

Special Event: What can Music Do?

Professor Osborne will speak on the theme "What Can Music Do?" and will present an overview of how music may help change human life.

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Hot Off The Press!

It has been an exciting and eventful 2012 so far for Khazanah Nasional Berhad ("Khazanah"). In fulfilling its mandate to create sustainable value for a globally competitive Malaysia, the Government's strategic investment fund is the driver of a broad range of initiatives and efforts.

>Page 18

No More Growth Miracles

A year ago, economic analysts were giddy with optimism about the prospects for economic growth in the developing world.

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KHAZANAH
NASIONAL

KHAZANAH
MEGATRENDS
FORUM 2012

THE BIG SHIFT

Traversing the Complexities of a New World

1 & 2 October 2012

ARE WE READY?

The global financial crisis four years ago was a significant event, both in the severity of its impact and its consequences on the global economy. While an apocalyptic global financial breakdown was averted, the crisis itself is still unfolding and shaping the nature and structure of the global economy in some very fundamental ways. The re-balancing and de-leveraging that is taking place are themselves the shifts that are shaping the economic landscape.

Four years later, some semblance of a 'New World' has emerged – a world of re-definition and paradoxes with some historical sense of *déjà vu*.

If the New World referenced in the last millennium referred to the discovery of the Americas and its attendant Euro-centricity, this 21st century New World is one where, ostensibly, the centre of economic gravity will shift to the East. The question is: how new is this New World? The 'rise of Asia' – if it does occur – really means that Asia is regaining the dominant economic position it held some 500 years ago.

The onset of the Age of Discovery in the 15th century, with its great European expeditions and exploration, is an epoch in that sense. It coincided with the onset of Western colonisation of the East and the decision by the world's greatest economy then, the Chinese under the Ming, to close itself to the world. The

Middle Kingdom decided that they had everything they needed within their borders. Thus began the period of the East to West shift that was defined by the opposing dynamics of discovery and isolation.

Apart from new lands and peoples, it is also the period that saw the rise and primacy of capital as a factor of production. While sovereigns started the naval explorations and mercantilism, it was private capital that kept it going and growing. The present day multinationals saw their origins in the likes of the Hudson Bay Company, the East India Company and the Muscovy Company that were creatures of the 16th century capitalism.

Is the 2008 Global Financial Crisis another epochal moment that will define the era when the shift reverses itself – a shift that is defined by the dynamics of untenable imbalances accumulated over time?

Although driven by its relative low costs, the East benefited greatly from the global division between production and consumption in the later part of the last century. Western mass consumption translated into Eastern mass employment and a cycle of international trade and development ensued, but one characterised by surplus exporting economies and deficit importing ones; the imbalance that exacerbated global capital flows.

But when low cost Eastern frugality met with high income Western extravagance that increasingly depended on credit, the imbalances gained their deleterious impacts. Capital and financial markets became too smart for their own good, too smug, and the world saw intermediation becoming a bigger industry than production. The correction had to happen and the 2008 Financial Crisis seems inevitable on hindsight.

Yet again, does the East-West dichotomy really exist?

As the West attempts to deleverage in the wake of financial meltdown, its economies are also attempting to restructure, by rebuilding the manufacturing capabilities they gave up during the phase of globalisation in the late 20th century. However, for the global supply chain to shift from West to East, emerging economies have to be in a position to provide the demand for goods and services from developed countries. Economics and economic history suggest that neither production nor consumption alone can be the basis of an economy. It is sustained exchange that creates value and employment, and forms the basis for further technological innovation.

On the other hand, this apparent shift in economic power has not been accompanied by a similar shift in geopolitical influence. The leadership of

global institutions such as the UN, IMF and the World Bank – which are themselves undergoing a period of revision and reinvention – remain under the influence of developed countries, in particular Western Europe and the USA.

The other factor that should be considered when analysing the great shifts over the last 500 years is that these shifts were driven by an explosion of technological advances that led to the Industrial Revolution, space exploration and the digital age. The culmination of these advances eventually catalysed global inter-connectedness which created efficiencies in supply chains by geographic specialisation and locations of activities. This hyper-interconnectivity however, is a double-edged sword: localised disruptions such as the Japanese earthquake, Middle-East uprisings and floods in Thailand have the power to negatively impact global supply chains and therefore the world economy.

The merging of the forces of globalisation and the Information Technology Revolution were in fact described as a "Big Shift" by John Hagel III and John Seely Brown in their 2010 book, *The Power of Pull*.

> Continued on page 2

MACRO-STABILITY AND MARKETS

While global markets have somewhat equilibrated in the wake of the 2008 Global Financial Crisis, this equilibrium seems to be less than optimal. >Page 4

FIRMS AND TRANSFORMATIONS

The advents in science, technology, communications and mass production during the Industrial Revolution ushered in a prolonged period of almost relentless progress in human development. >Page 6



GROWTH AND INEQUALITIES

Political events over the past few years, both globally and domestically, have highlighted the importance of what Acemoglu and Robinson label "inclusive institutions". >Page 8



LEADERSHIP AND COMPLEXITIES

A recent report produced by a team led by Ricardo Hausman and César Hidalgo posits that economic growth is driven by "economic complexity". >Page 10

FACTORS

1

Capital and financial markets became too smart for their own good, too smug, and the world saw intermediation becoming a bigger industry than production.

2

Driven by an explosion of technological advances that led to the Industrial Revolution, space exploration and the digital age.

3

Break-ups of empires, two World Wars, de-colonisation, and a war of ideology between capitalism and communism.



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> Continued from page 1

While Hagel and Brown argue that this **Big Shift creates pressures an disruptions because of the existence of outdated and dysfunctional institutions and practices**, they also argue that the Big Shift also unleashes a massive flow of ideas, innovations, new technologies and market opportunities that need to be tapped into to generate productivity and growth.

We perceive the Big Shift as going beyond the impact of technology and globalisation; it encapsulates the marked changes in political, economic and social institutions that have emerged in the last century to create a new world in the first ten years of this millennium.

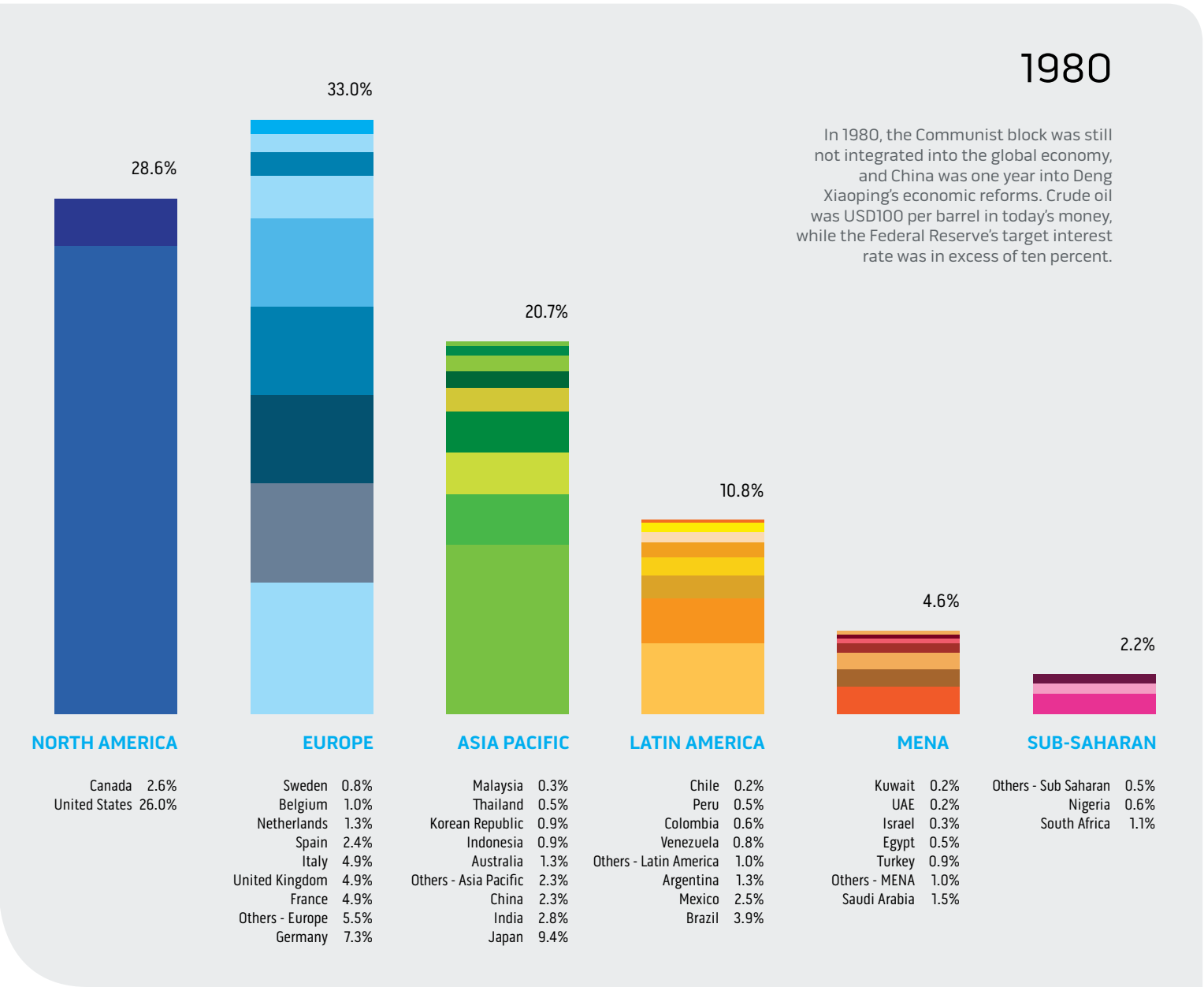
As is evident from history, great shifts do not happen without conflict, and the drastic changes marking the last century were no exception. Break-ups of empires, two World Wars, de-colonisation, and a war of ideology between capitalism and communism exacted their toll on humanity, but also provided the platform for periods of innovation, growth and the creation of new wealth. However, while capitalism may have won the Cold War, it is a pyrrhic victory – one that has come at the cost of ever-widening disparities between the privileged and the marginalised.

Acemoglu and Robinson in their latest book state that the **differentiating factor between countries that have prospered and those that have not is that the former are governed by 'inclusive' as opposed to 'extractive' institutions**. Nonetheless, as the popularity of the 'Occupy' movement has illustrated, economic and political institutions have in general become more extractive; the deregulation and liberalisation of capital and policies favouring owners of capital at the expense of workers have contributed to increased inequalities in wealth and income – indicating that perhaps it is capitalism itself that is the most extractive institution of all.

What is clear now is that despite these great shifts, the fundamental challenge for humanity remains: if we are to continue to prosper in the centuries to come, we must address the great imbalances in opportunities, wealth and power that continue to provide the impetus for societal conflicts throughout the world.

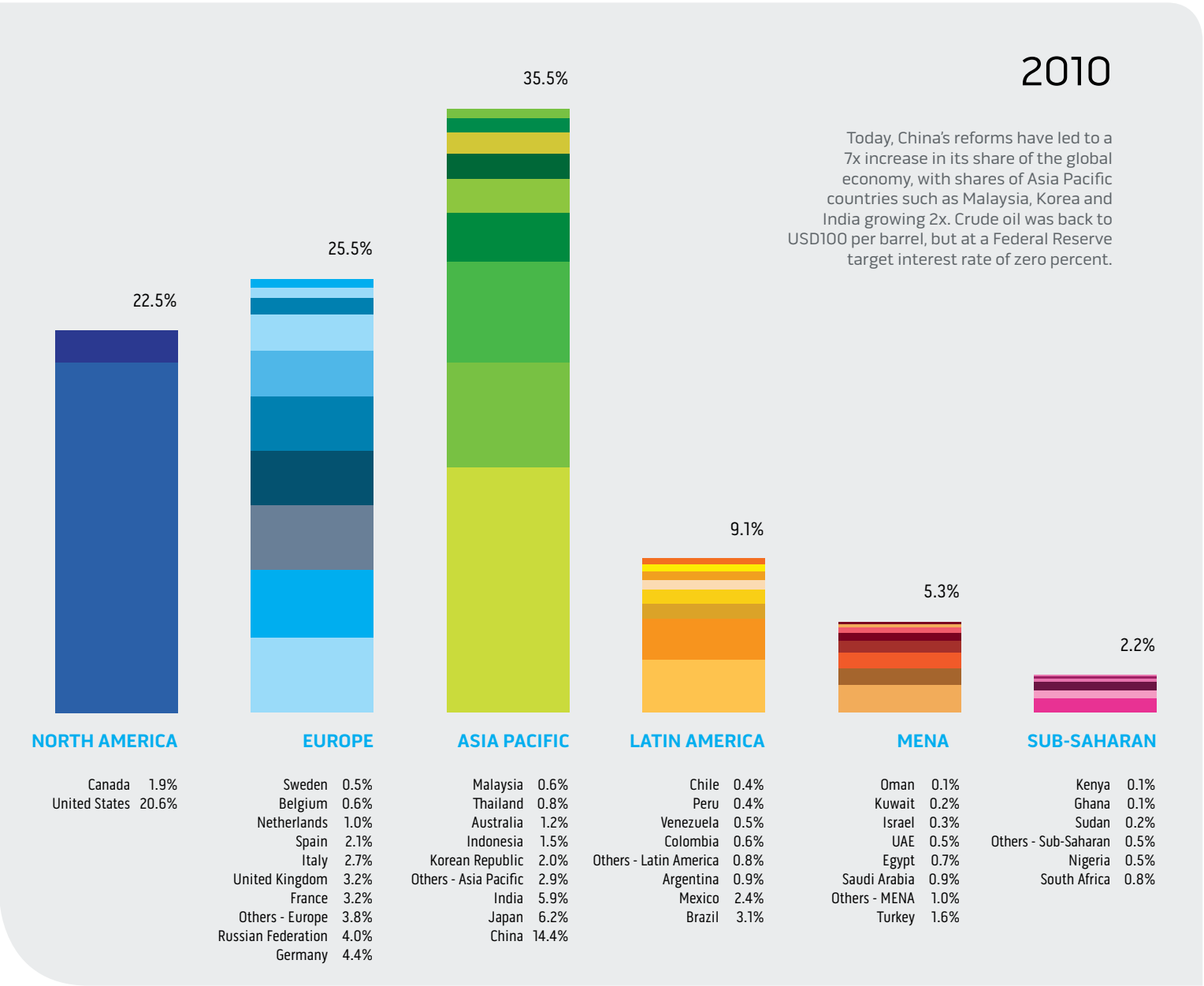
While there may be indications of geographic-centricity to some emerging trends, given the connectedness of the world, the new world is global. More important is a cogent understanding of the shifts themselves, and the ways in which the challenges posed by these shifts must be navigated by everyone – regardless of location or the enterprises they are involved in.

The 2012 KMF therefore proposes the theme of "The Big Shift: Traversing the Complexities of a New World".



SHARE OF GLOBAL GDP, PPP (CURRENT INTERNATIONAL \$)

Source: World Bank – World Development Indicators & Global Development Finance



MANAGING DIRECTOR'S NOTE



YBhg Tan Sri Dato' Azman Hj Mokhtar
Managing Director,
Khazanah Nasional Berhad

Once again I have the pleasure of welcoming you to the Khazanah Megatrends Forum – the seventh event in this series. KMF is one strand within Khazanah's knowledge development programme that contributes to our mandate of raising the nation's competitiveness through economic, business, cultural and social development.

Knowledge-sharing and the development and dissemination of fresh ideas are critical activities in Malaysia's overall development, and this Forum seeks to further enable our aspirations.

It is our privilege to welcome to Kuala Lumpur an exciting and eclectic mix of economists, thought leaders and creative individuals to discuss the issues and articulate the ideas which will be shaping our global economy in the near future. All of this takes place in front of a substantial invited audience of the most influential members of the business, academic and socio-political communities.

Over the last few KMFs, we focused on the impact of the global financial

crisis, as would be expected. Our theme this year is: 'The Big Shift – Traversing the Complexities of a New World.' The recent financial chaos and economic instability have not yet ceased to impact us all, but as the storm clears somewhat, are we expecting to see the world just as it was before – or has there been a shift? If so, what is the nature of that shift? Is the centre of economic gravity shifting from West to East? Is it more complex than that? What about the roles of Africa and Latin America?

And will an economic shift be accompanied by a shift in geopolitical influences – or will these still reside in the US and Western Europe? Surely such a shift goes beyond the impact of technology and globalization – extending to major changes in economic, political and social institutions? Can such a significant shift take place without tension and conflict? What does history tell us?

These exciting and thought provoking questions are our overall topic at KMF 2012. This year we also have



environmental and artistic components of which we are particularly proud of.

Khazanah's remit to safeguard the assets of the nation is not just a financial responsibility. Malaysia is blessed with a rich natural heritage, part of which is the mangrove. Protection of the mangrove is an essential legacy for future generations.

At KMF 2012, we are pleased to launch a book dedicated to the Ramsar Mangrove of Iskandar Malaysia. We will also be highlighting some of Khazanah's environmental initiatives and conservation projects in this area.

I do hope that you enjoy all of our special events, as well as our customary discussions on: Macro-Stability and Markets; Firms and Transformation; Growth and Inequalities; Leadership and Complexities.

Thank you so much for participating in KMF 2012 and I wish you a fascinating and enjoyable time as our guests.

THE KEY QUESTIONS THE FORUM SEEKS TO ANSWER ARE:

- Is the Shift structural, and therefore permanent? Or is it part of a Kondratieff wave, which implies that the world will revert to its long-term mean? Different types of shifts require different perspectives: if the Shift consists of many transient and secular changes, then what are the medium-term adjustments that are required for an optimal equilibrium to be achieved in terms of rebalancing inequalities in income, wealth, political participation and societal cohesion? Conversely, given that structural transformations throughout history – the Renaissance, the Industrial Revolution, globalisation post-Bretton Woods – have been driven primarily by major technological advances, what are the technological revolutions driving the Shift in the 21st century?
- In terms of economic systems, while global consumption patterns remain

constant, the last century has seen a Big Shift in terms of the intensity of use and the distribution of factors of production. Ironically the 'triumph' of capitalism in the Cold War has proven the timelessness of Marx's dialectic of the conflict between capital owners and labour: global financial deregulation has meant that the rate of returns to capital, or rather capital intermediation, far outstrips the returns to labour. This divergence led to a possible "epochal moment" – the 2008 financial crisis and its continuing reverberations. How should such imbalances be redressed, and what role is there for governments, markets, firms and technology in the rebalancing of these factors of production?

- Is there a geographic dimension to the Shift, in the sense of a movement in the centres of political and economic gravity from the West to the East? Should the geographic division of supply chain change? Should the production side revert to the West, and is the East capable of providing the demand? On the other hand, given the pervasiveness of global interconnectivity, are shifts in the production system – occurring locally, but leading to global impacts – a permanent feature? If this is the case, what do these imbalances mean to firms, markets and economies?

In the usual KMF tradition, the main theme is looked at from the perspectives of markets, firms, society-at-large and people.

KMF: A UNIQUE MELTING POT OF THOUGHT AND CREATIVITY

Once again the Khazanah Megatrends Forum is in session. KMF 2012 is the seventh incarnation of this unique event, which brings together prominent thinkers and creative minds to discuss pertinent issues in front of an invited audience of business leaders, policy makers and academics.

KMF is part of Khazanah's commitment to a fully holistic approach to the development and safeguarding of national assets – in this case through an ambitious programme of knowledge-sharing and thought-leadership.

Although the last year may appear to have flown by, it has not been short of dramatic events and changes across the globe. And, as alluded to in last year's theme, not only is there continuing global uncertainty, but complexity and interconnection will be with us forever. Never has it been more apparent that this planet is one complex interconnected biological and economic ecosystem – it is rare that any significant event in one country does not have regional, even global, impact.

The events of recent years and the pace and extent of change have made it implausible that we will ever return to a landscape that is exactly as it was before the global financial crisis. Without a doubt, there has been and will continue

to be a 'big shift' towards a more complex new world – which is this year's theme.

What exactly is this shift? What direction is it in and where will it be felt most acutely? One possible outcome is the re-emergence of Asia as the powerhouse of the global economy – a return to the 'old world order' of 500 years ago. This will be a rich and stimulating topic of discussion at KMF 2012.

This year's Forum has some truly unique features, including an elegant musical evening and a significant environmental segment – complete with specially composed music and a commissioned short film.

Khazanah's remit as a treasury of the nation's assets goes beyond the purely financial. Malaysia has a rich natural heritage and the preservation of this for future generations is absolutely critical. This year there is a focus on the Ramsar mangrove of Iskandar, with a special event to celebrate and help preserve this beautiful and priceless natural resource.

The approximately 500 guests attending KMF 2012 will have much to think about and absorb in these two extremely eventful and stimulating days of panel discussions, special addresses and fascinating presentations.

WELCOME REMARKS



YBhg Dato' Mohammed Azlan Hashim
Board Member, Khazanah Nasional Berhad

YBhg Dato' Mohammed Azlan Hashim was appointed as Director of Khazanah Nasional on 1 June, 2004. He is currently the Chairman of several public listed entities including D&O Green Technologies Berhad, Silk Holdings Berhad and a director of Scmi Group Berhad.

