

Emerging Markets Hitting a Wall

By Tyler Cowen

>Page 21

Is State Capitalism Winning?

By Daron Acemoglu,
James A. Robinson

>Page 22

The Tyranny of Political Economy

By Dani Rodrik

>Page 30

Growth WITH Inclusion



IN AN AGE OF
PARADOX

ECONOMIC GROWTH IS ALMOST UNIVERSALLY ACKNOWLEDGED AS DESIRABLE

BUT IS IT SUSTAINABLE UNLESS FULLY INCLUSIVE?
AND WHAT PARADOXES DOES IT CREATE?

The individual pursuit of value creation will, in accounting terms, result in economic growth. National accounting measures are aggregated measures which account for value creation, hence economic growth – but mask issues such as what were the sources of the value creation, and how those values are distributed. Despite attempts at defining alternative aggregate measures of economic performance, aggregate measures such as national product or national income remain the predominant measure of both economic growth and development. The paradox is that economic growth can sometimes be detrimental to development; high but inequitable or unproductive growth does not lead to a sustainable path of economic development.

The paradox is that economic growth can sometimes be detrimental to development; high but inequitable or unproductive growth does not lead to a sustainable path of economic development.

If the trigger to the 2008 Global Financial Crisis was the collapse of the property market in the US, then the origin to the property bubble and eventual

bursting of the bubble lies in the inequalities in American society. The economist and the newly appointed Governor of the Reserve Bank of India, Raghuram Rajan, in his 2010 book, "Fault Lines", convincingly argued that this was indeed the case.

Growth must come from many and its dividends also accrued to the many.

A combination of prolonged loose monetary policy, cheap credit and populist public policies created a huge class of marginal and sub-prime borrowers in the property market, while fanciful financial engineering and lax regulatory regime amplified the total exposure to well beyond the property sector – creating unimaginable wealth to some market players, but also greatly destabilising the whole financial system.

It is again a paradox that "saving the system" entails saving the financial system that caused the problem in the first place and the constituency that benefited the most leading up to the crisis. It is also the same system that has distorted the economy as a whole, creating such an imbalance between the real and financial side of the economy – a kind of schism that also define winners and loser to this game. Quite clearly, the pure pursuit of value creation, and economic growth through this value creation, has been distortionary and unsustainable. A sustained and sustainable

path of growth is one that is broad-based and balanced. It is broad-based in the participative sense, and balanced between the real and monetary sides of the economy. Growth must come from many and its dividends also accrued to the many. It was Rajan again who exhorted that capitalism as an economic system of incentives and allocation needs to be wrestled from the capitalists in his 2003 book, "Saving capitalism from the capitalists".

The broader story of growth and development of nations sometimes mirror Zeno's Paradox (in which Achilles can never seem to catch up with the slower-moving tortoise).¹ Some countries grow faster, and some grow slower, but they are all in a race of sorts.

A developed nation, by whatever definition – a nation with strong economic and social institutions, a healthy democracy, sound provision of public goods, well-protected human rights – with a slow growth rate is in a better place, still, than a developing nation with a fast growth rate.

The tendency, as per Robert Solow's theory of conditional

convergence of economic growth, is for more developed nations to have slower growth rates and for less developed nations to have much faster growth rates. But these are mere growth rates. Higher growth rates can be good, though not necessarily so, especially if they are not driven by sound fundamentals or by the actual growth of potential output of the economy. Growth through financial intermediation is an example of unsustainable growth. What we tend to lose sight of, however, is that, despite high growth rates, it is still the position in the 'race' that matters. A developed nation, by whatever definition – a nation with strong economic and social institutions, a healthy democracy, sound provision of public goods, well-protected human rights – with a slow growth rate is in a better place, still, than a developing nation with a fast growth rate. An economically and socially inclusive growth leads to development.

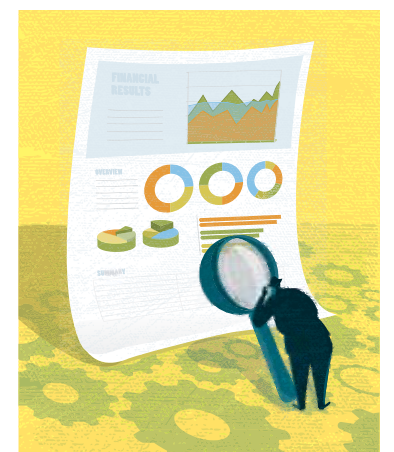
As we saw from last year's Khazanah Megatrends Forum, there has indeed been a shift from the West to the East and North to South, be it in demographics or economic growth poles.

> Continued on page 2

¹ To be clear, like many paradoxes, this paradox can be explained. Zeno was limited by a lack of understanding of the concept of infinity. In Zeno's provision, Achilles has to cover infinitely many distances in a finite amount of time, hence the paradox. However, if time is also infinite, given that Achilles is faster than the tortoise, depending on the distance of the race and the head start given to the tortoise, Achilles will eventually catch up to and overtake the tortoise.

Macro AND Markets

The fidgetiness of markets in emerging economies stems from an expected economic recovery in the US and a normalisation of monetary policy there. >Page 4



Firms AND Transformation

It is a paradox that firms are cashed up – and yet governments are poor, large segments of households are poor, and society is fractious. >Page 6

Growth AND Development

There is a paradox that GDP is growing, and yet the majority of people feel worse off. >Page 10



Leadership AND People

What types of leaders are best suited, in the New Players, to drive catching-up and overtaking in the development Game? >Page 14

> Continued from page 1

There are new Players in the growth Game. Growth rates in China and India have been astounding in recent decades, despite moderating slightly over the past two years. Yet, they remain 'developing' nations still. Whether they can sustain this growth trajectory and become developed nations is still an open question. Indeed, it is reasonable to pose the following question – despite the breakneck speed of growth of these giant nations, will they ever become developed nations? And, towards this end, will big Players such as China and India ever catch up with the United States or with Japan given the current 'Game' of national development? What is a sustainable growth trajectory?

Indeed, it is reasonable to pose the following question – despite the breakneck speed of growth of [nations such as India and China], will they ever become developed nations?

If we take the new Players as Achilles, and the old players as the tortoise, Zeno's Paradox suggests that they will never catch up. There is, however, a caveat to this. The assumption is that both the new Players and the old Players play the same game. If the game is changed, the new Players can render the Paradox moot and catch up with the old Players. But what is this 'Game' that the Players are playing?

Let us now examine the 'Game' more closely.

THE DEVELOPMENT 'GAME'

The development game has evolved over time. In terms of economic development, countries have always been 'copycats' for the most part. Consider the original means of economic growth – the mercantilist expansion. This was first driven by the Spanish and the Portuguese, before the British and the Dutch copied that strategy.

The mercantilist strategy of national development then took a back seat when the Industrial Revolution occurred in

Britain in the 1800s. The British became the world's largest empire by being the first to truly industrialise on the back of a wealth of technological innovations, such as steam power, metallurgy and machine tools that drove mass production, and subsequently, labor participation and mass consumption. It is noted that the development by industrialisation is an inclusive growth path that employs a greater range and depth of factors of production. This industrial development game was later copied by the likes of Germany and Japan.

Like Britain, early industrialisation in the United States was borne out of the textile industry. The formula for economic development there seemed straightforward – mechanise, mechanise, mechanise. The United States grew even more rapidly with the construction of railroads, and telecommunications, connecting various cities across the United States which became a continental economy.

To truly overtake a nation in the development 'race', it is not just about running faster or growing more rapidly. A nation has to change the game.

Taking a step back, we return to the Paradox. If Germany and the United States were simply following the British model, and employing British technology, what would be a reasonable prediction at, say, 1880, for the future of Germany and the United States? Might some erstwhile economist have asked, "Will Germany and the United States ever catch up with Britain if they play the same game as Britain? Will Germany and the United States ever overtake Britain if they continue to follow the same strategy as Britain?" In some ways, what the economist is asking is this: Can you really overtake somebody if you keep following them and if you keep playing them at their game?

IF YOU DON'T LIKE WHAT IS BEING SAID, CHANGE THE CONVERSATION

Towards the end of the 1800s, the United States experienced its own technological boom, driven primarily by a whole wealth of

inventions. In particular, the invention of the electric light bulb and the telephone meant that people could work for longer hours and could communicate across longer distances with less cost. These inventions were, to put it simply, game-changers. Further technological progress was driven by the development of the mass production of cars by Henry Ford in the early 1900s. Now, motorised transportation could be used on a wide-scale basis at even lower costs. And, by employing people to build cars, Henry Ford developed the very middle classes who became his main customer base. They were included in the new prosperity. This participative, inclusive growth catapulted the US ahead of Britain as the leading economy in the world, a position it still precariously occupies.

The game changers in the United States were not just in terms of technology. Most of the post-World War 2 expansion in the United States, the golden age of economic development in America, was a result of being the first nation to properly capitalise on: rapid urbanisation; the federal government's devotion to research and development; the primacy of its tertiary education institutions; its demographics. While these were not necessarily game changers technologically, they were game changers nonetheless in the growth game – a strategy of getting as many people involved in the process.

China is pursuing rapid industrialisation – focusing on electronics and textiles, among others, driven by low-cost labour. Similarly, India is also attempting to industrialise – focusing on its manufacturing sector and the development of services around the information technology (IT) industry. The new Players have come to enjoy a period of unprecedented growth – driven by a very familiar policy, industrialisation, and a very familiar attitude, the copycat attitude. The industries may be different, but the policy remains the same.

[T]he new Players and all Players hoping to catch up (or overtake the old Players, for that matter) must learn to change the Game.

Yes, they may grow faster, but this does not necessarily translate to a better position in the race. The United States has provided an answer to the question raised by the paradox. To truly overtake a nation in the development 'race', it is not just about running

faster or growing more rapidly. A nation has to change the game. By simply following the footsteps of another nation, which is also growing simultaneously, it may never catch up and thus never overtake that nation. This is particularly true in the race for 'development', where the finishing line is also constantly progressing forward. Therefore, like the United States, the new Players, China and India, must change the Game.

Quite apart from the question of the nature of the game, of innovation and creativity, is also the question whether society as a whole will benefit from this changing game in the way that the [British] Industrial Revolution and the explosion of global trade in the second half of the last century has lifted millions out of poverty.

Whether the game is changed in terms of the rules of the game (regulations and policies), or in the skills of the Players (education and demographics), or in simply playing a different game (the introduction of a new technology or innovation a la Schumpeter's creative destruction), the new Players and all Players hoping to catch up (or overtake the old Players, for that matter) must learn to change the Game.

Most of all, the egalitarian yet individualistic US model unleashed innovations that translated into increased labor participation which created the virtuous cycle of production, exchange and consumption in what was then largely a continental economy. Consumption could be a major source of economic growth if growth itself was not inclusive. On the notion of creative destruction, it may also be the case that success contains its own seeds of destruction. The apparent disconnect between the real and monetary sides of the economy – the result of overly creative financial and capital markets – is a source of bane that not only led to instability and economic crisis, but is also instrumental in distorting the distribution of growth. The hegemonic position of the US economy itself is threatened by these excesses, as well as the excessive indebtedness of

WHAT IS A PARADOX?

Noun

a seemingly absurd or contradictory statement or proposition which when investigated may prove to be well founded or true: the uncertainty principle leads to all sorts of paradoxes, like the particles being in two places at once.

a statement or proposition which, despite sound (or apparently sound) reasoning from acceptable premises, leads to a conclusion that seems logically unacceptable or self-contradictory: the liar paradox [mass noun]: Parmenides was the original advocate of the philosophical power of paradox.

a person or thing that combines contradictory features or qualities: cathedrals face the paradox of having enourmous wealth in treasures but huge annual expenses.

Origin

mid-16th century (originally denoting a statement contrary to accepted opinion): via late Latin from Greek *paradoxon* 'contrary (opinion)', neuter adjective used as a noun, from *para-* 'distinct from' + *doxa* 'opinion'

Source: Oxford English Dictionary



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

MANAGING DIRECTOR'S NOTE

It gives me great pleasure to welcome you to the Khazanah Megatrends Forum 2013, our ninth KMF. I think that nine years is enough time to establish a tradition, so we can declare that this year's event, *insyaAllah*, will be in the long tradition of past KMFs: insightful, thought-provoking, engaging and entertaining. KMF brings together a very diverse group of thought leaders from around Malaysia, the region and the world, and – in front of you, our distinguished audience – they discuss some of the key socio-economic issues of the day, identifying and evaluating the megatrends.

