



Annual Report

 **2013**

A place of Business, Culture and Nature

The Sabah Development Corridor (SDC) was established in 2008 with the aim of promoting sustainable economic growth, distributing wealth of diversified resources manufacturing reinforced

wealth in the state and unlocking its vast that can bolster tourism, agriculture and by the introduction of the Government Transformation Programme(GTP), Economic Transformation Programme (ETP) and the Tenth Malaysia Plan.

The state of Sabah is a breathtaking, warm and welcoming place for tourists and investors alike. A region from which to build a better world. SDC is definitely the corridor to expand your business in Sabah.

Come and discover the secrets of Sabah:
How your holiday can turn into an exciting business opportunity!



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Harnessing Unity
in Diversity for Wealth Creation
and Social Well-Being

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- **Background**
- **SDC Alignment with Corridors and Cities Transformation Programme**
- **Strategic Development Areas under SDC**
- **Chairman's Statement**
- **Chief Executive's Annual Review**

Background

The Sabah Development Corridor (SDC) was launched on 29 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 Y.A.B. Tun Abdullah bin Haji Ahmad Badawi. It is in line with the key thrusts and objectives of the *Halatuhu 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. Datuk Seri Panglima Mohd Najib bin Tun Haji Abdul Razak, the current Prime Minister.

The SDC programmes are underpinned by the 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. Datuk Seri Panglima Mohd 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.



The response at the SEDIA booth during the Yayasan Sabah Bersama Rakyat programme



Front row VIPs at the Bio Borneo 2013 opening ceremony standing at attention for the National and State anthems

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:



Participation in trade and investment missions makes up an integral programme in reaching out to potential stakeholders

- A preferred gateway for trade, investment and leisure for leading businesses and talents in key areas from around the world
- A happy and cohesive community that lives in harmony and prosperity 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

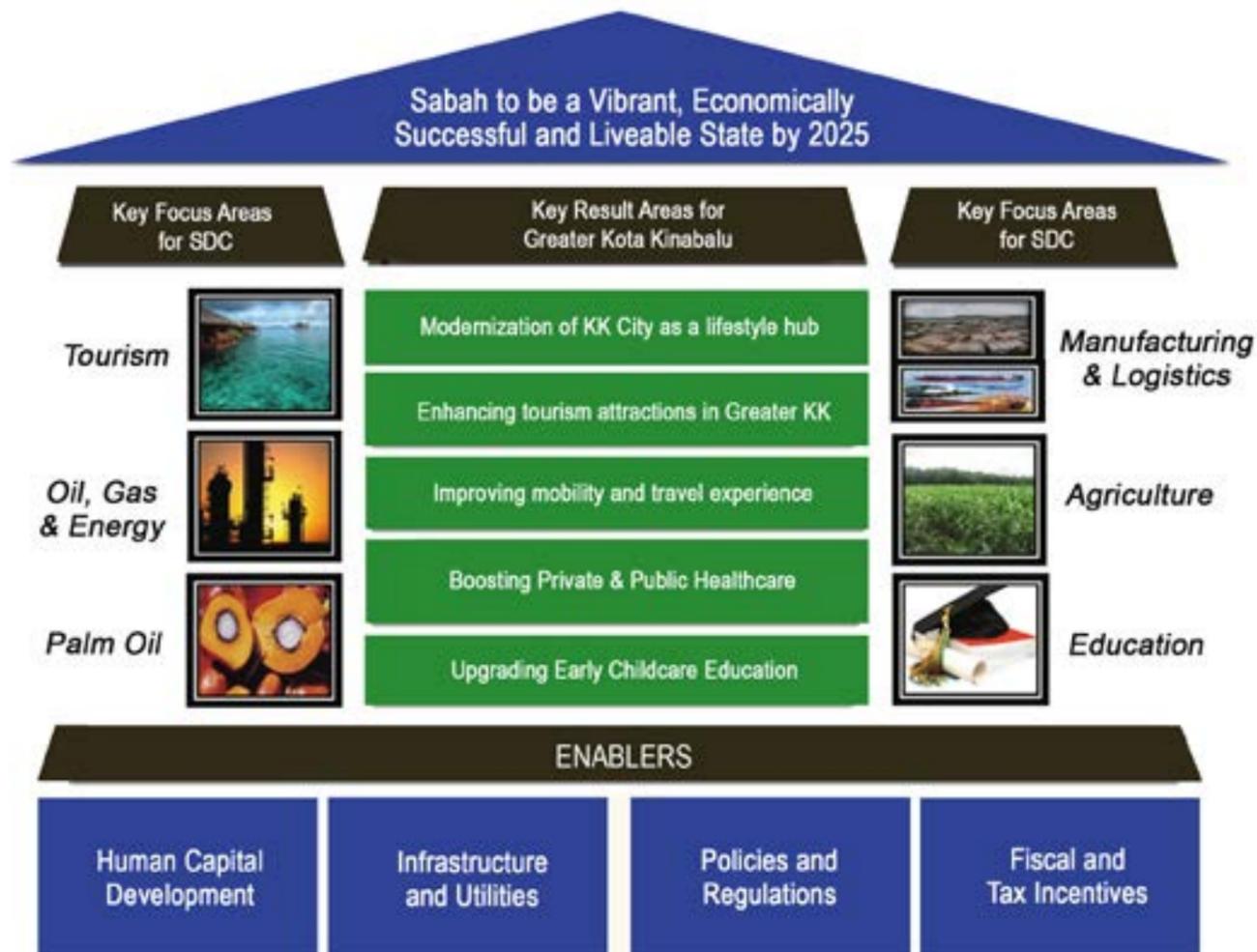
In line with the state's Halatuhu and the National Mission announced by the Prime Minister of Malaysia, the mission for the SDC is to support Sabah in achieving this vision by:

- 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

SDC Alignment with Corridors and Cities Transformation Programme

Following the launch of the Economic Transformation Programme (ETP), the Prime Minister had announced the formulation of the Corridors and Cities Transformation programme which saw a lab being conducted. The key objective was to align the regional corridors programme with the Tenth Malaysia Plan, ETP and National Key Economic Areas (NKEAs). Pursuant to the alignment initiative,

the role of Kota Kinabalu was further consolidated in support of and complementing the economic initiatives under the Sabah Development Corridor, while the Sabah Development Corridor saw renewed focus through six Key Focus Areas (KFAs): Tourism; Palm Oil; Agriculture; Oil, Gas and Energy; Education; and Manufacturing and Logistics.







2013

is the fifth year that SEDIA has been in operations, and it is indeed a significant milestone in the implementation of SDC, a key initiative jointly launched by the State and Federal Government, which complements the Halatuu Agenda of the Sabah State Government introduced earlier in 2003. The SDC as it is today would not have materialised had SEDIA not been established in 2009.

As we all know, SEDIA was established through an instrument, the Sabah Economic Development and Investment Authority Enactment 2009 which was approved by the Sabah State Legislative Assembly on 15th January 2009, assented by Tuan Yang Terutama Yang Di-Pertua Negeri Sabah on 23rd February and gazetted on 26th February 2009. SEDIA commenced its operation on 2nd March 2009. The establishment of SEDIA as the one stop authority for the SDC has no doubt succeeded in expediting the implementation of the SDC.

As at the end of 2013, a total of RM127 billion worth of investments have been planned and committed since the launch of the SDC in 2008, of which about RM25 billion had been realised. We are expecting the investment momentum in SDC to continue gathering pace, especially with the attention of global investors shifting to Asia and economic recovery in the US and EU.

Bank of America Merrill Lynch has noted that Foreign Direct Investment (FDI) to the ASEAN-5 had surpassed FDI to China in 2013. FDI into the ASEAN-5 climbed to USD128.4 billion, up 7% from USD120 billion in 2012; while FDI into China fell to USD117.6 billion in 2013, down 2.9% from USD121.1 billion in 2012. Meanwhile, FDI into Malaysia climbed to RM39 billion in 2013 as compared to RM31 billion in 2012. SEDIA therefore need to ensure that Sabah, in particular through the SDC initiative should not miss this rare opportunity.

Now that SEDIA has been in operation for five years and that almost all of the SDC flagship projects are taking shape, I would like to call upon SDC implementing agencies to ensure that all development projects are implemented in a timely manner according to schedule, meet the desired quality and produce the targeted outcome. I myself have been going to the ground to inspect the various SDC projects and ensure that they benefit the intended target groups and the rakyat generally.

This will not only bring confidence to the rakyat on the seriousness of the government in developing the state, but also generate investors' confidence and expedite the Economic Transformation Programme, thereby enabling the state to become a high income economy. It is indeed timely at this point for SEDIA to take stock of the overall impact of the SDC, and chart the future direction as we close the Second Phase of the SDC in 2015.

I am pleased to note that SEDIA will accord greater emphasis on enhancing the state's global connectivity during the Eleventh Malaysia Plan, which coincides with the Third Phase of the SDC, to ensure seamless movement of people, goods and services. This emphasis is timely as the state transforms into a diversified, knowledge-intensive with higher value-added economy.

SEDIA had also launched several initiatives to support the development of SMEs, start-ups and Bumiputera entrepreneurs. This will go a long way in ensuring inclusiveness and that no one is left behind. As we all know, SEDIA has been collaborating with TERAJU through the TERAJU@SDC programme to support Bumiputera entrepreneurs. SEDIA has also worked closely with MOSTI for the 1Agro-SAIP programme and with agencies under its umbrella, such as BiotechCorp, MIMOS, Agro-Biotechnology Institute, and SIRIM in knowledge-intensive initiatives.

In the oil, gas and energy sector, Petronas has been a major driver of SDC projects with investments in a gas-fired power plant, Sabah Ammonia and Urea



Datuk Seri Panglima Musa Haji Aman chairing a meeting of the Members of Authority

Project in Sipitang, Sabah Oil and Gas Terminal and the Sabah-Sarawak Gas Pipeline Project. Other major domestic investors include Suria Capital Holdings Bhd, Warisan Harta Sabah Sdn Bhd, Sawit Kinabalu Bhd, Innoprise Corporation, SEDCO and SLDB.

I therefore would like to conclude my remarks by calling upon everyone in Sabah to continue in their efforts to ensure that the investment, development projects and initiatives under the SDC be effectively implemented, in line with the role of SEDIA as a One Stop Authority for the SDC. The close cooperation of all state and federal agencies, public and private sectors and all stakeholders will no doubt go a long way towards the successful implementation of the SDC and Economic Transformation Programme that will transform Sabah in particular and Malaysia in general into a high income economy. The success in establishing SDC initiatives can be attributed to the close ties between SEDIA and both State and Federal ministries and agencies such as EPU, UKAS and PEMANDU.

And as we are currently consolidating our efforts and resources under the SDC as SEDIA hits the five-year mark, I also call upon Members of the Authority

to lend whatever support and guidance in ensuring the SDC initiatives be effectively implemented and achieve the desired objectives.

Finally, I would like to take this opportunity to thank the Federal Government under the able leadership of our Prime Minister YAB Datuk Seri Panglima Najib Tun Razak; all Members and Committee Members of the Authority; State and Federal Government Ministries, Departments and Agencies; all stakeholders and the management and staff of SEDIA for the close cooperation in ensuring the successful implementation of the SDC projects.

I would also like to congratulate the management and staff of SEDIA for once again receiving the clean bill of health for SEDIA's 2013 Financial Management by the Auditor General and also for having been accredited with the MS ISO 9001: 2008 Management Standard.

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



The success in establishing SDC initiatives can be attributed to the close ties between SEDIA and both State and Federal ministries and agencies such as MoF, MOSTI, MITI, EPU, UKAS, PEMANDU and MIDA; while the growing interest in the SDC can be credited to SEDIA's active involvement in trade and investment missions and other promotional activities. Our steadily rising tourist arrivals have also played a significant part in placing Sabah in the global spotlight, with figures at the end of 2013 showing a 16 to 17 percent increase over the previous year.

With the unprecedented investment planned in Sabah catalysed by the SDC initiative, SEDIA had intensified measures to address the quality of human capital development in SDC. In the short term, SEDIA has been actively pursuing the recruitment and emplacement of fresh engineering graduates under the National Training and Enhancement Programme. This programme has hitherto been expanded to encompass non-engineering graduates.

In the medium term, SEDIA has been actively engaging with R&D, training and academic institutions in the United Kingdom, the United States, Australia and locally to enlarge the pool of talented, highly skilled and well-qualified labour force needed by the industry. SEDIA has been receiving positive response from these institutions. A number of them, such as the Institute of Technology Tallaght, Dublin (ITT Dublin), Ireland; Southern Cross University,

Australia and the Korean Research Institute of Biotechnology and BioScience (KRIBB) had visited SEDIA in 2013.

Meanwhile, SEDIA had also been aggressively promoting new sources of economic growth and laying the foundation of the knowledge intensive industries by hosting the Bio-Borneo 2013 in collaboration with MOSTI and BiotechCorp. SEDIA had also been actively supporting the implementation of oil, gas and energy-related projects in Sabah, through its participation in SOGIP and Kimanis Power Sdn Bhd.

SEDIA has also been promoting new sources of economic growth with the view of capturing higher value from sectors under the key focus areas, especially in the agriculture and palm oil industries. In this regard, SEDIA has been actively engaging with foreign training and R&D institutions such as KRIBB to visit Sabah and see the potential in developing nano-biotechnology activities to capture higher value in the agricultural sector, and other agro-based industries.

SEDIA had hosted delegates from KRIBB to Wisma SEDIA earlier this year to discuss potential collaboration between Sabah and South Korea. In turn, SEDIA had reciprocated the visit through participation in the Bio-Korea 2013 convention and exhibition in September, along with visiting biotechnology-related ventures as well as the KRIBB head office. The response from Korean industry players was very encouraging and we welcome them to come to Sabah.

In September 2013, SEDIA also participated at the Bio-International Advisory Panel Council Meeting in San Francisco, which was chaired by YAB Datuk Seri Panglima Najib Tun Razak, our Prime Minister. The Prime Minister was briefed on the important role of incubators, as demonstrated by the role of technology incubators in the Silicon Valley, to spawn, nurture and support start-ups. I am happy to note that the measures by SEDIA to establish incubators in Sabah to provide relevant training, support facilities and access to technological innovation was very much in line with the development in the Silicon Valley which had been proven to be highly successful in developing new entrepreneurs and driving product innovation.

An incubator to nurture start-ups and new entrepreneurs in agri-business and agrobiotechnology was being built at Sabah Agro-Industrial Precinct (SAIP) in Kimanis. The incubator is expected to commence operation in 2015. Another incubator to

train and support the participation of start-ups and new entrepreneurs in ICT and the creative industry had been initiated under the Sabah Foundation with funding support from the SDC. These incubators would also be able to support the SMEs in Sabah.

SEDIA had also hosted a delegation from the ITT Dublin during their visit to Sabah. Since SEDIA as the One-Stop-Authority for SDC also provides business-matching assistance services between foreign investors and local businesses, several meetings with local education institutions had been arranged to explore possibilities of collaboration between the local groups with the Irish institution, in fields related to training, scientific research, industrial applications of technology, entrepreneurship development and incubator management.

I am also happy to mention that the Teraju programme at SDC to support Bumiputera entrepreneurs, which was launched in 2012, had also been implemented in Sabah. The facilitation fund for the first group of applicants had been approved with the Signing Ceremony for the Facilitation Fund Agreement held on 30th September, 2013 witnessed by YAB Tan Sri Datuk Seri Panglima Muhyiddin Yassin, the Deputy Prime Minister, and YAB Datuk Seri Panglima Musa Aman, the Chief Minister of Sabah.

Finally, I also like to take this opportunity to highlight that although SEDIA is a fairly new organisation, it has been receiving a clean bill of health from the Auditor General for five consecutive years since its inception in 2009, including the latest for the 2013 Financial Report, which is enclosed in this Annual Report

2013. I wish to affirm that the Management and Staff of SEDIA are ever conscious of our responsibilities as well as fiduciary duties in executing our tasks. Towards this end, it is indeed a pleasure for me on behalf of the Management and Staff of SEDIA to highlight that the management quality of SEDIA had been accredited the MS ISO 9001: 2008 certification, which is an internationally recognised standard on 12th April 2013. The Management and Staff of SEDIA are committed to ensure that all SDC projects are expeditiously implemented.

I, on behalf of the Management and Staff of SEDIA would also like to take this opportunity to thank, YAB Datuk Seri Panglima Musa Aman, the Chief Minister, who is also SEDIA Chairman; YB Datuk Seri Paanglima Joseph Pairin Kitingan, Deputy Chief Minister, and YBhg Datuk Peter Pang En Yin, Deputy Chairmen of SEDIA; YBhg Tan Sri Datuk Seri Panglima Dr Ali Hamsa, Chief Secretary to the Government, YB Tan Sri Datuk Seri Panglima Sukarti Wakiman, Sabah State Secretary, and all Members and Committee Members of the Authority who have all in various ways and capacities contributed to make what SEDIA is today.

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



Launching ceremony for the MS ISO 9001:2008 certification and SEDIA Annual Report 2012

The Governance of SEDIA

- SEDIA as the One Stop Authority
- Members of SEDIA
- SEDIA Committees
- Meetings of SEDIA Members and Committees



SEDIA as the One Stop Authority

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 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 2 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.



