

January 5-11, 2013



Million-ringgit school education

Parents pay up to RM1 mil for children's pre-tertiary schooling

→ **IMAGINE** paying a million ringgit or over RM83,000 annually for the next 12 years for your child's pre-tertiary education.

And this does not even include the tertiary years in university, which will be another financial timebomb. So are you a parent who is willing to fork out such hefty fees to send your child to an international school?

Though it sounds like an astronomical amount, there is a waiting list of well-heeled parents eagerly waiting to enrol their children in Malaysia's elite international schools. And apparently the waiting list is growing longer every year.

The top-tier international schools are certainly not something that most average income-earners can afford. Fortunately, tuition fees vary from one international school to another, ranging from just RM5,850 to a whopping RM90,678 per annum for the most elite institutions in the Klang Valley.

But this does not include enrolment, admissions or application fees. These one-off payments can total as much as RM22,100. Most establishments also require refundable deposits ranging between RM1,500 and RM30,800.

Despite this, more Malaysian parents are considering sending their children to international schools for



by JOSEPH WONG

the entire duration from Years 1 to 12. Based on Mont' Kiara International School's 2012-2013 tuition fees, the total tuition fees alone of a child for his or her entire 12 years is RM974,872.

ELC International School, in comparison, charges RM248,970 while Sayfol International School is RM156,000 for Years 1 to 11. Of course, parents should expect fees to rise from time to time.

Demand for such schools is partially driven by the increasing number of wealthy parents seeking places at English-medium schools, says Margaret Kaloo, the Association of International Malaysian Schools (AIMS) immediate past chairman.

This factor coupled with the widespread loss of confidence in government schools, where the curriculum is in Bahasa Malaysia, have caused demand for international education to snowball in Malaysia. The number of international schools has nearly tripled within a decade from just 29 in 2000 to 81 currently, with 24 more in the pipeline, according to figures from the Ministry of Education.

Tony Fernandes jumps in

So it is little wonder that this niche education sector has emerged as a hot multi-billion ringgit industry in the last five years and is proving to be so



“There is a very strong demand for international syllabus, especially among parents who wish to see their children go on to gain degrees from the UK, Australia or America.”

- LEE KOK CHENG

profitable that a host of companies and corporate big wigs including AirAsia's Tony Fernandes are scrambling to get a slice of the international school pie.

Garden International School, one of the largest with an enrolment of about 2,100 students, generated revenue of RM108.8 mil in 2011 while the Mont' Kiara International School, with 1,017 students, raked in RM67.1 mil in 2011.

“This niche industry has emerged as one that can generate billions of ringgit [annually],” says Kaloo, who is also the ELC International School CEO.

Such schools are typically seen as catering to the nation's crème de la crème, the richest 5% who can afford the often enormous fees charged, thus enabling their children to enjoy the best educational programmes, perks and facilities.

However, times are changing with international schools now catering to the upper-middle class, offering international syllabus at a far more affordable rate than their elitist counterparts.

While the ministry is keeping mum on the identities of the drivers behind the new international schools, there is speculation that local private universities and colleges have started putting down their markers to become leaders in this area. For example, UCSI Group has the International School Springhill, which is estimated to cost RM100 mil

Cost of international school education

High-end (from RM500,000)

Name	Mon't Kiara International School	International School of KL	British International School	Alice Smith International School	Garden International School	Nexus International School
Admission fee	RM1,000	RM850	RM1,000	RM1,000	RM1,300	RM1,000
Registration fee	RM29,000	RM29,660	RM11,500	RM20,000	RM20,000	RM20,000
Tuition fees (Years 1-12)	RM974,872	RM779,750	RM678,716	RM584,205	RM550,890	RM519,399
Total	RM1,004,872	RM810,260	RM691,216	RM605,205	RM572,190	RM540,399

Mid-range (RM250,000 - RM500,000)

Name	Fairview International School (KL)	Australian International School	ELC International School	Maz International School	Tenby International School
Admission	RM1,000	RM1,000	RM500	n/a	RM500
Registration	RM20,000	RM20,000	RM4,500	RM8,000	RM3,500
Tuition (Years 1-12)	RM456,510	RM385,515	RM258,000	RM248,970	RM291,550
Total	RM477,510	RM406,515	RM263,000	RM256,970	RM295,550

Affordable (less than RM250,000)

Name	Mutiara International School	Regent International School	Sayfol International School	Kinabalu International School	Lodge International School
Admission	RM500	RM500	n/a	RM200	n/a
Registration	RM5,000	RM3,000	RM3,500	RM300	RM500
Tuition (Years 1-12)	RM193,200*	RM165,000*	RM156,000*	RM87,623	RM80,640
Total	RM198,700	RM168,500	RM159,500	RM88,123	RM81,140

Note: Estimated fees are in ringgit based on 2012-2013 fees structure and do not include refundable deposit, boarding, transportation or miscellaneous costs.
* Red colour denotes up to Year 11 only

Clearing the confusion

An international school promotes international education in an international environment, either by adopting an international curriculum or by following a national curriculum different from that of the country the school is located in.

A private school is run and supported by private individuals or a corporation rather than by a government or public agency, mainly for local students. The main difference from international schools is that it follows the national curriculum. Private schools may also offer an international syllabus that runs concurrently with the national syllabus.

An independent school is run and supported by private individuals or organisations rather than by a government or public agency. It differs from private schools in that it follows the national curriculum in Chinese or Tamil.

A public school is one that is supported by public funds and provides free education for children of citizens. It follows the national curriculum.

and can accommodate 1,200 students. This exclusive establishment is UCSI's second international school with the first in Subang Jaya.

Another education group which is making the biggest investment in international schools is SEG International Bhd (SEGi), which operates SEGi University and SEGi Colleges.

Group deputy managing director Lee Kok Cheng says its new RM200 mil international school, which will be able to accommodate up to 4,000 students, will have hostel facilities and be constructed on a 4.85 ha site in Setia Alam, Selangor.

"There is a very strong demand for international syllabus, especially among parents who wish to see their children go on to gain degrees from the UK, Australia or America."

Even AirAsia group CEO Tan Sri Tony Fernandes has hopped on the international school bandwagon by investing RM150 mil on a 20.2 ha site in Bandar Enstek, Nilai, Negeri Sembilan. To be called Epsom College, the enterprise is expected to start this September.

HELP International Corp's RM20 mil international school is also expected to start by the end of this year.

According to a recent survey by Pemandu, there will be an additional investment of RM777.8 mil in international schools from 2013 to 2015. Based on the investments by SEGi, Fernandes and HELP, we can expect another three to four new schools to be named soon.

This uptrend is especially evident over the last three years, spurring tremendous growth in the market, particularly for those already established. Likewise the student population has also tripled from 11,982 in 2006 to over 32,000 currently and the number is still growing.

The turning point for the rise of international schools came when the Ministry of Education began opening up this industry in 2006 with its 60:40

international to local student ratio. However, the true catalyst for the sharp growth came with the dispensing of that ratio a few years ago, says UCSI Group chairman Datuk Peter Ng.

This means that international school operators can now open enrolment fully to Malaysians instead of having to reserve a proportion of places to international students.

These changes triggered an influx of local students into both established and new institutions. This is clearly evident in the tripling of student numbers, bolstered by locals who can afford the high fees.

The government has also recognised the importance of having a vibrant international school market, not just in terms of academic needs but also for economic reasons as the industry generates billions of ringgit each year. The dispensing of the international-local students ratio was indicative of this pragmatism, say industry players.

