive society

No hardcore poverty

Confident and independent

Environment

Renowned worldwide

Pristine and well-conserved

vision

The vision for Sabah is to be a vibrant, economically successful and liveable state by articulating a set of five unique attributes that will mould the future of this state:

- A preferred gateway for trade, investment and leisure for leading businesses and talents in key areas from around the world
- A happy, prosperous and cohesive community that lives in harmony regardless of race, language or religion
- A tech-savvy state that uses and showcases technology in enhancing the quality of daily life
- A place of opportunity where residents and foreign talents find rewarding employment opportunities
- Among the most liveable places in Asia with culture, heritage, quality of life and a clean environment



mission

In line with the state's Halatujau and the National Mission announced by the Prime Minister of Malaysia, the mission for the SDC is to support Sabah in achieving this vision by:

- Moving up the economic value chain
- Raising the capacity for knowledge and innovation, and nurturing 'first class mentality'
- Addressing persistent socio-economic inequalities constructively and positively
- Improving the standard and sustainability of quality of life
- Strengthening the institutional and implementation capacity



strategic development areas under the SDC





chairman's statement



The year 2010 sees the end of the Ninth Malaysia Plan, as our Prime Minister introduces several new approaches with the incoming Tenth Malaysia Plan. These new approaches place emphasis on human capital development, improving productivity through innovation, providing equitable opportunities and aids the less fortunate, more focused development, more effective smart partnerships, and improved environmental awareness in line with the 1Malaysia, People First, Performance Now theme.

Among the main initiatives to be implemented are the introduction of several measures to facilitate business, reduce costs and stimulate economic growth, including the introduction of National Key Economic Areas (NKEAs) and Economic Transformation Programme (ETP). Economic policies of the Tenth Malaysia Plan period will focus towards the growth of areas that are able to provide high impact growth, especially in the corridor clusters.

As we know, the First Phase of the Sabah Development Corridor has focused on efforts to overcome the hardcore poverty as well as launch high-impact projects and develop major infrastructure, including the necessary human capital to propel economic development in the sub-regions. Several project components such as those under tourism and roads in the rural areas had been completed. Implementation of these projects is the foundation for planning of the Second Phase of SDC.

The Second Phase (2011-2015) which coincides with the Tenth Malaysia Plan period will focus more towards efforts to generate private sector participation in the Strategic Development Areas, consistent with NKEAs which includes oil and gas, oil palm, tourism, ICT, education, healthcare and agriculture. Efforts will also focus more towards the strengthening of SMEs, rural entrepreneurs and agribusiness.

SABAH DEVELOPMENT CORRIDOR

SDC has an important role in realising the goals of the New Economic Model, particularly in efforts to attract investment and stimulate economic growth at the sub-regional level. It is undeniable that since the launch of the SDC, the investment climate and environment in the state has improved.

While giving his speech in Parliament on 3rd November 2010, our Prime Minister said;

“ The Federal Government had introduced the Sabah Development Corridor...to propel the...state’s economy and human capital development. If all quarters could give their cooperation, it could steer Sabah...to a greater future ”

For this reason, I would like to take this opportunity to thank all the members of the Authority; the Chief Executive of SEDIA, Datuk Dr. Mohd Yaakub Johari;

management and staff of SEDIA; and also the various government agencies and government-linked companies that have put in much effort, contributions and support throughout the First Phase of the Sabah Development Corridor.

I would like to conclude by proudly presenting the Sabah Economic Development and Investment Authority Annual Report for the year ending 31st December 2010.



Y.A.B. DATUK SERI PANGLIMA MUSA HJ AMAN
Chief Minister of Sabah

chief executive's annual review



With the end of the 2010, we have witnessed the first full year that SEDIA has been in operation. With this, I would like to acknowledge the strong support we have received from our pro-business Prime Minister Dato' Sri Mohd Najib Tun Razak, and business-savvy Chief Minister Datuk Seri Panglima Musa Aman. Sabah is fast emerging as a preferred investment destination, especially for the discerning investors who have discovered the State as having unique value proposition for business, culture and nature.

The strategy behind the Sabah Development Corridor is in leveraging the natural strengths of Sabah - strategic location, rich resources, cultural and biological diversity - to cultivate and expand high potential economic activities. Also, the promoted sectors under the SDC initiative; comprise of agriculture,

tourism, logistics and manufacturing are complementing the State *Halatuju*.

The First Phase focused mainly on building the foundation for growth via infrastructure development as well as initiating high impact economic and poverty eradication projects. Through this focus, our objectives include clarifying and communicating our vision and strategy for Sabah to all stakeholders, setting off and intensifying economic initiatives, plugging gaps in infrastructure, and implementing social and environmental initiatives, especially poverty eradication programmes.

By the end of 2010, SEDIA had awarded about RM1.27 billion worth of development projects to local contractors. All of these projects had been awarded



through 'open tender'. The implementation of SDC projects as well as the generated investment opportunities has directly created new business and employment opportunities for professionals such as engineers, architects, quantity surveyors and accountants as well as skilled, semi-skilled and unskilled construction workers. In terms of the multiplier effect generated on the economy, it is estimated that every RM1 spent will generate at least RM5 into the local economy and the implementation of the various SDC projects have also generated new job opportunities both directly and indirectly through the aforementioned multiplier effect.

Total investment from the private sector and Government-Linked Companies during the First Phase was targeted at approximately RM11.3 billion.

By the end of the First Phase, the SDC had managed to secure a recorded RM30.06 billion in investments. Of this figure RM11.95 billion has been realised, surpassing the set RM11.3 billion target.

DATUK DR MOHD YAAKUB HJ JOHARI, J.P.
President / Chief Executive

the governance of SEDIA

- SEDIA as the One Stop Authority to drive SDC
- Objectives of SEDIA
- Membership of the Authority
- SEDIA Committees
- The Chief Executive
- SDC and Investment Authority fund
- Meetings of Members of SEDIA and Committees





SEDIA as the One Stop Authority to drive SDC

SEDIA has been entrusted as the One-Stop Authority to drive SDC, with the primary responsibility to plan, coordinate, promote and accelerate the development of the SDC.

Initial development allocations had been approved for implementation under the SDC via the Mid-Term Review of the Ninth Malaysian Plan. The SDC Development Fund was channelled through the Sabah Economic Development and Investment

Authority, or SEDIA.

In order to expedite the implementation of SDC, the Sabah State Legislative Assembly had approved the instrument for the establishment of SEDIA via the adoption of Sabah Economic Development and Investment Authority Enactment 2009 on 15 January 2009. The Enactment was assented by Tuan Yang Terutama Yang Di-Pertua Negeri Sabah on 23 February and gazetted on 26 February 2009.

objectives of SEDIA

- **To promote and accelerate the development of the Sabah Development Corridor into a leading economic region and a choice destination for investment, work and living; and**
- **To ensure that social development and sustainable development are kept as priorities whilst driving economic growth in the Sabah Development Corridor.**

The Governance of SEDIA

Membership of the Authority

Chairman	: Y.A.B. Datuk Seri Panglima Musa Hj Aman, Chief Minister and Minister of Finance, Sabah
Deputy Chairman 1	: Y.B. Tan Sri Datuk Seri Panglima Joseph Pairin Kitingan, Deputy Chief Minister and Minister of Infrastructure Development, Sabah
Deputy Chairman 2	: Y.B. Datuk Peter Pang En Yin, Deputy Chief Minister and Minister of Youth and Sports, Sabah
Members	: Y.B. Datuk Sukarti Wakiman, State Secretary of Sabah;
	Y.Bhg. Tan Sri Datuk Seri Panglima Dr Wan Abdul Aziz Bin Wan Abdullah, Secretary General of Treasury, Ministry of Finance, Malaysia or his representative;
	Y.Bhg. Dato' Dr Ali Hamsa, Director General of Unit Kerjasama Awam Swasta (UKAS), Prime Minister's Department;
	Y.Bhg. Datuk Pg. Hassanel B. Datuk Pg. Hj Mohd Tahir, Permanent Secretary, Ministry of Finance, Sabah;
	Y.Bhg. Datuk Ismail Abdullah, Director of State Economic Planning Unit, Sabah (UPEN)
Secretary	: Y.Bhg. Datuk Dr Mohd Yaakub Hj Johari, J.P., Chief Executive of SEDIA

Membership of the Authority



from left to right:

- **Y.BHG. DATUK ISMAIL ABDULLAH**
Director of State Economic Planning Unit, Sabah - Chief Minister's Department, Sabah
- **Y.BHG. TAN SRI DATUK SERI PANGLIMA DR WAN ABDUL AZIZ BIN WAN ABDULLAH**
Secretary General of Treasury, Ministry of Finance, Malaysia
- **Y.BHG. DATO' DR ALI HANSA**
Director General of Unit Kerjasama Awam Swasta (UKAS), Prime Minister's Department
- **Y.B. TAN SRI DATUK SERI PANGLIMA JOSEPH PAIRIN KITINGAN**
Deputy Chief Minister and Minister of Infrastructure Development, Sabah
- **Y.A.B. DATUK SERI PANGLIMA MUSA HJ AMAN**
Chief Minister and Minister of Finance, Sabah



- **Y.BHG. DATUK DR MOHD YAAKUB HJ JOHARI**
Chief Executive of SEDIA and Secretary of the Board
- **Y.B. DATUK PETER PANG EN YIN**
Deputy Chief Minister and Minister of Youth and Sports, Sabah
- **Y.B. DATUK SUKARTI WAKIMAN**
State Secretary of Sabah
- **Y.BHG. DATUK PG. HASSANEL BIN DATUK PG. HJ MOHD TAHIR**
Permanent Secretary, Ministry of Finance of Sabah

SEDIA committees

Implementation Co-ordination Committee

- Chairman** : Y.B. Datuk Sukarti Wakiman,
State Secretary of Sabah
- Members** : Y.Bhg. Tan Sri Datuk Seri Panglima Dr Wan Abdul Aziz Bin Wan Abdullah,
Secretary General of Treasury, Ministry of Finance, Malaysia;
- : Y.Bhg. Dato' Dr Ali Hamsa,
Director General, Unit Kerjasama Awam Swasta (UKAS);
- : Y.Bhg. Dato' Mohammad Hatta Abdul Aziz,
Sabah Federal Secretary;
- : Y.Bhg. Datuk Illiyas Ibrahim,
Mayor, Kota Kinabalu City Hall;
- : Tuan Haji Hashim Bin Pajjan,
Permanent Secretary, Ministry of Industrial Development;
- : Y.Bhg. Datuk Ghulam Jelani Khanizaman,
Permanent Secretary, Ministry of Rural Development, Sabah;
- : Y.Bhg. Datuk Haji Ujang Sulani,
Permanent Secretary, Ministry of Agriculture and Food Industry;
- : Y.Bhg. Datuk Suzannah Liaw,
Permanent Secretary, Ministry of Tourism, Culture and Environment;
- : Encik Saiful Anuar Hussen,
Director of Corridor Development, UKAS;
- : Tuan Haji Matusin Sunsang,
Sabah State Development Officer, Sabah State Development Office;
- : Y.Bhg. Datuk Ismail Abdullah,
Director, State Economic Planning Unit (UPEN);
- : Y.Bhg. Datuk Haji Osman B. Haji Jamal,
Director, Land and Survey Department;
- : Y.Bhg. Datuk Abidin Madingkir,
Permanent Secretary, Ministry of Local Government and Housing;
- : Encik Mursidi Haji Sapi,
Director, Department of Urban and Regional Planning, Sabah;
- : Encik Ir. John Anthony,
Director, Public Works Department;

- : Tuan Syed Zahirulddin Syed Ali,
Director, Malaysia External Trade Development Corporation (Sabah);
- : Encik Mohd Hasnol B. Ayub,
Executive Director, Institute for Development Studies (IDS) Sabah;
- : Y.Bhg. Datuk Dr Mohd Yaakub Hj Johari,
Chief Executive of SEDIA

Nomination, Establishment and Remuneration Committee

- Chairman** : Y.B. Tan Sri Datuk Seri Panglima Joseph Pairin Kitingan,
Deputy Chief Minister and Minister of Infrastructure Development, Sabah;
- Members** : Y.Bhg. Tan Sri Datuk Seri Panglima Dr Wan Abdul Aziz Bin Wan Abdullah,
Secretary General of Treasury, Ministry of Finance, Malaysia;
- : Y.Bhg. Datuk Pg. Hassanel B. Datuk Pg. Hj Mohd Tahir,
Permanent Secretary, Ministry of Finance, Sabah;
- : Y.Bhg. Datuk Ismail Abdullah,
Director, State Economic Planning Unit (UPEN);
- : Encik Mohd Hasnol B. Ayub,
Executive Director, Institute for Development Studies (IDS) Sabah;
- : Y.Bhg. Datuk Dr Mohd Yaakub Hj Johari,
Chief Executive of SEDIA

SEDIA committees

Finance and Investment Committee

Chairman : Y.Bhg. Tan Sri Datuk Seri Panglima Dr Wan Abdul Aziz Bin Wan Abdullah,
Secretary General of Treasury, Ministry of Finance, Malaysia;

Members : Y.Bhg. Dato' Dr Ali Hamsa,
Director General, Unit Kerjasama Awam Swasta (UKAS);

: Y.Bhg. Dato' Mohammad Hatta Abdul Aziz,
Sabah Federal Secretary;

: Y.Bhg. Datuk Pg. Hassanel B. Datuk Pg. Hj Mohd Tahir,
Permanent Secretary, Ministry of Finance, Sabah;

: Y.Bhg. Datuk Haji Ujang Sulani,
Permanent Secretary, Ministry of Agriculture and Food Industry;

: Tuan Haji Hashim Bin Pajian,
Permanent Secretary, Ministry of Industrial Development;

: Y.Bhg. Datuk Suzannah Liaw,
Permanent Secretary, Ministry of Tourism, Culture and Environment;

: Y.Bhg. Datuk Ismail Abdullah,
Director, State Economic Planning Unit (UPEN);

: Y.Bhg. Datuk Jalilah Baba,
Director General, Malaysia Industrial Development Authority;

: Encik Mohd Hasnol B. Ayub,
Executive Director, Institute for Development Studies (IDS) Sabah;

: Y.Bhg. Datuk Dr Mohd Yaakub Hj Johari,
Chief Executive of SEDIA

Consultative Panel and Focus Group Committee

Chairman : Y.Bhg. Datuk Dr Mohd Yaakub Hj Johari,
Chief Executive of SEDIA

Members : Encik Mohd Hasnol B. Ayub,
Executive Director, Institute for Development Studies (IDS) Sabah;

: Y.Bhg. Professor Datuk Seri Panglima Dr. Kamaruzaman Haji Ampon,
Vice Chancellor, Universiti Malaysia Sabah;

- : Y.Bhg. Dr Haji Abdul Kadir Haji Rosline,
Campus Director, Universiti Teknologi Mara (UiTM);
- : Encik Bonipasius Bianis,
Deputy President, Kadazandusun Chambers of Commerce and Industry;
- : Y.Bhg. Datuk Seri Panglima Mohd Sari Datuk Haji Nuar,
President, Tiongghua Chambers of Commerce and Industry

Development Planning Committee

- Chairman** : Y.Bhg. Dato' Dr Ali Hamsa,
Director General, Unit Kerjasama Awam Swasta (UKAS)
- Members**
- : Encik Razali Bin Che Mat,
Director of Regional Development, Economic Planning Unit,
Prime Minister's Department;
 - : Encik Saiful Anuar Hussien,
Director of Corridor Development, UKAS;
 - : Y.Bhg. Dato' Mohammad Hatta Abdul Aziz,
Sabah Federal Secretary;
 - : Tuan Haji Hashim Bin Paijan,
Permanent Secretary, Ministry of Industrial Development;
 - : Y.Bhg. Datuk Haji Ujang Sulani,
Permanent Secretary, Ministry of Agriculture and Food Industry;
 - : Y.Bhg. Datuk Abidin Madingkir,
Permanent Secretary, Ministry of Local Government and Housing;
 - : Y.Bhg. Datuk Ghulam Jelani Khanizaman,
Permanent Secretary, Ministry of Rural Development, Sabah;
 - : Tuan Haji Matusin Sunsang,
Sabah State Development Officer, Sabah State Development Office;
 - : Y.Bhg. Datuk Ismail Abdullah,
Director, State Economic Planning Unit (UPEN);
 - : Encik Mohd Hasnol B. Ayub,
Executive Director, Institute for Development Studies (IDS) Sabah;
 - : Y.Bhg. Datuk Dr Mohd Yaakub Hj Johari,
Chief Executive of SEDIA

The Chief Executive

The Chief Executive is appointed by the Authority, and has been entrusted with the following responsibilities:

- The general conduct, administration and management of the functions, activities and day-to-day affairs of the Authority;
- The performance of such functions and exercise of such duties as delegated by the Authority; and
- The carrying out of the decisions of the Authority.