Briefing to the National Committee on Investment (NCI) on SDC Incentive Package

Membership of the Authority

The Sabah Economic Development and Investment Authority 2009 Enactment under Section 8 stipulates that:-

- (1) The Authority shall consist of the following members:
 - (a) a Chairman, who shall be the Chief Minister;
 - (b) two Deputy Chairmen, who shall be appointed by the Minister;
 - (c) State Secretary;
 - (d) Secretary General of the Federal Ministry of Finance or his representative;
 - (e) Permanent Secretary of the State Ministry of Finance;
 - (f) Director General of the Federal Economic Planning Unit or his representative
 - (g) Director of the State Economic Planning Unit; and
 - (h) not more than five other members to be appointed by the Minister
- (2) The Chief Executive shall be the Secretary to the Authority
- (3) The provisions of the First Schedule shall apply to the Authority
- (4) The Authority may, from time to time, by order published in the Gazette, amend the First Schedule

Establishment of Committees

Under Section 9, the Authority may establish committees deemed necessary subject to the following provisions:

- (1) The Authority may, from time to time, establish such committees on such terms as it considers necessary or expedient to assist the Authority in the performance of its functions and duties under this Enactment.
- (2) The Authority may elect any of its members to be the chairman of any committee.
- (3) The Authority may appoint any person to be a member of any committee.
- (4) Membership of a committee established under subsection (1) may include one or more individuals from private sector.
- (5) The provisions of the Second Schedule shall apply to a committee.
- (6) The Authority may, from time to time, by order published in the Gazette, amend the Second Schedule relating to a committee.



Y.A.B. Datuk Seri Panglima Musa Haji Aman
Chief Minister and
Minister of Finance Sabah
cum Chairman of SEDIA



Y.Bhg. Tan Sri Dato'
Dr. Mohd Irwan Serigar bin Abdullah,
Secretary General to the Treasury,
Ministry of Finance Malaysia;



Y.B. Tan Sri Datuk Seri Panglima
Joseph Pairin Kitingan
Deputy Chief Minister / Minister of
Infrastructure Development, Sabah



Y.Bhg. Datuk Dr. Rahamat Bivi Yusoff
Director General, Economic Planning Unit



Y.Bhg. Datuk Peter Pang En Yin
Deputy Chairman of SEDIA



Y.Bhg. Dato' Ahmad Husni Hussain
Director General,
Unit Kerjasama Awam Swasta (UKAS)



Y.Bhg. Datuk Seri Panglima Dr. Ali Hamsa
Chief Secretary to the Government



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



Y.B. Tan Sri Datuk Seri Panglima Sukarti
Wakiman
Sabah State Secretary



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



Y.Bhg. Tan Sri Datuk Seri Panglima
Dr. Wan Abdul Aziz bin Wan Abdullah,
Chairman,
Malaysia Airports Holdings Berhad



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

Implementation Coordination Committee

Chairman :
Y.B. Tan Sri Datuk Seri Panglima Sukarti Wakiman
Sabah State Secretary

Members :

Y.Bhg. Tan Sri Dato' Dr. Mohd Irwan Serigar
bin Abdullah
Secretary General of the Treasury,
Ministry of Finance, Malaysia

Y.Bhg. Dato' Ahmad Husni Hussain
Director General; Unit Kerjasama Awam Swasta
(UKAS)

Y.Bhg. Dato' Abu Bakar bin Hassan
Sabah Federal Secretary

Y.Bhg. Datuk Abidin Madingkir
Mayor; Kota Kinabalu City Hall

Y.Bhg. Datuk Ghulam Jelani Khanizaman
Permanent Secretary; Ministry of Rural Development

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

Y.Bhg. Datuk Michael Emban
Permanent Secretary; Ministry of Tourism, Culture
and Environment

Y.Bhg. Datuk Matius bin Sator
Permanent Secretary; Ministry of Local Government
and Housing

Y.Bhg. Datuk Haji Matusin B. Sunsang
State Development Officer; Sabah State
Development Office

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

Y.Bhg. Datuk Haji Osman bin Haji Jamal
Director; Land and Survey Department

Mr. Mursidi Haji Sapi
Director; Department of Urban and Regional
Planning Sabah

Y.Bhg. Datuk Ir. John Anthony
Director; Public Works Department

Mr. Patrick Tan Su Teck
Director; Department of Industrial Development and
Research

Y.Bhg. Datuk 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 expo participation: SEDIA staff welcoming YAB Datuk Seri Panglima Musa Haji Aman during visit to SEDIA exhibition booth

Finance and Investment Committee

Chairman

Y.Bhg. Tan Sri Datuk Seri Panglima Dr. Wan Abdul Aziz bin Wan Abdullah
Chairman, Malaysia Airports Holdings Berhad

Members

Y.Bhg. Tan Sri Dato' Dr. Mohd Irwan Serigar bin Abdullah
Secretary General to the Treasury, Ministry of Finance Malaysia

Y.Bhg. Dato' Ahmad Husni Hussain
Director General; Unit Kerjasama Awam Swasta (UKAS)

Y.Bhg. Dato' Abu Bakar bin Hassan
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

Y.Bhg. Datuk Haji Hashim bin Paijan
Permanent Secretary; Ministry of Industrial Development

Y.Bhg. Datuk Michael Emban
Permanent Secretary; Ministry of Tourism, Culture and Environment

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

Mr. Cheong Siew Hoong
Director; Malaysia Investment Development Authority, Sabah

Y.Bhg. Datuk Mohd Hasnol B. Ayub
Executive Director; Institute for Development Studies (IDS) Sabah

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

Development Planning Committee

Chairman

Y.Bhg. Dato' Ahmad Husni Hussain
Director General; Unit Kerjasama Awam Swasta (UKAS)

Members

Y.Bhg. Tan Sri Dato' Dr. Mohd Irwan Serigar bin Abdullah
Secretary General to the Treasury, Ministry of Finance Malaysia

Y.Bhg. Datuk Razali bin Che Mat
Director in Regional Development; Economic Planning Unit, Prime Minister's Department

Tuan Haji Mohamad Nor Taib
Director of Corridor Development; UKAS

Y.Bhg. Dato' Abu Bakar bin Hassan
Sabah Federal Secretary

Y.Bhg. Datuk 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 Matius Sator
Permanent Secretary; Ministry of Local Government and Housing

Y.Bhg. Datuk Ghulam Jelani Khanizaman
Permanent Secretary; Ministry of Rural Development

Y.Bhg. Datuk Haji Matusin B. Sunsang
State Development Officer; Sabah State Development Office

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

Y.Bhg. Datuk 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 Dato' Dr. Mohd Irwan Serigar bin Abdullah
Secretary General to the 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)

Y.Bhg. Datuk Mohd Hasnol B. Ayub
Executive Director; Institute for Development Studies (IDS) Sabah

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

Audit Committee

Chairman

Y.Bhg. Datuk Peter Pang En Yin

Members

Y.Bhg. Tan Sri Dato' Dr. Mohd Irwan Serigar bin Abdullah
Secretary General to the 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 Haji Matusin B. Sunsang
State Development Officer; Sabah State Development Office

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

Miss Chui Nget Ngo
Sabah State Treasurer, State Treasury Department, Ministry of Finance

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

Y.Bhg. Datuk Mohd Hasnol B. Ayub
Executive Director; Institute for Development Studies (IDS) Sabah

Professor Dr. Mohd Harun Abdullah
Vice Chancellor; Universiti Malaysia Sabah

Y.Bhg. Dr Haji Abdul Kadir Haji Rosline
Campus Director, Universiti Teknologi Mara (UiTM)

Mr. Bonipasius Bianis
Yang Dipertua; Kadazandusun Chambers of Commerce and Industry

Y.Bhg. Datuk Michael Lui Yen Sang
President; Tionghua Chambers of Commerce and Industry

Yang Dipertua, Dewan Perniagaan Bumiputera Sabah

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 discharged or performances of its functions and duties under this Enactment.



Bio Borneo 2013

Nomination, Establishment and Remuneration Committee	
7th Nomination, Establishment and Remuneration Committee meeting	2nd April 2013
8th Nomination, Establishment and Remuneration Committee meeting	17th October 2013
9th Nomination, Establishment and Remuneration Committee meeting	8th November 2013
10th Nomination, Establishment and Remuneration Committee meeting	22nd November 2013
Development Planning Committee	
6th Development Planning Committee meeting	21st March 2013
7th Development Planning Committee meeting	10th May 2013
8th Development Planning Committee meeting	28th October 2013
Implementation Coordination Committee	
8th Implementation Coordination Committee meeting	15th April 2013
9th Implementation Coordination Committee meeting	11th November 2013
10th Implementation Coordination Committee meeting	22nd November 2013
11th Implementation Coordination Committee meeting	3rd December 2013
Finance & Investment Committee	
9th Finance and Investment Committee meeting	21st February 2013
10th Finance and Investment Committee meeting	4th April 2013
11th Finance and Investment Committee meeting	12th July 2013
12th Finance and Investment Committee meeting	22nd October 2013
Consultative Panel & Focus Group Committee	
5th Consultative Panel & Focus Group Committee meeting	5th April 2013
6th Consultative Panel & Focus Group Committee meeting	27th December 2013
Audit Committee	
8th Audit Committee meeting	9th July 2013
9th Audit Committee meeting	30th October 2013
10th Audit Committee meeting	10th December 2013
Members of the Authority	
13th Meeting of Members of Authority	10th June 2013
14th Meeting of Members of Authority	26th November 2013



- **Functions of SEDIA**
- **Corporate Vision, Mission and strategies**
- **Organisation Chart**
- **Divisions and Departments of SEDIA**
- **Key Events Timeline**
- **SEDIA Activities and Highlights**
- **News Coverage**

The SEDIA Enactment lists the functions of SEDIA as follows:

- To recommend to the Government, 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 Government 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 Sabah Development Corridor by performing the functions of a one-stop centre;
- To monitor and report to the Government and the Federal Government the status of all projects in the Sabah Development Corridor;
- To promote and market the Sabah Development Corridor as an attractive business and investment location;
- To recommend to the Government and the Federal Government incentives for the Sabah Development Corridor;
- To recommend to the Government or the Federal Government on policy reforms and other initiatives for the Sabah Development Corridor;
- 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.



SE DIA Chairman Datuk Seri Panglima Musa Haji Aman and Deputy Prime Minister Tan Sri Muhyiddin bin Yassin being led to the main hall to officiate a business conference

Vision

SE DIA'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 the 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 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 the 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 the 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.

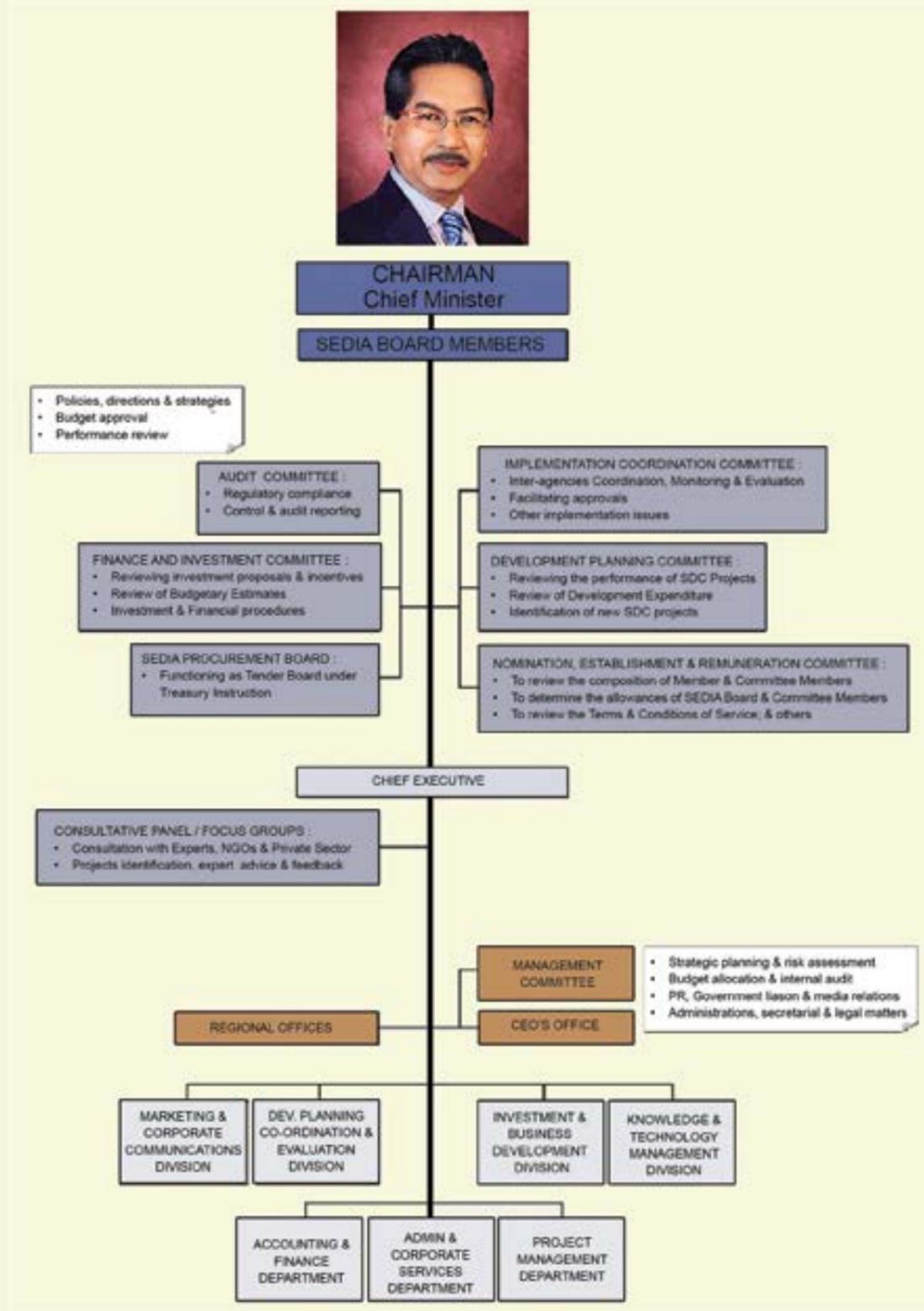
The corporate strategies shall be carried out by SEDIA through the various committees, operating divisions and departments within SEDIA. In view of the fact that the SEDIA committees are primarily decision-making body to assist SEDIA, the main day-to-day operations shall be principally carried out by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



Datuk Dr. Mohd Yaakub Hj Johari addressing participants at a workshop organised by SEDIA



Datuk Dr. Mohd Yaakub Hj Johari leading a group of visitors on a tour around the Sabah Agro Industrial Precinct



SEDIA CEO'S Office

The function of the CEO's office is generally to assist the Chief Executive in coordinating the execution of the following tasks:

- Strategic planning, and performance and risk assessment
- Budget allocation and internal audit
- Government liaison, protocol, and media relations
- Administration, secretarial and legal matters involving the Members of Authority and the management committee

These functions are translated into the responsibilities of coordinating the Chief Executive's engagements,

appointments and meetings; monitoring the execution of decisions by the Members of Authority, Chief Executive and management; coordinating internal and external communication of the Chief Executive; and compiling relevant information pertaining to project development, investment performance and financial performance.

The staffs of the CEO's office perform tasks aligned with the objectives of ensuring a seamless decision-making process within SEDIA, helping to build up the SEDIA corporate image and relations, keeping track of SEDIA's overall performance, and advising on legal and procedural compliance.



Datuk Seri Panglima Musa Haji Aman launching the SEDIA 2011 Annual Report during a Members of Authority meeting

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 servants of the Authority. Towards this end, SEDIA has been organised along four divisions and three departments. The four divisions are as follow:

Development Planning, Coordination and Evaluation Division (DPCED):

- 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 coordinate 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 milestones in term of key performance indicators.



An invited trainer briefing participants during one of the NTEP programmes



Human Capital laboratory – Members of the lab exchanging ideas



A SEDIA representative presenting the opening remarks during an engagement session with graduates



Participation during a human capital development forum organised by SEDIA

Featured activity – Human Capital development initiatives

As Malaysia aspires to become a high-income economy and a developed nation by the year 2020, the development and transformation of its human resources into knowledge-intensive, skills-based and innovative SMEs is crucial in driving its economy and meeting this target. Therefore, an efficient labour market that is able to attract, develop and retain the best talent is of paramount importance. Human Capital development is an essential focus in realising the SDC, of which efforts are coordinated through DPCED.

National Talent Enhancement Programme (NTEP)

The federal government initiated the NTEP, a 12-month traineeship programme under the Human Capital development focus of the Economic Transformation Programme. The objective of the NTEP is to accelerate the development of graduates and skilled professional workforce through a



National Talent Enhancement Programme – Participants in the midst of a discussion

partnership and in collaboration with the private sector. It is the beginning of a focus on building a talent pool of skilled workforce via industry relevant skills training and on-the-job practical exposure.

The first NTEP soft skills training exercise organised by SEDIA in 2013 was during the month of February. The training initiative saw 12 NTEP trainees from NTEP hosting companies. Titled 'Upholding your brand through effective business communication', the objective of the training is to help trainees discover the power of good business writing, upgrade personal branding and enhance corporate image through verbal communication.

The second training exercise was held on July 9, titled 'Leading and facilitating problem-solving at the workplace' and in line with the necessity for basic leadership skills among fresh graduates. In the theme of 'problem solving', the key points taught to trainees

centred on facilitating problem solving, working culture with the X and Y generations, leadership and empowerment skills, creating an 'A'-level mindset and performance management.

With the theme of 'Time Management', the third NTEP Soft Skills Training was held on October 30, 2013. With the participation of 20 trainees, the objective of the training was to bring awareness on time wastage, instil a sense of value of time, maximising time to the fullest, and how to increase productivity, foresight of time and to understand how best to manage time to adjust positively and productively. To achieve these objectives, the trainees need to learn and apply the learning key points such as the fire brigade concept, and leadership and empowerment skills in their working life.