The Education Ministry is encouraging more international schools under their proposed blueprint. Apart from generating revenue for the nation, international schools reduce the need for our own students to study abroad.

Regionally, demand for international schools also appears to be on the rise. Singapore, which has a population of about 5.2 mil, currently has 20 international schools but unlike Malaysia, fewer parents have an adverse reaction to the quality of national schools. Thailand's Association of International Schools has over 100 members.

This surge in demand is driving rapid expansion in the sector, and is set to create ample opportunities for the UK, US, Australian and New Zealand teachers wanting to work overseas in nations like Malaysia.

Changing profile

Ten years ago the typical international

school student was from an expatriate family, but today nearly half the total of students are from local families. It is not that the number of expatriate children attending international schools has decreased; it is actually the opposite. The number has grown at a similar pace as the number of students from local families.

The perception of wealthy Malaysian parents is that such schools provide their children a vital head start in gaining admission to some of the world's best universities. This perception, coupled with rising income levels, is making international school attendance a "must have" for wealthy local families.

Conversely, UCSI's Ng points out that with a greater number of schools emerging, some negative aspects might arise.

"Unhealthy tactics" may be adopted by certain schools which become desperate when they do not have enough students to break even or run the establishment profitably.

"Look at the local education scene as an example," he says, adding that there were cases where students did not meet the entry requirements and yet were able to gain entry into colleges and universities.

The sudden increase in the number of international schools also has an impact on the teaching staff. While parents are concerned about this

FocusM poll
100 respondents

82%
of parents would send their children to international schools if they could afford it

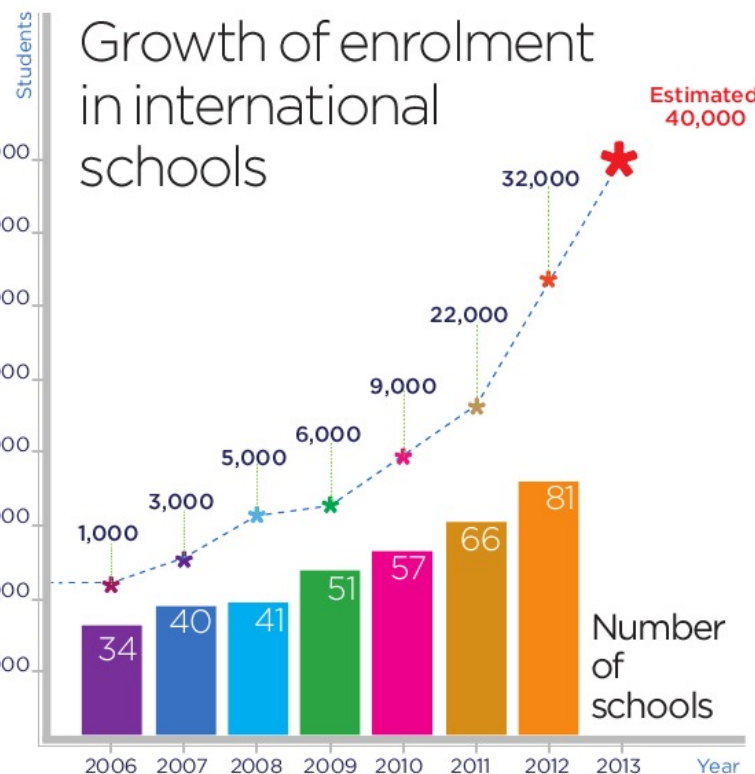
100%
have the intention of sending their children overseas to further their studies

affecting the teaching standards, the international school operators assure that the impact will be minimal.

"There will be those who will leave for better pay, no doubt," says Kaloo. "But there will be staff members who will remain loyal, particularly those who have been long enough with me. Those who are willing to leave are usually the new ones."

But with another 24 international schools yet to start, the extent of how rampant staff-pinning and its effects on this sector remains to be seen.

Despite the potential negatives, the growth of international schools is certainly good news for many groups, from the government to private individuals. As for the students, their future seems assured. FocusM



Why parents are spurning govt schools

IT all boils down to the loss of confidence of rich and well-to-do parents who are turning their backs on government schools. They feel that the national curriculum is failing and the lack of emphasis on the English language is crippling their children's future.

So they are turning to international schools as the saviour to give their children the English language skills to excel locally and internationally.

"They want English. They see the value of English especially in the face of globalisation. They want smaller class sizes. They want more attention paid to their children. They want their children to be able to think, analyse and apply information, and not to keep quiet and not ask questions," says Association of International Malaysian Schools (AIMS) immediate past chairman Margaret Kaloo.

"Parents can see that the emphasis for the international language of exchange is failing (in government schools) and many students are struggling with a language skill that will define their future."

"This doesn't mean that we (international schools) are ignoring the national language. We also teach Bahasa Malaysia as well as other languages, like French and Mandarin."

Kaloo says the benefits of having a strong English language base goes far beyond gaining entry into a UK, US

FocusM poll
100 respondents

87.5%
prefer international schools which offer university placements overseas

47.1%
want fees to be less than RM10,000 per annum

58.8%
prefer using the British syllabus

29.4%
favour the Australian system

23.5%
choose the American system



or Australian university. To conduct international business, for example, especially in the face of globalisation, one would need English. The big conglomerates and corporations are generally of the English-speaking nations.

In today's world, she says, it has never been as important as it is now to be articulate, noting that this is a major difference between government and international schools.

Some industry players also point out that the rise of international schools only serves to exacerbate

the educational gap between the haves and have-nots. Already, employers typically give preference to foreign-educated job applicants compared to those educated in local public universities where the medium of instruction is in the national language Bahasa Malaysia.

The bias would be ever greater if future candidates come armed with an international school education coupled with a degree from a prestigious foreign university. Sad to say, most local graduates may not even have a chance in the face of such competition.

Latest additions to international schools

SEGi International School

Location: **Setia Alam**
Estimated Cost: **RM200 mil**
Student
Capacity: **4,000**
Hostel Facilities: **Yes**
Estimated
Completion: **Early 2015**

International School Springhill

Location: **Port Dickson**
Estimated Cost: **RM100 mil**
Student
Capacity: **1,200**
Hostel Facilities: **Yes**
Estimated
Completion: **Completed****

Epsom College*

Location: **Nilai**
Estimated Cost: **RM150 mil**
Student
Capacity: **1,000**
Hostel Facilities: **Yes**
Estimated
Completion: **Sept, 2013**

HELP International School

Location: **Subang**
Estimated Cost: **RM20 mil**
Student
Capacity: **3,000**
Hostel Facilities: **No**
Estimated
Completion: **Sept, 2013**

* Tan Sri Tony Fernandes' international school project
** Pending start of semester this year



