



**ANNUAL
REPORT**

**20
19**

S • E • D • C
S T R A W A

**LAPORAN
TAHUNAN**





The cover of this Annual Report portrays Sarawak Economic Development Corporation (SEDC) moving forward into a new era of digital technology, clean renewable energy and business sustainability.

The electronic halftones (dots of varying sizes) in the background represent the dedicated personnel of SEDC, the manpower that serves as the backbone and driving force of the organisation.

The big letter 'S' represents SEDC itself, Sarawak and Sustainability, while the blue dot in the centre depicts a hydrogen molecule. This represents the organisation's direction for the future, to forge a new tomorrow of clean, renewable energy to be generated through sustainable means.



Corporate Statement	2
<i>Chairman's Statement</i>	

SECTION ONE

Corporate Information	7
<i>Corporate Background</i>	8
<i>Organisational Structure</i>	9
<i>Members Of The Board</i>	10
<i>Management Team</i>	12
<i>Financial Performance</i>	14
<i>Subsidiaries & Associate Companies</i>	16

SECTION TWO

The Board and Board Committees	19
<i>Board Of SEDC</i>	20
<i>Board Of Establishment Committee</i>	21
<i>Board Of Audit Committee</i>	22
<i>Board Of Risk Committee</i>	24

S

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T

N

O

C

SECTION THREE

25	Core Business & Corporate Activities Highlights
26	<i>Corporate Governance Activities</i>
35	<i>Core Businesses</i>
36	<i>Tourism & Hospitality</i>
38	<i>Agro-Food Based</i>
39	<i>Entrepreneur & Community Development</i>
49	<i>SeDidik Child & Family Development Programme</i>
57	Project Highlights
58	<i>Completed Projects In 2019</i>
65	<i>Projects Under Implementation In 2019</i>
71	Corporate Culture – Building Activities
72	<i>Corporate Activities</i>
74	<i>Promotional Activities</i>
75	<i>Corporate Culture</i>
76	<i>Festive Celebrations</i>
81	<i>Human Capital Development</i>
84	<i>Innovation & Quality Programmes</i>
86	Corporate Social Responsibility
87	<i>Corporate Social Responsibility</i>
91	<i>Media Highlights</i>
93	<i>Awards & Recognitions</i>

SECTION FOUR

95	Financial Statements
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CHAIRMAN'S STATEMENT

It gives me great pleasure to report the performance of Sarawak Economic Development Corporation (SEDC) for the year 2019. The Corporation together with its subsidiaries and associate companies have performed well in 2019 and had achieved notable milestones as well achievements despite facing the challenging economic conditions which had impacted on Malaysia and the global communities.

Financial Performance

At Corporation level, SEDC had recorded a total revenue of RM40.74 million and decreased by RM0.78 or 2% as compared to revenue in 2018 of RM41.52 million, this is mainly due to decrease in dividends received. In general, the Corporation's sources of revenue were mainly from dividends, capital gains as well as income from rentals and interests. As for the Corporation's expenditure, it was kept in check as administrative, operating and finance expenses which amounted to RM37.38 million for 2019 were RM1.76 million or 5% lower than the approved budget allocation of RM39.14 million. Such financial situation was due to the Corporation's prudent spending and close monitoring of expenditures. For the year 2019, SEDC recorded unrealized losses of RM16.48 million from the impairment of its investments in quoted shares. This was also due to unfavourable market conditions and sentiments which had adversely affected the market prices of the quoted shares held by the Corporation in previous year. The amount was also a result of compliance with accounting standards where investments in quoted shares are measured at their fair values by reference to the active market prices but nevertheless, the Corporation has no immediate intention to dispose these quoted shares and expects the market prices to recover in the near future. Arising from the above situation, the Corporation had recorded a Profit Before Tax (PBT) of RM13.90 million in 2019. However, at operational level, where the unrealised losses from investment impairment is excluded, the Corporation achieved an Operating Profit Before Tax (OPBT) of RM30.38 million which surpassed the budgeted Operating Profit Before Tax of RM5.21 million, or more than 100% above the budget. At Group level, SEDC had posted a total revenue of RM225.82 million and recorded a PBT of 48.43 million. Among the key contributors to SEDC's performance were Mineral and Mining, Road & Works and Agro-Food based sectors. The financial position of the Corporation had remained solid with Total Assets and Reserves amounting to RM1,233.09 million and RM732.18 million respectively as at 31 December 2019. Our Group Total Assets and Group Reserves amounted to RM1,996.59 million and RM1,289.96 million respectively as at 31 December 2019.

Project Highlights

The year 2019 had been another busy year for SEDC with several notable projects were completed while those which were assigned by Sarawak Government are still under development and implementation stages. Among the projects which had been undertaken are:-

- 1 The acquisition of Carmor Plains cattle station in Australia's Northern Territory on 22 May 2019 at a cost of RM58 million as a new feeding and fattening center is a strategic investment that complements SEDC's existing Rosewood Cale Station located in Western Australia. Carmor Plain's close proximity to Darwin would also make it easier and cost effective for full grown cattle to be shipped for export.
- 2 The test run of Sarawak's first hydrogen fuel-cell buses was conducted on 1 August 2019 and was under-taken by SEDC's subsidiary company, Sarawak Metro Sdn Bhd (Sarawak Metro). SEDC was entrusted by Sarawak Government to manage and operate the state's hydrogen-powered buses which is also the first of its kind in Southeast Asia.
- 3 The official ground-breaking ceremony of Sarawak's Methanol Plant which is located at Tanjung Kidurong in Bintulu was performed by the Right Honourable Chief Minister of Sarawak, Datuk Patinggi Abang Johari Tun Abang Haji Openg on 11 September 2019. The construction of the US\$850 million (RM3.74 billion) plant is set for completion in 2023. Once it is fully operational, the 80.9-hectare plant is expected to receive 160 million standard cubic feet per day of feedstock from the operators.

- 4** The completion of Sarawak's new halal abattoir complex located at Mile 16 Jalan Kuching-Serian in Siburan was completed in October 2019. The facility lies within a 20-acre area and features ruminant daily slaughtering with the capacity of 100 cattle, 50 goats and 50 deer. It also features state of the art slaughtering-terhouses, meat processing and packaging facilities for export and local markets.
- 5** The new Sarawak Museum Campus and Heritage Trail, Kuching, which is now fully completed was handed over to the Sarawak's Public Works Department (JKR) and Sarawak Museum Department on 8 August 2019. The complex was constructed by SEDC's subsidiary, PPES Works Sdn Bhd and is the largest museum in Malaysia with an area of 6,000 square meters. The complex is also the second largest in Southeast Asia and will feature 21st century facilities including interactive exhibitions as well as engaging displays. One of the unique features of the building is that it has a certified 30,000m Green Building Index (GBI).
- 6** The planting of Gaharu or Agarwood trees under a joint venture project was undertaken for the establishment of a new plantation located in Kampung Pueh, Sematan, Lundu. The project was implemented to cater for the high demand for Agarwood-based products which include premium perfumes, fragrances and aromatic oils, chips and powder. For this year our subsidiary company, Eastern Empress Silk Sdn Bhd through a joint venture had undertaken the planting of 44,608 Agarwood trees on a plantation site of 55 acres.

Socio-economic Programme and Schemes

In performing its role to boost the development of local socio - economic sector, SEDC's continuing hand-holding approach in supporting local entrepreneurs had paid off with a total of 9,130 entrepreneurs had benefited from various programmes and activities implemented throughout 2019. Among the entrepreneur and community development programmes implemented by SEDC in 2019 had included Program Peningkatan Usahawan Bumiputera or PUTERA, Program Graduan Ke Arah Keusahawanan 2.0 (GERAK 2.0), Program Usahawan Teknikal Dan Vokasional (USTEV), Skim Pinjaman Industri Kecil dan Sederhana (SPIKS), Skim Niaga Jaya, Skim Niaga Perdana, Skim Niaga Fest, Pusat Inkubator dan Bimbingan Usahawan (PIBU) and various business premises.

Under its various Financial Aid Schemes, SEDC had also provided financial assistances consisting of loans and equipment with a valued of RM8,537,022.40 through a variety of programmes for 897 participants which also include providing affordable office spaces and business premises were also made available to 3,955 entrepreneurs through the establishment of various PIBU's and business outlets set up at 45 locations across the state.

Training and capacity-building sessions were also organized and had focused on cultivating self-reliance and the development of their competitive edge and these initiatives had involved a total of 3,609 entrepreneurs who attended 90 courses that were organised in 2019.

Corporate Citizenship – Reaching Out to the Community

In 2019, SEDC had continued to organise various community related programmes and activities with the aim to help the needy and underprivileged members of the society. These initiatives were carried out under SEDC's Corporate Social Responsibility (CSR) and to affirm the corporate citizenship culture among its staff members including those from subsidiaries and associate companies.

SEDC's CSR activities include donations in cash and kinds to underprivileged people and Non-Governmental Organizations (NGO), gifts to children of Lembaga Kebajikan Anak Aanal Yatim Sarawak (PERYATIM) Orphanage and children of Rumah Kanak-kanak Toh Puan Norkiah Kuching and Rumah Kanak-kanak Datuk Ajibah Abol in Sri Aman division. Our staff members including those from associate and subsidiary companies had also hosted a "Hari Raya Aidil Fitri Gathering" for underprivileged students from five primary schools within Kuching City. The annual special "Love-In-A-Box" programme

is organized for less fortunate children from Persatuan Ibubapa Kanak Kanak Terencat Akal (PERKATA) and Kuching Autistic Association (KAA) in collaboration with our subsidiary company, 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 clothings annual contribution of business tithes (zakat perniagaan) amounting to RM300,000.00 to Tabung Baitumal,.

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 to assess, identify and mitigate corporate risk and Corporate Balanced Scorecard (BSC) for strategic planning and as a performance measurement tool. We are also certified under ISO 9001 QMS System and 5S Quality Environment system and continued to pursue innovation and quality improvement at all levels of operation. In the era of digital economy, SEDC is fully supportive of the government's drive towards automation and use of IT. Among the ICT programmes and systems developed and in-place were: Property and Asset Management Information System (PAMIS) and new Financial Systems for efficient financial management. We also undertook regular reviews of our administrative as well as financial and accounting procedures and regulations as well as re-engineering and automation of work processes.

Awards and Recognitions

SEDC, through its tourism and hospitality division had received a number of awards and recognitions in 2019 and these include the 8th Sarawak Hornbill Tourism Awards 2017/2018 which was held on 6th December 2019 for the following categories:

Sarawak Cultural Village had received the first runner up award "Most Outstanding Tourism Attractions and Events" (Man-made Attractions), Grand Margherita Hotel – "Most Outstanding Hotel & Accommodation" (4-Star hotel category), Riverside Majestic Hotel and Damai Beach Resort – second runner up award in "Most Outstanding Hotel & Accommodation" (4-Star hotel category), Kuching Waterfront – second runner up award in "Most Outstanding Tourism Attractions & Events", Topspot – second runner up in "Most Outstanding Food Outlets" (Food Court category).

Moving Forward

We are honoured with the announcement made by The Right Honourable Chief Minister of Sarawak, Datuk Patinggi Abang Johari Tun Abang Haji Openg who on 25 November 2019 had announced that Sarawak Government has chosen SEDC to lead in the development of tourism products including the construction of new hotels and upgrading existing ones. This is in line with our state's government keen efforts to collaborate with the private sector on tourism development, which is one of the four priorities under the 12th Malaysia Plan (12MP).

SEDC itself is expected to develop the Santubong - Damai Peninsular area into a major tourist destination based on the tourism masterplan to develop the location with new attractions and development initiatives have been identified under the masterplan. These will include new resorts, theme parks, cable car, jungle trails and trekking facilities, wellness and health enclaves, marina and commercial and residential properties. This is also in line with SEDC's strategic plan of transforming the popular seaside area into a bustling tourism destination with the proposed name as the Damai Resort City project.

To boost our Tourism and Hospitality Division, these are the development initiatives and improvement works which had been undertaken in 2019: Refurbishment and upgrading works for 239 guestrooms and corridors, third floor functions rooms, public area washrooms and other related works at Puteri Wing of Riverside Majestic Hotel; cleaning and repainting of exterior walls of Puteri Wing of Riverside Majestic Hotel Puteri Wing, Grand Margherita Hotel and Sarawak Plaza shopping

complex; replacement of plaster ceiling board of Sunset Ballroom foyer at Damai Beach Resort; and refurbishment and upgrading works for Damai Lagoon Resort & Spa.

The four development and improvement projects under planning in 2019 include the proposed upgrading of external façade for Sarawak Plaza shopping complex and SEDC Plaza buildings; the proposed upgrading and expansion of Sarawak Cultural Village facilities; the proposed upgrading of facilities at Taman Kereta / Topspot food court; "and the proposed refurbishment and upgrading works of Damai Beach Resort.

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 shall be on major investments where the private sector does not have the expertise or sufficient resources, especially in capital-intensive, pioneer- ing or strategic projects.

Sarawak has huge potential for development given its available natural resources, attractive investment incentives and a business-friendly government machinery. SEDC seeks to play its role to complement the state's objective to transform itself into a developed state.

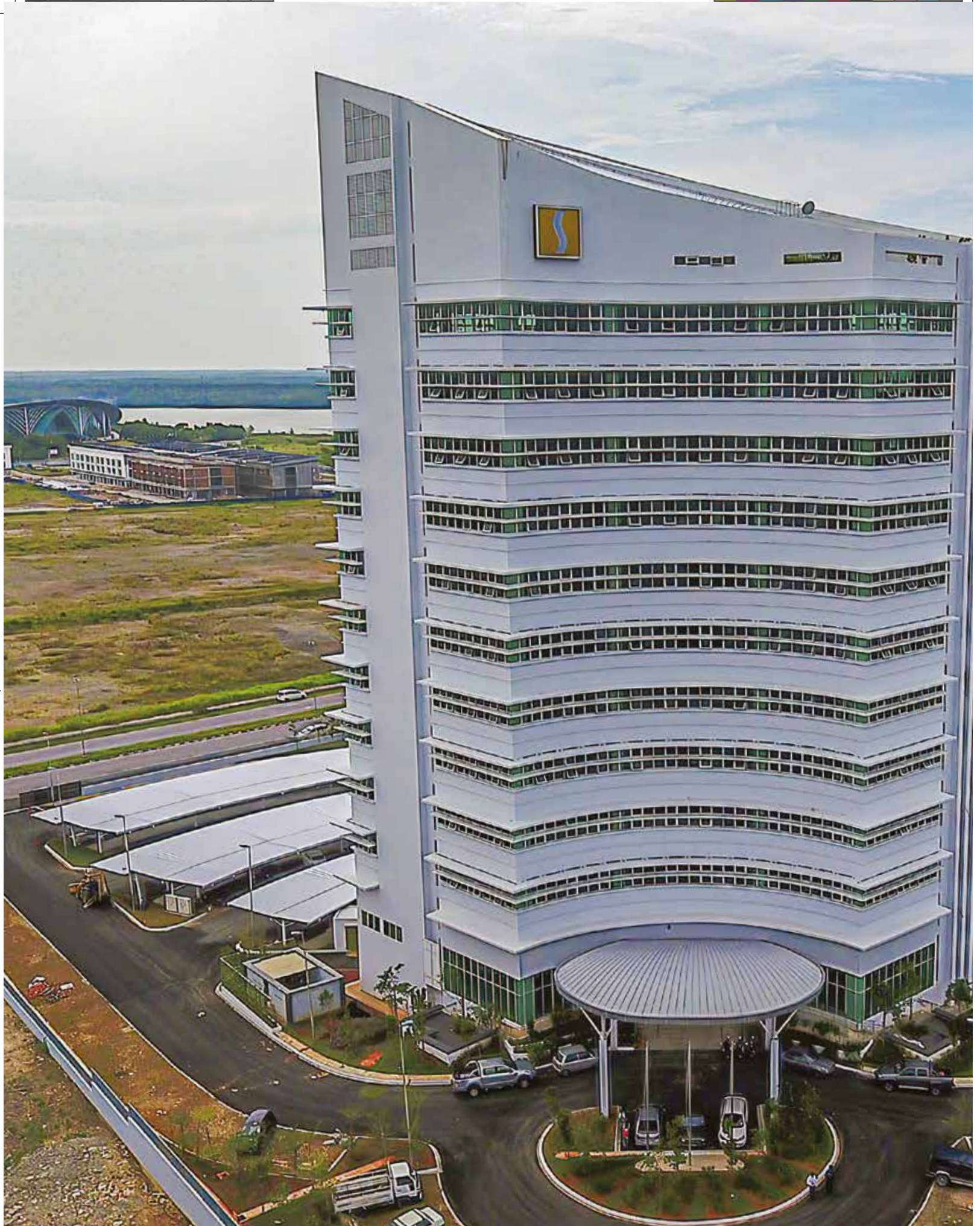
In conclusion, I would like to express my sincere thanks and appreciation to all our staff and management, the Board Members, our stakeholders, the state and federal governments, our customers, the community, our vendors, clients, our JV partners and associate companies, for their support and trust in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

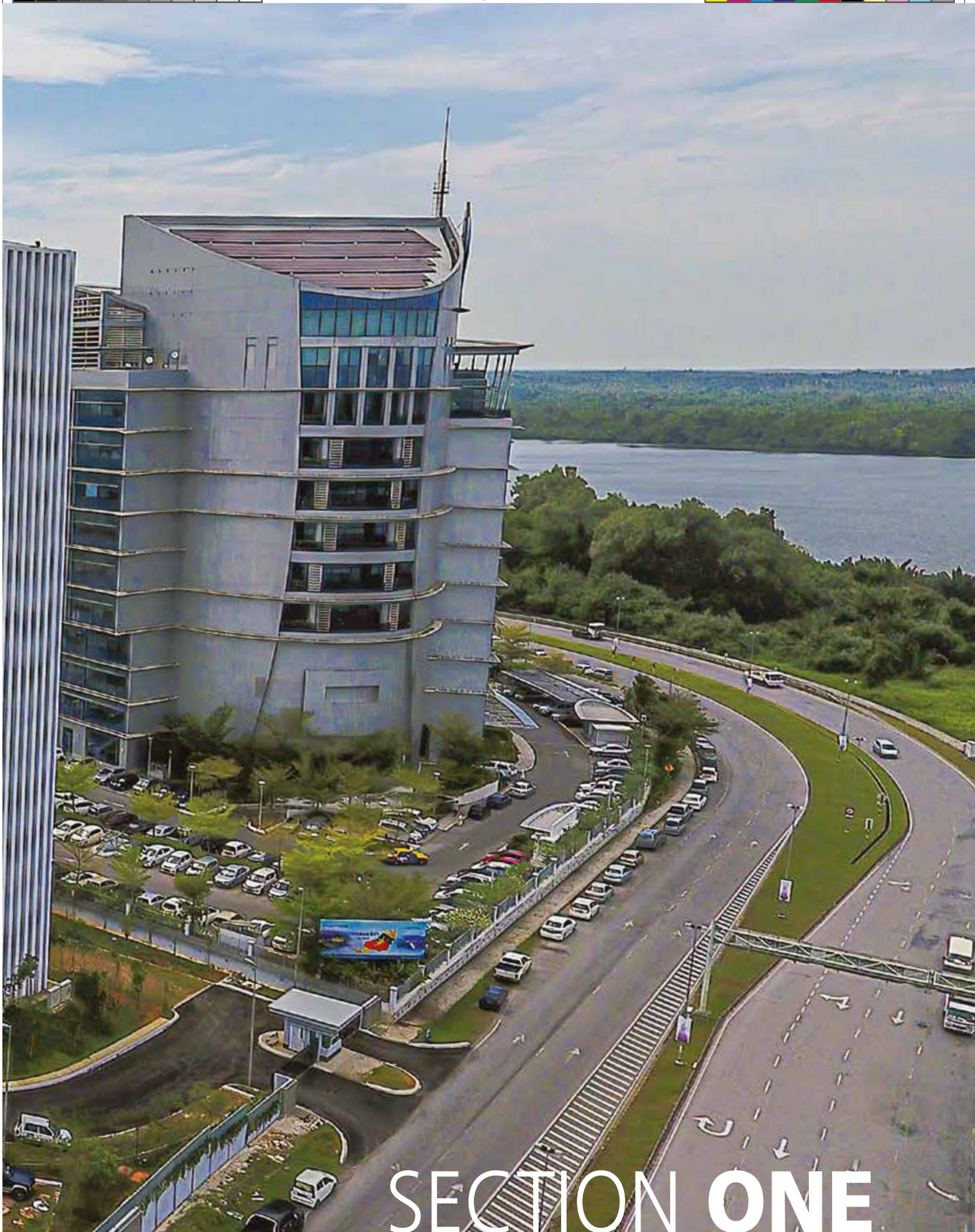
"COMMITTED TO EXCELLENCE"



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







SECTION ONE

CORPORATE INFORMATION



SECTION ONE

CORPORATE INFORMATION

CORPORATE BACKGROUND

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.

The Corporation 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.

While, SEDC is a statutory body established under the laws of the State of Sarawak, it also comes under the purview of the Federal Government of Malaysia through the Ministry of Economic Affairs (MEA). The Corporation also acts as a catalyst in promoting the economic development in the State with emphasis on pioneering and strategic industries, undertaking new investments and at the same time managing existing commercial operations on its own or through joint ventures.

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

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

VISION

To be premier state agency in Malaysia

MISSION

To spearhead the economic and social development of the state by implementing and managing projects and programmes effectively, economically, efficiently and ethically

MOTTO

Committed to excellence



SHARED VALUES

War cry

Win : get it done - fast and right

48 YEARS

of serving the Rakyat and the State of Sarawak

ORGANISATIONAL STRUCTURE

MINISTER-IN-CHARGE

BOARD

CHAIRMAN

Legal Affairs Division
Risk Management Division

Internal Audit
Division

GENERAL MANAGER

CORPORATE SERVICES SECTOR DEPUTY GENERAL MANAGER

Corporate Finance Division

Planning And
Monitoring Division

Human Resource And
Administration Division

Innovation And
Quality Division

Engineering And Project
Management Division

Information And Communications
Technology Division

Regional Offices

- Mukah •
- Miri •
- Bintulu •
- Sibu •
- Kuching •

COMMERCIAL SECTOR DEPUTY GENERAL MANAGER

Tourism And Hospitality Division

Corporate Relations And
Communications Division

Agro-food Based Division

Construction & Mining

Entrepreneur And Community
Development Division

Property Division

MEMBERS OF THE BOARD

YBhg. Tan Sri Datuk Amar Haji Mohd. Morshidi bin Abdul Ghani

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

YB Datuk Amar Jaul Samion

Yang Arif Datuk Talat Mahmood bin Abdul Rashid

YBhg. Encik Mohd. Saiful Sungkih bin Abdullah





YBhg.
Datu
Junaidi
bin Haji
Reduan

YBhg.
Datu Dr
Haji Wan
Lizozman
bin Wan
Omar

YBhg.
Dato
Sharkawi
bin Alis

YBhg.
Dato Dr
Philip
Raja

YBhg. Dr
Muhammad
Abdullah
bin Haji
Zaidel



SECTION ONE

CORPORATE INFORMATION

MANAGEMENT TEAM

Puan Hajah
Rakayah Bt
Hamdan

Deputy General
Manager,
Corporate
Services Sector,

Director,
Corporate
Finance
Division

YBhg. Tuan
Haji Abdul
Hadi bin
Haji Datuk
Abdul Kadir
GENERAL
MANAGER

Encik Edwin
Ak Abit
Deputy General
Manager,
Commercial
Sector,
Director, Tourism
& Hospitality
Division,

Director,
Corporate
Relations and
Communications
Division

Puan
Marilyn N.
Biyor

Director,
Human
Resource
and General
Administration
Division

Encik
James
Ambrose
Dago

Director,
Planning &
Monitoring
Division

Encik
Yap Yien
Chiang

Director,
Internal Audit
Division

Encik
Zamirudin
bin Hj
Ahmad
Mansor

Acting
Director,
Entrepreneur
& Community
Development
Division



Encik
Sylvester
Insor
Acting
Director,
Agro-Food
Based
Division

Puan
Rozita Bt
Mohamad
Ibrahim
Director,
Engineering
& Project
Management
Division

Cik Hajah
Si Nurazlina
Bt Dollah
Ahmat Usop
Director,
Information and
Communications
Technology
Division

Encik
Jason
Sia Ting
Lung
Acting
Director,
Innovation
& Quality
Division

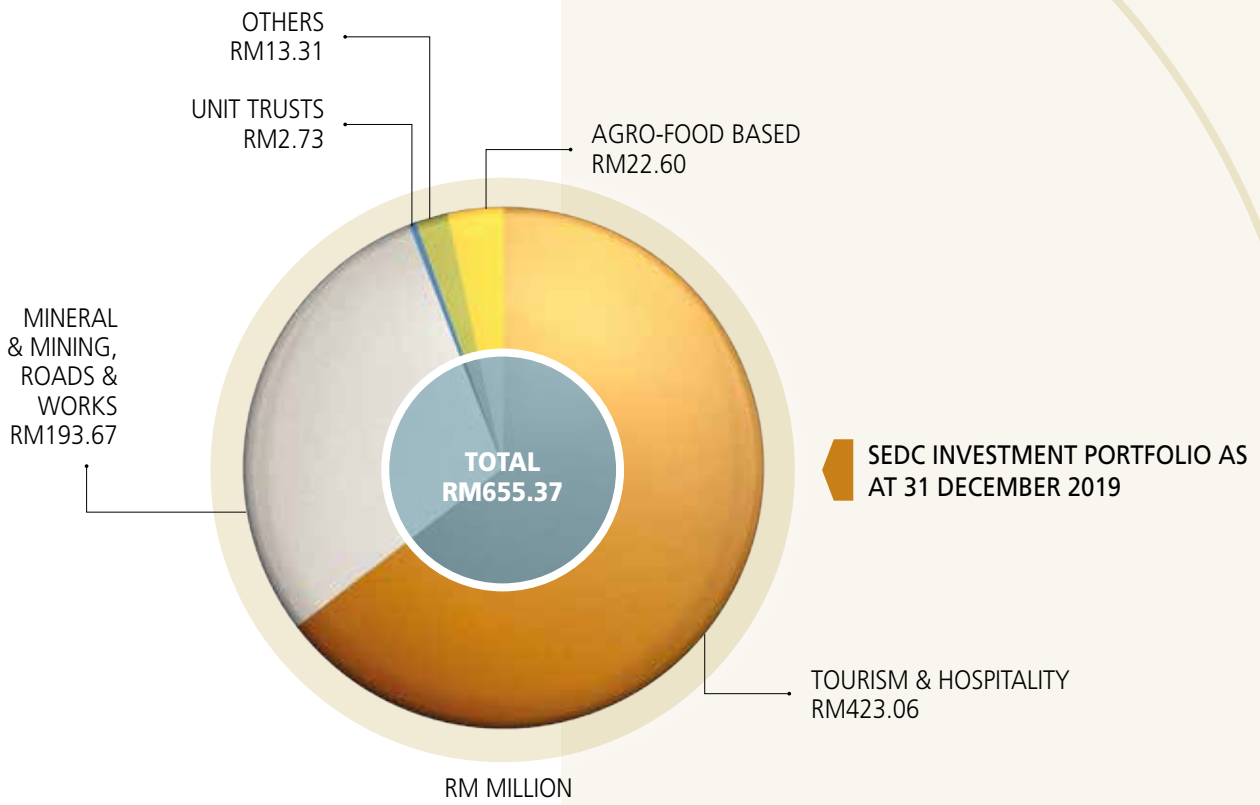
Encik
Nelson
Raon
Kebing
Acting
Director,
Property
Division

Puan
Rashidah
Bt Maideen
Acting Director,
Legal Affairs
Division
and Risk
Management
Unit