Diploma in Hospitality under the Accelerated Skills Enhancement Training (ASET) programme

The ASET programme is intended for graduates to be re-skilled or up-skilled and also for those currently employed in the hospitality industry; they will gain the necessary knowledge and skills required, ranging from general procedures to supervising and accompanying services. 20 graduates had participated in this programme. The programme was fully funded by Pembangunan Sumber Manusia (PSMB) and conducted by Sunway International Business Management (SIBM). The training consisted of a month of class learning and three months on-the-job training in hotels. Upon completion of the programme, the trainees each received a Diploma in Hospitality during the convocation ceremony on 29th November, 2013 at Le Meridien Hotel, Kota Kinabalu.

Engagement session on SDC manpower requirements study

The Institute of Labour Market Information and Analysis (ILMIA), of the Ministry of Human Resources had conducted a Manpower Requirement study for the various subsectors in the Sabah Development Corridor. The intent of the study is to apply the findings to formulate policies and design programmes for employment and up-skilling under the Economic Transformation Programme. The study focuses on manpower demand and supply requirements at the sub-sectoral and job occupational level, as well as identifies the skills gap and requirements to meet industry growth in the SDC. To ensure that the study captured the expectations and requirements of all stakeholders, SEDIA has organised engagement sessions/workshops with participation by State ministries and agencies, industry players, institutions of higher learning and skills training and graduates.

Featured activity – Courtesy visits to Government leaders

Courtesy call to Tan Sri Joseph Kurup

SEDIA on June 6, 2013 paid a courtesy visit to Minister in the Prime Minister's Department, Tan Sri Joseph Kurup. The group from SEDIA was led by Chief Executive Datuk Dr Mohd Yaakub and the meeting was held at the Federal Government Administrative Complex, Sabah.



Courtesy visit to Minister in the Prime Minister's Department, Tan Sri Joseph Kurup

The objective for the meeting was to provide Tan Sri Joseph Kurup and several government officials with the necessary information on SDC activities. The minister was briefed on the current status of projects undertaken by SEDIA and the investment opportunities under the Sabah Development Corridor, along with initiatives undertaken to promote investment into Sabah. Of key interest was the approved tax incentives package listed under the Sabah Development Corridor, that has enabled SEDIA to further attract investors globally and from other parts of Malaysia towards Sabah, promoting the state as an ideal location for conducting business. The briefing also covered the Entry Point Projects (EPPs) approved following the Corridors and Cities lab, which were unveiled to the public during a State Open day event in 2012.

Following the briefing, Tan Sri Joseph Kurup expressed that he is willing to assist SEDIA in encouraging participation in the SDC, especially in promoting investment. SEDIA is one of the agencies under the purview of the Prime Minister's department, and the show of support by the Minister in the Prime Minister's department will assist SEDIA to seamlessly execute its programme.

Courtesy call to KeTTHA and MOSTI

Led by Chief Executive Datuk Dr Mohd Yaakub, SEDIA had in August paid courtesy visits in Putrajaya to Datuk Seri Dr. Maximus Johnity Ongkili, the Minister of Energy, Green Technology and Water and Datuk

Ewon Ebin, the Minister of Science, Technology and Innovation.

The group from SEDIA met Datuk Seri Dr Ongkili at his office in Putrajaya with the objective of providing the Minister with the latest update on SDC activities. He was briefed on several projects undertaken by SEDIA and the ongoing initiatives under the Sabah Development Corridor, along with initiatives undertaken to promote investment into Sabah. The group from SEDIA also discussed Sabah-related



Datuk Ewon Ebin, the Minister of Science and Technology being briefed by Datuk Dr Mohd Yaakub Haji Johari on updates in the SDC

energy issues such as gas pricing, the electricity feed-in tariff, and green energy.

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Courtesy call to Yayasan Sabah

SEDIA paid a courtesy visit to Yayasan Sabah on August 19, met by Yayasan Sabah Director Datuk Haji Sapawi Haji Ahmad, the meeting was held at the Wisma Innoprise building.

The objective for the meeting was to provide officials at Yayasan Sabah with the latest update on SDC activities. Yayasan Sabah is among the government agencies that have been heavily involved in the Sabah Development Corridor since its inception. Yayasan Sabah was in fact directly involved in introducing the SDC Blueprint, and has seen several collaborations with SEDIA. The collaborations include, among others, the Agropolitan project in Kota Belud, Sabah International Convention Centre project, and initiatives under Kolej Komuniti Yayasan Sabah.

Investment and Business Development Division (IBDD)

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

regulations, and technology related to specific businesses. It also provides general advisory on marketing, branding, packaging, logistics, distribution, labeling, etc.

- Support new entrepreneurs and start-ups by helping them gain access into incubator facilities at the Sabah Agro-Industrial Precinct (SAIP) and other services such as mentoring, coaching, entrepreneurial training, business matching and SMEs enhancement programmes.

To complement the SDC1BizLink programme, a help desk has been established, as well as a website (<http://bizlink.sedia.com.my>) to connect the SDC1BizLink initiative to the targeted groups.



SEDIA Chief Executive Datuk Dr. Mohd Yaakub Haji Johari briefing the National Committee for Investments



The vision behind SDC1BizLink is to develop world-class entrepreneurs in Sabah through the SDC initiative by assisting investors as well as SMEs, new entrepreneurs and start-ups to start, grow and link their businesses to SDC economic clusters. Established in 2013, SDC1BizLink will serve in three areas:-

- As a one-stop information centre, providing the latest updates on financing, market research, human resources, technology and fiscal incentives. It will also disseminate information on entrepreneurship programmes.
- The provision of general advisory on business licensing, company registration, laws and

Marketing and Corporate Communications Division (MCCD):



- To promote and market 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.



Exhibition participation - Participation during trade exhibitions allow SEDIA to reach directly to the public

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Featured activity – Visiting delegation from the Institute of Technology, Tallaght, Dublin

collaboration between the local groups with the Irish institution in fields related to scientific research and industrial applications of technology were explored.

SEDIA received a visiting delegation from the Institute of Technology, Tallaght (ITT Dublin) in October 2013.

The Institute of Technology Tallaght is a centre of higher education and knowledge creation within



A delegation from the Institute of Technology, Tallaght being briefed by Datuk Dr. Mohd Yaakub and Puan Mary Sintoh during a site visit to the Sabah Agro Industrial Precinct

The visiting group comprised of Mr Pat McLaughlin, President of ITT Dublin, and Dr. Michael Ahern, Head of the ITT Dublin School of Science and Computing.

South Dublin Country and its environs, aimed with broadening participation in higher education in the region, to be recognised as a leader in supporting research and commercial innovation, and assisting in the advancement of the economic, social and cultural life of the region. ITT Dublin works closely with employers to design and deliver training that suits the needs of the industry, providing work-based education and training programmes that build on the knowledge, skills and competencies of those currently in the workplace. The training approach adopts a focus on 'fitness for purpose' courses and modules.

Under the Investment and Business Development Division, SEDIA provides business-matching assistance between foreign investors and local businesses. During the two-day visit, SEDIA had arranged for the visiting Irish delegation to visit Universiti Teknologi MARA (UiTM), UMS-Link (the business arm of University Malaysia Sabah) and the Sabah Agro-Industrial Precinct (SAIP). During the meetings, discussions on the possibilities of



The delegation from ITT Dublin exchanging ideas during business matching sessions arranged by SEDIA in Kota Kinabalu

Knowledge and Technology Management Division (KTMD)

- To establish and manage the 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 commercialisation of R&D; and
- To promote new growth sectors driven by the convergence of technology.



Featured activity – Study visit to South Korea

A delegation of SEDIA officers led by SEDIA Chief Executive Datuk Dr. Mohd. Yaakub Hj. Johari and Vice President Mary Sintoh, the head of the Knowledge and Technology Management division visited South Korea to witness firsthand the advancements in their biotechnology industry.

The mission sought to establish a link to the knowledge, technology and advancements made in biotechnology within South Korea; widen the global reach in biotechnology-related investment into the Sabah Agro-Industrial Precinct (SAIP); and explore the prospects for nanotechnology-based R&D for the Food and Specialty Natural Products (SNP) industry for SAIP. The itinerary of the delegation include:

- Active participation in the Bio Korea 2013 International Conference & Exhibition;
- Partake in a courtesy visit, along with the Institute for Development Studies, Sabah (IDS), to the Head Office of the Korea Research Institute for Bioscience and Biotechnology (KRIBB)
- Visit KRIBB facilities along with other biotechnology centres suggested by KRIBB; and
- Establish formal linkage and network with KRIBB.

The courtesy visit to KRIBB was held on the first day, along with colleagues from IDS. The Sabah delegation was met by Mr Tae Kwang Oh, President of KRIBB, who led the delegation on site visits to three of their facilities:

i) Bio-Nanotechnology Research Centre

The research centre was involved in the development of nano-biochips, nano-biosensors and nano-biomaterials based on the exploitation and utilisation of bio-content. By conducting integrated research in the fields of biotechnology, nanotechnology and



Full participation in the 1Agro-SAIP programmes meant to empower techpreneurs in the agro-based industry

information technology, the centre was capable of developing tools to facilitate new drug discoveries as well as new technologies for the diagnosis and treatment of diseases.

ii) Biotechnology Process Engineering Centre

The main objective of the centre was to develop an industrial technology platform for biological products, particularly in scaling-up processes towards the optimisation and commercialisation of the production of bio-materials and bio-pharmaceuticals, using pilot-plant facilities to expand research outcomes and simulate commercialisation.

iii) Biotechnology Process Engineering Centre

This centre was involved in bridging the gap between bioscience innovation and real-world applications. The ideas and know-how as well as technologies developed by KRIBB R&D centres are assessed, selected and licensed out to market leaders that include both domestic and global based companies. Facilities for nurturing and incubating biotechnology start-ups were also provided in this centre.

The following day saw the delegation from Sabah visiting Bioneer and Sangsoo Herb Land, two companies involved in Korea's biotechnology industry. Established in 1992, Bioneer was the first Korean biotechnology company, having since developed state-of-the-art molecular biology products and technologies that include oligonucleotides, thermostable polymerases, and instruments of gene manipulation. Since its inception, Bioneer

has invested in the integration of recombinant DNA technology, fermentation, biochemistry and nucleic acid chemistry in addition to mechanics, photonics and electronics. Sangsoo Herb Land is a horticulturalists sanctuary, consisting of nearly 10,000 m² of greenhouses, over 16 acres of open fields, and having grown over 500 species of herbs.

The visit to South Korea concluded with SEDIA's participation in Bio Korea 2013, following a meeting earlier in 2013 that saw the signing of a Memorandum of Understanding (MoU) between SEDIA and G to G Bio for the collaboration to have a Sabah presence during the exhibition. The collaborative effort supported the promotion of development of biotechnology and the bioeconomy in Sabah. Bio Korea was one of the key international biotech exhibition event participated by SEDIA, and saw several Sabah state agencies also participating under the SDC banner, namely KKIP Sdn Bhd, POIC Sabah Sdn Bhd, Korporasi Pembangunan Desa (KPD) and Borneo Moringa Sdn Bhd.



SE DIA Chief Executive Datuk Dr. Mohd Yaakub Hj Johari and Vice President Mary Sintoh providing information to a potential investor regarding the SDC and SEDIA during a business matching session at the Bio Korea 2013 International Convention



The SEDIA delegation at the Bio Korea 2013 International Convention

The three supporting departments are as follows:

Project Management Department (PMD)

- To coordinate 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 liaise with project consultants;
- To provide technical advice; and
- To recommend project closure and payment.



Accounting and Finance Department (AFD)

- To prepare corporate/business plans for SEDIA;
- To plan and prepare annual budgets 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 (ACSD)

- 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.



The three departments in SEDIA provide the necessary services and supports to ensure the smooth running of the various operations in SEDIA

TERAJU @SDC

On June 6, 2012 Unit Peneraju Agenda Bumiputera (TERAJU) of the Prime Minister's Department had opened a satellite office in Kota Kinabalu. Located at Wisma SEDIA, the office is known as TERAJU@SDC. Since its inception, several programmes had been initiated under the TERAJU initiative such as the Facilitation Fund, Bumiputera High Performing Company (TeraS), and Bumiputera Startup Entrepreneurs Scheme (SUPERB), implemented for the benefit of Bumiputera entrepreneurs in Sabah.

The Facilitation Fund is a scheme designed to encourage Bumiputera corporations to carry through private sector-led projects, with financial assistance on part of the project cost in the form of a grant given to qualifying companies. A total of 10 Sabah Bumiputera projects had received funding approval under the scheme with total Gross Development Cost (GDC) of RM301.03 million, while the total amount of Facilitation Fund approved to date has reached RM32.64million.

TeraS is a merit-based assistance and support programme given to reputable Bumiputera

corporations to enhance their ability to compete at regional and global levels. The TeraS companies are monitored by TERAJU and given access to facilities that are tailored to achieve their specific goals. Among the enablers given is access to the TeraS Fund, whereby the company can apply for a loan without any collateral through selected commercial banks that are collaborating with TERAJU. The main goal of the TeraS programme is to enable Bumiputera companies to grow and provide a significant contribution to the GDP by the year 2020. A total of 33 companies in Sabah with a majority control by Bumiputeras have been registered under this programme.

TERAJU @SDC has held discussions and meeting sessions with corporations, entrepreneurs, chambers of commerce and Bumiputera entrepreneurs to provide the latest information on TERAJU programmes. In addition, TERAJU also participates in business exhibitions and trade expos together with SEDIA to disseminate information on TERAJU initiatives and developments to entrepreneurs.



YAB Chief Minister handing over a letter of offer to a TeraS Dana Mudah Cara Receipt

Key Events Timeline



JAN

- 1 JAN** ①
Launch of MS ISO 9001:2008 certification process
- 8 JAN** ②
Courtesy Call by H.E. Constantine Nistor, Ambassador of Romania to Malaysia
- 16 JAN**
Bual BioMalaysia Interview by RTM
- 18 JAN**
Briefing for investors from China
- 29 - 30 JAN** ③
Program Latihan 1Agro-SAIP
- Industri Biosains & Bioteknologi
- Bengkel Penyediaan Rancangan Perniagaan
- 30 JAN** ④
SEDIA Participated at Himpunan Barisan 1Malaysia exhibition



FEB

- 6 - 7 FEB** ⑤
Soft Skill Training on "Upholding your Brand through Effective Business Communication" through the National Talent Enhancement Programme
- 14 FEB** ⑥
SEDIA Chief Executive being interviewed by RTM at Keningau Integrated Livestock Centre
- 19 - 20 FEB** ⑦
BioBorneo 2013: 'Delivering the Borneo Bio-Economy Innovation'
- 21 - 22 FEB** ⑧
Mini Bioeconomy Transformation Programme Workshop'



MAR

- 2 - 3 MAR** ⑨
SEDIA Participated at Tandek 2013 Tamu Besar (Taloh Tagayo) exhibition organised by Kimaragang Association
- 5 FEB** ⑩
Trade and Investment Mission to Singapore, led by Dato' Sri Mustapa Mohamed, Minister of International Trade and Industry (MITI)



APRIL

- 8 - 12 APRIL** ⑪
Taklimat SDC bagi Kajian Keselamatan Medan MCSC 42/2013
- 16 - 17 APRIL** ⑫
The 2nd Sabah Oil & Gas Conference & Exhibitions (SOGCE)
- 25 APRIL** ⑬
SEDIA Participated at Yayasan Sabah Bersama Rakyat Pitas 2013
- 30 APRIL** ⑭
Courtesy Visit by Mr. Brian Paul, Director of NV Terminals Sdn Bhd



MAY

- 2 MAY 15 SEDIA Participated at Yayasan Sabah Bersama Rakyat Roadshow Beaufort
- 17 MAY 16 Courtesy Visit by TsingHua Investment Consortium from China
- 17 MAY 17 Festival Hari Beka Exhibition
- 28 MAY 18 Courtesy Visit by Department of Skills Development

JUNE

- 6 JUNE 19 Engagement session on SEDIA Manpower Requirement study
- 12 JUNE 20 Briefing on the SDC for Datuk Teo Chee Kang, Minister of Special Affairs in the CMD
- 13 JUNE 21 Courtesy Visit by the Aigo Entrepreneurs Alliance from China
- 18 - 24 JUNE 22 MIDA Trade and Investment Mission to Europe (Manchester, Dublin & Paris)
- 29 JUNE - 5 JULY 23 Trade & Investment Mission to Japan & The Republic of Korea (Kobe, Tokyo & Seoul)

JULY

- 1 JULY 24 Courtesy Visit by Malaysia Productivity Corporation
- 9 JULY 25 Courtesy Visit by Sabah Environmental Protection Association (SEPA)
- 9 JULY 26 Soft Skill Training on "Leading and Facilitating Problem Solving at the Workplace" through the National Talent Enhancement Programme
- 15 - 22 JULY 27 A follow up investment mission to United Kingdom: Meeting with MIDA London & Institute of higher learnings i.e. University of Salford, University of Warwick, University of South Wales & University of East Anglia
- 30 JULY 28 Fourth Cities and Corridors Steering Committee meeting

AUGUST

- 14 AUGUST 29 SEDIA Courtesy Visit to Datuk Seri Panglima Datuk Dr. Maximus J. Ongkili, Minister of Energy, Green Technology & Water
- 15 AUGUST 30 SEDIA Courtesy Visit to Datuk Seri Panglima Datuk Dr. Ewon Ebin, Minister of Science, Technology & Innovation
- 19 AUGUST 31 SEDIA Courtesy Visit to Datuk Sapawi bin Hj. Ahmad, Director of Yayasan Sabah
- 26 AUGUST 32 Courtesy Call to SEDIA and Site Visit at SAIP by UMSSLink Holdings Sdn Bhd
- 27 AUGUST 33 1Agro-SAIP Course on the Potential of Soursop & Watermelon
- 28 AUGUST 34 Briefing to the National Committee on Investment (NCI) on SDC Incentive Package