He has extensive working experience in the corporate sectors including financial services and investments. Among others, he has served as Chief Executive of Bumiputra Merchant Bankers Berhad, Group Managing Director of Amanah Capital Malaysia Berhad and Executive Chairman of Bursa Malaysia Berhad.

Dato' Mohammed Azlan also serves as a Board Member of various government-related organisations including Labuan Financial Services Authority. He is also a member of the Investment Panel of the Employees Provident Fund and the Retirement Fund Incorporated.

He holds a Bachelor of Economics from Monash University, Melbourne and is also a qualified Chartered Accountant. He is a Fellow Member of the Institute of Chartered Accountants, Australia, Member of the Malaysian Institute of Accountants, Fellow Member of Malaysian Institute of Directors, Fellow Member of the Institute of Chartered Secretaries and Administrators and Honorary Member of The Institute of Internal Auditors, Malaysia.

OPENING ADDRESS



YB Dato' Seri Ahmad Husni Mohamad Hanadzlah
Minister of Finance II

YB Dato' Seri Ahmad Husni Mohamad Hanadzlah was appointed as Director of Khazanah Nasional on 18 May 2009. He is currently the Second Finance Minister.

Dato' Seri Ahmad Husni has held key positions in the Malaysian Cabinet since 2004 – namely Deputy Minister of International Trade and Industry, and later, Deputy Minister of Finance I.

Dato' Seri Ahmad Husni has an extensive working experience in the corporate sector having served in several financial institutions, namely Bumiputra Merchant Bankers Berhad, Asiavest Merchant Bankers and Chase Manhattan Bank N.A. He also served at several state government-linked agencies, namely Syarikat MajuPerak Berhad and Perak Islamic Economic Corporation.

He was previously Chairman of several key agencies and corporations, including the Malaysia External Development Corporation (MATRADE), Bumiputra Commerce Bank Berhad, Commercial Vehicle Licensing Board and National Higher Education Fund Corporation. He was also previously the Chairman of the Public Accounts Committee, Parliament of Malaysia.

Dato' Seri Ahmad Husni holds a degree in Economics from University of Malaya.

MACRO-STABILITY AND MARKETS

While global markets have somewhat equilibrated in the wake of the 2008 Global Financial Crisis, this equilibrium seems to be less than optimal and certainly less stable: the US economic recovery has yet to be accompanied by a jobs recovery, and the Eurozone continues to grapple with the debt crises of its weaker members. Downside risks and uncertainties remain.

Meanwhile, there are signs that the emerging economies, led by China and India, will be able to sustain their growth trajectories, although questions remain on their ability to sustain demand while developed markets de-lever.

How viable is this shift in global economic activity eastwards, without the changes towards more inclusive institutions, both political and economic, which accompanied the rise of the West following the Industrial Revolution?

Is such a shift even occurring, or are the dichotomies in global supply chains more perceived than real? What role should global economic institutions play, given that the world created by the Bretton Woods system has evolved? What are the prospects for the Eurozone and what are the implications if it were to collapse?



DAY 1

8:00 - 9:00am

Registration

9:00 - 9:10am

Welcome Remarks

YBhg Dato' Mohammed Azlan Hashim
Board Member, Khazanah Nasional Berhad

9:10 - 9:20am

Introduction to KMF 2012

- Dr Nungsari Ahmad Radhi, *Executive Director, Khazanah Research & Investment Strategy, Khazanah Nasional Berhad*
- Hisham Hamdan, *Executive Director, Investments Khazanah Nasional Berhad*

9:20 - 10:00am

Opening Address

YB Dato' Seri Ahmad Husni Mohamad Hanadzlah
Minister of Finance II

10:00 - 10:15am

Networking Break

10:15 - 11:15am

Special Address:
'Anti Social Media'

Martin Lindstrom, *Branding Expert, Author, Founding Partner and Chairman of the Board, Buyology Inc.*
Introducer: Jiv Sammanthan, *Executive Director, Managing Director's Office, Khazanah Nasional Berhad*

SESSION 1: MACRO-STABILITY AND MARKETS

11:15 - 12:45am

Panelists

- Amar Gill, *Head of Asia Research, CLSA Limited*
- David Marsh, *Chairman and Co-Founder, Official Monetary and Financial Institutions Forum (OMFIF)*
- Dr Simon Ogus, *Founder and CEO, DSGAsia Limited*
- Yeoh Keat Seng, *Director, Kumpulan Sentiasa Cemerlang*
Chairperson: Mohamed Ridzuan Mohamed, *Senior Vice President, Khazanah Research & Investment Strategy, Khazanah Nasional Berhad*

PANELISTS: MACRO-STABILITY AND MARKETS



Amar Gill
Head of Asia Research, CLSA Limited

Previously Head of Research in Malaysia and Hong Kong, as well as Head of Thematic Research, since April 2012 Amar Gill is Head of Asia Research at CLSA, a top-tier Asia Pacific securities company.

He has coordinated our research on corporate governance since 2000 and was our representative on the Asian Corporate Governance Association council. Amar's career in finance began in foreign exchange with Chemical Bank, Singapore. He then switched to equity research in 1991.

A Chartered Financial Analyst, Amar holds a First Class joint BA in Philosophy, Politics and Economics, as well as an MPhil from Oxford University. He has worked for CLSA in Kuala Lumpur, Singapore and is now based in Hong Kong.



David Marsh
Chairman and Co-Founder, Official Monetary and Financial Institutions Forum (OMFIF)

David Marsh is Chairman and Co-Founder of the Official Monetary and Financial Institutions Forum (OMFIF). He is Senior Advisor to London-based asset management company Soditic CBIP LLP and Chairman of the Advisory Board of independent investment bank London & Oxford Capital Markets. He is also Chairman of Management Consultancy SCCO International. Previously he worked for City merchant bank Robert Fleming, corporate finance boutique Hawkpoint and German management consultancy Droege. He worked for the Financial Times between 1978 and 1995, including in France and Germany, becoming European editor.

Marsh is a Board Member of Henderson Eurotrust, British Chamber of Commerce in Germany and Institute for Corporate Cultural Affairs, Deputy Chairman of German-British Forum, Advisory Board Member of Centre for European Reform and honorary Professor at the University of Birmingham. He was made Commander of the British Empire in 2000 and was awarded the German Order of Merit (Bundesverdienstkreuz) in 2003.

Marsh has written four books: *Germany – Rich, Bothered and Divided* (1989); *The Bundesbank – The Bank that Rules Europe* (1992); *Germany and Europe – The Crisis of Unity* (1994); *The Euro – The Politics of the New Global Currency* (2009 – re-released in 2011 as *The Battle for the New Global Currency*). He is a frequent media commentator in Europe and the US.



Dr Simon Ogus
Founder and CEO, DSGAsia Limited

Dr Simon Ogus is the Founder and CEO of DSGAsia Limited, an independent consultancy, based in Hong Kong.

From 1994 to 1999, Simon was Managing Director and Chief Economist for Asia at Swiss Bank Corporation (subsequently SBC Warburg and then UBS), Hong Kong. He also held the position of Adjunct Professor of Economics and Finance at the City University of Hong Kong. Simon currently serves on the board of a number of companies and official bodies, including the Council of Advisers for the Hong Kong Monetary Authority's Hong Kong Institute for Monetary Research.

During his time at the helm of SBC/UBS, Simon was responsible for developing and spearheading the bank's macroeconomic research product for the region including Japan, Non-Japan Asia and Australasia. He trained as an actuary with William M Mercer Fraser. He subsequently moved into funds management with the United Bank of Kuwait in London before joining GT Management in Hong Kong in 1990.

Simon gained his PhD in Economics from the University of London's School of Oriental and African Studies. He also holds an MSc in Management and Finance from the University of London's Imperial College, and a BA in Economics and Econometrics from the University of Manchester.



Yeoh Keat Seng
Director, Kumpulan Sentiasa Cemerlang

Yeoh Keat Seng is Director/Fund Manager at fund management company, Kumpulan Sentiasa Cemerlang Sdn Bhd, having joined the company in 2008.

Prior to that he had served in the CIMB Group for 6 years, first as the Chief Executive Officer and Chief Investment Officer of the predecessor of CIMB-Principal Asset Management, and then as Head of Private Client Services.

Before joining the Commerce group, he was the Head of Research for Merrill Lynch (Malaysia). He has 12 years experience as an investment analyst and more than 10 years in management. He has also authored a book, *Investing Your Savings*, which was on the best sellers list in 2003 and 2004. He holds a Degree in Accountancy from the National University Singapore, and is also a Chartered Financial Analyst.

He also serves on the Board of Directors of Malaysian Technology Development Corporation and Xeraya Capital as the Nominee Director for Khazanah Nasional.

SPECIAL ADDRESS



Martin Lindstrom
Branding Expert, Author, Founding Partner and Chairman of the Board, Buyology Inc.

Martin Lindstrom is a 2009 recipient of TIME Magazine's 'World's 100 Most Influential People' and author of the NY Times and international bestseller *Buyology—Truth and Lies About Why We Buy* (Doubleday, New York), a New York Times and Wall Street Journal bestseller. His highly anticipated new book *Brandwashed: Tricks Companies Use to Manipulate Our Minds and Persuade Us to Buy*, was released September 2011 (Crown). *Brandwashed* is a shocking insider's look at how today's global giants conspire to obscure the truth and manipulate our minds, all in service of persuading us to buy.

Lindstrom is a trusted advisor to numerous Fortune 100 companies including McDonald's Corporation, PepsiCo, American Express, Microsoft Corporation, The Walt Disney Company and GlaxoSmithKline, amongst others.

Lindstrom has and continues to feature in the Wall Street Journal, Newsweek, TIME, The Economist, New York Times, BusinessWeek, The Washington Post, USA Today, Fast Company, The Economist, Harvard Business Review, Chicago Tribune, The Independent, The Times, The Guardian, New York Post, and has appeared on NBC's Today Show, ABC News, CNN, CBS, Bloomberg, FOX, Discovery and BBC. His book, *BRANDsense*, was acclaimed by the Wall Street Journal as "...one of the five best marketing books ever published."

Buyology was voted "pick of the year" by USA Today, reached ten of the Top 10 bestseller lists in the U.S. and worldwide, including the New York Times and Wall Street Journal. His 5 books on branding have been translated into more than 30 languages and published in more than 60 countries worldwide. Lindstrom frequently contributes to the New York Times, Forbes, Fortune, Parade, Contagious, Fast Company, CNN.com and Advertising Age and can often be seen on America's #1 morning TV show, 'Today'.



Session 1: Chair

Mohamed Ridzuan Mohamed
Senior Vice President, Khazanah Research & Investment Strategy, Khazanah Nasional Berhad

Ridzuan Mohamed is a Senior Vice President in Khazanah Nasional Berhad's Research & Investment Strategy team. He has more than ten years industry experience as a sell-side equities analyst, having covered the Malaysian utilities, transportation and telecommunications sectors for a number of investment banks including UBS, Merrill Lynch and RHB. Ridzuan is a Chartered Financial Analyst, and an economics graduate of the London School of Economics and Political Science. He currently sits on the board of the Malaysian Investor Relations Association (MIRA).

SPECIAL ADDRESS



Ronnie Chan
Chairman, Hang Lung Properties

Ronnie C. Chan is the Chairman of Hang Lung Group Limited and its subsidiary Hang Lung Properties Limited. Following successes in Shanghai, Hang Lung has been investing US\$8.4 billion and building a number of world-class commercial complexes in Tianjin, Shenyang, Jinan, Wuxi, Dalian and Kunming.

Mr Chan also co-founded the Morningside Group. Besides, he founded and chairs the China Heritage Fund, is a co-founding Director of The Forbidden City Cultural Heritage Conservation Foundation, Beijing, and is an Advisor and former Vice President of the China Development Research Foundation in Beijing.

Internationally, he is Co-Chair of the Board of the Asia Society and Chairman of its Hong Kong Center, a Director of the Board of the Peterson Institute for International Economics, a member of the Council on Foreign Relations, the National Committee on United States-China Relations, and the Committee of 100. He is also the founding Chairman Emeritus of the Asia Business Council.

He serves or has served on the governing or advisory bodies of several think tanks and universities, including the World Economic Forum, the Tsinghua University, the University of Southern California, East-West Center, Pacific Council on International Policy, Eisenhower Fellowships, and The Maureen and Mike Mansfield Foundation.

FIRMS AND TRANSFORMATIONS

The advents in science, technology, communications and mass production during the Industrial Revolution ushered in a prolonged period of almost relentless progress in human development. Mass production technologies like the 'Spinning Jenny' and the steam engine paved the way for, among others, the invention of the integrated circuit and miniaturisation 200 years later.

This in turn led to the Internet Revolution, indubitably the most far-reaching and democratising technological movement in the history of humankind. Social media, for instance, has been credited with enabling the Arab Spring and the Occupy movements – bringing together different classes and causes in the pursuit of a seemingly single cause. Examined more closely however, this great 'democratisation' reveals several factions and fractions.

The irony is that – while progress in technology and communications has brought more people together – this rise in participation reveals that "the masses" actually consist of disparate and diverse needs and interests.

How should firms adjust to this paradoxical effect of technology becoming more democratised, yet more personal?

Should firms compete towards the lowest common denominator or cater to different consumer-types with divergent welfare functions? What is the new model of a firm?



SPECIAL EVENT: 'WHAT CAN MUSIC DO?'

A Musical Evening with Prof Nigel Osborne, Composer and Reid Professor of Music, The University of Edinburgh

Prof Nigel Osborne will present an overview of how music may help change human life; from the personal experience of individuals to the way music may help communities, societies and even economies to change.

The Grand Ballroom, Mandarin Oriental

7:15pm Cocktail Reception / Arrival of Guests

8:15pm Talk / Interactive Session with Prof Nigel Osborne

9:30pm End

DAY 1

12:45 - 2:00pm

Luncheon Address:
'Steering through Unknown Unknowns: A Systemic Framework'

YBhg Tan Sri Andrew Sheng, President, Fung Global Institute, Board Member, Khazanah Nasional Berhad
Introducer: YM Tengku Dato' Sri Azmil Zahrudin
Executive Director, Investments, Khazanah Nasional Berhad

2:00 - 2:15pm

Networking Break

2:15 - 3:15pm

Special Address:
'What is Wrong with the World Today?'

Ronnie Chan, Chairman, Hang Lung Properties
Introducer: Ben Chan
Executive Director, Investments, Khazanah Nasional Berhad

3:15 - 3:30pm

Networking Break

SESSION 2: FIRMS AND TRANSFORMATION

3:30 - 5:00pm

Panelists

- **Chris Zook**, Partner, Best-Selling Author and Co-Head, Bain's Global Strategy Practice, Amsterdam Office
 - **YBhg Dato' Sri Jamaludin Ibrahim**, Managing Director, President and Group CEO, Axiata Group Berhad
 - **Nobuyuki Idei**, Founder, CEO and Representative Director, Quantum Leaps Corporation
 - **Sunny Verghese**, Co-Founder, Group Managing Director and CEO, Olam International Limited
- Chairperson:** Hisham Hamdan, Executive Director, Investments, Khazanah Nasional Berhad

5:00pm

End of Day One

PANELISTS: FIRMS AND TRANSFORMATIONS



Chris Zook
Partner, Best-Selling Author and Co-Head of Bain's Global Strategy Practice, Amsterdam Office

Chris Zook is a Partner in Bain & Company's Amsterdam office and has been Co-Head of the Global Strategy Practice for the past 15 years. He specialises in helping companies find new sources of profitable growth.

He is the author of five books with Harvard Business Review Press in the past ten years including his new book *Repeatability: Build Enduring Businesses for a World of Constant Change*. Among his best-selling books are *Profit from the Core: a Return to Growth in Turbulent Times* (HBRP, January 2010), *Unstoppable: Finding Hidden Assets to Renew the Core and Fuel Profitable Growth* (HBRP, May 2007) and *Beyond the Core: Expand your Market without Abandoning your Roots* (HBRP, November 2004).

Chris has received accolades for his work on strategy such as Times of London 'Top 50 Business Thinkers', FT Guide to Strategy 'One of most interesting strategic thinkers working today', Top 100 business books of all time award and FT and Economist 'Books of the year' list. He is a frequent speaker at a wide range of international and business forums including the World Economic Forum, the Forbes' CEO Conference and the Economist Summit.

He received a B.A. in Mathematics and Economics from Williams College, an M.Phil. in Economics from Exeter College, Oxford University, and earned Master's and Doctorate degrees from Harvard University.



Nobuyuki Idei
Founder, CEO and Representative Director, Quantum Leaps Corporation

Nobuyuki Idei is Founder and CEO of Quantum Leaps Corporation, a management consultancy company he established in September 2006. Quantum Leaps aims to enhance Japan's competitiveness in the 21st century by supporting corporate transformation and nurturing technology-driven venture companies. He is also Founder and Chairman of Asia Innovators' Initiative, a non-profit organisation registered in Japan.

For more than a decade, Idei was a member of top management at Sony, as President and Representative Director from 1995 to 1999, President and CEO from 1999 to 2000, and Chairman and Group CEO from 2000 to 2005. He was Chief Corporate Advisor from 2005 to 2007. He currently serves as Director of Accenture Baidu, Freebit Co., Ltd. and Lenovo Group.

Idei graduated from Waseda University with a B.A. in Political Science and Economics and entered Sony Corporation in 1960. After two overseas stints in Switzerland, he went to France to establish Sony France. Upon returning to Japan, Idei served as Deputy Senior General Manager of the Audio Group, Deputy President of the Media, Information Products and Systems Group, and Senior General Manager of the Home Video Group before he was appointed Director in 1989 and Managing Director in 1994.



YBhg Dato' Sri Jamaludin Ibrahim
Managing Director, President and Group CEO, Axiata Group Berhad

YBhg Dato' Sri Jamaludin is President and Group Chief Executive Officer of Axiata Group Berhad, which he joined in March 2008. He is also a Board Member of Axiata Group. He has worked for about 31 years in the ICT industry - 16 years in IT industry and 15 years in telecommunications industry.

Prior to that, he was with Maxis Communications Berhad, which he joined in 1997 and was appointed Chief Executive Officer in 1998. In 2006, he was redesignated Group Chief Executive Officer. He retired from Maxis in 2007.

Before joining Maxis, he was Chief Executive Officer of Digital Equipment Malaysia (the Malaysian branch of Digital Equipment) from 1993 to 1997. He also spent 12 years in IBM (1981-1993) as Systems Engineer and in various positions in Sales, Marketing and Management. Prior to IBM, he was a lecturer in Quantitative Methods at California State University, United States in 1980.

He is also the Chairman of Celcom Axiata Berhad (Malaysia) and Board Member of XL Axiata (Indonesia), Dialog Axiata (Sri Lanka), M1 (Singapore), FRF (Financial Reporting Foundation Malaysia) and the GSMA (the global World GSM Association).



Sunny Verghese
Co-Founder, Group Managing Director and CEO, Olam International Limited

Sunny George Verghese is the Co-Founder, Group Managing Director and Chief Executive Officer of Olam International Limited. Olam is listed on the main board of the Singapore Stock Exchange (SGX) and ranks amongst the top 40 companies in Singapore in terms of market capitalisation. In 23 years, he and his team have built this business to S\$17.1 billion in Sales Revenues for FY2012.

He is currently Chairman of International Enterprise Singapore (a Statutory Board under the Ministry of Trade & Industry) and a member of the National University of Singapore (NUS) Board of Trustees. In May 2010, he was appointed by the Ministry of Manpower to serve as the Chairman of the Human Capital Leadership Institute (HCLI).

Sunny was awarded the Best Chief Executive for large cap companies in the Singapore Corporate Awards (SCA) in July 2011. He was also voted Best Executive in Singapore for 2006 and 2010 in the AsiaMoney Awards. He was named 'Outstanding Chief Executive for 2006' in the 2007 Singapore Business Awards (SBA) and Singapore's Ernst & Young Entrepreneur of the Year in November 2008. He was conferred The Public Service Medal by the Government of Singapore in August 2010.

LUNCHEON ADDRESS



YBhg Tan Sri Andrew Sheng
President, Fung Global Institute, Board Member, Khazanah Nasional Berhad

YBhg Tan Sri Andrew Sheng is well known in global financial circles as a former central banker and financial regulator in Asia and a commentator on global finance. As President of Fung Global Institute, he is responsible for its operations and, with the support and advice of the Academic Board, for driving its research agenda and thought leadership.

He is currently the Chief Adviser to the China Banking Regulatory Commission and a Board Member of Khazanah Nasional Berhad. In addition, he serves as a member of the International Advisory Council of the China Investment Corporation, the China Development Bank and the Advisory Council on Shanghai as an international financial centre.

He is also an Adjunct Professor at the Graduate School of Economics and Management, Tsinghua University, Beijing and the University of Malaya, Kuala Lumpur. He currently chairs the annual Roundtable on Capital Market Reform in Asia for the OECD and Asian Development Bank Institute. He served as Chairman of the Securities and Futures Commission of Hong Kong from 1998 to 2005, having previously been a central banker with the Hong Kong Monetary Authority and Bank Negara Malaysia.

He has published widely on monetary, economics and financial issues. His latest book is entitled *From Asian to global financial crisis: an Asian regulator's view of the unfettered finance in the 1990s and 2000s*. He is also a regular contributor to leading economic magazines and newspapers in China and the Asian region.



