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## FINANCIAL STATEMENTS

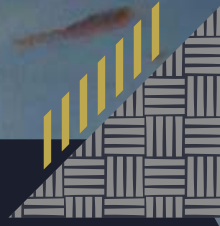
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# SECTION 1

## CHAIRMAN'S STATEMENT





# CHAIRMAN'S STATEMENT

ANNUAL REPORT 2017  
SARAWAK ECONOMIC DEVELOPMENT CORPORATION



On behalf of the Members of the Board, I am pleased to report the performance of the Sarawak Economic Development Corporation (SEDC) for the year 2017. Overall, the Corporation has performed well despite the unstable and turbulent economic conditions affecting Malaysia and the world in general.

## Financial Performance

Reflecting upon our performance last year, in spite of the difficult challenges and overall economic downturn that affected the country, SEDC has weathered the storm reasonably well.

The Corporation achieved a total revenue of RM40.3 million in 2017. However this is RM1.28 million or 3% lower than the budgeted revenue of RM41.58 million. This is largely due to lower rental income and sale of properties which were below budget. Our main sources of revenue come from dividends amounting to RM27.56 million, and interest income amounting to RM8.73 million, both of which were above budget.

In terms of expenditure, we kept our expenses in check, at RM33.57 million, which is RM7.84 million or 19% lower than the budget of RM41.41 million. This was due to the Corporation's prudent spending and close monitoring of expenditure.

The Corporation achieved an Operating Profit Before Tax ("OPBT") of RM15.45 million which is higher than the budget of RM10.32 million mainly due to lower operating expenses.

At group level, our Group of Companies achieved a total revenue of RM239.81 and a PBT of RM44.98 million. The main contributors were Mineral and Mining, Road and Works and Agro Food Division.

As a state development agency, we are engaged in a diversified range of businesses and services. These include agro and food industry, tourism and hospitality, property development, mineral and mining, roads and infrastructure works as well as providing assistance in the development of local entrepreneurs and pre-school education centres throughout the state.

This diversified portfolio is reflected in the breakdown of our sources of revenue at the group level. Our Investment Portfolio currently stands at RM819.16 million, with Tourism and Hospitality having the biggest share of RM451.68, or 55% of the total investment. In future however, we hope to further diversify this portfolio by going into manufacturing and transportation sectors in order to increase our sources of revenue and strengthen our investment portfolio.



The Corporation remains strong in its financial position with Total Assets amounting to RM1.30 billion as at 31st December 2017. Liabilities are kept minimal at RM17 million. The Corporation also maintained a healthy reserves amounting to RM772.16 million. At the Group level, our total assets amounted to RM2.00 billion as at 31st December 2017.

## Project Highlights

2017 was a busy year for us. We have a number of projects going on and I would like to share with you some of the highlights.

The key projects which were completed in 2017, among them are:

- Darul Hana Bridge which was completed and launched by TYT Yang – DiPertua Negeri Sarawak on 11th November 2017. This bridge is an iconic attraction and has been very popular among locals and tourists.
- Riverside Majestic Hotel Astana Wing which was officially declared open by Yang Amat Berhormat Ketua Menteri on 6 March 2018. This wing will greatly enhance SEDC's role in the state's hospitality industry and launching of Sarawak Pay in our hotels and its outlets.
- Borneo 744 Blue Ocean Entrepreneurs Township was also completed with the aim of providing an avenue for creativity and entrepreneur development.
- Grand Margherita Hotel also completed its upgrading of 145 rooms in the Sadong Wing as well as the outdoor dining and terraced area.
- Sri Aman business premises was completed in 2017 and provides spaces for retail outlets and a food court to cater to the local entrepreneurs in the area.
- New regional office at UTC Kuching renovation works was also completed in 2017.
- Kuching Waterfront Jazz Festival had its inaugural launch in September 2017. We hope this event will continue and be part of Sarawak's iconic tourism event annually.

In terms of projects under implementation, the key projects under implementation in 2017 are:

- New SEDC Office Tower at the Isthmus
- New commercial complex cum food court in Miri (Miri Business Premise)
- New halal abattoir complex in Siburan which is now undergoing Package 2 with the construction of building works.
- Joint venture project to develop the Gaharu and Musang King durian plantation in Kampung Pueh, Sematan. This is to cater for the high demand for both of these products.
- Improvements to the Rosewood Cattle Station include cattle branding and grazing, clearing of Mimosa weeds to enable more grazing ground to be developed and development of new watering holes for the cattle.

Our associate companies were also busy with ongoing projects in 2017. Among them are:

- New interchange at Petra Jaya, Kuching which is undertaken by PPES Works Sdn Bhd
- New Sarawak Museum Campus and Heritage Trail, Kuching
- Pan-Borneo Highway Package WPC06 from Sungai Awik to Bintangor junction with a distance 64.49km.





Looking ahead, a key requirement for us to move forward is to undertake the paradigm shift in our thinking and our commitment to the future. Our focus will be on taking up big investments where the private sector does not have expertise or resources as well as pioneering or strategic projects not done by the private sector yet.

To achieve this agenda, SEDC is looking forward to be involved and participate in new projects namely Kuching Urban Transportation, the Mega Methanol Plant and nickel, alumina, and glass manufacturing projects.

Kuching Urban Transportation, including the LRT project is part of the core structural plan in the integrated public transport system, to cater for the future growth of the city. I believe that sustainable development is highly dependent upon the availability of physical infrastructure; more relevantly transport infrastructure. Transportation systems play a vital role in distributing resources and essential services to the public, ensuring progressiveness of a city. In light of this, it is necessary for us to undertake a proper study first to enable the planning of a comprehensive and integrated transport infrastructure which can be implemented at a later date.

The proposed Methanol Project on the other hand will play a significant role in Sarawak's economic transformation and extend the oil and gas downstream value-chain to transform the state into a petrochemical hub in the region. This project is undertaken by Sarawak Petchem Sdn Bhd that was incorporated on 7th June 2017. PETRONAS has agreed to allocate a total of 48 million standard cubic feet per day of natural gas for the production of methanol and ammonia, and has signed the MOU on 22nd April 2017 to undertake sales and purchase of the methanol. The plant is expected to boost the State's economic growth as well as providing more than 2,000 job opportunities, including 200 professional vacancies.

## Socio-economic Programmes and Schemes

In term of our Socio - economic performance, we implemented 5 main programmes, benefitting a total of 9,203 entrepreneurs. Cumulatively, over the years our socio-economic programme have assisted a total of over 41,000 beneficiaries directly. We take a "hand-holding" approach by providing consultation, identifying their needs and concerns, provide training, marketing as well as provision of business premises and office spaces, equipment and materials.

Through our SeDidik Child and Family Development programme we provide quality early childhood development and pre - school education and after-school care especially in the rural areas. To date, SeDidik operates a total of 78 centres and over 1,800 children have benefitted from this programme.

## Corporate Citizenship - Reaching Out to the Community

As part of its corporate citizenship culture, SEDC continued to undertake various programmes and initiatives to help the needy and underprivileged. These programmes and initiatives were carried out as part of SEDC's Corporate Social Responsibility (CSR) programmes with the aim of reaching out to more deserving members of our society.