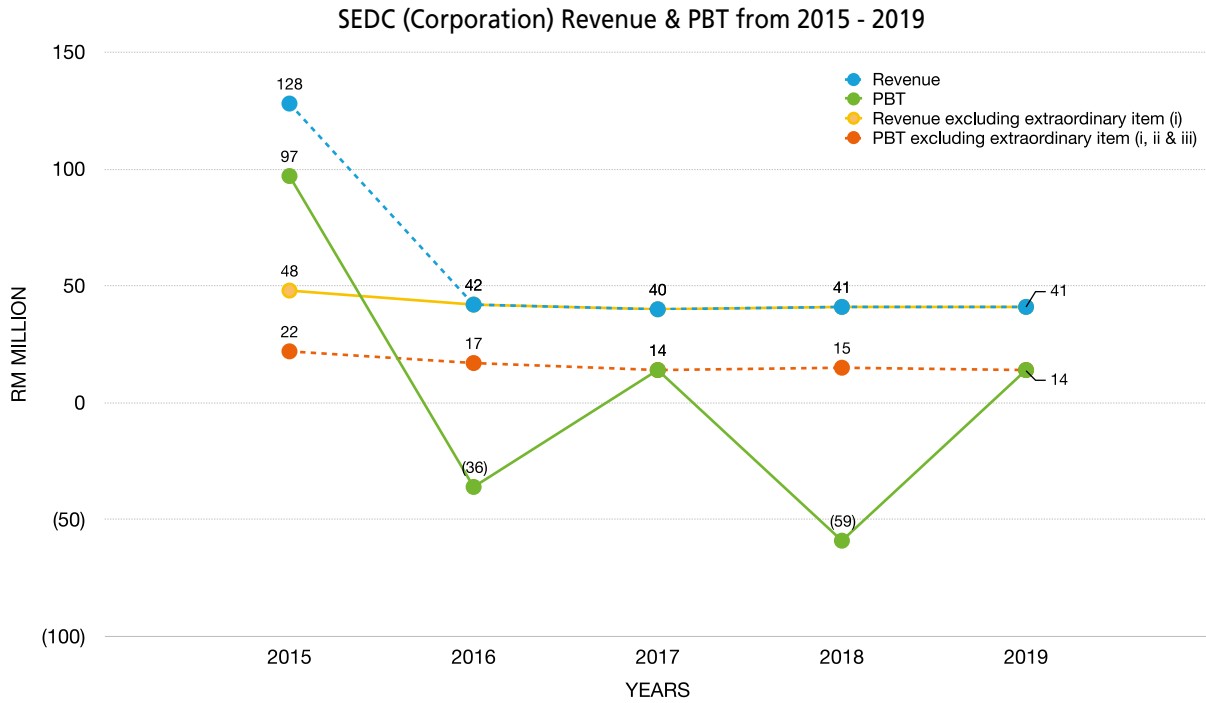
FINANCIAL PERFORMANCE

SHAREHOLDER'S FUND



- Tourism & Hospitality
- Mineral & Minings, Roads & Works
- Unit Trusts
- Others
- Agro-food Based

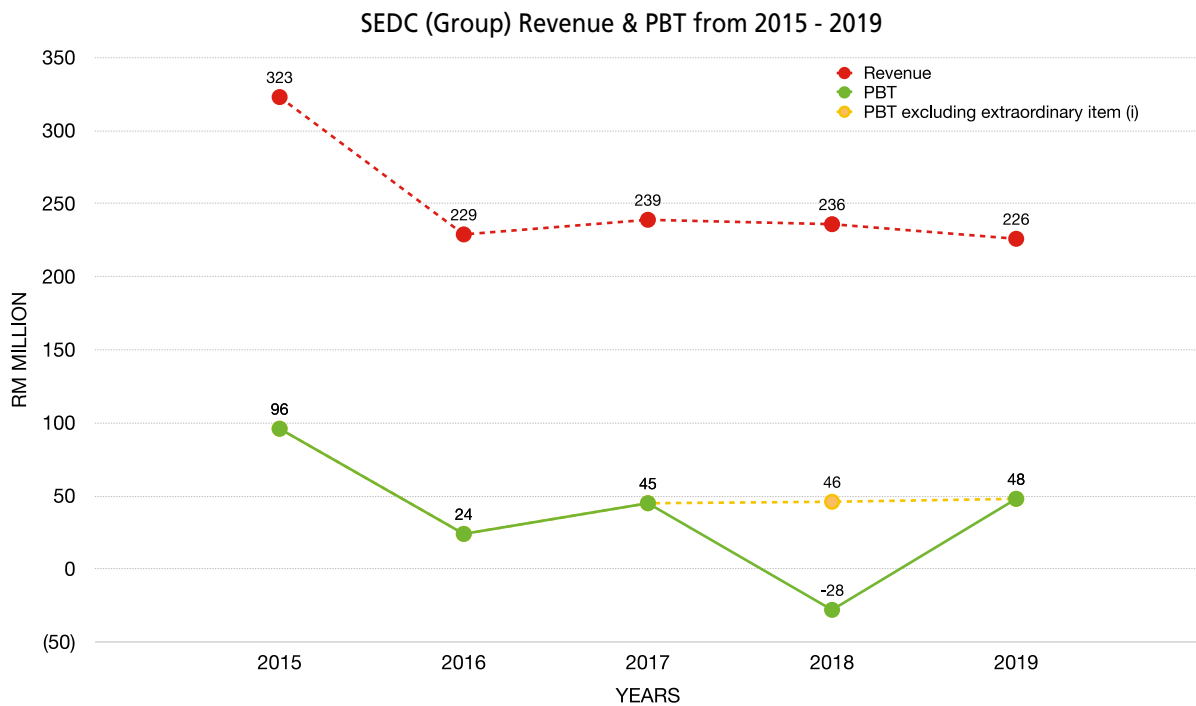
REVENUE & PROFIT BEFORE TAX FROM 2015 – 2019 (CORPORATION)



Notes:

- (i) 2015 : Gain from divestment of CMSB Shares (RM79 mil)
- (ii) 2016 : Impairment of investment due to change in accounting standard (MPERS)
- (iii) 2018 : Impairment of quoted shares, mainly CMSB Shares (RM74 mil)

REVENUE & PROFIT BEFORE TAX FROM 2015 - 2019 (GROUP)



Notes:

- (i) 2018 : Impairment of quoted shares, mainly CMSB Shares (RM74 mil)

SECTION ONE

CORPORATE INFORMATION

SUBSIDIARIES & ASSOCIATE COMPANIES
TOURISM & HOSPITALITY

SUBSIDIARIES

SeDidik Sdn Bhd

No. 53, Lot 67, Secon 66
Yoshi Square, Jalan Pelabuhan
93450 Kuching
Tel : 082 - 347489
Fax : 082 - 346859
Website : www.sedidik.com.my

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

Damai Cove Resorts Sdn Bhd

9th Floor, SEDC Plaza
Jalan Tunku Abdul Rahman
93100 Kuching, Sarawak, Malaysia
Tel: 082 - 416918
Fax: 082 - 428824 , 416961
Website : www.sedc.com.my

Sara Resorts Sdn Bhd

9th Floor, SEDC Plaza
Jalan Tunku Abdul Rahman
93100 Kuching, Sarawak, Malaysia
Tel: 082 - 416918
Fax: 082 - 428824 , 416961
Website : www.sedc.com.my

**Damai Holdings Sdn Bhd
(fka Sara Resorts Holdings Sdn Bhd)**

9th Floor, SEDC Plaza
Jalan Tunku Abdul Rahman
93100 Kuching, Sarawak, Malaysia
Tel : 082 - 416918
Fax : 082 - 428824 , 416961
Website : www.sedc.com.my

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

Kuching Hotels Sdn Bhd

9th Floor, SEDC Plaza
Jalan Tunku Abdul Rahman
93100 Kuching, Sarawak, Malaysia
Tel : 082 - 416918
Fax : 082 - 428824 , 416961
Website : www.sedc.com.my

**Damai Beach Golf Course Bhd
(Damai Golf & Country Club Bhd)**

9th Floor, SEDC Plaza
Jalan Tunku Abdul Rahman
93100 Kuching, Sarawak, Malaysia
Tel : 082 - 416918
Fax : 082 - 428824 , 416961
Website : www.sedc.com.my

Sara Resorts Management Sdn Bhd

9th Floor, SEDC Plaza
Jalan Tunku Abdul Rahman
93100 Kuching, Sarawak, Malaysia
Tel : 082 - 416918
Fax : 082 - 428824 , 416961
Website : www.sedc.com.my

Bukit Saban Resort Sdn Bhd

9th Floor, SEDC Plaza
Jalan Tunku Abdul Rahman
93100 Kuching, Sarawak, Malaysia
Tel : 082 - 416918
Fax : 082 - 428824 , 416961
Website : www.sedc.com.my

**Tanjung Datu Beach Resort Sdn Bhd
(fka Damai Beach Resort Sdn Bhd)**

9th Floor, SEDC Plaza
Jalan Tunku Abdul Rahman
93100 Kuching, Sarawak, Malaysia
Tel : 082 - 416918
Fax : 082 - 428824 , 416961
Website : www.sedc.com.my

Sara Tourism & Leisure Sdn Bhd

9th Floor, SEDC Plaza
Jalan Tunku Abdul Rahman
93100 Kuching, Sarawak, Malaysia
Tel : 082 - 416918
Fax : 082 - 428824 , 416961
Website : www.sedc.com.my

Sejadu Sdn Bhd

9th Floor, SEDC Plaza
Jalan Tunku Abdul Rahman
93100 Kuching, Sarawak, Malaysia
Tel : 082 - 416918
Fax : 082 - 428824 , 416961
Website : www.sedc.com.my

**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

Permata Carpark Sdn Bhd

9th Floor, SEDC Plaza
Jalan Tunku Abdul Rahman
93100 Kuching, Sarawak, Malaysia
Tel: 082 - 416918
Fax: 082 - 428824 , 416961
Website : www.sedc.com.my

Sara Great Horizon Sdn Bhd

9th Floor, SEDC Plaza
Jalan Tunku Abdul Rahman
93100 Kuching, Sarawak, Malaysia
Tel : 082 - 416918
Fax: 082 - 428824 , 416961
Website : www.sedc.com.my

Sara Rasa Sdn Bhd

9th Floor, SEDC Plaza
Jalan Tunku Abdul Rahman
93100 Kuching, Sarawak, Malaysia
Tel : 082 - 416918
Fax : 082 - 428824 , 416961
Website : www.sedc.com.my

SUBSIDIARIES & ASSOCIATE COMPANIES AGRO – FOOD BASED

SUBSIDIARIES

Sarapine Sdn Bhd

3rd – 11th Floor, Menara SEDC
Lot 2878, The Isthmus Off Jalan Bako,
93050 Kuching
Tel : 082 - 551555
Fax : 082 - 551450
Website : www.sedc.com.my

PPES Ternak Holdings Sdn Bhd

PPES Ternak Sdn Bhd

Rosewood Station Pty Ltd

Sara-Bif Sdn Bhd

Lot 1260, Jalan Mersawa
Bintawa Industrial Estate
93450 Kuching
Tel : 082 - 551555
Fax : 082 - 551450
Website : www.sedc.com.my

ASSOCIATE COMPANIES

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

SPB PPES Karabungan Plantation Sdn Bhd

8th Floor, Wisma Naim
2½ 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

3rd – 11th Floor, Menara SEDC
Lot 2878, The Isthmus Off Jalan Bako,
93050 Kuching
Tel : 082 - 551555
Fax : 082 - 551450
Website : www.sedc.com.my

Sara – HL Plantation Sdn Bhd

6 - 11th Floor, Menara SEDC
Jalan Tunku Abdul Rahman
93100 Kuching
Tel : 082 - 416777
Fax : 082 - 424330
Website : www.sedc.com.my

Sara Concrete Poles Sdn Bhd

3rd – 11th Floor, Menara SEDC
Lot 2878, The Isthmus Off Jalan Bako,
93050 Kuching
Tel : 082 - 551555
Fax : 082 - 551450
Website : www.sedc.com.my

PPES Aqua (Santubong) Sdn Bhd

3rd – 11th Floor, Menara SEDC
Lot 2878, The Isthmus Off Jalan Bako,
93050 Kuching
Tel : 082 - 551555
Fax : 082 - 551450
Website : www.sedc.com.my

Eastern Empress Silk Sdn Bhd

Hope Aspire Sdn Bhd

3rd – 11th Floor, Menara SEDC
Lot 2878, The Isthmus Off Jalan Bako,
93050 Kuching
Tel : 082 - 551555
Fax : 082 - 551450
Website : www.sedc.com.my

SUBSIDIARIES & ASSOCIATE COMPANIES OTHER SECTORS

ENTREPRENEUR DEVELOPMENT SUBSIDIARIES

SeDidik Sdn Bhd

No. 53, Lot 67, Secon 66
Yoshi Square, Jalan Pelabuhan
93450 Kuching
Tel : 082 - 347489
Fax : 082 - 346859
Website : www.sedidik.com.my

ASSOCIATE COMPANIES

Comerich Sdn Bhd

City Bridge Commercial Centre
Jalan Utama
93450 Kuching
Tel : 082 - 332160 , 332164
Fax : 082 - 334162
Website : www.comerich.com.my

Syarikat Sebangun Sdn Bhd

Off 21KM, Tanjung Kidurong Road
P.O.Box 168, 97007 Bintulu
Tel : 086 - 253549 , 253569
Fax : 082 - 253919
Website : www.sebangun.com

Fieldmart Care Sdn Bhd

Kilang B, Lot 775,
Lorong Demak Maju 8
Demak Laut Industrial Park
93900 Kuching
Tel : 082 - 432252
Fax : 082 - 433352

IMSA Sebor (Sarawak) Holdings Sdn Bhd

IMSA Sebor (Sarawak) Sdn Bhd

Lot 6, Persiaran Perusahaan,
Seksyen 23, 40300 Shah Alam,
Selangor Darul Ehsan.
Tel : 03 - 5542 1486
Fax : 03 - 5542 5881

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

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

PPES Works (Sarawak) Sdn Bhd

1st – 4th Floor, Lot 691 – 623
Secon 62, KTLD, Jalan Padungan
93100 Kuching
Tel : 082 - 340588
Fax : 082 - 340844
Website : roads.cmsb.my

SUBSIDIARIES

Permaisara Sdn Bhd

3rd – 11th Floor, Menara SEDC
Lot 2878, The Isthmus Off Jalan Bako,
93050 Kuching
Tel : 082 - 551555
Fax : 082 - 551560
Website : www.sedc.com.my

SEDC Energy Sdn Bhd

(fka Sarawak Car Care Centre Sdn Bhd)

2nd Floor, Parcel No. A2-2-24,
Raintree Square, The Isthmus,
Off Jalan Bako, 93050 Kuching
Tel : 082 - 296826
Website : www.sedc.com.my

Sarawak Metro Sdn Bhd

16-01A, Level 16, Gateway Kuching,
No. 9, Jalan Bukit Mata Kuching,
93100 Kuching
Tel : 082 - 524222
Fax : 082 - 524224

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 : premix.cmsb.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

Borneo Granite Sdn Bhd

7th Mile, Kuching – Serian Road
93250 Kuching
Tel : 082 - 615605 , 610226
Fax : 082 - 612434 , 615598
Website : premix.cmsb.my



SECTION TWO

THE BOARD AND BOARD COMMITTEES

SECTION TWO

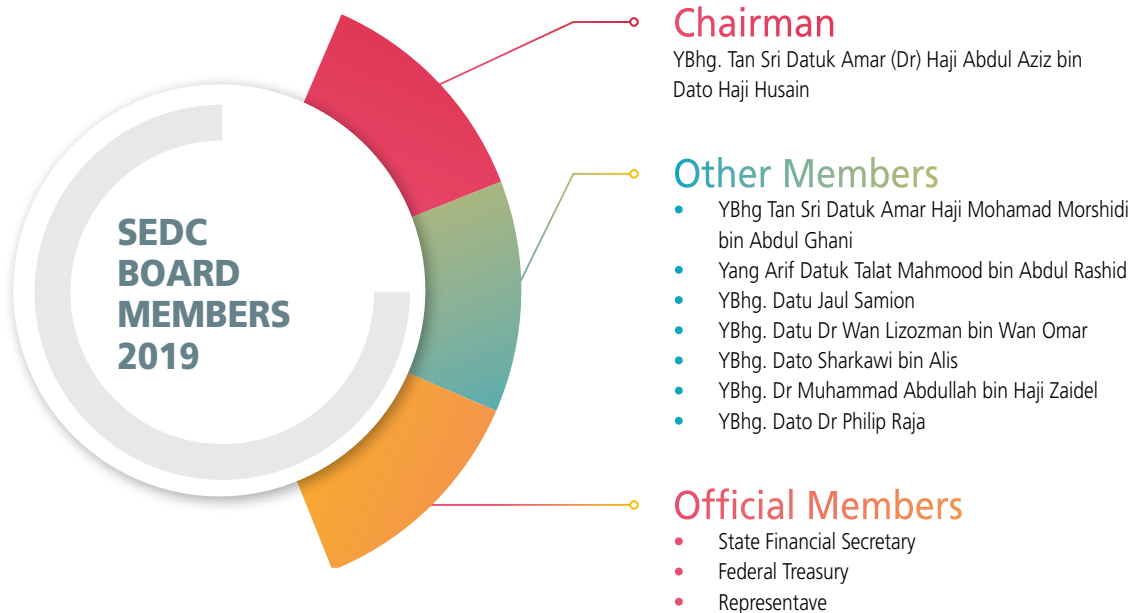
THE BOARD AND BOARD COMMITTEES

BOARD OF SEDC

THE BOARD 2019

Section 4(1) of the SEDC Ordinance (Sarawak Cap. 35) provides that the Corporation shall consist of the following Members:

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



MEETINGS HELD IN 2019

In 2019, a total of four (4) SEDC Board meetings and two (2) Special Board Meetings were held as follows:

- 18^{1st} – 5th March 2019
- 18^{2nd} – 9th July 2019
- 18^{3rd} – 24th September 2019
- 18^{4th} – 26th November 2019

Special Board Meeting:

- 26th April 2019
- 11th October 2019

THE RECORD OF ATTENDANCE TO THE MEETINGS IS AS FOLLOWS:

MEMBER	NO. OF MEETINGS ATTENDED
Ybhg. Tan Sri Datuk Amar (Dr) Haji Abdul Aziz bin Dato Haji Husain	✓✓✓✓✓
State Financial Secretary Ybhg. Datu Haji Junaidi bin Haji Reduan (Rered On 31 st August 2019) Ybhg. Datu Dr Wan Lizozman bin Wan Omar Ybhg. Puan Dayang Ernie bin Awang Hashim (Rep) Ybhg. Puan Hasmawa bt Sapawi (Rep) Ybhg. Encik John Kennedy (Rep)	✓✓✓✓✓
Federal Treasury Representative Ybhg. Encik Saiful Sungkih bin Abdullah	✓✓✓✓✓
Yb Tan Sri Datuk Amar Haji Mohamad Morshidi bin Abdul Ghani (Rered On 15 th October 2019)	✓
Yang Arif Datuk Talat Mahmood bin Abdul Rashid	✓✓✓✓✓
Ybhg. Datuk Amar Jaul Samion	✓✓✓✓
Ybhg. Datu Dr Wan Lizozman bin Wan Omar	✓✓✓✓✓
Ybhg. Dato Sharkawi bin Alis	✓✓✓✓✓
Ybhg. Dr Muhammad Abdullah bin Haji Zaidel	✓✓✓✓✓
Ybhg. Dato Dr Philip Raja	✓✓✓✓✓

BOARD OF ESTABLISHMENT COMMITTEE (BEC)

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

■ COMPOSITION OF THE BOARD OF ESTABLISHMENT COMMITTEE

BEC was established in accordance with the provision in Section 16 of the SEDC Ordinance. The Committee consists of two 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

The Committee is responsible for the following functions and dues:

1. Appointment

- To approve appointment of all posts under salary Grade 48 or equivalent thereof.
- To recommend to the Board on the appointment to all posts under salary Grade 52 and above.

2. Promotion

- To approve the promotion of employees to the Managerial and Professional Group up to Grade 48.
- To recommend to the Board on the promotion of employees to the Managerial and Professional Group Grade 52 and above.

3. Establishment of new post and abolishment of redundant posts in the Managerial and Professional groups

To recommend to the Board on the establishment of new posts either already provided in the scheme of service or newly created ones by the relevant authorities and in the abolishment of existing redundant posts in line with the Corporation's manpower requirements.

4. Upgrading and re-designation of existing posts

To approve the upgrading and re-designation of posts for all schemes of service.



THE RECORD OF ATTENDANCE TO THE MEETINGS IS AS FOLLOWS:

MEMBER	NO. OF MEETINGS ATTENDED
Yang Arif Datuk Talat Mahmud bin Abdul Rashid	✓✓✓✓
YBhg. Datu Dr Haji Wan Lizozman bin Wan Omar	✓
Director of State Human Resource Unit, Chief Minister's Office / Representative	✓✓✓✓
YBhg. Tuan Haji Abdul Hadi bin Datuk Haji Abdul Kadir, General Manager of SEDC	✓✓✓✓

■ MEETINGS HELD IN 2019

In 2019, a total of four (4) meetings were held as follows:

- 49th BEC – 1st March 2019
- 50th BEC – 5th July 2019
- 51st BEC – 4th September 2019
- 52nd BEC – 15th November 2019

SECTION TWO

THE BOARD AND BOARD COMMITTEES

BOARD OF AUDIT COMMITTEE

■ COMPOSITION OF THE BOARD AUDIT COMMITTEE (BAC)

1. The Corporation shall establish a Board of Audit Committee consisting of:
 - a Chairman;
 - a Deputy Chairman (if any); not fewer than three (3) Members of the Corporation; any other person or persons as the Corporation deems fit, and
 - a Secretary who shall be the Director of Internal Audit Division
2. Members of the BAC shall be appointed by the Board of whom a 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 the duties of the Committee.

■ TERMS OF REFERENCE OF THE COMMITTEE

1. The primary function of the BAC shall be to provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate account-ability and reporting practices for the Corporation and the following oversight objectives on the activities of the Corporation and its Group:
 - (a) To assess the Group's processes relating to its risks and control environment;
 - (b) To oversee financial reporting; and
 - (c) To evaluate the internal and external audit processes.
2. The Committee shall have the authority:
 - (a) To investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Corporation and its Group.
 - (b) To obtain at the expenses of the Corporation and its Group, the resources that are required to perform its duties. The Committee may obtain external legal or other independent professional advice and seek any information it requires and to ensure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
3. The Board Audit Committee is responsible for the following duties:
 - (a) To oversee the internal audit function and approve the Annual Audit Plan;
 - (b) To receive and accept/note Internal Audit Reports and to consider whether the findings and major management responses there to are acceptable or otherwise;
 - (c) To ensure affirmative action is taken by the auditee in respect of the Committee's decisions thereon;
 - (d) To review the Corporation's draft audited financial statements and the auditors' report thereon prior to tabling thereof for adoption and/or approval by the Board Members;
 - (e) To review internal control system including financial and accounting system and to support and recommend measures to improve internal controls;
 - (f) To review the Corporation's accounting policies and reporting requirements and extent of compliance with legal requirements and accounting standards; and





86th Board Audit Committee Meeting at Emerald Room, Level 11, Menara SEDC, 5 November 2019

- (g) To initiate special audit and investigation and consider findings arising from such audit and investigation.

4.

- (a) The Committee shall meet at least three (3) times a year provided that additional meetings may be called at any time at the discretion of the Chairman.
- (b) In the absence of the Chairman, the Deputy Chairman (if any) shall chair the meeting. In the absence of both the Chairman and Deputy Chairman, the Committee shall elect one from amongst its Members to chair the meeting.
- (c) The quorum at all meetings of the Committee shall be a simple majority of its members.
- (d) The meeting may be attended by the Corporation's external auditors, Internal Auditor and any other persons as determined by the Chairman of the Committee.

MEETINGS HELD IN 2019

Five BAC meetings were held during the financial year ended 31 December 2018.

THE RECORD OF ATTENDANCE TO THESE MEETINGS IS AS FOLLOWS:

MEMBER	NO. OF MEETINGS ATTENDED
YBhg. Datu Haji Junaidi bin Haji Reduan (Retired as Chairman of BAC on 31 August 2019)	✓✓✓
YBhg. Datu Dr Haji Wan LizOzman bin Wan Omar (Appointed as Chairman of BAC on 1 September 2019)	✓✓
YBhg. Dato Dr Philip Raja	✓✓✓✓
YBhg. Encik Mohd Saiful Sungkih bin Abdullah (Retired as BAC member on 31 December 2019)	✓✓✓

ACTIVITIES

The following is a summary of activities of the BAC for the financial year ended 31 December 2019:-

- Reviewed and approved the annual audit plan of the Internal Audit Division for 2018, including its scope of audit activities covering the operations of SEDC's 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.
- Reviewed and made recommendations of significant issues on the audited financial statements of the Corporation and the Group before tabling to the SEDC's Board for deliberation and adoption.

SECTION TWO

THE BOARD AND BOARD COMMITTEES

BOARD OF RISK COMMITTEE

■ TERMS OF REFERENCE OF THE COMMITTEE

1. Review the context within which risk is managed in relation to the Group's strategic direction and objectives.
2. The Board of Risk Committee (BRiC) oversee and to provide oversight and direction for the implementation of risk management in the Group, including consistent application of risk principles.
3. Period review the Group's risk management framework and supporting structure including :-
 - (a) Satisfy itself that the appropriate systems are in place to identify, assess and manage significant risk affecting the Group.
 - (b) Ensure that officers are clear as to their roles and responsibilities with regards to risk management.
4. Ensure effective implementation of risk management activities for the group.
5. Receive and review reports on significant risks affecting the Group and recommend how such risks are to be managed.
6. Determine risk programmes and priorities.
7. Review group profile.
8. To recommend to the Board any matters or issues of significant importance relating to risk management for the Board's decision or approval.

THE RECORD OF ATTENDANCE TO THE MEETINGS WERE AS FOLLOWS:

MEMBER	NO. OF MEETINGS ATTENDED
YB. Datu Jaul Samion	✓✓
YBhg. Dato Sharkawi bin Alis	✓✓
YBhg. Encik Saiful Sungkih bin Abdullah	✓
YBhg. Dr Muhammad Abdullah bin Haji Zaidel	

Chairman
YB. Datu Jaul Samion

Members

- YBhg. Dato Sharkawi bin Alis
- YBhg. Encik Saiful Sungkih bin Abdullah
- YBhg. Dr Muhammad Abdullah bin Haji Zaidel

Secretary
Director of Legal Affairs and Risk Management Division

■ MEETINGS HELD IN 2019

In 2019, a total of two (2) BRiC meetings were held:

- 17 BRiC – 7th March 2019
- 18 BRiC – 20th August 2019



SECTION THREE

CORE BUSINESS & CORPORATE ACTIVITIES HIGHLIGHTS



CORPORATE GOVERNANCE ACTIVITIES

■ BACKGROUND

SEDC is 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 Sarawak's State Secretary, YB Datuk Amar Haji Abdul Aziz Husain on 5 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 2019

For the year 2019, a number of activities, programmes and events were held to enhance and strengthen corporate governance within the Corporation and its Group. These include the following:-

The annual SEDC Presidential Address for 2019 was presented by the Chairman was held on 1 March 2019 to disseminate and share information on the following:

- 2018 Performance Highlights
- 2019 Business Plan
- Corporate Direction

“ SEDC is the first government agency in Malaysia to draw up and launched its Charter for Good Corporate Governance. ”

■ SEDC'S INTEGRITY AND GOVERNANCE COMMITTEE OR JAWATANKUASA INTEGRITI DAN TADBIR URUS (JITU)

The meeting was conducted on 4 April 2020.

The SEDC Anti-Corruption Committee or *Jawatankuasa Anti Rasuah SEDC* (JAR SEDC)

During SEDC's 183rd Board Meeting held on 24 September 2019 it was agreed to adopt the following State's circulars:

- (a) *Pekeliling Integriti Negeri Sarawak Bilangan 1 Tahun 2019 mengenai Arahan YAB Perdana Menteri No. 1 Tahun 2018 dan Penubuhan Serta Terma Rujukan Jawatankuasa Anti Rasuah Kementerian, Bahagian dan Jabatan di Negeri Sarawak berkuatkuasa mulai 11 Julai 2019; dan*

- (b) *Pekeliling Integriti Negeri Sarawak Bilangan 2 Tahun 2019 mengenai Garis Panduan Pengurusan Unit Integriti Agensi Awam Sarawak berkuatkuasa mulai 11 Julai 2019.*

The Terms of Reference (TOR) for JAR SEDC are as follows:

- Policies, legislation and regulations;
- Work systems and procedures;
- Strengthening the governance and integrity; and
- Detection, compliance, punitive and remedial action

The responsibilities of JAR SEDC are as follows:

- Identify issues, problems and improvement measures based on four (4) terms of reference; and
- Propose solution measures and proposals for improvement to JAR JKM & JAR MEA.