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myNEWS.com Setia Mall L2
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myNEWS.com Sooka Sentral
myNEWS.com SS2 Mall
myNEWS.com Sunway Pyramid
myNEWS.com Sunway Tower
myNEWS.com Tesco Ampang
myNEWS.com Tesco Extra Cheras
myNEWS.com Tesco Extra Selayang
myNEWS.com Tesco Kepong
myNEWS.com Tesco Klang
myNEWS.com Tesco Mutiara
myNEWS.com Tesco Puchong
myNEWS.com Tesco Setia Alam
myNEWS.com The Curve
myNEWS.com The Gardens Mall
myNEWS.com Wisma UOA
newsplus 1 World Hotel
newsplus Giant Kota Damansara
newsplus Pavilion Kiosk
newsplus RKL Ampang Park
newsplus RKL Bangsar
newsplus RKL Cempaka
newsplus RKL Dang Wangi
newsplus RKL Kelana Jaya
newsplus RKL Paramount
newsplus RKL Pasar Seni
newsplus RKL Pudu
newsplus RKL Rakyat
newsplus RKL Taman Bahagia
newsplus RKL Taman Jaya
newsplus RKL Taman Melati
newsplus RKL Terminal Putra
newsplus RKL Titiwangsa
newsplus RKL Wangsa Maju
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newsplus Tropicana Mall
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- JOHOR**
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- PAHANG**
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MPH BOOKSTORES

- KLANG VALLEY**
Alamanda Putrajaya
Alpha Angle
Bandar Tasik Selatan
Bangsar Village
Bukit Raja
Giant Stadium Shah Alam
Great Eastern Mall
Mid Valley megamall
Publika
Setia City Mall
Shah Alam CityCentre
Subang Parade
Taman Maluri Cheras
The Curve
1 Utama
KLIA
PENANG
Gurney Plaza

- PERAK**
Kinta City
- NEGERI SEMBILAN**
Jusco Seremban 2
Giant Seremban
MELAKA
Mahkota Parade
- JOHOR**
Aeromall, Senai Airport, JB
City Square, JB
Taman Universiti, Skudai
- KEDAH**
Tesco Sg Petani

POPULAR

- KLANG VALLEY**
1 Utama
AEON Cheras Selatan, Balakong
Amcorp Mall
Ampang Point Centre
Bangunan Lee Rubber
Bukit Raja Klang
Bukit Tinggi
Cheras Leisure Mall
Empire Subang
Festival City Mall, Setapak
Ikano Power Centre
IOI Mall
Jusco Rawang
Kepong
Paradigm Kelana Jaya
Pearl Point Shopping Centre
Selayang Mall
Sunway Pyramid
Taman Equine, Seri Kembangan
Tesco Kepong
Tesco, Ampang
Summit, USJ
Wangsa Walk Mall
- PENANG**
Bukit Jambul
Gurney Plaza
Jusco Perda
Komtar
Megamall
Queensbay Mall

- Sunway Carnival
Tesco Jelutong
- PERAK**
AEON Ipoh Station 18
Ipoh Kinta City
Ipoh Parade
Tesco
NEGERI SEMBILAN
9 Avenue Nilai
Jusco Seremban 2
Terminal One, Seremban
- MELAKA**
AEON Bandaraya
Mahkota Parade
Melaka Jaya Jusco
Plaza Melaka
Tesco
- JOHOR**
AEON Bukit Indah, JB
Batu Pahat Mall
Harris, JB
Kluang Mall, Johor
Kompleks Legenda Muar, Johor
Kompleks The Summit, Batu Pahat
Plaza Pelangi, JB
Sutera Mall, JB
- KEDAH**
City Plaza, Alor Setar
Jerai Plaza, Gurun
Kompleks Star Parade, Alor Star
Tesco, Sg Petani
Sg. Petani
Tesco Mergong, Alor Star

BORDERS.

- 1 Mont Kiara
Bangsar Village II
Gardens

- The Curve
Times Square
Tropicana City Mall
Queensbay Mall

Cold Storage
The fresh food people

- Alamanda Putrajaya
Bandar Utama
Great Eastern
Gurney Plaza, Penang
Island Plaza, Penang
Jaya One
Mid Valley
Mont Kiara
Mutiara Damansara
Subang Parade
Sunway Pyramid

times

- Bangsar Shopping Centre
Citta Mall
Hartamas Shopping Centre
Pavillion
SSTWO Mall
Sunway Giza

Others

- Books & Magazine @ KLIA
Books @ LCCT
Carrefour Mid Valley
Flying Emporium @ KLIA
Giant Hypermarket Kelana Jaya
Giant Hypermarket Kota Damansara
Hero Supermarket
Jason Food Hall
Jaya Grocer Bukit Jelutong
Jaya Grocer Empire Subang
Mercato Hartamas
Mercato Pavillion
Perniagaan Wafada @ LCCT
Tesco Bandar Bukit Puchong
Tesco Mutiara Damansara

April 13-19, 2013

SARAWAK is blessed with the largest tracts of forests in the country and over the past 30 years, the value of timber resources extracted is said to easily exceed RM100 bil. Ironically, the state's vast natural resources appear to be the preserve of an elite group of seven timber tycoons who collectively control some 40% of Sarawak's timber concession areas.

Significantly, the rise of these tycoons also mirrors the rule of Sarawak Chief Minister Tan Sri Abdul Taib Mahmud, who has been in power for 32 years.

Tan Sri Tiong Hiew King, Datuk Yaw Teck Seng, Datuk Abdul Hamed Sepawi, Datuk Henry Lau Lee Kong, Tan Sri Ling Chiong Ho, Datuk Wong Kie Yik and Datuk Hii Yii Peng all maintain a low profile despite being the giants in Sarawak's economy. There are various individuals and companies which have also been given timber concessions by the state government over the years, but none are in the stratospheric league of these tycoons.

Sarawak's timber industry has over the past three decades, by and large, been cloaked in secrecy and not much is known about how these seven individuals accumulated timber concessions of such magnitude.

Their combined concessions cover about 40% of Sarawak's forest. The state has an area of about 12.45 mil hectares, of which 10.31 mil hectares are classified as forest.

In terms of size, Yaw's Samling Group, with over 1.3 mil hectares, is possibly still the biggest while Tiong's Rimbunan Hijau Group, with over a million hectares, is second. Wong's WTK Group has 850,000ha while Ta Ann Group, helmed by Abdul Hamed, has over 557,000ha.

Three other major players – the KTS Group, Shin Yang Group and Kingwood Group – cannot be ranked due to lack of publicly available information with regards to the concessions held by them. Getting the information on these parties is often difficult due to their complex group structures, making it difficult even to trace the owners, much

Sarawak's elusive timber tycoons

Just seven people control some 40% of the state's multi-billion-ringgit timber industry in an intricate web of connections that has raised many questions



by JOSEPH WONG

less tabulate their combined worth.

Attempts by **FocusM** to reach Tiong, Ling and Lau proved fruitless. In addition, timber-related organisations like Sarawak Timber Association (STA) declined to comment and Sarawak Timber Industry Development Corp (STIDC) did not reply to **FocusM**'s queries as at press time.

The tycoons also hold major oil palm plantation land banks as well as timber concessions overseas. WTK, for example, also has 400,000ha of concession areas in Papua New Guinea while Rimbunan Hijau has logging interests in Papua New Guinea, Gabon, Equatorial Guinea, Vanuatu, Indonesia, New Zealand and Russia.

Tycoons among Malaysia's richest

The timber industry is very lucrative indeed. Four of Sarawak's timber tycoons rank among Malaysia's top 40 richest people. Tiong of Rimbunan Hijau, Yaw and his son, Chee Ming of Samling Group, as well as Ta Ann chairman Abdul Hamed, who is Taib's first cousin, are ranked by *Forbes* in 2012 as Malaysia's 9th, 28th and 38th richest people.

Timber has always been one of the top 10 export earners for the country. It contributes billions of ringgit to the economy year upon year. According to figures from the 2011 Economic Census on forests and logging, the total value for gross output of the industry was RM8.1 bil in 2010.