For 2017, our CSR programmes included donations in cash and kind to the underprivileged, annual contribution of business tithes (zakat perniagaan) amounting to RM250,000.00 to Tabung Baitumal, gifts to the children of PERYATIM Orphanage Home and children of Rumah Kanak-kanak Toh Puan Norkiah Kuching and Rumah Kanak-kanak Datuk Ajibah Abol Sri Aman, hosted the Hari Raya Gathering for the underprivileged students from five schools in Kuching, special 'Love-In-A-Box' programme for children of PERKATA and Kuching Autistic Association in collaboration with our subsidiary, PPES Works Sdn Bhd, and blood donations and gotong-royong projects. SEDC also took part in several charity events organised by other departments or NGOs, including charity runs, sale of work and donation of good used clothing



## Enhancing Service Delivery

As a state agency that provides a wide range of products and services, we are committed to pursue strategic initiatives to enhance our service delivery. These initiatives include Risk Management Programme and Corporate Balanced Scorecard (BSC) for strategic planning and performance measurement. We are also ISO 9001 QMS System and 5S Quality Environment certified and continued to pursue innovation and quality improvement at all levels. In the era of digital economy, we are leveraging on ICT programmes and operations, among them: Property and Asset Management Information System (PAMIS) and Finance System for efficient financial management. We also undertake regular reviews of our Limits of Authority (LOA), review of financial and accounting procedure and regulations and re-engineering and automation of work processes as part of corporate enhancement initiatives.

## Awards and Recognitions

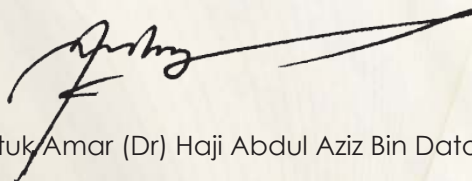
In line with our motto "Committed To Excellence" our products and services have been duly recognised by our stakeholders. Among them:

- Kubah Ria Food Court - Anugerah Medan Selera Bersih, Selamat Dan Sihat Peringkat Kebangsaan 2017
- Riverside Majestic Hotel – ASEAN Green Standard Hotel Award 2018 – 2020
- Damai Golf and Country Club – Nominated for "Most Improved Golf Course 2017" under the Malaysian Golf Awards 2017.

## Moving Forward

Given the current development and economic scenario, it is imperative that SEDC has to quickly move forward and pursue its objectives diligently. SEDC now faces a new economic landscape, we must be focused and true to our strategies, and our approach to navigate this new landscape, and leap forward in generating new wealth for the group and the state. We will focus on strengthening our core and growing new businesses focusing on the manufacturing sector particularly in new and mega projects that will enable SEDC to diversify its revenue sources and transform the state's economy. Leaping forward, the Corporation will actively pursue the development of strategic projects to complement the state's objective to achieve its goal of becoming a developed state by 2030. In order to achieve this, we will embrace new technologies that will propel SEDC into the era of digital economy.

In retrospect, I would like to express my sincere thanks and appreciation to our staff and management, the Board Members, our stakeholders, the state and federal government, our customers, the community, our vendors, clients, our JV partners and associate companies for their trust in SEDC and I look forward to your continuous support in the years ahead.



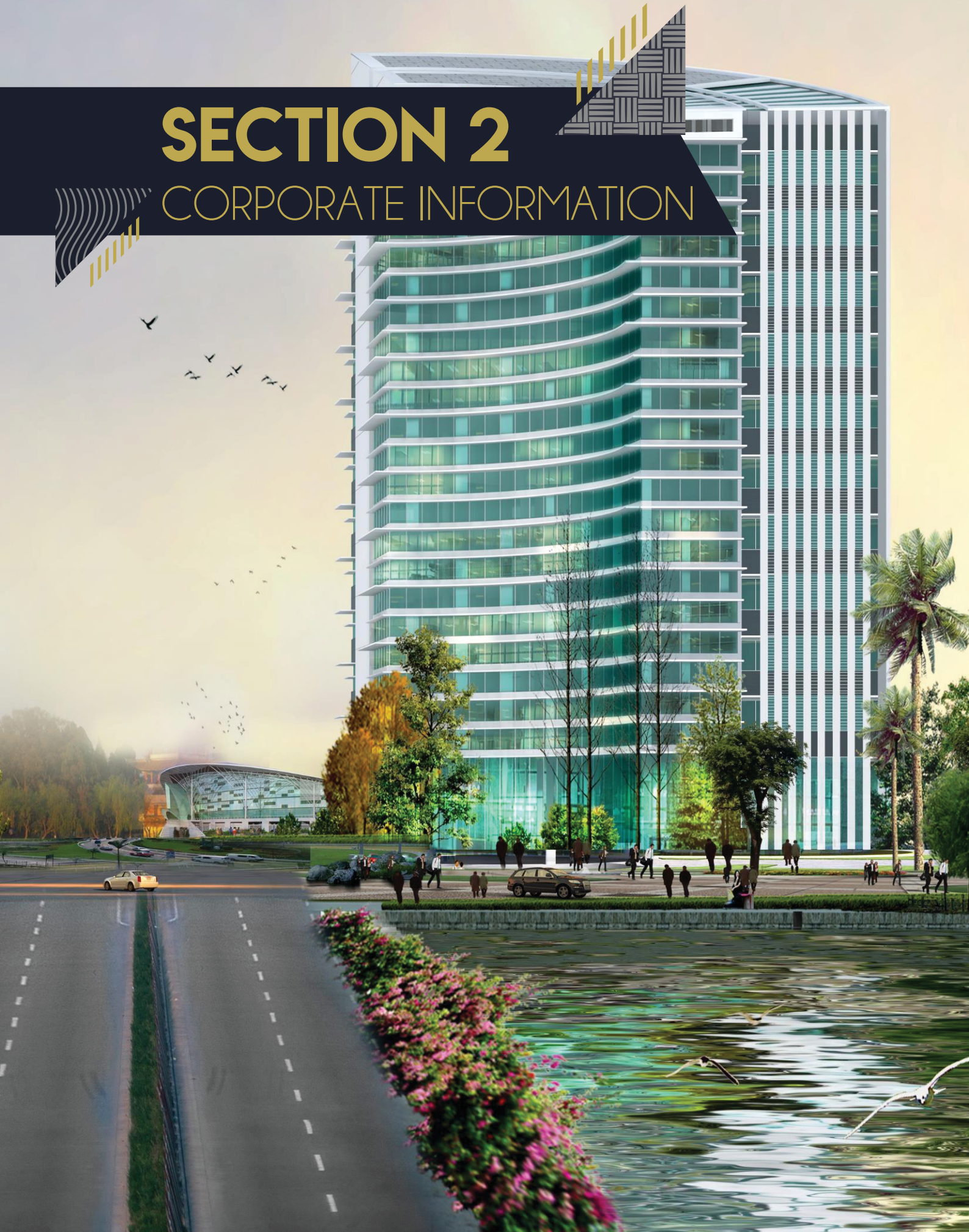
YBhg. Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain  
Chairman