The Chief Executive shall also perform such other duties as the Authority may, from time to time, direct and shall act under the general direction of the Authority in discharging his duties. The Chief Executive shall have general control of the officers and staff of the Authority.

The Chief Executive reported for duty on 2 March 2009. The appointment of the Chief Executive was ratified during the Inaugural Meeting of the Authority on 14 May 2009. The Inaugural Meeting also approved the 2009 budget for SEDIA, and the organisation structure of the Authority.

Sabah Economic Development and Investment Authority Fund

The authority to commit any financial obligation or otherwise, solely, partially or directly on the account of the Authority lies wholly with the Authority subject to policies, procedures and guidelines approved by the Authority, the Sabah State and the Federal Government.

Section 14 (1) of the Enactment provides for the establishment of a fund to be known as the "Sabah Economic Development and Investment Authority Fund" to be administered and controlled by the Authority.

Section 15 of the Enactment specifies that the Fund shall be expended for the following purposes:

- Disbursing funds received from the Government or the Federal Government to the relevant implementing Government Entities for the Sabah Development Corridor;
- Performing or discharging the functions and duties of the Authority;

- Paying for the remuneration, allowances or other expenses of members, the Chief Executive, officers and servants of the Authority;
- Undertakes approved and lawful investments, and acquisitions of shares or interests in companies or property movable or immovable for the purposes of the Enactment; and
- Paying any other expenses lawfully incurred in the discharge or performances of its functions and duties under this Enactment.



meetings of members of SEDIA and committees

Members of the Authority

4th June 2010 : Fifth Meeting of Members of the Authority
2nd December 2010 : Sixth Meeting of Members of the Authority

Audit Committee

9th February 2010 : First Audit Committee meeting
18th May 2010 : Second Audit Committee meeting

Development Planning Committee

6th May 2010 : Development Planning Committee meeting

Finance and Investment Committee

20th March 2010 : First Finance and Investment Committee meeting
30th June 2010 : Second Finance and Investment Committee meeting
21st August 2010 : Third Finance and Investment Committee meeting

Implementation Co-ordination Committee

8th June 2010 : Implementation Co-ordination Committee meeting

Nomination, Establishment and Remuneration Committee

11th March 2010 : First Nomination, Establishment and Remuneration Committee meeting
11th August 2010 : Second Nomination, Establishment and Remuneration Committee meeting

Consultative Panel and Focus Group Committee

29th December 2010 : Consultative Panel and Focus Group Committee meeting



corporate profile



- Functions of SEDIA
- Corporate Vision, Mission and Strategies
- Chart of Functions
- Organisation Structure
- Key Events Timeline
- SEDIA Activity Highlights
- Public Awareness Survey Exercise
- SDC Programmes and Projects
- Performance Report



functions of SEDIA

The SEDIA Enactment lists the functions of SEDIA as follows:

- To recommend to the State or the Federal Government on all projects of potential economic growth and opportunities to be included in the Sabah Development Corridor;
- To disburse funds received from the State or the Federal Government for the Sabah Development Corridor to the relevant implementing Government Entities;
- To coordinate the expeditious implementation of all projects in the SDC by performing the functions of a one-stop centre;
- To monitor and report to the State and the Federal Government the status of all projects in the SDC;
- To promote and market the Sabah Development Corridor as an attractive business and investment location;
- To recommend to the State and the Federal Government incentives for the Sabah Development Corridor;
- To recommend to the State or the Federal Government on policy reforms and other initiatives for the SDC;
- To source funds for the Sabah Development Corridor; and
- To do all things as are expedient, advantageous or necessary for, or incidental, supplemental or consequential to, the performance of the functions of the Authority and the better carrying out of the purposes of the SEDIA enactment.

corporate vision, mission and strategies

vision

- SEDIA's corporate vision is to be a responsive, effective, efficient and accountable one-stop authority to realise the objectives of the SDC, in active partnerships with key stakeholders.

mission

- To provide strategic direction, roadmap, planning integration, implementation coordination, monitoring and evaluation on the implementation of SDC;
- To promote the SDC as a preferred investment destination for business, culture and nature;
- To ensure that the SDC initiatives reach the target groups, especially the poor and the disadvantaged, alleviate regional imbalance, enhance the quality of life, and promote economic growth and sustainable development;
- To facilitate and serve as a solution provider and partner to realise the objectives of the SDC; and
- To enhance stakeholders value propositions, confidence and acceptance through optimum engagement, information dissemination and accountability.

strategies

- Attract investments and business initiatives in targeted areas to unlock SDC's regional value creation potential through roadshows and trade fairs, and by offering business support to fast-track approvals and customised incentives;
- Develop innovative business models and pioneering initiatives to drive long-term, sustainable value creation for SDC, especially in innovative and strategic industries such as in ICT, biotech and nanotechnology;
- Create strategic development areas comprising green field clusters in tourism, agriculture and manufacturing driven by creativity, knowledge convergence and eco-sensitive lifestyle;
- Enhance capacity building for SMEs, the poor and disadvantaged groups to benefit from the SDC initiatives;
- Strengthen growth centres, as well as sub-regional and inter-sectoral linkages to provide optimum cluster synergy, enhancing supply chain competitiveness and transmitting stronger development impulses to the lagging areas;
- Promote active tripartite partnership involving the government, the private sector and the civil society to eradicate poverty, enhance the quality of life, promote economic growth, and ensuring balanced, equitable and sustainable development; and
- Respond rapidly to opportunities and challenges to support the SDC initiatives.

The corporate strategies shall be carried out by SEDIA through the various committees, operating divisions and departments within SEDIA. In view of the fact that the SEDIA committees are primarily decision-making body to assist SEDIA, the main day-to-day operations shall be principally carried out by the various operating divisions and departments under the overall supervision of the Chief Executive.

chart of functions



CHAIRMAN
Chief Minister

SEDIA BOARD MEMBER

- Policies, directions & strategies
- Budget approval
- Performance review

- AUDIT COMMITTEE :**
- Regulatory compliance
 - Control & audit reporting

- FINANCE AND INVESTMENT COMMITTEE :**
- Reviewing investment proposals & incentives
 - Review of Budgetary Estimates
 - Investment & Financial procedures

- SEDIA PROCUREMENT BOARD :**
- Functioning as Tender Board under Treasury Instruction

- IMPLEMENTATION CO-ORDINATION COMMITTEE :**
- Inter-agencies Co-ordination, Monitoring & Evaluation
 - Facilitating approvals
 - Other implementation issues

- DEVELOPMENT PLANNING COMMITTEE :**
- Reviewing the performance of SDC Projects
 - Review of Development Expenditure
 - Identification of new SDC projects

- NOMINATION, ESTABLISHMENT & REMUNERATION COMMITTEE :**
- To review the composition of Members & Committee Members
 - To determine the allowances of SEDIA Board & Committee Members
 - To review the Terms & Conditions of Service; & others

CHIEF EXECUTIVE

- CONSULTATIVE PANEL / FOCUS GROUPS :**
- Consultation with Experts, NGOs & the Private Sector
 - Project identifications, expert advice & feedback

CHIEF OPERATION

REGIONAL OFFICES

MANAGEMENT COMMITTEE

CEO'S OFFICE

- Strategic planning & risk assessment
- Budget allocation & internal audit
- PR, Government liason & media relations
- Administration, secretarial & legal matters

MARKETING & CORPORATE COMMUNICATIONS DIVISION

DEV. PLANNING CO-ORDINATION & EVALUATION DIVISION

INVESTMENT & BUSINESS DEVELOPMENT DIVISION

KNOWLEDGE & TECHNOLOGY MANAGEMENT DIVISION

ACCOUNTING & FINANCE DEPARTMENT

ADMIN & CORPORATE SERVICES DEPARTMENT

PROJECT MANAGEMENT DEPARTMENT

organisation structure

In furtherance of the objectives and effective performance of the functions of SEDIA, the Chief Executive shall be assisted in executing his responsibilities and duties by officers and staff of the Authority. Towards this end, SEDIA has been organised along four main divisions and three supporting departments.

The four divisions are as follows:

Development Planning, Co-ordination and Evaluation Division:

- To identify and recommend strategic development projects and economic clusters with growth potential;
- To identify strategic soft and hard infrastructure to support the economic clusters identified;
- To co-ordinate the integration of the various sectoral development plans into a coherent socio-economic and physical development planning framework;
- To assess the socio-economic, environmental and regional impacts of these projects; and
- To evaluate the SDC milestone in terms of key performance indicators.

Marketing and Corporate Communications Division:

- To promote and market the SDC as an attractive business and investment location;
- To undertake market intelligence;
- To identify potential investors;
- To compile and disseminate information regarding SDC's programmes and projects as well as SEDIA's activities to stakeholders;
- To obtain information and feedback regarding the response and outcome of SDC programmes and projects; and
- To support CSR activities and engagement with stakeholders.

Investment and Business Development Division:

- To provide one stop services to business enterprises and SMEs/SMLs;
- To fast-track priority and strategic industries;
- To provide business-matching assistance;
- To provide investment advisory services;
- To facilitate in obtaining planning approval, customising incentives package, and securing licenses and permits; and
- To recommend policy reforms, incentives or other initiatives to attract investments.

Knowledge and Technology Management Division:

- To establish and manage SDC databank;
- To monitor and support knowledge creation activities;
- To disseminate and promote new technology applications and scientific knowledge;
- To facilitate science-industry linkages;
- To promote innovation and the commercialisation of R&D; and
- To promote new growth sectors driven by technology convergence.

The four main divisions shall be supported by three supporting departments, as follows:

Project Management Department:

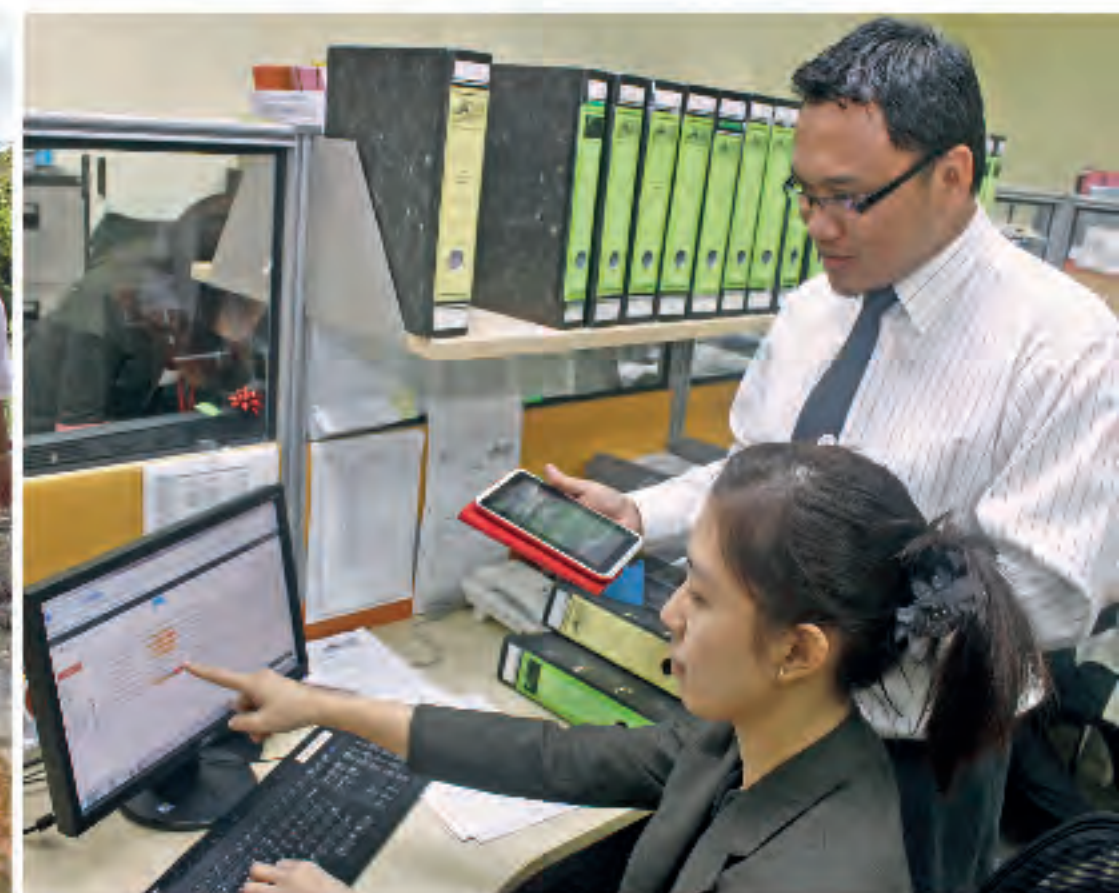
- To co-ordinate and monitor the physical implementation of all SDC projects;
- To audit and compile reports on the status of these projects;
- To determine tender and procurement strategy;
- To ensure compliance to tender and procurement specifications as well as contractual obligations;
- To liaise with project consultants;
- To provide technical advice; and
- To recommend project closure and payment.