Of this total, exports of saw logs and sawn timber amounted to RM5.4 bil, according to a report on "The Timber Sector in Malaysia" in Market Watch

2012 by the Malaysian-German Chamber of Commerce.

What makes Sarawak so prominent is that the state contributes two-thirds of the nation's timber output. This industry is undoubtedly one of the most important and highly controversial sources of economic development in the state. That the bulk of the industry is controlled by a few and the secrecy surrounding the industry only compels the public to want to know more.

But despite calls from non-governmental organisations (NGOs) and the public for greater transparency in the industry, timber-related activities have for the most part been opaque.

According to figures from the STA, the total value of Sarawak's log and timber exports increased slightly by about RM371,300 in 2012 from RM7.08 bil in 2011. The total production was 9,458,563 cu m in 2012, down from 9,610,434 cu m in 2011.

Plywood timber products were the largest export with 52.6% of the overall log and timber exports, followed by logs (24.15%) and sawn timber (10.53%). Sarawak's logs and timber products are exported mainly to Asian nations. Last year, Japan was the biggest buyer, importing 38.27% of total exports, while India consumed 15.99%.

Close connections

The relative lack of transparency in Sarawak's lucrative timber sector has led to much speculation on the nexus between the timber concessionaires and the state administration headed by Taib, who became Chief Minister in 1981. Ultimately, all applications for timber

concessions will need the approval of the state government.

According to a source from STA, applicant need to apply for a forest timber licence from the Forest Department of Sarawak as part of the process to get a timber concession. "Then the applicants need to deal with the Sarawak Forestry Corp, Hardwood Timber Sdn Bhd, Sarawak Timber Industry Development Corp (STIDC) and Royal Malaysia Customs Department before they can export their logs," says the individual who requested anonymity.

STIDC, a state-run entity, has a primary function of controlling and coordinating the manufacturing standards of the state's timber industry.

Timber concessions are also believed to be given to corporations which are involved in development projects like the construction of rural roads or dams, townships and plantations.

The controversial Bakun Dam which Tan Sri Ting Pek Khiing's Ekran Bhd was supposed to construct is a case in point. The former tycoon, who is now a bankrupt, also had timber concessions although he was not in the category of the seven major players.

Complex web

All the timber tycoons are in one way or the other linked to each other and the Sarawak government. For example, Pelita Holdings Sdn Bhd has stakes in many subsidiaries of timber-related companies like Sarawak Oil Palms Bhd (SOP).

Pelita Holdings is a wholly-owned



April 13-19, 2013

PERSONALITY	ENTITY	REPORTED SHAREHOLDING	REMARKS	AS OF
Tan Sri Tiong Hiew King	Subur Tiasa Holdings Bhd	38.43%	Deemed interested by virtue of his direct stake and his substantial shareholdings in Tiong Toh Siong Holdings Sdn Bhd, Tiong Toh Siong Enterprises Sdn Bhd, Tiong Toh Siong & Sons Sdn Bhd and Teck Sing Lik Enterprise Sdn Bhd	Oct 30, 2012
	Media Chinese Intl	52.48%	Deemed interested by virtue of his direct stake and his interests in Progresif Growth Sdn Bhd, Conch Company Ltd, Ezywood Options Sdn Bhd, Teck Sing Lik Enterprise Sdn Bhd, Madigreen Sdn Bhd, Rimbunan Hijau (Sarawak) Sdn Bhd, Rimbunan Hijau Southeast Asia Sdn Bhd, Pertumbuhan Abadi Asia Sdn Bhd and Tiong Toh Siong Enterprises Sdn Bhd	July 3, 2012
	Jaya Tiasa Holdings Bhd	24.66%	Deemed interested by virtue of his direct stake and his substantial shareholdings in Tiong Toh Siong Holdings Sdn Bhd, Tiong Toh Siong Enterprises Sdn Bhd, Tiong Toh Siong & Sons Sdn Bhd and Kuntum Enterprises Sdn Bhd	Oct 10, 2012
	Rimbunan Sawit Bhd	51.32%	Deemed interested by virtue of his direct stake and his interests in Tiong Toh Siong Holdings Sdn Bhd, Teck Sing Lik Enterprise Sdn Bhd, Tiong Toh Siong Enterprises Sdn Bhd, Pertumbuhan Abadi Asia Sdn Bhd, Rimbunan Hijau Southeast Asia Sdn Bhd, Rimbunan Hijau (Sarawak) Sdn Bhd, Kendaie Oil Palm Plantation Sdn Bhd and Pemandangan Jauh Plantation Sdn Bhd	Jan 25, 2013
Datuk Abdul Hamed Sepawi	Ta Ann Holdings Bhd	10.02%	Deemed interested by virtue of his direct stake and his interest in Mountex Sdn Bhd, interest in Woodhead Sdn Bhd, and Mountex Satu Sdn Bhd	March 25, 2013
	Naim Holdings Bhd	16.94%	5.13% direct shareholding	May 24, 2012
	Smartag Solutions Bhd	22.47%	All direct interest	Jan 21, 2013
Datuk Henry Lau Lee Kong	BLD Plantation Bhd	42.51%	All indirect interest	April 19, 2012
Tan Sri Ling Chiong Ho	Sarawak Oil Palms Bhd	36.08%	7.12% Direct shareholding	May 9, 2012
	Shin Yang Shipping Corp Bhd	16.66%	Deemed interested by virtue of his direct stake and his interest in Shin Yang Holding Sdn Bhd	Nov 9, 2012
Datuk Wong Kie Yik	WTK Holdings Bhd	36.13%	Deemed interested by virtue of his direct stake and his interest in WTK Realty Sdn Bhd, Harbour-View Realty Sdn Bhd and Ocarina Development Sdn Bhd	Oct 25, 2012
Datuk Yaw Tek Seng	Samling Strategic Corp Sdn Bhd	37.73%	Deemed interested by virtue of his interest in Yaw Holding Sdn Bhd	March 12, 2013*
	Yaw Holding Sdn Bhd	40.23%	Direct shareholding	March 12, 2013*
Datuk Hii Yii Peng	Rinwood Oil Palm Plantation Sdn Bhd	0.84%	Deemed interested by virtue of his interest in Glorykin Sdn Bhd; note that Datuk Hii is likely to have more interest held via his other companies which are also shareholders of Rinwood Oil Palm Plantation Sdn Bhd	March 12, 2013*
	Glorykin Sdn Bhd	0.84%	Direct shareholding	March 12, 2013*

Source: Latest annual reports and Bursa filings, unless otherwise stated. Note: * Last updated by RAM CI

subsidiary of Land Custody and Development Authority, a statutory body with the objective to be the catalyst for land development in Sarawak.

Gerald Rentap Jabu, son of Sarawak Deputy Chief Minister Tan Sri Alfred Jabu, is a stakeholder and board member of SOP.

The former Sarawak Commissioner of Police Talib Jamal is a board member of Jaya Tiasa Holdings Bhd, which is linked to Rimbunan Hijau.

One of WTK's directors, Lt-Gen Datuk Seri Panglima Abdul Manap Ibrahim, is the former Deputy Chief of Army of the Malaysian Armed Forces.

Datuk Wahab Dolah, a member of Parliament who represents Taib's party PBB in Kuala Lumpur, holds about 11% in Ta Ann. And Datuk Abang Abdul Karim Tun Abang Openg, the brother of Sarawak Minister of Housing and the Minister of Tourism Datuk Amar Abang Abdul Rahman Johari, is a Ta Ann director.