KMF also marks an opportunity to reflect on the past year at Khazanah, and to begin planning earnestly for next year. In June we launched The Khazanah Report 2012, with a tagline 'Building True Value'. We are thankful that, after nine years ending June 2012, we have managed to treble our portfolio value Net Worth Adjusted to RM100 billion, or an annual compounded growth rate of 13%, *Alhamdulillah*.

No year at Khazanah is without change, but this has been a particularly eventful year. We announced the opening of our offices in San Francisco

(last week) and Istanbul (next month), and the foundation of the KRIS Institute, which will be a centre of excellence for research critical to the development and success of our nation. You will hear much more about this in due course.

Last year we discussed 'The Big Shift', and how the global economy's centre-of-gravity is undeniably moving eastwards. This year we reflect on the challenges of growth with inclusion, and the many paradoxical situations which can arise. Paradox has been with us throughout human history – not only in the philosophical domain, but also in the more practical realm of socio-economics. In KMF 2013, we postulate that, to be sustainable, growth must be fully inclusive of all sectors of society – otherwise the foundations of growth can be unsteady and unreliable.

We will examine these issues under our usual perspectives of Markets, Firms, Society and People. But this year, we have additional panel events, to further expand our examination of the topic.

Under the title of 'Ethics' we have assembled an extraordinary panel of scholars of the Chinese, Indian, Islamic and Western traditions, to

discuss how their philosophies deal with the difficult issue of 'agreeing to disagree'. This is a challenging topic, and we hope they won't get into a physical fight.

Are women fully included in economic growth? We don't think that a man can answer this question. We explore this with a panel of talented and successful women in a session entitled 'Women in Society and Business: Progress, Stagnation or Regression?'

Continuing our more recent tradition of Monday evening entertainment, we have something truly extraordinary for you: 'Finding Harmony in Paradox'. This very special event brings together artists from different dimensions of the Arts, to further explore our theme of Paradox.

Add to this a very distinguished selection of speakers for our Luncheon and Special Addresses, and a book launch event, and KMF 2013 promises to be a thoroughly absorbing and enriching experience.

Thank you so much for sparing your valuable time in order to attend. We really appreciate your participation.



KHAZANAH NASIONAL

its households and government. Meanwhile, the equilibrating global economy is still imbalanced between its real and monetary sides. Prices, relative prices, are distorted by these excessive capital flows and these pricing distortions are affecting incentive structures and influencing decisions in allocating resources globally – typically into non-productive activities that distort further the distribution of the dividends of economic growth.

Quite apart from the question of the nature of the game, of innovation and creativity, is also the question whether society as a whole will benefit from this changing game in the way that the Industrial Revolution and the explosion of global trade in the second half of the last century has lifted millions out of poverty.

THE KHAZANAH MEGATRENDS FORUM 2013 THEME

The challenge that confronts us is the tension between value creation, growth, and equity. And to this difficult dynamic could be added sustainability. What is the balance between these competing demands? Can all of this actually be achieved together? But how far away is the time horizon? If it's close, we will not have time to reconcile these seemingly

opposing drivers. That would put us in a no-win situation (a paradox?). But if it's far enough away, then we may have a chance to demonstrate that to go far and true, we have to do it all together.

May these strategies and ideas aid Malaysia in achieving her goals of becoming a high-income, fully inclusive and sustainable nation by the year 2020 and beyond.

itself undergoing a transition. It also recognises the role of innovation as means to change the game. Most of all, we recognise the need for growth to be inclusive. We seek to take lessons from history, project our understanding of technological progress, and identify the impacts of these changes on society.

THE PANELS

As is the tradition for KMF, panel discussions will be organised along four perspectives: on how the various markets are affected, what does the theme mean to firms and society in general, and what are the imperatives of leadership?

- Markets
- Firms
- Society
- People

SPECIAL SESSIONS

While the panels examine the theme from the four perspectives described above, there will also be special sessions and side events that will complement them:

- A special event discussing "Ethics: the Philosophic Approaches to Agreeing to Disagree" comprising a panel of scholars representing the

Islamic, Western, Chinese and Indian traditions of philosophy.

- A special panel discussion on "Women in Society and Business: Progress, Stagnation or Regression?"

- An evening session: "Finding Harmony in Paradox" – learning from Art, which is an exercise of bringing together contradicting views and harmonising them into something of beauty, or at least poignancy (a special event on Monday evening).

CONCLUSION

These are the issues and questions that will provide focus to the discussions and events during the Khazanah Megatrends Forum 2013. As the world continues playing this Game with leading Old Players and rising New Players, it is especially critical for the smaller New Players, such as Malaysia, to develop their own answers to these questions. The discussions and deliberations over the two days of KMF 2013 will contribute towards helping the various stakeholders of Malaysia – a smaller but significant New Player, with her markets, firms, society and people – to develop strategies and ideas in the face of this unfolding transition. May these strategies and ideas aid Malaysia in achieving her goals of becoming a high-income, fully inclusive and sustainable nation by the year 2020 and beyond.

WELCOME REMARKS



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.

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 Maju Perak 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 AND Markets

- ▶ The fidgetiness of markets in emerging economies stems from an expected economic recovery in the US and a normalisation of monetary policy there. It is rather paradoxical that a recovery in the world's largest economy is bad news for emerging markets. How can this phenomenon be explained? What does this mean to market players?
- ▶ What will happen when monetary policy normalises around the world?
- ▶ Is there possibly a better economic system, hitherto never conceived, that may creatively destroy the present market system and provide the global economy with a more economically and socially efficient way to distribute the planet's scarce resources? And if so, what are some of the intellectual foundations and prerequisites for such a system? After all, in the latter half of the 20th century alone and (particularly in China) in the 21st century, the world has seen the command economy, the free market economy and a system that mixes the two.
- ▶ Is there a system that may better serve the global community – one that breaks out of the conventional wisdom of previously conceived systems? And if so, would not the onus be on the new Players to conceive such systems to enable them to overtake the old Players?



8:00am	Registration
OPENING SESSION	
9:00am	Welcome Remarks and Introduction to KMF 2013 YBhg Tan Sri Dato' Azman Hj Mokhtar <i>Managing Director, Khazanah Nasional Berhad</i>
9:20am	Opening Address YB Dato' Seri Ahmad Husni Mohamad Hanadzlah <i>Minister of Finance II</i>
10:00 - 10:15am	Networking Break
SESSION 1	
10:15 - 11:45am	Panelists <ul style="list-style-type: none">• Gerald Ambrose, <i>CEO, Aberdeen Islamic Asset Management Sdn Bhd</i>• Kevin W. Lu, <i>Regional Director for Asia-Pacific, Multilateral Investment Guarantee Agency (MIGA), World Bank Group, Singapore</i>• Sharifatu Laila Syed Ali, <i>CEO, ValueCap Sdn Bhd</i>• Dr Simon Ogus, <i>Founder and CEO, DSGAsia Limited, Hong Kong</i> Chairperson: YBhg Datuk Shireen Muhiudeen, <i>Founder, Managing Director and Principal Fund Manager, Corston-Smith Asset Management</i>
11:45 - 12:45pm	Special Address YBhg Datuk Ranjit Ajit Singh, <i>Chairman, Securities Commission Malaysia</i> Introducer: YBhg Dato' Charon Wardini Mokhzani

YBhg Datuk Shireen Muhiudeen
Founder, Managing Director and Principal Fund Manager, Corston-Smith Asset Management

YBhg Datuk Shireen Ann Zaharah Muhiudeen founded Corston-Smith Asset Management, which emphasizes governance and responsible investments in the ASEAN region. Prior to Corston-Smith, She was the CEO of AIG Investment Corporation (Malaysia), and has over 25 years experience in managing funds. She formerly served on the Malaysian Tourism Board.

In June 2013, she was appointed as a member of the International Advisory Panel for Labuan International Business and Financial Centre.

She authors the popular monthly column "Governance Matters", which is published in the largest English Malaysian daily. In 2007, she authored a self-help financial handbook for young adults.

She also co-chaired at the 2012 Pacific Pension Institute's Asian Roundtable – Managing Risk In A Rebalancing World which was held in Jakarta in November 2012.

In June 2011, Ybhg Datuk Shireen was named one of the 25 most influential women in Asia Pacific for Asset Management by Asian Investor.

PANELISTS: MACRO AND MARKETS



Gerald Ambrose
Chief Executive Officer, Aberdeen Islamic Asset Management Sdn Bhd

Gerald Ambrose is the Chief Executive Officer of Aberdeen Islamic Asset Management Sdn Bhd, the group's Islamic fund management. He joined Aberdeen Asset Management in 2005 after the company was selected to be the first licensed foreign-owned fund manager under the government's Special Scheme.

Previously, Gerald was an institutional sales director covering ASEAN equities at Kim Eng Securities in Singapore, HSBC James Capel in London and BNP Paribas in London, the latter sending him to set up the institutional broking operations of its associate, Mohaiyani Securities Sdn Bhd in 1990. Prior to that, Gerald served as a submarine officer in the Royal Navy until 1987.

Gerald Ambrose graduated with an MA (Honors) degree in Land Economy from Pembroke College, Cambridge University.



Sharifatu Laila Syed Ali
CEO, ValueCap Sdn Bhd

Sharifa played a key role in the formation of Valuecap in 2002, when the company was set up by the Malaysian government as an initiative to enhance institutional liquidity pools into the market, with Assets Under Management (AUM) at the peak of over RM17 billion. Today, Valuecap's AUM stands at approximately RM8 billion. The company continues to seek opportunities to create value for its shareholders, i.e. Khazanah Nasional Berhad, Permodalan Nasional Berhad and Kumpulan Wang Persaraan (Diperbadankan).

Sharifa has extensive experience in the field of portfolio investing, both in the domestic and regional market environments. She started her career at PNB's Investment Operations Department in 1985 and later held various positions (between 1988 and 2002) at the Employees Provident Fund, including Head, Treasury Division and subsequently Head of Equity Investments, overseeing over RM35 billion and RM43 billion worth of equity portfolio and money investments, respectively. She subsequently served as Head of Investment at Lembaga Tabung Haji (Pilgrims Fund Board) prior to her appointment as CEO at Valuecap in 2002.

Sharifa has a Master's degree in Business Administration from University of Malaya and a Bachelor of Science from Universiti Kebangsaan Malaysia. She completed the Harvard Business School's Advanced Management Programme in 2011.



Kevin W. Lu
Regional Director for Asia-Pacific, Multilateral Investment Guarantee Agency (MIGA), World Bank Group, Singapore

Kevin W. Lu is Director for the Asia-Pacific region at the Multilateral Investment Guarantee Agency (MIGA), the political risk insurance arm of the World Bank Group. Lu serves as MIGA's senior representative in the region and manages the agency's regional presence in Singapore, Hong Kong, Beijing, and Tokyo.

Previously Lu was MIGA's CFO and Director of the Finance and Risk Management Group. He has been an adviser to sovereign wealth fund clients of the World Bank, been responsible for investment portfolios totaling \$16 billion, and participated in complex multilateral funding packages in excess of \$25 billion for the World Bank's concessional finance business. Lu served on various Bank Group committees and working groups, including the Emergency Management Team, the Business Continuity Management Committee, and the Diversity and Inclusion Advisory Group. Before joining the World Bank, Lu was associated with Credit Suisse First Boston and Global Risk Advisors LLC, both in New York. He was also on the adjunct faculty of American University's Kogod School of Business.

Lu is a co-editor of *Investing with Confidence: Understanding Political Risk Management in the 21st Century*. In 2010, Lu was honored as a Young Global Leader by the World Economic Forum in Davos, where he co-chairs the Task Force on Emerging Markets Investments.



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.

SPECIAL ADDRESS



YBhg Datuk Ranjit Ajit Singh,
Chairman, Securities Commission Malaysia

YBhg Datuk Ranjit Ajit Singh is the Executive Chairman of the Securities Commission Malaysia (SC). He was previously Managing Director of the SC and has over 20 years' experience in the field of finance and securities regulation.

He has played a key role in international securities regulatory policy work. He is the Vice Chairman of the Board of the International Organisation of Securities Commissions (IOSCO), the global body of securities regulators and the Chairman of IOSCO's Growth and Emerging Markets Committee (GEM).