SEPTEMBER

- 4 SEPTEMBER ²⁹
Trade and Investment Mission to Hong Kong and Shanghai organised by MIDA
- 8 - 15 SEPTEMBER ³⁰
Bio Korea 2013 Exhibition & Conference, and Study Trip to KRIBB
- 18 SEPTEMBER
Meeting with MIDA, UKTI, and WMG, University of Warwick
- 24 SEPTEMBER ³¹
Biotechnology International Advisory Panel (IAP) 2013 meeting at San Francisco, U.S
- 30 SEPTEMBER ³²
Facilitation Fund Handover at the Majlis Perjumpaan Khas Bersama Usahawan Bumiputera Negeri Sabah by Tan Sri Hj. Muhyiddin Yasin, Deputy Prime Minister

OCTOBER

- 16 - 18 OCTOBER ³³
Trade delegation and Roundtable meeting with Heads of Industry in conjunction with the Official visit to Vietnam by the Deputy Prime Minister, Malaysia
- 22 OCTOBER ³⁴
1Agro-SAIP Course on the Essential Oils and Aromatics Industry
- 28 - 29 OCTOBER ³⁵
Visit by the delegates from the Institute of Technology, Tallaght (ITT Dublin) led by Mr. Pat McLaughlin, President, and Head of the School of Science and Computing, Dr. Michael Ahern, to SAIP
- 30 OCTOBER ³⁶
National Talent Enhancement Programme (NTEP) Soft Skill Training - Effective Time Management

NOVEMBER

- 6 NOVEMBER ³⁷
SEDIA Courtesy Visit to UMS Vice Chancellor
- 7 NOVEMBER ³⁸
Courtesy Call by H.E. Matti Pullinen, Ambassador of Finland to SEDIA
- 8 - 10 NOVEMBER ³⁹
Agriculture Carnival 2013 by the School of Sustainable Agriculture, Universiti Malaysia Sabah, Sandakan (KARTSS)
- 19 NOVEMBER ⁴⁰
Courtesy Call by Oita Trade Group, Japan to SEDIA
- 20 - 21 NOVEMBER ⁴¹
MIDA Trade and Investment Mission to Singapore
- 26 NOVEMBER ⁴²
Launching ceremony for the MS ISO 9001:2008 certification and the SEDIA Annual Report 2012
- 28 NOVEMBER ⁴³
International Joint Workshop on New Trends in Nano-Biotechnology, Kota Kinabalu

DECEMBER

- 2 DECEMBER ⁴⁴
Courtesy Call by Petronas
- 3 DECEMBER ⁴⁵
Dinner reception with Ambassadors from the European Union hosted by SEDIA
- 4 DECEMBER ⁴⁶
Meeting with EU Trade Counsellor, Mr. Sandro Paolicchi
- 13 DECEMBER ⁴⁷
32nd JAMECA-MAJECA Joint Annual Conference 2013 in Tokyo
- 16 DECEMBER ⁴⁸
Economic Transformation Programme (ETP) 3 Years Of Implementation
- 16 DECEMBER ⁴⁹
Courtesy Visit to MAHB Chairman Tan Sri Dr Wan Abdul Aziz
- 17 DECEMBER ⁵⁰
Courtesy Visit to UKAS Director General Dato' Ahmad Husni & EPU Director General Dato' Dr Rahamat Bivi Yusoff
- 31 DECEMBER ⁵¹
Courtesy Visit to Sabah Deputy Chief Minister Tan Sri Joseph Pairin Kitingan

1Agro-SAIP Training Programme

The highly lucrative agri-processing and packaging sector has the potential to add value to the state's agriculture industry. However, the industry remains fragmented as currently downstream activities for processing of agri-food and Specialty Natural Products (SNPs) are not sufficient to optimise the value of these resources. The Sabah Agro-Industrial Precinct (SAIP) project in Kimanis is a dedicated agro-processing area that will address these issues. Driven by agri-biotechnology and innovation, SAIP will enhance the capacity and capability of local SMEs in the downstream processing of agro-food and SNPs by locating them in a centralised agro-industrial park.

The establishment and implementation of the 1Agro-SAIP Training Programme will empower technopreneurs in the agri-based industry by giving the necessary exposure and transfer of knowledge especially on the processing of agri-food and SNPs. Designed to be a part of the SAIP pre-incubation initiative, the programme will screen and select potential agro-technopreneurs, thus preparing them to operate under a conducive incubator business environment.

The Knowledge and Technology Management Division has successfully conducted several courses under the 1Agro-SAIP Training Programme, with the programme thus far directly benefitting over 800 local participants. The programme is designed to promote SAIP as a centre for agri-biotechnology, driven by technological innovation and R&D.

The 1Agro-SAIP courses held during 2013 are listed below:

Course	Date
Bioscience and Biotechnology industries	29 January 2013
SME business programme	30 January 2013
Follow-up course on the birds nest industry	21 May 2013
Marine & aquaculture industries	25 June 2013
Nutraceutical industry: The potential of soursop and watermelon	27 August 2013
Essential oils and aromatic plants industries	22 October 2013

Bio Borneo 2013

The Bio Borneo 2013 conference and exhibition had been held on 19-20 February at the Magellan Sutera, Sutera Harbour Resort. The event was co-organised between the Sabah Economic Development and Investment Authority (SEDIA), the Ministry of Science, Technology and Innovation (MOSTI), and the Malaysian Biotechnology Corporation (BiotechCorp).

Bio Borneo 2013 serves as a platform to disseminate information on current bioeconomy R&D efforts and related business potential, along with sharing on bioeconomic transformation programmes and implementation in Malaysia. The event also allows bioeconomy industry players the opportunity to network through business matching sessions, while generally increasing awareness on the bioeconomic potential of Borneo biodiversity resources in driving new sources of economic growth in Sabah, and in Malaysia generally.

Held annually, the inaugural Bio Borneo was in Kuching, Sarawak last year. Bio Borneo is part of the national bioeconomy initiative, focusing specifically on driving the biotechnology innovation agenda forward on the island of Borneo. Bio Borneo 2013



Datuk Dr. Mohd. Yaakub Haji Johari escorting Sabah Deputy Chief Minister Datuk Seri Yahya Hussein and Datuk Seri Dr. Maximus Johnly Ongkili around the exhibition booths during Bio Borneo 2013.

was launched by the Chief Minister of Sabah, Datuk Seri Panglima Musa Hj. Aman, represented by Deputy Chief Minister Datuk Seri Panglima Yahya Hussein. The launching ceremony also saw the launch of Sabah InfoMed, an online Herbal Medicinal Knowledge Base. The Chief Minister noted in his opening speech that Sabah has huge potential in attracting the biotechnology industry into the state, given its wealth in natural resources especially in agriculture and biodiversity.

He said the natives' ethnobotanical knowledge and the state's clean environment as well as strategic geographical location and conducive investment climate are reasons why he was confident of drawing



Datuk Dr. Mohd. Yaakub Haji Johari being briefed on the MyBiotech@School programme

investors to Sabah into its biotechnology industry.

"In this context, the state government is acknowledging biotechnology as a potential catalyst to generate wealth for the state," he said.

The conference covered topics such as "Setting the Borneo Bioeconomy", "The Bioeconomy Transformation Programme (BTP) Agenda for Borneo", "Bioeconomy Initiatives in the SDC", "Bioeconomy in Sarawak", "Establishing a Continuum between Excellent Science and Commercialisation Partners for Plant-derived Products", and "The Development of Aquaculture Industry in Sabah: Lobster Aquaculture and Commercialisation."



Members of the SEDIA organising committee during Bio Borneo 2013

amongst others. Conducive policies were from a wide background of organisations involved in the biotechnology industry, including SEDIA, MOSTI, BiotechCorp, Sarawak's Regional Corridor Development Authority (RECODA), POIC Lahad Datu, Universiti Malaysia Sabah, Australia's Southern Cross University and Inno Fisheries.

Participation in the conference was by invitation only, however the public was invited to visit the exhibition booths held at the same venue. The event also included the MyBiotech@School Programme, an interactive programme for school students.

Strong interest in SDC from China investors

In May, a delegation from China's Tsinghua Investment Consortium paid a courtesy visit to SEDIA and was welcomed by the Authority's Chief Executive, Datuk Dr. Mohd Yaakub Johari at Wisma SEDIA. The seven-delegation was led by Mr. Ma Mingqiang, Secretary General of the ASEAN-China Center. Datuk Dr. Mohd Yaakub gave a short briefing regarding the SDC and the business opportunities that awaits prospective investors.

Datuk Dr. Mohd Yaakub conveyed that foreign investors have expressed keen interest in Malaysia, and Sabah, in particular. He stated that as the one stop authority for SDC, SEDIA welcome inquiries on investment opportunities, business and employment opportunities, incentives and related policies and procedures.

The keen interest on investment opportunities in SDC by foreign investors indicated their confidence in the political stability and security of Sabah in particular and Malaysia in general. They took note of the state's strategic geographical location, the rich cultural heritage and biodiversity resources, and abundance of agricultural and natural resources. The oil, gas and energy industry and the green field opportunities in human capital development and green technologies are also among the potential investment opportunities that discerning investor took heed of. The ASEAN China Center, an inter-governmental organization, that was officially launched in 2011 to boost closer ties between the 10 ASEAN states and China, had also forwarded a list of investment proposals in SDC and among them are an international school, 5 star hotels, a Tsinghua Hi-tech Innovation Centre, healthcare centre, corporate headquarters, agricultural base, marine farming base, food processing base, shopping mall, regional logistic centre, golf courses, water recreation centre and yacht yard, and a 20,000 unit residential area in Sabah.

During the discussion, the possibility of establishing Asia-Pacific Professional Managers' Training Center (Tsinghua) was explored seriously. One of the delegates, Prof. Luo Jianbin, the Director of the Center at Tsinghua University, Beijing, China, has expressed that he was attracted with Sabah and interested to invest in the State as he foresaw that it would be a good start to move forward. He assured that their consortium consisted of influential investors. This would provide a good head start for the potential partnership between China and Malaysia in human capital development, in particular.

In concluding the meeting, Datuk Dr. Mohd Yaakub took the opportunity to thank Mr. Ma and his delegates for their visit and hoped that the meeting would further enhance the relationship between the two countries and that it would pave the way to future collaboration between SEDIA and Tsinghua Investment Consortium as well as the ASEAN China Center, in Beijing.

Briefing Datuk Teo Chee Kang Special Tasks Minister

On June 12, SEDIA had the opportunity to present an introductory brief on the SDC and SEDIA to Datuk Teo Chee Kang, the Special Tasks Minister in the Chief Minister's Department. The briefing was presented by SEDIA Chief Executive Datuk Dr. Mohd. Yaakub Haji Johari in the State Economic Planning Unit (SEPU) office. The briefing covered the objectives and initiatives of the SDC, and the organisation



Datuk Dr. Mohd. Yaakub Haji Johari presenting a memento to Datuk Teo Chee Kang following the visit to the State Economic Planning Unit

structure, functions and roles of SEDIA.

Datuk Teo expressed his confidence in the SDC and SEDIA, its implementing authority. Following the briefing, the minister said he was impressed by the methodology applied by SEDIA, for taking a macro perspective in encouraging economic growth. Using poverty eradication as an example, Datuk Teo cited that the agropolitan projects would develop major economic sectors while simultaneously assisting the rural people in moving up the economic ladder through the provision of socio-economic assistance as well as employment and business opportunities.

Thanking Datuk Dr. Mohd Yaakub for a comprehensive briefing, Datuk Teo commented that "from the briefing, it is my understanding that everything is on track with the Sabah Development Corridor. I'm very confident

that investment in Sabah is at a good pace, we just need to continue monitoring it regularly. Like Datuk Dr. Yaakub had said earlier, we must know where our strength lies. For instance, I'd say for Sabah, among our key strengths is our location; we are at the heart of South East Asia, and we are actually in the midway between the two largest emerging economies in the world, China and India. Every country is trying to attract investments to spur the economy in their own state and country, so we are facing stiff competition. But based on what I have seen today, SEDIA and



SDC are in the right direction, having properly recognised the strengths of Sabah when it comes to garnering investment and managing growth".

As Special Tasks Minister in the Chief Minister's Department, Datuk Teo Chee Kang was given the responsibilities to look into the needs and requirements of the Chinese community, and to ensure that the State Economic Planning Unit's plans and programmes are in order as well as in accordance to the State's needs.

On arrival, the minister was greeted by Datuk Dr Mohd Yaakub and the Director of the State Economic Planning Unit, Datuk Ismail Abdullah, alongside several senior officers from SEPU and SEDIA.

In summing up his remarks, Datuk Teo Chee Kang said "I am glad that SEDIA is working closely with SEPU, because these organisations are like siblings, and siblings should work together closely. This is made even easier by the close physical proximity of your offices, being situated in the same building. In time to come, I look forward to working closer with SEPU and SEDIA. You will regularly hear from me, seeking information on state development".

China diving group keen on the SDC

A delegation from China's Diving Best paid a courtesy visit to SEDIA on June 13, 2013 and was welcomed by Chief Executive Datuk Dr. Mohd Yaakub Johari, at Wisma SEDIA. The seven-person delegation also included a representative from the Aigo Entrepreneurs Alliance, an organisation to help private Chinese companies promote their businesses outside of China. The delegation was given a briefing on the Sabah Development Corridor and the business opportunities that await prospective investors. The SDC tax incentives package was among the topics outlined during the briefing.

Diving Best is best known for running the Sanya Diving Training Centre, which is located in Sanya City of China's Hainan Province and has been



Datuk Dr. Mohd. Yaakub Haji Johari seen chairing the meeting with a delegation from China's Diving Best.

certified by the Confédération Mondiale des Activités Subaquatiques (CMAS), Professional Association of Diving Instructors (PADI) and International Scuba diving school (SSI), with qualified professional divers engaged in diving tourism and leisure sport. The company is also known for working with various international hotelier brands such as the Ritz Carlton, Hilton, Sheraton, Marriott, and also China's Horizon Resort and Spa group in opening several sea tourism-based hotels and resorts in China.

With the continuous development of coastal tourism, tropical seashore leisure diving has become the main source of Hainan tourism. The diving training centre receives over 50 million visitors a year and is equipped with semi-tropical ocean and beach recreation services, such as scuba diving, reef diving, night diving, professional deep-sea diving, and bay diving. In accordance to international standards, the centre has supporting facilities, professional equipment and experienced diving coaches to undertake divers' initial training and further qualifications.

According to the members of the delegation, Sabah is well-known in China as an eco- and marine-based tourism destination. This has prompted the group to

express interest in entering Sabah's tourism industry. The meeting had shown positive outcomes despite only being their first meeting with SEDIA. The group was also introduced to potential local partners, including the Sipadan Mangrove Resort and the Sabah Urban Development Corporation.

SEDIA establishes links to the Korea Bio Economy

SEDIA met with a delegation from the Korea Research Institute of Bioscience and Biotechnology (KRIBB) on July 25, 2013 to discuss potential collaboration between South Korea and the state of Sabah in the field of biotechnology. The group, accompanied by Datuk Nancy Ho and Datuk Yap Pak Leong from



A delegation from the Korea Research Institute of Bioscience and Biotechnology (KRIBB) paid a courtesy call on SEDIA to discuss potential collaboration between South Korea and SEDIA in the field of biotechnology.

local biotechnology firm G to G Bio Sdn. Bhd., was welcomed by Chief Executive Datuk Dr. Mohd Yaakub Johari at Wisma SEDIA. The delegation presented the profile of KRIBB and was also given a briefing on the Sabah Development Corridor (SDC) and the opportunities for prospective investors in the biotech industry.

The Sabah Agro-Industrial Precinct (SAIP) was among the topics outlined during the briefing, and the Korean group was also introduced to the SDC investment tax incentive package, which was developed by SEDIA to attract investors globally and within Malaysia, and was approved in 2012 by the Ministry of Finance.

The meeting also saw the signing of a Memorandum of Understanding (MoU) between SEDIA and G to G Bio for the collaboration to have a Sabah presence during Bio Korea 2013, which was to be held in the Korea International Exhibition Centre, South Korea during 11th – 13th September 2013. The collaborative effort will allow for the promotion and development of biotechnology and the bioeconomy in Sabah.

SAIP - A dedicated Agro-biotech cluster in Sabah

The month of August saw a team from SEDIA conducting a test run of the distillation plant at the Sabah Agro-Industrial Precinct (SAIP). Attended by SEDIA Chief Executive Datuk Dr. Mohd. Yaakub Haji Johari and Vice President Puan Mary Sintoh, the test run of the distillation facilities was conducted using harvested tea tree (*Melaleuca alternifolia*) leaves from the SAIP tea tree plantation. Following the test run, the distillation plant equipment was inspected by SIRIM officials and given the SIRIM approval that it was running in accordance to the Department of Occupational Safety and Health (DOSH) standards.



SEDA Chief Executive Datuk Dr. Mohd. Yaakub Haji Johari and Vice President Mary Sintoh being briefed during the test run of the distillation plant at SAIP

The distillation plant was developed under the Ministry of Science, Technology and Innovation (MOSTI) TechnoFund grant scheme. The project entitled 'The development of production protocols to commercialise production of tea tree oil (*Melaleuca alternifolia*)' is aimed to develop a complete localisation of technologies required to successfully develop tea tree as a commercial crop in Sabah. This project will allow essential oils from Sabah's biodiversity to be benchmarked against established essential oils such as tea tree oil.