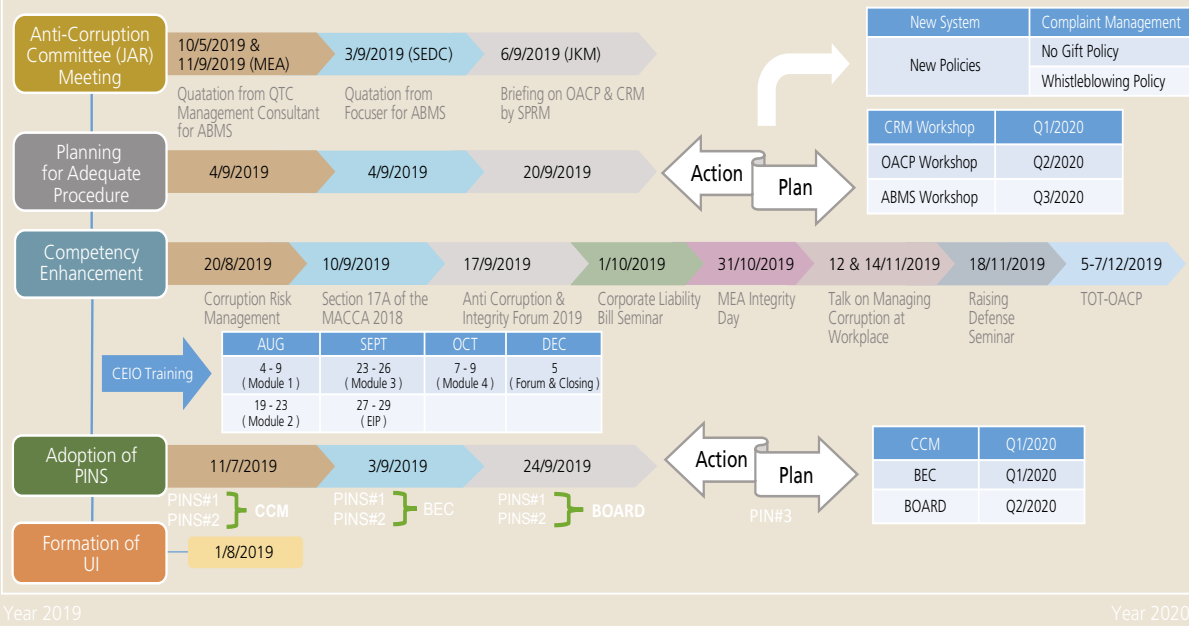
The frequency of the SEDC's JAR meetings is three times a year (January, May and September). The list of JAR meetings at SEDC, JKM and MEA in 2019 were as follows:

MEETING	INFO
JAR SEDC	Meeting No. 1/2019 Date: 3 September 2019 (Tuesday)
JAR JKM	Meeting No. 2/2019 Date: 6 September 2019 (Friday)
JAR MEA	Meeting No. 1/2019 Date: 10 May 2019 (Friday) Meeting No. 2/2019 Date: 11 September 2019 (Wednesday)

The ISO Quality Management System Internal Quality Audits were held twice a year on 18 to 22 February 2019 and 5 to 16 August 2019.

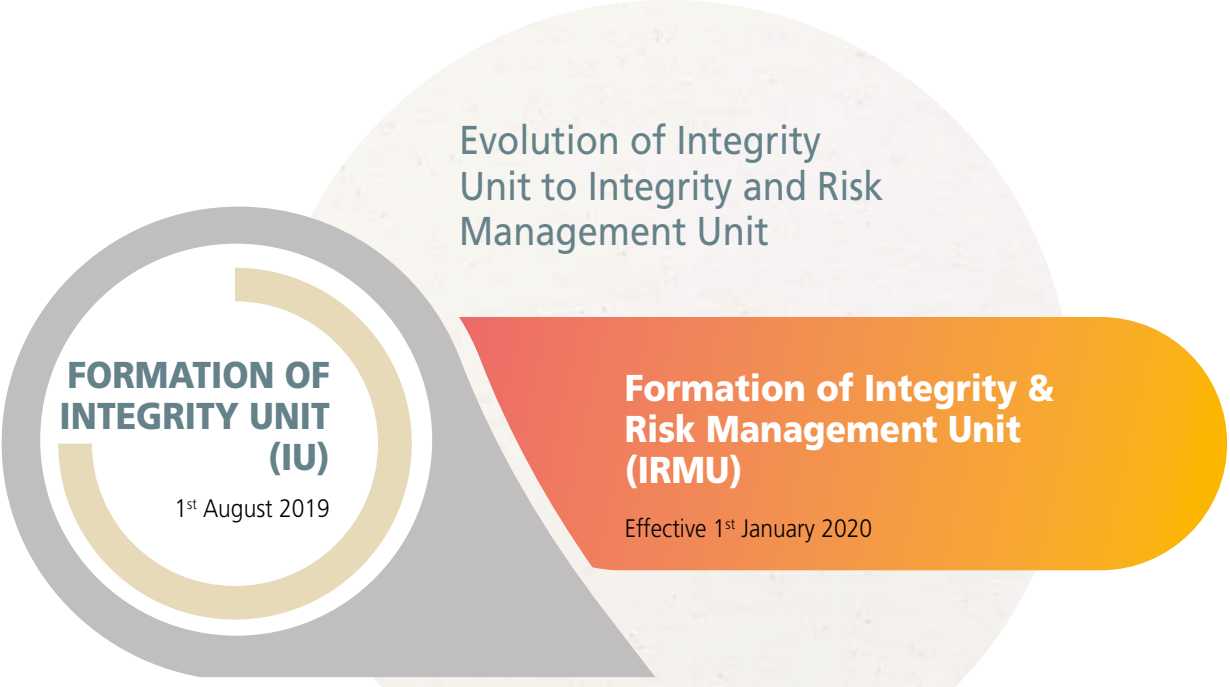
Representatives from SEDC's Jawatankuasa Integriti dan Tadbir Urus (JITU) and relevant staff/ officers had attended the following courses:

NO .	COURSE DETAILS	DATE
1.	Practical and Legal Issue Pertaining Payment in Construction Payment 2019	19 – 20 March 2019
2.	Corruption Risk Management	20 August 2019
3.	Corporate Liability – Section 17A, The MACC (Amendment) Act 2018	10 September 2019
4.	Anti-Corruption and Integrity Forum 2019	17 September 2019
5.	Awareness Seminar on Section 17A, The MACC (Amendment) Act 2018	1 October 2019
6.	Corporate Governance Compliance Expectations	24 October 2019
7.	Management Corruption at Workplace i - Grade 29 & Above ii - Support II	12 November 2019 14 November 2019



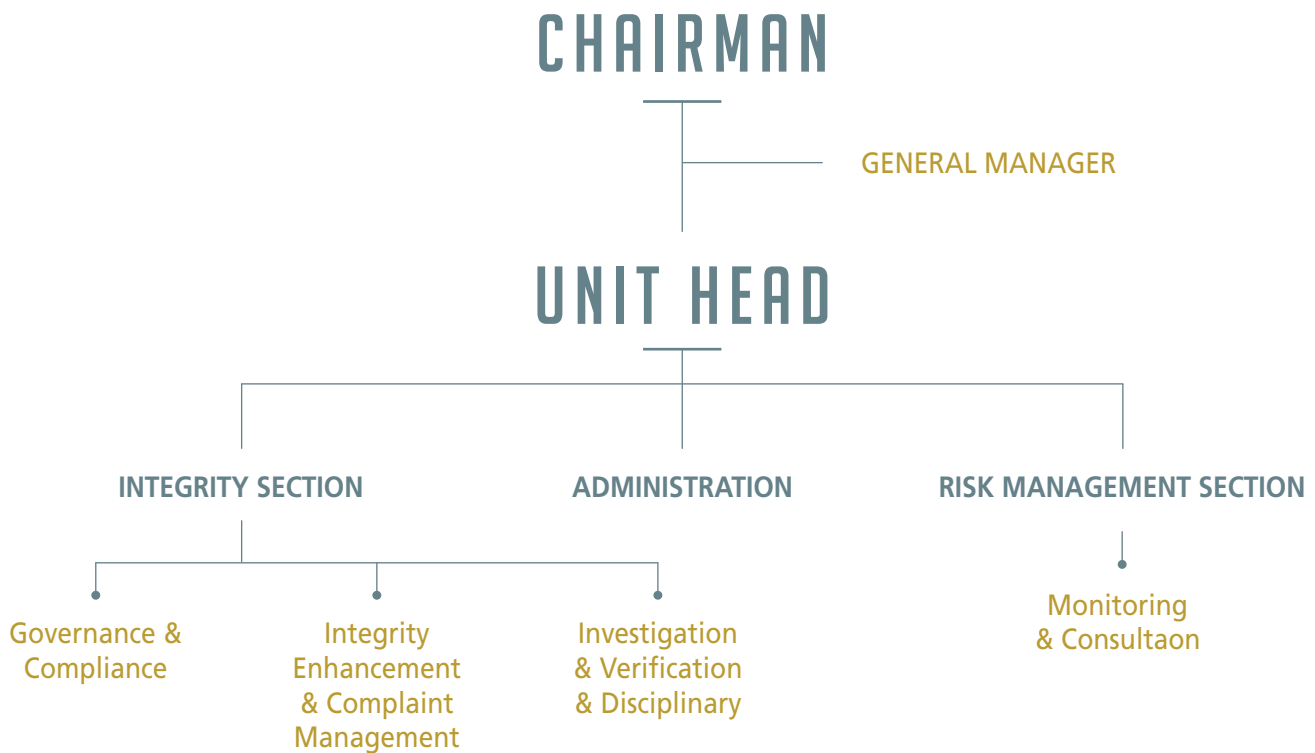
Legend

CCM	Chairman Committee Meeting	CEIO	Certified Integrity Officer	MEA	Ministry of Economics Affairs
BEC	Board Establishment Committee	PINS	<i>Pekeliling Integriti Negeri Sarawak</i>		
MACCA	Malaysian Anti Corruption Commission Act, 2009 (Revision 2018)	ABMS	Anti Bribery Management System		



Transfer of Risk Management Function From Legal Affairs & Secretarial Services Division

INTEGRITY & RISK MANAGEMENT UNIT (IRMU) ORGANISATIONAL CHART



SEDC Anti-Corruption Committee (JAR)

ROLES & RESPONSIBILITES OF COMMITTEE:

- To identify issues, problems & steps for improvements based on the (4) terms of reference that has been set.
- To propose remedial actions & suggestions for improvements to JAR (Peringkat Kerajaan Negeri) chaired by the State Secretary.

4 TERMS OF REFERENCE

Policy, Laws & Regulations

System and Work Procedures

Governance Enhancement and Integrity

Detection, Compliance, Punitive and Rehabilitation

SEDC RISK MANAGEMENT FRAMEWORK

THE BOARD

- Overall responsibility for Risk Management.
- Ensure risk management is embedded into all processes and activities
- Review Group risk profile.

BOARD RISK COMMITTEE (BRiC)

- Oversees risk management structures and processes
- Receive reports from RiMC.
- Set annual risk programs and priorities.
- Monitor progress of risk management implementation
- Review of Group risk profile.

RISK MANAGEMENT COMMITTEE (RiMC)

- Formulate strategies and policies based on risk appetite, risk attitudes and risk exposures.
- Receive reports from Divisions/SBUs, review risk management activities, compile the Group's risk register and the Group's risk profile.
- Track risk management activities in the Divisions/SBUs and keep the risk management context under review.
- Prepare reports and recommendations to the BRiC and Board.

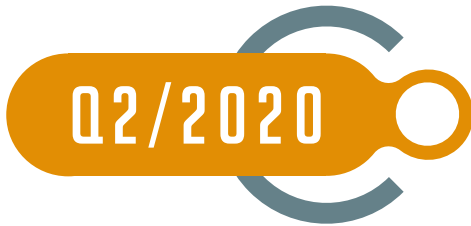
STRATEGIC BUSINESS UNITS (SBUs)

- Produce specific policy statements, as necessary.
- Manage risk control activities.
- Prepare and update SBUs risk register.
- Set risk priorities for SBUs.
- Monitor implementation of risk treatments/risk responses.
- Prepare reports for RiMC.



INTEGRITY AND RISK MANAGEMENT UNIT 2020 PLAN

SEDC GIFT POLICY



WHISTLEBLOWING POLICY



WORKSHOPS



SECTION THREE

CORE BUSINESS & CORPORATE ACTIVITIES HIGHLIGHTS



SEMINAR ON AWARENESS OF SECTION 17A MACC ACT

(Amendment 2018)

Held on 1 October 2019
at Pelagus Room,
Grand Margherita Hotel, Kuching
Attended by 95 participants

Speaker:
Dr Azmi Haji Mohd

TALK ON MANAGING CORRUPTION AT WORKPLACE FOR PROFESSIONAL AND MANAGEMENT GROUP

Held on 12 November 2019
at Dewan Kenyalang,
Menara SEDC, Kuching
Attended by 126 participants

Speaker:
En. Azman Ngaridi,
Suruhanjaya Pencegahan Rasuah
Malaysia (SPRM)



SECTION THREE

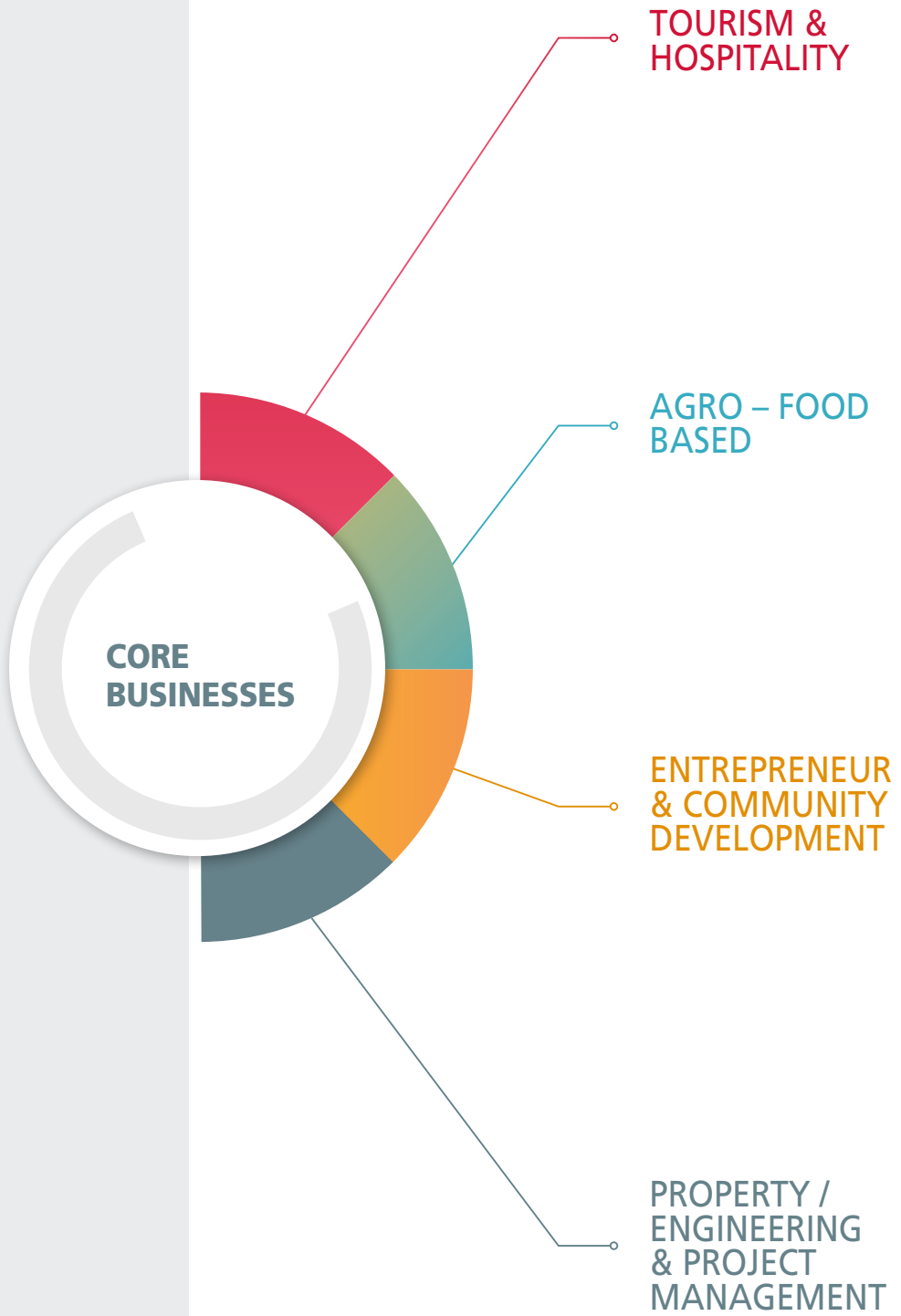
CORE BUSINESS & CORPORATE ACTIVITIES HIGHLIGHTS

TALK ON MANAGING CORRUPTION AT WORKPLACE FOR SUPPORT STAFF

Held on 14 November 2019
at Dewan Kenyalang,
Menara SEDC, Kuching
Attended by 154 participants

Speaker:
Pn. Alice Voon Mei Ling,
Suruhanjaya Pencegahan
Rasuah Malaysia (SPRM)





TOURISM & HOSPITALITY

2019 PERFORMANCE

SEDC's Tourism & Hospitality Division continue to face strong challenges from the existence of other hotels, online websites booking and new shopping complexes in 2019. This is despite the increase number of tourist arrivals to Sarawak as reported by Sarawak Tourism Board (based on the statistics from Immigration Department of Sarawak) with 4,662,419 paxs in 2019 (2018: 4,430,921 paxs).

For the year 2019, the division performed below budget with the Group's Profit Before Tax (PBT) of RM2.470 million. The group recorded a PBT of RM4.980 million which was below the 50% of budgeted PBT, mainly attributed by the below budget performance of Riverside Shopping Complex under management of Sejadu Sdn Bhd, Damai Cove Resorts Sdn Bhd and Damai Golf & Country Club Bhd.

Out of the 16 operating companies under the division, seven had performed above budget, one within budget and eight below budget. In terms of profitability, eight companies were profit making and another eight were loss making.

Projects completed in 2019:

- Replacement of the membrane roof at Topspot (Taman Kereta);
- Refurbishment and improvement works at Sarawak Cultural Village for Rainforest World Music Festival 2019 (Package 1-3);
- Replacement of selected equipments of air-cold package units at Cineplex No.1, No.2 and foyer area of Riverside Cineplex; and
- Upgrading works to Ulu Longhouse Roofing (replacement of belian tiles to bituminous asphalt-IKO Cambridge 30 "AR" roof shingles) at Sarawak Cultural Village.

The division will undertake the several major projects and initiatives to remain as a major State tourism player and to grow SEDC's tourism portfolio with six projects under implementation, seven projects under-planning and six projects under study.

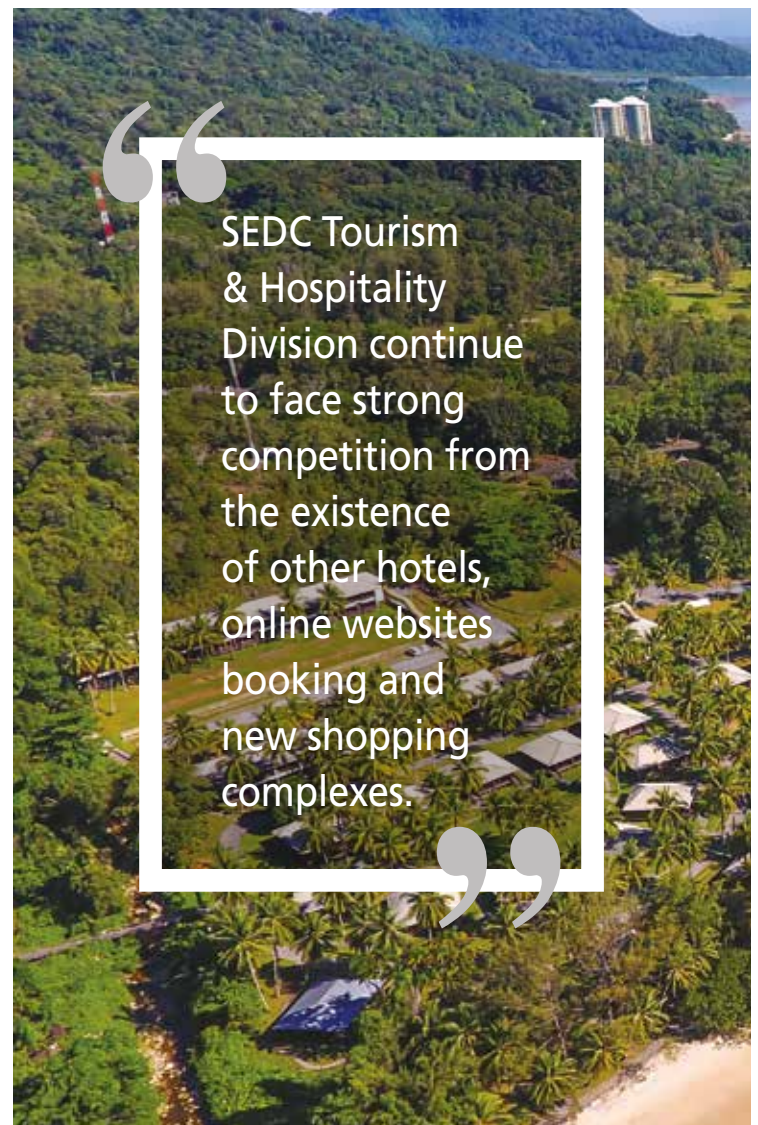
Projects under implementation in 2020 are as follows:

- Replacement of water-cooled system at Grand Margherita Hotel;

- Refurbishment and repair works for Block D staff quarters at Damai;
- Refurbishment and upgrading works for 239 guestrooms and corridors, third floor functions rooms, public area washrooms and other related works at Riverside Majestic Hotel Puteri Wing;
- Cleaning and re-painting of exterior wall of Riverside Majestic Hotel Puteri Wing, Grand Margherita Hotel and Sarawak Plaza shopping complex;
- Replacement of plaster ceiling board of Sunset Ballroom Foyer at Damai Beach Resort; and Refurbishment and upgrading works for Damai Lagoon Resort & Spa.

The projects under planning are as follows:

- Proposed upgrading of external façade for Sarawak Plaza / SEDC Plaza;
- Proposed Sarawak Cultural Village facilities upgrading and expansion;



SEDC Tourism & Hospitality Division continue to face strong competition from the existence of other hotels, online websites booking and new shopping complexes.

- Proposed Taman Kereta / Topspot facilities upgrading; and
- Proposed refurbishment and upgrading of Damai Beach Resort.

Projects that were under study are as follows:

- Tanjung Datu Beach Resort project;
- Santubong Cable Car project;
- Proposed acquisition / management of Royal Mulu Resort;
- Centralised laundry service;
- Proposed Marina Project at Damai Peninsular; and
- Revised Damai Peninsular Tourism Masterplan Development Study.

In line with SEDC's objective to deliver quality services and properes, T&H group was given the recognition during the 8th Sarawak Hornbill Tourism Awards 2017/2018 held on 6th December 2019.

- Sarawak Cultural Village – 1st runner up award: Outstanding Tourism Attractions and Events (Man-made Attractions)
- Grand Margherita Hotel – Outstanding Hotel & Accommodation (4-Star Category)
- Riverside Majestic Hotel
- Damai Beach Resort – 2nd runner up award: Outstanding Hotel & Accommodation (4-Star Category)
- Kuching Waterfront – 2nd runner up award: Outstanding Tourism Attractions & Events
- Topspot – 2nd Runner Up: Outstanding Food Outlets (Food Court Category)

Moving forward, the Tourism and Hospitality Division (THD) will continue to expand its portfolio with the materialisation of its projects and reorganisation of THD Group Corporate and Operational Structure for streamlining and centralisation of functions for better efficiency yielding higher returns / earnings for the Group.



AGRO-FOOD BASED

2019 PERFORMANCE

Agro-Food Based Division and SEDC's group of companies managed to achieve positive performance with a Group Profit Before Tax (PBT) of RM11.120 million at the group level. At SEDC's level, the actual Profit Before Tax (PBT) was RM11.578 million.

LIVESTOCK

Rosewood Station Pty Ltd's performance was slightly higher as compared to 2018. For the year 2019, the company recorded a Profit Before Tax ("PBT") of RM8.824 million, an increased by 16% or RM1.242 million as compared to 2018 of RM7.582 million. The acquisition of new property (Carmor Plains Cattle Station) in May 2019 had contributed significantly to the performance of the company. The calving rate (natural increase) was also increased to 9,760 heads. The company sold 11,651 heads of cattle in 2019 as compared to 7,181 heads in 2018. PPES Ternak Sdn Bhd earned a PBT of RM0.957 million with 2,478 heads of cattle sold in 2019 as compared to 1,862 heads in 2018. The total sales comprised 1,168 heads of cattle for Qurban and 310 heads of cattle for the daily sales and 1,000 heads of cattle supply to Department of Veterinary Sarawak (DVS).

AQUACULTURE

For 2019, PPES Aqua (Santubong) Sdn Bhd had managed to operate at minimum capacity resulting in the production of 141.705 tonnes which comprised Vannamei White Prawn (28.276 tonnes) and Black Tiger Prawn (113.429 tonnes). In June 2019, the company switched from the culture of Vannamei White Prawn to Black Tiger Prawn due to shortage of Vannamei White Prawn fry stock supply. In addition, some ponds were still infected by Early Mortality Syndrome (EMS) and Enterocy tozooan Hepatopenaei disease (EHP).

PLANTATION

Good Harvest Plantation Sdn Bhd located in Asajaya district had slightly increased its production of coconuts in 2019 by 28% or 29,299 nuts. A total 132,390 nuts were produced in 2019 as compared to 103,091 nuts in 2018.

SOP Karabungan Sdn Bhd located in Karabungan, Miri generated a PBT of RM1.462 million with average

production of 37,166 metric tonnes of Fresh Fruit Bunch ("FFB") at an average price of RM364/MT.

Kemudi Saling Sdn Bhd located in Senibong, Lundu had produced an average of 75 metric tonnes of Fresh Fruit Bunch (FFB) per month.

SPB PPES Karabungan Plantation Sdn Bhd – A joint venture between SEDC and Sarawak Plantation Bhd located on 1,031 acres of land for the development of oil palm plantation in Karabungan Farm, Miri, had planted 44,115 palms on a site of 366.36 hectares as at 31st December 2019.

Hope Aspire Sdn Bhd – A joint venture between Eastern Empress Silk Sdn Bhd and Hope Biotech Sdn Bhd for the development of Gaharu plantation at Sematan, Lundu had planted 44,608 Gaharu trees utilising approximately on a site of 55 acres in 2019.

COMPLETED PROJECT IN 2019

Siburan Halal Abaoir - In the area of new business development, the group embarked on the construction of Sarawak's first Halal Abattoir located in Siburan, Kuching. This new and modern facility complies with existing regulatory requirements and utilise modern technology to enhance involvement in the livestock industry.

ENTREPRENEUR AND COMMUNITY DEVELOPMENT

EMPOWERING OUR ENTREPRENEURS AND COMMUNITY DEVELOPMENT

SEDC's approach in the development of local entrepreneurs continued to pay o with a total of 9,130 entrepreneurs who have benefited from the various programmes and activities implemented throughout the year 2019. Our SEDC's approach requires our people going down to the ground in order to identify the needy groups instead of waiting for them to look for us.

The entrepreneur development programmes implemented by SEDC include *Program Peningkatan Usahawan Bumiputera (PUTERA)*, *Program Graduan Ke Arah Keusahawanan 2.0 (GERAK 2.0)*, *Program Usahawan Teknikal Dan Vokasional (USTEV)*, *Skim Pinjaman Industri Kecil dan Sederhana (SPIKS)*, *Skim Niaga Jaya*, *Skim Niaga Perdana*, *Skim Niaga Fest*, *Pusat Inkubator dan Bimbingan Usahawan (PIBU)* and various business premises.

Under its various Financial Aid Scheme, SEDC had provided financial assistance consisting of loans and equipment with a valued of RM8,537,022.40 through a variety of programmes for 897 participants.

Affordable office spaces and business premises were also made available to 3,955 entrepreneurs through the various PIBU's and business outlets set up at 45 locations across the state.

Training and capacity-building sessions were organized and focusing to cultivating self-reliance and the development of their competitive edge. This involved a total of 3,609 entrepreneurs who attended 90 courses organised in 2019.

Marketing and promotion assistance are also extended to all entrepreneurs registered with SEDC through the group's participation in both local and national events. A total of 669 entrepreneurs were given opportunities to exhibit and sell their products under these marketing programmes.