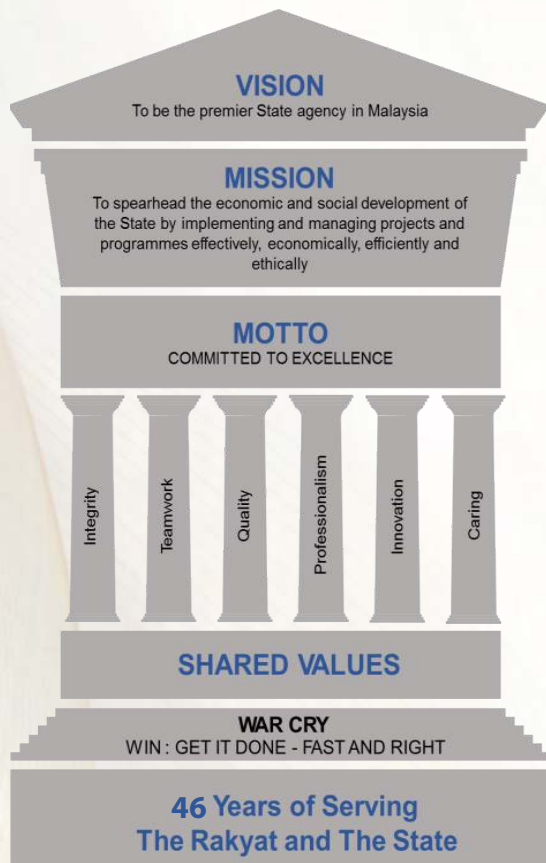
# SECTION 2

## CORPORATE INFORMATION





# CORPORATE BACKGROUND



*Pillar of SEDC*

The Sarawak Economic Development Corporation (SEDC) was established on 1st March 1972 as a state-owned statutory body with the general aim of promoting the commercial, industrial and socio-economic development of the State.

SEDC was established under the Perbadanan Pembangunan Ekonomi Sarawak Ordinance (Sarawak Cap. 35), a law duly passed by the Sarawak State Assembly in accordance with the powers conferred on and delegated to the State Government of Sarawak under the Constitution of Malaysia.

SEDC is a statutory body established under the laws of the State of Sarawak and it also comes under the purview of the Federal Government of Malaysia through the Federal Ministry of Finance (MOF).

As a catalyst, SEDC is committed to promoting economic development in the State with emphasis on pioneering in strategic industries and undertaking new investments, managing existing commercial operations on its own or through joint ventures.

As a trust agency, SEDC also undertakes programmes and schemes to enhance the development of local Bumiputera entrepreneurs in commerce and industry, apart from carrying out special projects for the government to enhance the general economic well-being and quality of life of the people in the State.

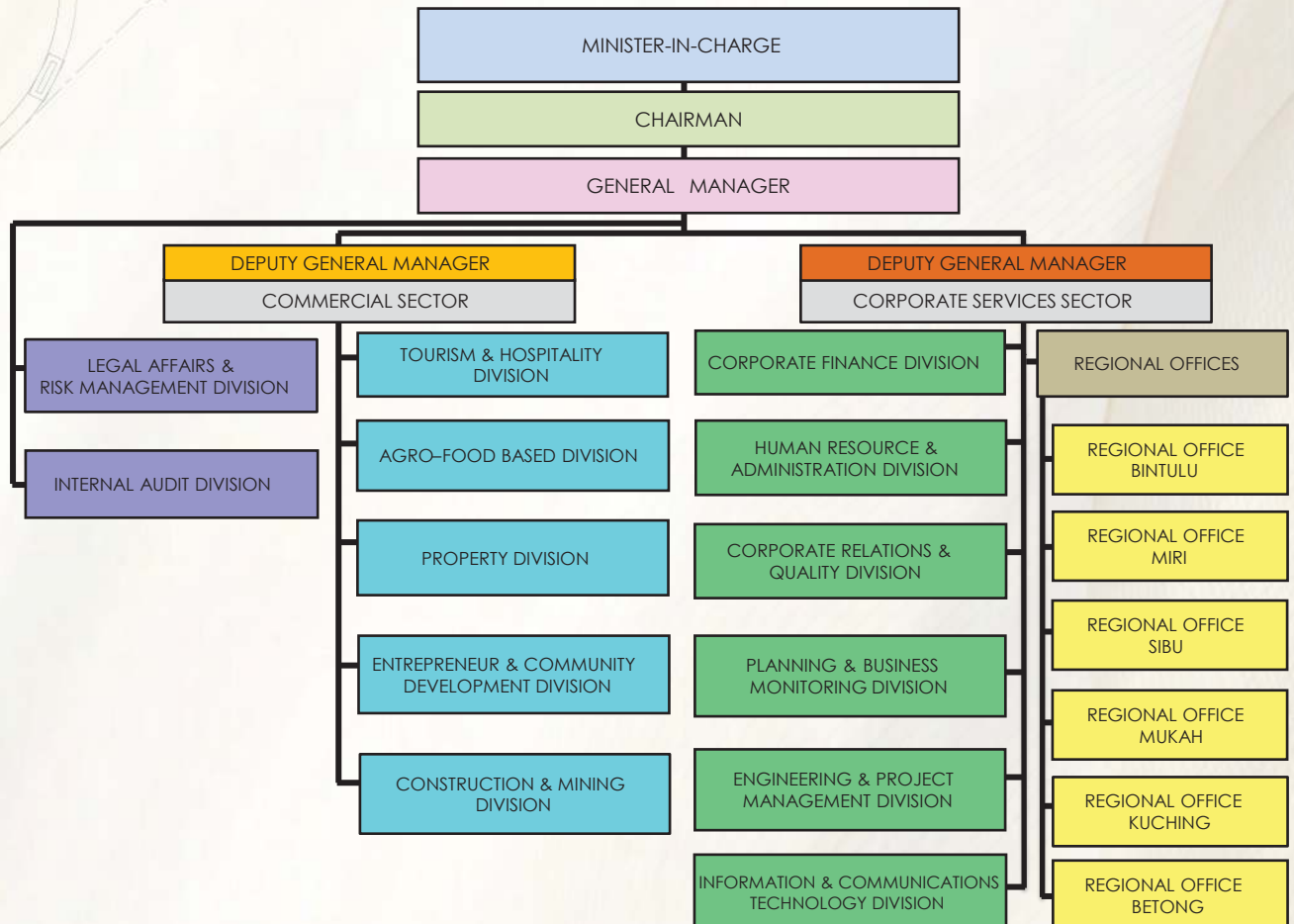
SEDC complements the State's development agenda towards a developed State by implementing its projects effectively, efficiently, economically and ethically.