SEDA Chief Executive Datuk Dr. Mohd. Yaakub Haji Johari and Vice President Mary Sintoh being briefed during the test run of the distillation plant at SAIP



A site visit to SAIP by UMS Link Sdn Bhd

The distillation plant facility would be one of many services to be made available to agro-entrepreneurs who base their business activities in SAIP. An administration building, initial incubator support facilities, mini processing plant, tissue culture lab, product development facilities and a demonstration and nursery plot were already in place. SAIP is targeted to be in operation by 2015.

In the following week, SEDIA received a courtesy call at SAIP by a group from UMS Link, the business arm of Universiti Malaysia Sabah. As the commercial and business arm of UMS, the main objective for the company was to generate revenue for the university. UMS Link promotes knowledge and R&D through commercialising UMS research and development, inventions, innovations, and services, while also offering academic programmes, professional expertise and viable business ventures.

During the discussion with UMS Link, a representative of the group explained that UMS Link had plans to ramp up partnerships and collaborations; therefore it was timely to establish a line of communication with SEDIA. He further added that "as recognised under the Sabah Development Corridor, Sabah is rich with natural resources and UMS Link is keen to harness that wealth".

On the following day, SEDIA welcomed a visiting group from the Iskandar Regional Development Authority (IRDA), the KadazanDusun Chamber of Commerce and Industry (KCCI) and the Director General of the Malaysian Institute of Pharmaceuticals and Nutraceuticals (IPharm). Following the briefing on SAIP by several senior SEDIA staff, the group was then given a tour of the facilities, including the SAIP Demo Plot and administration building.

International Joint Workshop on Biotechnology

SEDA hosted an International Joint Workshop on New Trends in Nano-Biotechnology on November 28, 2013. The event, attended by delegates from the Korea Industrial Technology Association (KOITA) and the Korea Research Institute of Bioscience and Biotechnology (KRIBB), was officiated by Deputy Chief Minister cum Minister of Industrial Development,



Datuk Dr. Mohd. Yaakub Haji Johari presenting his opening remarks during the International Joint Workshop on Biotechnology

Datuk Raymond Tan Shu Kiah.

Participation by SEDIA in the Bio Korea 2013 convention and exhibition in September had received positive feedback from Korean investors and industrial players. KOITA and KRIBB had then decided to conduct a business trip to Sabah with a delegation consisting of eight industry players and three research institutes which had been involved in the nano- and bio-technology industries. The workshop was held with the aim of providing a platform for the private sector and government agencies (from both the Republic of Korea and Sabah) to explore business potential and opportunities in the bio economy.

The workshop included talks on the bioeconomy initiatives in the Sabah Development Corridor by SEDIA Vice President Mary Sintoh, Development of oil palm byproducts utilising technology-ecofriendly pre-treatment by Dr Chung Hwa-Jee of Gendocs Inc, Investment Opportunities at Palm Oil Industrial Cluster (POIC) Sabah by Dr Bilson Kurus from POIC Sdn Bhd, and Multifunctional nanomaterials for biomedical applications by Dr Jang Eue-Soon from Kumoh National Institute of Technology.

The introduction of nano-biotechnology in Sabah will create new potential and opportunities within the biotechnology sector, especially in agro-biotech, biomass and green technology. SEDIA Chief Executive Datuk Dr Mohd Yaakub Haji Johari said that nano-biotechnology was a new frontier



Datuk Dr. Mohd. Yaakub Haji Johari accompanying Minister of Industrial Development Datuk Raymond Tan Shu Kiah around the exhibition booths during the International Joint Workshop on Biotechnology

that merged biological research and process with various fields of nanotechnology. He added, "through nanotechnology, researchers and manufacturers can manipulate or fabricate matter at the atomic and molecular level, creating many new materials and manufacturing possibilities with a vast range of applications, which in turn will profoundly impact our economic growth".

Meanwhile, Dr Kim Chul-Ho, delegate representative of the Korean delegates under the Educational-Research-Industry Cooperative Cluster programme of KOITA and KRIBB, believed that great benefits would accrue for Malaysia and South Korea if both countries cooperated in developing industrial technologies using bio resources.

SEDA had in the past collaborated with the Malaysian Ministry of Science, Technology and Innovation (MOSTI) and the Malaysian Biotechnology Corporation (BiotechCorp) in organising several seminars and conferences on the bioeconomy. The most recent was Bio Borneo 2013 and the Sabah Mini Bioeconomy Transformation Programme (BTP) workshop and lab.

Human Capital Development Under the SDC

The Sabah Economic Development and Investment Authority (SEDIA) held the graduation ceremony for the first batch of students of the Accelerated Skills Enhancement Training (ASET) programme on November 29, 2013. A cooperative effort between SEDIA and Sunway International Business and Management (SIBM), participants of the programme undergo four months of training which includes three months of practical training.



A graduate receiving his Vocational Diploma in Hospitality from SEDIA Chief Executive Datuk Dr. Mohd. Yaakub Haji Johari during the graduation ceremony of the Accelerated Skills Enhancement Training (ASET) programme

The ASET programme is fully funded by Pembangunan Sumber Manusia Berhad, and involves SEDIA, SIBM and selected hotels that provide practical training for the graduates. The convocation ceremony saw a total of 20 graduates receiving a Vocational Diploma in Hospitality.

SEDIA would continue to work with the private sector and educational institutions to develop quality human capital for the state's tourism industry. SEDIA Chief Executive Datuk Dr Mohd Yaakub Johari said that the rapidly growing tourism industry needed a quality trained workforce on a large scale, "therefore, SEDIA will continue to conduct various programmes, including ASET, to meet that demand. This initiative helps to improve a person's existing skills and encourages youth from rural areas to venture in the field of hospitality".



A group photo with hospitality diploma graduates of the ASET programme

Networking linkages with EU Ambassadors

On December 3, 2013, SEDIA welcomed a visiting delegation from the European Union and had the opportunity to host a dinner reception with the group to promote trade ties with Sabah. His Excellency Luc Vandebon, Ambassador and the head of the European Union delegation to Sabah, led a group of six EU ambassadors and their entourage on an official visit to Sabah. The delegation from the European Union was visiting Sabah to receive firsthand information from government officials and agencies on the current development activities in the State.

The dinner reception started with welcoming remarks by SEDIA Chief Executive Datuk Dr. Mohd Yaakub Hj. Johari. He remarked, "it is heartening to note that the EU-Malaysia FTA talks shall resume very soon. As a matter of fact, Malaysia has signed FTAs with China, Japan, South Korea, New Zealand, Australia and India. And within ASEAN we are on the road to be an economic community by 2015, with minimal trade barriers. It is therefore little surprise to see that the total intra-regional trade had been steadily increasing over the recent years".

In his address during the dinner reception, His Excellency Luc Vandebon noted that the EU, because of its sheer size and the way it works, was Sabah's natural partner for trade and business ventures. He said, "I will argue that the EU is open for business and that it is the most business friendly and transparent partner you can possibly have".

He further emphasised that, "the European Union is the largest single market in the world economy and has clear rules applicable to all trading partners. A single set of trade rules and administrative procedures and a single set of custom duties, simplify trade and create a stable, predictable and safe trading environment".

On the following day, Datuk Dr Mohd Yaakub welcomed EU First Counsellor Alessandro Paolicchi for a meeting at Wisma SEDIA to further discuss future trade ties between Sabah and the European Union. The discussion also noted on current developments



The welcoming remarks delivered by Datuk Dr Mohd. Yaakub Haji Johari during a dinner reception for a delegation from the European Union.

In line with the focus in the second phase of the SDC to attract investment, promote SMEs and mobilise new sources of growth, SEDIA had been actively participating in trade and investment missions throughout the year 2013. Engagement with the private sector is a key objective during this phase that runs through 2011 to 2015, whereby SEDIA has been more aggressive in its promotion and marketing activities locally and abroad, engaging in various exhibitions and expositions, and the momentum will continue at this pace.

MITI Roundtable Discussion in Singapore

SEDIA had in early March participated with other corridor authorities at a roundtable discussion in Singapore, hosted by the Minister of International

Further evidence of success of the ETP was shown through statistics such as a 50% increase in GNI per capita in 3 years, reduction in fiscal deficit from 6.6%



Datuk Dr Mohd Yaakub Hj. Johari seen making presentation on the Sabah Development Corridor at The Roundtable discussion in Singapore

Trade and Industry, Malaysia, Datuk Seri Mustapa Mohamed. Datuk Seri Mustapa held the roundtable event with more than 300 Singapore investors in the morning before officiating the "Let's Go To Kelantan, Malaysia by Firefly" promotion programme which was attended by 700 tourism industry players in the republic. Both events were held in the Raffles City Convention Centre.

The Minister of Trade and Industry started off the event with his presentation titled *Updates on the Malaysian Economy and Investment Potential*. In speaking of closer ties between the two countries, Datuk Seri Mustapha cited the then-recently announced high speed rail link between Singapore and Kuala Lumpur. He also told the Singaporean audience that Malaysia's overall GDP growth for 2012 was 5.6%, while Q4 2012 was pegged at 6.4%, its highest quarterly growth since Q2 2010. The Economic Transformation Programme (ETP) was also a major topic of his presentation, citing that investment growth grew to 22% in 2012 from an average of 6.7% before the start of the ETP in 2010.

in 2009 to 4.5% in 2012, and the tripling of private investment growth since its introduction.

Following the presentation by the Minister, Chief Executive of SEDIA Datuk Dr Yaakub Johari and other heads of corridor authorities presented on investment opportunities in their respective corridors. The event was then completed with one-on-one meetings between regional corridor authorities and members of the Singapore business community.

The Singaporean business community had shown keen interest in the investment climate in Sabah, with interests ranging across several fields including the medical industry, wellness tourism, manufacturing, oil and gas, and education. Several groups had approached SEDIA representatives to discuss opening international colleges within the Sabah Education Hub, a location within the Sabah Development Corridor with a specific focus on education institutions. The group from SEDIA had also held discussions with a biotechnology company on potential joint venture activities in Sabah.

MIDA Trade and Investment mission to Europe

In June, the Malaysian Investment and Development Authority (MIDA) led a delegation that included SEDIA on a trade and investment mission to several locations in Europe. The mission, held during 18 – 24 June, visited Manchester, Dublin, and Paris, where delegation members had the opportunity to participate in seminars as well as networking opportunities with local industry players.



SEIDIA participated in a Trade & Investment mission to Europe

Exploring Human Capital Development Partnership with British Universities

At a meeting in Kuala Lumpur arranged with representatives of UK Trade & Investment (UKTI), SEDIA met the Warwick Manufacturing Group, of the University of Warwick. The team from SEDIA had the opportunity to promote areas of interest in the SDC to the group, including in education and innovation opportunities, and also the aviation industry.

SEIDIA Chief Executive Datuk Dr. Mohd Yaakub Hj. Johari had also followed up the interests on the opportunities in the provision of human capital development programme in SDC by British universities, pursuant to the trade and investment mission to Europe with efforts to attract human capital development activities from the United Kingdom into the SDC. Courtesy calls were paid upon several institutions of higher learning in the UK, promoting SDC projects such as the Sandakan Education Hub, and efforts to boost human capital development. Notable during the calls was the interest in Sabah's creative industry by Salford University, and the aviation industry by the University of South Wales. A visit was also arranged to the Engineering Innovation Centre at the University of Warwick.



Boosting bilateral trade between Malaysia with Japan and South Korea

Trade and Investment mission to Japan and the Republic of South Korea

The trade and investment mission to Japan and the Republic of South Korea from 29 June to 5 July 2013, was jointly organised by MIDA and MATRADE with the objective to attract both Japanese and Korean investors to invest in Malaysia as well as to boost bilateral trade between Malaysia and Japan, and South Korea.

Members of the Malaysian delegates comprised



A business matching session with a potential investor during the Trade and investment mission to Japan and South Korea

of representatives from both Federal and State government agencies as well as the private sector. In conjunction with the mission, three seminars entitled "Business Opportunities in Malaysia" were conducted in three cities, namely:

1. Kobe, Japan on 1 July 2013;
2. Tokyo, Japan on 2 July 2013; and
3. Seoul, Korea on 4 July 2013.

Individual business meeting sessions were also held in the respective cities, whereby the meetings with potential investors and businessmen based in Japan and Korea had been prearranged by MIDA.

MIDA Trade and Investment mission to Hong Kong and Shanghai, China

Along with seven other investment promotion agencies, SEDIA had participated in the MIDA trade and investment mission to Hong Kong and Shanghai held during 3rd – 6th September 2013. Apart from the "Seminar on Business Opportunities in Malaysia" held on 4th and 5th September, the mission also included business matching sessions.

The other participating investment promotion agencies included the Penang State Government (Invest-in-Penang Berhad), Melaka State Government (Invest Melaka), Perak Investment Management Centre (InvestPerak), Iskandar Regional Development Authority (IRDA), Halal Industry Development Corporation (HDC), and POIC Sabah Sdn Bhd.

Enquiries received during the business matching session include interest in tourism, oil, gas and energy, as well as in education. Many had also expressed their interest in setting up factories in order to expand their businesses outside their



respective countries. Participants for the seminar in Hong Kong and Shanghai were estimated at 200 and 1000 persons respectively.



Annual Biotechnology International Advisory Panel, San Francisco, U.S.

SEIDIA was invited to attend the Annual Biotechnology International Advisory Panel (Bio-IAP) meeting chaired by the Prime Minister on September 24 in San Francisco, as part of the National agenda to bolster Malaysia's capability in science and innovation, and to provide the strategic direction for the development of the biotechnology industry in Malaysia. The Bio-IAP comprised biotechnology experts, academics and experienced industry players. The advisory panel's role was to advise Malaysia and helped shape the direction and development of its biotechnology sector. The Bio-IAP meeting was held to discuss the development of Malaysia's biotechnology industry from research & development (R&D) initiatives, human capital development, commercialisation, business development to its funding ecosystem.

The Bio-IAP was also briefed on the role of incubator to support start-ups in the biotech industry within the Silicon Valley. SEDIA noted the key role of biotechnology in developing downstream agricultural activities such as those promoted in the Sabah Agro-Industrial Precinct, which aims to increase agri-SMEs that produce niche and specialty agriculture products using modern scientific solutions.

Fourth OIC World Biz – Business & Investment Zone 2013. Exhibition & Conference



SEDIA staff providing information to potential investors regarding the SDC and SEDIA during the Fourth OIC World Business Biz - Business & Investment Zone 2013 Exhibition

During September 25-28, 2013, SEDIA participated in the fourth OIC World Biz – Business and Investment Zone, hosted by Malaysia for the year 2013 and officiated by Prime Minister Dato Seri Mohamad Najib Abd Razak. The event provided a platform where it featured 56 OIC members and 100 Multinational companies from around the globe, empowering and accelerating trade and investment in Islamic-based economies. The event aimed at boosting Islamic-based economic development within the region and enhancing competitiveness in the global Muslim market. The event was graced by more than 30,000 visitors from around the globe, representing their countries and companies. A booth was provided for SEDIA to promote the SDC and provide in-depth progress updates during the three-day event. It is estimated that SEDIA had engaged with more than 50 companies from OIC members that had shown interest in the SDC.

MIDA Trade and Investment mission to Singapore



A business matching session with a potential investor during the Trade and Investment mission to Singapore

On November 20, 2013, SEDIA participated in MIDA's annual trade and investment mission to Singapore, held at the Stamford Raffles Convention Centre. Along with the other corridor authorities, SEDIA was invited to participate in this event to showcase the corridor's respective strengths and unique selling points to investors from the region. The event is meant to serve as a platform for Singapore and other foreign companies to converge and discuss potential opportunities that Malaysia had to offer. The event saw over 500 participants representing their companies in exploring the business opportunities available in Malaysia.



The SDC initiative is meant to create a better outlook for future generations



SABAH ON TRACK FOR ROBUST GROWTH
Five key Petronas projects coming onstream this year

BAH ON TRACK FOR ROBUST GROWTH
Site for data on herbal medicine

RM114 bln invested in Sabah Devt Corridor

Malaysia wants Romanian businessmen to invest in SDC

KKIP attracts more than RM2 billion in investment value

Alleviating poverty through agropolitan projects in Sabah

Putting Sabah on world lobster map

Sabah welcomes biotech sector as its potential new source of economy

Raymond Tan: Sabah's position as one of top FDI attractors can be sustained

China investors keen on Sabah

Sabah Development Corridor projects on track

Biotech devt agenda expanded to Sabah

SOGIP will be prime job provider in Sabah

KKIP receives top marks from EPU

Ascan China Centre and China group keen to invest in Sabah

TEO: SDC ON RIGHT TRACK

AM happy with progress of AMUR project

Half of jobs in SOGIT filled by Sabahans

PetChem to spend big on Sabah fertiliser plant

SEDIA goes all out to attract investments for second phase of devt corridor

Huge Sabah biotech potential

Sabah's oil and gas industry has huge potential

Investments pouring into Sabah

SDC, SEDIA in right direction on investments - Special Tasks Minister

Tourist arrivals rose by 6.6 per cent downstream industry as next economic frontier

RM116 bln invested in SDC - CM
Positive SDC impact keeps Sabah economy robust - CM

Sabah receives investments worth RM5.83bil last year

KK Waterfront devt on completion target

Sabah invite for Korea Research Institute

SEDIA boosts knowledge economy through key events

SOGT test run: 100m flaring expected

Korean firms to invest RM30 mln Lahad Datu biomass plant

Kimanis SOGIT can handle up to 260,000 barrels

Sabah-Sarawak gas pipeline to start operations by Jan 2014

Tourist arrivals from China already doubled that of last year

Villagers excited to observe SOGIT commissioning activities

Whopping 86 per cent rise in tourist arrivals from China, Hong Kong

Brighter future for Lahad Datu

ran-KB tourism master plan approved

Kimanis power plant to be commissioned by June 2014

SDC RECEIVES RM5.2bil in investment for manufacturing

State Govt glad RM45bil Samur project is ahead

SEDIA awarded MS ISO 9001:2008 Quality Cert

to produce fuels from biomass

RM1.8 bln Jesselton Quay devt at KK waterfront



- **SDC Performance Review**
 - The Economy
 - Development Performance
 - Investment Performance
 - Human Capital Development
 - Physical Progress
 - SDC Incentives Package

During 2013, in the Third Rolling Plan of the Tenth Malaysia Plan (10MP), SEDIA accorded more emphasis in areas such as prioritising operating expenditure, to give greater focus on programmes and activities that can contribute directly towards achieving SDC Key Performance Indicators in terms of GNI, employment and investment, and enhancing SEDIA administrative and management systems to comply with the MS ISO 9001:2008 standard. SEDIA also maintained its role as the One-Stop Centre for the SDC, providing information and investment advisory services as well as facilitating stakeholder engagement and access to investment incentives, developing non-fiscal packages to attract investments, developing R&D networks, clearing house and database to exchange and share information, and fast-tracking access to expertise.