Accounting and Finance Department:

- To prepare corporate/business plans for SEDIA;
- To plan and prepare annual budget for the SDC;
- To disburse payment and SDC allocations to implementing agencies;
- To maintain proper accounting and procurement record;
- To prepare feasibility studies and financial modelling for SDC projects;
- To explore potential in value creations; and
- To source funding for SDC projects.

Administration and Corporate Services Department:

- To provide in-house administrative and secretarial support;
- To assist in record keeping and documentation;
- To maintain inventories of office supplies and assets;
- To manage human resources, outsourcing activities and risk exposure; and
- To provide general corporate services.



**SDG SEMINAR ON INVESTMENT OPPORTUNITIES
IN KNOWLEDGE-INTENSIVE INDUSTRIES:
PRODUCT INNOVATION DRIVEN
BY TECHNOLOGY CONVERGENCE**

OFFICIATED BY:

**YAB DATUK SERI PANGLIMA MUSA HJ. AMAN
CHIEF MINISTER OF SABAH**

LE MERIDIEN KOTA KINABALU, 4TH MARCH 2010

ORGANISED BY:

SEDIA

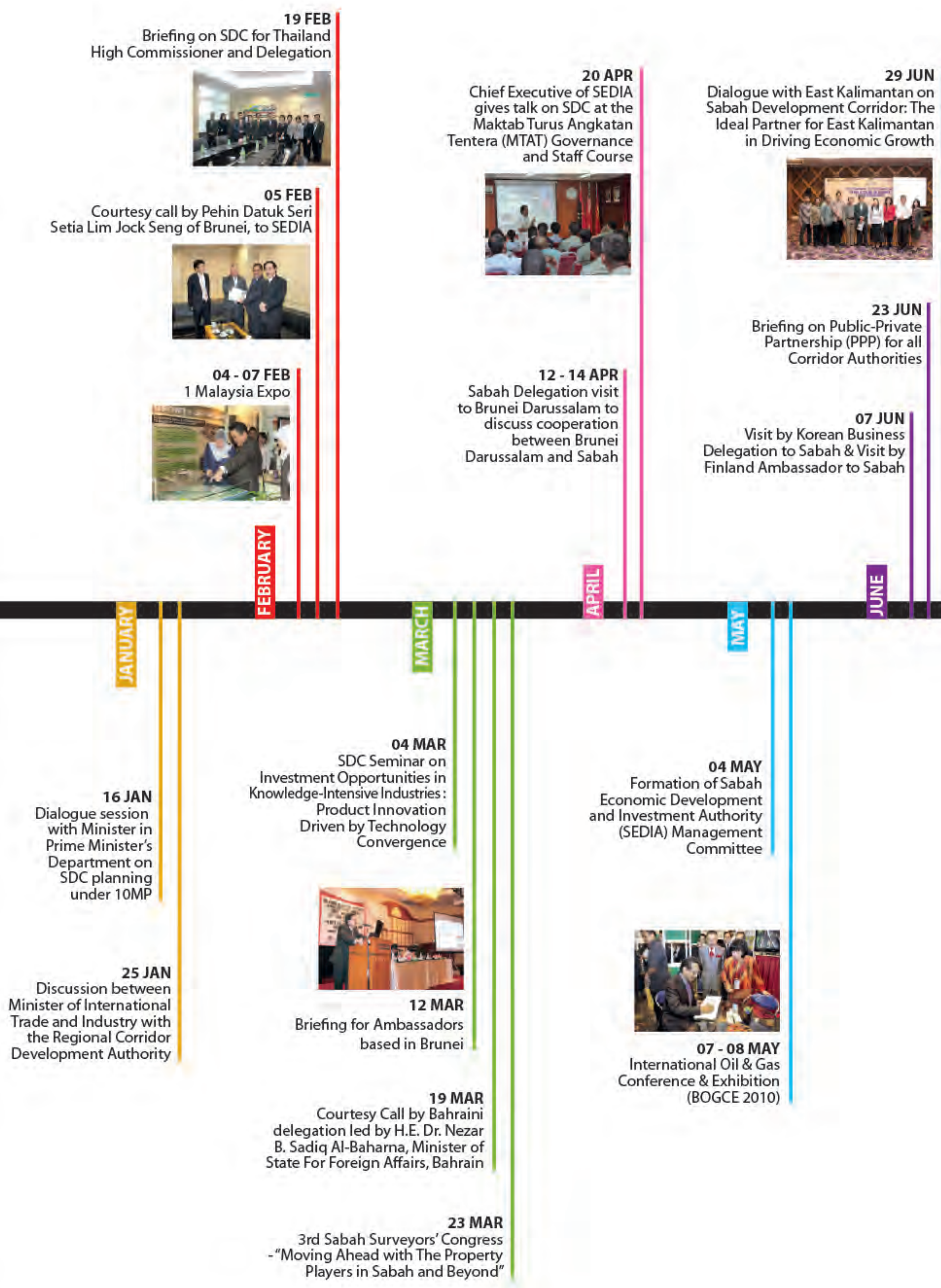











**STATE
ECONOMIC
PLANNING UNIT**

**Le MERIDIEN
KOTA KINABALU**

**YOUR SOLUTION PROVIDER
AND PARTNER IN SDC**

key events timeline '10



JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
	<p>24 AUG RTM interview with Chief Executive & Management Members</p> <p>12 AUG Interview of Chief Executive by representatives of US Airways</p> <p>04 AUG Trade & Investment Mission to Singapore</p> 		<p>15 - 19 OCT Sabah International Expo 2010 (SIE 2010)</p> 		<p>16 - 19 DEC Sabah International Halal Showcase 2010</p>  <p>01 - 04 DEC Malaysia-International Chinese Business Forum</p> 
<p>18 - 25 JUL Sabah Trade & Investment Mission to Shandong, China</p> 		<p>03 SEPT Courtesy call by Japan Chamber of Trade & Industry Malaysia</p>  <p>14 - 16 SEPT State-level Juara Rakyat programme in Sandakan</p>  <p>21 SEPT Seminar on Public-Private Partnership and Facilitation Fund</p>  <p>27 SEPT BIMP-EAGA Business Conference 2010 In Conjunction with 19th Senior Officials & 15th Ministerial Meeting in Kuching, Sarawak</p> 		<p>03 NOV Bio Malaysia 2010 Exhibition</p> <p>23 NOV Seminar on Investment Opportunities in Sabah Biotech Industry: Issues, Policy Response & Prospect</p>  <p>26 NOV - 05 DEC MAHA 2010</p> 	

SEDIA activity highlights

Seminar on Investment Opportunities in knowledge-Intensive Industries

The month of March saw SEDIA organising a seminar on product innovation driven by technology convergence. Aimed at creating greater awareness on the potential of knowledge-based industries in Sabah, the seminar saw key policy makers, industry leaders and researchers from the public and private sectors of the state among its participants.



Datuk Yaakub's presentation at the 3rd Sabah Surveyors' Congress

Chief Executive of SEDIA, Datuk Dr. Mohd Yaakub Hj Johari was invited to be a speaker at the 3rd Sabah Surveyors' Congress, organised by the Institution of Surveyors, Malaysia (Sabah Branch). The theme of the Congress was "MOVING AHEAD WITH PROPERTY PLAYERS IN SABAH & BEYOND". The main objective of the congress was to provide up-to-date information and technology affecting the property market.



Maktab Turus Angkatan Tentera (MTAT) Governance and Staff Course

On 20th April 2010, Chief Executive of SEDIA, Datuk Dr. Mohd Yaakub Hj Johari was invited to give a presentation at the Maktab Turus Angkatan Tentera (MTAT) Governance and Staff Course, held at 5th Brigade Camp in Lok Kawi. Attended by members representing various armed forces from throughout the world, the presentation informed the attendees on various projects under the Sabah Development Corridor and how they relate to regional security.



SDC-Kalimantan dialogue

Organised with the goal of realising the growth potential to be had from collaboration between Sabah and East Kalimantan, SEDIA held a dialogue on 29th June with members of the press from Kalimantan, Indonesia. The event enabled discussion about opportunities and synergies available to enable the two states to outpace regional growth. With the close proximity to each other, Sabah and East Kalimantan are poised to complement and reinforce each other's growth.





Sabah Trade and Investment Mission to Shandong, China

A group of Sabah delegates, led by Deputy Chief Minister Tan Sri Datuk Seri Panglima Joseph Pairin Kitingan, went on a Trade and Investment Mission to Shandong, China in conjunction with the 2010 Annual Malaysia-China Business Council Meeting. The delegation also included a team from SEDIA, which took part in business forums and seminars held in Jinan and Qingdao, two emerging cities within the Shandong province.



Malaysia Trade and Investment Mission to Singapore

During the month of August, SEDIA participated in a Trade and Investment Mission to Singapore. The primary objective was to enhance bilateral trade and investment ties between the two nations. The mission was arranged by the Malaysian Industrial Development Authority, and also included a seminar themed 'Business Opportunities In Malaysia'.



BIMP-EAGA Business Expo

The Sabah Economic Development and Investment Authority was among several booths from Sabah exhibitors that local media had dubbed an area of the expo as 'Little Sabah'. SEDIA had partnered with Sabah Land Development Board (SLDB), POIC Sdn Bhd (Lahad Datu) and Kota Kinabalu Industrial Park (KKIP) to promote the various investment potential within Sabah.



BIMP-EAGA 15th Ministerial and 19th Senior Officials Meeting, Kuching

The expo was held in conjunction with the 15th Ministerial and 19th Senior Officials Meeting, at which SEDIA Acting Assistant Vice President, Jesi Majungki had given a talk on the Sabah Development Corridor. The conference garnered much spotlight on the SDC as it brought together government representatives from the four BIMP-EAGA countries along with China and Japan.

SEDIA activity highlights

Juara Rakyat Sandakan

September 2010 saw the Juara Rakyat programme held at the Sandakan town field in conjunction with the Malaysia Day celebration. The day's festivities were especially momentous, as present during the event was Prime Minister Y.A.B. Dato' Sri Mohd. Najib bin Tun Abdul Razak, with the SEDIA booth being the first he visited.



Ministry of Human Resources Forum with SDC, Industrial Representatives and Training Providers

The Ministry of Human Resources, through the Skills Development Fund (PTPK) held a forum for 'Ministry of Human Resources, Sabah Development Corridor, Industry Representatives and Training Providers' during the month of June. The forum saw its 500 participants briefed by SEDIA's Ir. Haji Hashim Hassan on the development within SDC and the human capital generated by its programmes.



Convention held in conjunction with MIFB

Puan Mary Sintoh, Deputy Vice President of SEDIA Knowledge and Technology Management Division attended the 7th Malaysia International Agro-Bio Business Conference 2010 which was themed "WEALTH CREATION THROUGH INNOVATION". The seminar was held concurrently with the 12th Malaysian International Food & Beverage Trade Fair.



Public-Private Partnership and Facilitation Fund

A seminar on Public-Private Partnership and Facilitation Fund was organised by SEDIA. Its main objective being to create awareness and provide in-depth understanding regarding the concept and approach of such partnerships. By creating greater understanding of Public-Private Partnership, it is hoped that the private sector will increase participation in the provision of infrastructure and services.





Biotechnology seminar

The last of three seminars organised in 2010, SEDIA conducted an SDC-based seminar on investment opportunities in the Sabah Biotech industry. The main objective of the seminar was to disseminate information on current progress and measures to be implemented during the Tenth Malaysia Plan in developing a bio-industry in Sabah, which coincides with goals under the Second Phase of the Sabah Development Corridor (SDC).



Brunei delegation

2010 saw SEDIA holding several meetings with the Brunei Investment Agency (BIA). Following up on previous briefings, this meeting led by Pehin Datuk Seri Setia Lim Jock Seng, discussed collaboration between Sabah and Brunei in several local industries, with the Brunei delegation expressing interest in the agriculture and cattle industries.



Japanese delegation

During a three days mission to Sabah, a delegation from the Japan Chamber of Trade and Industry Malaysia paid a courtesy call to SEDIA. Mission leader Mr. Hiroki Takahashi from the Japan External Trade Organization believes there are great investment opportunities in Sabah and through this meeting hopes to introduce Japanese companies based in Malaysia to the various development initiatives under the SDC.



Brazilian delegation

SE DIA received a courtesy call by the Brazilian Ambassador to Malaysia, in which His Excellency Sergio De Souza Fontes Arruda expressed great interest in forging economic ties between the South American country and Sabah. His Excellency stated that the common ground, in which Sabah too is rich, in biodiversity can open up ties in the biotech industry.

SEDIA activity highlights

Thai delegation

A delegation from Thailand, led by Ambassador H.E. Thana Duangratana visited Wisma SEDIA to discuss collaboration efforts between Sabah and Thailand through SDC projects. With an emphasis on tourism, the discussion included talks on the possibility of reinstating direct flights between Bangkok and Kota Kinabalu.



Bahraini delegation

SEDIA welcomed a Bahraini delegation headed by H.E. Dr. Nezar B. Sadiq Al Baharna, Bahrain's Minister of State for Foreign Affairs. After receiving a briefing on SDC, Dr. Nezar B. Sadiq Al Baharna described the briefing as an impressive and detailed presentation that addresses many areas of interest in the state, including the environment.



Delegation from China

During the month of April, SEDIA welcomed to their premises a delegation from the city of Zhang Jiangang, China. Eager to have co-development projects between the Chinese city and Kota Kinabalu or perhaps even Sabah. The meeting discussed several key development activities shared between both areas and concluded with presentation of souvenirs by both parties.



Delegation from India

In the month of April, SEDIA was approached by Taj-Mahal Agro Industries Private Limited from India. The company is a major global distributor of rice with low glycemic content and was keen to discuss future paddy cultivation and rice processing activities in the state. The investment included agriculture R&D facilities based in the state, which will also be beneficial in meeting the demand for rice within Malaysia.



Sabah Trade and Investment Mission to Shandong, China

The Sabah Trade and Investment Mission to China was held in conjunction with the 2010 Malaysia-China Business Council Annual Joint Council Meeting organised by Malaysia-China Business Council (MCBC) and hosted by China Council For The Promotion of International Trade (CPPT) in Shandong, China. The Malaysian Delegates, led by Y.A.Bhg. Tun Musa Hitam, comprised a high-profile delegation from Sabah headed by Y.B. Tan Sri Datuk Seri Panglima Joseph Pairin Kitingan, Deputy Chief Minister of Sabah cum Minister of Infrastructure Development.