# ORGANISATION STRUCTURE

ANNUAL REPORT 2017  
SARAWAK ECONOMIC DEVELOPMENT CORPORATION



## MEMBER OF THE BOARD



YBhg. Tan Sri Datuk Amar (Dr.)  
Haji Abdul Aziz bin Dato Haji Husain  
***Chairman***



YB Tan Sri Datuk Amar  
Haji Mohamad Morshidi bin Abdul Ghani  
***State Secretary***



YBhg. Datu Laura Lee Ngien Hion  
***State Financial Secretary (Sarawak)  
Representative***

Encik Mohd Saiful Sungkih bin Abdullah  
***Federal Treasury Representative***



Yang Arif Datuk  
Talat Mahmood bin Abdul Rashid







YBhg. Datu Jaul Samion



YBhg. Dr. Muhammad Abdullah bin Haji Zaidel



YBhg. Dato Sharkawi Alis



YBhg. Datu Dr. Haji Wan Lizozman bin Wan Omar



Dr. Philip Raja



## MANAGEMENT TEAM



YBhg. Datu Haji Soedirman Haji Aini  
***General Manager***

Puan Hajah Rakayah Hamdan  
***Deputy General Manager, Corporate Services Sector***  
***Director, Corporate Finance Division***



Encik Edwin Abit  
***Deputy General Manager, Commercial Sector***  
***Director, Tourism & Hospitality Division***  
***Director, Corp. Relations & Communications Division***

Puan Hajah Siti Hajar binti Abang Mon  
***Director, Property Division***  
***Director, Engineering & Project Management Division***



Puan Marilyn N. Biyor  
***Director, Human Resource &***  
***General Administration Division***

Encik James Dago  
***Director, Planning & Monitoring Division***  
***Director, Innovation & Quality***







Cik Siti Nurazlina Dollah Ahmat Usop  
***Director, Information & Communications Technology Division***



Encik Sulzari Mohamed  
***Director, Entrepreneur & Community Development Division***



Encik Yap Yien Chiang  
***Director, Internal Audit Division***



Puan Rashidah Maideen  
***Acting Director, Legal Affairs & Risk Management Unit***

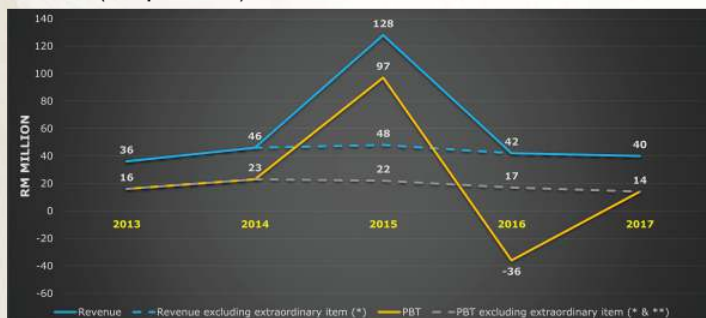


Encik Sia Ting Lung  
***Acting Director, Agro – Food Based Division***



## FINANCIAL PERFORMANCE

SEDC (Corporation) Revenue & PBT from 2013 - 2017



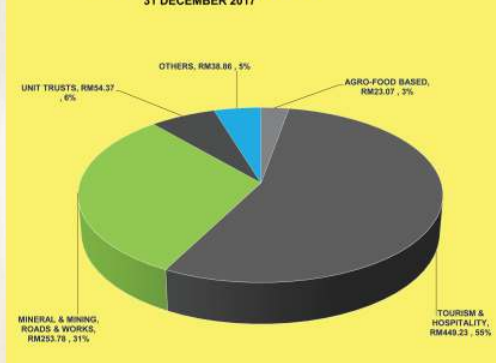
Notes:

\* 2015 : Divestment of CMS shares (RM79 Mil)

\*\* 2016 : Impairment of investment due to change in accounting standard (MPERS)

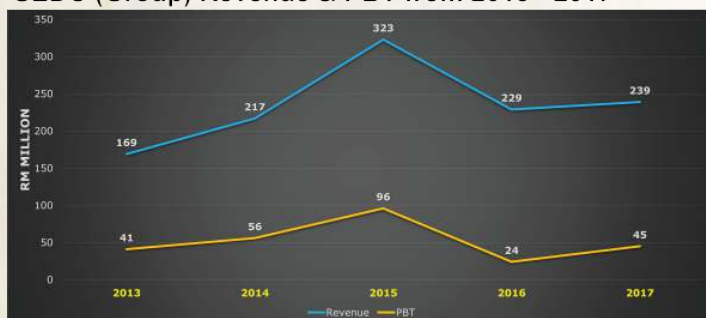
Financial  
Performance

SEDC INVESTMENT PORTFOLIO AS AT  
31 DECEMBER 2017



Shareholder's  
Fund

SEDC (Group) Revenue & PBT from 2013 - 2017



Group Revenue &  
Profit Before Tax (PBT)





# GROUP OF COMPANIES TOURISM & LEISURE

ANNUAL REPORT 2017  
SARAWAK ECONOMIC DEVELOPMENT CORPORATION

## SUBSIDIARIES

Sara Resorts Sdn Bhd  
(Sara Hospitality Sdn Bhd)  
9th Floor, Menara SEDC  
Jalan Tunku Abdul Rahman 93100  
Kuching  
Tel : 082 – 416777  
Fax : 082 – 422453  
Website : [www.sedctourism.com](http://www.sedctourism.com)

Sara Urusharta Sdn Bhd  
Unit R207, Level 2, Sarawak Plaza  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel : 082 – 412150  
Fax : 082 – 255964  
Website : [www.sedctourism.com](http://www.sedctourism.com)

Damai Cove Resorts Sdn Bhd  
9th Floor, Menara SEDC  
Jalan Tunku Abdul Rahman 93100  
Kuching  
Tel : 082 – 416777  
Fax : 082 – 422453  
Website : [www.sedctourism.com](http://www.sedctourism.com)

Sara Resorts Sdn Bhd  
9th Floor, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel : 082 – 416777  
Fax : 082 – 422453  
Website : [www.sedctourism.com](http://www.sedctourism.com)

Sara Resorts Holdings Sdn Bhd  
9th Floor, Menara SEDC  
Jalan Tunku Abdul Rahman 93100  
Kuching  
Tel : 082 – 416777  
Fax : 082 – 422453  
Website : [www.sedctourism.com](http://www.sedctourism.com)

Sara Rasa Sdn Bhd  
9th Floor, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel : 082 – 416777  
Fax : 082 – 422453  
Website : [www.sedctourism.com](http://www.sedctourism.com)

## SUBSIDIARIES

Kuching Hotels Sdn Bhd  
9th Floor, Menara SEDC  
Jalan Tunku Abdul Rahman 93100  
Kuching  
Tel : 082 – 416777  
Fax : 082 – 422453  
Website : [www.sedctourism.com](http://www.sedctourism.com)

Damai Beach Golf Course Bhd  
(Damai Golf & Country Club Bhd)  
9th Floor, Menara SEDC  
Jalan Tunku Abdul Rahman 93100  
Kuching  
Tel : 082 – 416777  
Fax : 082 – 422453  
Website : [www.sedctourism.com](http://www.sedctourism.com)