SECTION THREE

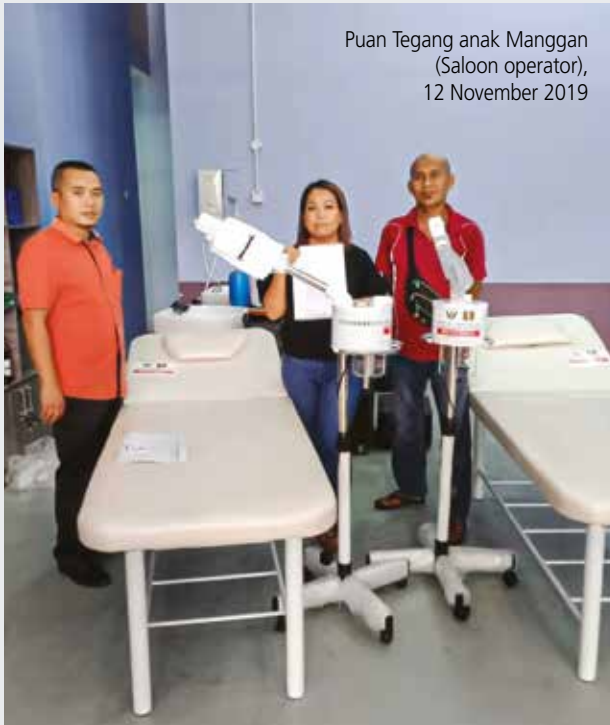
CORE BUSINESS & CORPORATE ACTIVITIES HIGHLIGHTS

BREAKDOWN OF BENEFICIARIES OF ECD PROGRAMMES AND SCHEMES

NO .	PROGRAMME	NO. OF BENEFICIARIES
1.	Financial	170
2.	PUTERA	632
3.	GERAK 2.0	37
4.	USTEV	58
5.	PIBU (Full Time) (Part Time)	196 3,361
6.	Business Premises	398
7.	Capacity Building	3,609
8.	Promotion	669
	TOTAL	9,130

FINANCIAL AID SCHEME

NO .	PROGRAMME	VALUE	NO. OF BENEFICIARIES FOR 2018
1.	Loans	RM4,472,700.00	170
2.	PUTERA	RM3,298,162.40	632
3.	GERAK 2.0	RM661,560.00	37
4.	USTEV	RM104,600.00	58
	TOTAL	RM6,042,961.86	897 Participants



Puan Tegang anak Manggan
(Saloon operator),
12 November 2019



Puan Lidwina anak Mathew
(Contractor),
8 October 2019

ECD PROGRAMME AND SCHEMES

HANDING OVER PUTERA EQUIPMENT

Penghantaran Bahagian Sibü



Puan Kamsiah bin Anthony's
(Food Processing),
8 October 2019



Encik Hamdan bin Ali Basah
(Food and Drinks),
23 October 2019

SECTION THREE

CORE BUSINESS & CORPORATE ACTIVITIES HIGHLIGHTS



KURSUS DEKORASI CUPCAKE & PEMBUATAN RO (Bun)
Held on 24 – 25 June 2019 at Dewan Rekreasi Piasau, Miri

ENTREPRENEURSHIP TRAINING



BENGKEL ASAS PEMBUATAN AKSESORI WANITA KREATIF
Held on 28 – 29 June 2019 at Nashr Training Centre, Kuching





KURSUS PENGURUSAN SYARIKAT (PROTUNE)
Held on 19 - 21 June 2019 at Promenade Hotel, Bintulu



KURSUS e-VIDEO PRESENTATION AND ONLINE MARKETING
Held on 13 - 14 July 2019 at Dewan Kenyalang, Menara SEDC



SECTION THREE

CORE BUSINESS & CORPORATE ACTIVITIES HIGHLIGHTS



WELLNESS & HEALTH PROGRAMME INTENSIVE (Level 1)
Held on 3 – 7 September 2019 at Imperial Palace Hotel, Miri



SEDC ENTREPRENEUR ROADSHOW 2019
Held on 25 – 26 September 2019 at Dewan Mesra, Simunjan



WELLNESS & HEALTH PROGRAMME INTENSIVE (Level 2)
Held on 7 – 11 October 2019 at Riverside Majestic Hotel, Kuching



HANDING OVER PUTERA EQUIPMENT

Penghantaran Bahagian SibU



RAMADHAN BAZAAR 2019 at UTC Sarawak, Kuching held on 3 – 30 May 2019



HARI KRAF KEBANGSAAN 2019

Held at Kompleks
Kraf,
Jalan Conlay,
Kuala Lumpur on
28 February -
10 March 2019

SECTION THREE

CORE BUSINESS & CORPORATE ACTIVITIES HIGHLIGHTS

PROMOTIONAL ACTIVITIES



FESTIVAL KRAF TEKSTIL BORNEO 2019 at Suria Mall, Kota Kinabalu, Sabah held on 12 - 21 April 2019



PESTA KAUL MUKAH at Pantai Kala Dana, Mukah held on 24 - 28 April 2019



SME TIMBER EXPO 2019 at Borneo Convention Centre Kuching (BCCK) held on 27 – 30 June 2019



SECTION THREE

CORE BUSINESS & CORPORATE ACTIVITIES HIGHLIGHTS



SHOWCASE SATU DERAH SATU INDUSTRI (SDSI) 2019 at Taman Ekspo Pertanian Malaysia Serdang (MAEPS) held on 29 August – 1 September 2019



SEDIDIK CHILD & FAMILY DEVELOPMENT PROGRAMME

HIGHLIGHTS ON SEDIDIK IN 2019

"As at 31 December 2019, SeDidik operates 82 centres serving 2,189 children from 1,967 families. Out of these, 64 are rural centres and 18 are urban centres."



SeDidik provides special programmes that enhance the children's learning abilities. These programmes include;



SeDidik **KINDERGYM** programme is specially formulated to help children aged 4 to 6 years old to develop wholesomely. This programme provides organized physical activities that are designed to help preschool children to develop the following characteristics;

- Listening skills
- Coordination
- Physical strength
- Balancing skills



KINDERGARDENING is a module where children are taught Science and Mathematics in a practical manner. Children are exposed to basic knowledge about plants (vegetables and herbs) and their life cycle and basic gardening equipment and techniques.

SECTION THREE

CORE BUSINESS & CORPORATE ACTIVITIES HIGHLIGHTS



SeDidik **MUSIC CLASS** is facilitated by committed teachers who use creative music & group ensemble playing for a relaxed & worry-free learning environment. Classes are designed for students to learn how to play music & appreciate the joys of experiencing music.

KELAS BIMBINGAN IQRA' / AL QURAN are conducted in small classes which provides the perfect environment for children to settle comfortably and begin learning to read. Supportive tutors guide children during classes, perfecting their reading of Iqra' in accordance with the rules of Tajweed before switching to Al Quran.



The main aspect of **SEDIDIK SILAT PROGRAMME** is to develop children's social skills, flexibility, breath control, focus and the adoption of bodily postures for health and relaxation. It involves basic movement of Silat such as kicking, punching, eluding and running.



SEDIDIK TAEKWONDO Program is focused on improving children's basic motor and listening skills as well as building good solid fundamental martial art skills.



SeDidik @ PUSTAKA **DIGITAL LIBRARY** Programme is a collaboration between SeDidik and Pustaka Negeri Sarawak. Children, teachers, parents and local community will be able to access free information in Pustaka Negeri Sarawak (teaching and learning materials). Digital Library Programme introduces new approach in teaching and learning (using laptop in class) and it provides opportunity to children to learn interactively in their class.

SeDidik organized second edition of **SEDIDIK TALENT SHOW** to showcase SeDidik children's talent and the winner of various categories will represent SeDidik in Sarawak Kids Got Talent event.



Sarawak Kids Got Talent features various talents of children in Public Speaking, Singing, Dancing, Drawing and Special Talent. SeDidik managed to win 3 categories namely Public Speaking Iban, Dance (Category B 5 – 6 years old) and Special Jury Award in Singing (Category B 5 – 6 years old)



ANUGERAH TASKA BERKUALITI NEGERI SARAWAK 2019 - SeDidik Mutiara Mukah (TASKA) won 2nd place



SeDidik Mutiara Balingian won 1st place in **PERTANDINGAN KECERIAAN BULAN KEMERDEKAAN PERINGKAT KEBANGSAAN 2019** (Private Building Category), organized by Jabatan Penerangan Malaysia.



SEDIDIK COMMUNITY PROGRAMMES

CSR PROGRAMME



CHINESE NEW YEAR VISIT 2019
at Paediatric Ward, Sibul Hospital



DISTRIBUTING GOODS TO LESS FORTUNATE FAMILY
at Rumah Panjang Batu 16, Sibul



DISTRIBUTING BUBUR LAMBUK
at Dataran Sibul during Ramadhan 2019



CHRISTMAS VISIT 2019
at Paediatric Ward, Miri Hospital



DISTRIBUTING GOODS TO ASNAF FOLKS
at Kampung Salim, Sibul



DISTRIBUTING GOODS TO THE VICTIM FIRE INCIDENT
at Kampung Sungai Bedil

The **LAN BERAMBEH OUTREACH PROGRAM** and SeDidik Community Programme are part of SeDidik's activities with the local community where it operates. These programs focus on the engagement with parents and local communities in the development of their children starting from the early years.



LAN BERAMBEH PROGRAMME
at SeDidik Mutiara Moyan Laut



LAN BERAMBEH & DIGITAL LIBRARY PROGRAMME
at SeDidik Mutiara Gedong, Simunjan



LAN BERAMBEH PROGRAMME
at SeDidik Mutiara
Jepak 2 Bintulu

CENTRES UPGRADING BUILDINGS

Centres are being upgraded especially on physical aspect of buildings in creating safe and conducive learning environment.



BEFORE



AFTER

SEDIDIK MUTIARA MUKAH
(Paint works & Decoration)



BEFORE



AFTER

SEDIDIK MUTIARA MALUDAM
(Paint works)



BEFORE



AFTER

SEDIDIK PERDANA SIBU, DATU HILIR
(Paint works)



BEFORE



AFTER

SEDIDIK PERDANA PENDING, KUCHING
(Flooring)



BEFORE



AFTER

SEDIDIK MUTIARA DALAT
(Paint works & Decoration)



BEFORE



AFTER

SEDDIK PERDANA KIDURONG, BINTULU
(Paint works & Decoration)



BEFORE



AFTER

SEDDIK MUTIARA BETONG
(Renovation)



PROJECTS HIGHLIGHTS

COMPLETED PROJECTS IN 2019



HYDROGEN BUS PROJECT

The official launching of the Sarawak's first Integrated Hydrogen Production Plant and Refueling Station which is also the first in South East Asia was performed by the Right Honourable Chief Minister of Sarawak on 27 May 2019.



Operation of the Hydrogen Buses in 2020





WORKING VISIT TO

Foshan Feichi Automobile Manufacture Co. Ltd., Yunfu Feichi New Energy Automobile Co. Ltd., and CRRC Qindao Sifang Hydrogen Tram with the Minister Of Transport Sarawak, YB Datuk Lee Kim Shin on 26 November 2019.

THE SIGNING CEREMONY

of Sales Agency Agreement between Foshan Feichi Automobile Manufacture Co. Ltd. and Sarawak Metro Sdn Bhd on 26 November 2019.





SLOPE REPAIR WORKS

at Damai Beach Resort,
Santubong.



NEW SRI AMAN PUSAT INKUBATOR DAN BIMBINGAN USAHAWAN (PIBU) OFFICE

at 2nd Floor,
Medan Niaga SEDC,
Sri Aman.





RENOVATION AND IMPROVEMENT WORKS

at Sarawak Cultural Village for 2019 Rainforest World Music Festival. (Package 1)

RENOVATION AND IMPROVEMENT WORKS

at Sarawak Cultural Village for 2019 Rainforest World Music Festival. (Package 2)



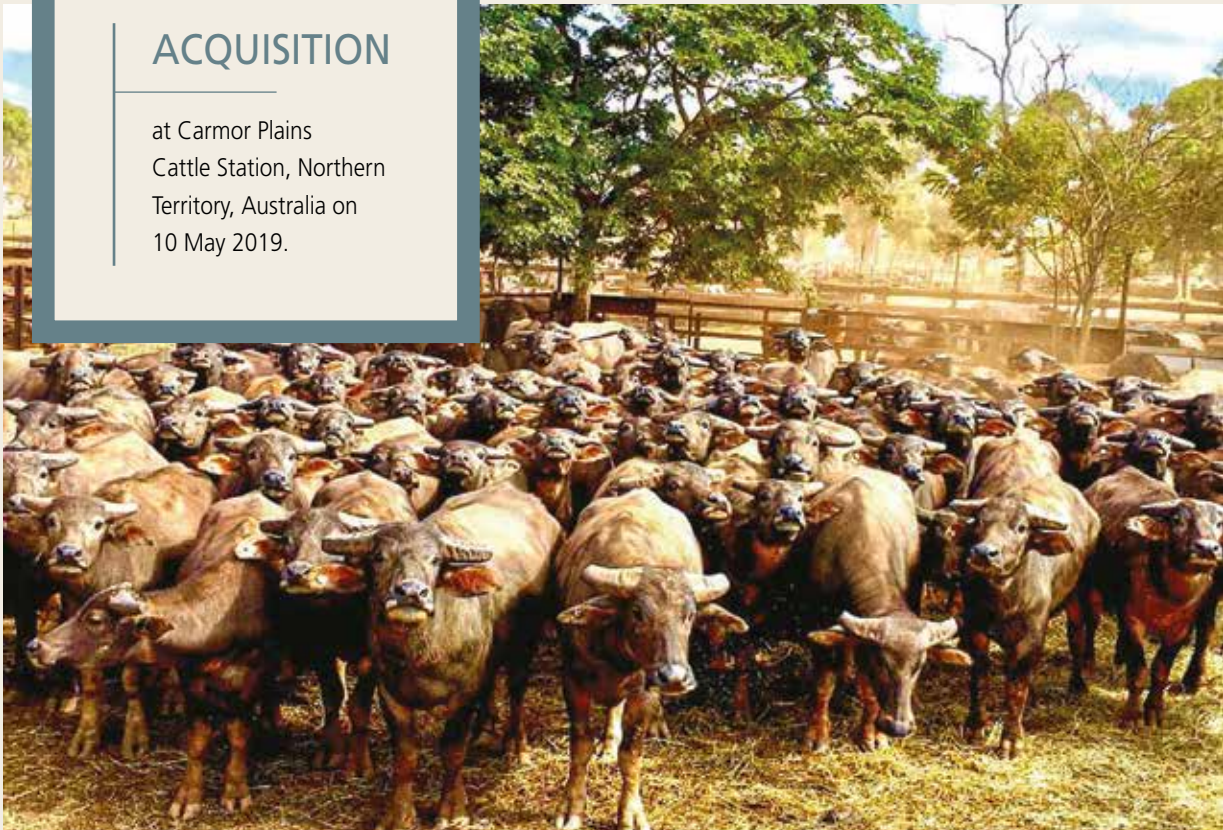


RENOVATION AND IMPROVEMENT WORKS

at Sarawak Cultural Village for Rainforest World Music Festival 2019.
(Package 3 - Wi-Fi)

ACQUISITION

at Carmor Plains Cattle Station, Northern Territory, Australia on 10 May 2019.





KUCHING WATERFRONT JAZZ FESTIVAL 2019

Held at MBKS Hall,
Jalan Padungan, Kuching on
27 – 28 September 2019.

TICKET CATEGORIES	1 DAY PASS ADULT	2 DAY PASS ADULT	1 DAY PASS CHILD (5-12 YR OLD)	2 DAY PASS CHILD (5-12 YR OLD)	Scan Here to purchase tickets & view more details
EARLY BIRD (ends 10 June)	MYR 60	MYR 100	MYR 30	MYR 50	QR CODE
PRE-SALES (ends 28 Sept)	MYR 100	MYR 180	MYR 50	MYR 80	
DATE SALES (27-28 Sept)	MYR 150	MYR 280	MYR 75	MYR 130	

BUY TICKETS NOW AT: WWW.KUCHINGWATERFRONTJAZZ.COM
 @kuchingwaterfrontjazzfestival @kuchingwaterfrontjazz



PROJECTS UNDER IMPLEMENTATION IN 2019



PETCHEM GROUND BREAKING CEREMONY

performed by The Right Honourable Chief Minister of Sarawak for Methanol Plant in Bintulu on 11 September 2019.

REPLACEMENT & UPGRADING

of chiller system at Grand Margherita Hotel.





RENOVATION WORKS

Betong Regional Office and Pusat Inkubator dan Bimbingan Usahawan (PIBU).



UPGRADING & REDEVELOPMENT

of the existing facilities at Karabungan Farm, Miri.





ENHANCEMENT WORKS
to the new SEDC Arcade in Miri.



SARAWAK MUSEUM CAMPUS AND HERITAGE TRAIL KUCHING



PAN-BORNEO HIGHWAY

Sungai Awik to Bintangor Junction (64.49km).



CONSTRUCTION OF BINTULU

Jepak Bridge, Bintulu

PROJECTS UNDER STUDY & PRE-IMPLEMENTATION



MEMORANDUM OF UNDERSTANDING SIGNING CEREMONY

between SEDC and Shan Ying International at Pulp and Paper Project in Samalaju, Bintulu on 3 April 2019.



SECTION THREE

PROJECTS HIGHLIGHTS



WORKING VISIT TO

Automatic Rapid Transport (ART) Test Site in Nanchang, P.R. China in conjunction with visit by the Right Honourable Chief Minister of Sarawak on investment mission to China.



KUCHING URBAN TRANSPORTATION (KUTS)



CORPORATE CULTURE – BUILDING ACTIVITIES



CORPORATE ACTIVITIES

SIGNING CEREMONY

Memorandum of Understanding between SEDC & Johor Corporation (JCORP) on 14 March 2019.



WORLD HARVEST AND FOLKLORE FESTIVAL

held at Sarawak Cultural Village on 26 – 28 April 2019.





- Official Hotel
- Official Venue
- Sponsors

Andrew Dodt

Total : 264 (-24)
Final Round : 64 (-8)

Eagle : 1
Birdies : 27
Bogeys : 5

Fairways : 64.28% / Ranked: 52
GIR : 83.33% / Ranked: T12
Putts per GIR : 1.58 / Ranked: 2
Avg. putts per rd : 27.5 / Ranked: 3
Avg. driving distance : 306.63 yards

ASIAN TOUR SARAWAK CHAMPIONSHIP 2019

Held at Damai & Country Club on 15 – 18 August 2019.

Habitat for Humanity			STANDINGS	
FOLLOWING SARAWAK CHAMPIONSHIP				
1	Jazz Janawattananond	US\$ 745,701		
2	Scott Hend	US\$ 528,160		
3	Yasuke Azaji	US\$ 285,181		
4	Tashae Lee	US\$ 274,023		
5	Masahiro Kawamura	US\$ 249,266		
6	Zach Murray	US\$ 204,670		
7	Micah Lauren Shin	US\$ 183,452		
8	Johannes Veerman	US\$ 174,441		
9	Scott Vincent	US\$ 167,490		
10	David Lipsky	US\$ 137,309		

SECTION THREE

CORPORATE CULTURE – BUILDING ACTIVITIES

PROMOTIONAL ACTIVITIES

■ ENHANCING SERVICE DELIVERY

In 2019, various Information and Communication Technologies (ICT) initiatives were completed to enhance the Corporation's service delivery to its stakeholders. These initiatives include full control of our own Virtual Private Network (VPN) network to regulate inflow and outflow of information and access to our WIFI connection.

1. Network & Security

In SEDC, the VPN is used to create end-to-end private network connection over the internet between its headquarters and regional offices. The network is managed in-house by SEDC's ICT which gives full control in managing its own Virtual Private Network.

Site-to-Site IPSEC Virtual Private Network Tunnels extends SEDC's network making computer resources from one location securely available to the staffs at other locations. This has enable the staffs from SEDC's Regional Office in Kuching, Sibul, Mukah, Bintulu and Miri, secure access to internal system and files hosted at SEDC Headquarters.

2. Helpdesk

The annual IT Equipment Audit was done twice annually and covers three parts, namely Hardware, Software and Preventive Maintenance. Hardware Audit focuses on monitoring of IT hardware movement based on serial and asset number. Software Audit verifies the genuine copy of Microsoft Windows Operating

System is installed, activated Microsoft Office Software and updated antivirus pattern and definition. As an extra mile, Communication Technologies conducts preventive maintenance to all desktop PCs which involves system registry housekeeping.

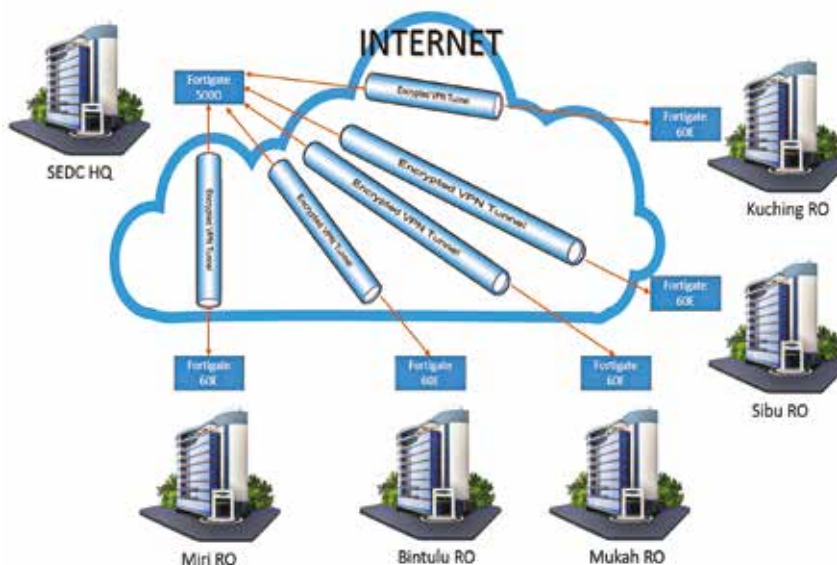
3. System development

In the digital era, we are leveraging on Communication Technologies programmes and operations, among them are Budget Consolidation System and Management Information (MIS) registry housekeeping.

4. Multimedia

As the Corporation rides through this new digital era, it is necessary to stay relevant and be in tandem with the current technological development. Currently, our new Menara SEDC and regional offices (ROs) are fully equipped with the latest Multimedia Communication facilities such as BT Video-Conferencing technology and Sen Heiser Tele-conferencing System to cater for Corporate Meetings and audio and video communication via wireless connections. Apart from leveraging on audio and video communication system, we have also capitalized on UAV (Unmanned Aerial Vehicle) System to conduct visual surveillance and monitoring of all on-going projects and new project sites.

We will continue to develop other Communication Technologies projects such as WIFI-enabled business premises, smart apps, Digital Hub and internal remote Desktop Help-desk Support, among others.



CORPORATE CULTURE



PRESIDENTIAL ADDRESS 2019

Held at Sarawak Chamber, Riverside Majestic Hotel, Kuching on 1 March 2019.



SEDC Monthly Get-Together



New Born Gift

WE CARE CULTURE



Staff birthday celebrations



Get Well Soon

FESTIVE CELEBRATIONS



XIN NIAN KUI LE SEDC 2019

Held at Dewan Kenyalang,
Level 1, Menara SEDC,
Kuching.



MAJLIS GAWAI RAYA SEDC 2019

Held at Dewan Kenyalang, Level 1,
Menara SEDC, Kuching.



SEDC APPRECIATION PRESENTATION CEREMONY 2019

at Sarawak Chamber,
Riverside Majestic Hotel,
Kuching on 12 March 2019.

PRESENTATION OF CERTIFICATES OF APPRECIATION TO IN-HOUSE COMMITTEES

NO .	COMMITTEES	NO. OF RECIPIENTS
1.	QMS Auditors	23
2.	SSP Evaluation Committee	14
3.	5S Committees • 5S Training Working Committee • 5S Promotion Working Committee • 5S Audit Working Committee • 5S Auditors • 5S Facilitators & Group Leaders	11
4.	Floor Ambasad or Team	17
5.	The Voice of SEDC	20
6.	SSP Evaluation Committee	14
7.	5S Group	21
	TOTAL	128





Monthly SEDC staff Senamrobik 2019



SEDC Group Blood Donation 2019

SEDC SOCIAL AND RECREATION CLUB (PEDAS)

MAJLIS BERSAMA JABATAN (MBJ)

Majlis Penyerahan Tugas MBJ held on 3 Sept 2019.





ISTIADAT PERBARISAN
SEMPENA SAMBUTAN
PERAYAAN HARI JADI
KE-83 TYT YANG DIPERTUA
NEGERI SARAWAK

Tempat kelima Kategori Bukan Pihak
Penguatkuasa Tempatan.

42

CONTINGENT
MEMBERS



PERARAKAN
SAMBUTAN
MAULIDUR RASUL

Perarakan sempena Sambutan
Maulidur Rasul, Kuching.



FINANCIAL ASSISTANCE FOR CHILDREN'S EDUCATION

(For staff whose parents had passed away)

LEVEL	NO. OF BENEFICIARIES
Primary School	2
Secondary School	10
TOTAL	12



33
RECIPIENTS

HADIAH GALAKAN PENDIDIKAN SEDC 2017 & 2018

Held on 2 May 2019.

HUMAN CAPITAL DEVELOPMENT

PROJECT MANAGEMENT SIMULATION COURSE

Held on 21 - 23 January 2019



SEMINAR 17A, MACC ACT

Held on 1 October 2019



KURSUS ASAS KESELAMATAN KEBAKARAN

Held on 29 - 31 January 2019



TAKLIMAT TATACARA PEROLEHAN

Held on 12 November 2019



E-COMMERCE COURSE

Held on 8 - 9 April 2019



IN-HOUSE TRAINING

- 17 courses (452 participants)

KNOWLEDGE SHARING

- 7 sessions (394 participants)

EXTERNAL TRAINING

- 69 courses (180 participants)

TOTAL
NO.
OF
GETS:
14
PAXS

GRADUATE ENHANCEMENT TRAINING SARAWAK (GETS)

Held in collaboration with Sarawak Centre of Performance Excellence (SCOPE) & State Government to enhance marketability & employability of Sarawakian Graduates Duration: 12 months



SEDC INDUCTION & PRACTICAL TRAINEES INTERNSHIP PROGRAMME

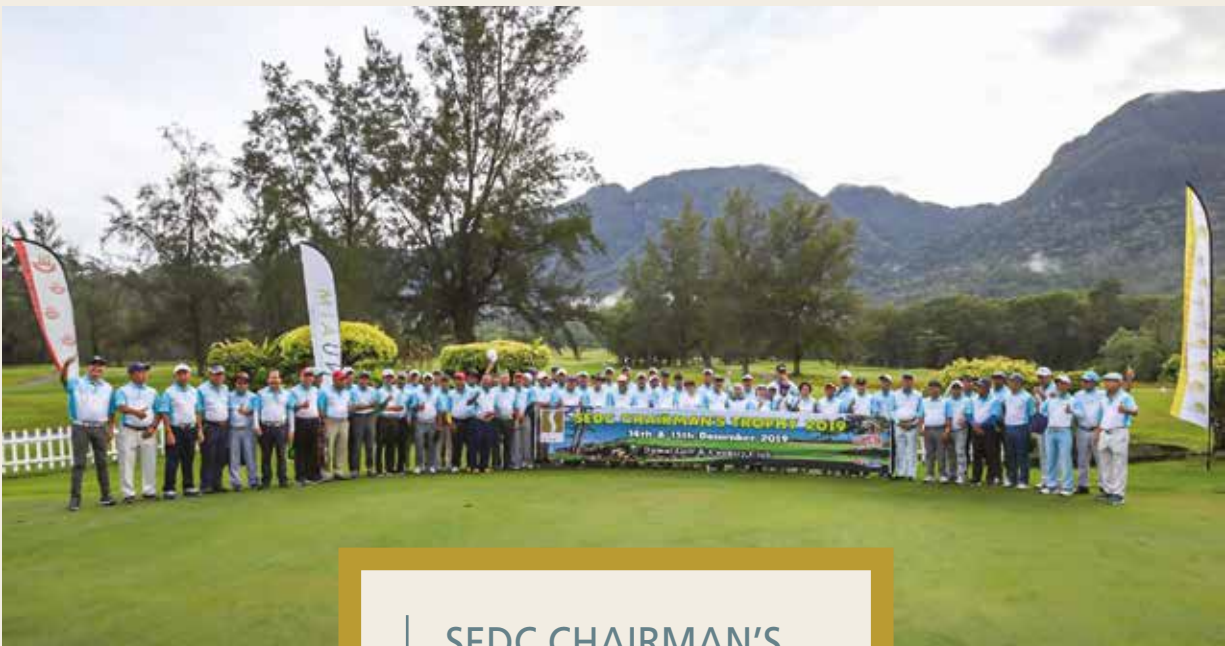
Total member of Practical Trainees (since 2000) – 1,191 trainees
International Students Programme - 5 participants.





SEDC 47TH ANNIVERSARY DINNER

Held at Riverside Majestic Hotel on 25 November 2019.