He currently chairs the Securities Industry Development Corporation, the Malaysian Venture Capital Development Council and the Capital Market Development Fund. He is also the Vice-Chairman of the Asian Institute of Finance and a member of the Board of the Labuan Financial Services Authority and the Financial Reporting Foundation.

He is trained as a financial economist and accountant. He holds a Bachelor of Economics (Honours) degree and a Master of Economics degree in Finance from Monash University Melbourne.

He was also conferred the degree of Doctor of Laws honoris causa by Monash University Melbourne. He is a fellow of CPA Australia. He has had prior working experience in Australia and Malaysia in academia, consulting and accounting.

INTRODUCER



YBhg Dato' Charon Wardini Mokhzani

YBhg Dato' Charon Wardini Mokhzani was formerly the Chief Executive Officer of CIMB Investment Bank Berhad. He was also the chairman of CIMB-Principal Asset Management Bhd, CIMB Wealth Advisors Bhd, and CIMB-Mapletree Management Sdn. Bhd., and a director of CIMB Securities International Pte Ltd.

His background is in law and corporate finance and he was an independent director of CIMB Berhad when it was first listed in 2003. Dato' Charon was the Managing Partner of Zaid Ibrahim & Co. He worked in Corporate Finance at Rashid Hussain Securities Sdn. Bhd. and he was an Advocate and Solicitor at Shearn Delamore & Co.

YBhg Dato' Charon is 49 years old and read Philosophy, Politics and Economics at Balliol College, University of Oxford (BA Hons) and Law at the School of Oriental and African Studies, University of London (LLB Hons). He is a non-practicing barrister of the Middle Temple in London and an advocate and solicitor of the High Court of Malaya. YBhg Dato' Charon is a council member of the Malaysian Investment Banking Association and the Institute of Bankers Malaysia. He is a member of the Capital Raising Advisory Group of Securities Commission. He is a Director of Akademi IBBM Sdn. Bhd. and both a Director and member of the board audit committee of Cagamas Holdings Berhad. He also is a member of the boards of Yayasan Tuanku Syed Putra Perlis and Yayasan Tuanku Fauziah.

LUNCHEON ADDRESS



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

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.

Sunny holds a post graduate management degree from the Indian Institute of Management Ahmedabad (IIMA) and has also completed the Advanced Management Program (AMP) from the Harvard Business School. He was recognised as a Distinguished Alumni by IIMA in its Golden Jubilee Celebrations in 2011.

INTRODUCER



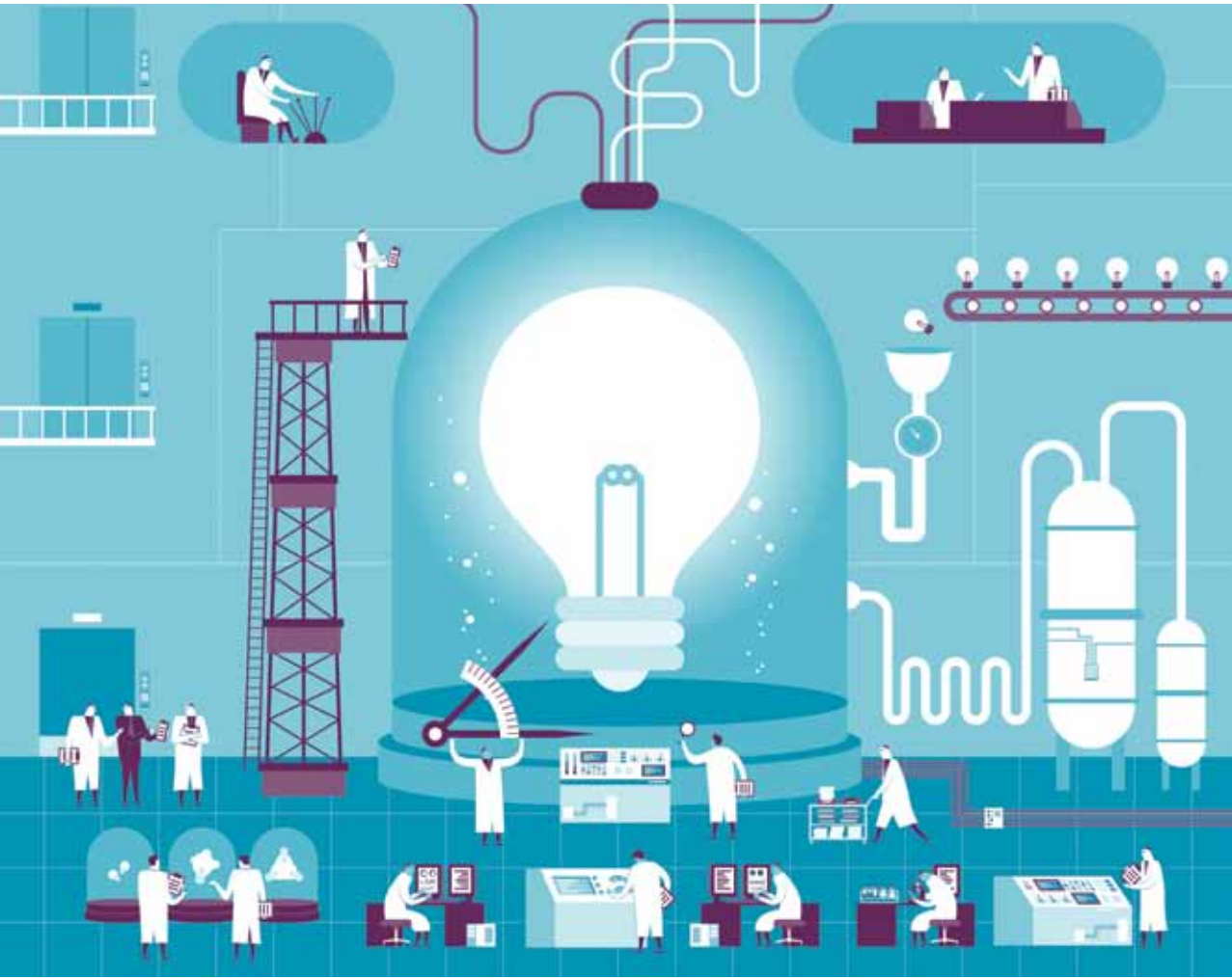
Hisham Hamdan
Executive Director, Investments, Khazanah Nasional Berhad

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.

FIRMS AND Transformation



- ▶ It is a paradox that firms are cashed up – and yet governments are poor, large segments of households are poor, and society is fractious. But states and households are the customers of firms. Without customers, firms cannot survive and prosper. Why is this relationship not more symbiotic? Have we lost our way in terms of the role of firms in society? Or have Governments been partisan or profligate?
- ▶ As the primary drivers of economic activity in all economies, how should firms explore creative destruction? Have there truly been more innovations that are actually 'destructive' or have there been more that are incremental improvements on previous technologies? The same

- logic of economic development can also be applied to firm development.
- ▶ For firms to catch up and overtake competitors, will it be enough to simply follow the footsteps of those who are leaders? Or is the ability to create something new and Game-changing a prerequisite? And, if so, what sort of leadership and culture would best allow for innovation and creative destruction to occur in firms? In addition, besides technological and process innovation, what about mindsets?
- ▶ Do firms need to consider different goals and different visions, particularly against the backdrop of the rise of impact investing, to move ahead of the Game?

DAY 1

12:45 - 2:00pm

Luncheon Address
'Solving the Food Security Challenge: Building a Sustainable Global Agri Business'

Sunny Verghese, *Co-Founder, Group Managing Director and CEO, Olam International Limited, Singapore*
Introducer: Hisham Hamdan, *Executive Director, Investments, Khazanah Nasional Berhad*

2:00 - 2:30pm

Networking Break

SESSION 2

2:30 - 4:00pm

Panelists

- YBhg Dato' Sri Jamaludin Ibrahim, *Managing Director, President and Group CEO, Axiata Group Berhad*
 - Javier Santiso, *Global Affairs and New Ventures Managing Director, Telefónica SA, Spain*
 - Mahmoud Mohieldin, *Special Envoy for the President of the World Bank, USA*
 - YBhg Datuk Shahril Ridza Ridzuan, *CEO, Employees Provident Fund (EPF)*
- Chairperson: Shahazwan Harris, *Executive Director, Investments, Khazanah Nasional Berhad*

4:00 - 4:15pm

Networking Break

PANELISTS: FIRMS AND TRANSFORMATION



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).



Javier Santiso
Global Affairs and New Ventures Managing Director, Telefónica SA, Spain

Javier Santiso is Global Affairs and New Ventures Managing Director in Telefónica, S.A., previously Managing Director of the Telefónica Europe Chairman & CEO's Office. Before that he was Managing Director of the Innovation Funds of Telefónica. He is the Founder of Amerigo, the venture capital funds network for Latin America and Europe powered by Telefónica.

From 1996 to 2001 he was Managing Director of Indosuez (Crédit Agricole Investment Bank now) working with Middle East and Asian emerging markets. In 2001, he joined BBVA as Managing Director and Chief Economist for Emerging Markets based, covering Latin America and Asia. In 2005, he became Director General of the OECD Development Centre and Chief Economist of the OECD Development Centre, in charge of emerging markets (Asia, Africa, Eastern Europe and Latin America). In 2010, he joined Telefónica.

He is Professor of Economics at ESADE Business School, Founder of Startup Spain and Member of ESADE BAN board (ESADE Business Angels Network). He published half a dozen of books on international economics and finance in emerging markets. One of his latest publications is The Decade of the Multilatinas, Cambridge University Press, 2013 and Banking on Democracy: Financial Markets and Elections in Emerging Countries, MIT Press, 2013.

He studied in Paris, Oxford and Boston at Sciences Po and HEC School of Management, Oxford University and Harvard University. In 2009 he has been awarded as one of the Young Global Leaders by the World Economic Forum (Davos).



Mahmoud Mohieldin
Special Envoy for the President of the World Bank, USA

Mr Mohieldin is the Special Envoy for the President of the World Bank. His responsibilities include coordinating the World Bank Group agenda on the Millennium Development Goals and the Post-2015 process; supporting the work on financial development, including long term finance and financial inclusion; and coordinating the World Bank's efforts to strengthen partnerships with the UN, multilateral development institutions, and the G-20.

Prior to joining the World Bank, he held numerous positions in the Government of Egypt and served on several Boards of Directors in the Central Bank of Egypt and the corporate sector. He was a member of the Commission on Growth and Development and selected a Young Global Leader of the World Economic Forum in 2005.

His professional reach extends into the academic arena, serving as Member of the Board of several universities in Egypt and holding leading positions in national and regional research centers and think tanks. As a Professor of Economics, he has authored numerous publications and articles in leading journals in the fields of international finance and economics in English and Arabic. Topics include financial reform, prudential regulations, credit markets, exchange rate and monetary policies, trade in services, globalisation, corporate governance and competition policy.



YBhg Datuk Shahril Ridza Ridzuan
CEO, Employees Provident Fund (EPF)

YBhg Datuk Shahril Ridza Ridzuan is Chief Executive Officer of Employee Provident Fund (EPF) effective 16th April 2013. He was previously Deputy Chief Executive Officer (Investment) of EPF, since 1st December 2009.

He holds a Bachelor of Civil Law (1st Class) from Oxford University, England, a Master of Arts (1st Class) from Cambridge University, England and has been called to the Malaysian Bar and the Bar of England and Wales.

Shahril was a Legal Assistant at Zain & Co from 1994 to 1996. From 1997 to 1998, he was the Special Assistant to the Executive Chairman of Trenergy (M) Sdn Bhd/Turnaround Managers Inc (M) Sdn Bhd. He subsequently joined Pengurusan Dana Harta Nasional Berhad from 1998 to 1999. From 1999 to August 2001, he was an Executive Director of SSR Associates Sdn Bhd.

He was the Group Managing Director at Malaysian Resources Corporation Berhad (MRCB) from 1 September 2003 to 1 December 2009 and is currently the Chief Executive Officer of the Employees Provident Fund.

Shahril also sits on the Boards of Media Prima Berhad, Malaysia Building Society Berhad, Felda Global Ventures Holdings Berhad, PLUS Malaysia Berhad and Pengurusan Dana Harta Nasional Berhad.