Session 2: Chair

Hisham Hamdan
Executive Director, Investments, Khazanah Nasional Berhad

Hisham Hamdan joined Khazanah as Executive Director of Investments in April 2011. He was formerly with Sime Darby where he served for over six years and assumed several senior positions, covering strategy and business development, healthcare, energy & utilities and special projects.

Hisham also has 12 years of capital markets experience in equity research and investment banking. He started his career as a process engineer in the US.

He holds two degrees in Chemical Engineering and Industrial Management from Purdue University, in the US. He has also attended the Harvard Business School's Advanced Management Programme.

SPECIAL ADDRESS



Dr Gerard Lyons
Chief Economist and Group Head,
Global Research, Standard Chartered Bank

Dr Gerard Lyons is the Chief Economist and Group Head of Global Research at Standard Chartered. He is also an Economic Advisor to the Board and a Member of the Bank's Executive Forum. Previous roles at the Bank include Member of the Global Markets Management Team and of the Risk Management Committee. His previous positions include Chief Economist at DKB International, Consultant to the Dai-ichi Kangyo Bank Tokyo, Chief UK Economist at Swiss Bank Corporation, beginning his career with Chase Manhattan.

He is currently a Council Member of the University of Warwick, Vice Chairman of the 48 Group Club (China), Member of the Advisory Board for the Grantham Institute on Climate Change, Committee Member of the Hong Kong Association, Member of the International Council of the Bretton Woods Committee and a Fellow of the Royal Society of Arts. He is on the Panel of Economic Advisors to the Mayor of London and on the World Economic Forum's Global Agenda Council on Banking and Capital Markets.

He has also authored 'The Qatar 2020 Report' requested by, and presented to the Emir in February 2006 and he was the co-author of the 'Report of the Commission on the £ Sterling' for the then leader of the UK Opposition, William Hague, as well as being on the Board of the 'No' Campaign. He has testified to the US Senate Banking Committee, the US Congress Foreign Affairs Committee and UK parliamentary Committees, and presented papers to the Commonwealth Finance Ministers Conference and spoken at the EU-China Summit in Beijing.

Introducer



John Pang
CEO, CIMB Asean Research Institute (CARI)

John Pang was appointed CEO of CARI in April 2010. He was Senior Visiting Fellow at the S. Rajaratnam School of International Studies, Singapore.

He was Advisor to Malaysia's Minister of Education and helped found a regional risk management and strategic communications firm. As an associate with McKinsey and Company, he worked on projects in Aviation, Oil and Gas, SEZ development and Manufacturing.

He has Bachelor's and Master degrees in Philosophy and Economics from the London School of Economics and did doctoral work in the Philosophy of Religion at Stanford University.

GROWTH AND INEQUALITIES



Political events over the past few years, both globally and domestically, have highlighted the importance of what Acemoglu and Robinson label "inclusive institutions" – governing institutions that maximise not only economic but also political participation.

Meanwhile, Hernando De Soto's work in analysing the Arab Spring has also highlighted that the origins of the social revolutions in the Middle East lie not just in political disenfranchisement, but are deeply rooted in the absence of individual property rights and economic participation in the countries involved.

Can countries – particularly those that have focused on economic growth at the expense of participation – continue to prosper without being more inclusive?

How do countries deal with the emerging demographic tsunami in the emerging economies? How much "pain" related to structural reform can countries undergo in order to achieve such reforms?

DAY 2

9:00 - 10:00am	Special Address: 'The Shift in The Balance of Power: Issues and Implications' Dr Gerard Lyons <i>Chief Economist and Group Head, Global Research, Standard Chartered Bank</i> Introducer: John Pang <i>CEO, CIMB Asean Research Institute</i>
10:00 - 10:15am	Networking Break
10:15 - 11:15am	Special Address: 'Emerging Growth Poles: Challenges and Opportunities' Prof Dr Abbas Mirakhor <i>First Holder of INCEIF Chair of Islamic Finance</i> Introducer: Mohd Izani Ghani <i>Director / Chief Financial Officer, Khazanah Nasional Berhad</i>

SESSION 3: GROWTH AND INEQUALITIES

11:15 - 12:45pm	Panelists <ul style="list-style-type: none">• Ben Simpfordorfer, <i>Managing Director, Silk Road Associates and Author of 'The New Silk Road'</i>• YBhg Datuk Dr Hamzah Kassim, <i>Co-Founder and Group Managing Director, The IA Group</i>• Dr James Gifford, <i>Executive Director, Principles for Responsible Investment (PRI)</i>• Dr Murat Yulek, <i>Professor of Economics, Dean of the Faculty of Business Administration and Vice-Rector, THK University</i> Chairperson: Dr Nungsari Ahmad Radhi <i>Executive Director, Khazanah Research & Investment Strategy, Khazanah Nasional Berhad</i>
12:45 - 2:00pm	Luncheon Address YBhg Tan Sri Dato' Sri Dr Zeti Akhtar Aziz <i>Governor, Bank Negara Malaysia</i> Introducer: Dr Nungsari Ahmad Radhi <i>Executive Director, Khazanah Research & Investment Strategy, Khazanah Nasional Berhad</i>
2:00 - 2:15pm	Networking Break

SPECIAL ADDRESS



Prof Dr Abbas Mirakhor
First Holder, INCEIF Chair of Islamic Finance

Prof Dr Abbas Mirakhor is the First Holder of the INCEIF Chair of Islamic Finance since January 2012. A former Executive Director of International Monetary Fund (IMF) and acknowledged worldwide as a specialist in Islamic Finance, he joins INCEIF following a distinguished career as an economist and academician with considerable contribution in the field of Islamic economics, finance and banking.

He is a graduate of the Kansas State University, USA, where he received his Bachelor, Master and PhD degrees in Economics. With the exception of a 2-year stint at the AzZahara University in Tehran, Iran, throughout his academic career, he has worked as a Professor of Economics at the University of Alabama, Alabama A&M University, and the Florida Institute of Technology. He spent 24 years with the IMF, serving as the organisation's Executive Director and Dean of the Executive Board, retiring in 2008.

He was conferred the "Order of Companion of Volta" for service to Ghana by the President of Ghana in 2005. In 2003, he received the Islamic Development Bank Annual Prize for Research in Islamic Economics, which he shared with Dr Mohsin Khan, another well-known economist at IMF. The President of Pakistan conferred him the "Quaid-e Azam" star for service to Pakistan in 1997.

PANELISTS: GROWTH AND INEQUALITIES



Ben Simpfordorfer
Founder and Managing Director,
Silk Road Associates

Ben Simpfordorfer is Founder and Managing Director of Silk Road Associates, a strategy consultancy based in Hong Kong advising some of the world's largest multinationals, financial institutions, and public agencies on their activities in the region.

Ben was the former Chief China Economist for RBS and senior China Economist for JPMorgan. He is also the author of The New Silk Road, published by Palgrave Macmillan in 2009. Ben speaks Arabic, Cantonese, and Mandarin. He has lived in Hong Kong for over a decade, but started his career in the Middle East, living in Beirut and Damascus. He writes a regular column for FT.com's Beyond BRICs and is a member of CNN's Globex20.

Ben also partners with Global Strategic Associates assisting cross-border investments between China and the Middle East. He is also advisor to RHT Partner's Asia-GCC fund activities, an advisor to the China Energy Fund, and an adjunct lecturer at Fudan University's Business School in Shanghai.



Dr James Gifford
Executive Director, Principles for
Responsible Investment (PRI)

Dr James Gifford is Executive Director of the PRI and has been guiding the initiative since its inception in November 2003. He worked with UNEP FI and the UN Global Compact leading the PRI drafting process, and after the launch and the establishment of the Secretariat in 2006, became its first Executive Director.

He has a PhD from the Faculty of Economics and Business at the University of Sydney on the effectiveness of shareholder engagement in improving corporate environmental, social and corporate governance performance and is an Honorary Research Fellow in the School of Management at the University of St Andrews. He has a background in IT and environmental protection. James has degrees in Commerce and Law from the University of Queensland, and a Master's of Environment Management from the University of New South Wales.

He was named in 2010 by the World Economic Forum as one of 200 Young Global Leaders.



YBhg Datuk Dr Hamzah Kassim
Co-Founder and Group Managing Director,
The IA Group

YBhg Datuk Dr Hamzah Kassim's career spanned both business and government. He is currently the Co-Founder and Chief Executive Officer of The IA Group, a management, technology, human capital and BPO services. He was a former Executive Director/Partner of the international firm of Ernst & Young, Vice President and Country Head of the global consulting firm of Cap Gemini and a member of the global management team and Country Head of PA Consulting Group.

He has led large scale advisory assignments related to business and IT transformation, merger integration, institutional reform and public policy development over the last 15 years in his consulting career.

Prior to moving to the private sector, he had served the Government holding various senior positions in the field of technology policy and industrial change including undertaking special projects for ISIS, UNCTAD and Islamic Development Bank, IDB in the region and Middle East. He was a member of the National Advisory Economic Council (NAEC) tasked with preparing the New Economic Model from 2009 -2011, currently a member of the Higher Education Entrepreneurship Council and the Advisory Panel of the Malaysian Anti Corruption Commission. He also sits in various boards in public and private institutions and non government organisations.



Dr Murat Yulek
Professor of Economics, Dean of the
Faculty of Business Administration
and Vice-Rector, THK University

Dr Yulek is a Professor of Economics at THK University, Turkey where he is also the Dean of the Faculty of Business Administration and Vice-Rector.

He has held high level executive responsibilities in financial institutions including Director and Chairman in financial and non-financial institutions. He is also a partner at PGlobal Global Advisory and Training Services Ltd, an Ankara based international advisory company. He has project, corporate finance and economic development experience in various countries in Europe, Africa, North America and Asia with tenures at institutions including the International Monetary Fund, the Islamic Development Bank and the Turkish Prime Ministry.

He has taught at Georgetown and Yale Universities, and authored a number of books and articles in economics, development and finance. Murat also writes columns at newspapers and financial journals and is a frequent speaker at various events organised by institutions such as Global Economic Symposium, Prime Ministry of Turkey, Economic Cooperation Organisation, Dubai Economic Council, and CFC Forum-Vienna. He is actively involved in the organisation of Istanbul Finance Summit and Sarajevo Business Forum.

LUNCHEON ADDRESS



YBhg Tan Sri Dato' Sri Dr Zeti Akhtar Aziz
Governor, Bank Negara Malaysia

YBhg Tan Sri Dato' Sri Dr Zeti Akhtar Aziz was appointed Governor of Bank Negara Malaysia in May 2000. As Governor, her key role is in monetary policy formulation and implementation and, in ensuring stability of the Malaysian financial system. Under her stewardship, she has overseen the transformation of the Malaysian financial system into one of the most developed and resilient financial systems of an emerging economy.

In promoting regional integration initiatives, she co-chairs the Financial Stability Board's regional consultative group for Asia with the Bank of Korea. At the international arena, she is a member of the Bank for International Settlements (BIS) Central Bank Governance Group since 2001 and is one of the founding members of the BIS Asian Consultative Council. She had also served as a member of the United Nations General Assembly Commission of Experts on Reform of the International Monetary and Financial System, chaired by Joseph Stiglitz.

In Islamic finance, she is committed to its development both domestically and internationally. She served as the Islamic Financial Services Board (IFSB) Council Chairman for the 2007 term and is currently the Chairperson of the International Islamic Liquidity Management Corporation's (IILM) Board Executive Committee.

She is also firmly committed to talent development in the financial services industry and has been instrumental in the establishment of several institutions dedicated to this cause. These institutions include the International Centre for Education in Islamic Finance (INCEIF), the International Shar'iah Research Academy for Islamic Finance (ISRA), the ICLIF Leadership and Governance Centre (ICLIF) and the Asian Institute of Finance (AIF).

Tan Sri Dato' Sri Dr Zeti received her Bachelor of Economics (Honors) from the University of Malaya and her PhD from the University of Pennsylvania.



Session 3: Chair

Dr Nungsari Ahmad Radhi
Executive Director,
Khazanah Research & Investment Strategy,
Khazanah Nasional Berhad

Dr Nungsari joined Khazanah as Executive Director, Khazanah Research and Investment Strategy in February 2007.

In his career of over 25 years, he has been an academic, a Member of Parliament, a columnist, a consultant and policy advocate. Prior to joining Khazanah, he had a brief stint at Sime Darby Berhad and was an Associate Director of Innovation Associates before that. His areas of interest have been in microeconomic aspects of policy and strategy research. He is trained in economics and mathematics and holds a PhD from the Krannert School of Management, Purdue University.

CLOSING ADDRESS



YAB Dato' Sri Mohd Najib bin Tun Abdul Razak
Prime Minister of Malaysia

YAB Dato' Sri Mohd Najib bin Tun Abdul Razak was appointed as the Chairman of Khazanah Nasional on 7 May 2009. He is currently Malaysia's Prime Minister and Minister of Finance.

Dato' Sri Mohd Najib started his career at the Malaysian central bank, Bank Negara Malaysia and later served at the national oil company, Petrolim Nasional Berhad (Petronas). His political career began in 1976 when he was elected as the Member of Parliament for Pekan. At 22 years old, he was then the nation's youngest MP.

He has held various cabinet posts including Deputy Minister at the Ministry of Energy, Telecommunications & Posts, Ministry of Education and Ministry of Finance. He also headed several ministries as Minister at the Ministry of Culture, Youth & Sports, Ministry of Defence and Ministry of Education. He also served as the Menteri Besar of Pahang from 1982 to 1986.

Introducer



YBhg Tan Sri Dato' Azman Hj Mokhtar
Managing Director, Khazanah Nasional Berhad

YBhg Tan Sri Dato' Azman Hj Mokhtar was appointed as Managing Director of Khazanah Nasional on 1 June, 2004.

Between 1994 and 1998, he was a Director and Head of Research for Union Bank of Switzerland in Malaysia. Between 1998 and 2000, he was Director and Head of Research at Salomon Smith Barney in Malaysia. From 2002 until May 2004, he was the Managing Director of BinaFikir Sdn. Bhd.

Tan Sri Dato' Azman graduated with distinction in M. Phil in Development Studies from Darwin College, Cambridge University, United Kingdom as a Chevening scholar.

He is a Fellow of the Association of Chartered Certified Accountants, United Kingdom and is a Chartered Financial Analyst charter holder. He also holds a graduate diploma in Islamic Studies from the International Islamic University, Kuala Lumpur.

LEADERSHIP AND COMPLEXITIES

A recent report produced by a team led by Ricardo Hausman and César Hidalgo posits that economic growth is driven by "economic complexity" – fundamentally defined by the ability of an economy to generate "productive knowledge" through re-aggregating clusters of know-how by connecting people through organisations and markets. At the root of economic complexity, therefore, is human capital. In turn, human capital can only be an effective driver economic growth within an environment that is conducive towards creativity and innovation.

This highlights the importance of strong leadership – whether at the firm, society, or governmental level – to create such a conducive environment, not only in terms of physical infrastructure, but more importantly in building an environment of trust and freedom, balanced with responsibility.

On the other hand, "complexities" can also be defined as the effects of increasing global interconnectedness. Witness, for instance, the global repercussions



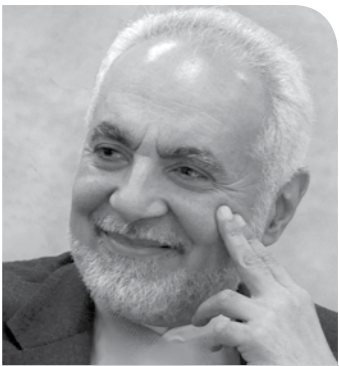
of local disruptions in key nodes of the global supply chain such as the floods in Thailand and the Japan earthquake in 2011. What are the specific roles for leadership of all enterprises in both generating and managing complexities, particularly in a world that is becoming ever more interconnected?

DAY 2

SESSION 4: LEADERSHIP AND COMPLEXITIES

2:15 - 3:45pm	Panelists	<ul style="list-style-type: none">• Imam Feisal Abdul Rauf, <i>Chairman, Cordoba Initiative</i>• YBhg Dato' Mohd Izzaddin Idris <i>Group Managing Director and CEO, UEM Group Berhad</i>• Roshan Thiran, <i>CEO, Leaderonomics</i>• Sarah Joseph, <i>CEO and Founding Editor, emel Magazine</i> Chairperson: Johan Mahmood Merican <i>CEO, TalentCorp Malaysia</i>
3:45 - 4:00pm	Break	
4:00pm	Arrival of YAB Dato' Sri Mohd Najib bin Tun Abdul Razak Prime Minister of Malaysia	
4:00 - 4:45pm	Special Event: Book Launch	Launch of 'Sandpipers and Mudskippers: A Journey Through the Ramsar Mangroves of Iskandar Malaysia' <i>Featuring interpretations of the Ramsar Mangroves of Iskandar Malaysia by</i> <ul style="list-style-type: none">• Adrian David Cheok, <i>Director, Mixed Reality Lab and Professor, Keio University Graduate School of Media Design</i>• Dain Said, <i>Writer and Director of the critically-acclaimed film 'Bunohan'</i>• Irshad Mobarak, <i>Director, JungleWalla Tours and Resident Naturalist, The Datai Langkawi</i>• Prof Nigel Osborne, <i>Composer and Reid Professor of Music, The University of Edinburgh</i> Introducers: Imran Ahmad, <i>Director, Khazanah Research and Investment Strategy, Khazanah Nasional Berhad</i> Shareen Shariza Abdul Ghani, <i>Director, Managing Director's Office, Khazanah Nasional Berhad</i>
4:45 - 5:45pm	Closing Addres and Dialogue with the Prime Minister	YAB Dato' Sri Mohd Najib bin Tun Abdul Razak, <i>Prime Minister of Malaysia</i> Introducer: YBhg Tan Sri Dato' Azman Hj Mokhtar <i>Managing Director, Khazanah Nasional Berhad</i> Moderator: YBhg Tan Sri Andrew Sheng <i>Board Member, Khazanah Nasional Berhad</i>
5:45 - 6:00pm	Closing Remarks	YM Raja Tan Sri Dato' Seri Arshad Raja Tun Uda <i>Board Member, Khazanah Nasional Berhad</i>
6:00pm	End of Day Two	

PANELISTS: LEADERSHIP AND COMPLEXITIES



Imam Feisal Abdul Rauf
Chairman, Cordoba Initiative

Imam Feisal Abdul Rauf is Chairman of the Cordoba Initiative, an independent, non-partisan, and multi-national project that works to improve Muslim-West relations. He is also the Co-Founder of the American Society for Muslim Advancement, an organisation committed to building bridges between Muslims and the American public.

Born of Egyptian parentage and educated in England, Egypt, and Malaysia, Imam Feisal holds a Bachelor of Science in Physics from Columbia University, New York and a Master of Science in Plasma Physics from Stevens Institute of Technology, New Jersey.

Some of his publications include *Moving the Mountain: Beyond Ground Zero to a New Vision of Islam in America* (2012); *What's Right with Islam Is What's Right with America* (2005); and *Islam: A Sacred Law* (2000).

Imam Feisal has also been given numerous awards such as Alliance for International Conflict Prevention and Resolution (AICPR); Annual Alliance Peace Builder Award; the Annual James Parks Morton Interfaith Center of New York award; Open Center of New York Interfaith Award; Arianna Huffington's "2010 Game Changer" Award; Top 100 Global Thinkers of 2010 by Foreign Policy Magazine; TIME magazine's 100 most influential people of the world (2011); and Eleanor Roosevelt Human Rights Award presented by the Unitarian Universalist Service Committee.



YBhg Dato' Izzaddin Idris
Group Managing Director and CEO, UEM Group Berhad

Dato' Izzaddin Idris was appointed Group Managing Director/Chief Executive Officer of UEM Group Berhad on 7 July 2009.

Dato' Izzaddin, who holds a Bachelor of Commerce Degree (First Class Honours in Finance) from University of New South Wales, Australia, has over 20 years of experience in the fields of investment banking, financial and general management. He was formerly Chief Financial Officer/Senior Vice President (Group Finance) of Tenaga Nasional Berhad and has held senior positions in Southern Bank Berhad, RANHILL Berhad and Malaysian Resources Corporation Berhad.

He currently sits on the Board of several UEM Group of Companies including UEM Land Holdings Berhad and PLUS Malaysia Berhad. He is also a Board Member of ACWA Power International, an independent water and power producer based in the Kingdom of Saudi Arabia.

Dato' Izzaddin is a Fellow of CPA Australia and a member of the Malaysian Institute of Accountants. He also sits on the Board of Trustees of Yayasan UEM and is a Director of Yayasan Putra Business School.



Roshan Thiran
CEO, Leaderonomics

Roshan Thiran is the Chief Executive Officer of Leaderonomics, a social enterprise supporting leadership development amongst all ages across Asia Pacific.

He has more than 15 years of experience working in HR, business, & process transformations across GE's global operations and Johnson & Johnson. She has written for Director of Global Talent Management at Johnson & Johnson, Europe Sourcing Finance Leader for GE Capital Europe, Chief Financial Officer and Executive Director of GE Engines Services Malaysia, Learning Leader with GE Crotonville, and GE's Director of HR Asia Pacific.

Roshan's areas of expertise include organisational, people and learning development, process improvements, post-acquisition integrations, business transformations.



Sarah Joseph
CEO and Founding Editor, emel Magazine

Sarah Joseph is the CEO and Founding Editor of emel, the premier Muslim Lifestyle brand. By her creation of emel she fundamentally formed the concept of Muslim Lifestyle, creating a seismic shift in the way Muslims were perceived and marketed to.