SEDC CHAIRMAN'S TROPHY GOLF CHAMPIONSHIP 2019

Held at Damai Golf & Country Club, Damai on 14 - 15 December 2019.



INNOVATION & QUALITY PROGRAMMES



BEFORE



AFTER

INNOVATION AND QUALITY ASSURANCE REVIEW (IQAR)

Total Of IQAR Conducted In 2019 : 22 Audits



BEFORE



AFTER



MS ISO 9001 : 2015

Re-Certification of QMS ISO 9001 : 7 April 2019

SEDC STAFF SUGGESTION PROGRAMME (SSP)

Total number of suggestions received : 101

Total number of suggestions implemented : 10

STAFF SUGGESTION PROGRAMME (SSP)	
To: The Secretariat Staff Suggestion Programme (SSP) Innovation and Quality Division Level 5, Menara SEDC	Suggestion by: Petrus Puni
Ext No : 364 Email : louis@sedc.my	Division/Company: ICT
	Signature: <small>Print Initial if submission via e-mail</small>
	Date : 16/05/2019
My Suggestion: Memasang skrin iklan SEDC di premis-premis niaga SEDC.	
Why? Mengiklankan perkhidmatan-perkhidmatan yang disediakan oleh SEDC dan anak-anak syarikat. Mengiklankan perkhidmatan-perkhidmatan yang disediakan dan produk-produk yang dijual oleh usahawan SEDC. Merupakan salah satu strategi bagi meningkatkan dan memperkenalkan perkhidmatan dan jualan di SEDC, anak-anak syarikat dan usahawan SEDC kepada masyarakat.	
<small>Note: This format is only a guideline. You may use your own format but should include the relevant information.</small>	
For official use only	
Received by
Date received

STAFF SUGGESTION PROGRAMME (SSP)	
To: The Secretariat Staff Suggestion Programme (SSP) Innovation and Quality Division Level 5, Menara SEDC	Suggestion by: NORLIA HAJI BUJANG
Ext No : 369 Email : louis@sedc.my	Division/Company: PMD
	Signature: <i>nor</i> <small>Print Initial if submission via e-mail</small>
	Date : 20.11.2019
My Suggestion: EXAMPLARY STAFF AWARDS Disarankan agar hadiah untuk ibu bapa cemerlang diberi bawcer Lea Centre atau bawcer Parkson daripada bawcer penginapan di Damai Beach Resort, ATAUPUN diberi pilihan.	
Why? Kalau hendak pergi ke damai memerlukan beberapa faktor yang agak sukar seperti: 1. Mesti pergi dengan keluarga atau kawan-kawan; 2. Kadang-kadang tidak ada masa untuk tujuan tersebut sehingga tarikh bawcer luput. 3. Tarikh bawcer tidak dapat di lanjutkan. Jika bawcer Lea Centre atau Parkson lebih mudah ditebus untuk membeli barang-barang keperluan seperti kasut sukan, baju dan lain-lain.	
<small>Note: This format is only a guideline. You may use your own format but should include the relevant information.</small>	
For official use only	
Received by
Date received



CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

MAJLIS
BERBUKA PUASA

Majlis bersama YAB Ketua Menteri dan kanak-kanak Kompleks Kebajikan Laila Taib (PERYATIM) at Grand Margherita Hotel, Kuching on 10 May 2019.

PENYERAHAN ZAKAT
PERNIAGAAN SEDC

Kepada Tabung Baitulmal Negeri Sarawak di Grand Margherita Hotel, Kuching pada 10 Mei 2019.



MAJLIS BERBUKA PUASA

Majlis bersama TYT dan Kanak-kanak dari Rumah Kebajikan kanak-kanak Kuching dan Sri Aman at Grand Margherita Hotel, Kuching on 17 May 2019.



MAJLIS RAMAH TAMAH AIDILFITRI

Majlis bersama murid-murid sekolah rendah di Kuching dan Padawan at Riverside Majestic Hotel, Kuching on 21 June 2019.





MAJLIS BELAIAN KASIH

Majlis bersama penghuni Rumah Seri Kenangan Kuching at Kompleks Kubah Ria, Kuching on 11 November 2019.



LOVE-IN-A-BOX

Held with Sarawak Society for Parents of Children with Special Needs (PIBAKAT) at PIBAKAT Centre, Jalan Ong Tiang Swee, Kuching on 22 February 2019.





LOVE-IN-A-BOX

Held with Kuching Autistic Association at Kuching Autistic Association Centre on 9 December 2019.



CSR DONATIONS

YEAR (2019)	TOTAL BUDGET (2019)	RM200,000.00
		Total Number of Applications Approved
	76	RM194,993.00

MEDIA HIGHLIGHTS

Chairman: SEDC will continue community-related programmes

By Tan Chai

KUCHING: Sarawak Economic Development Corporation (SEDC) and its subsidiary companies will continue its community-related programmes to support the less fortunate members of the society.

SEDC chairman Tan Sri Daruk Amar Abdul Aziz Hassan believed that such programmes under its corporate social responsibility (CSR) initiatives help foster relations with the less privileged

and provide them moral support.

"This is important for SEDC Sarawak because we take our CSR initiatives very seriously. We hope our contributions can alleviate the plight of the less fortunate members of our society," he said.

SEDC's Love-In-A-Box programme, held at Sarawak Society for Parents of Children with Special Needs (Pihsokai) centre in Aman Sempit (Pihsokai) yesterday.

Launched in 2006, 'Love-In-A-Box' programme was organised as an initiative to reach out to the

needy members of the community, especially children in need of support and attention.

"The main purpose of this programme is simple but the value of happiness that it gives to the children concerned is enormous," said Abdul Aziz, while urging the organising committee to further promote the programme through support from the public.

Meanwhile, Pihsokai president Zaidi Ahmad expressed his gratitude to SEDC for its support in choosing Pihsokai as one of the

beneficiaries of their 'Love-In-A-Box' programme.

With 41 students at the centre, Pihsokai carries out programmes such as "Morning Glory Programme" and "Young Adult Service" for its students while its maiden early intervention programme will be launched in the second half of the year.

Abdul Aziz (left) gives out 'Kampung' to the children of Pihsokai at the 'Love-In-A-Box' programme at its centre where Tan Chai (right) is present.



The Borneo Post
Saturday, February 23, 2019

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A step towards cutting down fuel emission

The first trial run of hydrogen-powered buses in Kuching ends smoothly, free trial rides for public from Sept 1

Lin Hwee Pin

KUCHING: Sarawak has taken a bold step in improving its public transport system with a two-week trial run of its hydrogen-powered buses in Kuching - the first city in Southeast Asia to use this fuel for buses.

The Borneo Post was given an exclusive ride on board one of the three buses yesterday, covering a 10km route that began at Menara SEDC in Kuching, it must have been, passing the landmark Borneo Convention Centre Kuching

We are now fine-tuning (and) making adjustments to meet our road conditions. I hope we could fully measure the efficiency level.

Abdul Hadi Abdul Kadir

(BCCK), Jalan Baku and Jalan Demak Laut, before a final stop at the SEDC headquarters.

Along the way, the bus also made a stop at the only hydrogen-refuelling station, at Sarawak Energy regional office in Bintawa here.

The journey concluded without

any glitch.

The emission-free buses is part of Sarawak's long-term plan to ensure that the state's public transport system would run using clean energy, in line with the global trend of protecting the environment.

Sarawak Economic

Development Corporation (SEDC) general manager Abdul Hadi Abdul Kadir said the trial run was proceeding smoothly and one of the hydrogen-powered buses should be available to offer a free ride service for the public after the trial period.

"We are now fine-tuning (and) making adjustments to meet our road conditions. I hope we could fully measure the efficiency level," he told The Borneo Post during an interview at Menara SEDC prior to the ride.

• Turn to Page 3, Col 5



The hydrogen-powered bus stops at the refueling station at Sarawak Energy regional office in Bintawa. — Photo by Ryzstein Lester

Sin Chew Daily
Saturday, August 3, 2019

The Borneo Post
Saturday, August 3, 2019



KARIM (fourth left) accompanied by Edwin (second right), Tourism, Arts and Culture Assistant Minister Datuk Lee Kim Shin (third right), permanent secretary of Tourism, Arts, Culture, Youth and Sports Hii Chang Kee (third left) and others giving the Kuching Waterfront Jazz Festival the thumbs-up. Photo: Mohd Ailif Noni

Make Sarawak a jazz destination: Karim

KUCHING: Tourism, Arts, Culture, Youth and Sports Minister Datuk Abdul Karim Rahman Hamzah wants Sarawak to be a destination for jazz music lovers.

Speaking at a press conference to announce Kuching Waterfront Jazz Festival 2019 at Grand Margherita Hotel here yesterday, he said Sarawak was now famous in the world for its rainforest and tribal music.

The annual Kuching Waterfront Jazz Festival, organised by Sarawak Economic Development Corporation (SEDC), will take place this year from September 27-28.

SEDC deputy general manager Edwin Abit, who was also present at the press conference yesterday, said the festival was first introduced in 2017 and attracted about 4000 visitors each year.

This year's festival will feature renowned talents such as Ning Baizura, NisaAddina (Sarawak violinist), Dave Brewer and the DooDaddies and Z Yan Shanghai

Added Edwin, "We note local promising talents by organ search.

"The band search

mence one month before the festival."

This year's festival will also contribute to two local charities, namely Perikata (Association for the Welfare of Intellectually Disabled Children) and Pibukat (Sarawak Society for Parents of Children with Special Needs).

A sum of RM2000 raised from last year's autographed poster sales was channelled to the two



SEDC mantu 105 nembliak kurang pemisi

KUCHING: Kaulah Pemansang Ekonomi Sarawak (SEDC) ngerani Hari Gawai enggau Raya begau enggau 105-ku nembliak sebata datai an nung bik kurang pemisi ngatu Chairman SEDC, Tan Sri Datuk Amir Di Abul Aziz

Abul Aziz milih pelara tu ba Pengiran Gawai Raya SEDC begau nembliak Sekue Primit Peleh Kuching enggau Padawan ba sebata hotel teblang dhu, keman

PEMERI HARI GAWAI... Tan Sri Datuk Amir Di Abul Aziz nembliak sebata datai an nung bik kurang pemisi ngatu Chairman SEDC, Tan Sri Datuk Amir Di Abul Aziz

SEDC, Shan Ying of China sign MoU on pulp and paper plant in Samalaju

KUCHING: Sarawak Economic Development Corporation (SEDC) and Shan Ying International Holdings Co. Ltd (Shan Ying) of China had entered into a Memorandum of Understanding (MoU) in China recently to collaborate on and explore the viability of establishing a pulp and paper plant in Sintang, Kuching.

According to a press release by SEDC, the MoU signing ceremony was held in Macao (Macau, City of澳门) Province of China on April 3.

"The MoU document was signed by both parties which will collaborate on the establishment of a pulp and paper manufacturing plant in Sarawak, witnessed by Chief Minister Datuk Patinggi Aliang Johari Tan Opong," added the press release.

During the ceremony, SEDC was represented by its chairman, Tan Sri Datuk Amir (Abul Aziz) Hamzah, while Shan Ying was represented by Wu Mingxue, chairman of Shan Ying.

Speaking at the exchange of MoU documents, Abul Aziz said SEDC welcomes new investors and business partners to work together with SEDC in developing Sarawak's vast potential and this mega pulp and paper project will be one of many that will transform Sarawak's economy to greater heights.

"This is also in line with SEDC's core objectives, one of which is the



Abul Aziz (front row, left) signs MoU document with Wu Mingxue, right. At the signing ceremony which was witnessed by Aliang Johari (back row, third left).

development of pioneering and strategic projects for Sarawak, he added.

He thanked the Sarawak government, especially the Chief Minister, for the trust given to SEDC, apart from thanking the host for welcoming Sarawak's delegation to Sintang and working together with SEDC for

this historical event.

According to him, SEDC looks forward to a successful collaboration with Shan Ying on this project.

He hoped it would achieve its objectives and give significant benefits to the people of Sarawak as well as for a better future for mankind in general.

Meanwhile during the ceremony, Aliang Johari in his speech, also said Sarawak welcomes the proposed investment for the pulp and paper manufacturing plant in Sarawak.

"This project is a value-added industry based on imported recycle paper without having to exploit our natural resources

with clean, safe and environment friendly technology that uses our renewable energy from hydroelectric infrastructure. There will always be demand for high quality paper for printers and packaging for products brought through online shopping," said Aliang Johari.

Aliang Johari also said that he was impressed with Shan Ying's environmentally and eco-friendly technology for paper production which includes extensive waste water treatment facilities.

He said this is also in line with Sarawak government's emphasis on clean and safe environment for Sarawak.

With Shan Ying coming to invest in Sarawak Corridor of Renewable Energy (SCORE), there will be economic spillover benefits for the people of Sarawak.

"There will be an expected demand for skilled manpower that requires sharing of technical expertise, leading to development of training centres and technical colleges that can produce skilled manpower needed for such industries, uplifting the education and technical level of its people and in turn benefiting the whole community. This would definitely contribute greatly to Sarawak's economic growth," commented Aliang Johari.

Shan Ying was established in 1987 and is an international China-based Factory 4.0 company, particularly engaged in

the manufacture and distribution of paper products, and is one of the large industrial papermaking enterprises and extra-large packaging board manufacturers in China.

It is also Shanghai Stock Exchange listed company with subsidiaries in China and study-aided companies listed in the USA, UK, Germany, Netherlands, Japan, Australia and Hong Kong.

The company has built the advanced and large integrated fibre recycling network, waste transport terminals, private power stations, industrial wastewater treatment facilities and other supporting systems, and boasts an annual yield of 1.6 million tonnes of paper and one million net of cardboard and paper carton, ranking top within the industry in terms of production scale.

For Sarawak, the company intends to establish a fully automated pulp and paper manufacturing plant in Samalaju Industrial Park with a production capacity of ten million tonnes per annum and manned by 2,300 personnel.

The RM2.6 billion (RM2.6 Million) project will be implemented in two phases, with the construction of Phase 1 of the plant planned to commence in 2019 and is targeted to be completed and operational by 2023. Phase 2 will commence immediately after completion of Phase 1.

gikap sida jemaah.

Ngape nembliak 105 bai datat dhu, aku ngapaka mlah semua beblar bebender taban pelajar amat beguwa jemaah dahu.

Enggau pelajar mlah uah ngubah nasib diri orang, nung bik enggau manua kalimpah nyadi aku orang 11 beguwa 11, ku iya ngelatai.

Selobana pengiranani Hari Raya tu lah, SEDC imege ngape CSR ngau yung 200 nembliak anak yatu talu ba beberapa buan rumah penyalangang penduau ba pelah Kuching enggau Sri Aman.

Sama ba dahu ba pengiranani nya Direktor Besar SEDC Hajj Abul Hadi Datuk Abul Kadir pemisah SEDC, Kuching Pengapar, baia pengapar enggau bule bukal-INDON 0.

AWARDS AND RECOGNITIONS



DAMAI BEACH RESORT – 2ND RUNNER UP AWARD

**OUTSTANDING HOTEL &
ACCOMMODATION PROVIDER
(4 STAR HOTEL CATEGORY)**



GRAND MARGHERITA HOTEL – WINNER

**OUTSTANDING HOTEL &
ACCOMMODATION PROVIDER
(4 STARS HOTEL CATEGORY)**



SECTION THREE

CORPORATE SOCIAL RESPONSIBILITY



KUCHING WATERFRONT
– 2ND RUNNER UP AWARD

OUTSTANDING TOURISM ATTRACTIONS & EVENTS
(MAN MADE ATTRACTIONS)



TOPSPOT
– 2ND RUNNER UP AWARD

OUTSTANDING FOOD OUTLETS
(FOOD COURT CATEGORY)



SARAWAK CULTURAL VILLAGE
– 1ST RUNNER UP AWARD

OUTSTANDING TOURISM ATTRACTIONS & EVENTS
(MAN MADE ATTRACTIONS)

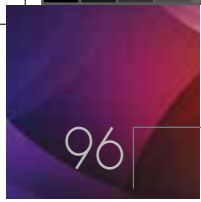




SECTION FOUR

FINANCIAL STATEMENTS

PENYATA KEWANGAN BAGI TAHUN BERAKHIR 31 DISEMBER 2019



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Page	Contents
97	Statement by the Chairman and a Board Members
98	Statutory Declaration
99 – 101	Members' Report
102 – 105	Auditors' Report
106 – 107	Consolidated Statement of Financial Position
108	Consolidated Statement of Comprehensive Income
109 – 110	Consolidated Statement of Changes in Equity
111	Statement of Changes in Equity
112 – 114	Consolidated Statement of Cash Flows
115 – 116	Statement of Cash Flows
117 – 173	Notes to the Financial Statements



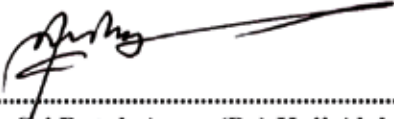
**Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)**


**PENYATA PENERUSI DAN SEORANG AHLI
LEMBAGA PENGARAH**

Kami, YBhg. Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain dan YBhg. Datu Dr. Haji Wan Lizozman Bin Wan Omar yang merupakan Pengerusi dan salah seorang Ahli Lembaga Pengarah PERBADANAN PEMBANGUNAN EKONOMI SARAWAK, dengan ini menyatakan bahawa, pada pendapat Lembaga Pengarah, Penyata Kewangan yang mengandungi Penyata Kedudukan Kewangan, Penyata Pendapatan Komprehensif, Penyata Perubahan Ekuiti dan Penyata Aliran Tunai yang berikut ini berserta dengan nota-nota kepada Penyata Kewangan di dalamnya, adalah disediakan untuk menunjukkan pandangan yang benar dan saksama berkenaan kedudukan PERBADANAN PEMBANGUNAN EKONOMI SARAWAK pada 31 Disember 2019 dan hasil kendaliannya serta perubahan kedudukannya bagi tahun berakhir 31 Disember 2019.

Bagi pihak Lembaga,

Bagi pihak Lembaga,


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


.....
YBhg. Datu Dr. Haji Wan Lizozman
Bin Wan Omar
AHLI

Tarikh: 16 DEC 2020

KUCHING

Tarikh: 16 DEC 2020

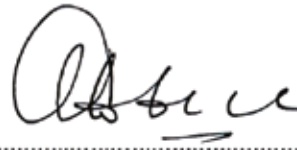
KUCHING

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

PENGAKUAN OLEH PEGAWAI UTAMA YANG
BERTANGGUNGJAWAB KE ATAS PENGURUSAN KEWANGAN
BADAN BERKANUN BERKENAAN

Saya, **Haji Abdul Hadi bin Datuk Haji Abdul Kadir**, sebagai pegawai utama yang bertanggungjawab ke atas pengurusan kewangan dan rekod-rekod perakaunan **PERBADANAN PEMBANGUNAN EKONOMI SARAWAK**, dengan ikhlasnya mengakui bahawa Penyata Kedudukan Kewangan, Penyata Pendapatan Komprehensif, 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 saya, adalah betul dan saya membuat ikrar ini dengan sebenarnya mempercayai bahawa ia adalah benar dan atas kehendak-kehendak Akta Akuan Berkanun, 1960.

Sebenarnya dan sesungguhnya)
 diakui oleh penama di atas di)
 Kuching dalam Negeri Sarawak)
 pada **1 8 DEC 2020**)



.....
Haji Abdul Hadi bin Datuk Haji Abdul Kadir
 Pengurus Besar

Di hadapan saya,



.....
PESURUHJAYA SUMPAH



PHANG DAH NAN
 Commissioner For Oaths
 No. 55, 1st Floor,
 Jalan Chan Bee Kiew
 Off Jalan Padungan,
 93100 Kuching, Sarawak.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Members' Report

The Members of the Board ("Members") present their report together with the audited financial statements of Sarawak Economic Development Corporation ("the Corporation") and of the Group for the financial year ended 31 December 2019.

Principal Activities

The Corporation is principally engaged in activities related to tourism and leisure, agro-food, property development, community development, mineral and mining, commercial and socio-economic projects substantially through its investments in subsidiaries and associated companies.

The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	Group RM'000	Corporation RM'000
Profit for the year	44,587	13,901
Non-controlling interest	(10)	-
Profit attributable to members	<u>44,577</u>	<u>13,901</u>

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

Members

The Members who have held office since the date of the last report and at the date of this report are:

Chairman

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

State Financial Secretary Representative

YBhg. Datu Dr. Haji Wan Lizozman bin Wan Omar
YBhg. Datu Haji Junaidi bin Haji Reduan

(Retired on 31st August 2019)

Federal Treasury Representative

YBhg. Encik Boniface anak Edwin Manung
Encik Mohd Saiful Sungkih bin Abdullah

(Appointed on 1st January 2020)
(Retired on 31st December 2019)

YB. Datuk Amar Jaul Samion

Yang Arif Datuk Talat Mahmood bin Abdul Rashid

YBhg. Datu Laura Lee Ngien Hion

(Appointed on 1st January 2020)

YBhg. Datu Sr. Zaidi bin Haji Mahdi

(Appointed on 1st January 2020)

YBhg. Dr. Muhammad Abdullah bin Haji Zaidel

Dr. Philip Raja

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Members' Report (Contd.)

Members (contd.)

YB Tan Sri Datuk Amar Haji Mohamad Morshidi bin Abdul Ghani	(Retired on 31 st December 2019)
YBhg. Dato Sharkawi bin Alis	(Retired on 31 st December 2019)

Statutory Information on the Financial Statements

- (a) Before the statement of comprehensive income and statement of financial position of the Corporation and of the Group were made out, the Members took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Members are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Corporation and of the Group inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Corporation and of the Group misleading.
- (c) At the date of this report, the Members are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Corporation and of the Group misleading or inappropriate.
- (d) At the date of this report, the Members are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Corporation or of the Group which would render any amount stated in the financial statements misleading.

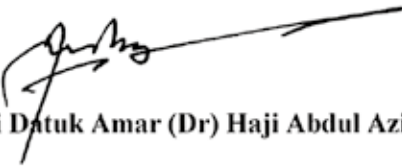
Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

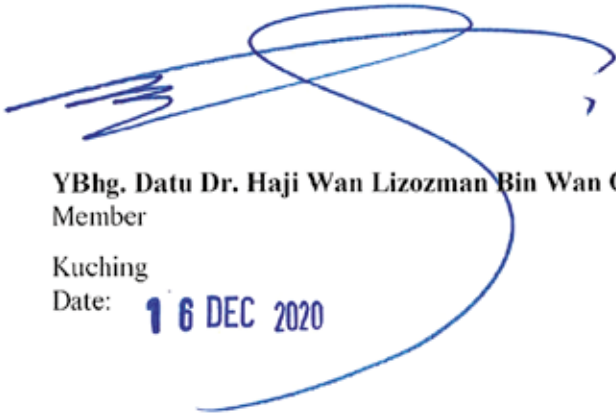
Members' Report (Contd.)

Statutory Information on the Financial Statements (contd.)

- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Corporation and of the Group which has arisen since the end of the financial year which secures the liability of any other person; or
 - (ii) any contingent liability in respect of the Corporation and of the Group which has arisen since the end of the financial year.
- (f) No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Members, will or may substantially affect the ability of the Corporation or of the Group to meet their obligations as and when they fall due.
- (g) In the opinion of the Members,
- (i) the results of the operations of the Corporation and of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the operations of the Corporation and of the Group for the financial year in which this report is made.

Signed on behalf of the Board in accordance
with a resolution of the Members


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


YBhg. Datu Dr. Haji Wan Lizozman Bin Wan Omar
Member

Kuching

Date: **16 DEC 2020**



**SIJIL KETUA AUDIT NEGARA
MENGENAI PENYATA KEWANGAN
PERBADANAN PEMBANGUNAN EKONOMI SARAWAK
BAGI TAHUN BERAKHIR 31 DISEMBER 2019**

Sijil Mengenai Pengauditan Penyata Kewangan

Pendapat

Penyata Kewangan Perbadanan Pembangunan Ekonomi Sarawak yang merangkumi Penyata Kedudukan Kewangan Pada 31 Disember 2019 Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan dan Penyata Pendapatan Komprehensif, Penyata Perubahan Dalam Ekuiti serta Penyata Aliran Tunai Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan bagi tahun berakhir pada tarikh tersebut dan nota kepada penyata kewangan termasuklah ringkasan polisi perakaunan yang signifikan seperti yang dinyatakan pada muka surat 10 hingga 77, telah diaudit oleh wakil saya.

Pada pendapat saya, penyata kewangan ini memberikan gambaran yang benar dan saksama mengenai kedudukan kewangan Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan pada 31 Disember 2019 dan prestasi kewangan serta aliran tunai bagi tahun berakhir pada tarikh tersebut selaras dengan Piawaian Pelaporan Entiti Persendirian Malaysia (MPERS), *The Statutory Bodies (Financial and Accounting Procedure) Ordinance*, 1995 dan *Perbadanan Pembangunan Ekonomi Sarawak Ordinance*, 1972.

Asas Kepada Pendapat

Pengauditan telah dilaksanakan berdasarkan Akta Audit 1957 dan *International Standards of Supreme Audit Institutions*. Tanggungjawab saya dihuraikan selanjutnya di perenggan Tanggungjawab Juruaudit Terhadap Pengauditan Penyata Kewangan dalam sijil ini. Saya percaya bahawa bukti audit yang diperoleh adalah mencukupi dan bersesuaian untuk dijadikan asas kepada pendapat saya.

Kebebasan dan Tanggungjawab Etika Lain

Saya adalah bebas daripada Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan serta telah memenuhi tanggungjawab etika lain berdasarkan *International Standards of Supreme Audit Institutions*.

Maklumat Lain Selain Daripada Penyata Kewangan dan Sijil Juruaudit Mengenainya

Lembaga Pengarah Perbadanan Pembangunan Ekonomi Sarawak bertanggungjawab terhadap maklumat lain dalam Laporan Tahunan. Pendapat saya terhadap Penyata Kewangan Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan tidak meliputi maklumat lain selain daripada Penyata Kewangan dan Sijil Juruaudit mengenainya dan saya tidak menyatakan sebarang bentuk kesimpulan jaminan mengenainya.

Tanggungjawab Lembaga Pengarah Terhadap Penyata Kewangan

Lembaga Pengarah bertanggungjawab terhadap penyediaan Penyata Kewangan Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan yang memberi gambaran benar dan saksama selaras dengan Piawaian Pelaporan Entiti Persendirian Malaysia (MPERS), *The Statutory Bodies (Financial and Accounting Procedure) Ordinance*, 1995 dan Perbadanan Pembangunan Ekonomi Sarawak *Ordinance*, 1972. Lembaga Pengarah juga bertanggungjawab terhadap penetapan kawalan dalaman yang perlu bagi membolehkan penyediaan Penyata Kewangan Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan yang bebas daripada salah nyata yang ketara, sama ada disebabkan fraud atau kesilapan.

Semasa penyediaan Penyata Kewangan Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan, Lembaga Pengarah bertanggungjawab untuk menilai keupayaan Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan untuk beroperasi sebagai satu usaha berterusan, mendedahkannya jika berkaitan serta menggunakannya sebagai asas perakaunan.

Tanggungjawab Juruaudit Terhadap Pengauditan Penyata Kewangan

Objektif saya adalah untuk memperoleh keyakinan yang munasabah sama ada Penyata Kewangan Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan secara keseluruhannya adalah bebas daripada salah nyata yang ketara, sama ada disebabkan fraud atau kesilapan, dan mengeluarkan Sijil Juruaudit yang merangkumi pendapat saya. Jaminan yang munasabah adalah satu tahap jaminan yang tinggi, tetapi bukan satu jaminan bahawa audit yang dijalankan mengikut *International Standards of Supreme Audit Institutions* akan sentiasa mengesan salah nyata yang ketara apabila ia wujud. Salah nyata boleh wujud daripada fraud atau kesilapan dan dianggap ketara sama ada secara individu atau agregat sekiranya boleh dijangkakan dengan munasabah untuk mempengaruhi keputusan ekonomi yang dibuat oleh pengguna berdasarkan penyata kewangan ini.