Sara Resorts Management Sdn Bhd  
9th Floor, Menara SEDC  
Jalan Tunku Abdul Rahman 93100  
Kuching  
Tel : 082 – 416777  
Fax : 082 – 422453  
Website : [www.sedctourism.com](http://www.sedctourism.com)

Bukit Saban Resort Sdn Bhd  
9th Floor, Menara SEDC  
Jalan Tunku Abdul Rahman 93100  
Kuching  
Tel : 082 – 416777  
Fax : 082 – 422453  
Website : [www.sedctourism.com](http://www.sedctourism.com)

Damai Beach Resort Sdn Bhd  
9th Floor, Menara SEDC  
Jalan Tunku Abdul Rahman 93100  
Kuching  
Tel : 082 – 416777  
Fax : 082 – 422453  
Website : [www.sedctourism.com](http://www.sedctourism.com)

Sara Hotels Bhd  
9th Floor, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel : 082 – 416777  
Fax : 082 – 422453  
Website : [www.sedctourism.com](http://www.sedctourism.com)

## SUBSIDIARIES

Sara Tourism & Leisure Sdn Bhd  
9th Floor, Menara SEDC  
Jalan Tunku Abdul Rahman 93100  
Kuching  
Tel : 082 – 416777  
Fax : 082 – 422453  
Website : [www.sedctourism.com](http://www.sedctourism.com)

Sejadu Sdn Bhd  
9th Floor, Menara SEDC  
Jalan Tunku Abdul Rahman 93100  
Kuching  
Tel : 082 – 416777  
Fax : 082 – 422453  
Website : [www.sedctourism.com](http://www.sedctourism.com)

Sara Worldwide Vacations Bhd  
(Asia Vacations Club Sdn Bhd)  
Unit W22-02, Level 22  
Gateway Kuching  
No. 9, Jalan Bukit Mata 93100  
Kuching  
Tel : 082 – 238007  
Fax : 082 – 248007  
Website : [www.clubasia.com.my](http://www.clubasia.com.my)

Permata Carpark Sdn Bhd  
9th Floor, Menara SEDC  
Jalan Tunku Abdul Rahman 93100  
Kuching  
Tel : 082 – 416777  
Fax : 082 – 422453  
Website : [www.sedctourism.com](http://www.sedctourism.com)

Sara Great Horizon Sdn Bhd  
9th Floor, Menara SEDC  
Jalan Tunku Abdul Rahman 93100  
Kuching  
Tel : 082 – 416777  
Fax : 082 – 422453  
Website : [www.sedctourism.com](http://www.sedctourism.com)

## INVESTMENT

Borsarmulu Resort Sdn Bhd  
Lot 154 – 156, 2nd Floor  
Jalan Sungai Padungan  
93100 Kuching  
P.O.Box 2113, 93742 Kuching  
Tel : 082 – 413877  
Fax : 082 – 244406  
Website : [www.sedctourism.com](http://www.sedctourism.com)



# GROUP OF COMPANIES AGRO-FOOD BASED



## SUBSIDIARIES

**Sarapine Sdn Bhd**  
6 - 11<sup>th</sup> Floor, Menara SEDC  
Jalan Tunku Abdul Rahman 93100 Kuching  
Tel : 082 - 416777  
Fax : 082 - 424330  
Website : [www.sedc.com.my](http://www.sedc.com.my)

**PPES Ternak Holdings Sdn Bhd**  
(PPES Ternak Sdn Bhd)  
(Rosewood Station PTY LTD)  
Lot 1260, Jalan Mersawa  
Bintawa Industrial Estate  
93450 Kuching  
Tel : 082 - 482015 / 085 - 739317  
Fax : 082 - 481350 / 424330  
Website : [www.sedc.com.my](http://www.sedc.com.my)

## ASSOCIATES

**SOP Karabungan Sdn Bhd**  
No. 124 - 126  
Jalan Bendahara  
P.O.Box 547  
98007 Miri  
Tel : 085 - 436969  
Fax : 085 - 432929

**Good Harvest Plantation Sdn Bhd**  
No. 85 - 90, Pusat Pedada  
Jalan Pedada  
96000 Sibul  
Tel : 084 - 310190  
Fax : 084 - 330893

**Sara - HL Plantation Sdn Bhd**  
6-11<sup>th</sup> Floor, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel : 082 - 416777  
Fax : 082 - 424330  
Website : [www.sedc.com.my](http://www.sedc.com.my)

**SPB PPES Karabungan Plantation Sdn Bhd**  
8<sup>th</sup> Floor, Wisma Naim  
2 1/2 Mile, Rock Road  
93200 Kuching  
Tel : 082 - 233560  
Fax : 082 - 256560

## SUBSIDIARIES

**Sara Spectrum Holdings Sdn Bhd**  
• Hakanda Sdn Bhd  
(Kemudi Saling Sdn Bhd)  
• Sarawak Coconut Enterprise Sdn Bhd  
• Carbon Supplies Sarawak Sdn Bhd  
6 - 11<sup>th</sup> Floor, Menara SEDC  
Jalan Tunku Abdul Rahman 93100 Kuching  
Tel : 082 - 416777  
Fax : 082 - 424330  
Website : [www.sedc.com.my](http://www.sedc.com.my)

**Sara - HL Plantation Sdn Bhd**  
6 - 11<sup>th</sup> Floor, Menara SEDC  
Jalan Tunku Abdul Rahman 93100 Kuching  
Tel : 082 - 416777  
Fax : 082 - 424330  
Website : [www.sedc.com.my](http://www.sedc.com.my)

**Sara Concrete Poles Sdn Bhd**  
6 - 11<sup>th</sup> Floor, Menara SEDC  
Jalan Tunku Abdul Rahman 93100 Kuching  
Tel : 082 - 416777  
Fax : 082 - 424330  
Website : [www.sedc.com.my](http://www.sedc.com.my)

**PPES Aqua (Santubong) Sdn Bhd**  
6 - 11<sup>th</sup> Floor, Menara SEDC  
Jalan Tunku Abdul Rahman 93100 Kuching  
Tel : 082 - 416777  
Fax : 082 - 424330  
Website : [www.sedc.com.my](http://www.sedc.com.my)

**Eastern Empress Silk Sdn Bhd**  
6 - 11<sup>th</sup> Floor, Menara SEDC  
Jalan Tunku Abdul Rahman 93100 Kuching  
Tel : 082 - 416777  
Fax : 082 - 424330  
Website : [www.sedc.com.my](http://www.sedc.com.my)





# GROUP OF COMPANIES OTHERS

ANNUAL REPORT 2017  
SARAWAK ECONOMIC DEVELOPMENT CORPORATION

## MINERAL & MINING

### ASSOCIATES

CMS Infra Trading Sdn Bhd  
No. 2128, Sublot 2  
Jalan Utama, Pending  
93450 Kuching  
Tel : 082 – 348950 / 348951  
Fax : 082 – 348952  
Website : [trading.cmsb.com.my](http://trading.cmsb.com.my)