Among the Sabah delegates was the Sabah Economic Development and Investment Authority (SEDIA) which was represented by Datuk Dr Mohd Yaakub Hj Johari, the Chief Executive, together with Jesi Majungki (Acting Vice President, Administration and Corporate Services / CE's Office), Audrey Lin (Executive, Marketing and Corporate Communications) and Ynez Teo (Executive, Investment and Business Development).

The key objectives of the Sabah Trade and Investment Mission were to:

1. Foster stronger ties between Malaysia, in particular Sabah and China;
2. Build networks with China's businessmen;
3. Exchange knowledge and views on possible partnerships;
4. Create awareness of the presence of the Sabah Development Corridor (SDC) and its investment opportunities; and
5. Capture the interest of potential investors and ultimately attract investments in the Sabah Development Corridor (SDC).

Business forums and seminars were held in two emerging cities of Shandong Province - Jinan (July 19 - 20, 2010) and Qingdao (July 21- 22, 2010). The Sabah Trade and Investment Mission had successfully attracted businessmen mainly from SMEs seeking for new business ventures and trading partners overseas.

In addition to business forums, the Sabah delegates had the opportunity to tour a number of interesting places such as Jinan High Speed Railway Station, Jinan Hi-tech Development Zone (JHDZ), Daming Lake and Baotu Spring in Jinan; Badaguan Scenic Area, Qingdao International Sailing Centre, Tsingdao Brewery and Hisense Corp in Qingdao. The visits to those places mentioned, had been educational and enlightening experience for all, from the development perspective.

An optional trip was specially organised to visit the Shanghai China World Expo 2010, in Shanghai on July 24, 2010, with a pre-arranged access to enter a total of seven pavilions (nine for selected VVIPs). The pavilions visited were: Malaysia, Thailand, China, the US, the UK, Korea, Japan, (United Arab Emirates and Germany for selected VVIPs).



Observations

The response at the Shandong-Malaysia Business Forum on July 20, 2010, held at Shandong Hotel, Jinan was positively overwhelming. YB Tan Sri Joseph Pairin Kitingan's keynote address had stirred great interest from China participants who were keen to discover more about Sabah (and the SDC) and what Sabah has to offer, as seen evident from the dialogue session. The forum also saw intensive deliberations and exchange of views among speakers and delegates. Among those who briefed the forum were Mr. Li Yuming of CCPIT Jinan Sub-Council; Mr. Hisham Hamdan, MD of Sime Darby Energy Sdn Bhd; Mr. Zhang Xiaoji, and Director General of Development Research Centre of the State Council of PRC, to name a few.

The SEDIA booth during the business matching session unexpectedly garnered large crowds of investors and businessmen alike, excited to exchange business information and looking forward to future business and trade relations. Enquiries received were generally related to infrastructure development and port facilities in Sabah - on how they could participate and take part in the development of the SDC.

The attendance in Qingdao-Sabah Trade and Investment Seminar in Qingdao was equally well-received with roughly 100 participants. However, the response was rather difficult to gauge. This could possibly be contributed by the poor proficiency in English among the audience plus the fact that there was no business matching session held.

From a macro perspective, China which has emerged as one of the world's leading economic powers is going through a phase of rapid development as we have seen from our visit to JHDZ in Jinan, especially in the technology sector - identified as the primary source of sustainable growth. On top of that, China has been importing technology and collaborating with the West in developing successful technology parks, one of which we visited; Qilusoft Technology Park in JHDZ (that has pulled in Microsoft, IBM, Intel, HP etc.).

The Head of Qingdao Bureau of Commerce at the business forum in Qingdao highlighted that: "the city of Qingdao was accorded as one of China's Gold Medal Cities for investment by the World Bank in November 2006." This was mainly attributed to the efficiency of Qingdao municipal government - whereby ease of doing business and business-friendly policies were the core focus. It has been a well-known fact that the local governments in China have played a pivotal role in China's economic boom.

With its large population, robust economy and aggressive human capital development together with active government intervention, China has been rapidly catching up with the US as among the top FDI destination. China has also emerged as one of Malaysia's largest trading partner with a continuous uptrend in trade volume between the two countries.

Cities have sprouted like mushrooms in China. Jinan have spawned into a vibrant metropolis from humble agriculture villages, and Qingdao into an industrial and port city. Today, these cities have modern infrastructure in place; from airports, motorways to high-speed broadband and public transportation connectivity. These achievements may be attributed to the comprehensive development plans effectively rolled out by the government, with great emphasis on attracting foreign investments.



In contrast to Jinan and Qingdao, Shanghai projects strong cultural heritage and buzzing lifestyle which blends in the fusion of the west and the east. Not only is Shanghai enticing and unique, China's most happening city has one of the most ostentatious glitzy landscapes which no other cities have - lined with incredible colonial buildings and some of the world's tallest skyscrapers, intertwined with ancient Shanghai Town located in the heart of the city. These characteristics alongside with state-of-the-art infrastructure are very much the essence of a vibrant and liveable metropolis, of which Sabah aspires to be in 2025 - only with the difference of environment being the central core element.

The Shanghai China World Expo 2010, themed "Better City, Better Life", had fascinated and inspired us in many ways. The Expo emphasises on the global green agenda, which is tied into each specific pavilion. Built in with energy-saving technologies, each pavilion exhibits progressive ideas and inventions placing high priority on sustainability, resource-efficiency and eco-friendliness.

The success of the Expo has no doubt demonstrated the sheer determination and perseverance of the Chinese people in making things happen. When they make it happen, it goes without saying that it has to be bigger and better - a notion clearly embraced by China and its people which they take pride in. In a nutshell, it boils down to the attitude and mindset of the people that makes China distinctive.

Outcomes

The following are the outcomes of the trip:-

1. SEDIA has been engaging with potential investors met at the business matching session in Jinan. A group of investors in the logistics sector had shown keen interest to participate in the SDC, with logistics being one of the key supporting economic drivers alongside tourism, agriculture and manufacturing. They had indicated that they will be coming to Sabah to meet SEDIA for further discussion on future collaboration;
2. There is a possibility of future collaboration between SEDIA and Hisense Corporation. We have invited them to set up a manufacturing cum distribution centre in Sabah for its electrical and electronics products to penetrate and capture markets in the BIMP-EAGA region. It was mentioned by the representative of Hisense Corporation that they have diversified into property development whereby they have been involved in real estate development across China. In this regard, SEDIA has offered them to take part in the Kinabalu Gold Coast Enclave which encompasses development of luxury villas and hotels;
3. SEDIA has also engaged with a group of potential suppliers from the trade mission which can utilise SEDIA as a platform for business matching i.e. to facilitate partnering of both local and foreign SMEs;
4. There was interest shown to promote sister-statehood between Sabah and Shandong, to build economic and cultural ties which would mutually benefit both counterparts.

Conclusion

By and large, the trip to China was viewed by SEDIA as a learning curve, and had provided the much needed business exposure for all delegates. SEDIA hopes that the ideas attained from the trip could successfully be adapted to Sabah, as part of its holistic development initiatives towards achieving the vision of SDC - making Sabah one of the most liveable places in Asia apart from enhancing trade and investment relations with China.

Malaysia Trade and Investment Mission to Singapore

The Malaysia Trade and Investment Mission was held on August 4 until August 5, 2010 in Singapore with its primary objective to enhance bilateral trade and investment ties between Malaysia and Singapore. SEDIA had the opportunity to be a part of the mission, which was appropriately arranged by the Malaysian Industrial Development Authority (MIDA), and participate in a seminar themed 'Business Opportunities in Malaysia'.

Approximately 200 of Singapore's top businesses from the Singapore Business Federation (SBF) were present. The program started with the booths visit by all seminar participants. This provided the opportunity for the participants to look for investment opportunities and forward their queries to booth attendants. Various Singapore-based companies had shown keen interest in Sabah's tourism sector, oil and gas industry, agriculture and green technology sector. This was then followed by a two-hour seminar session which addressed the business opportunities available in Malaysia.



The SEDIA team also had an opportunity to visit various places of interest from which Sabah can learn. There are as follows:

1. The Sentosa Express monorail line - An example for future transport development within a centralized tourism area. Its service is a prime example of a well-connected, timely and efficient service transportation with signage being put up at every station in the three most frequently used languages by visitors, namely, English, Mandarin and Japanese;
2. Siloso Beach - A popular spot for both locals and visitors to Singapore which has unique characteristics. This concept can be considered for Sabah's beach front development projects;
3. The Singapore Cable Car Service - Another Singapore's tourist attraction, a cost effective means to enjoy Singapore's aerial view. This mode of service enhances connectivity and efficiency in navigating traffic flow within a congested area;
4. The Singapore Riverside - The riverside area runs along a Central Business District area which also provides a long strip of dining areas, entertainment, tourism activities and other business opportunities. This is very much like one of SDC's Project initiatives, the Sembulan Beautification project. Some of the attractions that tourists can find would be Singapore's Merlion fountain-statue, Cavenagh Bridge which is the oldest one in Singapore and the Peranakan Museum. Visitors can also do their sightseeing of the riverside area by taking the 'bumboat' river tour.

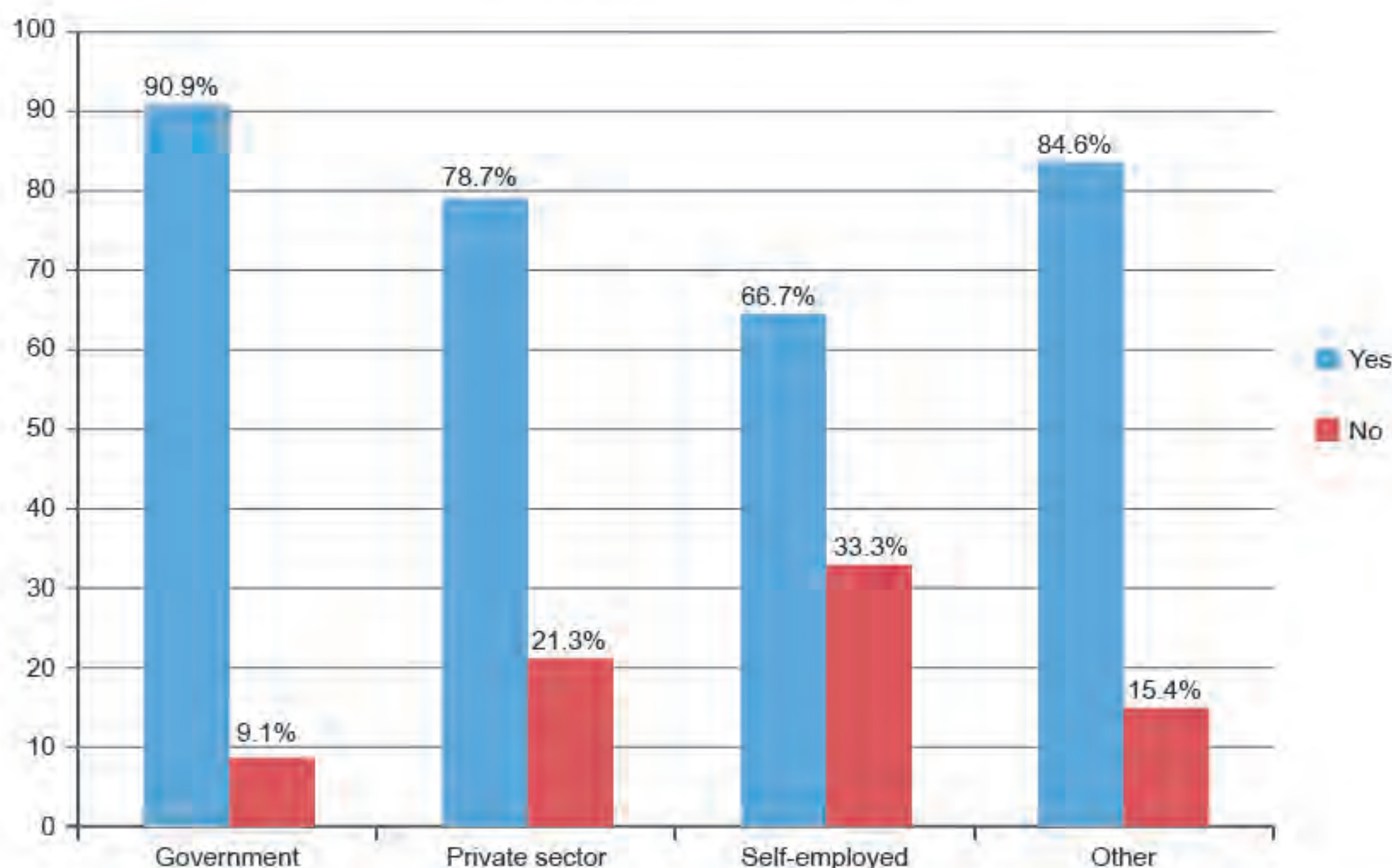
Public awareness survey exercise

During the year 2010, SEDIA participated in several exhibitions and expositions, including the Sabah International Expo which was held on 15th - 19th October. Throughout the event, the participating team from SEDIA had distributed questionnaires to members of the public as well as participants of the expo. The objective of this exercise was to gauge the level of awareness among the public towards the SDC and SEDIA.

The methodology behind the survey exercise involved the distribution of questionnaire forms to the public and booth attendants. Participants were asked to anonymously answer several questions, which emphasised on the understanding, perception and awareness of the public towards SDC and SEDIA, whilst also gathering basic demographic information. The data collected was then utilised to gauge the level of familiarity among the public towards the SDC, SEDIA and its initiatives and projects.

Analysis of the compiled data reveals that the respondents profile demonstrates slightly higher male participation and a majority of participants holding a bachelors' degree as their main education background. Whilst a large majority of the respondents (56.9%) hold a bachelors' degree, 26.5% have a secondary education completion certificate, followed by respondents with a postgraduate degree (14.7%) and 2% with other qualifications. A large majority of the respondents fall under the 21-35 years age group (64.7%) and are living within Kota Kinabalu. The gathered data also reveals that the private sector group provided the largest response to the questionnaire, making up 46.1% of respondents.

Chart 1: SDC Awareness



As indicated in Chart 1, the result indicates that there is high level of awareness among the various working sectors in relation to SDC and its functions. Further analysis of the compiled data reveals that SEDIA, as the implementing agency behind SDC, is widely known among all but one of the groups - the private sector, which garnered a near 50-50 response with a slight bias towards the lower scale.



Based on the results, there is a clear indication that there is high level of awareness and support towards SDC among those who completed the survey. However, the results also showed that there is a need to increase the level of awareness in the private sector so that they have a better understanding with regards to the roles of SDC and SEDIA. The number of participants from the private sector that responded poorly with regards to awareness of poverty eradication programme was substantially higher as compared to the other three groups.