Sebagai sebahagian daripada pengauditan mengikut *International Standards of Supreme Audit Institutions*, saya menggunakan pertimbangan profesional dan mengekalkan keraguan profesional sepanjang pengauditan. Saya juga:

SECTION FOUR

FINANCIAL STATEMENTS

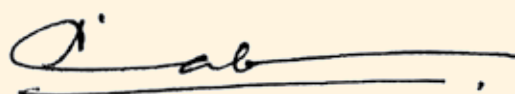
- a. Mengenal pasti dan menilai risiko salah nyata ketara dalam Penyata Kewangan Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan, sama ada disebabkan fraud atau kesilapan, merangka dan melaksanakan prosedur audit yang responsif terhadap risiko berkenaan serta mendapatkan bukti audit yang mencukupi dan bersesuaian untuk memberikan asas kepada pendapat saya. Risiko untuk tidak mengesan salah nyata ketara akibat daripada fraud adalah lebih tinggi daripada kesilapan kerana fraud mungkin melibatkan pakatan, pemalsuan, ketinggalan yang disengajakan, representasi yang salah, atau mengatasi kawalan dalaman.
- b. Memahami kawalan dalaman yang relevan untuk merangka prosedur audit yang bersesuaian tetapi bukan untuk menyatakan pendapat mengenai keberkesanan kawalan dalaman Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan.
- c. Menilai kesesuaian dasar perakaunan yang diguna pakai dan kemunasabahan anggaran perakaunan dan pendedahan yang berkaitan oleh Lembaga Pengarah.
- d. Membuat kesimpulan terhadap kesesuaian penggunaan asas perakaunan untuk usaha berterusan oleh Lembaga Pengarah dan berdasarkan bukti audit yang diperoleh, sama ada wujudnya ketidakpastian ketara yang berkaitan dengan peristiwa atau keadaan yang mungkin menimbulkan keraguan yang signifikan terhadap keupayaan Perbadanan Pembangunan Ekonomi Sarawak atau Kumpulan sebagai satu usaha berterusan. Jika saya membuat kesimpulan bahawa ketidakpastian ketara wujud, saya perlu melaporkan dalam Sijil Juruaudit terhadap pendedahan yang berkaitan dalam penyata kewangan Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan atau, jika pendedahan tersebut tidak mencukupi, pendapat saya akan diubah. Kesimpulan saya dibuat berdasarkan bukti audit yang diperoleh sehingga tarikh Sijil Juruaudit.
- e. Menilai sama ada keseluruhan persembahan termasuk pendedahan penyata kewangan Perbadanan Pembangunan Ekonomi Sarawak dan Kumpulan memberi gambaran yang saksama.
- f. Mendapatkan bukti audit yang mencukupi dan bersesuaian berkaitan maklumat kewangan entiti dan aktiviti perniagaan dalam Kumpulan untuk memberikan pendapat terhadap Penyata Kewangan Kumpulan. Saya bertanggungjawab untuk hala tuju, pengawasan dan pelaksanaan pengauditan kumpulan. Saya hanya bertanggungjawab terhadap pendapat saya.

Laporan Mengenai Keperluan Perundangan dan Peraturan Lain

Berdasarkan keperluan *The Statutory Bodies (Financial and Accounting Procedure) Ordinance*, 1995 serta Perbadanan Pembangunan Ekonomi Sarawak *Ordinance*, 1972, saya juga melaporkan syarikat subsidiari yang tidak diaudit oleh saya, telah dinyatakan di Nota 9 dalam penyata kewangan.

Hal-hal Lain

Sijil ini dibuat untuk Lembaga Pengarah Perbadanan Pembangunan Ekonomi Sarawak berdasarkan *The Statutory Bodies (Financial and Accounting Procedure) Ordinance*, 1995 serta Perbadanan Pembangunan Ekonomi Sarawak *Ordinance*, 1972 dan bukan untuk tujuan lain. Saya tidak bertanggungjawab terhadap pihak lain bagi kandungan sijil ini.



(DATO' HJ. CHE ISA BIN HJ. CHE KOB)
b.p. KETUA AUDIT NEGARA

PUTRAJAYA
30 DISEMBER 2020



Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Consolidated Statement of Financial Position
As at 31 December 2019

		Group		Corporation	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Non-current Assets					
Property, plant and equipment	6	457,018	395,678	236,368	224,780
Land held for property development		5,158	2,298	2,298	2,298
Hotel and investment properties	7	592,606	593,037	-	-
Plantation development expenditure	8	267	267	-	-
Intangible assets		474	437	-	-
Investment in subsidiaries	9	-	-	434,426	463,997
Investment in associates	10	352,180	329,270	47,485	47,485
Investments in other corporations	11	190,358	234,724	173,468	219,574
Deferred tax assets		778	593	-	-
		<u>1,598,839</u>	<u>1,556,304</u>	<u>894,045</u>	<u>958,134</u>
Current Assets					
Inventories	12	50,732	47,464	6,221	6,228
Trade and other receivables	13	79,033	51,929	168,045	101,936
Fixed deposits with financial institutions	14	36,649	46,731	-	32,262
Cash and cash equivalents	15	231,336	263,825	164,777	170,556
		<u>397,750</u>	<u>409,949</u>	<u>339,043</u>	<u>310,982</u>
Total Assets		<u>1,996,589</u>	<u>1,966,253</u>	<u>1,233,088</u>	<u>1,269,116</u>
Equity					
Reserves	16	<u>1,289,965</u>	<u>1,246,446</u>	<u>732,184</u>	<u>718,283</u>
		1,289,965	1,246,446	732,184	718,283
Non-controlling interest		<u>15,470</u>	<u>15,461</u>	<u>-</u>	<u>-</u>
		<u>1,305,435</u>	<u>1,261,907</u>	<u>732,184</u>	<u>718,283</u>

The accompanying notes form an integral part of these financial statements

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Consolidated Statement of Financial Position (Contd.)
As at 31 December 2019

		Group		Corporation	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Non-current Liabilities					
State government equity grant	17 (a)	24,793	75,208	24,793	75,208
State government contribution for equity participation	17 (b)	264,677	264,677	264,677	264,677
Development funds	18	101,800	116,172	101,800	101,120
Lease payables	19	-	10	-	-
Government term loans	20	7,798	8,044	7,798	8,044
Government grants	21	1,562	7,792	-	-
Deferred tax liabilities	22	12,179	11,737	-	-
Deferred income		158,861	152,967	89,796	81,572
Employee benefits	23	2,556	2,641	2,426	2,523
Other borrowings	24	67,136	20,000	-	-
		<u>641,362</u>	<u>659,248</u>	<u>491,290</u>	<u>533,144</u>
Current Liabilities					
Trade and other payables	25	43,427	41,319	9,368	17,453
Deferred income		3,261	3,198	-	-
Lease payables	19	1	30	-	-
Government term loans	20	246	236	246	236
Other borrowings	24	1,484	-	-	-
Tax payable		1,373	315	-	-
		<u>49,792</u>	<u>45,098</u>	<u>9,614</u>	<u>17,689</u>
Total Equity and Liabilities		<u>1,996,589</u>	<u>1,966,253</u>	<u>1,233,088</u>	<u>1,269,116</u>

The accompanying notes form an integral part of these financial statements

SECTION FOUR

FINANCIAL STATEMENTS

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Consolidated Statement of Comprehensive Income
For The Year Ended 31 December 2019

		Group		Corporation	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Revenue	26	225,820	236,399	40,743	41,523
Cost of sales	26	(129,120)	(142,786)	-	-
Gross profit		96,700	93,613	40,743	41,523
Other operating income		90,762	48,802	61,993	12,262
Distribution costs		(1,812)	(1,532)	-	-
Administrative expenses		(78,953)	(79,958)	(21,882)	(21,751)
Other operating expenses		(71,309)	(105,250)	(66,627)	(91,073)
Profit/(Loss) from operations		35,388	(44,325)	14,227	(59,039)
Finance costs		(4,253)	(2,393)	(326)	(334)
Share of associates' results		17,290	18,578	-	-
Profit/(Loss) before taxation	27	48,425	(28,140)	13,901	(59,373)
Taxation	28	(3,838)	(3,686)	-	-
Profit/(Loss) after taxation		44,587	(31,826)	13,901	(59,373)
Non-controlling interest		(10)	(70)	-	-
Profit/(Loss) attributable to members		44,577	(31,896)	13,901	(59,373)

The accompanying notes form an integral part of these financial statements

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Consolidated Statement of Changes in Equity
For The Year Ended 31 December 2019

Group	Non - distributable					Total RM'000
	Capital reserve RM'000	Share premium RM'000	Revaluation reserve RM'000	Reserve on consolidation RM'000	Revenue reserve RM'000	
At 1 January 2019	3,768	-	60,193	52,323	1,130,162	1,246,446
Profit for the year	-	-	-	-	44,577	44,577
Arising on consolidation	(3,415)	-	3,792	(52,323)	50,888	(1,058)
At 31 December 2019	353	-	63,985	-	1,225,627	1,289,965

The accompanying notes form an integral part of these financial statements

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Consolidated Statement of Changes in Equity (Contd.)
For The Year Ended 31 December 2019

Group	←		Non - distributable		→		Total RM'000
	Capital reserve RM'000	Share premium RM'000	Revaluation reserve RM'000	Reserve on consolidation RM'000	Revenue reserve RM'000		
At 1 January 2018	3,768	9,348	70,594	52,368	1,154,160	1,290,238	
Reclassification of account	-	(9,348)	-	-	-	(9,348)	
Loss for the year	-	-	-	-	(31,896)	(31,896)	
Arising on consolidation	-	-	(4,974)	(45)	7,898	2,879	
Exchange differences	-	-	(5,427)	-	-	(5,427)	
At 31 December 2018	3,768	-	60,193	52,323	1,130,162	1,246,446	

The accompanying notes form an integral part of these financial statements

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Statement of Changes in Equity
For The Year Ended 31 December 2019

	Revenue Reserve
	RM'000
Corporation	
At 1 January 2019	718,283
Profit for the year	<u>13,901</u>
At 31 December 2019	<u>732,184</u>
At 1 January 2018	777,656
Loss for the year	<u>(59,373)</u>
At 31 December 2018	<u>718,283</u>

The accompanying notes form an integral part of these financial statements

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Consolidated Statement of Cash Flows
For The Year Ended 31 December 2019

	Group	
	2019 RM'000	2018 RM'000
Cash flows from operating activities		
Profit/(Loss) before taxation and minority interest	48,425	(28,140)
Adjustment for:		
Amortisation of development expenditure	(4,096)	(4,096)
Amortisation of prepaid land lease payment	-	76
Allowance for diminution in investment	16,478	74,441
Allowance for doubtful debts, net of allowance no longer required	(1,737)	(2,977)
Amortisation of intangible asset	38	43
Amortisation of government grant	(50,105)	(3,119)
Bad debts written off	-	4,202
Bad debts recovered	-	(450)
Depreciation	12,463	14,293
Dividend income	(5,438)	(26,634)
Loss on disposal of associates	10	-
Loss on investment properties	431	44
Gain on other investment	-	(600)
(Gain)/Loss on disposal of property, plant and equipment	(404)	182
Impairment of property, plant and equipment	-	549
Interest expense	2,898	335
Interest income	(9,357)	(10,324)
Provision for capital expenditure	-	960
Share of associates' result	(17,281)	(18,632)
Unrealised foreign exchange loss	-	6
Operating (loss) / profit before working capital changes	(7,675)	159
Increase in inventories	(28,635)	(3,034)
Decrease/(Increase) in receivables	44,268	(3,204)
Increase/(Decrease) in payables	2,108	(6,590)
Decrease in deferred income	-	(321)
Cash generated from/(used in) operation - c/f	10,066	(12,990)

The accompanying notes form an integral part of these financial statements

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Consolidated Statement of Cash Flows (Contd.)
For The Year Ended 31 December 2019

	Group	
	2019	2018
	RM'000	RM'000
Cash flows from operating activities (contd.)		
Cash generated from/(used in) operation - b/f	10,066	(12,990)
Interest paid	(2,898)	(335)
Interest received	9,357	10,324
Taxes refund/(paid), net	1,058	(6,427)
Net cash generated from/(used in) operating activities	<u>17,583</u>	<u>(9,428)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(100,733)	(67,692)
Acquisition of investment	-	(1,438)
Acquisition of intangible assets	(75)	-
Acquisition of land help for future development	(2,860)	-
Advances/loan repaid to associates	-	284
Revaluation of other investment	-	(2,202)
Dividend received	5,438	26,388
Proceeds from disposal of other investments	27,888	16,747
Proceeds from disposal of property, plant and equipment	25,810	230
Proceed from disposal of an associates	1	600
Transfer from government grant	-	(512)
Drawdown of deposits with maturity of more than three months	10,082	-
Placement of deposits with maturity of more than three months	-	(3,220)
Net cash used in investing activities	<u>(34,449)</u>	<u>(30,815)</u>
Cash flows from financing activities		
Drawdown of term loan	6,605	10,000
Repayment of hire purchase and lease instalments	-	(16)
Repayment of term loan	(275)	(2,246)
Government grant (utilised)/received	(6,540)	7,825
(Disbursement)/Proceed of development fund	(12,353)	26,665
Net cash (used in)/generated from financing activities	<u>(12,563)</u>	<u>42,228</u>

The accompanying notes form an integral part of these financial statements

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Consolidated Statement of Cash Flows (Contd.)
For The Year Ended 31 December 2019

	Group	
	2019 RM'000	2018 RM'000
Net (decrease) / increase in cash and cash equivalents	(29,429)	1,985
Effect of translation adjustments	(3,060)	(1,602)
Cash and cash equivalents at beginning of year	<u>263,325</u>	<u>262,942</u>
Cash and cash equivalents at end of year	<u><u>230,836</u></u>	<u><u>263,325</u></u>
Analysis of cash and cash equivalents at end of year comprised:		
Cash and bank balances	75,810	84,610
Deposits with financial institutions	<u>192,175</u>	<u>225,946</u>
	267,985	310,556
Less: Fixed deposits with maturity more than three months	(36,649)	(46,731)
Less: Deposit pledged to bank	<u>(500)</u>	<u>(500)</u>
	<u><u>230,836</u></u>	<u><u>263,325</u></u>

The accompanying notes form an integral part of these financial statements

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Statement of Cash Flows
For The Year Ended 31 December 2019

	Corporation	
	2019	2018
	RM'000	RM'000
Cash flows from operating activities		
Profit / (Loss) before taxation	13,901	(59,373)
Adjustment for:		
Allowance for diminution in investment	46,137	74,441
Allowance for doubtful debts, net of allowance no longer required	3,814	(2,367)
Amortisation of development funds	(4,096)	(4,096)
Amortisation of equity grant	(50,415)	-
Depreciation	4,029	2,975
Dividend income	(20,981)	(27,482)
Gain on disposal of associate	-	(600)
Gain on disposal of property, plant and equipment	(126)	(138)
Interest expense	326	334
Interest income	(8,221)	(8,524)
Operating loss before working capital changes	(15,632)	(24,830)
Decrease in inventories	7	1
Increase in receivables	(34,402)	(30)
Increase in payables	(8,182)	11,065
Cash used in operations	(58,209)	(13,794)
Interest paid	(326)	(334)
Interest received	8,221	8,524
Taxes paid	562	(211)
Net cash used in operating activities	(49,752)	(5,815)

The accompanying notes form an integral part of these financial statements

SECTION FOUR

FINANCIAL STATEMENTS

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Statement of Cash Flows (Contd.)
For The Year Ended 31 December 2019

	Corporation	
	2019	2018
	RM'000	RM'000
Cash flows from investing activities		
Acquisition of investment in shares and unit trust	(12,238)	(1,360)
Acquisition of property, plant and equipment	(20,566)	(52,534)
Advances repaid (to)/from associates	(26)	284
Advances repaid (to)/from subsidiaries	(36,056)	3,041
Dividend received	20,981	27,481
Proceeds from disposal of property, plant and equipment	306	155
Proceeds from disposal of other investment	41,777	15,000
Proceed from disposal of an associate	-	600
Placement/ (Withdrawal) of deposits with maturity more than three month	32,262	(3,317)
Net cash generated from /(used in) investing activities	<u>26,440</u>	<u>(10,650)</u>
Cash flows from financing activities		
Repayment of government terms loans	(236)	(227)
Proceed from development funds	17,769	26,665
Net cash used in financing activities	<u>17,533</u>	<u>26,438</u>
Net (decrease) / increase in cash and cash equivalents	(5,779)	9,973
Cash and cash equivalents at beginning of year	<u>170,556</u>	<u>160,583</u>
Cash and cash equivalents at end of year	<u><u>164,777</u></u>	<u><u>170,556</u></u>
Analysis of cash and cash equivalents at end of the year comprised:		
Cash and bank balances	21,144	30,195
Deposit with financial institutions	143,633	172,623
	164,777	202,818
Less: Fixed deposits with maturity more than three months	-	(32,262)
	<u><u>164,777</u></u>	<u><u>170,556</u></u>

The accompanying notes form an integral part of these financial statements

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

1. Corporation Information

The Corporation is principally engaged in activities related to tourism and leisure, agro-food, property development, community development, mineral and mining, commercial and socio-economic projects substantially through its investments in subsidiaries and associated companies.

The Corporation is established under the Perbadanan Pembangunan Ekonomi Sarawak Ordinance, 1972 (Sarawak Cap. 35). The registered office of the Corporation is located at Menara SEDC, Level 3 – 11, Lot 2878, Isthmus, off Jalan Bako, 93050 Kuching, Sarawak.

The financial statements were authorised for issue by the Board Members in accordance with a resolution of the Members on 16 December 2020.

2. Compliance with Financial Reporting Standards

The financial statement have been prepared in compliance with Malaysian Private Entities Reporting Standard (MPERS) issued by Malaysian Accounting Standard Boards (MASB).

3. Basis of Preparation

The financial statements have been prepared in accordance with MPERS in Malaysia. The financial statements of the Corporation and of the Group have also been prepared on a historical cost basis, except for financial instruments that have been measured at their fair values.

The financial statements are presented in Ringgit Malaysia ("RM").

4. Significant Accounting Policies

4.1 Business Combinations and Consolidation

(i) Business Combinations

The Group applies the acquisition method to account for all business combinations. If the acquisition of an asset or a group of assets does not constitute a business, it is accounted for as an asset acquisition.

The Group identifies the acquisition date of a business combination as the date on which the Group obtains control of an acquiree. Control is obtained when the Group commences to have the power to direct financial and operating policy decisions of the investee so as to obtain benefits from its activities. This may require fulfilment of precedent conditions, such as completion of due diligence audit, and shareholders' approvals if they are specified in a sale and purchase agreement.

As of the acquisition date, the Group recognises, separately from goodwill, the identifiable assets acquired (including identifiable intangible assets), the liabilities assumed (including contingent liabilities) and any non-controlling interest in the acquiree. The identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values, except for those permitted or required to be measured on other bases by MPERS. Non-controlling interest at the acquisition date is measured at its acquisition date share of net assets, excluding goodwill.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

4. Significant Accounting Policies (Contd.)

4.1 Business Combinations and Consolidation (contd.)

(i) Business Combinations (contd.)

The cost of a business combination is measured at fair value, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Expenses incurred in connection with a business combination are capitalised in the cost of business combination.

The cost of a business combination is allocated to the share of net assets acquired to determine the initial amount of goodwill on combination. In a business combination achieved in stages (including acquisition of a former associate or a former joint venture), the cost of each exchange transaction is compared with the share of net assets to determine the goodwill of each exchange transaction on a step-by-step basis. Any increase in equity interest in an investee after the acquisition date is accounted as an equity transaction between the parent and the non-controlling interests and the effect is adjusted directly in equity.

If the initial accounting for a business combination is not complete by the end of reporting period in which the combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends after one year from acquisition date.

(ii) Subsidiaries and Basis of Consolidation

The Group recognises a subsidiary based on the criterion of control. A subsidiary is an entity (including special purpose entities) over which the Group has the power to govern the financial and operating policy decisions of the investee so as to obtain benefits from its activities. In circumstances when the voting rights are not more than half or when the voting rights are not dominant determinant of control, the Group uses judgements to assess whether it has de facto control, control by other arrangements (including control of special purpose entities), or by holding substantive potential voting rights.

The financial statements of the parent Corporation and all its subsidiaries used in the preparation of the consolidated financial statements are prepared as of the same reporting date of 31 December 2019. The consolidated financial statements are prepared using uniform accounting policies for like transactions, other events and conditions in similar circumstances.

The carrying amount of investment in each subsidiary of a parent in the Group is eliminated against the parent's portion of equity in each subsidiary. The consolidated financial statements combine like items of assets, liabilities, equity, income, expenses and cash flows of the Corporation and all its subsidiaries.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

4. Significant Accounting Policies (Contd.)

4.1 Business Combinations and Consolidation (contd.)

(ii) Subsidiaries and Basis of Consolidation (contd.)

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition (which is the date the Group assumes control of an investee) or up to effective date of disposal (which is the date the Group ceases to have control of an investee).

All intra-group balances and transactions are eliminated in full on consolidation. Unrealised profits or losses arising from intra-group transactions are also eliminated in full on consolidation, except when an unrealised loss is an impairment loss.

When the Group ceases to control a subsidiary, the difference between the proceeds from the disposal of the subsidiary and its carrying amount at the date that control is lost is recognised in profit or loss in the statement of comprehensive income as a gain or loss on disposal of the subsidiary. The cumulative amount of any exchange differences that relate to a foreign subsidiary recognised in other comprehensive income is not reclassified to profit or loss on disposal of the subsidiary.

If the Group retains an equity interest in the former subsidiary, it is accounted for as a financial asset (provided it does not become an associate or a joint venture). The carrying amount of the investment retained at the date that the entity ceases to be a subsidiary is regarded as the cost on initial measurement of the financial asset.

Any decrease in equity stake in a subsidiary that does not result in a loss of control is accounted for as an equity transaction and the financial effect is adjusted directly in the consolidated statement of changes in equity.

(iii) Associates

The Group recognises an associate based on the criterion of significant influence. Significant influence exists when the Group has the power to participate in the financial and operating policy decisions of the investee but has no control or joint control of those policies. This is normally (though not necessarily) accomplished when the Group, directly or indirectly through subsidiaries, holds 20 per cent or more of the voting rights of the investee.

When the Group's voting rights in an investee are less than 20 per cent, the Group assesses whether it has significant influence by examining all relevant facts and circumstances, including the existence of potential voting rights that are substantive, representation on the board of directors, participation in policy-making processes, material transactions between the Group and the investee, interchange of managerial personnel and provision of essential technical information.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

4. Significant Accounting Policies (Contd.)

4.1 Business Combinations and Consolidation (contd.)

(iii) Associates (contd.)

The Group may sometimes hold an insignificant equity interest in an investee to cement a trading relationship and is represented on the board of directors of the investee. If the Group's representation on the board of directors is solely for the purpose of protecting the value of the investment rather than participation in the policy decisions, the investee is not classified as an associate.

The Group measures all investment in associates using cost method.

(iv) Non-controlling Interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Corporation, are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Corporation. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Corporation. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

4.2 Goodwill

Goodwill and Bargain Purchase

The Group does not recognise internally generated goodwill.

In a business combination accounted for under the acquisition method, purchased goodwill is recognised as an asset as of the acquisition date, measured at the difference between cost of investment and share of net assets acquired. Non-controlling interests' share of goodwill is not recognised.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

4. Significant Accounting Policies (Contd.)

4.3 Property, Plant and Equipment and Depreciation

Operating tangible assets that are used for more than one accounting period in the production and supply of goods and services, for administrative purposes or for rental to others are recognised as property, plant and equipment when the Group obtains control of the assets. The assets, including major spares, servicing equipment and stand-by equipment, are classified into appropriate classes based on their nature. Any subsequent replacement of a significant component in an existing asset is capitalised as a new component in the asset and the old component is derecognised. All property, plant and equipment are initially measured at cost. For a purchased asset, cost comprises purchase price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use.

All property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses. All other property, plant and equipment are depreciated by allocating the depreciable amount of a significant component or of an item over the remaining useful life.

Freehold land is stated at valuation less impairment losses. Valuation of the land is made by an independent valuer on an open market value basis. Any revaluation increase is credited to equity as a revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is recognised in the profit or loss to the extent of the decrease previously recognised. A revaluation decrease is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised as an expense. Upon the disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to revenue reserve.

Long leasehold land, pasture development assets and construction work-in-progress are not depreciated. Short leasehold land is amortised over the period of the lease. All other property, plant and equipment are depreciated on a straight-line basis to write off the cost or valuation of the assets over their estimated useful life at the following principal annual rates:

Buildings and improvements	2% - 33 1/3%
Leasehold improvements	2% - 20%
Plant, machinery and equipment	2% - 33 1/3%

Crockery, glassware, cutlery and linen for subsidiaries involved in hotel operations are capitalised at the minimum level requirement for normal operation. Additions and replacements are written off in the year in which they are acquired.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to revenue reserve.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

4. Significant Accounting Policies (Contd.)

4.3 Property, Plant and Equipment and Depreciation (contd.)

At the end of each reporting period, the residual values, useful lives and depreciation methods for the property, plant and equipment are reviewed for reasonableness. Any change in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current period.

4.4 Land Held for Property Development and Property Development Costs

(i) Land Held for Property Development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 4.14(g).

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property Development Costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the profit or loss by using the completion method where the significant risks and rewards of ownership have been transferred to the buyer.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

4. Significant Accounting Policies (Contd.)

4.5 Hotel and Investment Properties

Hotel and investment properties comprise of hotel land, buildings and their integral plant and machinery.

Hotel and investment properties are stated at Members' valuation based on independent professional valuers' reports. Additions subsequent to the date of valuation are stated at cost. It is the policy to appraise the hotel and investment properties once in every five years or such shorter period when appropriate, based on open market valuation.

Surplus arising from revaluation is credited to revaluation reserve. Deficit in excess of the revaluation reserve arising from previous revaluation is recognised in profit or loss.

No depreciation is provided on hotel and investment properties. It is the Group's policy to maintain these properties in such condition that the residual value is at a level where depreciation would be insignificant. The related maintenance expenditure is dealt with in the profit or loss.

4.6 Inventories

Inventories are measured at the lower of cost and net realisable value (which is the estimated selling price less costs to complete and sell). Cost comprises purchase price and directly attributable costs of bringing the inventories to their present location and condition.

For items of inventory that are individually significant or are segregated for individual projects, cost is measured using the specific identification method. For homogeneous items of inventory, cost is determined by the weighted average cost formula. Net realisable value is determined on an item-by-item basis or on group of similar items basis.

Inventories are stated at the lower of cost and net realisable value with the exception of live stocks. Cost of other inventories include, where relevant, direct production expenses and overheads and is determined on a weighted average or first-in, first-out basis as appropriate.

The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

With the exception of the foreign incorporated subsidiary, livestock are stated at the lower of cost and net realisable value with weighted average cost being the basis for cost. Cost of livestock comprises the original purchase price and estimated natural increase and herd appreciation plus incidentals in bringing the livestock to their present location and condition. For the foreign subsidiary, livestock are measured at fair value less estimated point-of-sale costs, in compliance with International Accounting Standard 41, Agriculture.

In arriving at the net realisable value, due allowance is made for all damaged, obsolete and slow-moving items.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

4. Significant Accounting Policies (Contd.)

4.7 Construction Contracts

The Group's contract accounting is usually applied separately to each construction contract with a customer. However, when a contract covers a number of assets, the construction of each asset is treated as a separate contract when: (a) separate proposals have been submitted for each asset; (b) each asset has been subject to separate negotiation, and the contractor and customer are able to accept or reject that part of the contract related to each asset; and (c) the costs and revenues for each asset can be identified. Conversely, a group of contracts, whether with a single customer or with several customers, is treated as single construction contracts when: (a) the group of contracts is negotiated as a single package; (b) the contracts are so closely related that they are, in effect, part of a single project with an overall profit margin; and (c) the contracts are performed concurrently or in a continuous sequence.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion is measured by the proportion that costs incurred for work performed to date bear to the estimated total costs. When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue on contract, the expected loss is recognised as an expense immediately, with a corresponding provision for an onerous contract.

When the aggregate of: (i) costs incurred; plus (ii) recognised progressive profit, less (iii) recognised foreseeable losses exceeds the progress billings to date of contract with customers, the excess is recognised and presented as a gross amount due from customers (a current asset). Conversely, when that aggregate is less than the progress billings, the shortfall is recognised and presented as a gross amount due to customers (a current liability).

4.8 Investments

Investments are stated at cost except where the Members are of the opinion that there is a permanent diminution in the value in which case, a provision is made for the diminution.

The investments are measured at fair value.

4.9 Plantation Development Expenditure

All expenditure incurred on new planting from land clearing to the point of maturity is capitalised under plantation development expenditure. Subsequent replanting expenditure and upkeep of trees is recognised in the profit or loss in the year in which the expenditure is incurred. Plantation development expenditures are measured at cost.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

4. Significant Accounting Policies (Contd.)

4.10 Accounting for Grants

A government grant is assistance by government in the form of a transfer of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity.

Grant received before the revenue recognition criteria are satisfied are recognised as deferred income. The Government Grants are measured at fair value.

The grant will be amortised based on useful life of grants.