Session 2: Chair

Shahazwan Harris
Executive Director, Investments, Khazanah Nasional Berhad

Shahazwan Harris joined Khazanah in 2005 as Senior Vice President, Investments, and currently holds the position of Executive Director of Investments. He is actively involved in Sustainable Development investments and various other sectors in Khazanah.

He started his career at Tenaga Nasional Berhad (TNB) and had previously worked as a Consultant in PA Consulting and Boston Consulting Group (BCG) covering the South-East Asia region.

He has an MBA from MIT Sloan, US (2009); MSc in Advanced Mechanical Engineering from Imperial College of Science, Technology and Medicine, UK (1995); and a BEng in Mechanical Engineering from Warwick University, UK (1994).

SPECIAL EVENT:
'FINDING HARMONY
IN PARADOX'

LOCATION BALLROOM 2

7:15pm Cocktail Reception /
Arrival of Guests

8:15pm A Special Presentation by
• Huzir Sulaiman,
Playwright and Director
• Nani Kahar, *Architect*
• YBhg Dato' Dr
Ng Kah-Ming,
*Conductor-
Harpsichordist-
Musicologist*
• Tan Twan Eng, *Writer*

and featuring
the work of
Abdul Latiff Mohidin,
Artist and Poet

Curated by:
YBhg Datin Saidah Rastam,
*Senior Fellow,
Khazanah Nasional Berhad
2013-2014*

9:45pm End

This special event will give our
left-brains a chance to rest, as
we celebrate every dimension of
the Arts through the work of a
number of brilliant and renowned
artists. May they inspire us to
find harmony in paradox.

Art is itself a paradox:

in painting,
the energy which
emanates from
a still-life canvas;

in poetry,
in which, in the
distillation of words,
meaning is amplified;

in dance,
which evokes the
spiritual and emotional,
by physical movement;

in drama,
which heightens
life's intimate truths
through the artifice
of film and theatre.

Ethics -
THE Philosophic APPROACHES
TO Agreeing TO Disagree

We live in a world richly diverse in values, cultures, politics, religions and ways of life. These exist across a spectrum so wide that any possibility of total agreement or conformity is implausible – even if it was desirable. Does diversity of belief mean that conflict must be inevitable and eternal? Or is it possible that we can live harmoniously by agreeing to disagree? And how exactly do different philosophies achieve this?

For this stimulating and ground-breaking special session, we have assembled a panel of distinguished scholars representing the Islamic, Western, Chinese and Indian traditions, who will share with us how their philosophies deal with the complex challenge of 'agreeing to disagree.'

The panel will explore:

- ▶ the key issues relating to "agree to disagree" from the various philosophical and cultural contexts: the commonalities and differences.
- ▶ the potential of constructing an ecosystem that can better accommodate the diversity of values and avoiding the so-called "clash of civilisations".
- ▶ the influence on existing knowledge structures, and the need to co-create new structures that can harmoniously support diversity, debates and dissent.
- ▶ the different worldviews/wisdom that have proved successful in managing "disagreement" as a way to move forward in the Age of Uncertainty.
- ▶ the framework of inclusion that allows for peaceful co-existence in an increasingly interconnected and paradoxical world.



DAY 1

SPECIAL SESSION

4:15 - 5:45pm

ETHICS - THE PHILOSOPHIC APPROACHES TO AGREEING TO DISAGREE

Panelists

- Dr Gopa Sabharwal
Vice-Chancellor, Nalanda University, India
- YBhg Datuk John Zinkin
Managing Director, Zinkin Ettinger Sdn Bhd
- YBhg Tan Sri Prof Dr Mohd Kamal Hassan
Distinguished Professor, International Institute of Islamic Thought and Civilisation (ISTAC), International Islamic University Malaysia
- Dr Sin Yee Chan
Associate Professor, Department of Philosophy, The University of Vermont, USA
Chairperson: YBhg Prof Tan Sri Dato' Dzulkifli Abdul Razak
Vice-Chancellor, Albukhary International University, Malaysia

5:45pm

End of Day One

PANELISTS: ETHICS - THE PHILOSOPHIC APPROACHES TO AGREEING TO DISAGREE



Dr Gopa Sabharwal
Vice-Chancellor, Nalanda University, India

Dr Gopa Sabharwal is the inaugural Vice-Chancellor of the revived Nalanda University. Her involvement with Nalanda University began when she was selected by the erstwhile Nalanda Mentor Group and its Chairperson Prof Amartya Sen to spearhead the task of establishing this prestigious University.

A sociologist by training, she comes to Nalanda from India's foremost college, Lady Shri Ram College for Women, where she founded the Department of Sociology in 1993 and also served as its inaugural Chair. In 18 years at Lady Shri Ram College, she successfully transformed the Sociology Department into one of the best in the country.

She obtained a PhD in Sociology from the University of Delhi for her research on ethnic groups and ethnicity in Belgaum in Karnataka State of India. Her wide ranging research has focused on ethnic groups in urban India, visual anthropology and the history of society. Her publications include *India since 1947: The Independent Years* (New Delhi: Penguin India, 2007), *Ethnicity and Class: Social Differentiation in an Indian City* (Delhi: Oxford University Press, 2006) and *The Indian Millennium, A.D. 1000 to A.D. 2000* (Delhi: Penguin India: 2000).

At a post graduate, research intensive Liberal Arts University like Nalanda, Dr Sabharwal's task lies in encouraging and promoting a research paradigm where experiential learning and innovative thought are encouraged. It involves not only the translation of the great vision of Nalanda University into a lived reality, but also the task of ensuring a seamless merging of the ancient heritage of the old Nalanda with the best innovative knowledge that is the hallmark of a truly international twenty-first century university.



YBhg Tan Sri Prof Dr Mohd Kamal Hassan,
Distinguished Professor, International Institute of Islamic Thought and Civilisation (ISTAC), International Islamic University Malaysia

YBhg Tan Sri Prof Dr Mohd Kamal Hassan is Distinguished Professor of International Institute of Islamic Thought and Civilisation (ISTAC) at International Islamic University Malaysia (IIUM). His field of specialisation is Contemporary Islamic Thought in Southeast Asia.

He has held several positions in IIUM. He was Chairman of Centre for Fundamental Knowledge from 1983 to 1990. He then became Dean of Islamic Revealed Knowledge and Human Sciences Faculty and later, Deputy Rector for Academic Affairs. From 1999 to 2006, he was Rector of IIUM. Prior to IIUM, he was Head of Department of Islamic Theology and Philosophy in National University of Malaysia.

He is Advisor and Eminent Visiting Professor to University of Brunei Darussalam from 2010 to 2014. From 1997 to 1999, he was First Holder of Chair of Islam in Southeast Asia and Visiting Professor at Georgetown University, Washington DC. He was Malaysia's Representative on the Eminent Persons Group, OIC from 2003 to 2005. In 2008, he received Special Award by Federation of Universities in the Islamic World in Tunisia.

He has published 9 books including *Muslim Intellectual Responses to New Order Modernisation in Indonesia* (1982), *Intellectual Discourse at the End of the 2nd Millennium* (2001), and the latest, *Voice of Islamic Moderation from the Malay World* (2011).



YBhg Datuk John Zinkin
Managing Director, Zinkin Ettinger Sdn Bhd

YBhg Datuk John Zinkin is Managing Director of Zinkin Ettinger Sdn Bhd and faculty member of the Iclif Leadership and Governance Centre, specializing in training Boards in ethics and governance.

John was previously Managing Director of Corporate Governance at the Iclif Leadership and Governance Centre, Malaysia. He answered to Governor Tan Sri Zeti Akhtar Aziz of Bank Negara Malaysia for the quality of training in corporate governance and development of the directors of banks and insurance companies in Malaysia. He was previously the CEO of the Securities Industry Development Corporation (SIDC)—the training and development arm of the Malaysian Securities Commission.

John has over 40 years' experience in business, of which 28 have been in Asia, holding senior line management and corporate strategy/business development positions in major multinational manufacturing, marketing, and consulting companies.

Since moving to Malaysia in 2001, he was Associate Professor of Marketing and Strategy at Nottingham University Business School, Malaysia Campus and he has his own independent consulting company specializing in corporate positioning, brand-based change management and communication, as well as marketing strategy.

He was awarded the Panglima Makhota Wilayah (PMW) by the Federal Government, carrying the title of Datuk, for services to Malaysia in 2013.



Dr Sin Yee Chan
Associate Professor, Department of Philosophy, The University of Vermont, USA

Dr Sin Yee Chan is an associate professor at the philosophy Department, University of Vermont. She received her Ph.D. degree in philosophy from the University of Michigan, Ann Arbor. Her research interests are in the areas of Chinese philosophy, ethics, feminism, emotions and moral psychology.

She employs the tools of analytical philosophy to analyse, criticize and develop Chinese ethical ideas, especially those of ancient Confucian philosophers such as Mencius and Confucius himself. She also has a strong interest in comparative philosophy – in particular, in making comparisons and drawing contrasts between Chinese philosophy and Anglo-American analytical philosophy.

She has published on topics examining the Confucian ideas of gender, filial piety, Confucian concepts such as shu (the Confucian golden rule), jing (respect). She has also written about the philosophy of the New Confucian philosopher Tang Junyi. She is currently working on a paper about the Confucian position on violence and peace.

Some of Dr Chan's publications are "The Personal is political: Confucianism and Liberal Feminism" in *The Politics of Affective Relations*, (Lanham:Lexington, 2004); "Filial Piety, Commiseration and the roots of Jen (benevolence)" in *Filial Piety in Chinese Thought and History* (New York: Routledge Curzon, 2004) and "Confucian Conception of jing (respect)" in *Philosophy East and West* (2006).



Special Session: Chair

YBhg Prof Tan Sri Dato' Dzulkifli Abdul Razak
Vice-Chancellor, Albukhary International University, Malaysia

YBhg Prof Tan Sri Dato' Dzulkifli Abdul Razak (or for short, Dzul) is currently the 14th President of the International Association of Universities (IAU), a UNESCO-affiliated organisation based in Paris, from 2013-2016. His other involvements internationally include being a member of the Asia-Europe Meeting (ASEM) – Advisory Education Hub Committee, Executive Council of the Association of Commonwealth Universities (ACU) until 2011, and Advisory Committee of the World Universities Forum, Davos (2008).

He has served as a member of the World Health Organisation (WHO) Expert Advisory Panel on Drug Policy and Management since 1995; and the WHO Scientific Committee of Tobacco Product Regulation (2004-2006). He is also the Co-editor of the People's Sustainability Treaty on Higher Education.

He has been a weekly columnist for the *New Straits Times* since 1995 writing mainly on issues about education, science, and current events. He has received a number of national, including honorifics, and international accolades for his work and services rendered to the community. He has been conferred Honorary Degree of Doctor of Science (DSc) from University of Nottingham, UK (2013) and University of Portsmouth, UK (2008).

SPECIAL ADDRESS



Scott E. Kalb
CEO and Founder, KLTi Advisors; Executive Director, Sovereign Investor Institute, USA

Scott E. Kalb joined Institutional Investor in January 2013 to serve as Executive Director of the Sovereign Investor Institute, the world's premier think tank for the sovereign fund community. Scott is also Chief Executive Officer and founder of KLTi Advisors, a firm that seeks to help long-term institutional investors build and protect capital for future generations.

From 2009 to 2012, Scott served a three-year term as Chief Investment Officer and Deputy Chief Executive Officer of the Korea Investment Corporation (KIC), Korea's Sovereign Wealth Fund. From 2006 to 2008, Scott was Senior Portfolio Manager at Balyasny Asset Management (BAM), a multi-strategy hedge fund firm. Before BAM, during 2002-2006, he served as Chief Executive Officer and Senior Portfolio Manager at Black Arrow Capital Management. From 1999 to 2002, Scott Kalb worked as Vice President and Senior Equity Portfolio Manager at Tudor Investment Corp. Prior to this, Scott was with Citigroup Inc. from 1990 to 1999, serving as Managing Director of International Equity Research (1990-1995) and of International Asset Management (1995-1999).

He has been a member of the World Economic Forum Global Agenda Council on Long-term Investing since 2010 and also serves on the Advisory Board of the Harvard Business School based Private Capital Research Institute. Scott received an M.A. from Harvard University and a B.A. from Oberlin College.