In summary, future marketing activities will accord higher emphasis in reaching out to non-governmental related groups with the goal of achieving a more positive response and a higher level of awareness. As for government servants and those holding other forms of employment, awareness of SDC and SEDIA is currently at a positive level. Future surveys may also benefit from the provision of Malay-language format questionnaires.

Chart 2: Awareness of SDC-SEDIA distinction

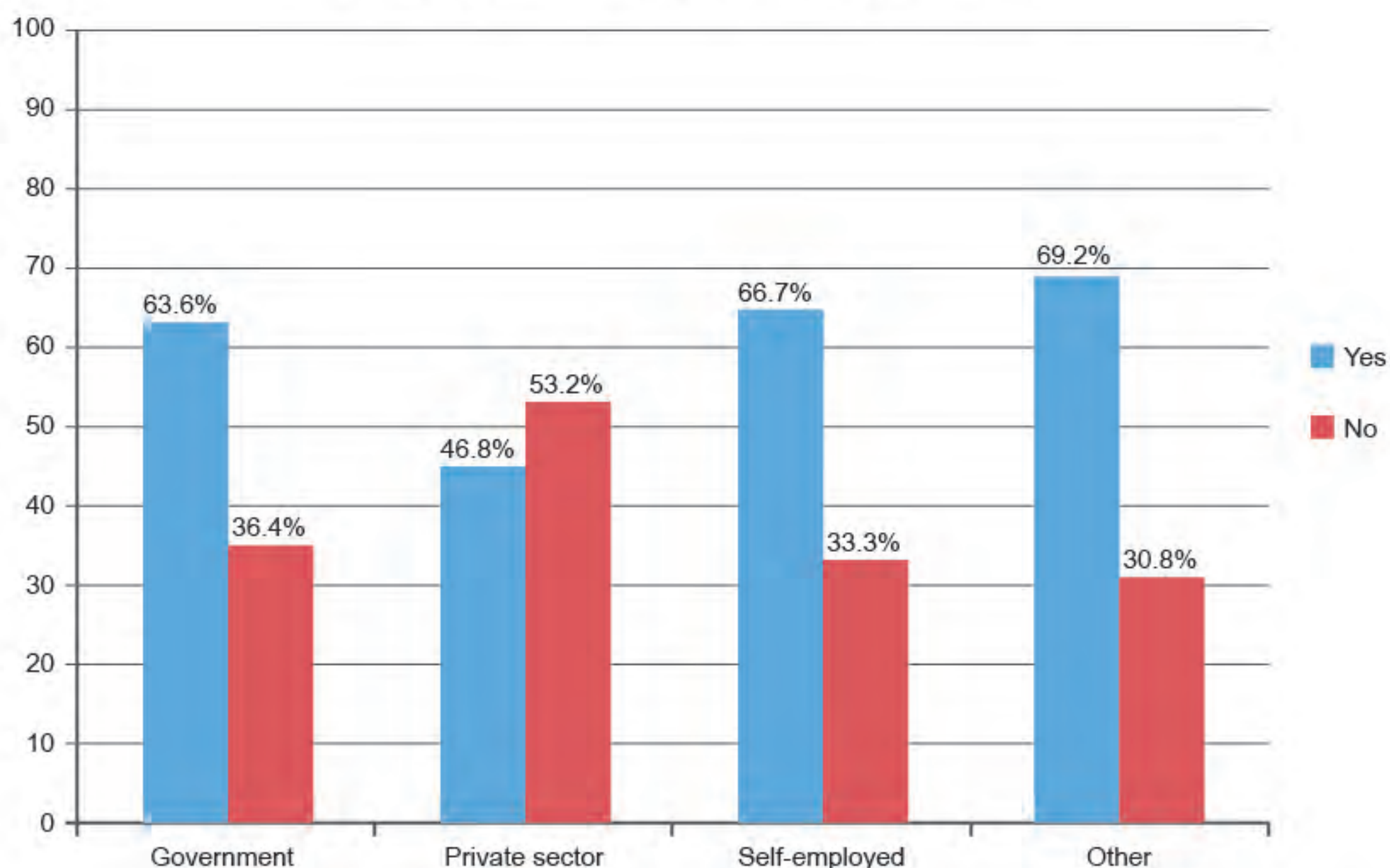


Chart 2 reveals that there are still respondents from each sector, unable to make a distinction between the SDC and its governing authority, particularly from the private sector.

SDC programmes and projects

RM1.27 billion worth of development projects committed by SEDIA

Sabah has fully committed the funds allocated by the Federal Government under the Mid-Term Review of the Ninth Malaysia Plan (MTR-9MP) which has been channelled through SEDIA under the Sabah Development Corridor (SDC) initiative.

There are 54 projects consisting of 34 physical projects and 20 research and training projects with a total approved ceiling of close to RM1.3 billion.

As at 30th September 2010, a total of RM1.27 billion worth of contracts for SDC development projects has been awarded. SEDIA's total disbursement under development expenditure stands at RM558.9 million as at November 2010.

Out of the 54 major approved projects, there are 287 sub-projects. A total of 158 sub-projects worth RM145.9 million have been completed while the remaining 129 sub-projects with contract value of RM1.13 billion are being physically implemented. This includes several infrastructure, education, tourism and agriculture projects throughout the State. Most of the projects being implemented are expected to be completed in 2011.

The following are the list of 54 major development projects approved by the Federal Government for SDC under the Ninth Malaysia Plan.



Research and Training Projects

1. SDC - Hutan Bukan Kayu: Penyelidikan dan Pembangunan (R&D)
2. SDC - Impact Assessment of Palm Oil Plantations and Mills on Quality of Rivers
3. SDC - Kajian Kemungkinan Pembinaan Jalan Serusop - Kelawat, Kota Belud
4. SDC - Social Development BCIC
5. SDC - Taman Kekal Pengeluaran Makanan Sg. Koyah, Kinabatangan
6. SDC - Taman Kekal Pengeluaran Makanan Mandalipau, Papar
7. SDC - Taman Kekal Pengeluaran Makanan Sg. Lokan, Kinabatangan
8. SDC - Taman Kekal Pengeluaran Makanan Langkawit, Papar
9. SDC - Kajian Pelan Pengurusan Lokaliti Stesen dan Hub-Stesen di Taman Banjaran Crocker
10. SDC - Biomass Policy
11. SDC - Kajian Kemungkinan Bagi Mengadakan Sistem Pengangkutan Keretapi Aliran Ringan di Bandaraya Kota Kinabalu dan Kawasan sekitarnya
12. SDC - Industri Minyak dan Gas
13. SDC - Kajian Pelan Induk Pelancongan bagi Kawasan Persisiran Pantai dari Tuaran ke Kota Belud
14. SDC - Kajian Pelan Pengurusan Taman Pulau Penyu
15. SDC - Kajian Alternatif Bekalan Tenaga Letrik ke Taman Tunku Abdul Rahman
16. SDC - Kajian Alternatif Bekalan Air Bersih ke Taman Tunku Abdul Rahman
17. SDC - Kajian Peningkatan Air Panas di Poring Hot Spring, Ranau
18. SDC - Kajian Pembentukan "Wildlife Corridor" Menghubungkan Taman Kinabalu dan Taman Banjaran Crocker
19. SDC - Kajian Pelan Pengurusan Taman Pulau Tiga
20. SDC - Pusat Akuakultur Nasional





Physical Projects

1. SDC - Projek Khas Tanam Baru Dengan Getah di Kawasan Termundur Semenanjung Bengkoka, Pitas
2. SDC - Tanam Baru Getah Berkelompok dengan Klon Lateks Balak
3. SDC - Rekreasi Hutan dan Eko Pelancongan - Menaiktaraf / Penyelenggaraan / Baikpulih Kawasan Pelancongan di Hutan Simpan Kebun Cina.
4. SDC - Perhutanan Masyarakat
5. SDC - Projek Kelompok Industri Berasaskan Kelapa Sawit (Lahad Datu) Fasa II
6. SDC - Penyediaan Infrastruktur bagi Projek Sandakan Education Hub
7. SDC - Projek Berkelompok Berasaskan Kelapa Sawit (Sandakan)
8. SDC - Pembinaan Jalan Pertanian di beberapa daerah (21 sub projek)
9. SDC - Projek Peningkatan Kemudahan Pelancongan (Tenom, Tambunan, Nabawan dan Keningau)
10. SDC - Kuala Penyu Mini Ko-Nelayan Kompleks
11. SDC - Menaiktaraf Kawasan Persekitaran Pusat Bandaraya Kota Kinabalu
12. SDC - Projek Agropolitan Pitas
13. SDC - Projek Agropolitan Kota Belud
14. SDC - Projek Agropolitan Kemabong
15. SDC - Pembangunan Pusat Hub Repositori Maklumat Koleksi Budaya dan Saintifik Muzium Sabah
16. SDC - Pengorekan Dasar Laut - Laluan Masuk ke Kawasan Pelabuhan, Jeti Minyak dan POIC Sandakan
17. SDC - Penaikan Taraf Pameran Tetap Muzium Sabah
18. SDC - Pembinaan Jalan Tongod Pinangah
19. SDC - Menaiktaraf Jalan Labuk dari KM15 ke KM26 (11.0KM), Sandakan
20. SDC - Pembinaan Jalan Maliau Basin, Kalabakan

21. SDC - Pembinaan Jalan Dua Hala dari UITM ke Sepanggar Bay Container Terminal (3KM), Kota Kinabalu
22. SDC - Pembinaan Jalan Dua Hala Lintas Libaran (30KM) dan Naiktaraf Jalan Gum-Gum Kecil (4.9KM), Sandakan
23. SDC - Keningau Integrated Livestock Centre
24. SDC - Projek Agropolitan Beluran
25. SDC - Projek Agropolitan Tongod
26. SDC - Sandakan Airport Expansion
27. SDC - Projek Pembiakan Badak Sumatra di Negeri Sabah
28. SDC - Deep Water Oil & Gas Support Services Hub in Kudat
29. SDC - Pusat Seni Persembahan Sabah, Kota Kinabalu
30. SDC - Nabawan Livestock Industry Development
31. SDC - Projek Mini Estet Sejahtera (MESEJ)
32. SDC - Sabah Agro Industrial Precinct (SAIP)
33. SDC - One District One Product
34. SDC - Projek Penempatan Semula Penduduk Pulau Gaya ke Kg. Gusi, Kinarut



On top of the Federal Government funded projects, SEDIA has also facilitated the implementation of a number of private sector-led projects which are currently on-going, especially, via the public-private partnerships scheme. These projects are being implemented within SDC development clusters identified under the SDC Blueprint such as the Sabah Gold Coast Enclave, Sipitang Oil and Gas Cluster, Palm Oil Industrial Cluster, Sandakan Education Hub, Keningau Integrated Livestock Centre and Sabah Agro-Industrial Precinct.

Next in the agenda of SDC development programmes will be to attract and promote investments into SDC. That will be done in the second phase of SDC implementation which runs from 2011 to 2015.

Sabah Development Corridor - SEDCOVEST 2010 Entrepreneurial Development Programme

Throughout the year 2010, SEDIA had collaborated with SEDCOVEST Holdings Sdn Bhd to provide entrepreneurship development courses. The courses provide the participants with early exposure to entrepreneurship and allow them to get involved in various business sectors.

Participants were also exposed to gain first-hand experience with efficient management systems and learned methods to increase productivity and the quality of production.

These courses facilitate local entrepreneurs to obtain the required licenses or specific certification that will allow them to conduct business legally. Existing Bumiputera entrepreneurs will also gain further knowledge and confidence to conduct business activities as well as gain increased self-reliance through these courses.

The entrepreneurial courses are targeting at students and graduates, potential and existing entrepreneurs, independent women, professionals and future retirees.

Founded in 1995, SEDCOVEST Holdings is a wholly owned subsidiary of Sabah Economic Development Corporation (SEDCO). Its main role is mainly to coordinate, formulate policy and implement socio-economic programmes associated with the development of Bumiputera entrepreneurs in Sabah.



SDC ENTREPRENEURIAL DEVELOPMENT PROGRAMME SUMMARY (BY SECTOR)

List	Sector	Course Total (2010)
A.	Agriculture and Livestock Sector	4
B.	Goods and Services Sector	77
C.	Public Sector	26
D.	Seminar / Briefing	2
Sum Total		109

SUMMARY OF ENTREPRENEURIAL DEVELOPMENT PROGRAMME (BY COURSES)

List	Course	# Courses Conducted	Participants Total	Amount (RM)
1.	Goods & Services	9	363	163,703
2.	Water & Piping	2	82	39,060
3.	Honey farming, Lemongrass & Chilli agriculture workshop	4	119	66,255
4.	Curtain, Linen and Cushion sewing	10	331	204,155
5.	Menswear and Womenswear sewing	6	187	124,250
6.	Civil Engineering	3	130	55,745
7.	Bridal Grooming Service	6	222	89,905
8.	Bridal Cosmetics & Grooming Services (Advanced)	3	81	44,735
9.	Building Contractor	4	173	71,715
10.	Road Contractor	3	112	53,760
11.	Landscape Architecture	3	95	51,635
12.	Laundry Business Training	1	32	15,725
13.	Culinary (Restaurant & Catering)	10	311	167,730
14.	Fryer Cooking	1	51	20,400
15.	Steamed bun-, Chempiang- & Donut-making class	3	111	58,645
16.	Juice processing and Fruit pudding-making class	1	24	16,160
17.	Workplace Washing & Cleaning	10	326	164,440
18.	Steamed Layer Cake processing	8	249	143,645
19.	Cake, Bun & Biscuit processing	13	446	242,510
20.	Virgin Coconut Oil processing	3	77	48,530
21.	Construction Project Management	2	74	35,685
22.	Beauty Therapy and Grooming	1	30	13,385
23.	Halal MS 1900:2005 Seminar	1	270	18,876
24.	HAFSTAR Seminar	1	395	156,878
Sum Total		109	4,369	2,083,012

Poverty Eradication Initiative through collaboration with the Sabah Rubber Industry Board

The Sabah Rubber Industry Board (LIGS) has conducted two main programmes under the Sabah Development Corridor poverty eradication initiative. These are Clustered New Rubber Planting Project with Timber Latex Clones; and Rubber Planting in Bengkoka Peninsula, Pitas.

LIGS, a statutory body under the Sabah State government, is best recognised for its efforts in implementing rubber plantation development activities for smallholders within the rural areas of Sabah, and also implementing and promoting the growth of rubber-based industries. The main policies of LIGS include establishing a regular and sustainable source of income for farmers who practice nomadic agriculture and hardcore poor farmers; increasing productivity and income of smallholders; and enhancing the transfer of new technology to the smallholders.