4.11 Finance and Operating Leases

The Group recognises a lease whenever there is an agreement, whether explicitly stated as a lease or otherwise, whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Title may or may not eventually be transferred. All other leases that do not meet this criterion are classified as operating leases.

(i) Lessee Accounting

The Group capitalises the underlying leased asset and the related lease liability in finance lease. The amount recognised at the commencement date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate is used. Any initial direct costs of the lease are added to the amount recognised as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are classified by nature and accounted for in accordance with applicable Standards in MPERS. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the lease term and its useful life.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

4. Significant Accounting Policies (Contd.)

4.11 Finance and Operating Leases (Contd.)

(ii) Operating Leases

The Group does not capitalise the underlying leased asset or recognise a lease liability in an operating lease. Instead, lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

4.12 Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

4.13 Impairment of Non-Financial Assets

An impairment loss arises when the carrying amount of a Group's asset exceeds its recoverable amount. At the end of each reporting date, the Group assesses whether there is any indication that a stand-alone asset or a cash-generating unit may be impaired by using external and internal sources of information. If any such indication exists, the Group estimates the recoverable amount of the asset or cash-generating unit.

If an individual asset generates independent cash inflows, it is tested for impairment as a stand-alone asset. If an asset does not generate independent cash inflows, it is tested for impairment together with other assets in a cash-generating unit, at the lowest level in which independent cash inflows are generated and monitored for internal management purposes.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and the value in use. The Group determines the fair value less costs to sell of an asset or a cash-generating unit in a hierarchy based on: (i) price in a binding sale agreement; (ii) market price traded in an active market; and (iii) estimate of market price using the best available information. The value in use is estimated by discounting the net cash inflows (by an appropriate discount rate) of the asset or unit, using reasonable and supportable management's budgets and forecasts of five years and extrapolation of cash inflows for periods beyond the five-year forecast or budget.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

4. Significant Accounting Policies (Contd.)

4.13 Impairment of Non-Financial Assets (contd.)

For an asset measured on a cost-based model, any impairment loss is recognised in profit or loss.

For a cash-generating unit, any impairment loss is allocated to the assets of the unit pro rata based on the relative carrying amounts of the assets.

The Group reassesses the recoverable amount of an impaired asset or a cash-generating unit if there is any indication that an impairment loss recognised previously may have reversed. Any reversal of impairment loss for an asset carried at a cost-based model is recognised in profit or loss, subject to the limit that the revised carrying amount does not exceed the amount that would have been determined had no impairment loss been recognised previously.

4.14 Financial Instruments

(a) Initial Recognition and Measurement

The Group recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial assets and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(b) Derecognition of Financial Instruments

A financial asset is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Group acts only as a collection agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

4. Significant Accounting Policies (Contd.)

4.14 Financial Instruments (contd.)

(b) Derecognition of Financial Instruments (contd.)

For this purpose, the Group considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate differs by 10% or more when compared with the carrying amount of the original liability.

(c) Subsequent Measurement of Financial Assets

For the purpose of subsequent measurement, the Group classifies financial assets into two categories, namely: (i) financial assets at fair value through profit or loss; and (ii) financial assets at amortised cost. After initial recognition, investments in ordinary shares are measured at their fair values by reference to the active market prices, if observable, or otherwise by a valuation technique, without any deduction for transaction costs it may incur on sale or other disposal.

Investments in debt instruments, whether quoted or unquoted, are subsequently measured at amortised cost using the effective interest method. Investments in unquoted equity instruments and whose fair value cannot be reliably measured are measured at cost. Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 4.14 (g).

(d) Subsequent Measurement of Financial Liabilities

After initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

(e) Fair Value Measurement of Financial Instruments

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique using reasonable and supportable assumptions.

(f) Recognition of Gains and Losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise. For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

4. Significant Accounting Policies (Contd.)

4.14 Financial Instruments (contd.)

(g) Impairment and Uncollectibility of Financial Assets

At the end of each reporting period, the Group examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidences of trigger loss events include: (i) significant difficulty of the issuer or obligor; (ii) a breach of contract, such as a default or delinquency in interest or principal payments; (iii) granting exceptional concession to a customer; (iv) it is probable that a customer will enter bankruptcy or other financial reorganisation; (v) the disappearance of an active market for that financial asset because of financial difficulties; or (vi) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at the original effective interest rate. Any impairment loss is recognised in profit or loss and a corresponding amount is recorded in a loss allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the loss allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable wherever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the Group's experience of loss ratio in each class, taking into consideration current market conditions.

For an unquoted equity investment measured at cost less impairment, the impairment is the difference between the asset's carrying amount and the best estimate (which will necessarily be an approximation) of the amount (which might be zero) that the Group expects to receive for the asset if it were sold at the reporting date. The Group may estimate the recoverable amount using an adjusted net asset value approach.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

4. Significant Accounting Policies (Contd.)

4.15 Revenue Recognition and Measurements

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.

The following specific recognition criteria must also be met before revenue is recognised:

(i) **Sale of Goods and Services**

Revenue from sale of goods and provision of services is recognised when goods are sold or services are rendered.

(ii) **Dividend Income**

Dividend income is recognised when the shareholders' right to receive payment is established.

(iii) **Sale of Properties**

Revenue from sale of properties is accounted for by completion method as described in Note 26.

(iv) **Construction Contracts**

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 4.7.

4.16 Tax Assets and Tax Liabilities

A current tax for current and prior periods to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceed the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability (asset) is measured at the amount the Group expects to pay (recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (or tax loss). The exceptions for initial recognition differences include items of property, plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

4. Significant Accounting Policies (Contd.)

4.16 Tax Assets and Tax Liabilities (contd.)

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affect neither accounting profit nor taxable profit (or tax loss). The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying property, plant and equipment.

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Unused tax credits do not include unabsorbed reinvestment allowances and unabsorbed investment tax allowances because the Group treats these as part of initial recognition differences.

Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflect the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. For an investment property measured at fair value, the Group does not have a business model to hold the property solely for rental income, and hence, the deferred tax liability on the fair value gain is measured based on the presumption that the property is recovered through sale at the end of the reporting period.

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A current or deferred tax is recognised as income or expense in profit or loss for the period. For items recognised directly in equity, the related tax effect is also recognised directly in equity.

4.17 Employee Benefits

The Group recognises a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the Group consumes the economic benefits arising from service provided by an employee in exchange for employee benefits.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

4. Significant Accounting Policies (Contd.)

4.17 Employee Benefits (contd.)

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave and long services leave 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 absences occur. Employee entitlements that are expected to be settled within one year have been measured at their nominal value.

(ii) Defined Contribution Plans

As required by law, the Group's local subsidiaries make contributions to the Employees Provident Fund. In addition, the Corporation also contributes to the Pension Scheme. Such contributions are recognised as an expense in the profit or loss as incurred.

4.18 Finance Costs

Finance costs of the Group include interest on loans, finance lease liabilities and interest expense of other debt instruments calculated using the effective interest method. All borrowing costs are recognised as an expense when incurred.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

4. Significant Accounting Policies (Contd.)

4.19 Foreign Currencies

(i) Foreign Currency Transactions

Transactions in foreign currencies during the financial year are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the rates of exchange ruling at that date.

Foreign currency term loan at the reporting date is translated into Ringgit Malaysia at the rates of exchange approximating those ruling at that date. Exchange gains and losses arising from the translation of long term foreign currency term loan is deferred and amortised on a straight-line basis over the term of the loan. Other exchange gains and losses have been dealt with in the profit or loss.

(ii) Financial Statements of Foreign Operations

The Group's foreign operations are considered an integral part of its local subsidiary's operations. Accordingly, the assets and liabilities of the foreign operations, including goodwill arising on consolidation, are translated to Ringgit Malaysia at exchange rates ruling at the balance sheet date. The revenue and expenses of foreign operations are translated to Ringgit Malaysia at average exchange rates applicable throughout the year. Foreign exchange differences arising on translation are recognised directly in the profit or loss.

The closing rates used in translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations are as follows:

	2019 RM	2018 RM
1 Australian Dollar	2.86	2.91
1 United States Dollar	4.09	4.13

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

5. Critical Judgements and Estimation Uncertainty

5.1 Judgements and Assumption Applied

In the selection of accounting policies of the Group, the areas that require significant judgements and assumptions are in:

(a) Classification of Finance and Operating Leases

The Group classifies a lease as a finance lease or an operating lease based on criterion of the extent to which significant risks and rewards incidental to ownership of the underlying asset lie. As a lessee, the Group recognises a lease as a finance lease if it is exposed to significant risks and rewards incidental to ownership of the underlying asset. In applying judgements, the Group considers whether there is significant economic incentive to exercise a purchase option or any optional renewal periods.

A lease is classified as a finance lease if the lease term is for at least 75% of the economic life of the underlying asset, the present value of lease payments is at least 90% of the fair value of the underlying asset, or the identified asset in the lease is a specialised asset which can only be used substantially by the lessee. All other leases that do not result in a significant transfer of risks and rewards are classified as operating leases.

5.2 Estimation Uncertainty

The measurement of some assets and liabilities requires management to use estimates based on various observable inputs and other assumptions. The areas or items that are subject to significant estimation uncertainties of the Group are in measuring: (a) value-in-use of non-financial assets in impairment testing; (b) loss allowances of financial assets; (c) depreciation of property, plant and equipment; (d) measurement of revenue and expenses in construction contracts and property development projects; and (e) measurement of income taxes.

(a) Determining the Value-in-Use

In determining the value-in-use of a stand-alone asset or a cash-generating unit, management uses reasonable and supportable inputs about sales, costs of sales and other expenses based upon past experiences, current events and reasonably possible future developments. Cash flows are projected based on those inputs and discounted at an appropriate discount rate(s).

The actual outcome or event may not coincide with inputs or assumptions and the discount rate applied in the measurement, and this may have a significant effect on the Group's financial position and results.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

5. Critical Judgements and Estimation Uncertainty (Contd.)

5.2 Estimation Uncertainty (contd.)

(b) Loss Allowances of Financial Assets

The Corporation and the Group recognises impairment losses for loans and receivables using the incurred loss model. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable.

All other loans and receivables are categorised into credit risk classes and tested for impairment collectively, using the Corporation and the Group's past experiences of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowances made and these may affect the Group's financial position and results.

(c) Depreciation of Property, Plant and Equipment

The cost of an item of property, plant and equipment is depreciated on the straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment.

(d) Measurement of Revenue and Expenses in Construction and Property Development Projects

The Corporation and the Group applies percentage of completion method to account for all of its construction contracts with customers and most of its property development projects. The method requires reliable estimation of future outcomes that invariably must rely on estimates of stage of completion, future revenue, future costs and collectability of progress billings. Internal budgets and forecasts are used in these estimates. The actual outcome will only be known when a contract or development project is completed and all units sold to customers and this actual outcome may not coincide with the estimates made.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

5. Critical Judgements and Estimation Uncertainty (Contd.)

5.2 Estimation Uncertainty (contd.)

(e) Measurement of Income Taxes

The Corporation and the Group operate in various jurisdictions and are subject to the income taxes in each jurisdiction. Significant judgement is required in determining the Corporation and the Group's provision for the current and deferred taxes because the ultimate tax liability for the Corporation and the Group as a whole is uncertain. When the final outcome of taxes payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Corporation and the Group will adjust for the differences as over or under provision of current or deferred taxes in the current period in which those differences arise.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

6. Property, Plant and Equipment

Group	Freehold land/long leasehold land RM'000	Short leasehold land RM'000	Buildings and improvements RM'000	Plant machinery and equipment RM'000	Leasehold improvement RM'000	Capital and construction work in progress RM'000	Pasture costs in development RM'000	Total RM'000
Cost/Valuation								
At 1 January 2019	91,934	21,190	300,441	213,843	64,845	20,730	2,412	715,395
Addition	57,739	-	33,766	5,713	1,816	26,983	-	126,017
Reclassification	-	-	-	-	-	(25,284)	-	(25,284)
Disposals	(2,434)	-	(18,321)	(16,153)	-	(7,400)	-	(44,288)
Exchange difference	(1,330)	-	(100)	(85)	(183)	-	-	(1,698)
At 31 December 2019	145,909	21,190	315,786	203,338	66,478	15,029	2,412	770,142
Accumulated depreciation								
Charge for 2018	361	526	4,432	7,978	996	-	-	14,293

**Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)**

Notes to the Financial Statements - 31 December 2019

6. Property, Plant and Equipment (Contd.)	Freehold land/long leasehold land RM'000	Short leasehold land RM'000	Buildings and improvements RM'000	Plant machinery and equipment RM'000	Leasehold improvement RM'000	Capital and construction work in progress RM'000	Pasture development costs RM'000	Total RM'000
Net book value								
At 31 December 2019	141,608	14,796	234,970	34,834	15,993	14,817	-	457,018
At 31 December 2018	86,263	15,322	216,548	42,325	14,702	20,518	-	395,678
Analysis of cost and valuation								
At cost	144,716	21,190	314,972	201,797	66,478	15,029	2,412	766,594
At valuation	1,193	-	814	1,541	-	-	-	3,548
At 31 December 2019	145,909	21,190	315,786	203,338	66,478	15,029	2,412	770,142
At cost	90,741	21,190	299,627	212,302	64,845	20,730	2,412	711,847
At valuation	1,193	-	814	1,541	-	-	-	3,548
At 31 December 2018	91,934	21,190	300,441	213,843	64,845	20,730	2,412	715,395

**Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)**

Notes to the Financial Statements - 31 December 2019

6. Property, Plant and Equipment (Contd.)	Land RM'000	Work in progress RM'000	Motor vehicles RM'000	Buildings and improvements RM'000	Plant machinery and equipment RM'000	Furniture, fitting and equipment RM'000	Total RM'000
Cost/Valuation							
At 1 January 2019	31,232	9,380	3,035	227,799	757	13,142	285,345
Addition	-	15,396	167	4,459	533	11	20,566
Disposals	(4)	-	(166)	-	-	(352)	(522)
Transfer	-	(24,766)	-	24,766	-	-	-
At 31 December 2019	31,228	10	3,036	257,024	1,290	12,801	305,389
Accumulated depreciation							
Charge for 2018	526	-	330	1,744	-	375	2,975
At 1 January 2019	5,914	-	2,187	42,361	533	9,396	60,391
Charge for the year	526	-	298	2,221	-	984	4,029
Charged to development grant	-	-	-	4,821	-	-	4,821
Disposals	-	-	(44)	-	-	(350)	(394)
At 31 December 2019	6,440	-	2,441	49,403	533	10,030	68,847

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

6. Property, Plant and Equipment (Contd.)	Land RM'000	Work in progress RM'000	Motor vehicles RM'000	Buildings and improvements RM'000	Plant machinery and equipment RM'000	Furniture, fitting and equipment RM'000	Total RM'000
Accumulated impairment losses							
At 1 January 2019/	-	-	-	174	-	-	174
31 December 2019	-	-	-	174	-	-	174
Net book value							
At 31 December 2019	24,788	10	595	207,447	757	2,771	256,368
At 31 December 2018	25,318	9,380	848	185,264	224	3,746	224,780

**Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)**

Notes to the Financial Statements - 31 December 2019

6. Property, Plant and Equipment (Contd.)

Corporation	Land RM'000	Work in progress RM'000	Motor vehicles RM'000	Buildings and improvements RM'000	Plant machinery and equipment RM'000	Furniture, fitting and equipment RM'000	Total RM'000
At cost	30,074	10	3,036	256,210	964	12,801	303,095
At valuation	1,154	-	-	814	326	-	2,294
At 31 December 2019	31,228	10	3,036	257,024	1,290	12,801	305,389
At cost	30,078	9,380	3,035	226,985	431	13,142	283,051
At valuation	1,154	-	-	814	326	-	2,294
At 31 December 2018	31,232	9,380	3,035	227,799	757	13,142	285,345

Analysis of cost and valuation:

**Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)**

Notes to the Financial Statements - 31 December 2019

6. Property, Plant and Equipment (Contd.)

Land comprises of:	Freehold land RM'000	Long leasehold land RM'000	Short leasehold land RM'000	Total RM'000
At 1 January 2019	118	3,712	27,402	31,232
At 31 December 2019	118	3,712	27,398	31,228
Representing:				
At cost	118	2,558	27,398	30,074
At valuation	-	1,154	-	1,154
	118	3,712	27,398	31,228
Accumulated depreciation				
Charges for 2018	-	-	526	526
At 1 January 2019	-	40	5,874	5,914
Charges for the year	-	-	526	526
At 31 December 2019	-	40	6,400	6,440

**Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)**

Notes to the Financial Statements - 31 December 2019

6. Property, Plant and Equipment (Contd.)

	Freehold land RM'000	Long leasehold land RM'000	Short lease hold land RM'000	Total RM'000
Net Book Value				
At 31 December 2019				
At cost	118	2,518	20,998	23,634
At valuation	-	1,154	-	1,154
Net Book Value	118	3,672	20,998	24,788
At 31 December 2018				
At cost	118	2,518	21,528	24,164
At valuation	-	1,154	-	1,154
Net Book Value	118	3,672	21,528	25,318

The Corporation revalued certain of its leasehold land, buildings, plant and equipment in 1979 and 1981 based on prevailing market values. As permitted under the transitional provisions of IAS 16 (Revised): Property, Plant and Equipment, the revalued property, plant and equipment have continued to be stated on the basis of their 1979 and 1981 valuations. The land titles for landed properties of the Corporation and certain subsidiaries of the Group have yet to be issued by the relevant authorities.

The Group's property, plant and equipment include motor vehicles, plant, machinery and equipment with a net book value of RM63,775 (2018: RM95,360) which were acquired under hire purchase and finance lease agreements.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

7. Hotel and Investment Properties

	Group	
	2019	2018
	RM'000	RM'000
At valuation:		
2004	111,670	111,670
2007	166,820	166,820
2010	73,712	144,712
2012	(3,226)	(3,226)
2013	(52)	(52)
2014	7,057	7,057
2015	73,562	2,562
2016	(7,001)	(7,001)
2017	14,936	14,936
2018	73,955	73,955
	<u>511,433</u>	<u>511,433</u>
At cost	<u>20,546</u>	<u>98,387</u>
	<u>531,979</u>	<u>609,820</u>
At 1 January	616,821	546,655
Additions during the year	1,272	73,864
Adjustment during the year	140	-
Transfer to property, plant and equipment	(59)	(3,698)
Revaluation surplus	522	-
At 31 December	<u>618,696</u>	<u>616,821</u>
Impairment loss:		
At 1 January	(23,784)	(21,463)
Additions	<u>(2,306)</u>	<u>(2,321)</u>
At 31 December	<u>(26,090)</u>	<u>(23,784)</u>
Net book value	<u>592,606</u>	<u>593,037</u>

The valuations for 2004, 2007, 2010 and 2012 to 2018 in respect of hotel and investment properties were adopted by the directors of the subsidiaries based on independent valuations carried out by professional valuers on an open market value. The surplus or deficit on revaluation was credited or debited to revaluation reserve. As permitted under the transitional provisions of IAS 16 (Revised): Property, Plant and Equipment, certain hotel and investment properties have continued to be stated on the basis of their 1996 valuation in previous year.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

8. Plantation Development Expenditure

	Group	
	2019	2018
	RM'000	RM'000
At cost:		
At 1 January/31 December	<u>7,725</u>	<u>7,725</u>
Accumulated amortisation:		
At 1 January/31 December	<u>(3,304)</u>	<u>(3,304)</u>
Impairment loss:		
At 1 January/31 December	<u>(4,154)</u>	<u>(4,154)</u>
Net book value	<u>267</u>	<u>267</u>

9. Investment in Subsidiaries

	Corporation	
	2019	2018
	RM'000	RM'000
Unquoted shares at cost	359,431	362,515
Equity contribution	<u>172,899</u>	<u>172,898</u>
	532,330	535,413
Less: Allowance for diminution in value	<u>(97,904)</u>	<u>(71,416)</u>
	<u>434,426</u>	<u>463,997</u>

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

9. Investment in Subsidiaries (Contd.)

The shares of all the subsidiaries are unquoted. All the subsidiaries of the Group are incorporated in Malaysia except for Rosewood Station Pty Limited, which is incorporated in Australia. Details of the Group's subsidiaries are as follows:

Name of company	Principal activities/status	Group's effective equity interest	
		2019 %	2018 %
Direct subsidiaries of the Corporation			
Bukit Saban Resort Sdn. Bhd. Company No. 315034-U	Owner of a holiday resort	100	100
Damai Beach Golf Course Bhd. Company No. 289575-H	Investment holding	100	100
Tanjung Datu Beach Resort Sdn. Bhd. (formerly known as Damai Beach Resort Sdn. Bhd.) Company No. 409883-U	Inactive	100	100
Damai Cove Resorts Sdn. Bhd. Company No. 278414-M	Extraction and sale of timber, investment and property holding	100	100
Eastern Empress Silk Sdn. Bhd. Company No. 132777-W	Inactive	100	100
Kuching Hotels Sdn. Bhd. Company No. 19220-W	Owner and operator of hotel and shopping complex	89	89
Permaisara Sdn. Bhd. Company No. 104725-V	Investment holding	100	100
Permata Carpark Sdn. Bhd. Company No. 315033-K	Owner of a commercial car park complex	100	100
PPES Aqua (Santubong) Sdn. Bhd. Company No. 152122-T	Aquaculture and investment holding	100	100
PPES Ternak Holdings Sdn. Bhd. Company No. 104730-A	Investment holding	100	100
Sara Concrete Poles Sdn. Bhd. Company No. 306003-M	Inactive	100	100

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

9. Investment in Subsidiaries (Contd.)

Name of company	Principal activities/status	Group's effective equity interest	
		2019 %	2018 %
Direct subsidiaries of the Corporation (contd.)			
Sara Great Horizon Sdn. Bhd. Company No. 141892-P	Owner of a resort	100	100
Sara-HL Plantation Sdn. Bhd. Company No. 248139-W	Inactive	100	100
Sara Rasa Sdn. Bhd. Company No. 022086-U	Owner of a restaurant	85	85
Sara Resorts Sdn. Bhd. Company No. 052135-X	Owner and operator of hotel and cultural centre, and extraction and sale of timber	100	100
Damai Holdings Sdn. Bhd. (formerly known as Sara Resorts Holdings Sdn. Bhd.) Company No. 407089-T	Inactive	100	100
Sara Resorts Management Sdn. Bhd. Company No. 261450-A	Management and service provider for trainings and events	100	100
Sara Spectrum Holdings Sdn. Bhd. Company No. 219420-W	Investment holding	100	100
Sara Tourism & Leisure Sdn. Bhd. Company No. 408289-X	Extraction and sale of timber	100	100
Sara Urusharta Sdn. Bhd. Company No. 105180-V	Property management	100	100
Sara Worldwide Vacations Bhd. Company No. 019223-V	Management of membership schemes	100	100
Sarapine Sdn. Bhd. Company No. 237653-M	Inactive	100	100
SEDC Energy Sdn. Bhd. (formely known as Sarawak Car Care Centre Sdn. Bhd.) Company No. 35646-U	Leasing of car care centre	100	100

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

9. Investment in Subsidiaries (Contd.)

Name of company	Principal activities/status	Group's effective equity interest	
		2019 %	2018 %
Direct subsidiaries of the Corporation (contd.)			
Sedidik Sdn. Bhd. Company No. 50688-T	Early child development	100	100
Sejadu Sdn. Bhd. Company No. 170777-M	Owner and operator of hotel and shopping complex	100	100
Sara Hospitality Sdn. Bhd. Company No. 441568-K	Hotel management	100	100
Sarawak Metro Sdn. Bhd. Company No. 1269752-D	Developing public transportation	100	100
Subsidiary of Damai Beach Golf Course Bhd.			
Damai Golf and Country Club Bhd. Company No. 139361-U	Management of a golf club	100	100
Subsidiaries of PPES Ternak Holdings Sdn. Bhd.			
PPES Ternak Sdn. Bhd. Company No. 104563-V	Rearing and marketing of livestock	100	100
Sara-Bif Sdn. Bhd.* Company No.081917-D	Inactive	100	100
Rosewood Station Pty Limited Company No. ACN 009 612 284	Owner and operator of cattle properties	100	100

*On 7th December 2015, the Corporation has submitted its application to Suruhanjaya Syarikat Malaysia to strike off Sara-Bif Sdn. Bhd. under Section 550 of the Companies Act 2016.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

9. Investment in Subsidiaries (Contd.)

Name of company	Principal activities/status	Group's effective equity interest	
		2019 %	2018 %
Subsidiaries of Sara Spectrum Holdings Sdn. Bhd.			
Hakanda Sdn. Bhd. Company No. 174704-T	Plantation	100	100
Sarawak Coconut Enterprise Sdn. Bhd. Company No. 218814-II	Inactive	100	100
Subsidiary of Sara Worldwide Vacations Bhd.			
Asia Vacations Club Sdn. Bhd. Company No. 82747-M	Inactive	90	90

All the subsidiaries are not audited by the Auditor General of Malaysia. The financial year-end of all the subsidiaries is 31 December.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

9. Investment in Subsidiaries (Contd.)

The auditors' reports of the subsidiaries' financial statements have been modified as detailed below:

(a) Bukit Saban Resort Sdn. Bhd.

"We draw attention to Note 2 in the financial statements, which indicates that the Company incurred a net profit of RM487,303 during the financial year ended 31 December 2019 and, as of that date, the Company's current liabilities exceeded its current assets by RM5,139,051. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

(b) Damai Beach Golf Course Berhad

"We draw attention to Note 2.2 in the financial statements, which indicates that the Company incurred a net loss of RM 7,118 during the year ended 31 December 2019. As stated in Note 2.2, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

(c) Damai Golf and Country Club Berhad

"We draw attention to Note 2.4 in the financial statements, which indicates that the Company incurred a net loss of RM 942,039 during the year ended 31 December 2019 and, as of that date, the Company's current liabilities exceeded its current assets by RM 3,056,965. As stated in Note 2.4, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

(d) Tanjung Datu Beach Resort Sdn. Bhd. (formerly known as Damai Beach Resort Sdn. Bhd.)

"We draw attention to Note 4.1 in the financial statements, which indicates that the Company incurred a net loss of RM 15,777 during the year ended 31 December 2019 and, as of that date, the Company's current liabilities exceeded its current assets by RM 71,816 and with shareholders' deficit of RM71,816. As stated in Note 4.1, these events or conditions, along with other matters as set forth in Note 4.1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

**Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)**

Notes to the Financial Statements - 31 December 2019

9. Investment in Subsidiaries (Contd.)

(e) Eastern Empress Silk Sdn. Bhd.

As at 31 December 2019, the Company recorded a deficit in its total equity and the current liabilities of the Company exceeded its current assets by RM1,699,893. This indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The financial statements of the Company are prepared on the basis of accounting principles applicable to going concern as the ultimate holding corporation indicated its willingness to provide financial support to the Company to enable it to operate as a going concern in the foreseeable future. Accordingly, the directors are of the opinion that the going concern basis used in the preparation of the financial statements is appropriate. Our opinion is not modified in respect of this matter.

(f) Sara-HL Plantation Sdn. Bhd.

During the financial year, the Company incurred net loss of RM149,169. As at 31 December 2019, the Company recorded a deficit in its total equity of RM3,707,173. This indicates the existence of a material uncertainty which cast significant doubt about the ability of the Company to continue as a going concern.

The financial statements are prepared on the basis of accounting principles applicable to a going concern as the ultimate holding corporation has indicated their willingness to provide financial support to the Company to enable the Company to continue its business operation as a going concern in the foreseeable future. Accordingly, the directors are of the opinion that the going concern basis used in the preparation of the financial statements is appropriate. Our opinion is not modified in respect this matters.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

9. Investment in Subsidiaries (Contd.)

(g) *SEDC Energy Sdn. Bhd. (formerly known as Sarawak Car Care Centre Sdn. Bhd.)*

“We draw attention to Note 3 in the financial statements, which indicates that the Company incurred a loss after tax of RM248,095 during the financial year ended 31 December 2019 and as of that date, the Company’s current liabilities exceeded its current assets by RM4,210,487 and its shareholders’ funds is in deficit of RM1,934,736. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 18, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

(h) *Sara Spectrum Holdings Sdn. Bhd.*

During the current financial year, the Group’s and the Company’s current liabilities exceeded their current assets by RM21,711,175 and RM6,872,799 respectively. This indicates the existence of a material uncertainty which may cast significant doubt about the Group’s and the Company’s abilities to continue as going concern.

The financial statements of the Group and of the Company are prepared on the basis of accounting principles applicable to going concern as the holding company has indicated its willingness to provide financial support to the Group and to the Company to enable it to operate as a going concern in the foreseeable future. Accordingly, the directors are of the opinion that the going concern basis used in the preparation of the financial statements is appropriate. Our opinion is not modified in respect of this matter.