The Economy

Sabah's economy has been fairly resilient during the 2008-2013 period, even registering positive growth during the global economic crisis in 2009. From the analysis of the Gross Domestic Product (GDP) figures over the 2007 – 2013 period (see Chart 1), Sabah can be seen to have been performing fairly well since the launch of the SDC in 2008. The state's GDP for 2008 recorded 10.7 per cent, which was markedly higher in comparison to the global 2.7 per cent figure and Malaysia's overall 4.8 per cent for the same year. During the global financial crisis of 2009, the State's GDP recorded 4.8 per cent, as compared to -1.5 per cent for Malaysia and the world at -0.4 per cent. The global economy expanded at a modest pace in 2013 at 3.0% (2012: 3.2%), due to uneven

momentum across economies. Despite the weaker external factors and global economic uncertainty, the Malaysian economy expanded by 4.7% in 2013 (2012:5.6%), driven by the continued strong growth in domestic demand.

Sabah's economy however experienced a slower GDP growth at 3.0 percent in 2013 (2012:4.2%), due to weaker performance of the mining (oil and gas) sector. The implementation of various SDC projects throughout the year, especially projects such as the Sabah Oil and Gas Terminal (SOGT), Kimanis Power Plant, Sabah Ammonia-Urea plant (SAMUR), the Palm Oil Industrial Clusters (POICs) in Lahad Datu and Sandakan, as well as the Kinabalu Gold Coast Enclave will surely boost Sabah GDP in years to come.

Development Performance

During the 10MP, the SDC had been allocated RM 244,258,500 for financing of SDC projects. The detailed breakdown of SDC allocations for each sector rendered is tabulated in Chart 2 and Table A. Infrastructure spending has the highest allocation which contributed about 53 percent of the 10MP allocations with a total of approximately RM 130 million, followed by agriculture with a total of RM 101 million or 41.29 percent. Other sectors which include human capital and tourism are allocated RM 6.8 million and RM 7 million each.

CHART 2: SDC Development Projects Breakdown by Sector (For Tenth Malaysia Plan)

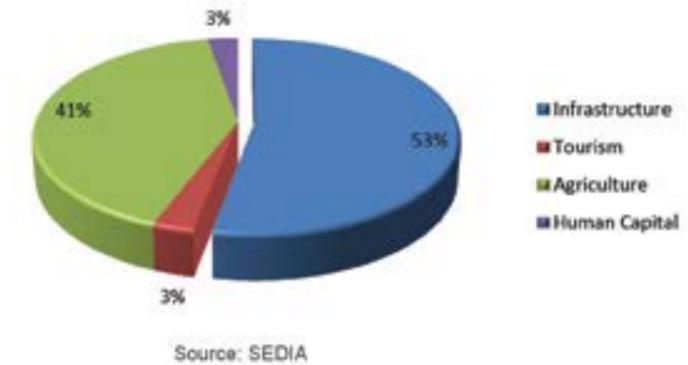


TABLE A : SDC Development Allocation by Sector under The Tenth Malaysia Plan

Infrastructure	Tourism	Agriculture	Human Capital	Total for Tenth Malaysia Plan
129,608,500	7,000,000	100,850,000	6,800,000	244,258,500
53.06%	2.87%	41.29%	2.78%	100.00%

Source: SEDIA

Table B and Chart 3 show the details of breakdown of SDC allocations and disbursement under the 10MP. A total of RM 66,449,349.22 or 27.20 percent of the total disbursed as at 31 December 2013, as payment for works and services rendered for the SDC projects listed under the 10MP.

Two new projects/project components were approved under the First Rolling Plan – a Creative Content Development Incubator and a component of the Keningau Integrated Livestock Centre (KILC) had commenced.

CHART 1: Show Sabah, Malaysia and Global GDP for 2007 - 2013

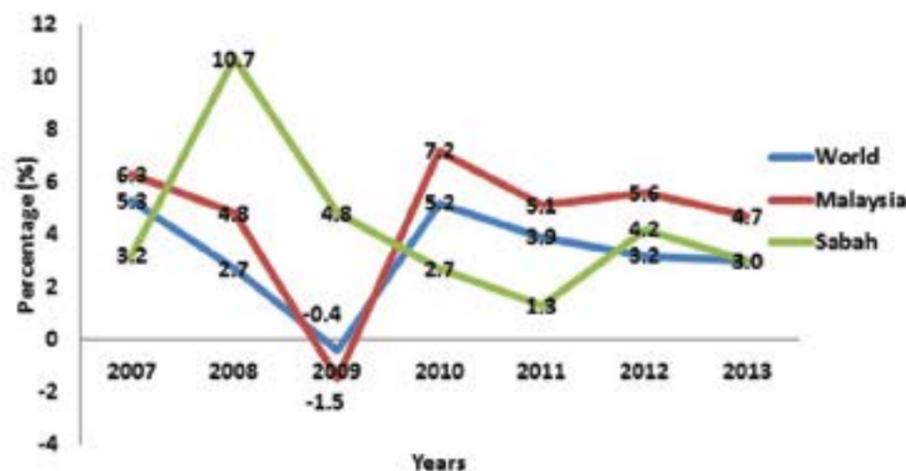
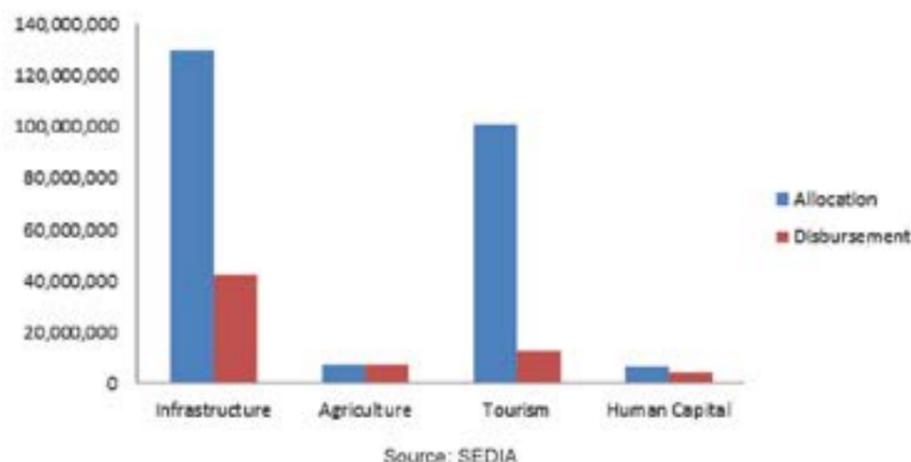


TABLE B: SDC Development Projects Allocation and Disbursement as at 2013

Sector	Allocation	Percentage	Disbursement	Percentage
Infrastructure	129,608,500	53.06%	42,289,679.43	32.64%
Agriculture	7,000,000	2.87%	7,354,242.19	105.06%
Tourism	100,850,000	41.29%	12,462,943.73	12.36%
Human Capital	6,800,000	2.78%	4,342,483.87	63.86%
Total as at 2013	244,258,500	100.00%	66,449,349.22	27.20%

Source: SEDIA

CHART 3: SDC Development Projects Allocation and Disbursement as at 2013



Investment Performance

SEDIA, as a one-stop agency to drive the Sabah Development Corridor, had gone all out to attract investments to further spur growth in the second phase of development of the SDC. SEDIA had participated in many state-organised, and Malaysian Investment Development Authority- or Ministry of International Trade and Industry-led investment and trade missions locally and abroad. The response from these missions have been encouraging, stirring significant interest and drawing substantial investment in the sectors promoted under the SDC such as oil and gas, tourism, agriculture, education and manufacturing.

Sabah has the potential to leverage on its strategic position to link the rapidly growing BIMP-EAGA sub-region to the dynamic North East Asian economies. The alignment of the SDC with the Economic Transformation Programme (ETP), Government Transformation Programme (GTP) and the 10MP coupled with the progress made in the implementation of SDC projects, especially the SDC Flagship Projects such as the POICs in Sandakan and Lahad Datu, Sandakan Education Hub, Oil and Gas Clusters, KILC, Kinabalu Gold Coast Enclave, Sabah Agro-Industrial Precinct (SAIP) and Agropolitan Projects, have succeeded in boosting business confidence in Sabah. These developments have encouraged more private investors to consider participating in new investment projects, Entry Point Projects (EPPs) and Public-Private Partnerships (PPPs) in Sabah.

The Investment Incentive Package for the Sabah Development Corridor (SDC) is poised to further intensify the investment momentum in the state.

The package covers activities in, among others, the tourism, manufacturing and agriculture sectors and major industries. These incentives are available for investment in designated Strategic Development areas, clusters and flagship projects including the Kinabalu Gold Coast Enclave, SAIP, Sandakan Education Hub (SEH), Sabah Oil and Gas Industrial Park (SOGIP), Interior Livestock Valley, Marine Integrated Cluster and the Lahad Datu POIC. The period for tax incentives is for applications received by SEDIA up until Dec 31, 2020.

Sabah had also emerged as one of the top investment destinations in Malaysia, which itself had emerged as one of the world's top 10 Foreign Direct Investment destinations in 2013. Meanwhile, SEDIA has been taking aggressive measures to assist in addressing the human capital requirement of investors in the SDC.

In this respect, the total cumulative committed and realised investment as at 2013 had reached RM127 billion and RM25.7 billion respectively (see Table C for the detailed breakdown). Oil and Gas had attracted the highest cumulative committed and realised investment for 2013 with 69 percent of realised investment (Charts 4 & 5). Following discoveries of oil and gas resources offshore Sabah, Petronas is forging ahead with its upstream and downstream oil and gas projects. Petronas-initiated projects include the SOGT in Kimanis; Sabah-Sarawak Gas Pipeline; the 300 megawatt gas-fired power plants in Kimanis and SAMUR in Sipitang. The oil and gas downstream industry has been projected to be a major contributor to Sabah's manufacturing sector and the overall State economic structure. The sector would not only attract

TABLE C: Cumulative Committed and Realised Investment For SDC 2008-2013

Year	Committed				Realized			
	Number	Employment	Investment (RM)	Cumulative Investment (RM)	Number	Employment	Investment (RM)	Cumulative Investment (RM)
2008	75	5,826	11,867,928,164	11,867,928,164	44	2,761	923,578,608	923,578,608
2009	47	1,872	7,678,205,977	19,546,134,141	29	949	492,794,921	1,416,373,529
2010	57	2,913	21,810,003,720	41,356,137,861	44	1,286	4,543,528,732	5,959,902,261
2011	72	124,445	77,484,869,419	118,841,007,280	21	833	1,546,614,797	7,506,517,058
2012	47	1,578	4,459,089,651	123,300,096,931	52	15,230	10,542,907,821	18,049,424,879
2013	20	14,963	4,292,401,846	127,592,498,777	3	1,011	7,639,492,938	25,688,917,817
2008-2013	318	151,597	127,592,498,777		193	22,070	25,688,917,817	

Source: SEDIA

significant investments but also provide excellent career development opportunities for Sabahans and generate enormous wealth for the State.

Success is also reflected in the palm oil sector, drawing 18 percent of the total committed investment and 11 percent of realised investment; the sector is one of the key drivers of the State and National economies. Sabah is endowed with fertile tropical landmass that is ideal for the cultivation of oil palm. The industry

is focusing its effort on value-added downstream production such as oleochemical, biodiesel, biomass and biogas, as well as development of new markets for Malaysian palm oil. The POICs in Sandakan and Lahad Datu play a major role in setting up an attractive investment environment for palm oil in Sabah. The POICs are spearheading the development of palm oil downstream processing to add value and create business opportunities for the industry.

CHART 4: SDC Cumulative Committed Investment 2008-2013 by Sector as at December 2013

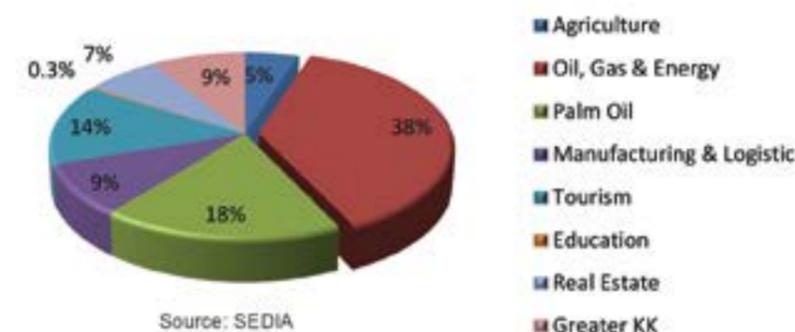
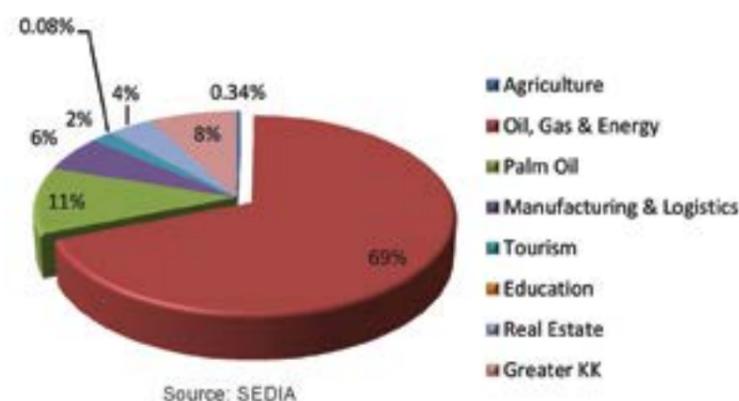


CHART 5: SDC Cumulative Realised Investment 2008-2013 by Sector as at December 2013



Human Capital Development

With an expected increase in job opportunities and a rising new economy, the Sabah Development Corridor is the place to be for people to seek job opportunities. Over the past seven years, the Sabah labour market had improved with the labour force participation rate continuing to rise to 69.9 percent in 2013. Of these, a total of 1.58 million persons were employed while 86,000 persons were still unemployed.

Referring to Table D and Chart 6, the unemployment rate in Sabah had decreased by 0.2 percent from 5.4 percent in year 2012 to 5.2 in year 2013. This is a positive sign to Sabah employment trends. Sabah needs more than 24,000 skilled and semi-skilled work force for various sectors towards the year 2020. Sabah is currently producing 8,000 skilled graduates each year but the current demand requires 24,000 more workers within the next six years. To support the demands of a skilled and semi-skilled workforce, SEDIA had been continuously working with the private sector and educational institutions to develop quality human capital to support the economic development of the state. One of the programmes that SEDIA had organised in 2013 was the Accelerated Skills Enhancement Training (ASET) programme to develop a quality trained workforce in the tourism industry and encourage youth to improve existing skills and nurture talent.

The Federal Accredited Department of Skills Development Malaysia (FeMAC) reported that Sabah needs an additional 16,000 skilled workers annually

to meet the growing demand by 2020. More jobs will be made available to youths with a total of 143,700 jobs to be created by the SDC. Out of that, 29,611 would be in the agriculture industry, 23,122 in the oil and gas sector, 15,891 in the tourism industry and 12,201 in the palm oil industry.

SEDIA has also taken measures to address the human capital requirements of investors, and had been in talks with local and foreign institutes of higher learning to participate in human capital development programmes in Sabah, especially at the Sandakan Education Hub. One of the other programmes introduced was the National Talent Enhancement Programme (NTEP) to provide job placement for degree and diploma holders in the engineering field, which had been well received. Job seekers are encouraged to register with SEDIA for emplacement in various private sector-led SDC projects.

Human capital development, apart from being a crucial factor in driving the economy and achieving the target to become a high-income and developed nation, was clearly one of the key determinants to attract private investment; this would be one of the major considerations of investors. The SDC had attracted an impressive amount of private investment, at about RM127 billion since its launch in 2008; it is therefore important to ensure that there is a sufficient pool of human capital with the required skills to meet the manpower requirements of the investors.