Clustered New Rubber Planting Project with Timber Latex Clones

The first of the two programmes, the Clustered New Rubber Planting Project with Timber Latex Clones, had actually been in place since 1981 but is now listed under the Sabah Development Corridor. This program is targeting the local villagers who have idle land and practice subsistence farming systems, with a clustered area no less than 100 acres.

Project participants are expected to earn between RM3,000 to RM4,500 per month at current prices of RM7.50 per kilogram of latex (as of 11/04/11) with an area of 4 hectares. Additionally, while waiting for the rubber plantations to mature, LIGS would enable the participants to work in their respective fields and will be paid at the rate prescribed. For this type of activity, the project participants will earn between RM500 to RM800 per month per person.

Poverty Eradication Project through Rubber Planting Activities in Bengkoka Peninsula, Pitas

Based on statistics taken until the year 2007, the Pitas district in the north of Sabah was found to be the poorest district in Malaysia with a total of 3,581 people in 2004 and a total of 2,381 people in 2007 living below the poverty line. More than 73% of the population within this region obtain income through shifting agricultural practices.

The end goal for this project is to reduce poverty and extreme poverty as a whole in Pitas; increase the productivity of land that is idle and incompatible with other commercial crops; and ensuring the continuous supply of rubber and rubber wood. Rubber cultivation at a large scale (10,000 hectares) had been identified to serve as a platform to help the people in this area. Development of the area was initiated in 2005 (8MP) and completed in 2010. Beginning in 2009, further development of this project has been placed under the Sabah Development Corridor (SDC).

In this project, a sum total of 10,000 hectares has been allocated for 2500 participants, to be developed in stages over five years, on land which has been gazetted as rubber plantation. Development of this project will adopt the concept of rubber plantation clusters, as this model has been proven earlier to be effective.



Participants of the Poverty Eradication Initiative in Pitas working in the rubber plantations.

Performance Report

SDC DEVELOPMENT PROJECTS BREAKDOWN BY SECTOR (DURING NINTH MALAYSIA PLAN)

Infrastructure	Manufacturing	Agriculture	Tourism	Human Capital	Total for Ninth Malaysia Plan
457,215,000.00	431,000,000.00	339,760,010.00	46,025,010.00	3,000,000.00	1,277,000,020.00
35.8%	33.75%	26.61%	3.6%	0.24%	100%

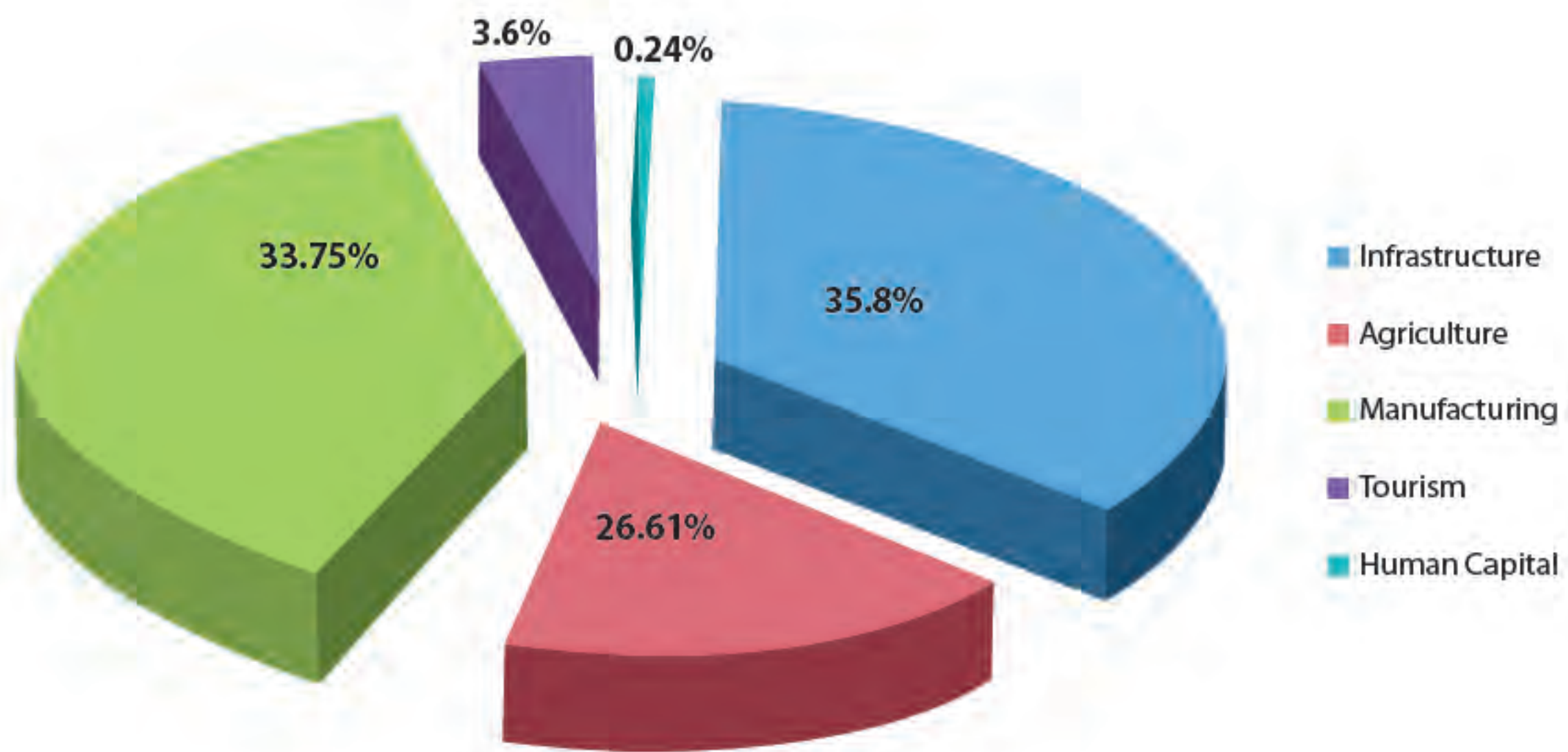


Chart 3: SDC Development Projects Breakdown By Sector (during Ninth Malaysia Plan)

SDC DEVELOPMENT PROJECTS ALLOCATION / DISBURSEMENT BREAKDOWN BY SECTOR IN 2010

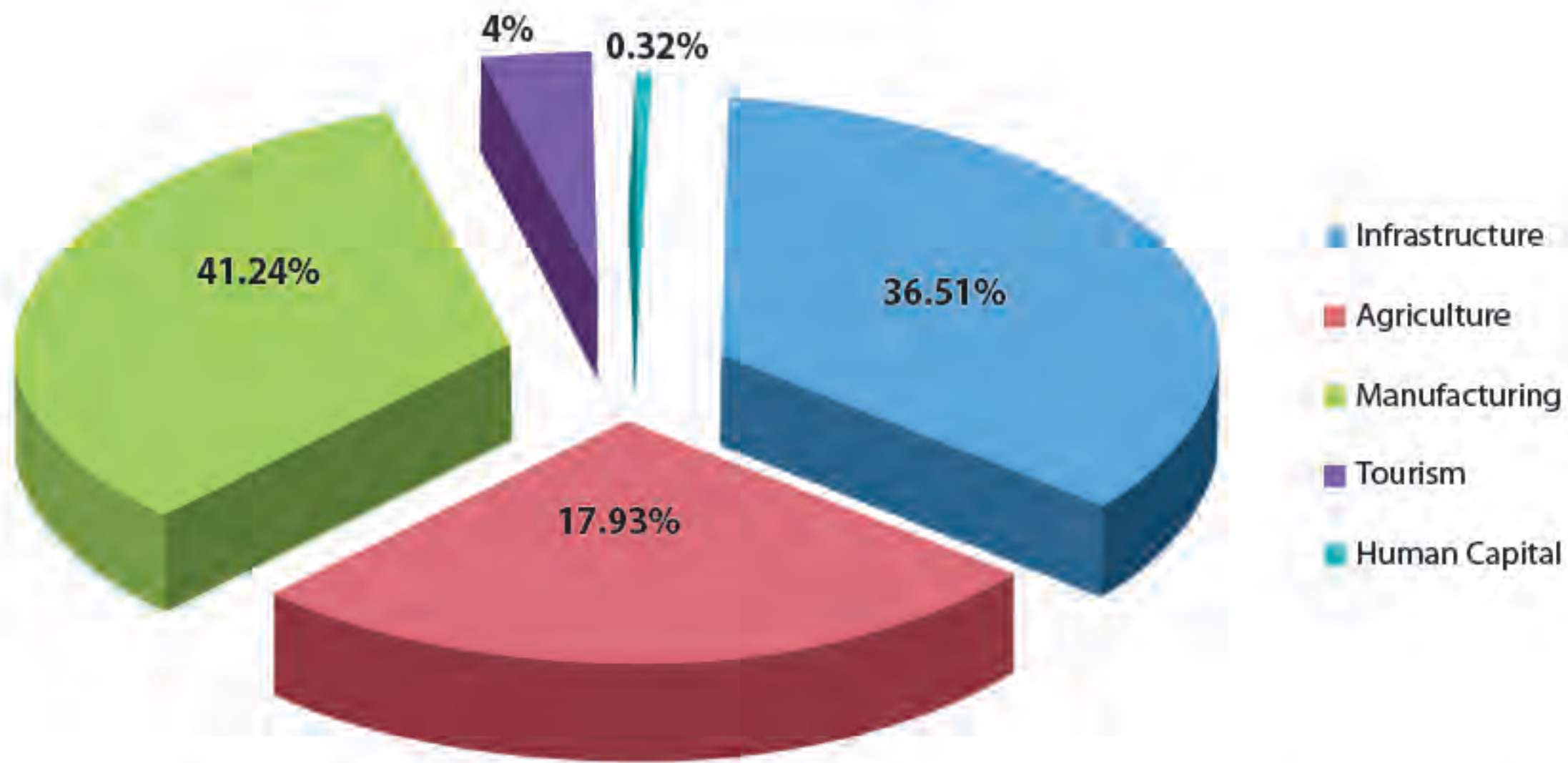


Chart 4 (i): SDC Development Projects Allocation / Disbursement Breakdown By Sector In 2010

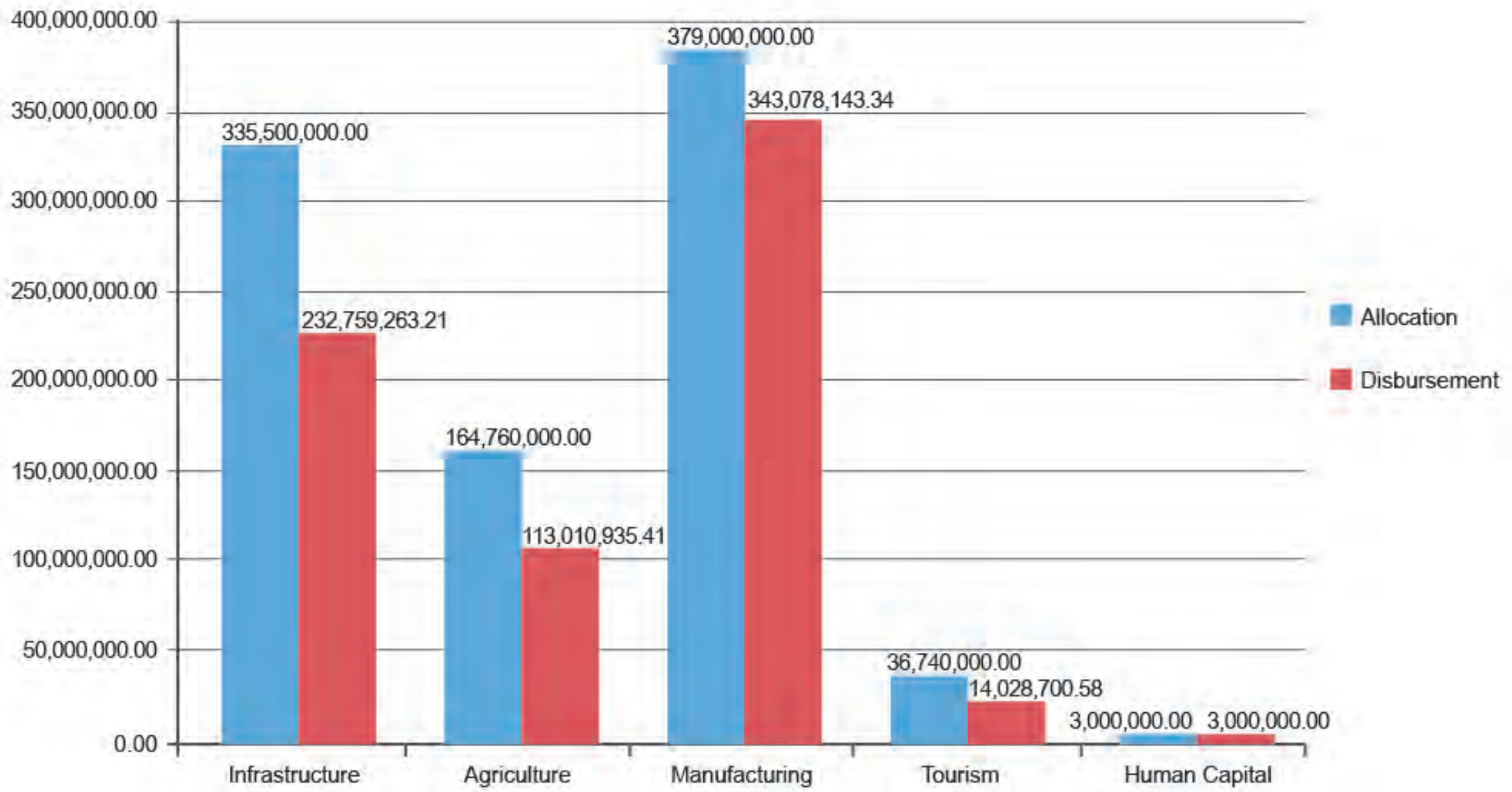


Chart 4 (ii): SDC Development Projects Allocation / Disbursement Breakdown By Sector In 2010

Financial Report 2010

SABAH ECONOMIC DEVELOPMENT AND INVESTMENT AUTHORITY

Established in Malaysia Under the Sabah Economic Development
and Investment Authority Enactment 2009

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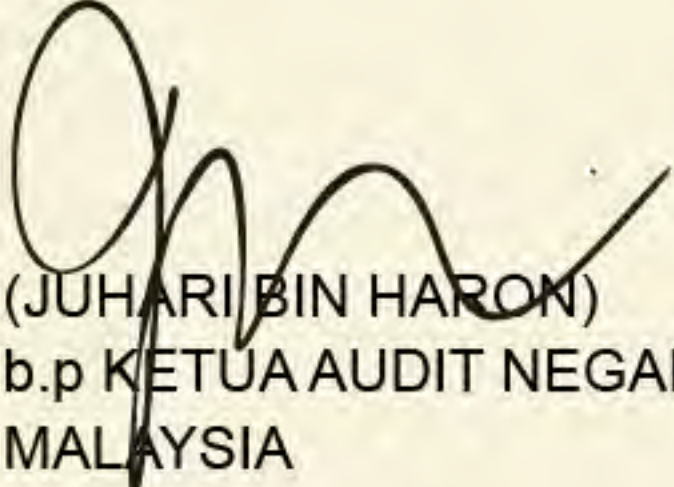


**SIJIL KETUA AUDIT NEGARA
MENGENAI PENYATA KEWANGAN
PIHAK BERKUASA PEMBANGUNAN EKONOMI DAN PELABURAN SABAH
BAGI TAHUN BERAKHIR 31 DISEMBER 2010**

Penyata Kewangan Pihak Berkuasa Pembangunan Ekonomi Dan Pelaburan Sabah (SEDIA) bagi tahun berakhir 31 Disember 2010 telah diaudit oleh wakil saya. Pihak pengurusan bertanggungjawab terhadap Penyata Kewangan ini. Tanggungjawab saya adalah mengaudit dan memberi pendapat terhadap Penyata Kewangan tersebut.