Former STIDC general manager Abdillah Wan Hamid is the executive director of BLD Plantation Bhd, one of the companies under KTS Group. Minister of Industrial Development Datuk Amar Awang Tengah Ali Hasan is the chairman of STIDC, which has wholly-owned timber-related companies like Hardwood Sdn Bhd and Hillog Sdn Bhd.

In addition, the Sarawak Timber Association's (STA) top positions are held by the some of the timber tycoons. The chairman is Wong and his deputies are Tiong and Ling. Lau is the honorary secretary.

It is this intricate web of connections that has raised many questions in the past and most recently following the Global Witness video expose entitled *Inside Malaysia's Shadow State* on Taib, his family as well as Hii's family. The video, which went

viral on social media sites, shows secret recordings of Taib's relatives allegedly selling logging licences. The chief minister has since denied the allegations raised by the London-based NGO.

Environmental impact

Nevertheless, the whole fiasco has also raised environmentally-linked questions. There is an old proverb: "If a tree falls in the forest, and no one is around to hear it, does it make a sound?"

This saying begs these questions: From the revenue which is derived from the timber trade, how much is given back to the indigenous tribes in the form of development of local communities? Is there sufficient protection of the environment as well as the rights of the indigenous people?

The World Wide Fund for Nature's (WWF) projections indicate that if Borneo continues at its current rate of deforestation, it will severely affect climatic change which could in turn increase the risk of floods and forest fires, alter agricultural yields and damage infrastructure.

"Sea level rise is also projected to cause widespread damage to population centres, causing considerable economic damage and costs to local governments, communities and businesses.

In addition, with two degrees of warming, Borneo's rich biodiversity in marine, reptile and amphibian species will be severely affected, and potentially devastated by any warming beyond this level by 2050," says the WWF report on *Assessing the Impact of Climate Change in Borneo*.

In the report, the WWF Heart of Borneo's initiative leader then, Adam Tomasek, says the climate change

report's predictions, coupled with dwindling natural capital reserves through continued deforestation, were cause for alarm for governments, industry and communities alike.

"The forests of the Heart of Borneo, are critically important, both for the well-being of people locally and globally, for their extremely rich and unique biodiversity, carbon sequestration potential and a variety of other life-giving services linked to food, water and energy security.

"The preservation of Borneo's forests and ecosystems is one of the region's most pressing priorities, a lack of action means we are putting economies, livelihoods and species at grave risk," he says.

Fortunately, the tycoons have embarked on reforestation with Licensed Planted Forests (LPF) established by Rimbunan Hijau, Samling, WTK, Shin Yang, Ta Ann and KTS, along with many other smaller players.

STIDC has not stated how much land has been reforested or whether the trees in the reforestation, which was carried out in the 1990s, had grown substantially to be harvested.

And while it is debatable whether the reforestation will have the same biodiversity as the original forest, at least the companies involved are seeking to replenish the depleted forests under their concession areas. **FocusM**

How some companies avoid taxes

IT IS common knowledge that some timber tycoons seek to avoid taxes by having their family members set up companies abroad to take advantage of buying timber from them at a low price, then reselling it at a higher price overseas.

To capture the difference, they use a mechanism known as 'transfer pricing', where they will invoice a related company (controlled by their family members or proxies) the lower price. Then this related company, usually residing outside of the timber-producing nation, in a friendly lower-tax country, will invoice the actual buyer the real price and actual amount. This earns the timber company more profit at the expense of the timber-producing nation.

These unscrupulous businessmen not only benefit from paying less tax but also pocket the profit made from the sale of the timber at a higher price in the international market.

This is even more advantageous if the companies are in international financial centres like Hong Kong and Singapore, where they can enjoy the further benefit of discounted tax rates.

Naturally, such practice is illegal and constitutes not only tax evasion but also money laundering.

While it is not known how many timber tycoons adopt this practice, it is one of the ways whereby they can speed up the growth of their personal wealth.



April 13-19, 2013

Well-connected and influential seven



Tan Sri Tiong Hiew King, 78
Founder and chairman of Rimbunan Hijau Group

BORN to a poor family in Sarawak in 1935, he had to tap rubber when he was young but had a strong thirst for knowledge. He studied in Chung Cheng Primary School, and later Methodist High School and Sacred Heart High School in Sibü.

He began his working life in his uncle's timber company, which laid a solid foundation for his future development. Tiong contributed much to his uncle's enterprise and in 1976, he set up Rimbunan Hijau.

He is politically connected and a member of Barisan Nasional component party Sarawak United People's Party (SUPP). His younger brother Tiong Thai King has been the MP of Lanang, Sibü since 1995.

Under listed Media Chinese International Ltd (MCIL), Tiong owns seven Chinese-language newspapers including *Sin Chew Jit Poh* and *Guang Ming Daily* in Malaysia, *The National Daily* in Papua New Guinea and *Ming Pao* in Hong Kong.

Tiong came under fire in Papua New Guinea by Greenpeace over logging issues and court tussles which resulted in losses on top of negative news flaking Rimbunan Hijau's reputation. The company also has logging interests in Gabon, Equatorial Guinea, Vanuatu, Indonesia, New Zealand and Russia.

He was bestowed the Knight Commander of the Most Excellent Order of the British Empire (KBE), which carries the title "Sir" in 2009.

Tiong has a reported net worth of about RM4.57 bil and ranked by *Forbes* as the 9th richest person in Malaysia in 2012.

Datuk Wong Kie Yik, 72

Executive chairman of WTK Holdings Bhd

A FORMER senator, Wong was appointed as a non-executive director on Feb 3, 1998 and executive chairman on Feb 29, 2012.

A UK-qualified certified accountant and a member of the Malaysian Institute of Accountants (MIA),

Wong is actively involved in the development of the Malaysian timber industry as the chairman of Sarawak Timber Association.

He is the father of Patrick Wong Haw Yeong, the managing director of the company. He is also a brother of Datuk Wong Kie Nai, the CEO and substantial shareholder of the company and Wong Kie Chie, a director and a substantial shareholder of the company.



Tan Sri Ling Chiong Ho, 61

Founder and chairman of Shin Yang Group of Companies

IN addition to being deputy chairman of Sarawak Timber Association (STA), the founder and chairman of well-diversified Shin Yang Group is involved in reforestation, timber downstream activities and wood-based related activities as well as domestic and international shipping, shipbuilding, property development, infrastructure projects, oil palm plantation,



public transport, hypermarket and hotel business. He is the chairman of Shin Yang Shipping Corp Bhd, which is listed on Bursa Malaysia. He is also the chairman of Sarawak Oil Palms Bhd (SOP), the company in which his brother, Ling Chiong Sing, is the CEO.

Ling promoted Japanese technology in diversifying into downstream plywood products and is currently one Sarawak's largest producers of panel products.

In better days, Shin Yang Shipping Corp had a market capitalisation of over RM1 bil but as of April 10, 2013, it is about half at RM552 mil.

Ling also serves as the chairman and deputy chairman of several school boards and charitable organisations in Sarawak.

Datuk Henry Lau Lee Kong, 63

Managing director of KTS Group of Companies

HE is the second son of the late Datuk Seri Lau Hui Kang, founder of KTS Group of Companies and one of Sarawak's prominent timber tycoons. Hui Kang passed away in 2006 leaving the low-key timber conglomerate in the hands of his three sons - Vincent, Henry and Stephen.