INTRODUCER



Ahmad Farouk Mohamed
Executive Director, Managing Director's Office, Khazanah Nasional Berhad

Ahmad Farouk Mohammed joined Khazanah in early 2006, and was appointed Director in the Managing Director's Office in 2009. He was subsequently promoted to Executive Director on 1 October 2012.

Prior to joining Khazanah, Farouk worked in a strategic advisory firm in Kuala Lumpur. He started worked in risk analysis in London, and then returned to Kuala Lumpur to serve his apprenticeship in an actuarial consultancy in Kuala Lumpur, where he advised major life and general insurers and takaful operators in Malaysia and the region.

He read Mathematics at the University of Cambridge.

Growth AND Development



- ▶ There is a paradox that GDP is growing, and yet the majority of people feel worse off. Is the small minority who appear better off a part of the problem – the growing disparity, inequity and inequality across societies? What will it take to restore social justice? And what is true social justice? As Tim Harford wrote in the Financial Times recently:
"... the more unequal our societies become, the more we all become prisoners of that inequality. The well-off feel that they must strain to prevent their children from slipping down the income ladder. The poor see the best schools, colleges, even art clubs and ballet classes, disappearing behind a wall of fees or unaffordable housing. The idea of a free, market-based society is that everyone can reach his or her potential. Somewhere, we lost our way."
- ▶ How well can society handle the displacements arising from economic and political transitions? What is the correct balance between regulation and empowerment? Between freedom and responsibility?
- ▶ What are the effects of playing the Game, especially as today's New Players, on human capital mobility? Would this be the reason that the Old Players still possess the best talent in the world? And, if so, do we see shifts in how global talent is reallocated across the world and what are the paradigms that affect these shifts? What sort of eco-system – be it at a policy level or at a firm level – would best attract talent that can be Game-changers or be creative destroyers?
- ▶ In a famous 1993 paper entitled, "Population Growth and Technological Change: One Million B.C. to 1990," Michael Kremer posits that the larger the population (in this case the pool of talent), the faster ideas are generated and thus, the faster technological growth rates are accelerated. If we buy this theory, we can then ask the following: How can the New Players both develop their talent and attempt to rope in global talent simultaneously, thereby providing themselves with the potential to undertake Schumpeterian creative destruction?

DAY 2

9:00 - 10:00am

Special Address

Scott E. Kalb, CEO and Founder, KLTi Advisors; Executive Director, Sovereign Investor Institute, USA
Introducer: Ahmad Farouk Mohamed, Executive Director, Managing Director's Office, Khazanah Nasional Berhad

10:00 - 10:15am

Networking Break

SESSION 3

GROWTH AND DEVELOPMENT

10:15 - 11:45pm

Panelists

- YBhg Datuk Dr Hamzah Kassim
Co-Founder and Group Managing Director, The IA Group
- YB Encik Khairy Jamaluddin
Minister of Youth and Sports
- Manu Bhaskaran
Partner, Centennial Group;
Founding CEO, Centennial Asia Advisors, Singapore
- Dr William H. Overholt
Senior Fellow, Fung Global Institute, Hong Kong;
Senior Fellow, Harvard's Asia Center and Senior Research Fellow, Harvard's Kennedy School of Government, USA
Chairperson: Dr Nungsari Ahmad Radhi
Managing Director, Prokhas Sdn Bhd

PANELISTS: GROWTH AND DEVELOPMENT



Manu Bhaskaran
Partner, Centennial Group; Founding CEO, Centennial Asia Advisors, Singapore

Mr Bhaskaran is a Partner of the Centennial Group, a strategic advisory firm headquartered in Washington DC and Founding CEO of its Singapore subsidiary Centennial Asia Advisors. He coordinates the Asian business of the Group and leads the Group's economic research practice which provides in-depth analysis of macro trends in Asia for investment institutions, government agencies and companies with interests in Asia.

Prior to this, he held senior positions at Societe Generale's Asian investment banking division where he supervised Asian economic and investment strategy analysis and was a member of the Executive Committee, in charge of Asian equity research. Prior to that, he worked for the Singapore government, supervising a team that prepared strategic political and economic assessments of Asia for senior Singapore government officials.

He is also Adjunct Senior Research Fellow at the Institute of Policy Studies in Singapore where his main interests are in analyzing macro-economic policy frameworks in Singapore. In addition, he is a Member of the Competition Appeals Board, Singapore; Member of the Board of Advisors, School of Economics, Singapore Management University; Council Member, Singapore Institute of International Affairs (SIIA); and Vice-President, Economics Society of Singapore.

Mr Bhaskaran was educated at Magdalene College, Cambridge University where he earned an MA (Cantab) and at the John F Kennedy School of Government at Harvard University where he obtained a Masters in Public Administration.



YB Encik Khairy Jamaluddin
Minister of Youth and Sports

YB Khairy Jamaluddin is the Minister of Youth and Sports and a Member of Parliament representing the Rembau constituency in Negeri Sembilan. He is also the Leader of UMNO Youth and the Chairman of Barisan Nasional Youth. Prior to entering politics, he worked as a journalist, policy aide and investment banker.

YB Khairy was educated at the Universities of Oxford and London. The World Economic Forum in Davos selected him as a Young Global Leader in 2005 and he was made an Asia 21 Fellow by the Asia Society in 2006. Khairy was also elected as Visiting Fellow at the Oxford Centre for Islamic Studies in 2002.

Currently, he serves as an airborne paratrooper in the Malaysian Territorial Army. He is married to Nori Abdullah and they have two sons, Jibreil "Cougar" Ali and Timor "Puma" Abdullah.



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 William H. Overholt
Senior Fellow, Fung Global Institute, Hong Kong; Senior Fellow, Harvard's Asia Center and Senior Research Fellow, Harvard's Kennedy School of Government, USA

Dr. Overholt is Senior Fellow at the Fung Global Institute, Senior Fellow at Harvard's Asia Center and Senior Research Fellow at Harvard's Kennedy School of Government. Previously he was Director of the RAND Corporation's Center for Asia Pacific Policy. He served as Head of Strategy and Economics at Nomura's regional headquarters in Hong Kong from 1998 to 2001. Before that, he was Managing Director and Head of Research at Bank Boston's regional headquarters in Singapore. For 18 years he was at Bankers Trust, managing a country risk team in New York from 1980 to 1984.

From 1971 to 1979 Dr. Overholt worked at the Hudson Institute, where he directed planning studies for the U.S. Department of Defense, Department of State, National Security Council, National Aeronautics and Space Administration, and Council on International Economic Policy.

Dr. Overholt is the author or principal co-author of seven published or forthcoming books, including most recently Asia, America and the Transformation of Geopolitics (Cambridge University Press, 2008). His book, The Rise of China (W.W. Norton, 1993), had nine foreign editions and won the Mainichi News/Asian Affairs Research Center Special Book Prize. The others are Political Risk (Euromoney, 1982); and (with William Ascher) Strategic Planning and Forecasting (John Wiley, 1983). With Zbigniew Brzezinski, he founded the semi-annual Global Assessment in 1976 and edited it until 1988.

Dr. Overholt received his B.A. (magna, 1968) from Harvard and his Master of Philosophy (1970) and Ph.D. (1972) from Yale.



Session 3: Chair

Dr Nungsari Ahmad Radhi
Managing Director, Prokhas Sdn Bhd

Dr Nungsari is the Managing Director of Prokhas Sdn Bhd, a MoF, Inc advisory company. He was previously an Executive Director at Khazanah Nasional Berhad.

In his career of almost 30 years, Dr Nungsari have been an academic, a Member of Parliament, a columnist, a consultant and policy advocate.

His interest is 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.

LUNCHEON 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.

INTRODUCER



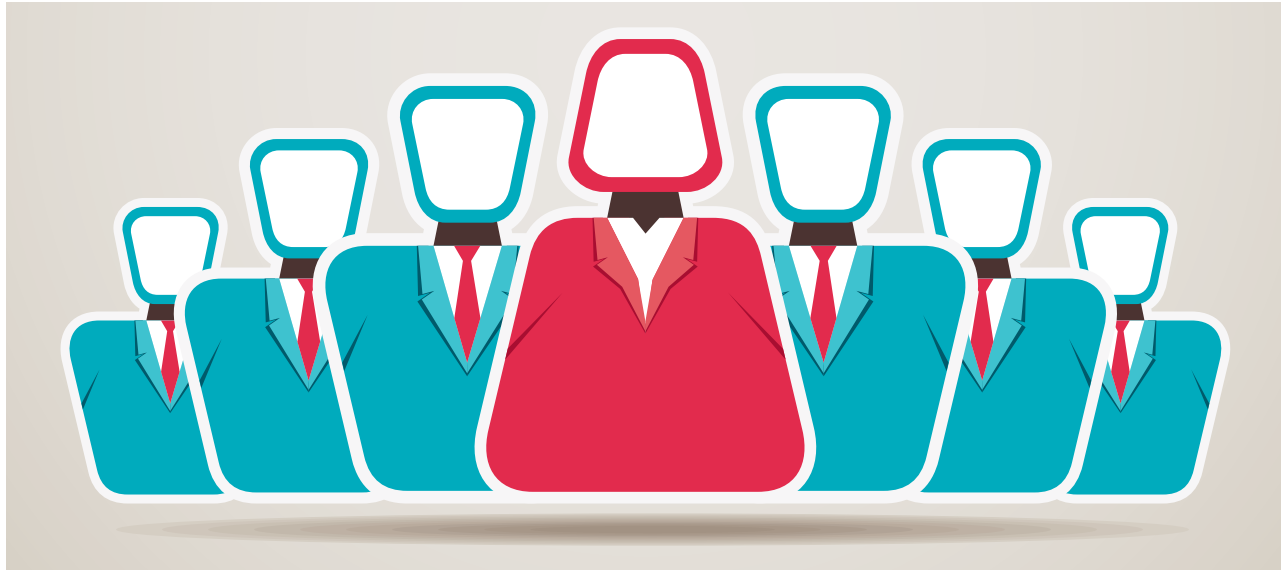
Daud Vicary Abdullah
President and CEO, INCEIF

Daud Vicary Abdullah is the President and Chief Executive Officer of INCEIF, The Global University of Islamic Finance. He has been in the finance and consulting industry for almost 40 years, with significant experience in Asia, Europe, Latin America and the Middle East.

Since 2002, he has focused exclusively on Islamic finance where he has contributed to a number of books on the subject and has co-authored a book on Islamic finance entitled 'Islamic Finance: Why it makes sense.' He is also a frequent speaker and commentator on matters relating to Islamic finance.

He is a Chartered Islamic Finance Professional (CIFP), a Distinguished Fellow of the Islamic Banking and Finance Institute of Malaysia (IBFIM) and a former Board member (2003 – 2007) of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). Prior to INCEIF, he was the Global Islamic Finance Leader with Deloitte. He was also previously Acting CEO of Asian Finance Bank, an Islamic bank based in Malaysia, and Managing Director of Hong Leong Islamic Bank.

Women IN Society AND Business - PROGRESS, STAGNATION OR REGRESSION?



The issue of women's rights, opportunities and socio-economic empowerment has been with us for centuries.

As Warren Buffett recently wrote: "For most of our history, women — whatever their abilities — have been relegated to the sidelines. Only in recent years have we begun to correct that problem.... Women just haven't had the same chance." Buffett related that his two sisters were encouraged to set their sights on "marrying well" as a career goal, even though they are just as bright as him. "I only had half the workforce to compete with."

Significant progress has surely been made in the last few decades, albeit at different rates in different countries. Now that we are well into the 21st Century, what is the end-game? Is this still an issue, or have we reached parity? Can any man really answer this question knowledgeably? Probably not — so we will ask a panel of successful women.

This special session will address the question: "What is the current trajectory in Malaysia and the region concerning equal rights, opportunities and respect for women? Are we progressing, standing still, or actually slipping backwards?"

The panel will address:

- ▶ Have we made adequate progress in this area?
- ▶ How much work remains to be done?
- ▶ Are we still progressing in the right direction, especially in Malaysia and the region?
- ▶ Are women fully included in economic growth?
- ▶ Do we have to make special provisions to ensure equality of opportunity?
- ▶ Has there been a significant setback to career women due to the reduction in the ready availability of affordable foreign maids?
- ▶ Will women always be disadvantaged by their child-bearing responsibilities?
- ▶ What will it take for this issue to become obsolete?
- ▶ What roles and responsibilities do men have in this area?