Pengauditan telah dilaksanakan mengikut Akta Audit 1957 dan berpandukan piawaian pengauditan yang diluluskan. Piawaian tersebut menghendaki pengauditan dirancang dan dilaksanakan untuk mendapat kepastian yang munasabah sama ada Penyata Kewangan adalah bebas daripada kesilapan atau ketinggalan yang ketara. Pengauditan ini termasuk memeriksa rekod dan dokumen secara semak uji dan bagi memastikan ketepatan angka dan pendedahan yang mencukupi dalam Penyata Kewangan. Penilaian juga dibuat terhadap prinsip perakaunan yang digunakan, unjuran signifikan oleh pengurusan dan persembahan Penyata Kewangan secara keseluruhan. Saya percaya pengauditan yang dilaksanakan memberi asas yang munasabah terhadap pendapat saya.

Pada pendapat saya, Penyata Kewangan ini memberi gambaran yang benar dan saksama terhadap kedudukan kewangan Pihak Berkuasa Pembangunan Ekonomi Dan Pelaburan Sabah (SEDIA) pada 31 Disember 2010 serta hasil operasi dan aliran tunai untuk tahun tersebut adalah selaras dengan piawaian perakaunan yang diluluskan.


(JUHARI BIN HARON)
b.p KETUA AUDIT NEGARA
MALAYSIA

KOTA KINABALU
16 NOVEMBER 2011



Statement of Corporate Governance

The Statement of Corporate Governance sets out the framework and process through which Members of Sabah Economic Development and Investment Authority ("The Authority") and the Management of Sabah Economic Development and Investment Authority ("SEDIA Management") ensure that the operational policies and procedures are in accordance with the prevailing laws, rules, regulations and best practices.

Sabah Economic Development and Investment Authority ("SEDIA") is entrusted as a One-Stop Authority to drive the Sabah Development Corridor ("SDC"), with the primary responsibility to plan, co-ordinate, promote and accelerate the development of SDC.

Section 4 of the *Sabah Economic Development and Investment Authority Enactment 2009* ("SEDIA Enactment") stipulates that the Yang Di-Pertua Negeri may, from time to time, determine by notification in the gazette, the project or projects over which, the Authority shall perform its function under this Enactment and such projects shall be collectively known as the "Sabah Development Corridor".

The Authority

The Authority is the highest decision-making body of SEDIA. It is governed by its Members under the chairmanship of **Y.A.B. Datuk Seri Panglima Musa Haji Aman**, the Chief Minister of Sabah and Minister of Finance.

Other Members of the Authority during the year are:

- **Y.B. Tan Sri Datuk Seri Panglima Joseph Pairin Kitingan**,
Deputy Chief Minister and Minister of Infrastructure Development, Sabah;
- **Y.B. Datuk Peter Pang En Yin**,
Deputy Chief Minister and Minister of Youth and Sports, Sabah;
- **Y.B. Datuk Sukarti Wakiman**,
State Secretary of Sabah;
- **Y.Bhg. Tan Sri Datuk Seri Panglima Dr Wan Abdul Aziz Bin Wan Abdullah**,
Secretary General of Treasury, Ministry of Finance, Malaysia;
- **Y.Bhg. Dato' Dr Ali Hamsa**,
Director General, Unit Kerjasama Awam Swasta (UKAS)
Prime Minister's Department;
- **Y.Bhg. Datuk Pg. Hassanel B. Datuk Pg. Hj. Mohd Tahir**,
(from 01.02.2010 replacing Y.Bhg. Datuk Hj. Yusoff Bin Datuk Hj. Mohd Kassim following his retirement),
Permanent Secretary, Ministry of Finance; and
- **Y.Bhg. Datuk Ismail Abdullah**,
Director, State Economic Planning Unit (UPEN)

While **Y.Bhg. Datuk Dr Mohd Yaakub Hj Johari** is the Secretary to the Authority cum President and Chief Executive of SEDIA

The Authority is committed to ensure SEDIA practices the highest standards of corporate governance, in keeping with the Malaysian Code of Corporate Governance.

The Authority provides strategic directions, reviews and approves policies and decisions for the development and promotion of Sabah Development Corridor, ensuring proper financial administration and administrative support as well as oversees the overall management of SEDIA.

Authority Meeting

During the financial year under consideration ended 31 December 2010, two Authority Meetings were convened. The agenda and full set of papers for deliberation were distributed in a timely manner before each meeting. This was to ensure that the Members had sufficient notices and thus, well prepared for each meeting. All issues were deliberated and decisions made were accordingly minuted.

SEDIA Committees

To assist the Authority in the performance of its functions and duties, under section 9 of SEDIA Enactment, the following SEDIA Committees have been established:

- Implementation Co-ordination Committee;
- Nomination, Establishment and Remuneration Committee;
- Finance and Investment Committee;
- Audit Committee;
- Development Planning Committee;
- Consultative Panel and Focus Group; and
- Tender and Procurement Board

Accounting and Audit

The Authority is committed to ensure that it provides a clear, comprehensive, true and fair view of SEDIA's financial management and performance at the financial year end, primarily through the financial statement and annual report. The financial statement was internally prepared and audited by the external audit, under statutory purview of the National Audit Department (Jabatan Audit Negara) within the provisions of *Audit Act 1957* [Act 62] and in line with provisions under *Sabah Economic Development and Investment Authority Enactment 2009*.

Internal & External Controls and Compliance

Management

In the day to day operations, SEDIA is managed by the Chief Executive. In furtherance of the objectives and effective performance of the functions of SEDIA, the Chief Executive is assisted by the Management Members. The Chief Executive, appointed by the Authority, has management control over all the officers and staffs of SEDIA. All official management decisions, operational and financial transactions are deliberated, prepared and verified by the officers and requires the Chief Executive's approval prior to being executed and allowed for publications and distributions.

Operational and Financial

For all its administrations and financial procurements and approvals, SEDIA is guided by an internal guideline as laid down under *A Summary of Operating Procedures Governing The Limits of Administrative and Financial Authority for Members, Committees, Chief Executive and Management Members of SEDIA* ("SEDIA LOA"). Also for service and work procurements and approvals of development projects of Sabah Development Corridor, SEDIA is guided by the provisions of the *Treasury Instructions* and decided by Tender and Procurement Board of SEDIA ("SEDIA TPB").

In addition, SEDIA is also subjected to the *Financial Procedure Act 1957* [Act 61] and all other financial procedures as laid down from time to time by State of Sabah and Federal Ministry of Finance and Prime Minister's Department.

The internal and external control system is provided to safeguard SEDIA from fraud, loss or failure in its functions and operations.

Annual Financial Review

Income Statement

SEDIA's financial performance in 2010 had been aligned to its objectives as stated in this report and relied on operating grants from the Federal Government of Malaysia.

During the financial year, SEDIA financed its operational and administrative requirements from surplus of grants from the preceding year (2009) amounting to RM13,873,539 (restated). During the year being reviewed SEDIA was in full operation and had taken the full responsibility to administer, manage, disburse development allocations as well as monitoring physical progress and promoting SDC's programmes and its' objectives.

The key financial highlights for the year ended 31 December 2010 are as follows:

- For the year ended 31 December 2010, SEDIA had a deficit over income of RM5,683,656. The significant deficit was due to SEDIA not being allocated any Government grant during the year due to the surplus of grants from preceding year (2009).
- SEDIA had recruited additional staffs in order to be fully operational by 2010. This exercise enabled SEDIA to perform its core functions of planning, marketing and promoting as well as managing and implementing SDC projects. As a result, the number of employees increased from 23 in 2009 to 62 in 2010 resulting in an increase in personnel costs of RM2,986,713 in 2010 as compared to RM607,331 in 2009. This had inevitably led to an increase in operating expenditure to RM5,963,569 in 2010 as compared to RM950,412 in 2009.

The other main components of the operating costs are as follows:

- Increase in promotional costs from RM53,433 in the previous year to RM773,407 in current year as a result of more concerted effort in marketing and promoting SDC. These activities consisted of strategic media campaigns, participation in overseas trade missions, conferences and seminars, and domestic trade expos and exhibitions as well as other promotional and awareness events.
- SEDIA's continuing efforts in capacity building, especially in project management and development planning and support services have contributed to an increase in other administrative costs to RM2,203,449 in current year as compared to RM289,648 in 2009.

Balance Sheet

Major items of the Balance Sheet are as follows:

- During the year, capital expenditure on motor vehicles, computers, office equipment and furniture and fittings of RM1,030,199 were incurred as SEDIA continues with its operational expansion.
- Other receivables, deposits and prepayments balance as at year end was RM1,224,530 mainly consist of premises deposit, staff advances and receivable from MoF Sabah.
- As at 31 December 2010, the operational cash balance stood at RM5,461,882 for operational expenditures and operational commitments.
- Development expenditure cash balance as at 31 December 2010 amounted to RM217,010,685 (Short term deposit: RM159,711,887 and Cash in bank: RM63,890,193) which was mainly reserved for contractual obligations for projects implemented under Ninth Malaysian Plan (RMK-9).
- Special project grant cash balance as at 31 December 2010 amounted to RM113,233 is for Satellite Bio-Technology Project (SBTP) to fund R&D activities, material expenditures and commitments.
- Other payables as at 31 December 2010 of RM87,433 consisted of contractual obligations under the operating fund to be settled after the year end.

For the financial year 2011, SEDIA had intensified its activities and programmes, pursuant to its objectives to promote Sabah Development Corridor and to further enhance its operational capacity, capability and competency. Strategic fund management and placement on its consolidated funds had been initiated as stipulated under section 5, section 7, section 14 and section 15 of SEDIA Enactment 2009.

Statement by the Members of Sabah Economic Development and Investment Authority

We, DATUK SERI PANGLIMA MUSA HJ AMAN and DATUK PETER PANG EN YIN being two of the Members of SABAH ECONOMIC DEVELOPMENT AND INVESTMENT AUTHORITY state that, in the opinion of the Members of the Authority, the accompanying balance sheet, income statement, statement of changes in equity and cash flow statement are properly drawn up in true and fair view of the state of affairs of SABAH ECONOMIC DEVELOPMENT AND INVESTMENT AUTHORITY as at 31 December 2010 and of its operating results and cash flows for the period ended on that date.

On behalf of the members,



NAME : DATUK SERI PANGLIMA MUSA HJ AMAN
POSITION : CHAIRMAN
DATE : 28 OCTOBER 2011
PLACE : KOTA KINABALU



NAME : DATUK PETER PANG EN YIN
POSITION : DEPUTY CHAIRMAN II / CHAIRMAN OF AUDIT COMMITTEE
DATE : 28 OCTOBER 2011
PLACE : KOTA KINABALU

Statutory Declaration

- by the Officers primarily responsible for the
Financial Management of SEDIA

We, DATUK DR MOHD YAAKUB BIN HJ JOHARI and YUNUS GASTOM ABDULLAH, the officers primarily responsible for the financial management of SABAH ECONOMIC DEVELOPMENT AND INVESTMENT AUTHORITY, do solemnly and sincerely declare that the accompanying balance sheet, income statement, statement of changes in equity and cash flows statement, to the best of our knowledge and belief, are correct and we make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared by the above named at KOTA KINABALU, Sabah this day 21 September 2011



DATUK DR MOHD YAAKUB BIN HJ JOHARI, J.P.