Sarah has made numerous media appearances including the BBC, CNN and Al-Jazeera. She has also appeared on the Doha Debates. She has written for international newspapers including UK's The Times and The Guardian, and scripted and recorded for a variety of radio productions. She has a regular slot on the BBC's most listened to radio show, Chris Evans Breakfast. Sarah was a member of the Downing Street delegation in the aftermath of the July 2005 London bombings and was a member of the Home Office Task Force on extremism following on from that.

Sarah was awarded an OBE in the June 2004 Queen's Birthday Honour's List for services to inter-faith dialogue and the promotion of women's rights. She was listed as one of the UK's most powerful Muslims in the Muslim Power 100 by Carter Andersen, and one of the World's 500 most influential Muslims by Georgetown University and the Jordanian Royal Islamic Strategic Studies Centre. Married to a barrister, Sarah is the mother of three young children.

CLOSING REMARKS



YM Raja Tan Sri Dato' Seri Arshad Raja Tun Uda
Board Member, Khazanah Nasional Berhad

YM Raja Tan Sri Dato' Seri Arshad Raja Tun Uda was appointed as Director of Khazanah Nasional on 1 April, 2006. He is also Chairman of Maxis Berhad, Ekuiti Nasional Berhad, ACR Retakaful SEA Berhad, Asia Capital Reinsurance Malaysia Sdn Bhd and Yayasan Raja Muda Selangor. In addition, he is also a member Board of Trustees of Yayasan DayaDiri and also the Pro Chancellor of Universiti Industri Selangor.

He was the former Executive Chairman and Senior Partner of PricewaterhouseCoopers (PwC) Malaysia, having served in that position for 18 years. During this period, he established a more effective corporate style management structure in place of the partnership management structure and saw through the merger between PwC and Coopers Lybrand.

Raja Tan Sri Dato' Seri Arshad was also Chairman of the Leadership Team of PwC Asia 7 and a member of the PwC Global Leadership Team. His other international roles include being a member of the Standards Advisory Council of the International Accounting Standards Board and a member of the PwC Global IFRS Board.

He is a Fellow of the Institute of Chartered Accountants in England and Wales, member of the Malaysian Institute of Accountants, and member of the Malaysian Institute of Certified Public Accountants where he served on its Council for 24 years, including three years as President.



Johan Mahmood Merican
CEO, TalentCorp Malaysia

Session 4: Chair

Johan Mahmood Merican
CEO, TalentCorp Malaysia

Johan Mahmood Merican was appointed the Chief Executive Officer of Talent Corporation Malaysia Berhad (TalentCorp) on 1 January 2011. He has 17 years working experience across the Government and private sectors.

Johan most recently served as Principal Private Secretary to the Minister in the Prime Minister's Department. His roles in the Government involved policy work at the Economic Planning Unit and Ministry of Finance. He was instrumental in the development of human capital related initiatives such as the GLC Blue Book on Performance-linked Compensation policy, PINTAR (GLC school adoption programme) and Trust Schools (public private partnership model for schools).

Prior to serving the Government, Johan worked in corporate finance and accounting roles at various companies such as MRCB, UDA Holdings Berhad, Sime Darby and PricewaterhouseCoopers.

Johan holds a first class honours degree in Economics from the University of Cambridge and is a Chartered Accountant (Associate of the Institute of Chartered Accountants in England & Wales).

A MUSICAL EVENING WITH PROFESSOR NIGEL OSBORNE

*Composer and Reid Professor of Music,
The University of Edinburgh*

Khazanah Nasional, in collaboration with The Philharmonic Society of Selangor, Malaysia's oldest music society, will be hosting this special event.

Professor Osborne will speak on the theme "What Can Music Do?" and will present an overview of how music may help change human life; from the personal experience of individuals to the way music may help communities, societies and even economies to change.

Be prepared for some lovely musical surprises!



Nigel Osborne is a composer, educationalist, aid worker and community musician, and is currently Reid Professor of Music at the University of Edinburgh. He studied at Oxford with Egon Wellesz and Kenneth Leighton, and at the Warsaw Academy, Poland, with Witold Rudizinski.

His works have been performed by leading orchestras and opera houses around the world; he has received, among other awards, the Opera Prize of Radio Suisse Romande, the Netherlands Gaudeamus Prize and the Koussevitzky Award of the Library of Congress Washington.

He has been active in issues of human rights, in particular in the 1980s in Czechoslovakia and the 1990s in Bosnia-Herzegovina, and has pioneered methods for using music to support children who are victims of conflict in the Balkans, Caucasus, Middle East, East Africa and South East Asia.

He is an inventor of new music technologies in the area of music and health, and carries out research in applied neuroscience. He is cultural adviser to the World Economic Forum, Fellow of the Royal Society of Edinburgh, Fellow of the Royal College of Music, and has been awarded the Queen's Prize, an MBE and the Freedom Prize of the Peace Institute, Sarajevo.

DATE Monday, 1 October 2012
VENUE Grand Ballroom
Mandarin Oriental Kuala Lumpur

PROGRAMME
7:15PM Arrival of Guests
(Light refreshments will be served)
8:15PM Talk / Interactive Session
with Professor Osborne
9:30PM End

*For KMF2012 delegates, please show your
delegate pass to attend the event.*

About The Philharmonic Society of Selangor

Founded in 1958, "The Phil" is one of the oldest and most established music societies in Malaysia. Enshrined within its Rules and Constitution are the two pillars on which the Society was formed; to stage quality musical productions and to encourage the arts, drama and dancing fields, and the second is to provide aid to charitable organisations by donating the proceeds from staged productions to said entities. As an organisation that equitably promotes the arts, the Society's only stringent entry requirement on its members, young and old, is that they have a love for the arts.

The Choir is a regular community activity of society and regularly performs at community and corporate events in addition to producing its own shows. The unique feature about this choir is the fact that it is made up entirely of volunteers. A true community choir, anyone regardless of race, religion, age, gender or musical experience is welcomed to join.

THANK YOU

Our heartfelt gratitude
and appreciation to

**Yang Amat Berhormat
Dato' Sri Mohd Najib bin Tun Abdul Razak,
Prime Minister of Malaysia and Chairman of
the Board, Khazanah Nasional Berhad**

for honouring us with your presence at the Closing
Session of Khazanah Megatrends Forum 2012.

From all of us at



KHAZANAH
NASIONAL



FEATURING

DR VICTOR FUNG

*Founding Chairman, Fung Global Institute
Group Chairman, Fung Group*

29th November 2012
Sime Darby Convention Centre
Kuala Lumpur

Dr Victor Fung

Founding Chairman of the Fung Global Institute and Group Chairman of the Hong Kong-based Fung Group, is an innovative thinker and celebrated entrepreneur.

Victor and his brother William, grandsons of the founder of Li and Fung (founded in 1906), took over management of the company, listed it in 1992 and grew it to become a USD 20 billion company by 2011; with a presence in more than 40 countries, employing more than 28,000 employees worldwide, and with a sourcing network of over 15,000 suppliers.

Victor played a leading role in driving the development of the supply chain infrastructure at Li & Fung Limited, which has enabled the company to become the world's leading sourcing and logistics service provider for major retailers around the world.

He is Chairman of the Greater Pearl River Delta Business Council, Honorary Chairman of the Paris-based International Chamber of Commerce and a former Chairman of the Hong Kong Trade Development Council, the Airport Authority Hong Kong and the Council of the University of Hong Kong. He is also a member of the WTO Panel on Defining the Future of Trade.

After gaining his doctorate in business economics from Harvard University, he taught as a professor at Harvard Business School before returning to the family business in Hong Kong in 1976 and became Group Managing Director in 1981 and Group Chairman in 1989.

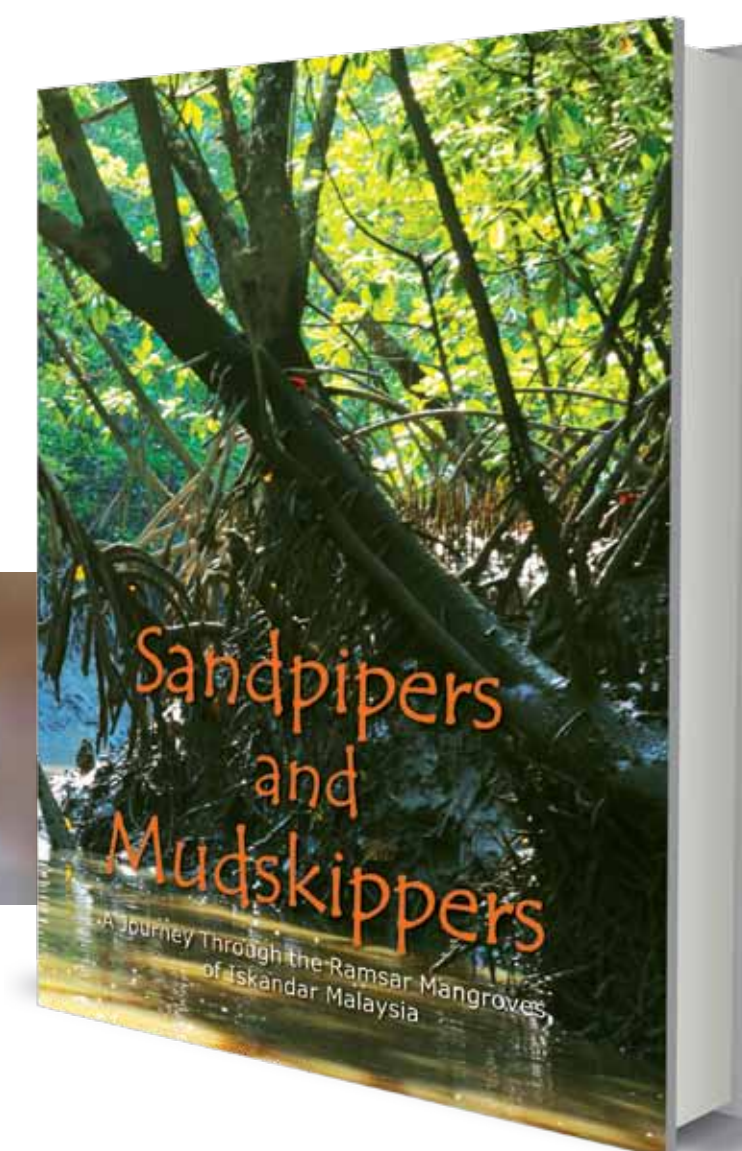


Khazanah Global Lectures, or KGL, features global leaders and thinkers that have influenced the way people live, work and think. These internationally-renowned speakers have shared with Malaysians their thoughts, beliefs and ideas.

For more information, please visit www.kgl.com.my

SPECIAL EVENT

Tuesday, 2nd October
4:00 - 4:45pm
Grand Ballroom
Mandarin Oriental
Kuala Lumpur



Launch of Sandpipers and Mudskippers: A Journey Through the Ramsar Mangroves of Iskandar Malaysia

A unique event in celebration of the Ramsar mangroves of Iskandar

- Book launch
- Short film by writer and film director, Dain Said
- Live musical piece written by composer and professor of music, Professor Nigel Osborne, MBE, FRCM
- Narrative by naturalist and conservationist, Irshad Mobarak
- Social media video by inventor and sensory technologist, Professor Adrian Cheok
- Introduced by Imran Ahmad, Director, Khazanah Research and Investment Strategy and Shareen Shariza Abdul Ghani, Director, Managing Director's Office, Khazanah Nasional Berhad

The mangrove is a vibrant and unique ecosystem – a valuable natural asset which is part of Malaysia's national treasure. It is vital both to the wider environment and also to human communities that depend on it.

This event celebrates, honours and evokes the mangrove – and outlines what is being done to preserve it for future generations.

A limited number of copies of this book will be given to KMF 2012 guests.



Professor Nigel Osborne



Irshad Mobarak



Dain Said



Professor Adrian Cheok



CAMBRIDGE – A year ago, economic analysts were giddy with optimism about the prospects for economic growth in the developing world. In contrast to the United States and Europe, where the growth outlook looked weak at best, emerging markets were expected to sustain their strong performance from the decade preceding the global financial crisis, and thus become the engine of the global economy.

Economists at Citigroup, for example, boldly concluded that circumstances had never been this conducive to broad, sustained growth around the world, and projected rapidly rising global output until 2050, led by developing countries in Asia and Africa. The accounting and consulting firm PwC predicted that per capita GDP growth in China, India, and Nigeria would exceed 4.5% well into the middle of the century. The consulting firm McKinsey & Company christened Africa, long synonymous with economic failure, the land of “lions on the move.”

Today, such talk has been displaced by concern about what The Economist calls “the great slowdown.” Recent economic data in China, India, Brazil, and Turkey point to the weakest growth performance in these countries in years. Optimism has given way to doubt.

Of course, just as it was inappropriate to extrapolate from the previous decade of strong growth, one should not read too much into short-term fluctuations. Nevertheless, there are strong reasons to believe that rapid growth will prove the exception rather than the rule in the decades ahead.

To see why, we need to understand how

“growth miracles” are made. Except for a handful of small countries that benefited from natural-resource bonanzas, all of the successful economies of the last six decades owe their growth to rapid industrialisation. If there is one thing that everyone agrees on about the East Asian recipe, it is that Japan, South Korea, Singapore, Taiwan, and of course China all were exceptionally good at moving their labor from the countryside (or informal activities) to organised manufacturing. Earlier cases of successful economic catch-up, such as the US or Germany, were no different.

Manufacturing enables rapid catch-up because it is relatively easy to copy and implement foreign production technologies, even in poor countries that suffer from multiple disadvantages. Remarkably, my research shows that manufacturing industries tend to close the gap with the technology frontier at the rate of about 3% per year regardless of policies, institutions, or geography. Consequently, countries that are able to transform farmers into factory workers reap a huge growth bonus.

To be sure, some modern service activities are capable of productivity convergence as well. But most high-productivity services require a wide array of skills and institutional capabilities that developing economies accumulate only gradually. A poor country can easily compete with Sweden in a wide range of manufactures; but it takes many decades, if not centuries, to catch up with Sweden’s institutions.

Consider India, which demonstrates the limitations of relying on services rather than industry in the early stages of development. The country has developed

remarkable strengths in IT services, such as software and call centers. But the bulk of the Indian labor force lacks the skills and education to be absorbed into such sectors. In East Asia, unskilled workers were put to work in urban factories, making several times what they earned in the countryside. In India, they remain on the land or move to petty services where their productivity is not much higher.

Successful long-term development therefore requires a two-pronged push. It requires an industrialisation drive, accompanied by the steady accumulation of human capital and institutional capabilities to sustain services-driven growth once industrialisation reaches its limits. Without the industrialisation drive, economic takeoff becomes quite difficult. Without sustained investments in human capital and institution-building, growth is condemned to peter out.

But this time-tested recipe has become a lot less effective these days, owing to changes in manufacturing technologies and the global context. First, technological advances have rendered manufacturing much more skill-and capital-intensive than it was in the past, even at the low-quality end of the spectrum. As a result, the capacity of manufacturing to absorb labor has become much more limited. It will be impossible for the next generation of industrialising countries to move 25% or more of their workforce into manufacturing, as East Asian economies did.

Second, globalisation in general, and the rise of China in particular, has greatly increased competition on world markets, making it difficult for newcomers to make space for themselves.

Although Chinese labor is becoming more expensive, China remains a formidable competitor for any country contemplating entry into manufactures. Moreover, rich countries are unlikely to be as permissive towards industrialisation policies as they were in the past. Policymakers in the industrial core looked the other way as rapidly growing East Asian countries acquired Western technologies and industrial capabilities through unorthodox policies such as subsidies, local content requirements, reverse engineering, and currency undervaluation. Core countries also kept their domestic markets open, allowing East Asian countries to export freely the manufactured products that resulted.

Now, however, as rich countries struggle under the combined weight of high debt, low growth, unemployment, and inequality, they will apply greater pressure on developing nations to abide by World Trade Organisation rules, which narrow the space for industrial subsidies. Currency undervaluation à la China will not go unnoticed. Protectionism, even if not in overt form, will be politically difficult to resist.

Manufacturing industries will remain poor countries’ “escalator industries,” but the escalator will neither move as rapidly, nor go as high. Growth will need to rely to a much greater extent on sustained improvements in human capital, institutions, and governance. And that means that growth will remain slow and difficult at best.

Reference: <http://www.project-syndicate.org/commentary/no-more-growth-miracles-by-dani-rodrik>

DID CAPITALISM FAIL AND DID THE COW JUMP OVER THE MOON?

By Eustace Davie
Free Market Foundation,
January 31, 2012

Hey diddle diddle,
The cat and the fiddle,
The cow jumped over the moon,
The little dog laughed,
To see such sport,
And the dish ran away
with the spoon.



Children know instinctively that fables and nursery rhymes, such as this one from Mother Goose’s Melody, are not intended to be taken seriously. There are adults, however, who go on unthinkingly reciting fables about “the failure of capitalism”. All adults would do well to heed the warnings of the proverb, “Believe nothing of what you hear, and only half of what you see”. When I say that the cow did not jump over the moon and that capitalism, as I define it, has not failed, I do not expect you to believe my statement without thorough investigation.

Ask anyone who tells you that “capitalism has failed” to define capitalism. They will not be able to. They will fail. Even the Oxford dictionary is confused. It goes from giving meanings of the word “capital” to include “excellent, first-rate, original, principal” and “accumulated wealth used in producing more”, to describing “capitalism” to mean “possession or influence or system” and “dominance of private capitalists”, none of which define what the term actually means, especially when it does not inform us who it is that dominates private capitalists. But if we listen to another proverb, “Many a true word is spoken in jest”, is it not true that private owners of capital are controlled, taxed, harassed, regulated, and prescribed to, and therefore dominated, by governments everywhere?

I treat the terms “capitalism”, “free markets”, and “economic freedom” as being synonymous because when the enemies of freedom attack “capitalism” they are, in fact, attacking the economic conditions that are variously described by those terms. My preferred term is economic freedom. To define the term, I borrow from economist, Walter Williams,

this simple and clear definition: “Voluntary exchange between individuals free of third party intervention”. Another apt definition is: “Private ownership and control of all capital and the means of production”.

So what is it that fable-believing adults claim has failed? Is it voluntary exchange between individuals that has failed? Does all voluntary exchange between individuals occur free of third party intervention, and is that the reason for failure? Is all property and the means of production privately owned and has that led to failure? Is all property and the means of production privately controlled, and has that failed and plunged the world into economic turmoil? The answers to these questions are, no, no, no and no. If you believe that the answer to any of them is yes, you will also probably believe that the cat did fiddle and that the cow did jump over the moon.

Defenders of capitalism who do not first define what they are talking about, are inclined to say, “With all its faults, capitalism is the best system that has ever been devised for creation of wealth and the reduction of poverty”. According to the definitions I have provided, **capitalism is not a system; it is a state of individual freedom in which the initiation of force and the perpetration of fraud form no part.** Anyone who prefaces their defence with the acknowledgement of unnamed faults supports, by default, the critics of capitalism, free markets and economic freedom. When pressed to describe the “faults”, both “defenders” and critics invariably describe the consequences of ill-advised government interventions, from so-called crony capitalism, to monopolies, to the current world-wide financial crisis, all of which

are the result of government failures. **If we examine the activities of governments, we begin to realise how far we are from living in a “capitalist” world; that economies of most countries are subject to substantial government intervention.** The Economic Freedom of the World annual reports produced by Canada’s Fraser Institute and co-published by the FMF in SA, measure, according to the 2011 report, the levels of economic freedom in 141 countries and territories. In that report, Hong Kong was found to be the freest, SA was 87th in the ranking and Zimbabwe 141st. The difference in government policies between the freest to the least free is enormous. One of the greatest divergences from economic freedom worldwide is the fact that governments have monopolised the issue of currencies, brooking no competition from private providers of money. And it is in this anti-capitalist monopoly that we find the source of the current financial turmoil. If money had been privately provided and controlled, we would not be facing the current crisis.

Monopolisation of money by government and subsequent debasement to the point of destruction has been going on for centuries. In China, in the 13th century, there was persistent inflation of paper money. In the first century AD, Roman emperor Nero reduced the silver content of the denarius to 90 per cent. Debasement of the currency continued under subsequent emperors until the silver content of the denarius had been reduced to 5 per cent in the 3rd century AD. Currency debasement then, and currency debasement now, is a surreptitious method used by its issuers to extract money from current holders without openly stealing it.

Currency debasement destroyed the Roman Empire and threatens to destroy our current level of civilisation.

Governments have been borrowing, spending with profligacy, buying votes with welfare payments, and debasing national currencies in attempts to hide what they are doing. Some governments in the EU borrowed from private banks with gay abandon on the assumption that the European Central Bank would be forced to bail them out, which it has by reluctantly printing euros. Debasement of currencies, the process which the US Federal Reserve Board (the Fed) describes as quantitative easing (QE) when done in huge amounts, is aimed at keeping down interest rates. The Fed intends to continue to lend to banks at ¼ per cent per annum or similar low rates until 2014. Who knows how many QE’s and trillions of dollars of paper money it will take to keep interest rates at that level? If they keep doing this they will eventually make the Zimbabwe hyper-inflation look modest. Does this sound like a crisis of capitalism/ free markets/economic freedom? No. It is a crisis of profligate government.