DAY 2

SPECIAL SESSION

WOMEN IN SOCIETY AND BUSINESS - PROGRESS, STAGNATION OR REGRESSION?

11:45 - 12:45pm

Panelists

- **YBhg Dato' Hazimah Zainuddin**
Founder and Managing Director, Hyrax Oil Sdn Bhd
- **YBhg Datin Paduka Mother Mangalam**
Co-Founder and President, Pure Life Society
- **Nadya Fadila Saib**
Co-Founder and CEO, Wangsa Jelita, Indonesia
- **YBhg Datuk Yvonne Chia**
Former Group Managing Director and CEO, Hong Leong Bank Berhad
Chairperson: Imran Ahmad
Director, Khazanah Research and Investment Strategy, Khazanah Nasional Berhad

12:45 - 2:00pm

Luncheon Address
'Starry Heavens Above and the Moral Law Within':
Morality and Finance

Prof Dr Abbas Mirakhor
First Holder, INCEIF Chair of Islamic Finance
Introducer: Daud Vicary Abdullah
President and CEO, INCEIF

2:00 - 2:15pm

Networking Break

PANELISTS: WOMEN IN SOCIETY AND BUSINESS - PROGRESS, STAGNATION OR REGRESSION?



YBhg Dato' Hazimah Zainuddin
Founder and Managing Director, Hyrax Oil Sdn Bhd

YBhg Dato' Hazimah Zainuddin is the Founder and Managing Director of Hyrax Oil Sdn Bhd — a company established by her in 1991. Under YBhg Dato' Hazimah's leadership and astute business sense, Hyrax Oil began producing a broad range of lubricants from its own plant in Klang way back in 1995. The company now exports its petroleum products to more than 40 countries worldwide. The company's market reach extends to Indonesia, Singapore, Thailand, Philippines, Hong Kong, China, South Korea, Turkey, Nigeria, Nepal, Australia, Mozambique, Mexico, Iraq, The United Arab Emirates (UAE), South Africa, among others. Apart from being at the helm of Hyrax Oil, Dato' Hazimah sits on the Board of Directors of MATRADE.

She also takes time to be active in various non-governmental associations (NGO), related to the development of entrepreneurship such as the Association of Bumiputera Women in Business and Profession Malaysia (Peniagawati), Association of Vendors of Tenaga Nasional (PUTM) and the Federation of Malaysian Manufacturers (FMM). YBhg Dato' Hazimah is also a member of PEMUDAH.

As a leading woman entrepreneur in Malaysia, she has won numerous entrepreneur awards such as the Woman Entrepreneur of the Year 2002 by Ernst & Young and the SMI Women Entrepreneur Award 2003 conferred by Small Medium Industry Associate of Malaysia. She is an inspiration to many budding entrepreneurs in Malaysia.

She had been asked to present and speak in various international conferences such as the Global Summit of Women in Greece (2012) and the Ernst & Young World Entrepreneur of The Year in Monte Carlo (2013) along with many conferences in her home country of Malaysia.



Nadya Fadila Saib
Co-Founder and CEO, Wangsa Jelita, Indonesia

Saib graduated in 2009 as a pharmacist from Bandung Institute of Technology. In 2008, together with two friends, she conducted research on natural beauty products, focusing on natural soaps, which led to the founding of Wangsa Jelita, literally means "the beautiful dynasty". Under their care, Saib and her team have grown Wangsa Jelita to be one of the "top 50 SMEs in online business" in 2011 according to The Marketeers.com.

In 2012, Saib, was recognized as a "Young and Cool Entrepreneur" by SWA Magazine and one of "11 Indonesian Inspiring Moslem Women" by Annisa Magazine. She was also nominated as one of the most inspiring women in entrepreneurship by Kartini magazine. Saib received the prestigious ASEAN Youth Award 2012, which recognizes outstanding contributions of ASEAN Youth, and was the youngest finalist in Ernst & Young Social Entrepreneur of the Year 2012.

In pursuing her dreams to shape the better world, she has joined the Global Shapers Community — an initiative by the World Economic Forum. She is now leading the Jakarta Hub as the Curator.

She was also a panelist with other global leaders in a session on "Escape from Poverty" held at the World Economic Forum East Asia 2012 and a group discussion leader in "Shaping the post-2015 Development Agenda" at the Annual Meeting of the World Economic Forum 2013 in Davos.



YBhg Datin Paduka Mother Mangalam
Co-Founder and President, Pure Life Society

YBhg Datin Paduka Mother Mangalam, the Life President of The Pure Life Society was born in Singapore on 17th May 1926. She was educated at the Raffles Girls' School until the 2nd World War broke out in 1941. She passed her Cambridge School Certificate in 1947 at the Canossian Convent. She had her Tamil education at the Saradhamani Girls' School run by the Ramakrishna Mission. It was here at the age of 10 plus that she first came into contact with the late Swami Satyananda, who founded The Pure Life Society. Swami Satyananda was her mentor. Although she chose teaching as a career, it was social work and social concerns that attracted her most.

YBhg Datin Paduka Mother Mangalam has received many awards and accolades for her service to humanity, the latest being a national award known as the Merdeka Award for 'her outstanding contribution in promoting the welfare of the underprivileged and for fostering national unity'. Has written speeches and articles for magazines and books on social, religious and cultural issues.

A person of quiet disposition, gentle and graceful, YBhg Datin Paduka Mother Mangalam has devoted the best part of her life for the cause of orphans and homeless children. It is to her credit that nearly 2000 children have passed through the doors of The Pure Life Society Orphanage since its inception in 1952.



YBhg Datuk Yvonne Chia
Former Group Managing Director and CEO, Hong Leong Bank Berhad

YBhg Datuk Yvonne Chia, an international banker for over 30 years, began her career in Bank of America and has worked in Malaysia and the Region. Highly regarded in the banking community, she has the distinction of being the first female Chief Executive Officer of any commercial bank in Malaysia.

She is an Economics graduate from University of Malaya and a Certified Risk Professional. She is a Fellow of IBBM and also a Wharton Fellow. In 2008, CNBC nominated her as a finalist in the Asia Business Leaders Awards. In 2012 she was conferred the Panglima Mahkota Wilayah award, which carries the title Datuk by His Majesty the King of Malaysia. Forbes Asia named her one of their top 50 Businesswomen in the Mix in March 2013.

She was also a Director of Hong Leong Financial Group and Hong Leong Islamic Bank Berhad as well as the Chairman of the AFC Merchant Bank Limited, a regional merchant bank; owned by banks and financial institutions from ASEAN since July 2011.

Datuk Yvonne is known for her energetic inspiration for change, openness and learning values that drives her personal and organizational success. With an established track record in leading financial services organisations on sustainable and profitable growth paths in highly competitive environments, she is recognised as a banker of excellence, vision and integrity.



Special Session: Chair

Imran Ahmad
Director, Khazanah Research and Investment Strategy (KRIS), Khazanah Nasional Berhad

Imran Ahmad is Director of Knowledge Management in Khazanah, where he is responsible for knowledge resources and systems, events and publications. He joined Khazanah in early 2011.

Before moving to Malaysia to work for Khazanah, he pursued a career in finance and systems, which took him all over the world, including five years living in the United States. Previously he held global programme management and consulting roles in GE, Ernst & Young, Honeywell and Oracle Corporation.

Imran grew up in London and went to university in Scotland, where he studied Chemistry, before joining Unilever in the Finance function and qualifying as a management accountant. He is also the almost-famous author of an acclaimed book: *The Perfect Gentleman — a Muslim boy meets the West*. MACLEAN's magazine of Canada has described him as "a feminist and a peacemaker".

SPECIAL ADDRESS

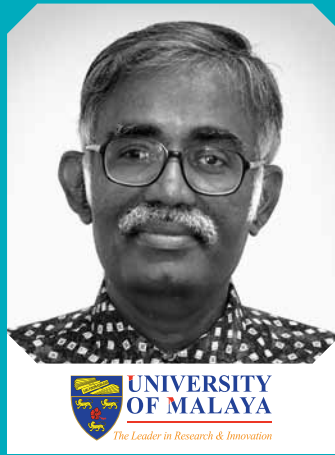


Dr Jomo Kwame Sundaram
Assistant Director-General, Economic and Social Development Department, United Nations Food and Agriculture Organization (FAO), Italy

Dr Jomo Kwame Sundaram has been Assistant Director General, Economic and Social Development Department (ADG-ES), Food and Agriculture Organization since August 2012. He was Assistant Secretary General for Economic Development in the United Nations' Department of Economic and Social Affairs (DESA) from January 2005 until June 2012, and (Honorary) Research Coordinator for the G24 Intergovernmental Group on International Monetary Affairs and Development from December 2006 until September 2012. In 2007, he was awarded the Wassily Leontief Prize for Advancing the Frontiers of Economic Thought. He has authored and edited over a hundred books and translated 12 volumes besides writing many academic papers and articles for the media.

Dr Jomo was Professor in the Applied Economics Department, Faculty of Economics and Administration, University of Malaya until 2004, Founder Director (1978-2004) of the Institute of Social Analysis (INSAN) and Founder Chair (2001-2004) of IDEAs, International Development Economics Associates (www.ideaswebsite.org). During 2008-2009, Dr Jomo served as adviser to the President of the 63rd United Nations General Assembly, and as a member of the [Stiglitz] Commission of Experts of the President of the United Nations General Assembly on Reforms of the International Monetary and Financial System. During 2010-2012, he was G20 sherpa to UN Secretary-General Ban Ki-moon, and also UN G20 Finance Deputy during 2011-2012.

INTRODUCER



Prof Rajah Rasiah
Acting Dean, Faculty of Economics and Administration, University of Malaya; Senior Fellow, Khazanah Nasional Berhad 2007-2008

Rajah Rasiah is currently the Acting Dean of the Faculty of Economics and Administration, University of Malaya. He received his doctorate in economics from the University of Cambridge in 1992. He is also a member of the National Science Research Council of Malaysia.

His recent books include *Malaysian Economy: Unfolding Growth and Social Change*, 2011 (Kuala Lumpur: Oxford University Press), *Innovation and Industrialization in Asia*, 2012, edited with Yeo Lin and Yuri Sadoi (London: Routledge), *Innovation and Learning Experiences in Rapidly Developing East Asia*, 2012, edited with Thiruchelvam Kanasundram and Keun Lee (London: Routledge), *Evidence-based Development Economics: Essays in Honor of Sanjaya Lall*, 2012, edited with Carlo Pietrobelli (Kuala Lumpur: University of Malaya Press), and *Monetary Economics*, authored with Michael Yap and Santha Chenayah (Oxford University Press).

Leadership AND People

- ▶ How can we be so well connected through technology and technology platforms such as social media, and yet feel so isolated? How can we live in cosmopolitan mega-cities and feel so alone? What is the new leadership development model?
- ▶ How do we harness this inter-connectedness and Big Data in making leadership more effective?
- ▶ What types of leaders are best suited, in the New Players, to drive catching-up and overtaking in the development Game? Similarly, what types of leaders are best suited, in the Old Players, to ensure that the Old Players continue to remain ahead of the Game?
- ▶ What types of leaders best facilitate creative destruction? What sort of information would these leaders need to make the distinction between simply following best practices and upheaving current best practices altogether?



DAY 2

2:15 - 3:15am

Special Address
'Malaysia@50: Challenges Past and Future'
Dr Jomo Kwame Sundaram
Assistant Director-General, Economic and Social Development Department, United Nations Food and Agriculture Organization (FAO), Italy
Introducer: Prof Rajah Rasiah
Acting Dean, Faculty of Economics and Administration, University of Malaya; Senior Fellow, Khazanah Nasional Berhad 2007-2008

SESSION 4

3:15 - 4:45pm

LEADERSHIP AND PEOPLE

Panelists

- YB Dato' Seri Idris Jusoh
Minister of Education II
- YBhg Tan Sri Dato' Seri Dr Jeffrey Cheah
Founder and Executive Chairman, Sunway Group
- Johan Mahmood Merican
CEO, TalentCorp Malaysia
- Michael Lake
CEO, Pinewood Iskandar Malaysia Studios

Chairperson: YBhg Tan Sri Dr Jemilah Mahmood
Founder, MERCY Malaysia; Senior Fellow, Khazanah Nasional Berhad 2011-2013

4:45 - 5:00pm

Book Launch: The Launch Of 'Can Malaysia Achieve Innovation-Lead Growth?' And 'The Street Of Harmony'

5:00 - 5:15pm

Closing Address
YBhg Tan Sri Dato' Seri Utama Nor Mohamed Yakcop
Deputy Chairman, Khazanah Nasional Berhad

5:15 - 5:30pm

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

5:30pm

End of Day Two



Session 4: Chair

YBhg Tan Sri Dr Jemilah Mahmood
Founder, MERCY Malaysia; Senior Fellow, Khazanah Nasional Berhad 2011-2013

YBhg Tan Sri Dr Jemilah Mahmood is a highly qualified medical professional, humanitarian and academic. She founded MERCY Malaysia in 1999, leading it for a decade before retiring, and has worked in numerous disasters and conflict zones globally. She was the Chief of Humanitarian Response at the United Nations Population Fund in New York from 2009-2011.