YUNUS GASTOM ABDULLAH

Before me,



COMMISSIONER FOR OATHS

G1, Block B, Ground Floor,

Wisma MUIS, Sembulan

Peti Surat 12655,

88100 Kota Kinabalu.

Tel: 088-230658

Tel/Fax: 088-234659

Balance Sheet

As at 31 December 2010

	Note	FYR 2010 RM	(Restated) FYR 2009 RM
NON-CURRENT ASSETS			
Property, Plant & Equipment	3	2,050,689	1,455,278
CURRENT ASSETS			
Other Receivables, Deposits and Prepayments	4	1,224,530	138,270,906
Short Term Deposits	5	159,711,887	-
Cash & Bank Balances	6	69,465,308	312,530,702
		230,401,725	450,801,608
CURRENT LIABILITIES			
Other Payables & Accruals	7	87,433	1,550,296
Hire Purchase Payables	8	43,731	18,010
		131,164	1,568,306
NET CURRENT ASSETS		230,270,561	449,233,302
		232,321,250	450,688,580
REPRESENTED BY :			
Operating Fund		8,189,883	13,873,539
NON-CURRENT LIABILITIES			
Hire Purchase Payables	8	338,065	137,358
Government Fund	9	223,708,034	436,677,683
Special Project Grant	10	85,268	-
		224,131,367	436,815,041
		232,321,250	450,688,580

Income Statement

For the year ended 31 December 2010

	Note	FYR 2010 RM	Restated 26.02.2009 - 31.12.2009 RM
Operating grants recognised		-	14,800,000
Other income	11	301,098	24,829
		301,098	14,824,829
Expenses			
Operating expenses	12	(5,963,569)	(950,412)
Interest expenses		(21,185)	(878)
(Deficit) / Surplus for the year		(5,683,656)	13,873,539

Statement of Changes in Equity

For the financial year ended 31 December 2010

	Note	Restated Operating funds RM
At 26 February 2009		
Surplus for the period		15,005,161
Prior year adjustments	15	(1,131,622)
At 31 December 2009		13,873,539
Deficit for the year ended 2010		(5,683,656)
At 31 December 2010		8,189,883

Cash Flow Statement

For the financial year ended 31 December 2010

	Note	FYR 2010 RM	Restated 26.02.2009 - 31.12.2009 FYR 2009 RM
CASH FLOW FROM OPERATING ACTIVITIES			
(Deficit) / Surplus for the financial year / period		(5,683,656)	13,873,539
Adjustment for :			
Depreciation of property, plant & equipments		434,788	1,097
Interest income		(260,995)	(23,934)
Interest expenses		21,185	878
(Deficit) / Surplus before working capital changes		(5,488,678)	13,851,580
INCREASE / (DECREASE) IN :			
Other receivables and deposits		137,046,376	(138,270,906)
Other payables and accruals		(1,462,863)	1,550,296
Net Cash generated from / (used in) operating activities		130,094,835	(122,869,030)
CASH FLOW USED IN INVESTING ACTIVITY			
Interest received		260,995	23,934
Purchase of property, plant and equipment	3	(766,799)	(1,299,575)
Net cash used in investing activities		(505,804)	(1,275,641)
CASH FLOW USED IN FINANCING ACTIVITIES			
Interest paid		(21,185)	(878)
Payment to hire purchase payable		(36,972)	(1,432)
Net development fund (utilised) / received		(212,969,649)	436,677,683
Proceed from special project grant		85,268	-
Net cash (used in) / generated from financing activities		(212,942,538)	436,675,372
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(83,353,507)	312,530,702
CASH AND CASH EQUIVALENTS			
AT BEGINNING OF FINANCIAL YEAR / PERIOD		312,530,702	-
CASH AND CASH EQUIVALENTS			
AT END OF FINANCIAL YEAR / PERIOD		229,177,195	312,530,702
(i) Cash and cash equivalents			
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		FYR 2010 RM	FYR 2009 RM
Cash and bank balances		69,465,308	312,530,702
Short term deposits		159,711,887	-
		229,177,195	312,530,702

Notes to the Financial Statements

31 December 2010 (Continued)

1. GENERAL INFORMATION

SABAH ECONOMIC DEVELOPMENT AND INVESTMENT AUTHORITY ("SEDIA") was established under the *Sabah Economic Development and Investment Authority Enactment, 2009*. The Sabah State Legislative Assembly had approved the instrument for the establishment of SEDIA via the adoption of *Sabah Economic Development and Investment Authority Enactment 2009* on 15 January 2009.

The Enactment was assented by Tuan Yang Terutama Negeri Sabah on 23 February 2009 and gazetted on 26 February 2009, thereafter officially commenced operations on 2 March 2009.

The main activities of SEDIA are to act as the single authority empowered to promote and accelerate the development of the Sabah Development Corridor ("SDC") into a leading economic region and choice destination for investment, work and living and to ensure that social development and sustainable development are kept as priorities whilst driving economic growth in the Sabah Development Corridor.

The total number of employees of SEDIA ("The Authority") at year end was 62(2009: 23).

The address of the principal office of operation of SEDIA is:

Lot 1-2, Wisma SEDIA,
Off Jalan Pintas Penampang,
P. O. Box 17251,
88873 Kota Kinabalu,
SABAH, MALAYSIA

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by SEDIA and are consistent with applicable approved standards for private entities issued by the Malaysian Accounting Standards Board ("MASB").

a. Basis of Accounting

The financial statements of SEDIA are prepared based on the historical cost except as disclosed in the notes to the financial statements and in compliance with the provisions of the *Sabah Economic Development and Investment Authority Enactment, 2009* and applicable approved accounting standard for private entities in Malaysia.

b. Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

Depreciation

Property, plant and equipment purchased at cost of RM500 and below are expensed as incurred. Depreciation of the property, plant and equipment is provided for on a straight line basis to write-off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Motor Vehicles	25%
Computers, Software and Printers	33 $\frac{1}{3}$ %
Furniture and Fittings, Office Equipment and Renovation	20%

Notes to the Financial Statements

(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment acquired under hire purchase arrangements are capitalised at their purchase costs and depreciated on the same basis as owned assets. The total amount payables under hire purchase arrangements are included as hire purchase liabilities.

The interest component of hire purchase payments is recognised in the income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period.

c. Impairment of Assets

At each balance sheet date, the Authority reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, the impairment is measured by comparing the recoverable amount with the carrying amount of an asset and when the latter amount is higher, the asset is written down to the recoverable amount. The recoverable amount of an asset is the higher of its net selling price and its value in use, which is measured by reference to discounted future cash flows.

An impairment loss is charged to the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset. Should the impairment loss of an asset exceed its revaluation surplus, the remaining impairment loss is charged to the income statement.

Subsequent increase in the recoverable amount of an asset if carried at cost, is treated as a reversal of the accumulated impairment loss previously recognised in the income statement but the reversal is limited to the accumulated impairment loss previously recognized, and if carried at revalued amount, is credited directly to revaluation surplus.

d. Taxation

Current tax is the expected amount of income taxes payable in respect of dividend income pursuant to the tax exemption obtained from the Ministry of Finance as mentioned in Note 13. It is measured using the tax rates that have been enacted at the balance sheet date.

e. Other Receivables, Deposits and Prepayment

Other receivables, deposits and prepayments are carried at anticipated realisable values. Bad debts are written off in the financial year in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the financial year end.

f. Cash and Cash Equivalents

Cash and cash equivalents consist of cash and bank balances, and deposit which are readily convertible to known amount of cash and which are subjected to a low risk of change in value.

g. Other payables and accruals

Other payables and accruals are stated at the amounts which the Authority is contracted or obligated to settle plus any incidental legal expenses.

h. Hire purchase transactions

The cost of property, plant and equipment acquired under hire purchase agreement is capitalised under property, plant and equipment and the corresponding obligations are taken up as liability. Hire purchase interest is taken up in the statement on a sum-of-digits basis over the period of the hire purchase agreements.

i. Government grants**i. Operating grant**

Operating grant is recognised in the income statement when the rights to receive the grants are approved and the grants have been received.

ii. Development fund

Development fund is managed on behalf of and funded by the Federal Government under Ninth Malaysia Plan (RMK-9) for various projects and used for Sabah Development Corridor Programs in Sabah. The fund will be recognised as a liability in the balance sheet when the rights to receive the funds are approved and the funds have been received.

iii. Special project grant

These represent funds received from the Ministry of Science, Technology and Innovation, Malaysia (MOSTI) for the Satellite Bio-Technology project. The grant will be recognised as a liability in the balance sheet when the rights to receive the grants are approved and the grants have been received.

j. Interest income**i. Operating fund**

Interest income generated from operating fund is recognised in the income statement when there is reasonable assurance that it will be received during the financial year.

ii. Development fund and special project grant

Interest income generated from development fund and special project grant is recognised as addition to the fund when there is reasonable assurance that it will be received during the financial year.

k. Interest expense

All interest and other costs incurred in connection with borrowings are expensed as incurred.

l. Employee Benefits**i. Short Term Benefits**

Wages, salaries, allowances, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of SEDIA. Short term accumulating compensated absences such as paid annual leaves are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absence occur.

ii. Defined Contribution Plan

SEDIA is required by law to make monthly contributions to Employees Provident Fund ("EPF"), a statutory defined contribution plan for all its eligible employees based on certain prescribed rates of the employees' salaries. SEDIA contributions to EPF are disclosed separately. The employee's contributions to EPF are included in salaries and wages.

m. Cash Flow Statement

SEDIA adopts the indirect method in the preparation of the cash flow statement. Cash equivalents are short-term in nature, high liquid investment with maturities of less than three months from the date of acquisition as well as being readily convertible to cash with insignificant risk of changes in value.

Notes to the Financial Statements

(continued)

3. PROPERTY, PLANT AND EQUIPMENTS (continued)

	Motor Vehicles RM	Computer, Printer and Software RM	Furniture, Fittings, Office Equipment and Renovation RM	Total RM
COST				
At 01 January 2010	291,812	26,833	1,137,730	1,456,375
Additions	302,751	30,215	697,233	1,030,199
At 31 December 2010	594,563	57,048	1,834,963	2,486,574
ACCUMULATED DEPRECIATION				
At 01 January 2010		866	231	1,097
Charge for the year	140,042	14,180	280,566	434,788
At 31 December 2010	140,042	15,046	280,797	435,885
NET CARRYING VALUE				
As at 31 December 2010	454,521	42,002	1,554,166	2,050,689
As at 31 December 2009	291,812	25,967	1,137,499	1,455,278
Depreciation charge for the period ended 31 December 2009		866	231	1,097

- a. Included in property, plant and equipment is motor vehicles with net book value of RM356,329 (2009: RM174,223) which are acquired under hire purchase arrangement.
- b. During the financial year, the Authority acquired property, plant and equipment with an aggregated cost of RM1,030,199 (2009: RM1,456,375) of which RM263,400 (2009: RM156,800) was acquired by means of hire purchase arrangement. Cash payments of RM766,799 were made to purchase property, plant and equipment.

4. OTHER RECEIVABLES AND DEPOSITS

	2010 RM	2009 RM
Deposits	74,752	2,000
Advances	5,967	-
Other receivables	1,143,811	138,268,906
Total	1,224,530	138,270,906

5. SHORT TERM DEPOSITS

During the financial year the Authority has placed deposits in the Short Term Money Market Deposit (STMMD) with licensed banks.

6. CASH AND BANK BALANCES

	2010 RM	2009 RM
Cash in hand	1,695	1,000
Cash at banks	69,463,613	312,529,702
Total	69,465,308	312,530,702

7. OTHER PAYABLES AND ACCRUALS

	2010 RM	Restated 2009 RM
Due to contractor/consultant on contract	52,407	1,115,563
Other payables and accruals	35,026	434,733
Total	87,433	1,550,296

Notes to the Financial Statements

(continued)

8. HIRE PURCHASE PAYABLES

Future minimum payments are as follows:	2010 RM	Restated 2009 RM
Payable within one year	64,241	27,731
Payable between one to five year	256,966	110,925
Payable after 5 years	141,036	53,152
	462,243	191,808
Less: Finance charges	(80,447)	(36,440)
	381,796	155,368
Representing hire purchase payables :		
Due within 12 months (under current liabilities)	43,731	18,010
Due after 12 months (under long-term liabilities)	338,065	137,358
	381,796	155,368

The effective interest rate for the year ranged from 5.07% to 6.27% (2009: 6.27%) per annum.

9. DEVELOPMENT FUND

	2010 RM	Restated 2009 RM
Opening balance	436,677,683	-
Add : Development fund received from Government	359,000,000	559,755,048
Add : Unutilised fund refunded by related agencies	37,347,379	-
	833,025,062	559,755,048
Add : Interest income	6,697,349	-
	839,722,411	559,755,048
Less: Utilisation of development grant for the year	(616,014,377)	(123,077,365)
As at 31 December	223,708,034	436,677,683

10. SPECIAL PROJECT GRANT

During the current year, SEDIA, as the lead implementing agency for Sabah Agro-Industrial Precinct (SAIP) has received the balance of MOSTI's grant for the purpose of Satellite Bio-Technology Project from Institute for Development Studies (Sabah) following the transfer of the project team from IDS, Sabah to SEDIA's Knowledge and Technology Management Division.

11. OTHER INCOME

	Year Ended 31.12.2010 RM	Restated 26.02.2009 - 31.12.2009 RM
Interest income	260,995	23,934
Other income (Tender fees, SDC blueprint books and CDs)	40,103	895
Total	301,098	24,829

12. OPERATING EXPENSES

The details of operating expenses as follows:

	Year Ended 31/12/2010 RM	Restated 26.02.2009 - 31.12.2009 RM
Auditors' Remuneration	25,000	16,000
Allowances for Board Members and Committees	598,200	4,964
Salaries, Allowances and Benefits	2,178,802	562,972
EPF, SOCSO & Pension Contribution	209,711	39,395
Rental Expenses	270,907	63,358
Utilities Charges	73,809	525
Printing and Stationeries	135,220	39,115
Medical and Clinical Charges	67,507	1,978
Insurance	68,474	11,850
Entertainment and Hospitality	38,605	6,659
Training and Human Capital Development	24,060	730
Trade Missions and Investment Promotions	16,764	-
Exhibitions and Road Shows	420,626	-
Conference and Seminars	87,379	-
Corporate Branding and Marketing	240,683	53,433
Sponsorships	7,955	-
In-House Meeting Expenses	45,873	-
Publications, Multimedia and Advertisements	57,920	571
Postage and Courier Charges	2,784	494
Transportation, Leasing and Vehicle Maintenance	128,110	42,277
Airfares and Outstation Transport Charges	381,713	42,120
Subsistence Allowances	61,961	790
Lodging and Accommodations	113,486	1,240
Upkeep Of Office Equipment, Premise and Services	62,465	54,220
Depreciation	434,788	1,097
Subscription Fees, Technical Update and ICT Expenses	154,363	4,736
Legal, Professional, Research and Consultancy Charges	14,840	-
License, Registration and Assessment Fees	15,345	187
Bank Charges and Commission	2,349	31
Miscellaneous Expenses	23,870	1,670
Total	5,963,569	950,412

Notes to the Financial Statements

(continued)

13. INCOME TAX

SEDIA has obtained tax exemption under Section 127 (3) of the Income Tax Act, 1967. All income, except for dividend income, is exempted from tax beginning from year assessments 2010 until 2019.

14. PROJECT DEVELOPMENT COMMITMENT

Total allocation approved under the Ninth Malaysia Plan (RMK-9) for Sabah Development Corridor projects are RM1,277,000,020.

15. PRIOR YEAR ADJUSTMENTS

The prior year adjustments were due to the following rectifications made during the period ended 31 December 2009:

- i. Development fund disbursed recognised as income and expense amounting to RM123,077,364 each in the income statement for the period ended 31 December 2009.
- ii. Development fund utilised recognised as income for the period ended 31 December 2009 in connection with the renovation costs incurred on the rented office premises amounting to RM1,115,563. The adjustment resulted in the reduction of the surplus for the period ended 31 December 2009 by RM1,115,563.
- iii. Expenses under taken up for auditor's remuneration and hire purchase interests amounting to RM16,000 and RM59 respectively. The adjustment resulted in the reduction of the surplus for the period ended 31 December 2009 by RM16,059.

16. COMPARATIVE FIGURES

The following comparative figures have been restated to reflect the changes in presentations and the prior year adjustments as explained in Note 16:

	Restated 2009 RM	Previously stated 2009 RM
Income Statement		
Operating grants recognised	14,800,000	138,992,927
Operating expenses	950,412	934,411
Interest expenses	878	820
Project development costs	-	123,077,364
Balance Sheet		
Other payables and accruals	1,550,296	1,497,797
Hire purchase payables	155,368	191,807
Development fund	436,677,683	435,562,121

SEDIA

YOUR SOLUTION
PROVIDER AND
PARTNER IN SDC

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