I am convinced that as a child you did not believe that the cat fiddled, the cow jumped over the moon, the little dog laughed, or the dish ran away with the spoon. Why then believe the myth that the Hey diddle diddle on the financial markets is the result of capitalism, free markets, or economic freedom?

AUTHOR Eustace Davie is a director of the Free Market Foundation.
Reference: <http://www.freem=arketfoundation.com/ShowArticle.asp?ArticleType=3D&Publication&ArticleID=3D1777>

HOT OFF THE PRESS!

It has been an exciting 2012 for all of us at Khazanah. As the strategic investment fund of the Government of Malaysia, Khazanah has been working hard to fulfill both our financial and strategic mandates. Below are some excerpts for 2012.

‘Vital to have links with Iskandar’

WIN-WIN FOR ALL: Singapore PM says corridor will help it cope

PUTRAJAYA

It is very much in Singapore's interests that Iskandar Malaysia prospers and succeeds, said Singapore Prime Minister Lee Hsien Loong yesterday.

Prising the corridor, which was formed six years ago, Lee said it had done well in attracting investments and, therefore, it was important to develop linkages between Singapore and Iskandar Malaysia as it would benefit the two countries.

He said Iskandar Malaysia had a broad base of value, facility and income, which was self-sustaining and able to hold its own in a competitive world.

As such, he said, this could help Singapore overcome its shortages in terms of manpower and space of which were in "abundance" in Malaysia, when it came to manufacturing, a sector described as important in the republic.

He also said Iskandar Malaysia could provide the infrastructure and industrial facilities to take in projects, such as expansion that Singapore companies wanted to do or projects that want to come to Singapore but could not be accommodated there.

Benefit, he explained, would not be limited to industrial projects, but would see spin-offs in other areas, including employment.

Prime Minister Datuk Seri Najib Razak and Singapore Prime Minister Lee Hsien Loong being briefed by Khazanah managing director Tan Sri Azman Mokhtar (left) on Iskandar Malaysia after a meeting at the Perdana Putra building in Putrajaya yesterday. Pic by Foto Insani Ismail

ment-created residences, schools, hospitals and services and other indirect benefits for both countries.

"As long as the two countries have good relations and the atmosphere is good, I think the conditions are ripe for the private sector to proceed."

Najib, meanwhile, said the overall development in Iskandar was progressing and on schedule.

"We believe the current economic situation in both countries will continue at a level that will provide a basis for the private sector to invest in Iskandar."

BILATERAL PROGRESS

In January, the Prime Minister of Malaysia and Singapore witnessed the exchange of Shareholders' Agreements between Khazanah and Temasek Holdings (Private) Limited ("Temasek") in relation to the joint investments in M+S Pte Ltd ("M+S") and Pulau Indah Ventures Sdn Bhd ("Pulau Indah").

Owned 60:40 by Khazanah and Temasek respectively, M+S is developing land parcels in Marina South and Ophir-Rochor in Singapore whilst Pulau Indah, a 50:50 joint venture between Khazanah and Temasek, will develop wellness-related projects in Iskandar Malaysia, Johor.

Warmer ties with Singapore

NEW INITIATIVES: Undersea tunnel, power supply, aviation services, Iskandar promotion discussed

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MALAYSIA and Singapore are exploring a slew of cross-border initiatives, including the construction of an undersea tunnel linking Johor Bahru and Singapore.

Prime Minister Datuk Seri Najib Razak and his Singapore counterpart, Lee Hsien Loong, who met at the Malaysia-Singapore Leaders' Retreat here, also agreed to explore other areas for future collaboration, further warming economic and trade relations between the two countries.

Other initiatives are the alignment of radio frequency spectrum plans for digital broadcast and mobile broadband services, sale of electricity to Singapore, forming a work group on industrial cooperation to improve Iskandar Malaysia and Singapore, and cooperation in aviation and airport services between Johor's Royal International Airport and the republic's Changi International Airport.

The leaders also discussed cooperation in

Prime Minister Datuk Seri Najib Razak greeting his Singapore counterpart, Lee Hsien Loong, at the Malaysia-Singapore Leaders' Retreat in Putrajaya yesterday. Pic by Foto Insani Ismail



DRB-HICOM's entry could help Proton optimise its production facilities for better earnings. Bloomberg picture

Khazanah sells stake to DRB-HICOM

PREMIUM PRICE: Acquisition of Proton stake is worth RM1.29 billion and will lead to a mandatory general offer for the carmaker's remaining shares

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KHAZANAH Nasional Bhd, the country's sovereign wealth fund, ended months of speculation after deciding that it will sell its 42.74 per cent stake in Proton Holdings Bhd to DRB-HICOM Bhd.

Khazanah will sell the stake to DRB-HICOM for RM1.29 billion, or RM5.50 a share, representing a 6 per cent premium over the last traded price of RM5.18.

Upon completion of the acquisition, DRB-HICOM will be obliged to undertake a mandatory general offer for the remaining Proton shares. This would cost the group another RM1.7 billion if it plans to buy these shares for RM5.50 each.

The offer values Proton at 24 times estimated earnings for next fiscal year, Bloomberg data revealed.

The move is part of Khazanah's plan to help boost stock market liquidity and attract investors. Khazanah has disposed of minority stakes in companies including DRB-HICOM, CIMB, Malaysia Airports Holdings Bhd and Telekom Malaysia Bhd.

"This is another significant milestone in our strategic divestment programme as it represents the largest size to date. The divestment is a further example of public-private partnerships, whereby strategic divestments are made with the aim of putting government-linked companies on a stronger and more competitive footing," said Khazanah managing director Tan Sri Azman Mokhtar in a statement.

Proton, once the largest carmaker in the country, could be a beneficiary of the take over if DRB-HICOM has a solid plan to optimise Proton's production facilities. A better utilisation of the facilities would mean better earnings for Proton - which has posted two annual net losses over the past five years.

"There are a lot of synergies that could be gained between DRB-HICOM and Proton. Should DRB-HICOM bring Volkswagen (VW) into its stable, there could be avenue for Proton to be a contract manufacturing assembly partner. This could make Malaysia the Asia hub for VW and help optimise Proton's facilities," said OSK Research analyst Ahmad Maghfur Usman.

Although the acquisition may raise concerns about DRB-HICOM's net gearing, analysts believe it could help the group in the long run as DRB-HICOM shareholders would be able to see higher earnings when it successfully turns around Proton.

"This will not happen overnight, one needs to have a long-term view on this," said Ahmad Maghfur.

→ Turn to B2, Col 1

"This is another significant milestone in our strategic divestment as it represents the largest size to date"

Tan Sri Azman Mokhtar
Khazanah MD

STRATEGIC DIVESTMENT

Also in January, Khazanah announced the divestment of its 42.74% stake in Proton Holdings Berhad ("Proton") to DRB-HICOM Berhad, after a detailed evaluation of various proposals received. Among the key considerations of the divestment was that the new shareholder of Proton would bring the company to the next level of strategic growth, in line with the aspirations of the industrial development of the national automotive sector.



Khazanah sukuk priced at negative yield

LANDMARK ISSUE: US\$357.8 million bonds exchangeable into Hong Kong-listed Parkson Retail Group Ltd shares

- First sukuk to be priced at negative yield and offers upside via exposure to China's attractive growth story
- First Malaysian equity-linked deal since early 2010
- Issue received overwhelming demand from investors, allowing it to be priced at negative yield to maturity

KUALA LUMPUR

GOVERNMENT investment arm Khazanah Nasional Bhd has issued the first Malaysian sukuk priced at a negative yield, following overwhelming demand from investors.

Khazanah issued a seven-year benchmark exchangeable sukuk of US\$357.8 million (RM1.09 billion) which is equity-linked to Parkson Retail Group Ltd (Parkson).

The sukuk is issued via an independent Labuan incorporated special purpose company, Pulai Capital Ltd, and is exchangeable into the shares of Parkson.

Hong Kong-listed Parkson is a leading department store operator in China with 52 stores in 34 major cities.

"The sukuk was successfully priced through an accelerated book-building process on March 14 2012 and at the tightest end of the price guidance of -0.25 per cent yield on maturity and 30 per cent exchange premium," Khazanah in a statement yesterday.

The sukuk has a maturity span of seven years with a put option on year three with zero periodic payment.

The transaction drew a demand of 3.4 times book-size, attracting a diverse group of over 100 investors comprising long-only funds, hedge funds, arbitrage funds as well as asset managers across Asia and Europe.

The negative yield, which translates into the willingness of investors to pay for participation in this transaction, indicates their confidence in Khazanah's solid credit standing and Parkson Retail Group's growth prospects, which is underpinned by the positive outlook of China's consumption story.

"We are pleased that this issuance has been executed at a very competitive price, setting a benchmark for sukuk issuances while the order book in excess of three times the issue size underlines the market's strong confidence in Khazanah's credit," managing director Tan Sri Azman Mokhtar said.

CIMB Investment Bank Bhd, Deutsche Bank and JP Morgan are the joint bookrunners and joint lead managers for this transaction.

SETTING THE BENCHMARK

In March, Khazanah successfully issued of a seven-year benchmark exchangeable sukuk of USD357.8 million, exchangeable into the shares of Parkson Retail Group Limited ("Parkson"), one of the largest department store operators in the People's Republic of China. The sukuk was successfully priced at the tightest end of price guidance at -0.25% yield to maturity and 30.0% exchange premium.

The negative yield, which translates to the willingness of investors to pay for participation, indicated their confidence in Khazanah's solid credit standing and Parkson's growth prospects. The sukuk marked another milestone for Islamic finance and efforts to promote Malaysia as a major hub for international Islamic finance.

Khazanah posts RM5.3b PBT in 2011

> Its 20 largest GLCs to record total earnings of RM19 billion in FY11, climbing to RM23 billion in FY12

BY IZWAN IDRIS AND EE ANN NEE
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KUALA LUMPUR: Khazanah Nasional Bhd posted an impressive 156.3% jump in pre-tax profit (PBT) to RM5.3 billion for the year ended Dec 31, 2011 from RM2.1 billion in the previous year, boosted by continuing strategic divestments, particularly the privatisation of PLUS Expressways Bhd.

The government investment arm has declared a record dividend payout of RM3 billion.

A selection of the 20 largest and significant government-linked companies (GLCs) under its stable are estimated to record total earnings of RM19 billion for 2011 and this figure is expected to rise to RM23 billion in 2012, Khazanah's managing director Tan Sri Azman Mokhtar said.

"There is some humpiness in the numbers," he told reporters when announcing Khazanah's financial results yesterday.

Khazanah's total investment portfolio declined marginally with the overall realisable asset value decreasing by RM4.5 billion or 4% to RM208.8 billion as at end-2011 and net worth adjusted declined RM2.3 billion or 0.6% to RM70 billion from RM72.3 billion as at Dec 31, 2010.

The investment portfolio posted moderate growth in 2011 except for Tenaga Nasional Bhd, CIMB Group, and the aviation business which were impacted by regulatory and industry issues.

Last year, Khazanah made a total of 13 investments amounting to RM5.8 billion and eight divestments with proceeds of RM4.7 billion, generating gains of RM1 billion.

The major deals included the sale of a 32% stake in Pos Malaysia to DRB-Hicom Bhd for RM608.8 million, sale of a 90% stake in Integrated Healthcare Holdings Bhd (IHH) to Miskin & Co Ltd for RM3.3 billion, joint investments with Temasek Holdings Pte Ltd in the development of projects in Singapore and Iskandar Malaysia with total estimated GDV of RM30 billion, and a comprehensive collaboration framework between Malaysia Airlines, AirAsia and AirAsia X.

The others are IHH's acquisition of a 60% stake in Acibadem Saglik Yatirimlari Holding A.S. and co-investment by Khazanah through the acquisition of a 15% stake in the company, joint development with Sunway Holdings Bhd in Medina Iskandar with an estimated GDV of RM2.4 billion, and the completion of the PLUS Expressways acquisition through UEM Group Bhd and EPC.

Under the GLC Transformation Programme, Azman said the companies continued to grow and make inroads in their drive to become regional champions.

By end-2011, overall cumulative investment commitments in Iskandar Malaysia hit RM84.8 billion. This figure surpasses the RM47 billion investment commitment target for the first phase of its development from 2006 to 2020.

And 2012 is set to be a banner year for Iskandar with the scheduled completion and operation of more catalyst projects, including the Legoland Malaysia Theme park, Indoor Theme Park at Puteri Harbour and Marlborough College, which are part of Khazanah's new economy investments.

Khazanah said it will make further gradual divestment of non-core assets and non-core holdings, while continuing with strategic divestments of selected companies and maintaining prudent and innovative liability management.

Khazanah: Modest gain from Proton sale

KUALA LUMPUR: Khazanah Nasional Bhd said it made a "modest" gain from the disposal of its entire stake in Proton Holdings Bhd, and hopes to monetise investment in 70%-owned Integrated Healthcare Holdings Bhd (IHH) later this year by selling shares to the public.

Managing director Tan Sri Azman Mokhtar said the fund has RM208 billion worth of assets that can be sold.

Earlier this week, Khazanah said it will sell its 42.74% stake in Proton to DRB-Hicom Bhd at RM5.50 a share.

Azman said Khazanah had received at least three "reasonable offers" for the stake, through a "restricted bid process".

He declined to say whether DRB-Hicom's offer was the highest, but said the conglomerate was selected based on the merits of its proposal.

"It is a fair price and we will book a divestment gain on this one, albeit a modest one," he said.

He added that Khazanah's "blended cost" of investment in Proton was lower than RM5.50 a share.

Khazanah was a "net seller" in 2011 with eight divestments bringing proceeds of RM7.7 billion. It made 13 investments amounting to RM5.8 billion.

Azman said the fund is ready to "harvest" its investment in IHH, but a planned listing of the healthcare provider is subject to market conditions.

He declined to comment on plans for Khazanah's stake in troubled Malaysian Airline System Bhd (MAS), but said there is a need to fix and grow the company.

"We want to see a strong MAS, and a strong aviation sector," he said.

Khazanah also has big investments in the tourism and leisure industries.



Khazanah, PNB to divest 10 companies

BY HEMANANTHANI SIVANANDAM
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PUTRAJAYA: Khazanah Nasional Bhd and Permodalan Nasional Bhd (PNB) will divest a total of 10 companies that are not part of their core businesses.

The divestment will be carried out via an open tender process.

Prime Minister Datuk Seri Najib Razak said Khazanah and PNB will each divest five companies to increase bumiputera equity participation.

"This will be done through a process of open tender where (other) potential bumiputera companies will be invited (to take part) and the best company which has the capability will be chosen to own these companies."

"This is done to increase the bumiputera equity," Najib told a press conference after chairing the Bumiputera Agenda Action Council (MTAB) meeting at his office yesterday.

Khazanah, which posted a pre-tax profit of RM5.3 billion for the year ended Dec 31, 2011, made a total of eight divestments last year that raised proceeds of RM7.7 billion, generating gains of RM2 billion.

Its total investment portfolio declined marginally with the overall realisable asset value decreasing by RM4.5 billion to RM108.1 billion as at end-2011 and net worth adjusted declined RM5.2 billion to RM70

billion from RM75.5 billion as at Dec 31, 2010.

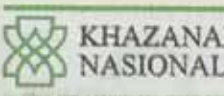
Khazanah's investment portfolio posted moderate growth in 2011 except for Tenaga Nasional Bhd, CIMB Group Holdings Bhd, and the aviation business which were impacted by regulatory and industry issues.

Najib also announced that MTAB has decided to bring 50 more companies under the High Performing Bumiputera Small-Medium Enterprises (Terns), raising the number of companies in the programme to 80.

"The total revenue of these companies will be RM5 billion," he said.

Najib, however, said it is not necessary to award government contracts to these companies and the focus will be more on developing their management, technical and financial capabilities.

"It is also to help these companies grow in terms of innovation processes as well as



PORTFOLIO COMPANIES
Currently, Khazanah Nasional has substantial stakes in companies that are involved in various sectors:

- Agriculture
- Basic Materials
- Financial Institution Group
- Healthcare
- Infrastructure & Construction
- Media & Communications
- Others
- Property
- Technology and Bio Tech
- Transportation & Logistics
- Utilities

improvisation of business plans which will be under Teraju," he said.

Najib added that MTAB also decided that SME Corporation will form a partnership with Teraju to develop these companies which are mostly micro-enterprises.

"About 86% of these companies are micro-enterprises but if they are helped in terms of packaging and other (means), their turnover can be increased to a higher level," said Najib, who is also Finance Minister.

He also said bumiputera companies are invited to use e-government facilities or application to market their products overseas.

Meanwhile, the prime minister also announced the appointment of Raja Azura Raja Mahayuddin as CEO of Yayasan Peneraja Pendidikan Bumiputera, effective Feb 14.

The foundation was launched last year with a commitment of RM158 million from the private sector to help bumiputera students to upgrade themselves.

GROWING BUMI EQUITY

In June, Khazanah announced that the proposed divestment of its entire equity interest in a wholly-owned subsidiary, STLR Sdn Bhd ("STLR"), via an open tender process to a qualified Bumiputera entrepreneur. The proposed divestment of STLR, a property investment holding company, is part of Khazanah's efforts to assist the government in encouraging entrepreneurship and growing Bumiputera equity. Subsequently in August and September, Telekom Malaysia Bhd (TM) and Celcom Axiata Bhd (Celcom) announced the proposed divestment of TM Resorts and Celcom Childcare Sdn Bhd, respectively.

Prime Minister Dato' Sri Mohd Najib Tun Razak, at the Bumiputera Agenda Action Council in February had announced that Khazanah and Permodalan Nasional Bhd would divest a total of 10 non-core assets to Bumiputera companies. This initiative formed part of the overall efforts to drive economic transformation of the Bumiputera community in the country.



Khazanah MD Tan Sri Azman Mokhtar (center) with Acibadem chairman Mehmet Ali Aydinlar (right) and Abraj founder and CEO Arif Saqqi (left) at the deal signing ceremony.

Deal opens up new global marts for Khazanah

HEALTHCARE POTENTIAL: IHH's acquisition of 60pc stake in Turkey's Acibadem to pave way into Middle East, Eastern Europe and Russia

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KHAZANAH Nasional Bhd, via its healthcare unit Integrated Healthcare Holdings Sdn Bhd (IHH), will enter new markets like the Middle East, Eastern Europe and Russia in a bid to become the world's largest healthcare service provider.

Khazanah's existing portfolio of healthcare assets through IHH includes Parkway Holdings Ltd, Pantani Holdings Bhd and International Medical University.

IHH has presence in Malaysia, China, India and Singapore. In India alone, it has an 11.2 per cent stake in Apollo Hospitals.

The government investment arm has, via IHH, acquired 60 per cent of Acibadem Saglik Yatirimlari Holding A.S. (ASYH) from Acibadem Group founder and chairman Mehmet Ali Aydinlar and his family, and from Abraj Capital, a leading private equity manager.

Khazanah also bought another 15 per cent direct stake in ASYH from another party.

ASYH owns 92 per cent of Acibadem Saglik Hizmetleri ve Ticaret A.S., a leading private healthcare service provider in Turkey, with 14 hospitals and nine outpatient centres

in its portfolio.

"This is not structured as a one-off deal but an opening of a new chapter between all the parties concerned," said Khazanah managing director Tan Sri Azman Mokhtar at the exchange of documents here yesterday, in conjunction with the completion of the Acibadem acquisition.

The acquisition was paid by a combination of cash and newly-issued IHH shares, in a deal worth about RM3.7 billion.

The Aydinlar family and Abraj Capital have emerged as shareholders of IHH, with 4.2 per cent and 7.1 per cent stakes respectively.

Aydinlar and Omar Lodhi of Abraj will sit on the board of IHH.

Khazanah, via its wholly-owned special purpose vehicle (SPV) Pulau Memutik Ventures, will retain a 62.1 per cent stake in IHH, while Mitsui Co via its SPV, MBK Healthcare Partners Ltd, will own a 26.6 per cent stake.

Aydinlar told reporters at a press conference that Acibadem is looking at expanding its business worldwide, especially in the Middle East, Eastern Europe and Russia.

"We are currently among the largest healthcare providers in the world in terms of revenues and the number of beds. Together with Khazanah and the other parties we will aim for greater heights," he said.



(From left) IHH managing director Dr Lim Cheok Peng, Khazanah managing director Tan Sri Azman Mokhtar, IHH chairman Tan Sri Datuk Dr Abu Bakar Saleiman and IHH non-executive director Rossana Annisah Ahmad Rashid at the listing of IHH Healthcare at Bursa Malaysia in Kuala Lumpur yesterday. Pic by Yong Chee Chong

Strong debut for IHH Healthcare

GOOD SHOWING: Shares register 10.4pc and 10.1pc premiums in Malaysia and Singapore, respectively

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IHH Healthcare Bhd, the world's third largest initial public offering (IPO) this year, defied overall weak market sentiments to stage a sound trading debut in Malaysia and Singapore

The hospital operator, the second largest in the world by market value after United States' HCA Holdings Inc, opened simultaneously in both markets at a 9.6 per cent premium over the offer prices of RM2.80 and S\$1.13 (RM2.81), respectively.

In Malaysia, the shares rose to as high as RM3.19 before ending the day at RM3.09, fetching a 10.4 per cent, or 29 sen, premium.

Some 390.3 million shares changed hands, making IHH, which is controlled by state investment firm Khazanah Nasional Bhd, the day's most actively traded counter.