Henry - who has experience in the plantation, timber and property development industries - assumed the position of managing director shortly after his father's death. He has a bachelor's degree in engineering from the University of Adelaide, Australia and is a member of the Association of Professional Engineers, Scientists and Managers, Australia.

The group's domestic and global businesses range from timber and timber-related activities, oil palm, and prawn farming to media, food manufacturing, glass sand making and shipbuilding.

KTS Group controls *The Borneo*



Post, See *Hua Daily News* and *Utusan Borneo*, which are published and distributed in Sarawak and Sabah, and *Oriental Daily*, published and distributed in Peninsular Malaysia, and *The Busy Weekly* which is distributed in Kuala Lumpur.

His elder brother Vincent is expected to challenge Oscar Ling, who will replace incumbent Sibü MP Wong Ho Leng, in the May 5 general election.

Datuk Hii Yii Peng, 77

Owner of Kingwood Group of Hotels

HIS best known as the owner of Kingwood Hotel group but is also credited as one of the timber tycoons who have shaped Sarawak's timber industry. He is extremely low key and little is known about this elusive tycoon.

Kingwood Inns is one of the best-known hotel chains in Sarawak. The group also owns a major travel company called Kingwood Travel Services Sdn Bhd.

His son King Chiong, on the other hand, is in the limelight as an active local politician.

The Hii family has attracted unwarranted attention due to the recent Global Witness video expose entitled *Inside Malaysia's Shadow State* which highlighted his relationship with Sarawak Chief Minister Tan Sri Abdul Taib Mahmud. The sensational video showed secret recordings of Taib's relatives allegedly selling logging licences. The video went viral on social media sites but how the situation will pan out, only time will tell.



Datuk Abdul Hamed Sepawi, 63

Co-founder and executive chairman of Ta Ann Holdings Bhd

A PPOINTED as Ta Ann executive chairman in 1999, he has a bachelor of science degree from University of Malaya and a master's de-

gree in forest products utilisation from Oregon State University, US.

The first cousin of Sarawak Chief Minister Tan Sri Abdul Taib Mahmud is an experienced forester with over 24 years' experience in forest management and manufacturing of forest products.

He also serves as chairman of Naim Holdings Bhd and Sarawak Plantation Bhd, companies listed on Bursa Malaysia, and is the chairman of Smartag Solutions Bhd, a company listed on the ACE market.

Except for his interest in Mountex Sdn Bhd where he is a major shareholder, Abdul Hamed has no family relationship with any director or major shareholder of Ta Ann.

With a net worth of RM532.65 mil, he was ranked the 38th richest person in Malaysia by *Forbes* in 2012.

Datuk Yaw Teck Seng, 74

Chairman of Samling Group of Companies

THE FOUNDER of Samling Group built his empire from scratch - from a small logging company with timber concessions to what it is today, one of the world's largest players in the industry.

The low-profile tycoon is said to be semi-retired and has five children. His eldest son Chee Ming is the main driver of the family's business interests in Malaysia and overseas. Chee Ming is CEO of Samling Strategic Corp which is listed on the Hong Kong Stock Exchange.

Yaw was jointly listed with his son as the 28th richest men in Malaysia in 2012 by *Forbes*, which put their combined net worth at RM867.45 mil.



Ananda continues to soldier on

Time was, his successes were many. But do a few setbacks mean the man has lost his Midas touch?

HAVING netted RM10.4 bil from the sell-off of Tanjong Energy Holdings Bhd and Astro Malaysia Holdings Bhd's initial public offering (IPO), Malaysia's second-richest man T Ananda Krishnan is on the prowl for acquisitions.

The shrewd and low-profile tycoon, estimated to be worth RM32 bil, is said to be eyeing assets at home and abroad.

Ananda netted an estimated RM1.9 bil from his IPO of Astro and RM8.5 bil from selling off Tanjong Energy in 2012. He had a 60% stake in Astro Networks Malaysia Sdn Bhd, which had a 70% stake in Astro at the time.

He recently made news when he made an offer for Australian number-two telecommunications operator Optus. However, his bid failed.

But if reports of his hitting oil in Sarawak are true, the tycoon could add billions to his fortune. The billionaire is said to have secured control of a series of Sarawak's offshore oil fields through Pexco Sarawak NV, an offshore company believed to be linked to his main business vehicle, Usaha Tegas Sdn Bhd.

His links with Pexco surfaced after Pexco Energy CEO William Sean Guest posted on his LinkedIn site that the company last year signed four production-sharing contracts (PSCs) for off-



by JOSEPH WONG

shore fields west of the prolific Central Luconia Platform, near Sarawak's oil city of Miri.

"The area covers 25,000 sq km and has been under-explored in recent decades. In 2013, Pexco is acquiring 3,600 sq km of 3D seismic in preparation for exploration drilling," Guest wrote on his site. However, in a recent update, the company's declaration that it is "one of the largest acreage holders in Malaysia" has been omitted.

According to reports, there are more than 35 trillion cubic feet of recoverable gas to be tapped in the Central Luconia Platform.

Apart from Malaysia, Pexco has oil-and-gas ventures in Australia, Indonesia and Ethiopia.

Pexco Sarawak, when contacted by **FocusM**, declined to comment about the PSCs in Sarawak that Guest claimed had been signed. Interestingly Pexco, like many of Ananda's vehicles, has an office in Menara Maxis in Kuala Lumpur. Ananda controls the listed Maxis Bhd and unlisted Maxis Communications Bhd (MCB).

Industry observers are perplexed at how a relatively unknown offshore company managed to score big with such a sweet deal from Petronas.

Petronas' PSCs are tightly controlled. They are usually awarded to major oil companies which make competitive bids in return for about

“Ananda first made his money in oil trading before he moved on to the gaming, media, telecommunications and power-generation sectors.”

30% of the oil they produce. The rest is revenue for Malaysia. More recently, Petronas has done away with PSCs and introduced risk service contracts (RSCs) in which there is a balance in sharing risks. Under a RSC, the international oil company (IOC) supplies the services and know-how, from exploration to production, and bears all the risk but is compensated when a commercial discovery is made.

Link deepens

Very little is known about Pexco and its track record in oil production. Research by **FocusM** reveals that in Australia, it operates under Benaris International Pty Ltd, which has a 27.8% stake in the Otway Gas Project, in Tasmanian waters about 70km off Port Campbell, Victoria.

Among the directors of Benaris are two of Ananda's men, Jeremy Paul Abson and Ganapathy Srihari Rama

Iyer, who are also directors of Usaha Tegas and many of Ananda's other companies. Usaha Tegas is Ananda's main private vehicle.

The other directors of Benaris include Guest, Tarisco Manguiat Medalla and Andrew Philip Bolam.