CMS Resources Sdn Bhd  
• CMS Quarries Sdn Bhd  
• CMS Premix Sdn Bhd  
• CMS Premix (Miri) Sdn Bhd  
• CMS Penkuari Sdn Bhd  
• PPES Concrete Product Sdn Bhd  
7<sup>th</sup> Mile, Kuching – Serian Road  
93250 Kuching  
Tel : 082 – 615605 / 610226  
Fax : 082 – 611986 / 615598  
Website : [www.cmsb.com.my](http://www.cmsb.com.my)



## SUBSIDIARIES

Permaisara Sdn Bhd  
6 – 11<sup>th</sup> Floors, Menara SE  
Jalan Tunku Abdul Rahm  
93100 Kuching  
Tel : 082 – 416777  
Fax : 082 – 424330  
Website : [www.sedc.com](http://www.sedc.com)

Sarawak Car Care Centre  
6 – 11<sup>th</sup> Floors, Menara SE  
Jalan Tunku Abdul Rahm  
93100 Kuching  
Tel : 082 – 416777  
Fax : 082 – 424330  
Website : [www.sedc.com](http://www.sedc.com)

## COMMUNITY DEVELOPMENT

### SUBSIDIARY

SeDidik Sdn Bhd  
No. 53, Lot 67, Section 66  
Yoshi Square, Jalan Pelabuhan  
93450 Kuching  
Tel : 082 – 347489  
Fax : 082 – 346859  
Website : [www.sedidik.com.my](http://www.sedidik.com.my)

## ROAD & WORKS

### ASSOCIATES

CMS Land Sdn Bhd  
Level 5, Wisma Mahmud  
Jalan Sungai Sarawak  
93100 Kuching  
Tel : 082 – 237777  
Fax : 082 – 252652  
Website : [www.cmsproperty.com.my](http://www.cmsproperty.com.my)

CMS Property Management Sdn Bhd  
Level 5, Wisma Mahmud  
Jalan Sungai Sarawak  
93100 Kuching  
Tel : 082 – 237777  
Fax : 082 – 252652  
Website : [www.cmsproperty.com.my](http://www.cmsproperty.com.my)

PPES Works (Sarawak) Sdn Bhd  
1<sup>st</sup> – 4<sup>th</sup> Floor, Lot 691 – 623  
Section 62, KTLD  
Jalan Padungan  
93100 Kuching  
Tel : 082 – 340588  
Fax : 082 – 340695  
Website : [www.cmsb.com.my](http://www.cmsb.com.my)





**INVESTMENT**

Sarawak Consolidated Industries Bhd  
Lot 1258, Jalan Utama  
Pending Industrial Estate  
93450 Kuching  
Tel : 082 – 334485  
Fax : 082 – 334484 / 345597  
Website : [www.scib.com.my](http://www.scib.com.my)

Cahaya Mata Sarawak Bhd  
Wisma Mahmud  
Jalan Sungai Sarawak  
93100 Kuching  
Tel : 082 - 238888  
Fax : 082 - 338611  
Website : [www.cmsb.com.my](http://www.cmsb.com.my)

Permodalan ASSAR Sdn Bhd  
Lot 357, Section 5, KTLD  
Jalan Satok  
93400 Kuching  
Tel : 082 – 231085  
Fax : 082 – 232514  
Website : [www.assar.com.my](http://www.assar.com.my)

**ASSOCIATES**

LF Asia Sebor (S'wak ) Holdings Sdn Bhd  
Lot 2678, Section 64 KTLD  
Jalan Kwong Lee Bank  
93450 Kuching  
Tel : 082 – 335677  
Fax : 082 – 484720

Syarikat Sebangun Sdn Bhd  
Off 21KM, Tanjung Kidurong Road  
P.O.Box 168, 97007 Bintulu  
Tel : 086 – 253549 / 253569  
Fax : 082 – 253919

GOS Management Holdings Sdn Bhd  
18<sup>th</sup> Floor, Wisma Bapa Malaysia  
Petra Jaya  
93502 Kuching  
Tel : 082 – 311990 / 492336  
Fax : 082 – 442235 / 448308  
Website : [www.sedc.com.my](http://www.sedc.com.my)

Fieldmart Care Sdn Bhd  
Kilang B, Lot 775, Lorong  
Demak Maju 8  
Demak Laut Industrial Park  
93900 Kuching  
Tel : 082 – 432252  
Fax : 082 – 433352

**ENTREPRENEUR  
DEVELOPMENT****SUBSIDIARY**

Comerich Sdn Bhd  
City Bridge Commercial Centre  
Jalan Utama  
93450 Kuching  
Tel : 082 – 482015 / 085 - 739317  
Fax : 082 – 481350 / 424330  
Website : [www.sedc.com.my](http://www.sedc.com.my)

Taskwin Sdn Bhd  
6-11<sup>th</sup> Floor, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel : 082 - 416777  
Fax : 082 - 424330  
Website : [www.sedc.com.my](http://www.sedc.com.my)

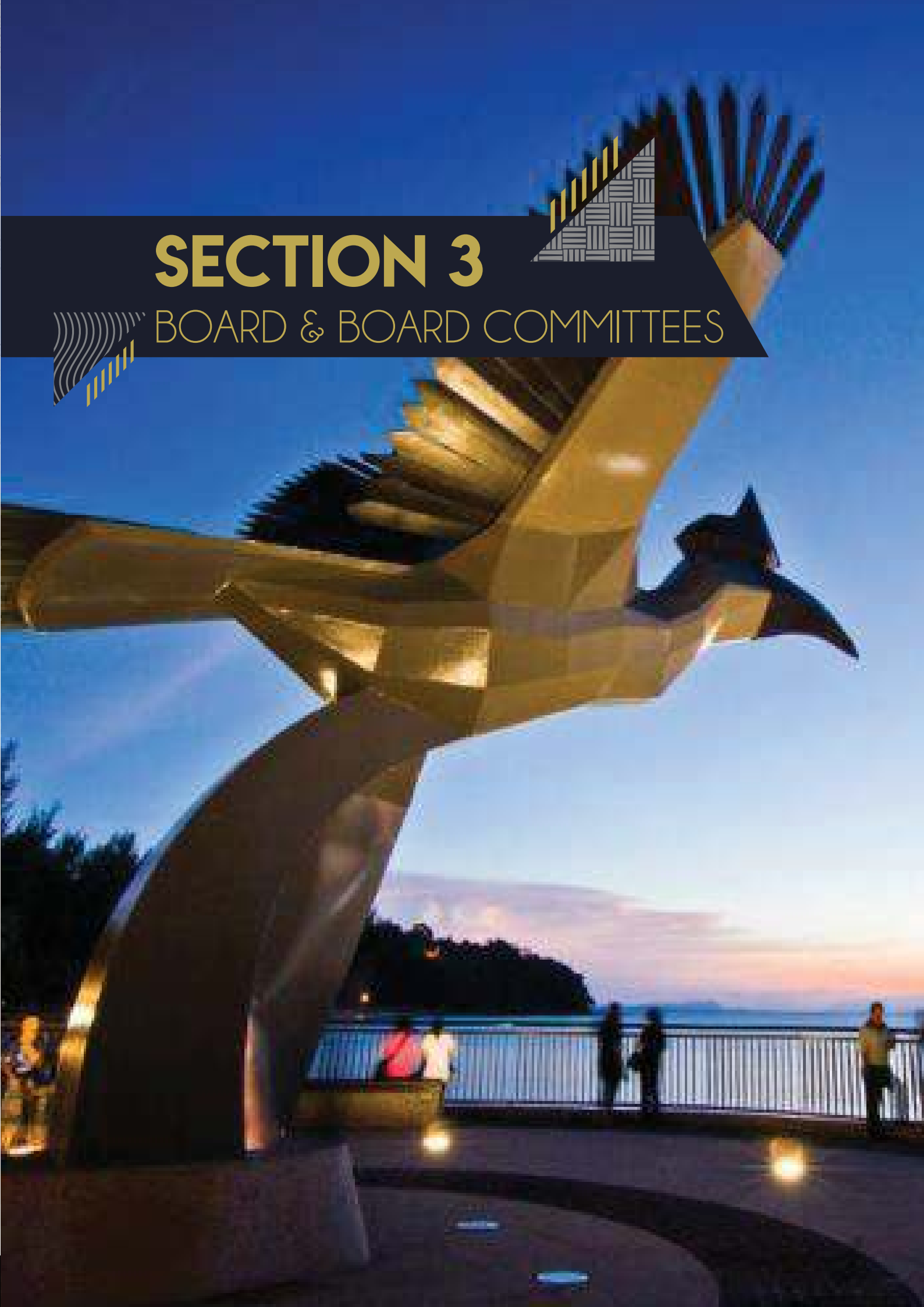
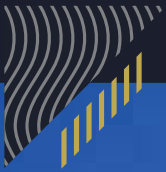
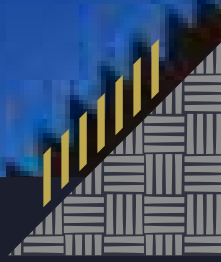
Revlin Holdings Sdn Bhd  
6-11<sup>th</sup> Floor, Menara SEDC  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Tel : 082 - 416777  
Fax : 082 - 424330  
Website : [www.sedc.com.my](http://www.sedc.com.my)