Currently as Senior Fellow at Khazanah Nasional Berhad and Senior Visiting Research Fellow at the Humanitarian Futures Programme, Kings College London, she focuses on private sector roles in disaster risk management, resilience modelling and social impact of businesses.

She is an active member of the United Nations Disaster Assessment and Coordination team. She is currently on several international boards including Humanitarian Accountability Partnership, the International NGO Accountability Charter, Doctors of the World USA, DARA International, and the Chair of the Board of Trustees of Teach for Malaysia. She is also a co-founder of the Asian Disaster Reduction and Response Network.

She has been conferred numerous awards for her work in humanitarian and peace building. In May 2013, she was the inaugural winner of the prestigious Isa Award for Services to Humanity from the Kingdom of Bahrain. The award was conferred in recognition of her efforts in disaster prevention and relief education, community service, environment protection, climate change, and poverty alleviation.

PANELISTS: LEADERSHIP AND PEOPLE



YB Dato' Seri Idris Jusoh
Minister of Education II

Dato' Seri Haji Idris bin Jusoh is the Minister of Education II and a Member of Parliament representing the constituency of Besut, Terengganu. He is also the Chairman of Majlis Amanah Rakyat (MARA) since 2008. Prior to that, he was the Chief Minister of the State of Terengganu (2004 – 2008), Deputy Minister of Entrepreneurial Development (1995 – 1999) and Managing Director of Jusoh Enterprise Sdn Bhd, a wood-based company (1988 – 1995).

He was a former student of Blackburn High School Victoria, Australia and holds a degree in Social Science Programme from Universiti Sains Malaysia (USM) in 1980.

He underwent an Entrepreneurship Programme in Aston University, England in 1984, and earned an MBA from New Haven University USA, where he had been President of the International Student Association in 1987. In 1993 he studied Arabic in University of Jordan before going to Harvard University for an Advanced Management Programme in 2001. Of the many conferments received by him during service, one was the Special Appreciation (Individual Malaysian Franchise) Award (2000/2001).



Johan Mahmood Merican
CEO, TalentCorp Malaysia

Johan Mahmood Merican was appointed the Chief Executive Officer of Talent Corporation Malaysia Berhad (TalentCorp) since its establishment on 1 January 2011. With Malaysia's wealth of talent and abundance of opportunities, Johan is confident that through the public and private sectors working closely together, we can address the talent needs of our economic transformation.

Johan was previously the Principal Private Secretary to the Minister in the Prime Minister's Department of Malaysia and has 18 years of experience in policy development, corporate finance and accountancy in both the public and private sectors in Malaysia and the United Kingdom. Trained as a chartered accountant, he holds a first class honours degree in Economics from the University of Cambridge and is an Associate of the Institute of Chartered Accountants in England and Wales (ICAEW).



YBhg Tan Sri Dato' Seri Dr Jeffrey Cheah
Founder and Executive Chairman, Sunway Group

YBhg Tan Sri Dato' Seri Dr Jeffrey Cheah, AO, is Founder and Chairman of Sunway Group, one of Malaysia's most formidable property construction groups, with businesses in more than 40 locations worldwide. His passion for education has led to the establishment of the Jeffrey Cheah Foundation in 2007 and earned him nine honorary doctorates by universities worldwide.

Sunway Education Group comprises, inter alia, Sunway University, Sunway College, Monash University Malaysia and more. To date, he has awarded RM132 million worth of scholarships to more than 13,000 outstanding and deserving students.

In February 2013, he was conferred the Honorary Assistant Commissioner of Police title by Malaysia's IGP for his effort in crime prevention as Chairman of Malaysia Crime Prevention Foundation. The Malaysian Scientific Association (MSA) conferred him the Honorary Fellow 2012 for his contribution to science education development.

In December 2011, he was appointed to the Malaysia's education panel to review the nation's education system. He is the Founding Trustee of the Board of Mahathir Science Award Foundation, Razak School of Government, and the Perdana Leadership Foundation. He made it to Forbes Asia's Heroes of Philanthropy list 2009.

In 2008, he was appointed Officer of the Order of Australia ('AO') by Australia's Prime Minister for his collaboration with Australian Universities, especially Monash University.



Michael Lake
CEO, Pinewood Iskandar Malaysia Studios

Michael Lake has over 40 years experience in Production and Management within both the Australian and International Film and Television Industries. During his career he has held senior executive positions at The Grundy Organization, Crawford Productions, Warner Roadshow Studios, Village Roadshow Pictures and WWE Films Inc. He has worked as an Executive Producer or Producer on many feature films, direct to DVD features, television movies and television series.

From 1990 to 2005 He was President of Queensland's Warner Roadshow Film Studios. From 1998 to 2005 he also served as Executive Vice President World Wide Feature Production for Village Roadshow Pictures Entertainment Inc. based in Los Angeles. During this time he oversaw production of 45 feature films as a part of Village Roadshow Picture's co-production and financing arrangement. Films included The Matrix Trilogy, Ocean's 11 & 12 among others.

From 2007 to 2009 he was President of WWE Films Inc., based in Los Angeles. During this time he produced the Renny Harlin directed film "12 Rounds". During 2010 he worked as a Film Production consultant and served as Supervising Producer on "Bait 3D" the first official co-production between Australian and Singapore. In December 2010 he was appointed CEO of Pinewood Iskandar Malaysia Studios.

CLOSING ADDRESS



YBhg Tan Sri Dato' Seri Utama Nor Mohamed Yakcop
Deputy Chairman, Khazanah Nasional Berhad

YBhg Tan Sri Dato' Nor Mohamed Yakcop was appointed Deputy Chairman of Khazanah on 3 June 2013 and has been a Director of Khazanah Nasional since 12 November 2002. He has also been appointed as the Chairman of the upcoming Khazanah Research Institute. YBhg Tan Sri Dato' Nor Mohamed Yakcop was previously the Minister in the Prime Minister's Department after serving as the Second Finance Minister until 9 April 2009. Prior to this, he was the Special Economic Adviser to the Prime Minister.

Apart from a short period in the private sector in the late 1990's, YBhg Tan Sri Dato' Nor Mohamed Yakcop was with Bank Negara Malaysia from 1968 to 2000. During his service with Bank Negara Malaysia, he was responsible for the implementation of a number of major projects, including the implementation of Islamic banking in Malaysia, the setting-up of the bilateral payments mechanism between Bank Negara Malaysia and Central Banks of South-South countries and the setting-up of the Rating Agency Malaysia Berhad.

As Special Economic Adviser to the Prime Minister, YBhg Tan Sri Dato' Nor Mohamed Yakcop played a major role in a number of corporate restructuring exercises, including United Engineers (Malaysia) Berhad and MAS. YBhg Tan Sri Dato' Nor Mohamed Yakcop graduated from the University of Malaya with a Bachelor of Economics (Honours) degree and also from the Catholic University of Leuven, Belgium with an M.B.A. (cum laude) degree.

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.

THANK YOU



Our heartfelt gratitude and appreciation to
YB Dato' Seri Ahmad Husni Mohamad Hanadzlah
Minister of Finance II
 for honouring us with your presence at the Opening
 Session of Khazanah Megatrends Forum 2013.

From all of us at



KHAZANAH
NASIONAL

BRAIN SWITCH!

finding harmony in paradox

On Monday night, Khazanah Nasional Berhad brings together an incredible line-up of artists. Each has filled auction houses, theatres, and concert-halls, and all are groundbreaking

Each presentation is 10 minutes. Even if, (or especially if) you are a "left-brainer", this is your chance to learn, in one hour, all you need to know about paradox and the arts, from speakers who have developed new standards of creative, intellectual and technical excellence.

This Event will feature material created specifically for this Forum, presented with projections, video, performance and music.

Curated by Datin Saidah Rastam, Senior Fellow, Khazanah Nasional Berhad 2013-2014



For many, painter-poet **Latiff Mohidin** is the country's leading artist. His poetry, including the iconic Sungai Mekong, is award-winning. His paintings have broken auction records. Bank Negara, the National Visual Arts Gallery and the Singapore Art Museum have recently held major exhibitions of his work. You would have seen his "Kinetic" sculptures, outside the Petronas Twin Towers.

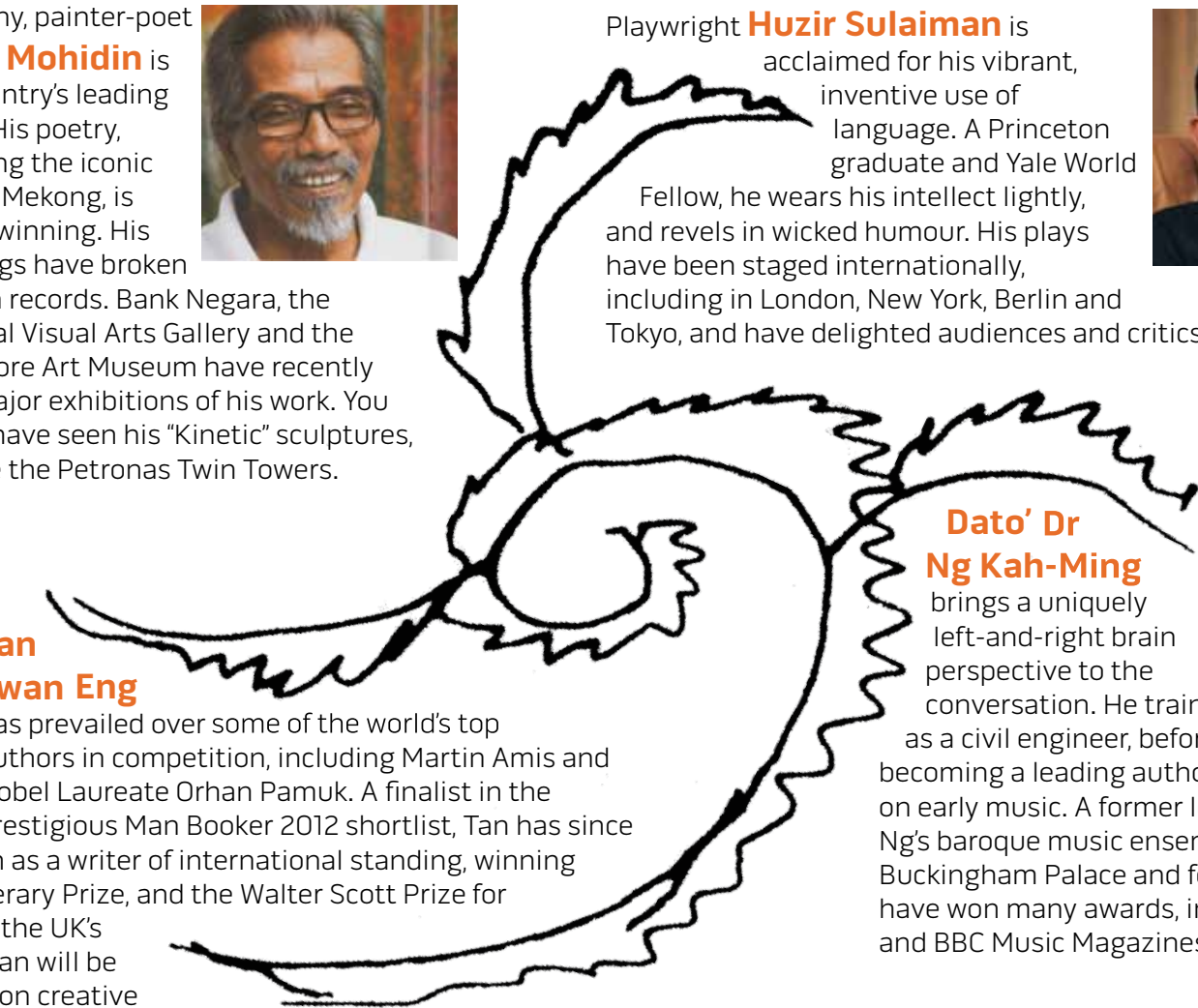


Playwright **Huzir Sulaiman** is acclaimed for his vibrant, inventive use of language. A Princeton graduate and Yale World Fellow, he wears his intellect lightly, and revels in wicked humour. His plays have been staged internationally, including in London, New York, Berlin and Tokyo, and have delighted audiences and critics alike.