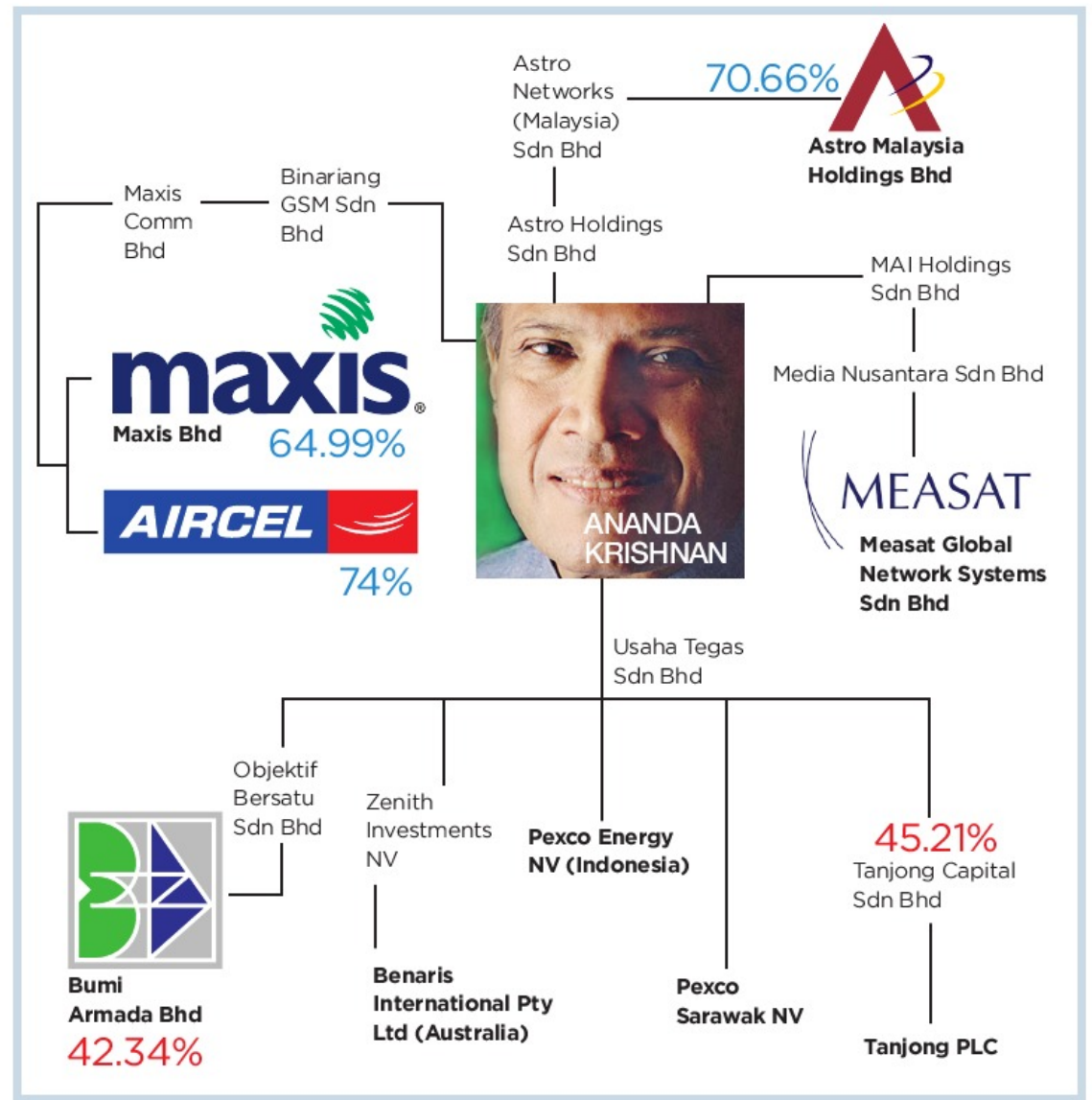
In fact, Ananda's close aides repeatedly appear in his private vehicles, many of which have offices in Menara Maxis.

Sage Canyon Advisors, on its webpage featuring the resume of executive vice-president Norman Singer, who has been chairman of Pexco's US operations, confirms Pexco's link.

While giving Singer's historical experience, it says: "Pexco is the natural resources division of the Usaha Tegas Group, a multibillion-dollar conglomerate with holdings in telecommunications, broadcasting, satellite technology and real property."

An O&G analyst says Ananda is in many ways returning to his roots, after failed attempts in Indonesia and India. Ananda's MCB is embroiled in a potentially scandalous legal tussle in India following the acquisition of the Aircel Group, while Astro's legal battle in Indonesia is with Ananda's former business partner James Riady and his company, the Lippo Group.

"Ananda first made his money in oil trading before he moved on to the gaming, media, telecommunications



and power-generation sectors,” the analyst notes.

Ananda’s first venture was through his family-owned MAI Holdings Sdn Bhd. He set up Exoil Trading, which purchased oil-drilling concessions in various countries. Astro, Maxis and Bumi Armada came into the picture after his O&G exploits. The three giants have a combined market capitalisation of RM81.48 bil, accounting for a significant 8.07% of the Kuala Lumpur Composite Index’s total market cap of RM1.01 tril.

In addition to the new developments in Pexco, Ananda is believed to be a contender for Newfield Exploration Company’s O&G assets in Malaysia, alongside water concessionaire Puncak Niaga Holdings Bhd.

For over two decades the tycoon, 75, had quietly initiated a number of mind-boggling deals that have bowled over observers. Ananda is well-known in business circles for his mega-asset deals, often shrouded in secrecy. Research into the domicile of his holding companies often leads to tax havens. That the billionaire shuns the public eye makes him more intriguing when he surfaces in powerhouse deals, often through a complex web of companies. He never attends his listed companies’ AGMs, neither does he sit on their boards.

His successes are many and his setbacks few. So his failure to win the bid for Optus raised eyebrows. Optus is a subsidiary of Singapore Telecommunications (SingTel).

The SingTel board said on Aug 13 it had decided to hold on to its Australian satellite unit after failing to obtain the price it wanted. The Singapore telco received two offers, one from US-listed Intelsat SA and the other from a consortium made up of Blackstone Group LP, TPG Capital and Ananda’s Measat Global. Both offers were below the A\$2

“That the billionaire shuns the public eye makes him more intriguing when he surfaces in powerhouse deals, often through a complex web of companies. He never attends his listed companies’ AGMs, neither does he sit on their boards.”

bil reserve price.

An analyst says SingTel took over Optus in 2001 for US\$9.69 bil (RM31.65 bil in today’s terms). Its latest valuation, if SingTel decides to pursue an IPO in Australia, is A\$2 bil (RM5.93 bil).

Ananda’s ventures outside Malaysia haven’t panned out too well. In fact they seem to cause him more grief than they’re worth, for instance in India and Indonesia.

An RHB Research analyst points out that Malaysian companies are fortunate to have a more stable regulatory environment. “This is important as sudden changes in policies or policies that unfairly burden companies financially would make sustainable profits a challenge. For example, the cost of the 3G spectrum to telecom companies was very high and is partly why it’s tough to make money in India,” he says.

An analyst from TA Securities Holdings Bhd says it is not easy for foreign

companies to start up businesses in India. “India has not been very receptive to FDIs (foreign direct investments), with its political uncertainty and many stumbling blocks for start-ups,” she says.

For the record, MCB came into unsavoury limelight in 2006 following a case filed by Chennai-based entrepreneur C Sivasankaran, who alleged he was forced to part with his company the Aircel Group at the insistence of Dayanidhi Maran, India’s telecommunications minister at the time.

The controversial Aircel-MCB deal is now infamously known as the “2G Scam”. The case is still pending.

Ananda’s foray into Indonesia also landed him in a legal battle over a failed pay-TV venture with James

Riady. The partnership began in early 2005 when both groups agreed to set up a joint venture to operate a pay-TV business in Indonesia through a Lippo subsidiary, PT Direct Vision (PTDV). The subsidiary owned a multi-media licence awarded by the Indonesian government.