CHART 6: Labour Force, Employed, Unemployment and Unemployment Rate for Sabah by percentage, 2007-2013

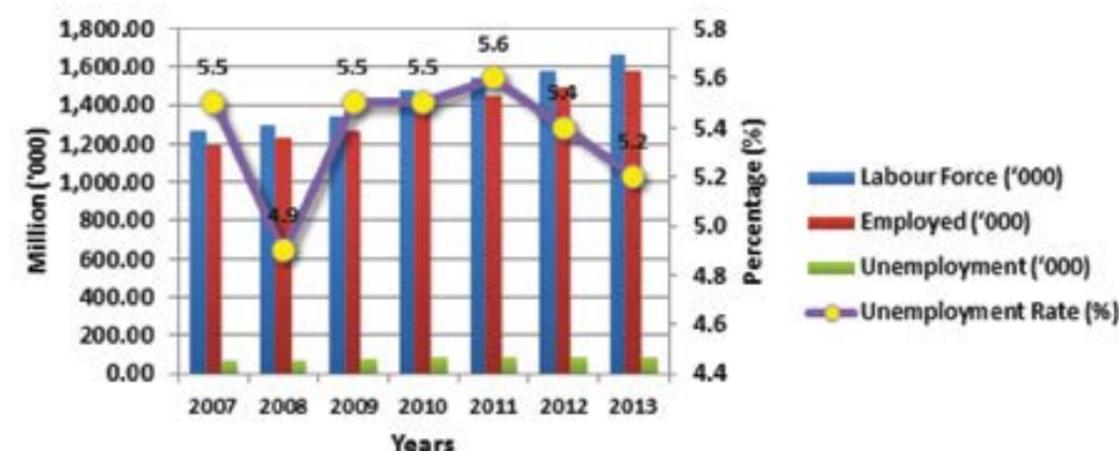


TABLE D: Labour Force, Employed, Unemployment and Unemployment Rate for Sabah, 2007-2013

EMPLOYMENT	2007	2008	2009	2010	2011	2012	2013
Labour Force ('000)	1,267.7	1,294.20	1,345.3	1,480.7	1,538.8	1,579.8	1,669.4
Employed ('000)	1,198.6	1,230.5	1,270.6	1,398.6	1,452.7	1,494.5	1,583.4
Unemployed ('000)	69.2	63.8	74.6	82.1	86.1	85.3	86.0
Unemployed Rate (%)	5.5	4.9	5.5	5.5	5.6	5.4	5.2
Labour Force Participation Rate (%)	65.3	64.5	65.1	65.9	67.0	67.4	69.9

Source: DOS/Yearbook of Statistic, Sabah

Physical Progress

The physical progress of the SDC development projects can be seen in Table E. It can be seen that most of the studies and development projects had been completed by the end of 2013. The Agropolitan projects in Pitas, Kota Belud, Beluran, Tongod and Kemabong are in various phases of implementation. The POICs in Sandakan and Lahad Datu are also under various phases of implementation. Two

incubators are being built under the SDC, namely the Creative Content Incubator under the Sabah Foundation and the Sabah Agro-Industrial Precinct in Kimanis.

Other major ongoing projects include the upgrading of Jalan Labuk and the UiTM-Sapangar Bay dual carriageway.

TABLE E: Federal Government-Funded Projects

Sector	Type of Project	Name of Project	Status (Completed / In-Progress)	
Tourism	Feasibility Studies, Research & Training Projects	Impact Assessment of Palm Oil Plantations and Mills on Quality of Rivers	Completed July 2011	
		Kajian Kemungkinan Pembinaan Jalan Serusop - Kelawat, Kota Belud	Completed July 2010	
		Kajian Pelan Pengurusan Lokaliti Stesen dan Hub-Stesen di Taman Banjaran Crocker	Completed July 2010	
		Kajian Pelan Induk Pelancongan bagi Kawasan Persisiran Pantai dari Tuaran ke Kota Belud	Completed February 2011	
		Kajian Pelan Pengurusan Taman Pulau Penyu	Completed March 2012	
		Kajian Alternatif Bekalan Tenaga Elektrik ke Taman Tunku Abdul Rahman	Completed July 2011	
		Kajian Alternatif Bekalan Air Bersih ke Taman Tunku Abdul Rahman	Completed June 2011	
		Kajian Peningkatan Air Panas di Poring Hot Spring, Ranau	Completed February 2012	
		Kajian Pembentukan 'Wildlife Corridor' Menghubungkan Taman Kinabalu dan Taman Banjaran Crocker	Completed July 2011	
		Kajian Pelan Pengurusan Taman Pulau Tiga	Completed June 2012	
		Physical Projects	Rokreasi Hutan dan Eko Pelancongan - Menaiktaraf / Penyelenggaraan / Baikpilih Kawasan Pelancongan di Hutan Simpan Kebun Cina	Completed November 2009
			Projek Peningkatan Kemudahan Pelancongan (Tenom, Tambunan, Nabawan dan Keningau)	In-Progress
			Pembangunan Pusat Hub Repositori Maklumat Koleksi Budaya dan Saintifik Muzium Sabah	Completed April 2010
	Penaikan Taraf Pameran Tetap Muzium Sabah		Completed September 2011	
	Pusat Seni Persembahan Sabah, Kota Kinabalu		Incorporated into SICC	
	Projek Penempatan Semula Penduduk Pulau Gaya ke Kg. Gusi, Kinamat		In-Progress	
	Taman Kekal Pengeluaran Makanan Sg. Koyah, Kinabatangan		Completed December 2010	
	Taman Kekal Pengeluaran Makanan Sg. Lokan, Kinabatangan	Completed December 2010		
	Taman Kekal Pengeluaran Makanan Langkawit, Papar	Completed - Not Viable		
	Pusat Akuakultur Nasional	Implementing in RMKe-10 RP3		
Biomass Policy	Completed July 2011			
Physical Projects	Projek Khas Tanam Baru Dengan Getah di Kawasan Termundur Semananjung Bengkoka, Pitas	Completed		
	Tanam Baru Getah Berkelompok dengan Klon Lateks Balak	Completed		
	Pembinaan Jalan Pertanian di beberapa daerah (21 sub projek)	Completed		
	Projek Agropolitan Pitas	In Progress		

Sector	Type of Project	Name of Project	Status (Completed / In-Progress)
		Projek Agropolitan Kota Belud	In-Progress
		Projek Agropolitan Kemabong	In-Progress
		Keningau Integrated Livestock Centre	Phase 1 Completed
		Projek Agropolitan Beluran	In-Progress
		Projek Agropolitan Tongod	In-Progress
		Nabawan Livestock Industry Development	Implementing in RMKe-10 RP3
		Projek Mini Estet Sejahtera (MESEJ)	Completed April 2013
		Sabah Agro Industrial Precinct (SAIP)	In-Progress: Completed Phase 1
Manufacturing	Feasibility Studies, Research & Training Projects	Industri Minyak dan Gas	Implementing in RMKe-10 RP3
	Physical Projects	Projek Kelompok Industri Berasaskan Kelapa Sawit (Lahad Datu) Fasa II	In-Progress
		Projek Berkelompok Berasaskan Kelapa Sawit (Sandakan)	In-Progress
		Kuala Penyu Mini Ko-Nelayan Kompleks	In-Progress
		Deep Water Oil & Gas Support Services Hub in Kudat	In-Progress
Logistic	Feasibility Studies, Research & Training Projects	Kajian Kemungkinan Bagi Mengadakan Sistem Pengangkutan Keretapi Airan Ringan di Bandaraya Kota Kinabalu dan Kawasan sekitarnya	Proposed Under PPP
	Physical Projects	Menaiktaraf Kawasan Persekitaran Pusat Bandaraya Kota Kinabalu	In-Progress
		Pengorekan Dasar Laut - Laluan Masuk ke Kawasan Pelabuhan, Jeti Minyak dan POIC Sandakan	In-Progress
		Pembinaan Jalan Tongod Pinangah	In-Progress
		Menaiktaraf Jalan Labuk dari KM15 ke KM26 (11.0 KM), Sandakan	In-Progress
		Pembinaan Jalan Maliau Basin, Kalabakan	Implementing in RMKe-10 RP3
		Pembinaan Jalan Dua Hala dari UITM ke Sepanggar Bay Container Terminal (3KM), Kota Kinabalu	In-Progress
		Pembinaan Jalan Dua Hala Lintas Libaran (30KM) dan Naiktaraf Jalan Gum-Gum Kecil (4.9KM), Sandakan	Implementing in RMKe-10 RP3
		Sandakan Airport Expansion	Transferred to Ministry of Transportation
		Kuala Penyu Mini Ko-Nelayan Kompleks	In-Progress
		Deep Water Oil & Gas Support Services Hub in Kudat	In-Progress

Sector	Type of Project	Name of Project	Status (Completed / In-Progress)
Others	Research & Training Projects	Hutan Bukan Kayu: Penyelidikan dan Pembangunan (R&D)	In-Progress
		Social Development BCIC (Bumiputera Commercial and Industrial Community)	Completed
	Physical Projects	Perhutanan Masyarakat	Completed
		Penyediaan Infrastruktur bagi Projek Sandakan Education Hub	In-Progress
		Projek Pembiakan Badak Sumatra di Negeri Sabah	In-Progress
		One District One Product	Implementing in RMKe-10 RP3
Fusat Inkubator Pembangunan Kandungan Kreatif	In-Progress		

Source: SEDIA



KILG

SDC Incentives Package

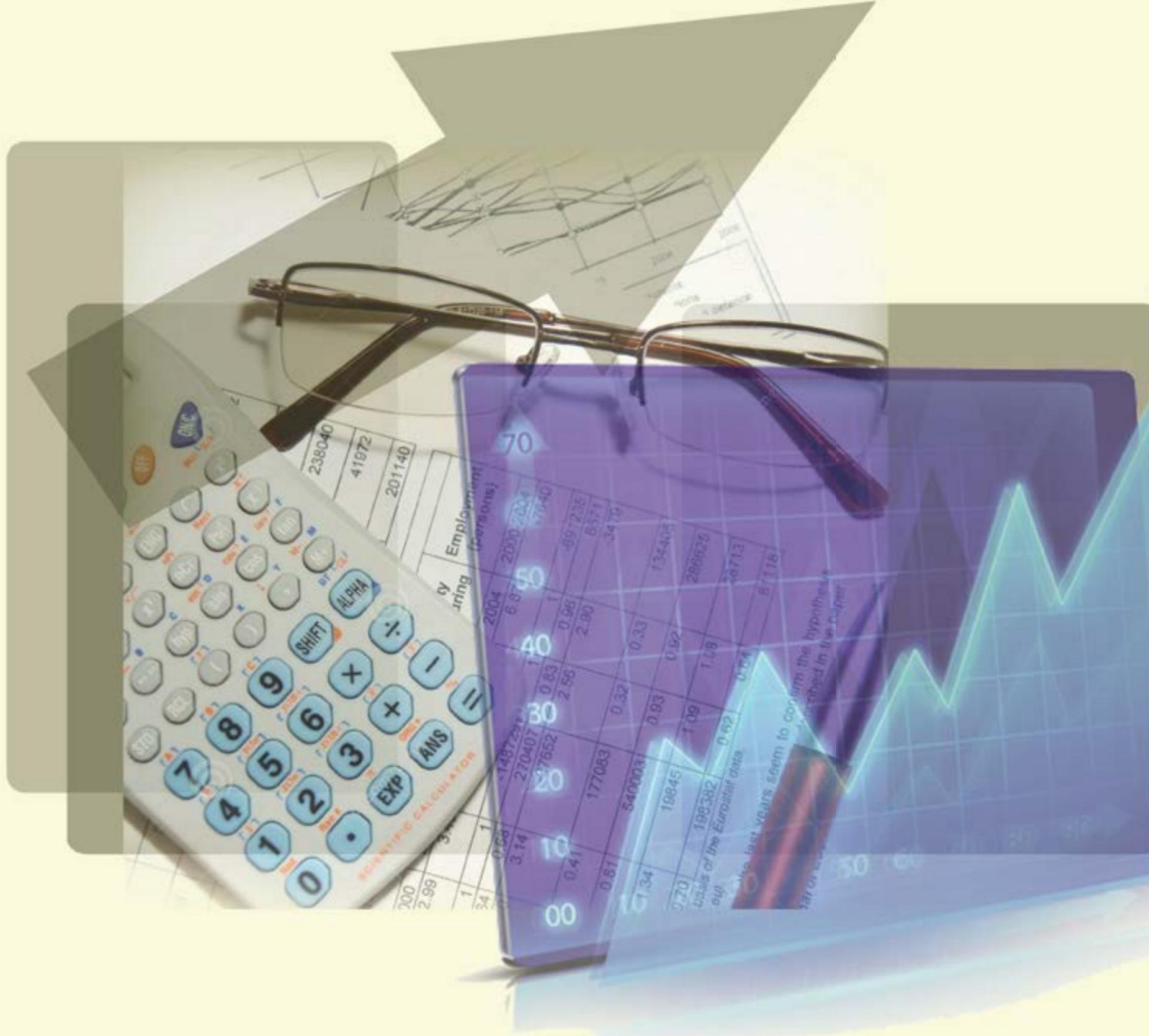
The SDC Fiscal Incentives package was approved by the Ministry of Finance, Malaysia (MOF) on November 20, 2012, offering fiscal incentives to investors undertaking promoted activities or products in specific designated areas and the SDC Flagship projects/clusters.

Subsequent to that, SEDIA has had continuous engagement with MOF and relevant ministries and agencies to work on the Federal Government Gazette, to be tabled in Parliament once finalised. On July 12, 2013 the SEDIA Members of Authority had endorsed and agreed to the establishment of the SDC Incentive Technical Committee (ITC). The committee will act as a pre-council platform to all incentive applications that come to SEDIA, before tabling to the National Committee on Investment (NCI) for approval.

On September 26, 2013 SEDIA had successfully obtained the State Notification of Gazette Order for the SDC Flagship projects/clusters. This was crucial to conclude the Federal Gazette to be tabled in Parliament.

On October 24, 2013 the members of ITC had been appointed by the Chief Minister of Sabah. These members include representatives from MOF, the Inland Revenue Board, State Economic Planning Unit, Ministry of Industrial Development, Malaysian Investment Development Authority Sabah, and State Ministry of Finance, along with other relevant agencies/ ministries as and when required. The ITC is chaired by the Chief Executive of SEDIA.





- **Statement of Corporate Governance**
- **Internal Controls, Compliance and Income Statement**
- **Statement by Members of Sabah Economic Development and Investment Authority**
- **Statutory Declaration by the Officers Primarily Responsible for the Financial Management of Sabah Economic Development and Investment Authority**
- **Financial Statements**
- **Notes to The Financial Statement**
- **Laporan Ketua Audit Negara**

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, 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 functions 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 cum 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) - Deputy Chairman I
- Y.Bhg. Datuk Peter Pang En Yin - Deputy Chairman II
- Y.Bhg. Tan Sri Datuk Seri Panglima Dr. Ali bin Hamsa (Chief Secretary to the Government of Malaysia, Prime Minister's Department)
- Y.B. Tan Sri Datuk Seri Panglima Haji Sukarti Wakiman (State Secretary of Sabah)
- Y.Bhg. Tan Sri Dr. Mohd Irwan Serigar bin Abdullah (Secretary General of Treasury, Ministry of Finance, Malaysia)
- Y.Bhg. Tan Sri Datuk Seri Panglima Dr. Wan Abdul Aziz bin Wan Abdullah (Chairman, Malaysia Airport Holdings Berhad)
- Y.Bhg. Dato' Ahmad Husni bin Hussain (Director General, Public Private Partnership Unit (UKAS), Prime Minister's Department)
- Y.Bhg. Datuk Dr. Rahamat Bivi binti Yusoff (Director General, Economic Planning Unit (EPU), Prime Minister's Department)
- Y.Bhg. Datuk Dr. Rahamat Bivi binti Yusoff (Director General, Economic Planning Unit (EPU), Prime Minister's Department)
- Y.Bhg. Datuk Pengiran Hassanel bin Datuk Pg. Hj. Mohd Tahir (Permanent Secretary, Ministry of Finance, Sabah)
- Y.Bhg. Datuk Ismail Abdullah (Director, State Economic Planning Unit, Sabah)

Y.Bhg. Datuk Dr. Mohd Yaakub bin Haji Johari (JP) is the Secretary to the Authority cum President and Chief Executive of the Authority.

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 Meetings

During the review period, the Authority met a total of two (2) times. The Authority Meetings were held on 10th June 2013 and 26th November 2013. 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, were well prepared for each meeting. The meetings included the consideration of the Authority's long-term strategy, plan, budget, monitoring of Management Performance and Authority's performance review. 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:

1. Implementation Co-ordination Committee
2. Nomination, Establishment and Remuneration Committee
3. Finance and Investment Committee
4. Audit Committee
5. Development Planning Committee
6. Consultative Panel and Focus Group
7. 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 in the financial year, primarily through the financial statements and annual report. The financial statement was internally prepared and audited by the Private Audit Firm (external auditor), under statutory purview of the National Audit Department within the provisions of Audit Act 1957 [Act 62] and in line with provisions under the Sabah Economic Development and Investment Authority Enactment 2009.

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 staff of SEDIA. All official management decisions, operational and financial transactions are deliberated, prepared and verified by the officers and require 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 the 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 the 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.

Income Statement

SEDIA's financial performance in 2013 had been aligned with its objectives as stated in this report, and it had received operating grants from the Federal Government of Malaysia.