# SECTION 3

## BOARD & BOARD COMMITTEES



Section 41(1) of the SEDC Ordinance provides that the Board of the Corporation shall consist of the following Members:

- A Chairman;
- Two official members; and
- Not less than three, but not more than eight other members.

### SEDC Board Members 2016

<b>Chairman</b>	<ul style="list-style-type: none"> <li>• YBhg. Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Hussain</li> </ul>
<b>Official Members</b>	<ul style="list-style-type: none"> <li>• <b>State Financial Secretary Representative</b> (YBhg. Datu Laura Lee Ngien Hion)</li> <li>• <b>Federal Treasury Representative</b> (Encik Mohd Saiful Sungkih bin Abdullah)</li> </ul>
<b>Other members</b>	<ul style="list-style-type: none"> <li>• YB Tan Sri Datuk Amar Haji Mohamad Morshidi bin Abdul Ghani</li> <li>• Yang Arif Datuk Talat Mahmood Bin Abdul Rashid</li> <li>• YBhg. Tan Sri Datuk Amar Wilson Baya Dandot</li> <li>• YBhg. Datuk Haji Ismawi bin Haji Ismuni</li> <li>• YBhg. Dato Sharkawi Bin Alis</li> <li>• YBhg. Datu Dr. Wan LizOzman Bin Wan Omar</li> <li>• YBhg. Dr. Philip Raja</li> </ul>

### Meetings Held in 2016

In 2017, a total of four (4) SEDC Board meetings were held as follows:

- 173rd Meeting – 26th April 2017
- 174th Meeting – 31st July 2017
- 175th Meeting – 24th October 2017
- 176th Meeting – 12nd December 2017



The record of attendance to the meetings is as follows

Members	No. Meetings Attended
YBhg. Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Hussain	4 out of 4
<b>State Financial Secretary</b> YBhg. Datu Laura Lee Ngien Hion / Encik Abdul Kadir Zainuddin	3 out of 4 1 out of 4
<b>Federal Treasury Representative</b> YBhg. Encik Saiful Sungkih B. Abdullah	2 out of 4
YBhg. Tan Sri Datuk Amar Haji Mohamad Morshidi bin Abdul Ghani	1 out of 4
Yang Arif Datuk Talat Mahmood Bin Abdul Rashid	4 out of 4
YBhg. Tan Sri Datuk Amar Wilson Baya Dandot	2 out of 4
YBhg. Datuk Haji Ismawi bin Haji Ismuni	3 out of 4
YBhg. Dato Sharkawi Bin Alis	3 out of 4
YBhg. Datu Dr. Wan LizOzman Bin Wan Omar	3 out of 4
YBhg. Dr. Philip Raja	4 out of 4

## BOARD ESTABLISHMENT COMMITTEE (BEC)

The Corporation has established a number of committees to enhance and adopt good corporate practices in the Corporation. These Committees include:

<b>Chairman</b>	•YBhg. Tan Sri Datuk Amar Wilson Baya Dandot
<b>Members</b>	•Yang Arif Datuk Talat Mahmood Bin Abdul Rashid •Director of State Human Resource Unit, Chief Minister's Office •YBhg. Tuan Haji Soedirman bin Haji Aini, General Manager SEDC
<b>Secretary</b>	•Director of Human Resource and General Administration Division SEDC

### Composition of the Board Establishment Committee

BEC was established in accordance with the provision in Section 16 of the SEDC Ordinance. The Committee consists of three members of the Board, the General Manager and any other person as the Corporation deems fit. The members are appointed by the Chairman of SEDC. A quorum of three members is required for the meeting to proceed. The Secretary of the Committee is the Director of the Human Resource and General Administration Division of SEDC.

### Duties and Responsibilities

This Committee is responsible for the following functions and duties:

- Approve the appointment to all posts in the Managerial and Professional group (Grade 44 or equivalent and higher grades);
- Approve the promotion of employees in the Managerial and Professional Group;
- Dismiss and demote employees;
- Establish new posts and abolish redundant posts in the Managerial and Professional group;
- Upgrade and re-designate existing posts;
- Ex-gratia payment; and
- Guidelines on staff welfare.

### Meetings Held in 2017

(a) 47th BEC - 16 Jun 2017

(b) 48th BEC - 11 December 2017

Three meetings were held in 2017 and the record of attendance is as follows:

<b>Members</b>	<b>No. of Meetings Attended</b>
YBhg. Tan Sri Datuk Amar Wilson Baya Dandot	2 out of 2
Yang Arif Datuk Talat Mahmood Bin Abdul Rashid	2 out of 2
Director of State Human Resource Unit, Chief Minister's Office / Representative	2 out of 2
YBhg. Datu Haji Soedirman bin Haji Aini, General Manager SEDC	2 out of 2





## BOARD AUDIT COMMITTEE (BAC)

<b>Chairman</b>	•YBhg. Datu Laura Lee Ngien Hion
<b>Members</b>	•YBhg. Datu Dr. Wan LizOzman Bin Wan Omar •YBhg. Encik Mohd Saiful Sungkih bin Abdullah •YBhg. Dr. Philip Raja

### Composition of the Board Audit Committee

The members of the SEDC Board Audit Committee are appointed by the SEDC Board. The Board Audit Committee shall comprise members (other than the Chairman) from amongst SEDC Board Members or any other person shall be determined by SEDC Board under Section 16 of the SEDC Ordinance; and

The Board Audit Committee consists of not fewer than three (3) Board Members, of whom majority shall not be persons having relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out duties of the Board Audit Committee.