"It is a very decent debut, considering its rich valuation and the fact that the market has been weak in the last few days," said Choo

Swee Kee, executive director at fund management firm TA Investment Management Bhd, which manages some RM700 million in investments.

The FTSE Bursa Malaysia KLCI benchmark index, which had been on a four-day losing spell, gained 0.15 per cent to close at 1,635.09. Most other markets in Asia, including Singapore, ended the day lower.

IHH will be included in the 30-stock FBM KLCI from August 1, taking the place of MMC Corp Bhd.

IHH shares in Singapore rose to as high as S\$1.245 before closing at S\$1.225, fetching investors a 10.1 per cent premium.

Managing director Lim Cheok Peng, in a press conference here minutes after the debut, said the group was "quite happy" with the opening price and urged investors to hold the shares for the long term.

In three to five years, the group hoped to have doubled in size and profitability and overtake HCA as the world's number one hospital operator, he added.

"This stock is not for speculation. I would urge you to grow with IHH and I am sure you will be rewarded in the longer term," he remarked.

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HEALTHY LISTING

In July, IHH Healthcare Bhd (IHH) was listed, making it the world's second largest listed healthcare group in terms of market capitalisation. The IHH initial public offer (IPO) was also the world's third largest to-date this year. Khazanah holds a 45.69 per cent stake in IHH, as at 31 August 2012.

Khazanah's investment in IHH represents an initiative under its mandate to seek new sectors, in this case healthcare, and geographies that are of strategic importance to Malaysia's future. IHH currently has a presence in Southeast Asia, India, China, and the Middle East and Turkey. The listing has enabled Malaysian investors to participate and benefit from the further growth of IHH and the healthcare sector.

Cruyff and Iskandar team up

INTERNATIONAL EXCELLENCE: Dutch football legend to set up world-class sport institute in EduCity

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A WORLD-CLASS sports institute is to be established in EduCity, Nusajaya, by the Johan Cruyff Institute.

Known as the Johan Cruyff Institute Malaysia (JCI Malaysia), it will be at the centre of Iskandar Malaysia.

The institute, started by Dutch football legend Johan Cruyff in 1998, is famed for offering programmes designed to help athletes, former athletes, coaches and sport leaders to balance sport and studies, and to develop skills to excel in the international arena.

Over the years, this led to the establishment of Johan Cruyff Universities, Johan Cruyff Colleges and more Johan Cruyff Institutes around the world.

It has proven to be a success as hundreds of students passionate about sports have since graduated from these programmes.

Cruyff is scheduled to make his maiden visit to Iskandar Malaysia



Iskandar Investment Bhd president and CEO Datuk Syed Mohamed Syed Ibrahim says Cruyff will visit



The institute was started by Dutch football legend Johan Cruyff in 1998

on Sept 4. It will also be the former Dutch striker's first visit to South-east Asia.

Iskandar Investment Bhd (IIB) president and chief executive officer Datuk Syed Mohamed Syed Ibrahim said Cruyff's visit would serve as an indication of Iskandar

Malaysia's economic growth potential and as a regional centre for excellence in sports.

"It was not an easy task to bring in this famed JCI expertise into Malaysia, but the presence of their institute here will complement efforts in positioning EduCity as a

fully integrated best-in-class education hub in the region.

"By including sports in its wide repertoire of conventional academic courses, EduCity is on its way to become a more holistic regional education centre," he said yesterday.

Present at the event were IIB chief operating officer Khairil Anwar Ahmad and also Education@Iskandar Sdn Bhd (EISB) acting chief operating officer Mohd Hisham Kamaruzaman.

The Johan Cruyff Institute for Sports Studies, the Pelorus Dutch Sports Technology (PDST) Sdn Bhd and EISB have signed a memorandum of understanding to establish JCI Malaysia. A definitive agreement is expected to be signed to establish JCI's pioneering institute of sports management in Asia.

PDST will be responsible for the business and administrative framework of JCI Malaysia including recruitment, branding and academic programme management.

Syed Mohamed said JCI Malaysia's presence would also enhance the visibility and destination branding of the EduCity Sta-

dium and Sports Complex.

In addition to the setting up of JCI Malaysia, Syed Mohamed said Cruyff would unveil the country's first Cruyff Court — a specially designed football court and play area for school-going children located next to SK Khir Johari in Kampung Majidee here on Sept 4.

"The Cruyff Court will be the second such court in Asia, after Japan," he said.

On the establishment of JCI Malaysia, Syed Mohamed hoped the institute would play a major role in the local sports scene as JCI's graduates were highly sought after in the international sector.

Syed Mohamed said JCI Malaysia also planned to pursue a relationship with the National Sports Council (NSC) to look at the possibility of their former students and athletes continuing their education.

"We view the NSC as a potential stakeholder in furthering the institute's aim. It is important for us to engage with them to map out the continuity of sports education for the country."

Cruyff Court dibuka di Malaysia

KUALA LUMPUR — Malaysia menjadi negara kedua di Asia selepas Jepun dipilih sebagai lokasi pusat pembangunan bola sepak Cruyff Court menerusi kerjasama dengan legenda bola sepak dunia, Johan Cruyff.

Pembukaan Cruyff Court merupakan salah sebuah tanggungjawab sosial oleh Khazanah Nasional Bhd. (Khazanah) dengan kerjasama Yayasan Johan Cruyff.

Is bertujuan untuk menyediakan lokasi yang sesuai untuk kanak-kanak beriadah, bermain dan meningkatkan kemahiran bola sepak mereka.

Dalam program berkenaan, dua buah Cruyff Court akan dibina nanti di Brickfields di sini dan sebuah lagi di Sekolah Rendah Kebangsaan Mohd Khir Johari di Kampung Melayu Majidee, Johor Bahru dengan peruntukan sebanyak RM3.1 juta.

Pengerusi Urusan Khazanah, Tan Sri Azman Mokhtar berkata, program ini turut menerima tajaan daripada syarikat korporat saha CIMB Bank bagi lokasi di Kuala Lumpur dan Iskandar Investment Bhd. untuk di Johor Bahru.

"Dua lokasi ini akan menjadi perintis kepada pengembangan bola sepak untuk kanak-kanak di Malaysia dan kami merancang memam-bah bilangannya pada masa depan."

Cruyff Court juga akan digunakan oleh kanak-kanak burung upaya dan juga mereka yang lahir dalam keluarga berpendapatan rendah, "katanya kepada periberti selepas melancarkan Cruyff Court di



JOHAN Cruyff menunjukkan kemahiran bermain bola di sini kanak-kanak ditirimi dan para peserta dari beberapa NGO sekitar Kuala Lumpur pada pelancaran Cruyff Court yang dirasmikan Tan Sri Azman Mokhtar di Kuala Lumpur, semalam.

sini hari ini. Turut hadir memeriahkan majlis adalah Johan Cruyff, legenda bola

sepak tempatan Datuk Abdul Ghani Minhat dan Pengerusi Yayasan Johan Cruyff, Carole Thate.

Cruyff Courts a boon for football

KUALA LUMPUR: Khazanah Nasional Bhd and former Dutch football player Johan Cruyff will boost the country's football development.

Khazanah and Cruyff, through Johan Cruyff Foundation, will develop Cruyff Courts.

The aim is to allow children and youth from low-income families and special needs children to play, develop and learn from each other.

The first Cruyff Court was completed at SRK Mohd Khir Johari in Kampung Melayu Majidee, Johor Bahru, and will be launched today.

Iskandar Investment Bhd will manage Cruyff Court Johor Bahru.

The other is planned for Brickfields here. Khazanah will contribute RM3.1 million to build, maintain and administer both facilities.

Khazanah executive director Jiv Sammanthani said the Cruyff Court concept provided a platform for communities to come together.

Johan Cruyff Foundation director Carole Thate said: "The realisation of this court will enable kids to connect with each other."

Malaysia is the second Asian country after Japan to have the Cruyff Court.



Prime Minister Datuk Seri Najib Razak kicking a ball at Khazanah Nasional Bhd's Hari Raya open house in Kuala Lumpur yesterday. At left is Johan Cruyff, chairman of Johan Cruyff Foundation, who was earlier at an event to announce the launch of the Cruyff Court in Brickfields, Kuala Lumpur. At Najib's left is Khazanah managing director Tan Sri Azman Mokhtar. Pic by Khairul Aery Bidin

A JOYOUS CARNIVAL

Just last week, Khazanah together with Iskandar Investment Bhd and UEM Land organised Karnival Nusajaya as part of celebrations to mark the successful launch of several catalytic projects in and around Nusajaya in Iskandar Malaysia, including the official opening ceremony of LEGOLAND Malaysia.

Thousands of people of all ages attended the two-day festival, which was held at Dataran Mahkota in Kota Iskandar on 22 and 23 September. Among the attractions were appearances by some of Malaysia's top entertainers and celebrities, a career fair to highlight job opportunities in Iskandar Malaysia, arts and culture exhibits and performances, and a LEGOLAND play section for children.

The official launch of LEGOLAND was witnessed by D.Y.M.M the Sultan of Johor, Prime Minister YAB Dato' Sri Mohd Najib bin Tun Abdul Razak, and Johor Menteri Besar Dato' Abdul Ghani Othman, among many other special guests.

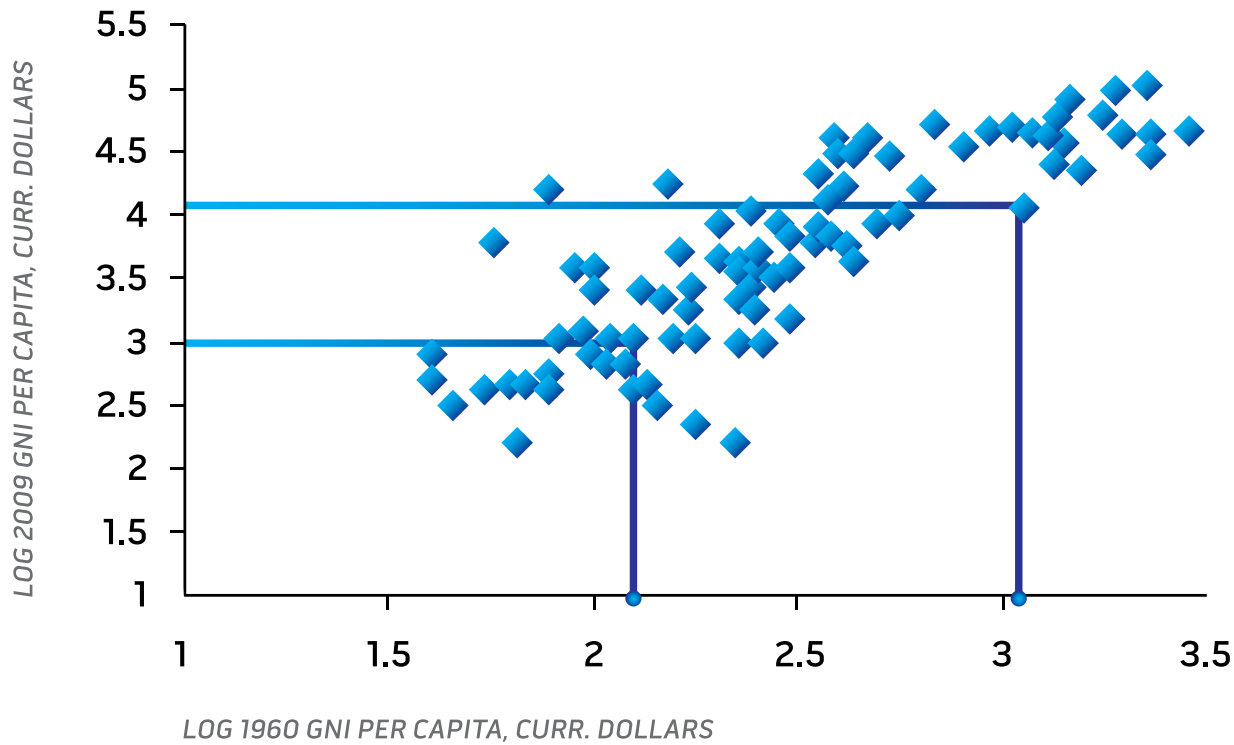
TECHNOLOGY SUPERCYCLES AND DISCONTINUOUS JUMPS

By Nungsari Ahmad Radhi & Nicholas Khaw, Khazanah Research Investment Strategy

The economic reform agenda currently underway in Malaysia is a recognition that the prevailing economic model that has brought the country to a middle income status will not be able to take us further - to join the ranks of high income economies. Yet, **Malaysia's transformation must go beyond projects and policies – it must embrace the technological super-cycles that shape global economic history.** To do so, Malaysia must not only entwine itself in the spirit of innovation but also diffuse the benefits of that innovation as pervasively as possible. Only by doing both will Malaysia make a serious drive towards a developed, high-income economy.

Very few countries have made the jump from middle-income to high-income. World Bank economist Ivailo Izorvski finds that of the countries that were middle-income in 1960, almost three-fourths remained middle-income or regressed to low-income by 2009. Chart 1 illustrates this observation. The red lines show the middle-income threshold and the high-income threshold in both 1960 and 2009. For a country to jump from the middle-income level to the high-income level, it has to be to the left of the outer red line (below high-income in 1960) and above the outer red line (above high-income in 2009).

Chart 1: Transition from middle-income to high-income, 1960-2009



Of the countries which were middle-income in 1960, very few crossed over into high-income territory in 2009. Most countries remained middle-income or, at the most, became upper middle-income. **Thus, if we merely do the same things and even doing them better, it is more likely that Malaysia continues moving higher within the middle-income group without actually jumping into the high-income group. Improving without significant structural change will still keep the economy on the same trajectory, albeit on a steeper curve, but it will not result in a discontinuous jump to a higher-level trajectory.** Economies that cannot find that discontinuity stay on the same path.

If we consider countries that have made the jump, a common pattern emerges. South Korea made its jump through pursuing heavy industries before other countries in the region, save Japan. Taiwan attained its jump by hopping on the emerging electronics industry. Singapore exploited its location as a go-between between Japan and the Middle East as well as being open to the concept of importing high-skilled foreign talent. It moved away from its colonial logic of a port serving a regional hinterland.

The commonality between these three countries is the willingness to be innovative by pursuing a new industry that latches on a global trend and from this willingness, the ability to diffuse this innovation as widely as possible. Diffusion of innovation means spreading the benefits of innovation economy-wide or removing barriers to the expansion of innovation. Innovation by itself or diffusion by itself is a necessary but insufficient condition to obtain a discontinuous jump.

Consider the historical paths taken by dominant economic players throughout history. The narrative of economically dominant nations has been a tapestry of diverse circumstances. The economic landscape today is unrecognisable from the economic landscape of 500 years ago. We can view the changing landscape of economic history as a series of 'Supercycles', where a 'Supercycle' is an extended period of time encompassing many business cycles in the growth of a market or trend.

In 2010, International Monetary Fund (IMF) figures show that the United States and the European Union contributed approximately 49% of world GDP. Thanks to economic historian Angus Maddison's work, we can estimate that the share of the United States and Western Europe's GDP to world GDP in the year 1500 was approximately 17%. If the global economic powers of today contributed less than one-fifth of global GDP roughly 500 years ago, who then were the drivers of the world's economy? Maddison's data finds that, in the year 1500, the contribution of China and India to global GDP was estimated to be a massive

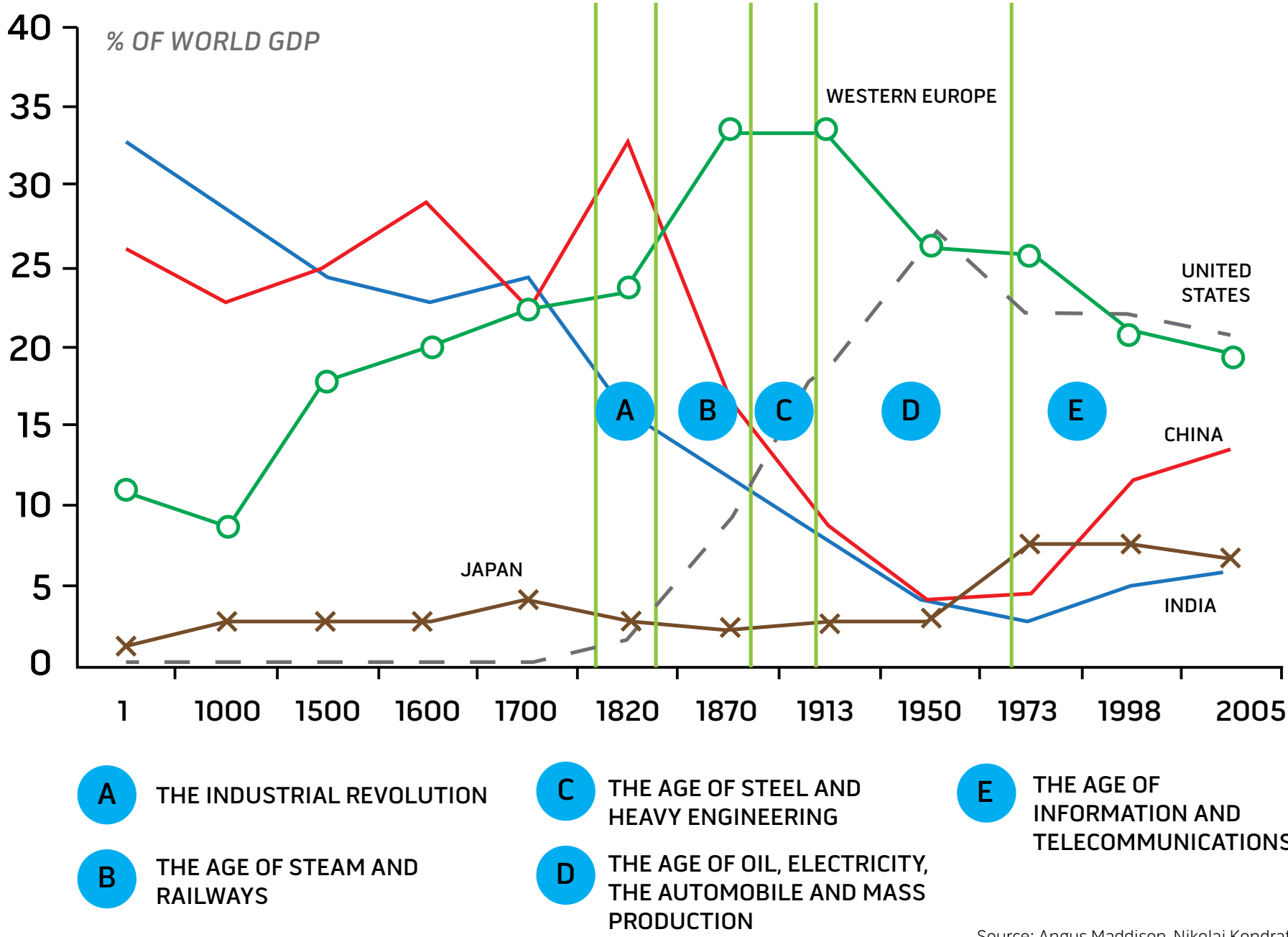
49%. Yet, in the year 2010, this figure was a mere 12%, according to the IMF. However, global growth is now increasingly being re-driven by both China and India. China has even emerged as the second largest economy in the world. The economic expansion of the two nations has gained steam over the past decade, and looks set to continue apace well into the future. Thus, along the 'Supercycle' of global economic dominance, the world is trending towards a return of China and India as the world's economic leaders.

Of course, 'Supercycles' are not deterministic. It is not necessarily true that only China or India can emerge as global economic powers. Any country or region can stake its claim to be a dominant economic power in this new 'Supercycle'. To do so, that nation or region must capitalise on cutting-edge technological advances that crop up throughout the globe.

The contention here is that these 'supercycles' that produce economic superpowers are built around some technological shifts and the innovations around it. The mapping of technological 'Supercycles' first undertaken by Russian economist Nikolai Kondratiev in 1925 correctly predicted the future rise of petrochemicals, automobiles and information technology. His proposed cycles must be updated to reflect everything that happened after 1925. These cycles have been updated by academics to be:

1771-1828	: The Industrial Revolution
1829-1874	: The Age of Steam and Railways
1875-1907	: The Age of Steel and Heavy Engineering
1908-1970	: The Age of Oil, Electricity, the Automobile and Mass Production
1971 onwards	: The Age of Information and Telecommunications

Plotting these cycles onto the 'Supercycles' of the global economy yields several fascinating trends. Firstly, while China reached its peak during the Industrial Revolution, it also began to decline during this cycle, with Western Europe and the United States rising. Secondly, as the United States and Western Europe exploited the benefits of the steam engine and railways to power the development of agricultural and manufacturing industries, China and India were declining at a rapid rate. While Western Europe peaked in the Age of Steel and Heavy Engineering, it began to decline in the Age of Oil, Electricity, the Automobile and Mass Production. The United States, however, continued its ascendancy with the automobile, mass production and consumption. The prominence of China and India, however, continued to decline across these two cycles. Finally, in the Age of Information and Telecommunications, the



contributions of the United States and Western Europe have declined, while China and India are rising again.

Two key questions emerge. What happened to China and India from 1771 to 1970? And how did the United States and Western Europe emerge to global dominance across the same time periods up till today?