During the year being reviewed, SEDIA had received operating grant amounting RM9,000,000 and 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 31st December 2013 are as follows:

- For the year ended 31st December 2013, SEDIA had a deficit of expenditures of RM3,632,410. The most significant of the deficit was due to increase in administration and operational expenses during the year.
- SEDIA had recruited additional staff in order 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 87 persons in 2012 to 92 persons in 2013, resulting in an increase in personnel costs of RM6,946,975 in 2013 as compared to RM6,198,609 in 2012. This had inevitably led to an increase in operating expenditure to RM12,986,694 in 2013 as compared to RM11,418,498 in 2012.

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

- Increase in promotional costs from RM1,191,999 in the previous year to RM1,243,862 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 and Investment Missions, Conferences and Seminars, and Domestic Trade Expos and Exhibitions as well as other promotional and awareness events.
- SEDIA's continuing efforts in capacity and efficiency building, especially in project management and development planning and support services have contributed to an increase in other administrative costs to RM4,795,857 in current year as compared to RM4,027,890 in 2012.

Balance Sheet

Major items of the Balance Sheet are as follows:

1. During the year, capital expenditure on computers and office equipment of RM83,839 were incurred as SEDIA continues with its operational expansion.
2. Other receivables, deposits and prepayments balance as at year end 2013 was RM443,147 mainly consisted of premise deposit, staff advances and other receivables (2012: RM105,249).
3. Short-term deposit balance as at 31st December 2013 amounted to RM148,891,449.
4. As at 31st December 2013, the operational cash balance stood at RM12,251,711 for operational expenditures and commitments.
5. Development expenditure's cash balance as at 31st December 2013 amounted to RM141,637,877 which was mainly reserved for contractual obligations for projects implemented under the Ninth Malaysian Plan (9MP) and Tenth Malaysian Plan (10MP).
6. Special project grant's cash balance as at 31st December 2013 amounted to RM182,906 for Tea Tree Project to fund R & D activities, material expenditures and commitments.
7. Special programme grant's cash balance as at 31st December 2013 amounted to RM11,261,580 for SME Facilitation Fund Programme and National Talent Enhancement Programme expenditures and commitment.
8. Other payables as at 31st December 2013 of RM1,342,444 consisted of contractual obligations under the operating fund to be settled after the year end (2012: RM267,283).

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

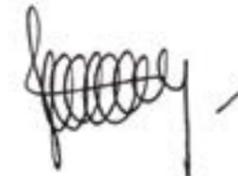
We, Datuk Seri Panglima Musa Haji Aman and Datuk Peter Pang En Yin being two of the Members of SABAH ECONOMIC DEVELOPMENT AND INVESTMENT AUTHORITY state that, in the opinion of the Members of the Authority, the financial statements which comprise of balance sheet, income statement, statement of changes in equity, cash flow statement

and notes to the financial statements are properly drawn up to give a true and fair view of the state of affairs of SABAH ECONOMIC DEVELOPMENT AND INVESTMENT AUTHORITY as at 31 December 2013 and of its operating results and cash flow for the period ended on that date.

On behalf of the members,



Name : Datuk Seri Panglima Musa Haji Aman
Position: Chairman
Date : 20 August 2014
Place : Kota Kinabalu



Name : Datuk Peter Pang En Yin
Position: Deputy Chairman II / Chairman of Audit Committee
Date : 20 August 2014
Place : Kota Kinabalu

We, Datuk Dr. Mohd Yaakub bin Haji 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 27 April 2013

Datuk Dr. Mohd Yaakub bin Haji Johari (J.P.)

Yunus Gastom Abdullah

BEFORE ME,



Balance Sheet

As at 31 December 2013

	Note	2013 RM	(Restated) 2012 RM
ASSETS			
Property, plant and equipment	3	667,758	1,167,281
TOTAL NON-CURRENT ASSETS		667,758	1,167,281
Other receivables, deposits and prepayments	4	1,242,601	105,249
Short-term deposits	5	318,955,844	262,525,564
TOTAL CURRENT ASSETS		320,198,445	263,798,094
TOTAL ASSETS		320,866,203	263,798,094
EQUITY			
Operating Fund		13,021,250	15,854,206
TOTAL EQUITY		13,021,250	15,854,206
LIABILITIES			
Government Fund	6	295,058,024	237,560,236
Special Project (R & D) Grant	7	182,906	[1,313,127]
Special Programme Grant	8	11,261,580	11,631,118
TOTAL NON-CURRENT LIABILITIES		306,502,510	247,676,605
Other payables and accruals	9	1,342,443	267,283
TOTAL CURRENT LIABILITIES		1,342,443	267,283
TOTAL LIABILITIES		307,844,953	247,943,888
TOTAL EQUITY AND LIABILITIES		320,866,203	263,798,094

Income Statement

For the Year Ended 31 December 2013

	Note	2013 RM	2012 RM
Operating grants recognised		9,000,000	8,000,000
Other income	10	354,284	11,677,459
		9,354,284	19,677,459
Expenses			[11,418,498]
Operating expenses	11	[12,187,240]	
[Deficit] / Surplus for the year		[2,832,956]	8,258,961

Statement of Changes in Equity

For the Year Ended 31 December 2013

	Note	(Restated) Operating Funds RM
As at 01st January 2012		7,595,245
Surplus for the year ended 2012		8,258,961
At 31st December 2012 / 1st January 2013		15,854,206
Deficit for the year ended 2013		[2,832,956]
At 31st December 2013		13,021,250

Cash Flow Statement

For the Year Ended 31 December 2013

	Note	2013 RM	(Restated) 2012 RM
CASH FLOW FROM OPERATING ACTIVITIES			
[Deficit]/Surplus for the financial year		[2,832,956]	8,258,961
Adjustment for:			
Depreciation of property, plant and equipment	3	583,362	581,417
Interest income	10	[281,593]	[11,635,007]
Interest expenses			
[Deficit] before working capital changes		[2,531,187]	[2,794,629]
INCREASE/(DECREASE) IN:			
Other receivables and deposits			
Short-term deposits		[1,137,352]	[1,136]
Other payables and accruals		1,075,160	86,439
Net Cash [used in]/generated from operating activities		[2,593,379]	[2,709,326]
CASH FLOW USED IN INVESTING ACTIVITY			
Interest received		281,593	11,635,007
Purchase of property, plant and equipment	3	[83,839]	[187,763]
Placement of short-term deposits with maturity period of more than 3 months		[92,814,993]	-
Net cash generated from investing activities		92,617,239	11,447,244
CASH FLOW USED IN FINANCING ACTIVITIES			
Net development fund received		57,669,410	8,434,773
Net special project grant [utilised]/received		1,496,033	[1,699,621]
Net special programme grant received		[369,538]	11,631,118
Net cash generated from financing activities		58,825,905	18,366,270
NET INCREASE IN CASH AND CASH EQUIVALENTS		[36,384,713]	27,104,188
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		262,525,564	235,421,376
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6	226,140,851	262,525,564
(i) Cash and cash equivalents			
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:			
		2013 RM	2012 RM
Cash and bank balances		169,429,418	262,525,564
Short term deposits		149,526,426	-
		318,955,844	262,525,564
Less: Short-term deposits with maturity period of more than 3 months		[92,814,993]	-
		226,140,851	262,525,564

1. General Statement

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 15th January 2009.

The Enactment was assented by Tuan Yang Terutama Negeri Sabah on 23rd February 2009 and gazetted on 26th February 2009, thereafter officially commenced operations on 02nd 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 ended was 92 persons (2012: 87).

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 a cost of RM1,000 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, Printer and Software	33½%
Furniture and Fittings, Office Equipment and Renovation	20%

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 14. It is measured using the tax rates that have been enacted at the balance sheet date.

(e) Other Receivables, Deposits and Prepayments

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) 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, funded by the Federal Government under the Ninth Malaysia Plan (9MP) and Tenth Malaysia Plan (10MP) for various projects, and used for Sabah Development Corridor Programmes 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. All receipts will be credited and all expenditures will be debited to this fund. Unutilised fund as of the balance sheet is shown as balance of the fund.

(iii) Special project grant

These represent grants received from the Ministry of Science, Technology and Innovation (MOSTI) for the Tea Tree Project and Herbal Medicinal Knowledge Base (HMKB). The grants will be recognised as a liability in the balance sheet when the right to receive the grants are approved and the grants have been received. All receipts will be credited and all expenditures will be debited to this fund. Unutilised fund as of the balance sheet is shown as balance of the fund.

(iv) Special programme grant

These represent grants received from the TERAJU and PEMANDU for the SME facilitation fund and National Talent Enhancement Programme (NTEP) fund. 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. All receipts will be credited and all expenditures will be debited to this fund. Unutilised fund as of the balance sheet is shown as balance of the fund.

(i) 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. Interest income transferred from development fund is recognised in the income statement when there is approval obtained from Members of Authority.

(ii) Development fund, special project grant and special programme grant

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

(j) Interest Expense

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

(k) 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.

(l) 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.

3. Property, Plant and Equipment

	Motor Vehicles	Computers, Printers and Software	Furniture, Fittings, Office Equipment and Renovation	Total
	RM	RM	RM	RM
COST				
At 01st January 2013	738,866	75,558	1,909,357	2,723,781
Additions	-	24,004	59,835	83,839
At 31st December 2013	738,866	99,562	1,969,192	2,807,620
ACCUMULATED DEPRECIATION				
At 01st January 2013	467,387	59,520	1,029,593	1,556,500
Charge for the year	184,714	14,050	384,598	583,362
At 31st December 2013	652,101	73,570	1,414,191	2,139,862
NET CARRYING VALUE				
As at 31st December 2013	86,765	25,992	555,001	667,758
As at 31st December 2012	271,479	16,038	879,764	1,167,281
Depreciation charge for the year ended 31st December 2012	178,704	23,438	379,275	581,417

4. Other Receivables and Deposit

	2013	2012
	RM	RM
Deposits	80,102	-
Advances	19,343	262,523,564
Other receivables	1,143,156	2,000
Total	1,242,601	105,249

5. Short Term Deposit

	2013	2012
	RM	RM
Short-term deposit with licensed bank	149,526,426	80,102
Cash at banks	169,427,418	5,218
Cash in hand	2,000	19,929
Total	318,955,844	262,525,564

During the financial year, SEDIA has placed deposits in the Qiradh General Investment Deposit with a licensed bank. The short-term deposits have a maturity

period of 3 to 6 months and the average interest rate per annum is 3.42%.

6. SDC Development Fund

	2013	(Restated) 2012
	RM	RM
As at 1st January	237,358,614	228,923,841
Add: Development fund received from Federal Government	244,258,500	206,900,000
Add: Interest income	481,617,114	435,823,841
	6,648,385	8,495,188
Less: Utilisation of development fund for the year	488,265,499	444,319,029
Interest income transferred	[193,207,475]	[195,592,046]
	-	[11,368,369]
As at 31st December	295,058,024	237,358,614

7. Special Project Grant

	2013	2012
	RM	RM
Opening balance	[1,313,127]	386,494
Add: Research and Development (R & D) fund received from MOSTI	2,117,706	-
Add: Interest income	804,579	386,494
	25,652	3,054
Less: Utilisation of special project grant for the year	830,231	389,548
	[647,325]	[1,702,675]
As at 31st December	182,906	[1,313,127]

SEDIA as the lead implementing agency for the Sabah Agro-Industrial Precinct (SAIP) has received the balance from the Ministry of Science, Technology and Innovation's (MOSTI) grants for the purpose of the Tea Tree Project and Herbal Medicinal Knowledge Base (HMKB) Project from the Institute for Development Studies, Sabah (IDS) following

the transfer of the project team from IDS to SEDIA. During the year, the Herbal Medicinal Knowledge Base (HMKB) Project was completed. Excess expenditures amounting to RM96,237 paid by SEDIA for the completed Herbal Medicinal Knowledge Base (HMKB) Project have been expensed off in the income statement during the year.

8. Special Programme Grant

	2013	2012
	RM	RM
As at 1st January	11,631,118	-
Add: SME Facilitation Fund received from TERAJU	-	10,000,000
National Talent Enhancement Program (NTEP) Fund received from PEMANDU	-	1,665,000
Add: Interest income	11,631,118	11,665,000
	140,767	416
Less: Utilisation of special programme grant for the year	11,771,865	11,665,416
	[510,305]	[34,298]
As at 31st December	11,261,580	11,631,118

In 2013, SEDIA received two other types of grants: Performance Management and Delivery Unit (PEMANDU) and Unit Peneraju Agenda Bumiputera (TERAJU). The grant from PEMANDU is for the National Talent Enhancement Programme (NTEP) under the Economic Transformation Programme (ETP) initiative.

The objective of NTEP is to increase the employability of graduates by providing on-the-job experience and industry-relevant training. The NTEP involves a 12-month traineeship programme designed to assist the graduates to develop industry-relevant skills

through partnership with companies in the Electrical and Electronics sector. Companies with projects, processes or products emphasising on green technology and requiring talents with an engineering background are encouraged to participate.

The grant from TERAJU is the SME Facilitation Fund for private projects in the Sabah Development Corridor (SDC) region that will contribute positively to the economic growth in Sabah and Malaysia in general and to help drive the Bumiputera Economic Agenda more effectively.

9. Other Payables and Accruals

	2012 RM	2013 RM
Other payable and accruals	1,342,444	267,283
Total	1,342,444	267,283

10. Other Income

	2013 RM	2012 RM
Interest income	281,593	266,639
Interest income transferred from development fund	-	11,368,369
Other income (Tender fees, SDC Blueprint Books and etc.)	72,691	42,451
Total	354,284	11,677,459

11. Operating Expenses

The details of operating expenses as follows:

	2013 RM	2012 RM
Auditors' Remuneration	18,490	17,500
Allowances for Board Members and Committees	401,605	337,322
Salaries, Allowances and Benefits	6,238,623	5,560,005
EPF, SOCSO & Pension Contribution	708,352	638,604
Rental Expenses	319,610	342,590
Utilities Charges	101,353	145,355
Printing and Stationeries	161,357	219,165
Medical and Clinical Charges	210,340	185,830
Insurance	134,317	121,422
Entertainment and Hospitality	31,833	11,313
Training and Human Capital Development	333,552	345,312
Trade Missions and Investment Promotions	274,019	301,772
Exhibitions and Road Shows	217,186	253,183
Conference and Seminars	163,691	142,245
Corporate Branding and Marketing	207,527	274,274
Sponsorships	264,900	220,525
In-House Meeting Expenses	63,161	59,913
Publications, Multimedia and Advertisements	116,540	78,030
Postage and Courier Charges	6,009	8,785
Transportation, Leasing and Vehicle Maintenance	278,592	291,073
Airfares and Outstation Transport Charges	628,851	586,925
Subsistence Allowances	77,414	82,040
Lodging and Accommodations	139,823	172,178
Upkeep Of Office Equipment, Premise and Services	168,854	147,982
Depreciation	583,362	581,417
Subscription Fees, Technical Update and ICT Expenses	167,982	186,507
Legal, Professional, Research and Consultancy Charges	128,336	80,928
License, Registration and Assessment Fees	8,934	1,843
Bank Charges and Commission	955	120
Miscellaneous Expenses	31,672	24,340
TOTAL	12,187,240	11,418,498

12. Staff Costs

	2013 RM	2012 RM
Operating Fund		
Staff Cost	6,946,975	6,198,609

Included in staff costs is SEDIA's contribution to Employee Provident Fund of RM654,862 (2012: RM592,555).

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. Operating Lease Commitment

SEDIA leases certain asset such as premise and office equipment. These leases are non-cancellable and expired on various dates through 2015. Future minimum annual lease payments are as follows:-

	Future Minimum Lease Payment	
	2012 RM	2013 RM
As of 31st December:		
2013	-	298,242
2014	287,000	12,462
2015	279,810	990
Total	555,488	311,714

15. Project Development Commitment

During the year, total allocation approved under the Tenth Malaysia Plan (10MP) for SDC projects are RM244,258,500.

PIHAK BERKUASA PEMBANGUNAN EKONOMI DAN PELABURAN SABAH (Ditubuhkan Di Malaysia Di Bawah Enakmen Pihak Berkuasa Pembangunan Ekonomi dan Pelaburan Sabah 2009)

AKUAN BERKANUN OLEH PEGAWAI - PEGAWAI UTAMA YANG BERTANGGUNGJAWAB KE ATAS PENGURUSAN KEWANGAN PIHAK BERKUASA PEMBANGUNAN EKONOMI DAN PELABURAN SABAH

Kami, **Datuk Dr. Mohd Yaakub bin Haji Johari** dan **Yunus Gastom Abdullah**, pegawai-pegawai utama yang bertanggungjawab ke atas pengurusan kewangan dan rekod-rekod perakaunan **PIHAK BERKUASA PEMBANGUNAN EKONOMI DAN PELABURAN SABAH**, dengan ikhlasnya mengakui bahawa Lembaran Imbangan, Penyata Pendapatan, Penyata Perubahan Ekuiti dan Penyata Aliran Tunai dalam kedudukan kewangan yang berikut ini berserta dengan nota-nota kepada Penyata Kewangan di dalamnya mengikut sebaik-baik pengetahuan dan kepercayaan kami, adalah betul dan kami membuat ikrar ini dengan sebenarnya mempercayai bahawa ia adalah benar dan atas kehendak-kehendak Akta Akuan Berkanun, 1960.

Sebenarnya dan sesungguhnya diakui oleh penama-penama di atas **KOTA KINABALU**, Sabah pada

29 APR 2014

Datuk Dr. Mohd Yaakub bin Haji Johari (J.P.)

Yunus Gastom Abdullah

Di hadapan saya,

Pesuruhjaya Sumpah

No. 33, Tingkat Bawah, Jalan Tugu, Kg. Air
98000 Kota Kinabalu, Sabah.

SEDIA

YOUR SOLUTION
PROVIDER AND
PARTNER IN SDC



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