The pay-TV tie-up quickly led to other corporate pacts. But things rapidly soured and allegations of embezzlement and fraud flew amid worsening relations between Ananda and Riady.

The initial legal tussle was settled by Singapore’s High Court in October last year, which awarded Astro US\$250 mil in compensation – but the battle appears far from over.

Continues on page 12



Tycoon could yet surprise with another big deal

From page 11

Earlier this year, First Media – parent company of Across Media, a unit of Lippo's, secured the bankruptcy of its holding firm in Jakarta, in a bid to frustrate efforts by Ananda to recover his funds.

First Media won the order after having lodged an unexpected filing with the Jakarta commercial courts to wind up Across Media.

Across Media is the company currently locked in a legal battle with Astro over the sum of US\$44 mil (RM144.06 mil). The amount is part of a larger, US\$250 mil award.

One can't help wondering if Ananda's international forays are dogged either by bad luck, bad timing or bad decisions. Where he was once touted as a prominent business figure in India, his name is now mired in a scandal still under investigation following the initial legal suit.

The same can be said of his Indonesian venture. And his latest move to take over Optus has been stopped in its tracks.

Can Ananda pull off another mega-asset deal? Given his wealth, he could very well surprise investors and observers with his next big move. For him, the SingTel setback could be a mere hiccup. **FocusM**



The issue of succession

Brahmal is said to be favoured to take over the helm of Ananda's empire



TATPARANANDAM Ananda Krishnan, 75, better known as AK, seems to be on top of everything he does. He built his billion-dollar empire spanning property development, satellites, media, communications, oil and shipping through a tightly-controlled team of trusted lieutenants.

But one nagging question remains: Who will eventually take the reins from the Harvard-educated tycoon from Brickfields, KL, who was born on April 1, 1938?

Analysts say his three Bursa-listed corporations – Maxis Bhd, Astro Malaysia Holdings Bhd and Bumi Armada Bhd – will be able to operate even without him as they are



Marshall is another heir-apparent

headed by competent management teams.

Helping oversee his business empire are trusted aides Augustus Ralph Marshall and Brahma Vasudevan. Both are directors of Ananda's main vehicle Usaha Tegas Sdn Bhd and are involved in his numerous other private companies.

Marshall is also deputy chairman of Astro Malaysia and Astro Overseas Ltd. In addition,

he holds substantial shares in Astro Malaysia and Maxis.

Ananda has two daughters and a son from two marriages but it seems unlikely they will take over from their father. His first marriage gave him a son and daughter.

Son Ven Ajahn Siripanyo has reportedly declined to be involved in his business and is a devout Buddhist monk residing in Thailand. His daughter from his first marriage is reported to be a doctor in the UK, while his daughter from the second marriage is believed to be a socialite in Europe.

Observers say without an heir apparent, Ananda is likely to groom either Marshall or Brahma to take over at the helm of his empire.

Sources point to Brahma being favoured but Marshall is a strong contender.

To be sure, he has many other aides like Chan Chee Beng, Jeremy Paul Abson and Ganapathy Srihari Rama Iyer, who are also taking care of all his businesses.

How it eventually pans out will depend entirely on Ananda.

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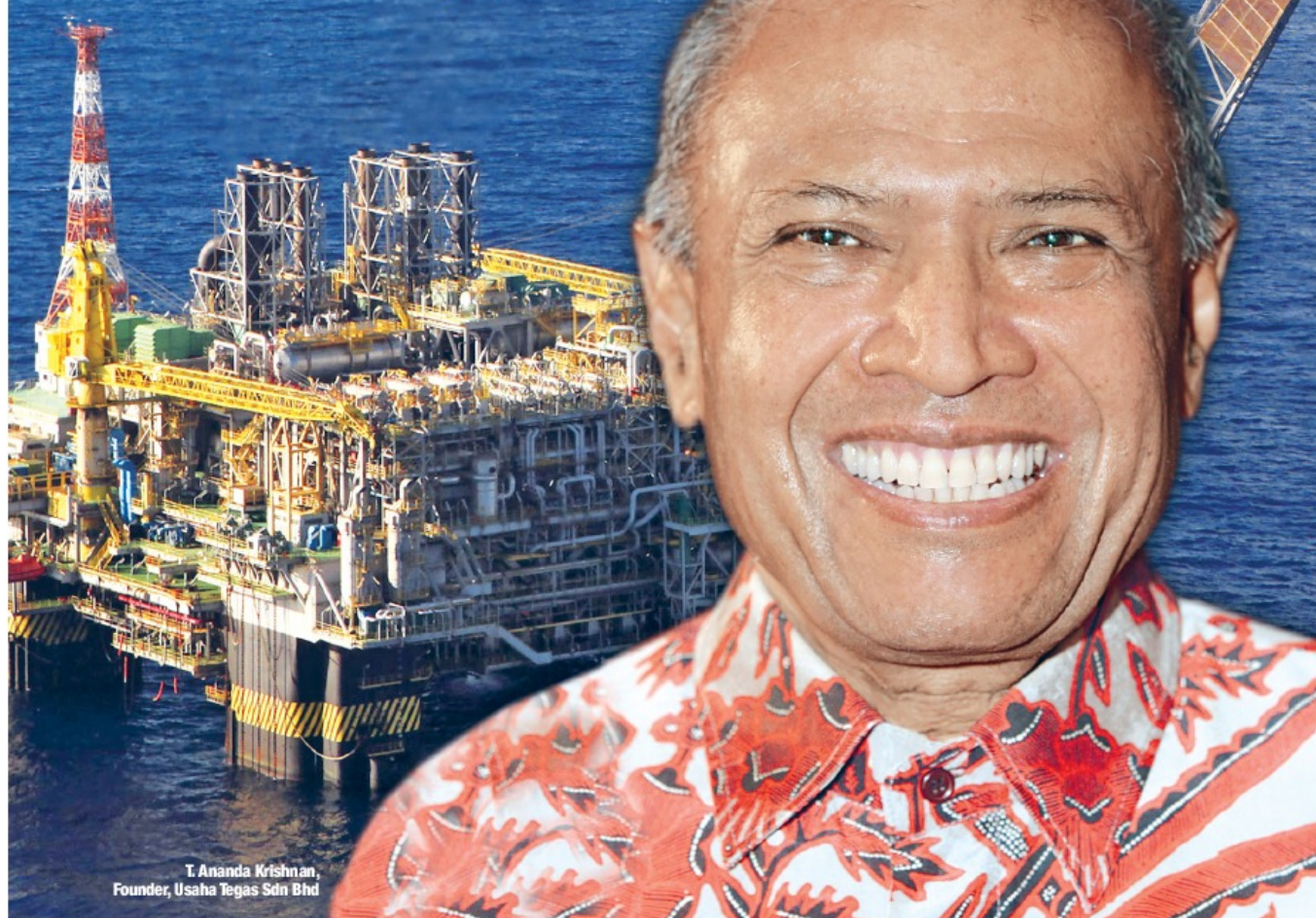
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T. Ananda Krishnan, Founder, Usaha Tegas Sdn Bhd



B10 plan hits road hump

Japanese car makers reluctant to use new diesel mix

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benchmark



A creative space for mobile workers

Co-working spaces are on the uptrend in Malaysia, with more home-based executives and freelancers opting for an environment conducive to work

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