In China, the Qing Emperor pursued an isolationist trade policy, discouraging and prohibiting foreign trade until 1864. This policy, coupled with frequent civil wars as the Qing dynasty attempted to crush all Ming royalists only served to devastate the Chinese economy. The Chinese then engaged in the Opium Wars with the British who had superior arms and war machines and thus began a pattern of war, defeat, concessions, and silver payments to foreign powers. Hence, Chinese were rendered impotent at diffusing any innovations they may have crafted or gained from foreign sources, subsequently losing their spot as a global economic power.

In India, the decline of its economic prominence began around the year 1700. The rise of India prior to that was due to the majesty of the Mughal Empire which, at its zenith, covered some 1.25 million square miles with more than 150 million subjects. After the death of Aurangzeb, the Mughal ruler, in 1707, the Mughal empire crumbled following attacks by the Maratha empire and the Safavids of Persia, the rise of Sikhism in the Punjab and eventually, British colonialism. India was never united enough to seize on the technological cycles that was pervasive in the West and may have even been restricted access by the British until India's independence in 1947. In other words, India never stood a chance to innovate or even to diffuse the innovations of other parties into their nation.

The United States and Western Europe achieved their ascendancy by embracing these technological cycles, building their economies through rapid industrialisation in the 1800s and early 1900s. Despite facing the Revolutions of 1848, civil wars as well as 2 World Wars, these nations managed to maintain their global economic strength, buoyed by the increases in productivity and efficiency of technological advances. Unlike China and India, they seized on the innovations in technology and with the help of the railroad and the steam engine, managed to diffuse their technology throughout their regions.

Putting it all together, the rise of the United States and Western Europe in the previous global economic 'Supercycle' coincided with the various technological 'Supercycles'. By capitalising on these technological 'Supercycles' and then diffusing these technologies, they were able to take pole positions in the global

economy ahead of China and India whose prominence on the global stage fell as they failed to embrace those very same 'Supercycles.' As the world stands now at an inflection point, what then does this mean for Malaysia?

We know that in the last 500 years, we were not in control of our own destiny 90% of the time. **For the next 500 years, Malaysia is in a position to manifest its own destiny all on our own. It can chart its own way along the next 'Supercycle', focusing on making that discontinuous jump to a high-income nation.** Perhaps the economic structure has not sufficiently divorced itself from the past colonial economy. However, history has shown that making the jump requires both innovation and the diffusion of innovation. On the bright side, the opportunity for diffusion is even greater today – markets are no longer merely national or inter-continental, markets are global. Any capable economy can leverage on global reach and resources for national advantage.

The government can help in the diffusion of innovation. The diffusion of innovation is deterministic in the sense that the right set of policies, be it labour market policies, quality institutions and so on, will help to unlock new markets for the diffusion of innovation. However, this will only help place Malaysia on a steeper slope on the journey to a high-income nation; it will not help Malaysia make a discontinuous jump.

What will complement the diffusion to drive the 'jump' is pure innovation. Unlike the diffusion of innovation, innovation is oftentimes stochastic. Innovation comes seemingly at random, an inter-play of demand for solutions, supply of knowledge and risk-taking behavior. **An 'innovative' society is not one that is technologically-savvy – it is one that is culturally more open to risk-taking or failure. In Malaysia, a common trend is that we are too concerned in seeking success that we become too afraid of failure. Without a risk-taking and failure-accommodating cultural or societal attitude, we can never be an innovative society,** without which, we will not be able to ride on any emerging supercycle or diffuse its benefits economy-wide. We will not find our discontinuous jump and remain on the same trajectory.

A version of this article was published in *The Edge*, December 4th, 2011

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KHAZANAH MEGATRENDS FORUM

A RICH HERITAGE OF THOUGHT LEADERSHIP

KMF 2012 is the seventh annual Khazanah Megatrends Forum, which has established itself as this region's leading forward-looking global economic discussion event. Over the years, KMF has been privileged to host many outstanding economists, business leaders, visionaries and thinkers. More recently, it has also included participants with exceptional artistic and creative talent.

Every KMF has been unique, but the overall topic is always bold and searching – not holding back from asking difficult questions and challenging established assumptions.

Whatever the unique theme, KMF ensures consistent structure by always addressing a set of specific subject areas:

- **Markets**
- **Firms**
- **Society**
- **People**

Past themes have reflected the imminent issues of the time, and the waves and currents of the global economy.



KMF 2006: Global and Regional Trends and Implications for Malaysia

Malaysia is now truly established as a global player amongst the world's nations, and this KMF explored the economic, technological and social trends which would be influencing it most significantly.

KMF 2007: Malaysia 2057

This was a very special KMF, coinciding with fifty years of Independence. An ambitiously forward-looking event, this KMF speculated on how Malaysia would look and feel as a nation in fifty years' time. There was a truly eclectic mix of participants, representing Malaysia's rich and diverse heritage.

2008

KHAZANAH
MEGATRENDS
FORUM

Shifting Sands:
Threats &
Opportunities

2008



The global financial crisis was the beginning of a major shift, with sub-prime US mortgages and other financial products radically altering the world's perception of what constitutes reliable financial assets. This shift brought with it significant opportunities – such as Islamic-finance, in which Malaysia is a major global player.



2009



The critical meltdown was averted, but there was no return to business-as-before – this KMF explored the shape of the new business landscape, and what would constitute 'normality' in the future.

2010

Reclaiming the Commons: Collaborating & Competing in the New Economic Order

KHAZANAH
MEGATRENDS
FORUM 2010

SHANGRI-LA HOTEL • KUALA LUMPUR
4 & 5 OCTOBER 2010



The crises the world has been facing – the result of a combination of unbridled greed, regulatory failures, imbalances and marginalisation – have their origins in the fact that increased globalisation has resulted in a greater global commons. This KMF explored the ramifications of this interconnectedness.



KHAZANAH
MEGATRENDS
FORUM 2011



Uncertainty as Normality Navigating through Complex Interconnection

2011



The global economy appeared to have entered a new era of constant uncertainty, with one world-shaking event after another. Last year we discussed whether stability was a thing of the past, and whether uncertainty was now normal.

The last few KMFs have coincided with enormous global economic turbulence which has seen considerable shifting of goal posts and established parameters. Each KMF has been forward-looking and absolutely relevant to the current landscape and the event horizon. Guests have consistently spoken of the Forum being stimulating, thought-provoking and utterly pertinent. Participants speak enthusiastically of their involvement and offer to take part again.

CORPORATE RESPONSIBILITY

Our vision is to enhance Corporate Responsibility (CR) by delivering sustainable value through our strategic investments, human and social capital development and protection of the natural environment.



Yayasan Khazanah (YK) sources potential scholars who not only possess exceptional academic achievements but also leadership attributes. The programme looks to groom this next generation of young talents in businesses and industries as future leaders who could make substantial contributions to corporate Malaysia, specifically GLCs, both on the local and international front.

The Khazanah Global Scholarship is a prestigious award that offers opportunities for bright and high-achieving Malaysians to pursue Undergraduates and Postgraduates studies at selected leading universities around the world. In addition, the recipients of the Khazanah Global Scholarship and provided with leadership trainings and job attachments at leading organisations in Malaysia.

Apart from the Khazanah Global Scholarship programme, Yayasan Khazanah also offers three other scholarship programmes, namely, The Khazanah Watan Scholarship Programme, The Khazanah Asia Scholarship Programme and The Khazanah Bestari Scholarship Programme.



Yayasan AMIR is an independent, not-for-profit foundation established by Khazanah

in 2010, aimed to improve accessibility of quality education in all public schools through a Public and Private Partnership approach in Malaysia, in particular, through the implementation of the Yayasan AMIR Trust Schools Programme.

There are 10 Trust Schools and Lesson Observation (from February to June 2012) showed a 25% of overall improvement in teacher's instruction in classes.

The Trust Schools maintain its public status and funding, while the day to day operations and teaching at the schools are assisted by an educational services provider via Yayasan AMIR. Through this initiative, Yayasan AMIR continues to build on its wider philosophy of nurturing a more holistic educational outcome for students, and in tandem, elevating the standard of education at public schools in Malaysia.



Teach for Malaysia (TFM) is an independent, not-for-profit organisation that enlists Malaysia's most promising future leaders in our mission to end education inequity.

The Teach for Malaysia Fellowship is a highly selective two-year, full-time and fully-paid leadership development programme modeled after the extremely successful Teach for America initiative.

TFM recruits, selects and trains exceptional Malaysian graduates and young professionals to teach in high-need schools in Malaysia for two years to significantly transform the academic achievement, aspirations and outcomes of these students.

There are currently 49 Fellows in 17 schools across KL, Selangor and Negeri Sembilan and TFM targets recruitment of 70 Fellows for 2013 cohort from a current of pool 1,335 applications.

TFM is also one of 24 partners of the prestigious global education network of Teach for All.



PINTAR Foundation (PF) was established in 2008 to spearhead the implementation of the PINTAR Programme, which is a corporate responsibility initiated by Khazanah Nasional Berhad. Its vision, mission and goals continued to be pursued in accordance with the highest standards of quality and excellence.

Throughout 2011, PF continued to ensure that programmes were implemented in a holistic manner with its management team taking a hands-on role with students, teachers, partners and all involved resulting in further positive outcomes.

PF currently has 297 schools, 35 PINTAR Members and Associates and more than 300 activities per year with more than 1,000 volunteers. Overall, PF has been touching lives of more than 116,000 students each year and they are very supportive towards the social responsibility initiatives.



Yayasan Sejahtera (YS) was developed to support a sustainable approach to alleviate hardcore poverty. Currently transitioning into third phase, the programme continues to provide community based solutions vulnerable groups including the hardcore poor.

YS helps to create more sustainable streams of income, while effectively improving livelihoods through newly acquired tools, skills, infrastructure and opportunities through collaboration with GLIs and participating companies.

The 13 programmes have supported more than 4,788 families and 5 vulnerable states in Malaysia namely Kedah, Kelantan, Pahang, Sabah and Sarawak.



The Graduate Employability Management Scheme (GEMS) initiated in 2009 is a programme developed from the Graduate Employability Enhancement (GREEN) programme which was internally developed by Khazanah.

A total of 6,000 participants completed an eight and a half month programme over 4 intakes up until 2010, with 93% of them securing employment, signifying the success of this initiative.

The following two intakes, namely Intakes 5 and 6, commenced in October 2011. A total of 2,029 graduates participated in the programme over these two intakes, with 35.4% of them already securing employment.

GEMS's main objectives are two-fold:

- To train, expose and prepare unemployed graduates for future opportunities
- To improve employment at entry level and largely contribute to the economy

Currently, there over 1,043 participating companies including 100 GLCs and their subsidiaries actively participating in the GEMS programme.

FROM THE RUINS OF EMPIRE

THE REVOLT AGAINST THE WEST AND THE REMAKING OF ASIA

“ In his brilliant new book Pankaj Mishra reverses the long gaze of the West upon the East, showing modern history as it has been felt by the majority of the world's population from Turkey to China. These are the amazing stories of the grandfathers of today's angry Asians. Excellent!

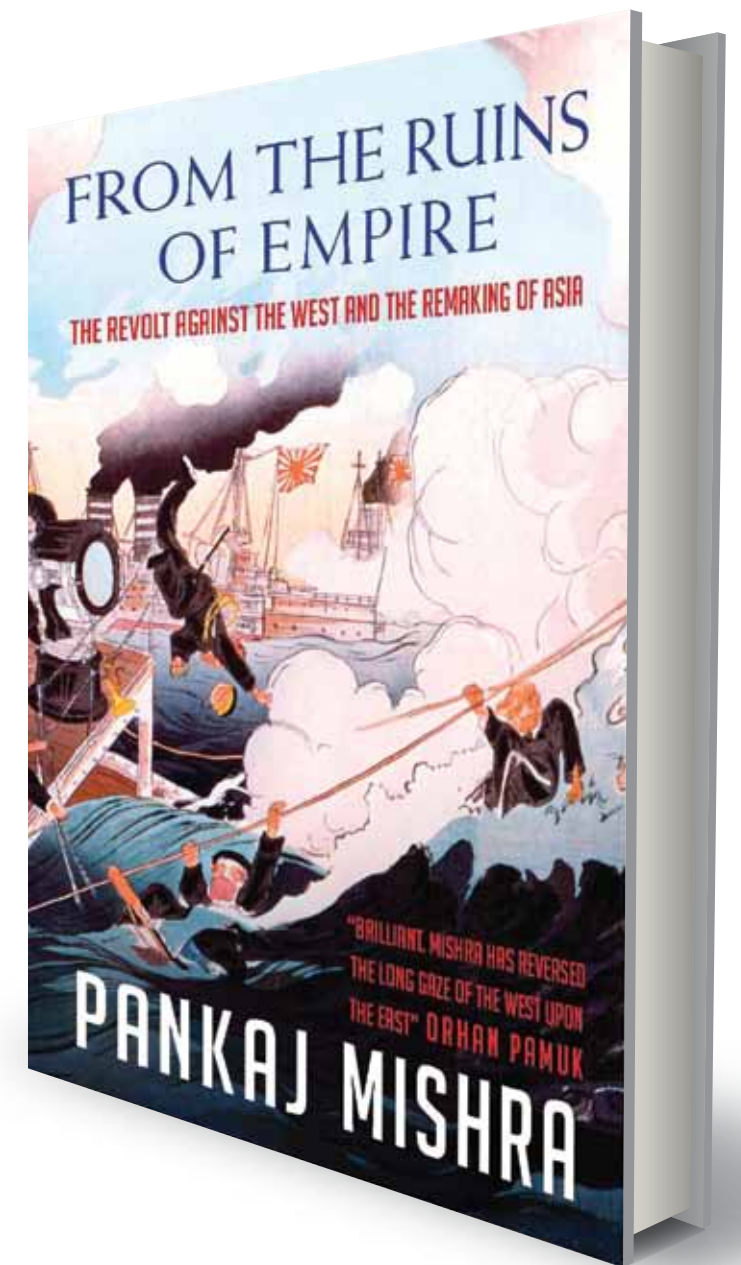
Orhan Pamuk

“ Essentially an Eastern canon of political thought – linking Indian, Chinese and Arab/Muslim figures and ideas [and revealing] how their responses to the ignominy of colonialism were to shape their future nation-states....Not some simplistic paean to "Asian values"....this is a prophetic book that cannot be ignored by Asia

Karim Raslan, The Star

“ ... jolts our historical imagination and suddenly places it on the right, though deeply repressed, axis. ... a book of vast and wondrous learning ... From close and careful readings of some mighty Asian intellectuals of the last two centuries ... Pankaj Mishra has discovered and revealed ... a continental shift in our historical consciousness ...

Hamid Dabashi, Columbia University



PUBLICATIONS



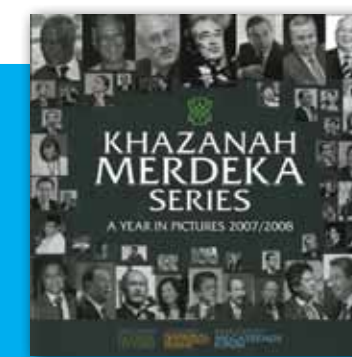
Complexity of FTAs
[2010(Eng), 2011(BM)]



Cities, People &
The Economy [2010]



Readings on Development:
Malaysia 2007 [2009]



Khazanah Merdeka Series [2009]



The Malaysian Art Book For
Children (Eng & BM) [2011]

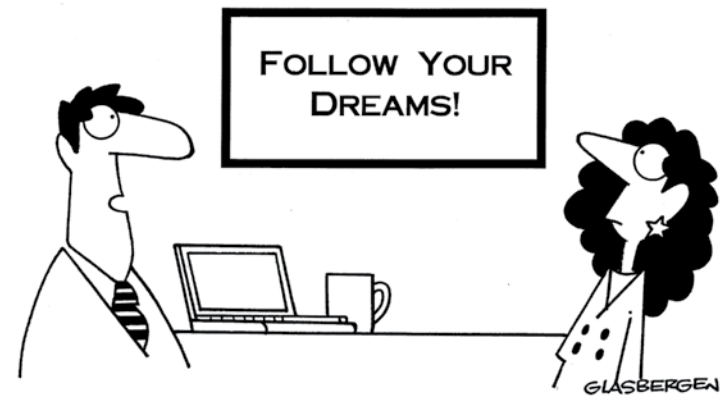


Health and Beauty from
the Rainforest [2009]

Khazanah publishes a number of books each year, each pertinent to Malaysian business, education or culture.

COMICS

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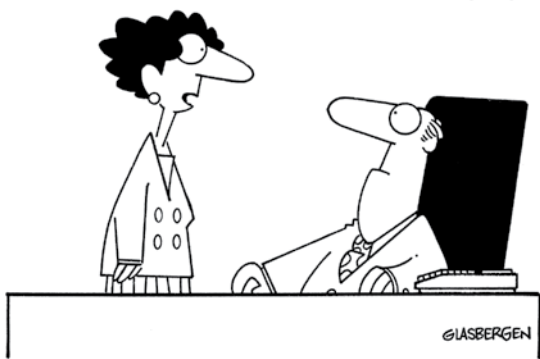
"It's supposed to inspire, but most employees see it as permission to take a nap."

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"The sports car and sailboat are investments for my retirement. I'm using them to attract a younger woman who can support me in my old age."

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"Nobody came back from the Goal Setting Workshop. They all left to find better jobs."

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"You've been working awfully hard lately. If you need a little fresh air and sunshine, go to www.fresh-air-and-sunshine.com!"

© Randy Glasbergen www.glasbergen.com



"Because a large font makes profits look bigger."

© Randy Glasbergen www.glasbergen.com



"I found a quick fix for our company's financial problems. I removed the red ink cartridge from the printer."

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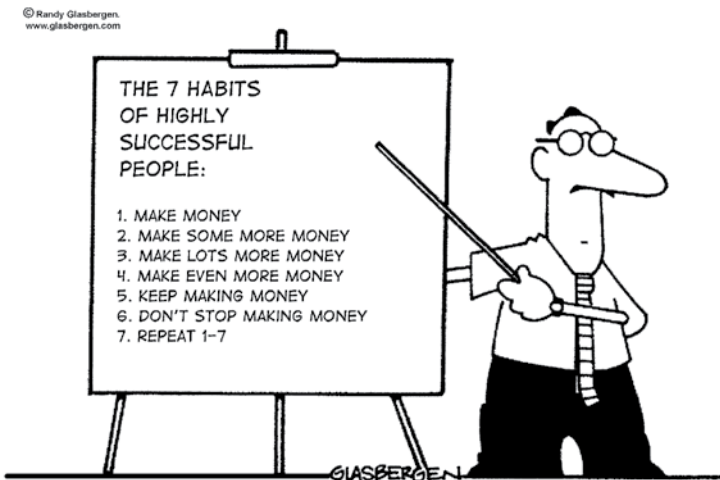
"My wife doesn't let me bring my BlackBerry on vacation. If you need to reach me, call my shellphone."

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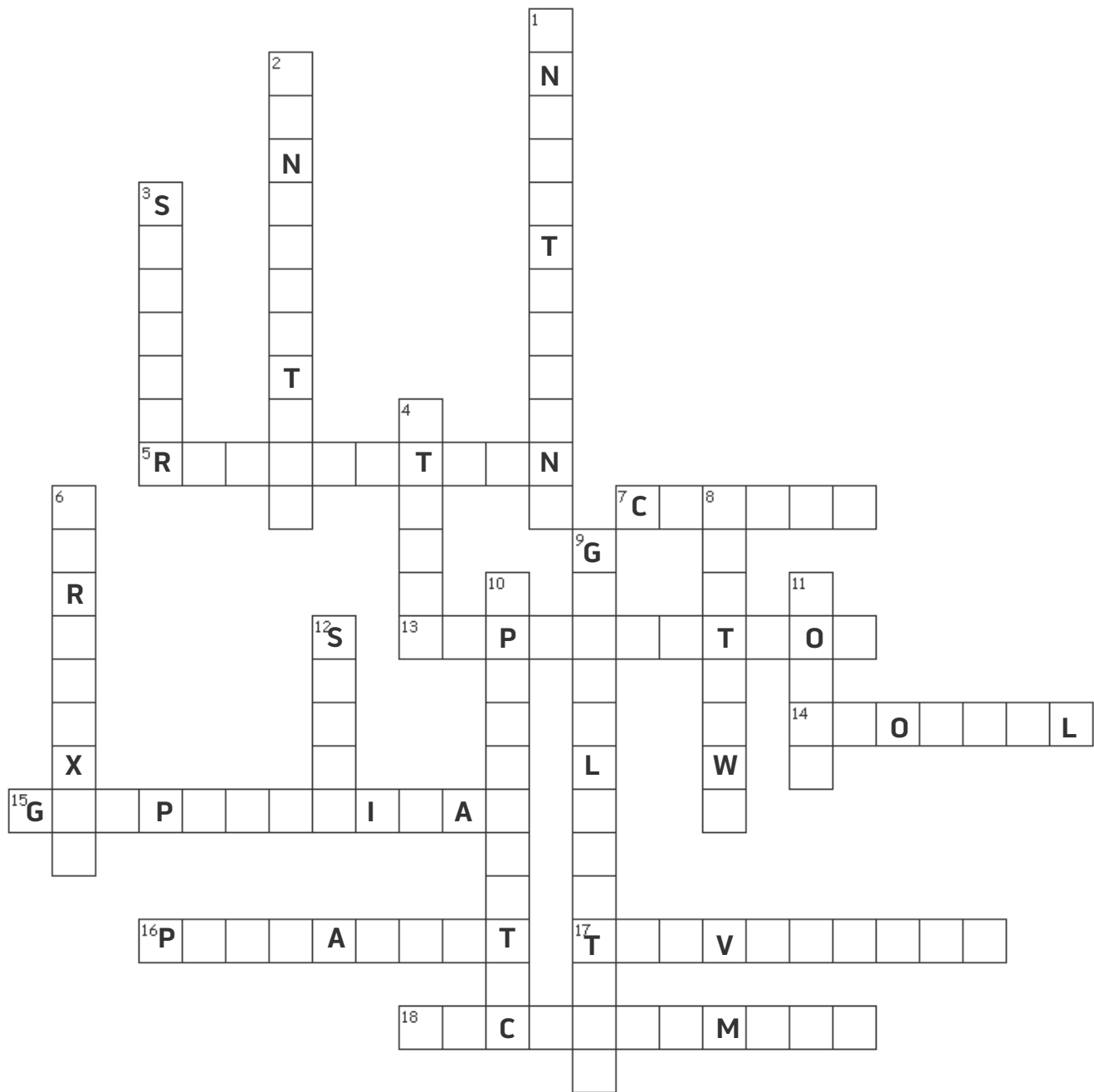


"For this part, I credit hard work, ingenuity and perseverance. The other part, I blame on gravity."