(i) *Damai Holdings Sdn. Bhd. (formerly known as Sara Resorts Holdings Sdn. Bhd.)*

“We draw attention to Note 4.1 in the financial statements, which indicates that the Company incurred a net loss of RM5,855 during the year ended 31 December 2019 and, as of that date, the Company’s current liabilities exceeded its current assets by RM61,674 and with shareholders’ deficit of RM61,674. As stated in Note 4.1, these events or conditions, along with other matters as set forth in Note 4.1, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

(j) *Sara Rasa Sdn. Bhd.*

“We draw attention to Note 2 in the financial statements, which indicates that the Company’s current liabilities exceeded its current assets by RM 103,389 and, as of that date, the shareholder’s fund is at deficit of RM93,389. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

9. Investment in Subsidiaries (Contd.)

(k) Sara Great Horizon Sdn. Bhd.

“We draw attention to Note 4.1 in the financial statements, which indicates that the Company’s current liabilities exceeded its current assets by RM334,674. As stated in Note 4.1, these events or conditions, along with other matters as set forth in Note 4.1, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

10. Investment in Associates

	Group		Corporation	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	48,888	48,952	47,485	47,635
Allowance for diminution in value	<u>(1,047)</u>	<u>(1,402)</u>	<u>-</u>	<u>(150)</u>
	47,841	47,550	47,485	47,485
Share of retained profits less losses	<u>304,339</u>	<u>281,720</u>	<u>-</u>	<u>-</u>
	<u><u>352,180</u></u>	<u><u>329,270</u></u>	<u><u>47,485</u></u>	<u><u>47,485</u></u>

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

10. Investment in Associates (Contd.)

Details of the Group's associates, all of which are incorporated in Malaysia, as at 31 December 2019 and their principal activities are shown below:

Name of company	Principal activities/status	Group's effective equity interest	
		2019 %	2018 %
Direct associates of the Corporation			
CMS Resources Sdn. Bhd. Company No. 98773-T	Investment and property holding	49	49
Comerich Sdn. Bhd. Company No. 263183-P	Supplier of chicken and beef	20	100
IMSA Sebor (Sarawak) Holdings Sdn. Bhd. (formerly known as I.F Asia Sebor (Sarawak) Holdings Sdn. Bhd. Company No. 17625-H	Investment holdings	33	33
Syarikat Sebangun Sdn. Bhd. Company No. 113107-M	Extraction and processing of silica sand	21	21
PPES Works (Sarawak) Sdn. Bhd. Company No. 209892-K	Civil engineering contractor and road maintenance	49	49
CMS Property Management Sdn. Bhd. Company No. 326616-U	Management and marketing of realty and property projects	49	49
CMS Land Sdn. Bhd. Company No. 410797-H	Property holding, property development and construction	49	49
CMS Infra Trading Sdn. Bhd. Company No. 196635-M	General merchandising	49	49
SOP Karabungan Sdn. Bhd. Company No. 663077-D	Oil palm plantation	30	30
Good Harvest Plantation Sdn. Bhd. Company No. 600593-D	Cultivation of coconut	30	30
Fieldmart Care Sdn. Bhd. Company No. 486260-P	Investment holding	40	40
SPB PPES Karabungan Plantation Sdn. Bhd. Company No. 1185018-X	Cultivation of oil palm	30	-

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

10. Investment in Associates (Contd.)

Name of company	Principal activities	Group's effective equity interest	
		2019 %	2018 %
Associates of Sara Spectrum Holdings Sdn. Bhd.			
Carbon Supplies (Sarawak) Sdn. Bhd. Company No. 295344-H	Owner of activated carbon factory	40	40
Kemudi Saling Sdn. Bhd.	Oil palm plantation	30	30

The financial year end of all the associates is 31 December.

11. Investments in Other Corporations

	Group		Corporation	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unquoted shares in Malaysia	20,788	11,954	19,706	11,686
Quoted shares in Malaysia	151,169	167,275	151,034	167,239
Unit trust quoted in Malaysia	18,401	55,495	2,728	40,649
	<u>190,358</u>	<u>234,724</u>	<u>173,468</u>	<u>219,574</u>

The fair value of quoted equity investments are measured based on the quoted price in active markets.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

12. Inventories

	Group		Corporation	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Properties held for sale	6,191	6,191	6,191	6,191
Trading stocks	183	201	-	-
Livestock	43,127	39,486	-	-
Souvenir stocks	18	284	-	-
Materials and consumable	1,471	1,560	30	37
	50,990	47,722	6,221	6,228
Provision for inventories obsolescence	(258)	(258)	-	-
	<u>50,732</u>	<u>47,464</u>	<u>6,221</u>	<u>6,228</u>

Except for livestock and properties held for sale, all other inventories are stated at cost. The valuation for livestock and property held for sale are as follows:

	Group	
	2019	2018
	RM'000	RM'000
Livestock		
At net realisable value	<u>43,127</u>	<u>39,486</u>
	<u>43,127</u>	<u>39,486</u>
Properties held for sale		
At cost	<u>6,191</u>	<u>6,191</u>
	<u>6,191</u>	<u>6,191</u>

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

13. Trade and Other Receivables

	Group		Corporation	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Trade receivables	35,326	40,925	19,847	16,631
Allowance for doubtful debts	<u>(9,800)</u>	<u>(11,934)</u>	<u>(8,197)</u>	<u>(8,316)</u>
	<u>25,526</u>	<u>28,991</u>	<u>11,650</u>	<u>8,315</u>
Other receivables and prepayments	58,975	26,213	48,637	17,451
Advances to subsidiaries	-	-	193,683	157,627
Advances to associates	-	-	435	408
Allowance for doubtful debts	<u>(7,245)</u>	<u>(7,296)</u>	<u>(86,522)</u>	<u>(82,589)</u>
	<u>51,730</u>	<u>18,917</u>	<u>156,233</u>	<u>92,897</u>
Tax recoverable	<u>1,777</u>	<u>4,021</u>	<u>162</u>	<u>724</u>
Total	<u>79,033</u>	<u>51,929</u>	<u>168,045</u>	<u>101,936</u>

The amounts due from subsidiaries and associates are unsecured, interest free and have no fixed terms of repayment except for certain advances to subsidiaries which bear interest rate ranking from 4% to 5% per annum and has fixed repayment terms.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

14. Fixed Deposits With Financial Institutions

	Group		Corporation	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with maturity more than three month	36,649	46,731	-	32,262

The fixed deposits with financial institution at the end of the reporting period bore an effective interest rate of 3.00% to 3.90% (2018: 3.00% to 3.90%) with a maturity period of 6-12 months.

15. Cash and Cash Equivalents

	Group		Corporation	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	75,810	84,610	21,144	30,195
Fixed deposits with financial institutions	155,526	179,215	143,633	140,361
	231,336	263,825	164,777	170,556
Less: Deposits pledge to bank	(500)	(500)	-	-
	230,836	263,325	164,777	170,556

Included in the Group's fixed deposits was RM500,000 (2018: RM500,000) placed on lien to licensed banks for bank guarantee facilities granted to certain subsidiaries of the Group.

The fixed deposits with financial institution at the end of the reporting period bore an effective interest rate of 3.00% to 3.90% (2018: 3.00% to 3.90%) with a maturity period of 3 months.

16. Reserves

		Group		Corporation	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Capital reserves		353	3,768	-	-
Share premium	(a)	-	-	-	-
Revaluation reserve	(b)	63,985	60,193	-	-
Reserve on consolidation	(c)	-	52,323	-	-
Revenue reserve		1,225,627	1,130,162	732,184	718,283
		1,289,965	1,246,446	732,184	718,283

SECTION **FOUR****FINANCIAL STATEMENTS**

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

16. Reserves (Contd.)

(a) Share premium

	Group	
	2019	2018
	RM'000	RM'000
At 1 January	-	9,348
Reclassification of account	-	(9,348)
	<u>-</u>	<u>(9,348)</u>
At 31 December	<u>-</u>	<u>-</u>

(b) Revaluation reserve

	Group	
	2019	2018
	RM'000	RM'000
At 1 January	60,193	70,594
Arising on consolidation	3,792	(10,401)
	<u>63,985</u>	<u>60,193</u>
At 31 December	<u>63,985</u>	<u>60,193</u>

(c) Reserved on consolidation

	Group	
	2019	2018
	RM'000	RM'000
At 1 January	52,323	52,368
Arising on consolidation	(52,323)	(45)
	<u>-</u>	<u>(45)</u>
At 31 December	<u>-</u>	<u>52,323</u>

The revaluation reserve relates to surplus or deficit on revaluation of property, plant and equipment, hotel and investment properties of the Group.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

17. State Government Equity Grant and Contribution for Equity Participation

	Group and Corporation	
	2019	2018
	RM'000	RM'000
(a) <u>State government equity grant</u>		
Sejadu Sdn. Bhd.	8,800	11,000
Sara Resorts Sdn. Bhd.	8,680	10,850
Bukit Saban Sdn. Bhd.	-	9
Damai Cove Resorts Sdn. Bhd.	6,513	37,000
PPES Akua (Santubong) Sdn. Bhd.	800	1,000
Sarawak Car Care Centre Sdn. Bhd.	-	5,389
Sarawak Coconut Enterprises Sdn. Bhd.	-	7,080
Carbon Supplies (Sarawak) Sdn. Bhd.	-	2,880
	<u>24,793</u>	<u>75,208</u>
At 1 January	75,208	75,208
Amortisation of grants	<u>(50,415)</u>	<u>-</u>
At 31 December	<u>24,793</u>	<u>75,208</u>
	Group and Corporation	
	2019	2018
	RM'000	RM'000
(b) <u>State government contribution for equity participation</u>		
Sejadu Sdn. Bhd.	144,189	144,189
Sara Resorts Sdn. Bhd.	57,400	57,400
Kuching Hotels Sdn. Bhd.	24,088	24,088
Damai Cove Resorts Sdn. Bhd.	37,000	37,000
Borsamulu Resort Sdn. Bhd.	<u>2,000</u>	<u>2,000</u>
	<u>264,677</u>	<u>264,677</u>

The State Government Equity Grant and State Government Contribution for Equity Participation represent funds injected into the Corporation by the State Government of Sarawak to finance investments in subsidiary companies which undertake commercial projects.

The State Government Equity Grant will be amortised over 5 years commencing from 2019.

The State Government Contribution for Equity Participation is repayable only upon request by the State Government when investments are disposed.

SECTION FOUR

FINANCIAL STATEMENTS

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

18. Development Funds

	Group		Corporation	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Bumiputra Participation Fund	74,141	71,382	74,141	71,382
Aquaculture Development Fund	9,611	9,611	9,611	9,611
Others	18,048	35,179	18,048	20,127
	<u>101,800</u>	<u>116,172</u>	<u>101,800</u>	<u>101,120</u>
At 1 January	116,172	108,835	101,120	93,784
Received during the year	108,103	52,253	108,103	52,253
Disbursed/utilised during the year	<u>(122,475)</u>	<u>(44,916)</u>	<u>(107,423)</u>	<u>(44,917)</u>
At 31 December	<u>101,800</u>	<u>116,172</u>	<u>101,800</u>	<u>101,120</u>

19. Lease Payables

	Group	
	2019	2018
	RM'000	RM'000
Repayable within twelve months	-	30
Repayable after twelve months	-	10
	<u>-</u>	<u>40</u>
<u>Minimum lease payment:</u>		
Not later than one year	1	30
Later than one year but not later than five years	-	11
	<u>1</u>	<u>41</u>
Future finance charges	-	(1)
Present value of finance lease liabilities	<u>1</u>	<u>40</u>

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

20. Government Term Loans

	Group and Corporation	
	2019	2018
	RM'000	RM'000
Interest bearing loans, unsecured	8,044	8,280
Repayable within one year	<u>(246)</u>	<u>(236)</u>
Repayable after one year	<u>7,798</u>	<u>8,044</u>

The interest rate is 4% per annum (2018: 4% per annum) for interest bearing loans.

21. Government Grants

	Group	
	2019	2018
	RM'000	RM'000
At 1 January	7,792	7,394
Amortisation of grants	(483)	(1,103)
Government grant (transfer)/received during the year	<u>(5,747)</u>	<u>1,501</u>
At 31 December	<u>1,562</u>	<u>7,792</u>

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

22. Deferred Tax

	Group	
	2019 RM'000	2018 RM'000
At 1 January	11,737	11,084
Recognised in income statement (Note 27)	667	1,504
Exchange differences	<u>(225)</u>	<u>(851)</u>
At 31 December	<u>12,179</u>	<u>11,737</u>

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	Inventories (livestock) RM'000	Property, plant & equipment RM'000	Others RM'000	Total RM'000
Deferred tax liabilities of the Group:				
At 1 January 2019	11,077	526	134	11,737
Recognised in income statement	667	-	-	667
Exchange differences	<u>(225)</u>	<u>-</u>	<u>-</u>	<u>(225)</u>
At 31 December 2019	<u>11,519</u>	<u>526</u>	<u>134</u>	<u>12,179</u>
Deferred tax liabilities of the Group:				
	Inventories (livestock) RM'000	Property, plant & equipment RM'000	Others RM'000	Total RM'000
At 1 January 2018	10,424	526	134	11,084
Recognised in income statement	1,504	-	-	1,504
Exchange differences	<u>(851)</u>	<u>-</u>	<u>-</u>	<u>(851)</u>
At 31 December 2018	<u>11,077</u>	<u>526</u>	<u>134</u>	<u>11,737</u>

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

23. Employee Benefits

	Group		Corporation	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Long service leave	130	118	-	-
Annual leave and others	2,426	2,523	2,426	2,523
	<u>2,556</u>	<u>2,641</u>	<u>2,426</u>	<u>2,523</u>

24. Other Borrowing

	Group	
	2019	2018
	RM'000	RM'000
Loans, secured		
Non-current liability		
Term loan - RHB	24,146	20,000
Westpac bill business loan	42,990	-
	<u>67,136</u>	<u>20,000</u>
Current liability		
Term loan - RHB	1,484	-
	<u>68,620</u>	<u>20,000</u>

Term loan – RHB

In 2012, the Company obtained a term loan RM26 million from RHB Bank. The loan is for a tenure of 20 years from the first release of the loan. The first release of RM5 million was on 19 April 2017 and the second release of RM10 million was on 20 July 2017. The third release was RM 5 million on 10 December 2018 and the final release of RM 6 million was on 25 April 2019. The interest rate of term loan from RHB is 1% + Bank's Cost of Fund. The first quarterly instalment repayment of RM371,000 was on 1 November 2019.

Westpac bill business loan

In 2019, Rosewood Station Pty Ltd obtained a loan of RM42,990,000 to part finance the acquisition of Carmor Plains Station. The interest rate of the term loan is 3.54% per annum in 2019 and is subject to change annually based on negotiated rate from year to year. There is no fixed tenure for the loan.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

25. Trade and Other Payables

	Group		Corporation	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Trade payables	4,278	6,041	-	-
Other payables and accruals	39,149	35,278	9,368	17,453
	<u>43,427</u>	<u>41,319</u>	<u>9,368</u>	<u>17,453</u>

Included in other payables and accruals of the Group is deferred membership fee amounting to RM910,918 (2018: RM894,079) which represents advance membership fees received from members under the short term membership arrangement and advance licence fees received from members.

The Group's other payables and accruals also include advances from a former Corporate Shareholder of a subsidiary amounting to RM1,385,696 (2018: RM1,385,696). The amount due to the former corporate shareholder of a subsidiary, Sarawak Coconut Enterprise Sdn. Bhd., is unsecured, interest-free and has no fixed terms of repayment.

The amounts due from associates are unsecured, interest free and have no fixed terms of repayment except for a certain loan to an associate which bear interest rate of 5% per annum and has fixed repayment terms.

26. Revenue and Cost of Sales

Revenue

Revenue of the Corporation represents income from property development, management fee charged to its subsidiaries, income derived from investments, invoiced value of goods sold less returns and billings for services rendered to customers, rental income received and receivable, and gain on disposal of investments and property, plant and equipment.

Revenue of the Group represents the aggregate of the invoiced value of goods sold less returns and billings for services rendered to customers, revenue from room sales, food and beverage sales and other incidental services rendered in conjunction with hotel operations, and rental income received and receivable. Inter-company sales, dividends, management fees, interest income and marketing fees are eliminated on consolidation.

Cost of sales

Cost of sales of the Corporation represents development costs and raw materials consumed.

Cost of sales of the Group represents cost of timber, food and beverage, hotel rooms and hospitality services, property management and maintenance services, golf course operations and maintenance costs and livestock.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

27. Profit/(Loss) Before Taxation

	Group		Corporation	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
(a) (Loss)/Profit before taxation is stated after charging/(crediting):				
Amortisation of development expenditure	(4,096)	(4,096)	(4,096)	(4,096)
Amortisation of deferred income	(2,019)	-	-	-
Allowance for diminution in investment	16,329	74,306	46,137	74,441
(Reversal of allowance for)/ Allowance for doubtful debts, net of allowance no longer required	(1,505)	(2,250)	(1,505)	(2,367)
Allowance for doubtful debts written back	284	-	(11)	-
Allowance for impairment receivables	(514)	(720)	-	-
Auditors' remuneration				
- current year	301	312	50	50
- under provision in prior years	11	10	-	-
Amortisation of government grants	(50,725)	(1,103)	(50,415)	-
Bad debts written off	1,352	3,793	26	41
Depreciation of property, plant and equipment				
- current year	12,230	12,320	4,581	2,975
- over provision in prior year	-	-	(552)	-
Depreciation of investment property	208	2,321	-	-
Depreciation of right-of-use asset	2,441	-	-	-
Dividend income	(73)	(716)	-	-
(Loss)/Gain on disposal of associate	10	-	-	-
(Loss)/Gain on disposal of other investments	(8)	(57)	-	-
Loss/(Gain) on disposal of property, plant and equipment	202	179	(126)	(140)

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

27. Profit/(Loss) Before Taxation (Contd.)

	Group		Corporation	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
(a) (Loss)/Profit before taxation is stated after charging/(crediting):				
Gross dividends from:				
Associates				
- unquoted in Malaysia	(14,241)	(19,749)	(14,241)	(19,749)
Subsidiaries				
- unquoted in Malaysia	(1,302)	(1,490)	(1,302)	(1,490)
Other corporations				
- quoted in Malaysia	(5,438)	(6,243)	(5,438)	(6,243)
Impairment loss on receivables	9	-	-	-
Incentive management fees				
- current year	147	-	-	-
- overprovision in prior year	(1)	-	-	-
Income from rental of land and buildings	(4,290)	(4,289)	(4,290)	(4,289)
Interest income	(9,380)	(10,332)	(8,221)	(8,524)
Interest expense				
- commercial borrowings	2,575	1,824	-	-
- hire purchase	-	2	-	-
- government loan	323	332	323	332
Loss on foreign exchange				
- unrealised	-	6	-	-
- realised	-	22	-	-
Management fees	1,957	-	-	-
Members' remuneration:				
- fees as Members of the Corporation	1,796	2,079	218	234
- allowance as Members of the Corporation	245	360	93	101
Rental income	(882)	(982)	-	-
Rental expenses				
- land and buildings	1,443	1,417	437	458
- equipments	21	22	-	-
Reversal of allowance of doubtful debts	(82)	-	-	-

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

27. Profit/(Loss) Before Taxation (Contd.)

(b) Employee information

	Group		Corporation	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Staff costs	<u>45,878</u>	<u>46,639</u>	<u>21,882</u>	<u>21,751</u>
Number of employees				
as at 1 January	1,348	1,133	249	260
Additional / (Retirement)				
for the year	<u>10</u>	<u>215</u>	<u>10</u>	<u>(11)</u>
Restated number of employees				
as at 31 December	<u>1,358</u>	<u>1,348</u>	<u>259</u>	<u>249</u>

28. Taxation

	Group		Corporation	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Based on results for the year				
- Malaysian income tax	1,496	1,652	-	-
- Foreign tax	2,404	670	-	-
Under provision in prior years				
- Malaysian income tax	<u>20</u>	<u>20</u>	<u>-</u>	<u>-</u>
	<u>3,920</u>	<u>2,342</u>	<u>-</u>	<u>-</u>
Deferred tax:				
Relating to origination and reversal of temporary differences				
- Malaysian income tax	(42)	(31)	-	-
- Foreign tax	-	1,339	-	-
(Over)/under provision in prior year	<u>(40)</u>	<u>36</u>	<u>-</u>	<u>-</u>
	<u>(82)</u>	<u>1,344</u>	<u>-</u>	<u>-</u>
Tax expense for the current year	<u>3,838</u>	<u>3,686</u>	<u>-</u>	<u>-</u>

The disproportionate taxation charge for the Group is principally due to the absence of Group relief for losses suffered by certain subsidiaries. Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year. Current income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

28. Taxation (Contd.)

A reconciliation of income tax expense applicable to profit before taxation of the Corporation and of the Group at the statutory income tax rate to income tax expense at the effective income tax rate of the Corporation and of the Group is as follows:

	Group	
	2019	2018
	RM'000	RM'000
Profit /(Loss) before taxation	48,425	(28,140)
Taxation at Malaysian statutory tax rate of 24%	284	(6,754)
Effect of lower tax rate at 20%	22	22
Effect of different tax rates in other countries	305	254
Effect of income not subject to tax	(1,618)	(1,330)
Expenses not deductible for tax purposes	6,481	11,778
Revenue expenditure capitalised	-	1,690
Utilisation of business loss	(169)	-
Utilisation of previously unrecognised capital allowance and tax loss	(1,922)	(2,445)
Utilisation of deferred tax assets carried forward previously not recognised	1,159	-
Utilisation of previously unrecognised infrastructured allowance	(12)	-
Unabsorbed of capital allowance brought forward	(81)	-
Non allowable income	(321)	(4)
Deferred tax assets not recognised	(15)	419
Under provision of income tax expense in prior years	(267)	20
Over provision of deferred tax in prior years	(8)	36
Tax expense for the year	<u>3,838</u>	<u>3,686</u>
Tax losses are analysed as follows:		
Tax savings recognised during the year arising from:		
Unabsorbed capital allowance	251,219	258,664
Utilisation reinvestment allowances	197,368	173,628
Unutilised tax losses carried forward	<u>61,643</u>	<u>22,898</u>

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Notes to the Financial Statements - 31 December 2019

28. Taxation (Contd.)

	Corporation	
	2019	2018
	RM'000	RM'000
Profit/(Loss) before taxation	<u>13,901</u>	<u>(59,373)</u>
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	3,336	(14,250)
Effect of income not subject to tax	(9,336)	(9,386)
Expenses not deductible for tax purposes	<u>6,000</u>	<u>23,636</u>
Tax expense for the year	<u>-</u>	<u>-</u>
Tax savings during the financial year arising from:		
Unutilised capital allowances carried forward	21,235	9,458
Unutilised tax losses carried forward	<u>36,468</u>	<u>35,153</u>

29. Related Parties Disclosure

During the financial year, the Corporation entered into the following transaction with the subsidiaries and associates:

	Corporation	
	2019	2018
	RM'000	RM'000
Rental received from subsidiaries	(98)	(144)
Interest received from an associate	-	(7)
Interest received from subsidiaries	(1,612)	(1,275)
License fee received from an associate	(188)	(178)
Development cost paid to associates	<u>7,385</u>	<u>5,348</u>

The key management professional compensation is RM1,698,280 (2018: RM1,076,848).

**Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)**

Notes to the Financial Statements - 31 December 2019

30. Contingent Liabilities

PPES Ternak Holdings Sdn. Bhd.

The implication of the decision of the High Court of Australia in *Mabo vs. The State of Queensland* (1992) 107 ALR1 relating to native title, on the future operations of Rosewood Station Pty Limited ("Rosewood"), the foreign subsidiary of PPES Ternak Holdings Sdn. Bhd. is discussed below. There has been a range of cases dealing with native title (most notably, *The Wik People vs. The State of Queensland* (1997) 141 ALR 129). In addition, there has been a range of legislative initiatives by the Commonwealth and the State and Territories of Australia.

Taken as a whole, other than where native title has been validly extinguished by a prior act (for example, the grant of a freehold title to relevant land), native title has the potential to affect the future operations of Rosewood. To that extent, as with other cattle properties, Rosewood will have to comply with all relevant legislation and will ordinarily do so on a case by case basis. Finally, the effect of native title (if any) on the future operations of Rosewood will vary on a case by case basis.

As disclosed in the Company's foreign subsidiary's financial statements, the Native Title consent determination over Rosewood was handed down on 31 May 2011 by Federal Court, Australia, which determined certain native title rights and interests of certain native title holders. However, these native title rights and interests do not confer native holders, possession, occupation and enjoyment to the exclusion of the rights and interests of Rosewood under Perpetual Pastoral Lease 1013. The native title rights and interests are for personal or communal needs of the native title holders which are of domestic nature and not for any commercial or business purpose. In the event of conflict, the rights and interests of Rosewood prevail over, but not extinguish the native rights.

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)**Notes to the Financial Statements - 31 December 2019****31. Commitments**

	Group		Corporation	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Capital commitment for the acquisition of property, plant and equipment:				
Approved and contracted for	15,477	129,990	-	3,552
Approved but not contracted for	1,602	1,620	-	-
	<u>17,079</u>	<u>131,610</u>	<u>-</u>	<u>3,552</u>

32. Significant Events**Group**

The significant events for subsidiaries are disclosed in Note 9 to the financial statements.

Corporation

On 13 March 2020, the State Government granted financial assistance to SEDC amounting RM880 million for the investment in petrochemical hub. The financial assistance is granted in the form of soft loan of which the terms are yet to be finalised with the State Financial Authority.

SECTION FOUR

FINANCIAL STATEMENTS

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

**Detail Statement of Comprehensive Income
For The Year Ended 31 December 2019**

	2019 RM'000	2018 RM'000
Revenue		
Dividend income - subsidiaries	1,302	1,490
- associates	14,241	19,749
- other investments	5,438	6,243
Gain on disposal of property, plant and equipment	126	140
Gain on divestment of investment	6,218	600
Interest income	8,221	8,524
Licensing fees	186	176
Rental income	4,290	4,289
Sundry income	721	312
	40,743	41,523
Less: Cost of sales		
Property development cost	-	-
Gross profit	40,743	41,523
Add: Other operating income		
Allowance for doubtful debts no longer required	1,505	2,367
Government grant	5,977	5,799
Other operating income	54,511	4,096
	61,993	12,262

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Detail Statement of Comprehensive Income
For The Year Ended 31 December 2019

	2019	2018
	RM'000	RM'000
Less: Administrative expenses		
Chronic medical - retirees	86	-
Hotel room subsidy	23	34
Office moving expenses	2	72
Professional fees subsidy	10	20
Program Internship Siswazah	72	65
Staff accommodation	16	11
Staff incentive allowance	1,694	1,988
Staff paid leave	254	278
Staff bonus	1,702	1,393
Staff chronic illness and hospitalization	45	162
Staff corporate gathering	101	34
Staff divisional meeting	29	28
Staff EHS (medical checkup)	45	29
Staff external training	410	496
Staff housing loan interest subsidy	194	185
Staff in-house training	378	487
Staff maternity	3	8
Staff medical	356	318
Staff mileage	67	60
Staff overtime	123	115
Staff salary - junior	6,421	6,308
- senior	8,953	8,760
Staff transport and travelling	752	652
Staff uniform	30	161
Staff welfare	15	16
Staff children education	72	50
Transformation programme	6	-
Welfare - retirement	23	21
	21,882	21,751

SECTION FOUR

FINANCIAL STATEMENTS

Sarawak Economic Development Corporation
(Established under The Sarawak Economic Development Corporation Ordinance, 1972)

Detail Statement of Comprehensive Income
For The Year Ended 31 December 2019

	2019 RM'000	2018 RM'000
Less: Other operating expenses		
Bad debts written off	26	41
Board's expenses	362	493
Business zakat	320	300
Depreciation of property, plant and equipment		
- Current year	4,581	2,975
- Overprovision in prior year	(552)	-
General expenses	1,425	1,545
GST expenses	182	-
Maintenance expenses	3,747	3,588
Office expenses	4,013	3,657
Professional fees	131	297
Project expenses	737	386
Financial assistance to subsidiaries	200	3,350
Provision for diminution in value of investment	46,137	74,441
Provision for doubtful debts	5,318	-
	<u>66,627</u>	<u>91,073</u>
Operating profit/(loss)	14,227	(59,039)
Less: Finance costs		
Interest on government loan	324	332
Other finance costs	2	2
	<u>326</u>	<u>334</u>
Profit/(Loss) before tax	<u>13,901</u>	<u>(59,373)</u>