### Duties and Responsibilities

The committee is responsible for the following duties:

- To oversee the Internal Audit function and to approve the Annual Audit Plan;
- To review Internal Audits Reports and consider findings and management responses thereto, and other problems, reservations and major issues of concern;
- To ensure affirmative action is taken by the auditee in respect of Board Audit Committee's decision;
- To review Draft Audited Financial Statements and the Auditors' Report thereon prior to tabling for adoption and/or approval by SEDC Board;
- To recommend the appointment and remuneration of external auditors of subsidiaries, where appropriate;
- To review the maintenance of an effective internal control system including financial and accounting system and to support and recommend measures to improve internal controls;
- To review the accounting policies and reporting requirements and compliance with legal requirements and accounting standards;
- To institute efficiency reviews and help to establish the environment in which controls can operate effectively;
- To initiate special audit and investigation and consider findings arising from such audit and investigation; and
- To perform any other related duties as directed by the Board.



## Meetings Held in 2017

There were four BAC meetings held during the financial year ended 31st September 2017. The record of the attendance to these meetings is as follows:

Members	No. of Meetings Attended
YBhg. Datu Laura Lee Ngien Hion	4 out of 4
YBhg. Datu Dr. Wan Lizozman Bin Wan Omar	4 out of 4
YBhg. Encik Mohd Saiful Sungkih bin Abdullah	1 out of 4
YBhg. Dr. Philip Raja	4 out of 4

## Activities

Summary of activities of the Board Audit Committee for the financial year ended 31st December 2017:

- Reviewed and approved the annual audit plan of the Internal Audit Division for 2018, including its scope and coverage over the activities of the SEDC Headquarters, Regional Offices and Subsidiary Companies;
- Reviewed and deliberated the audit reports of the Internal Audit Division vis-à-vis findings with regards to the system of internal control highlighted during the course of the audits and the responses from the management; and
- Reviewed and made recommendations of significant issues on the audited financial statements of the Corporation and the Group before tabling to the SEDC for deliberation.





## BOARD RISK COMMITTEE (BRiC)

### Composition of the Board Risk Committee

<b>Chairman</b>	•YBhg. Datuk Haji Ismawi bin Haji Ismuni
<b>Members</b>	•Yang Arif Datuk Talat Mahmood Bin Abdul Rashid •YBhg. Dato Sharkawi Bin Alis •YBhg. Encik Mohd Saiful Sungkih bin Abdullah
<b>Secretary</b>	•Puan Rashidah Maideen

### Terms of reference of the Board Risk Committee

1. Review the context within which risk is managed in relation to the Group's strategic direction and objectives
2. Oversee and provide oversight and direction for the implementation of risk management in the Group and consistent application of risk principles
3. Periodically review the Group's risk management framework and supporting structure, including –
  - 3.1 Satisfying itself that appropriate systems are in place to identify assess and manage the significant risks affecting the Group
  - 3.2 Ensuring that officers are clear as to their roles and responsibilities with regards to the risk management
1. Ensure effective implementation of risk management activities of the Group
2. Receive and review reports on significant risks affecting the Group and recommendations on how such risks are being managed
3. Determine risk programmes and priorities
4. Review group risk profile
5. To recommend to the Board any matter or issue of significant import relating to risk management for the Board's decision or approval

### Meetings Held in 2017

In 2017, a total of two (2) Board Risk Committee meetings were held as follows:

- 13th - 6th July 2017,
- 14th - 12th October 2017, and



The record of attendance to the meetings is as follows:-

Members	No. of Meetings Attended
YBhg Datuk Haji Ismawi Bin Haji Ismuni	2 out of 2
Yang Arif Datuk Talat Mahmood Bin Abdul Rashid	2 out of 2
YBhg. Dato Sharkawi Bin Alis	2 out of 2
YBhg. Encik Mohd Saiful Sungkih bin Abdullah	2 out of 2







# SECTION 4

## CORPORATE GOVERNANCE & CORPORATE ACTIVITIES HIGHLIGHTS



# CORPORATE GOVERNANCE

## Background

SEDC was the first government agency in Malaysia to draw up and launch its Charter for Good Corporate Governance. The Corporation's Charter for Good Corporate was launched by the then State Secretary, YB Datuk Amar Haji Abdul Aziz Husain on 5th February 2001.

The Charter lays down the principles and best management practices and corporate behaviour in the following areas:-

- Law
- Morality
- Profitability
- Quality
- Good Management
- Good Corporate Citizenship

## Compliance and Regulations

The Corporation seeks to ensure full compliance with the laws and regulations applicable to the Corporation. These laws and regulations include:-

- The SEDC Ordinance (Swk. Cap. 35)
- Statutory Bodies (Conduct and Discipline) Ordinance, 2004
- Statutory Bodies (Financial and Accounting Procedure) Ordinance, 1995
- SEDC Financial Regulations and Accounting Procedure Regulations 1980 (Revised 2009)
- State and Federal Circulars

In addition, the Management is required to implement and enforce the decisions agreed at SEDC Board Meetings.

Whereas in respect of subsidiaries, the Management is required to comply and adhere to applicable laws and the company's internal regulations such as its Memorandum & Articles of Association, Company Operations Manual and Companies Act, 1965.

The Corporation will continue to undertake various activities to strengthen its corporate governance and thereby enhancing business integrity and corporate accountability.





## Corporate Governance Activities 2017

For the year 2017, numerous activities, programmes and events were held to enhance and strengthen corporate governance within the Corporation and its Group. These include the following:-

- Presidential Address 2017 was held on 1 March 2017 to disseminate and share information on the following:
  - 2016 Performance Highlights
  - 2017 Business Plan
  - Corporate Direction
- Jawatankuasa Integriti dan Tadbir Urus (JITU) meetings were conducted on 28 April, 4 August and 11 December 2017.
- ISO Quality Management System Internal Quality Audit were held twice a year on 23 January to 10 February 2017 and 18 July – 11 August 2017.
- Representatives from Jawatankuasa Integriti dan Tadbir Urus (SEDC) and relevant staff/officers attended the following:

NO.	COURSE DETAILS	DATE
1	The New Companies Act 2016	12 June 2017
2	Seminar On "What Sustainable Organisations Are Doing Differently" By Korn Ferry Hay Group New York 2017	29 November 2017
3	Procurement Fraud	11 December 2017
4	Internal Controls Masterclass 2017	18 – 19 December 2017