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CROSSWORD



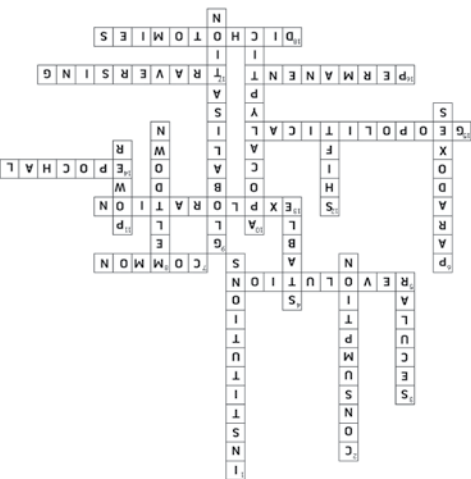
Across

- 5. A radical change
- 7. Occurring frequently or habitually
- 13. The investigation of unknown regions
- 14. Extremely important, significant, or influential
- 15. The study of the relationship among politics and geography, demography, and economics, especially with respect to the foreign policy of a nation
- 16. Intended to exist or function for a long, indefinite period without regard to unforeseeable conditions
- 17. An act of passing across
- 18. Division into two mutually exclusive or contradictory groups

Down

- 1. Established organisations or foundations
- 2. The using up of goods and services having an exchangeable value
- 3. Pertaining to worldly things or to things that are not regarded as religious, spiritual, or sacred
- 4. Consistently dependable
- 6. Self-contradictory and false proposition
- 8. An emotional breakdown
- 9. Worldwide integration and development
- 10. Involving or portending widespread devastation or ultimate doom
- 11. Great or marked ability to do or act; strength; might; force
- 12. To move or transfer from one place or position to another

Answer



DOODLER SPOTLIGHT

NEW THIS YEAR! Instead of doodling on large canvases of paper, our doodlers are going green and shifting their attention to iPads. Drop by our Download Counters throughout the day to save the PDF version of each doodle session, or to grab a print out.





The world economy is made up of many tiny parts that are useful only when we combine them into more complex wholes. The higher the value of these aggregations, the more economic growth. Humanity's achievements – from the 120 ingredients of my clock to the countless financial deals and developments that produced the internet and flight navigation systems – all result from joining people and things to each other.

That's why western capitalism has triumphed for the past 150 years: it gave us the best knowledge to explore economic combinations. Capitalism does not need to be re-thought or re-invented; it simply has to be re-discovered.

The reason credit and capital have contracted for the past five years in the US and Europe is that the knowledge required to identify and join parts profitably has been unwittingly destroyed. The connections between mortgage loans and liquid securities, between non-performing financial derivatives and the organisations that hold them; the non-standardised, scattered records that obscure who holds risks; and the off-balance-sheet accounting that obscures many companies' health: these all make it harder to trust and hence combine. Until this knowledge system is repaired, neither US nor European capitalism will recover.

Reformers and policymakers must recognise that they are not dealing with a financial crisis but with a knowledge crisis. Capitalism lives in two worlds: there is a visible one of palm trees and Panamanian ships, but it is the other – made up of the property information cocooned in laws and records – that allows us to organise and understand fragments of reality and join them creatively.

"Reformers and policymakers must recognise that they are not dealing with a financial crisis but with a knowledge crisis."

The world of organised knowledge and joining began in earnest in the mid-19th century, when reformers in Europe and the US concluded that the segmented, undirected knowledge left by the old regimes could not cure the recessions that beset early capitalism. They faced what was known as "the knowledge problem", the inability to select and store dispersed information about economic things. Those reformers created "property memory systems" to map – in rule-bound, certified and publicly accessible registries, titles and accounts – all the relevant knowledge available on assets, whether intangible (stocks, patents, promissory notes) or tangible (land, buildings, machines).

Knowing who owned – and owed – what and where, and fixing that information in public records, made it possible for investors to locate suppliers, infer value, take risks and combine such simple things – to borrow a famous example – as graphite from Sri Lanka and wood from Oregon into pencils. Reformers also helped to solve "the binding problem," finding the information needed for parts to fit together. This metaphysical concern affected all disciplines: physiologists discovered that what binds cells to form an organ performing specific, sophisticated

functions is a nucleic acid now called DNA. The logic behind the property documentation is the DNA of capitalism.

Modern recording systems evolved from data warehouses certifying isolated assets, into factories of facts for facilitating the knowledge entrepreneurs need to combine assets, skills, technologies and finance into more complex and valuable products. Thus, real estate documentation no longer just says that Smith owns the house on the hill but also describes that house as the address at which mortgages can be foreclosed; debts, rates and taxes collected; deliveries made; and from which utilities services can be controlled and bills collected.

This knowledge allowed western economies to grow more since the second world war than in the previous 2,000 years without big credit contractions.

Until 2008, when we began to learn that memory systems had stopped telling the truth – through off-balance-sheet accounting; debts buried in footnotes or the ledgers of "special purpose entities"; financing raised by "bundling" mortgages into securities not recorded in traditional public registries; and nations masking debt as income by

swapping it from one currency to another. No wonder institutions and investors have lost confidence in the system.

The brilliance of western capitalism lies not in providing a formula for wealth creation but in its property memory systems, which are the result of examining, selecting and validating information about who owns land, labour, credit, capital and technology, how they are connected and how they can be profitably recombined.

For the past 15 years, the records of western capitalism have been debased, leaving governments without the facts to spot what needs to be fixed and for businesses to know where their risks are. To regain its vitality, western capitalism must bring under the rule of law and public memory hundreds of trillions of dollars now swirling mindlessly out of control in the obscure world of financial innovation. That task requires major political leadership.

The writer is author of 'The Mystery of Capital' and 'The Other Path'

Reference: <http://www.ft.com/intl/cms/s/0/4520ccda-4769-11e1-b847-00144feabdc0.html>

DAY 1 : 1 OCTOBER 2012

8:00 - 9:00am	Registration
OPENING SESSION	
9:00 - 9:10am	Welcome Remarks YBhg Dato' Mohammed Azlan Hashim <i>Board Member, Khazanah Nasional Berhad</i>
9:10 - 9:20am	Introduction to KMF 2012 <ul style="list-style-type: none">• Dr Nungsari Ahmad Radhi, <i>Executive Director, Khazanah Research & Investment Strategy, Khazanah Nasional Berhad</i>• Hisham Hamdan, <i>Executive Director, Investments, Khazanah Nasional Berhad</i>
9:20 - 10:00am	Opening Address YB Dato' Seri Ahmad Husni Mohamad Hanadzlah <i>Minister of Finance II</i>
10:00 - 10:15am	Networking Break
10:15 - 11:15am	Special Address: 'Anti Social Media' Martin Lindstrom, <i>Branding Expert, Author, Founding Partner and Chairman of the Board, Buyology Inc.</i> Introducer: Jiv Sammanthan, <i>Executive Director, Managing Director's Office, Khazanah Nasional Berhad</i>
SESSION 1	
11:15 - 12:45am	MACRO-STABILITY AND MARKETS <ul style="list-style-type: none">• Amar Gill, <i>Head of Asia Research, CLSA Limited.</i>• David Marsh, <i>Chairman and Co-Founder, Official Monetary and Financial Institutions Forum (DMFIF)</i>• Dr Simon Ogus, <i>Founder and CEO, DSGAsia Limited</i>• Yeoh Keat Seng, <i>Director, Kumpulan Sentiasa Cemerlang</i> Chairperson: Mohamed Ridzuan Mohamed <i>Senior Vice President, Khazanah Research & Investment Strategy, Khazanah Nasional Berhad</i>
12:45 - 2:00pm	Luncheon Address: 'Steering through Unknown Unknowns: A Systemic Framework' YBhg Tan Sri Andrew Sheng <i>President, Fung Global Institute, Board Member, Khazanah Nasional Berhad</i> Introducer: YM Tengku Dato' Sri Azmil Zahrudin <i>Executive Director, Investments, Khazanah Nasional Berhad</i>
2:00 - 2:15pm	Networking Break
2:15 - 3:15pm	Special Address: 'What is Wrong with the World Today?' Ronnie Chan, <i>Chairman, Hang Lung Properties</i> Introducer: Ben Chan, <i>Executive Director, Investments, Khazanah Nasional Berhad</i>
3:15 - 3:30pm	Networking Break
SESSION 2	
3:30 - 5:00pm	<ul style="list-style-type: none">• Chris Zook, <i>Partner, Best-Selling Author and Co-Head, Bain's Global Strategy Practice, Amsterdam Office</i>• YBhg Dato' Sri Jamaludin Ibrahim, <i>Managing Director, President and Group CEO, Axiata Group Berhad</i>• Nobuyuki Idei, <i>Founder, CEO and Representative Director, Quantum Leaps Corporation</i>• Sunny Verghese, <i>Co-Founder, Group Managing Director and CEO, Olam International Limited</i> Chairperson: Hisham Hamdan, <i>Executive Director, Investments, Khazanah Nasional Berhad</i>
5:00pm	End of Day One
SPECIAL EVENT: 'WHAT CAN MUSIC DO?' A Musical Evening with Prof Nigel Osborne <i>Composer and Reid Professor of Music, The University of Edinburgh</i> <i>Prof Nigel Osborne will present an overview of how music may help change human life; from the personal experience of individuals to the way music may help communities, societies and even economies to change.</i>	
The Grand Ballroom, Mandarin Oriental	
7:15pm	Cocktail Reception / Arrival of Guests
8:15pm	Talk / Interactive Session with Prof Nigel Osborne
9:30pm	End

DAY 2 : 2 OCTOBER 2012

9:00 - 10:00am	Special Address: 'The Shift in The Balance of Power: Issues and Implications' Dr Gerard Lyons, <i>Chief Economist and Group Head, Global Research, Standard Chartered Bank</i> Introducer: John Pang, <i>CEO, CIMB Asean Research Institute</i>
10:00 - 10:15am	Networking Break
10:15 - 11:15am	Special Address: 'Emerging Growth Poles: Challenges and Opportunities' Prof Dr Abbas Mirakhor <i>First Holder of INCEIF Chair of Islamic Finance</i> Introducer: Mohd Izani Ghani <i>Director / Chief Financial Officer, Khazanah Nasional Berhad</i>
SESSION 3	
11:15 - 12:45pm	<ul style="list-style-type: none">• Ben Simpfendorfer, <i>Managing Director, Silk Road Associates and Author of 'The New Silk Road'</i>• YBhg Datuk Dr Hamzah Kassim <i>Co-Founder and Group Managing Director, The IA Group</i>• Dr James Gifford, <i>Executive Director, Principles for Responsible Investment (PRI)</i>• Dr Murat Yulek, <i>Professor of Economics, Dean of the Faculty of Business Administration and Vice-Rector, THK University</i> Chairperson: Dr Nungsari Ahmad Radhi <i>Executive Director, Khazanah Research & Investment Strategy, Khazanah Nasional Berhad</i>
12:45 - 2:00pm	Luncheon Address YBhg Tan Sri Dato' Sri Dr Zeti Akhtar Aziz <i>Governor, Bank Negara Malaysia</i> Introducer: Dr Nungsari Ahmad Radhi <i>Executive Director, Khazanah Research & Investment Strategy, Khazanah Nasional Berhad</i>
2:00 - 2:15pm	Networking Break
SESSION 4	
2:15 - 3:45pm	<ul style="list-style-type: none">• Imam Feisal Abdul Rauf, <i>Chairman, Cordoba Initiative</i>• YBhg Dato' Mohd Izzaddin Idris <i>Group Managing Director and CEO, UEM Group Berhad</i>• Roshan Thiran, <i>CEO, Leaderonomics</i>• Sarah Joseph, <i>CEO and Founding Editor, emel Magazine</i> Chairperson: Johan Mahmood Merican <i>CEO, TalentCorp Malaysia</i>
3:45 - 4:00pm	Break
4:00pm	Arrival of YAB Dato' Sri Mohd Najib bin Tun Abdul Razak, Prime Minister of Malaysia
4:00 - 4:45pm	Special Event Launch of 'Sandpipers and Mudskippers: A Journey Through the Ramsar Mangroves of Iskandar Malaysia' <i>Featuring interpretations of the Ramsar Mangroves of Iskandar Malaysia by</i> <ul style="list-style-type: none">• Adrian David Cheok, <i>Director, Mixed Reality Lab and Professor, Keio University Graduate School of Media Design</i>• Dain Said, <i>Writer and Director of the critically-acclaimed film 'Bunohan'</i>• Irshad Mobarak, <i>Director, JungleWalla Tours and Resident Naturalist, The Datai Langkawi</i>• Prof Nigel Osborne, <i>Composer and Reid Professor of Music, The University of Edinburgh</i> Introducers: Imran Ahmad, <i>Director, Khazanah Research and Investment Strategy, Khazanah Nasional Berhad</i> Shareen Shariza Abdul Ghani, <i>Director, Managing Director's Office, Khazanah Nasional Berhad</i>
4:45 - 5:45pm	Closing Address and Dialogue with the Prime Minister YAB Dato' Sri Mohd Najib bin Tun Abdul Razak <i>Prime Minister of Malaysia</i> Introducer: YBhg Tan Sri Dato' Azman Hj Mokhtar <i>Managing Director, Khazanah Nasional Berhad</i> Moderator: YBhg Tan Sri Andrew Sheng <i>Board Member, Khazanah Nasional Berhad</i>
5:45 - 6:00pm	Closing Remarks YM Raja Tan Sri Dato' Seri Arshad Raja Tun Uda <i>Board Member, Khazanah Nasional Berhad</i>
6:00pm	End of Day Two

THE BIG SHIFT

IN MALAYSIA'S

OLYMPIC FORTUNES

Although the sporting flames of summer have gone out, the heat remains in the warmth of the glory and memory of the recent spectacle.

For the city of London in particular, the rains and winds of the fall season will not wash away the glow as it had been a very special summer that saw the flames of the 2012 Olympics and Paralympics cast a blessed feeling of joy, triumph and hope far and wide.

"Britain delivered," announced Prime Minister David Cameron, proving to the critics that despite the sagging economy, transportation troubles and ever-present threat of terrorism, Britain could still host an event that could meet, if not exceed, the high standards set by the Chinese in 2008. And follow it up with another equally successful event a mere 16 days later in the form of the Paralympics.

A fitting spirit, considering that competitive sports is indeed about striving to deliver one's best in the face of doubt and

criticism. And it's a spirit no doubt shared by the Malaysian contingent in the 2012 Olympics and Paralympics.

Sending a delegation of just 30 athletes competing in 9 events, Malaysia managed to garner one silver and one bronze medal, thus placing it 63rd in the overall 2012 Olympics medal tally. A meager sum by world standards, but in the context of the little country that could, it represents a significant turnaround and a glow of hope in Malaysia's Olympic future.

For starters, it marks the first time Malaysia has managed to equal its peak performance – also one silver and one bronze – 16 years ago at the 1996 Olympics in Atlanta.

Whether unfortunately pegged with the fate of the economy or not, the performance of the country's athletes had not been encouraging since. 2012 bucked that downward trend and sent the trajectory upwards sharply.

Another clue that supports Malaysia's change in fortune is the fact that more than half of this year's athletes are under 25, many of them expected to reach their prime in time for the next Olympics in Rio de Janeiro.

By then they will be complemented by this year's medal winners, Pandelesa Rinong and Datuk Lee Chong Wei, which should provide a better boost to Malaysia's performance at the medal tally. Much pressure will be on Chong Wei to redeem his narrow miss in bringing home a gold medal in badminton, but he will be relieved to know he will not be alone in carrying the burden of delivering medals next time.

The results at the 2012 Paralympics just 16 days later was also encouraging, building on the reversal of fortunes set in motion in 2008 that saw the end of Malaysia's medal draught since 1992. Mirroring the tally just the week before, individual recurve archer Hasihin Sanawi and shot putter Muhammad Ziyad Zolkefli brought home a silver and bronze.

Any way one looks at it, the 2012 Olympics has always been about The Big Shift. While KMF delegates continue to argue for and against the idea of shifting economic power from West to East, a big shift has already happened recently in London.

Negative perceptions of London's ability to equal China's performance in hosting the games were transformed positively. Meanwhile, thousands of miles away in Malaysia, there is a shift in the mood of the people as Malaysian athletes have proven that the country is on the rise once again in the Olympic arena.

The Olympic flames may have gone out in London but they continue to burn brightly in the hearts of Malaysian athletes, lighting up hopes and dreams for the future.

And hope, is the biggest shifter of all.

MEDAL WINNERS: PROFILES

OLYMPICS



Bernama photo

Datuk Lee Chong Wei
Badminton - Men's Singles

Born in 1982 in Bagan Serai, Perak, Datuk Lee Chong Wei needs no further introduction to most Malaysians. Currently seeded as world's no. 2, he once held the world's no. 1 rank for 199 consecutive weeks from August 2008 to June 2012. However, his illustrious career in badminton almost never came to be, had it not been for his mother who forbade him from pursuing his interest in basketball. Instead, his father introduced him to badminton at the tender age of 11. He was spotted by Misbun Sidek at 17, and the rest was history.

Datuk Lee Chong Wei entered the world badminton arena in 2002, securing numerous

titles in preparation for his ultimate test in the 2008 Beijing Olympics where he produced a silver medal. However the 2012 Olympics saw a repeat of the Beijing final. Chong Wei fought tooth and nail to win the first set, only to see Lin Dan narrowly successful in bringing the match into a tie breaker set. Despite leading for the better part of the third set, Lin Dan managed to edge him out. Still, it was a silver medal that was enthusiastically welcomed by an eager nation upon his return. With 2 Olympic silver medals under his belt, Datuk Lee Chong Wei is Malaysia's most successful Olympian to date.



Pandelesa Rinong
Diving - 10M

This Bidayuh girl's humility and penchant for K-pop and anime hide her enormous talent in aquatics. Born in Bau, Sarawak in March 1993, her potential was recognised by spotters at the early age of 7.

She was selected to represent Sarawak in diving and sent to undergo professional training at the Bukit Jalil Sports School.

She chose the women's 10m platform and 10m synchro platform events as her specialty and at the young age of 14 she started bringing home the metal.

She won gold, silver and bronze medals at high profile

international events from 2007 onwards. Her impressive haul at such a young age made her a symbol of hope for the new generation of Malaysian athletes.

In recognition of this, she was given the honour of being the flag bearer for the 2012 Olympics contingent. Pandelesa rewarded this honour with a bronze, making her the first Malaysian Olympian to win a medal in any sport other than badminton and Malaysia's first female athlete to ever win an Olympic medal.

PARALYMPICS



Bernama photo

Hasihin Sanawi
Men's Individual Recurve Archery



Bernama photo

Muhammad Ziyad Zolkefli
Men's Shot Put F20

Some call them wildcards. Some, underdogs. Either way, Hasihin Sanawi and Muhammad Ziyad Zolkefli don't mind as they have pulled off the unimaginable by winning a Paralympics silver and bronze on their very first outing.

Born in 1985 and paralysed from the waist down due to a mishap at work seven years ago, Hasihin Sanawi is a newcomer to archery. He started training in 2010 and was only 19th seeded when he entered the final match of the Men's Individual Recurve event under the W1/W2 (wheelchair) category. Defying all odds, he clawed back to equalise after losing two rounds and force finalist Oscar de Pellegrin to enter a three-arrow decider. Hasihin shot 8 points while the Italian shot 9, narrowly denying Malaysia's first ever gold in the Paralympics. Nonetheless, his silver represents the

country's first ever medal in archery at the Paralympics.

Hasihin's success was soon followed by a bronze medal from Muhammad Ziyad Zolkefli. The 22-year old lad from Gombak, Selangor delivered 15.2 meters in the Men's Shot Put event under the F20 (cognitive disability) category, besting the 12-year old Paralympics record of 13.10 meters.

Malaysia has much to look forward to as both men are now setting their eyes on the 2016 Paralympics in Rio de Janeiro. With the experience that comes with this year's successful medal haul, Hasihin and Muhammad Ziyad hope to not only continue their success but to also inspire fellow athletes young and old to pursue The Big Shift in Malaysia's sporting fortunes.