Tan Twan Eng

has prevailed over some of the world's top authors in competition, including Martin Amis and Nobel Laureate Orhan Pamuk. A finalist in the prestigious Man Booker 2012 shortlist, Tan has since consolidated his position as a writer of international standing, winning this year's Man Asian Literary Prize, and the Walter Scott Prize for Historical Fiction (one of the UK's richest literary prizes). Tan will be presenting a short story on creative paradox, written specially for this event.



Dato' Dr Ng Kah-Ming

brings a uniquely left-and-right brain perspective to the conversation. He trained as a civil engineer, before becoming a leading authority on early music. A former lecturer at Oxford University, Ng's baroque music ensemble has performed in Buckingham Palace and for Duran Duran. His CDs have won many awards, including from Gramophone and BBC Music Magazines.



Architect **Nani Kahar's** design practice seeks to involve culture and social activism in urban development projects. She is the brains behind MAP@Publika (Mont Kiara) and the Annexe@Central Market. She is currently involved in several projects in Nusajaya and Putrajaya, and will be speaking on the paradox of public and private spaces in Malaysia today.



**30TH SEPTEMBER
MONDAY NIGHT
8.15 - 9.45 PM
BALLROOM 2**

Be there or be philistine!

HOT OFF THE PRESS!

It has been an exciting 2013 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 2013.



Khazanah Nasional Bhd MD Tan Sri Azman Mokhtar says his portfolio is balanced and well-positioned to benefit from exposure in the Asia Pacific growth region. Pic by Syarif Abd Samad

Khazanah portfolio value hits record high

IPO-DRIVEN: Overall realisable assets soar 12.4pc to RM121.6b

ADELINE PAUL RAJ
KUALA LUMPUR
rajg@net.com.my

KHAZANAH Nasional Bhd, the government's investment arm that holds stakes in some of the country's key companies, saw its portfolio value jump to a record high as at the end of 2012.

Its overall realisable asset value increased by 12.4 per cent to a new high of RM121.6 billion. Its net worth adjusted (NWA) portfolio value, a key indicator of the firm's performance, surged 24.5 per cent to a record RM86.9 billion, outstripping the stock market benchmark index's total return of 14.1 per cent.

"A lot of it was driven by initial public offerings (like IHH Healthcare and Astro Malaysia), which contributed RM9.1 billion to the NWA value, although the sector also did well," managing director Tan Sri Azman Mokhtar told reporters at

Khazanah's annual briefing here yesterday.

"Notwithstanding that, 2012's record IPO performance is not expected to be a yearly recurrence, we believe the portfolio is balanced and well-positioned to benefit from exposure in the Asia Pacific growth region, as well as several dynamic sectors that we expect to continue performing," he said.

The telecom sector added RM2.2 billion to the portfolio NWA value, with Axiata alone accounting for RM5.8 billion, he added. The aviation sector took RM1.6 billion out of the portfolio value.

Besides Axiata, Khazanah also owns stakes in Malaysia Airline System, CIMB Group and Malaysia Airports Holdings Bhd, among others.

Khazanah's 2012 performance maintains the overall uptrend in its portfolio since the start of the transformation programme in May 2004.

However, Khazanah's pre-tax profit fell to RM2.1 billion last year compared with RM5.3 billion in 2011.

Azman said this was partly because the 2011 figures were boosted by its sale of shares in PLUS as part of the highway operator's privatisation

exercise.

Due to the lower profit, it declared a dividend amounting to RM1 billion compared with the previous year's RM3 billion.

Two-thirds of its investments are domestic, while the rest are in the region.

Khazanah made a total of seven major new investments amounting to RM6.2 billion last year, and 10 divestments that brought in proceeds of RM4.8 billion. It made a RM2.1 billion gain on its divestments.

Azman said there would be more divestments this year, including that of Time Engineering Bhd and potentially its 30 per cent stake in Islamic lender Bank Muamalat.

Bank Muamalat, which is 70 per cent owned by DRB-HICOM Bhd, is in talks over a potential merger with Affin Holdings group. The central bank has given the parties an extension until March to negotiate a deal.

"We are not the main shareholder of the bank, so we are not in the driving seat of the talks," he remarked.

GROWING BUMIPUTERA EQUITY

In September, Khazanah announced the divestment of its entire equity interest of 45.03% in TIME Engineering Berhad ("TEB") to Censof Holdings Berhad at RM0.20 per share for a total cash consideration of RM69.8 million. This divestment was made following an extensive tender process initiated by Khazanah to select a new shareholder that would be able to develop TEB to its next phase of growth.

Censof set to propel Time Engr to the next level

KHAZANAH Nasional Bhd's choice of Censof Holdings Bhd (Censof) as the winning bidder for its 45.03 per cent stake in Time Engineering Bhd (TEB) appears to favour experience as a selection criteria.

Its divestment of TEB at 20 sen a share for a total of RM69.8 million was made, according to sources familiar with the deal, following an extensive tender process to select a new shareholder that can further develop TEB.

Under Khazanah's stringent divestment procedures, the bidders would have had to be scrutinised by an Independent Evaluation Panel (IEP) in a transparent three-stage open tender process.

Based on its previous divestments, it is likely that Khazanah stuck to its proven formula of divesting its subsidiaries to bidders that it has the confidence in to nurture TEB.

The IEP would have most likely comprised individuals with extensive knowledge and experience in the corporate and IT sectors, similar to what Khazanah did when it divested Time dotCom in 2008.

"Khazanah made it very clear that the winning bidder must have strong entrepreneurship, leadership, business acumen and management capabilities, as well as the technical and financial capabilities to take TEB to the next level, and potentially secure its continued participation in the new uCustoms concession after the current one ends in 2014," said one of the sources.



Rozlana Hamsawi
Comment

The existing uCustoms concession is TEB's only significant revenue earner but its participation after 2014 has been one of the factors for Khazanah's divestment price.

"It's like buying a leasehold property that is coming to the end of its tenure with no indication of extension yet," said an analyst, adding that Censof and TEB together would need to work hard to secure the new uCustoms concession.

With the uncertainty of TEB's participation in the uCustoms system, absence of a strong management team at TEB and with two of the three main TEB subsidiaries, TEB Systems Integrators Sdn Bhd and TEB Quantum Technology Sdn Bhd, operating at a net loss for the past two and five years respectively, the divestment price is an accurate reflection of the value and more realistic than what the market has been speculating.

The entry of Censof, with its strong track record and capability, should provide TEB shareholders with the confidence to continue their journey with the company given its history of successful post-merger integration, having conducted three acquisitions in the previous three years.

The divestment of TEB was announced last December and is part of Khazanah's efforts to assist the government in encouraging entrepreneurship and growing Bumiputera equity and in line with its overall non-core asset divestment strategy.

Khazanah to acquire Turkish health insurance company for US\$252m

by **Zatil Husna Wan Fauzi**
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KUALA LUMPUR: Khazanah Nasional Bhd's insurance arm Avicennia Capital Sdn Bhd has entered into an agreement to acquire a 90% stake in Acibadem Saglik ve Hayat Sigorta, a Turkish health insurance services provider.

According to Khazanah, the acquisition is for a consideration of US\$252 million (RM811.44 million).

Tan Sri Azman Mokhtar, Khazanah managing director, said: "The acquisition of Acibadem Sigorta by Avicennia Capital will provide us with the opportunity to invest in a quality asset and will allow us to tap into the attractive growth op-

portunities offered by the Turkish insurance market. The transaction also broadens our presence in the insurance sector."

The acquisition will be done through Burau Ventures Sdn Bhd, a special purpose vehicle by Avicennia Capital, from Mehmet Ali Aydinlar and family and The Abraaj Group. Aydinlar will retain a 10% stake in Acibadem Sigorta.

Avicennia Capital now owns a 49% stake in CIMB Aviva Assurance Bhd and CIMB Aviva Takaful Bhd.

Khazanah said in a statement Acibadem Sigorta is a leading provider of health insurance services for corporate and individual clients in Turkey, and has the second largest market share in the industry.

Khazanah said it has the approval of regulators in Turkey and Malaysia for the acquisition, adding that Bank of America Merrill Lynch and CIMB are joint financial advisors to Avicennia Capital and Khazanah on the acquisition.

Khazanah's portfolio of insurance assets also includes ACR Capital Holdings Pte Ltd, which specialises in providing conventional and takaful reinsurance solutions for large and complex risks.

ACR is the world's first independent reinsurance company with an exclusive focus on serving clients in the fast growing pan-Asia region, extending from the Middle East, through China to Japan and Southeast Asia.



Acibadem Sigorta, a leading provider of health insurance, has the second largest market share in the industry.

Khazanah, Sun Life acquire CIMB Aviva for RM1.8b

by **Ben Shane Lim**
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KUALA LUMPUR: Khazanah Nasional Bhd and Sun Life Financial Inc, a Canada-based insurer, have agreed to purchase a 98% stake in CIMB Aviva Assurance Bhd, the insurance arm of the CIMB banking group, in a transaction valued at RM1.8 billion.

Khazanah and Sun Life are each paying RM900 million for the transaction, which includes entering into a new 20-year exclusive bancassurance agreement with CIMB Bank Bhd to distribute the products through its chain of 312 branches nationwide.

CIMB Group Holdings Bhd will hold the remaining 2% stake in the insurance outfit, the company providing life insurance and CIMB takaful businesses.

Khazanah managing director Tan Sri Azman Mokhtar said the parties were chosen after a competitive bidding process scrutinised by the board of CIMB Group. Khazanah is a 30% shareholder of the banking group.

"Although we own 30% in CIMB, it has a strong board and



Azman: This is an important investment for Khazanah.

a strong internal process. They make their decisions independently," he told a press conference to announce Khazanah's performance for 2012.

Azman said the financial sector is one of its core businesses and the

partners want to build a footprint in the region.

"This is an important investment for Khazanah. It marks not just an opportunity to invest in an asset in a growth sector, but also brings together a unique commercial part-

nership among three strong parties in their respective areas. We are delighted to be partnering with Sun Life and CIMB," he said.

"This transaction is perfectly aligned with our strategy for expanding our footprint in Asia," said Sun Life Financial Asia president Kevin Strain. With Khazanah and CIMB, we have very strong partners with a broad distribution platform, and we are investing in a country with one of the most developed economies in the Asean region and a growing middle class."

CIMB group CEO Datuk Seri Nazir Razak said the group is looking forward to work with the new bancassurance partners chosen after an extensive selection process.

"Bancassurance remains a core component of our wealth management proposition and we believe that our new partners will be able to manufacture and support a more competitive product range for us to take to our customers," he said.

The proposed acquisition by Khazanah and Sun Life is subject to regulatory approvals in Malaysia and Canada. The transaction is expected to close by the first half this year.

EXTENDING GEOGRAPHICAL REACH

In September, Khazanah launched Khazanah Americas Incorporated ("KAI") in San Francisco, its third regional office after Mumbai and Beijing. The launch was officiated by Prime Minister Dato' Sri Mohd Najib Tun Abdul Razak. KAI will facilitate investments in the Americas, which are of strategic interest to Khazanah, its investee companies and Malaysia in general. It is envisaged that locating KAI in San Francisco, a premier hub for innovation and technology, will help Khazanah to better evaluate opportunities in technology-enabled New Economy Investment sectors.

Khazanah spreads wings to the Americas

BY MERGAWATI ZULFAKAR
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SAN FRANCISCO: Khazanah Nasional Bhd has spread its wings to the Americas, opening an office in San Francisco, a premier hub for innovation and technology.

Prime Minister Datuk Seri Najib Tun Razak, who officiated the opening of Khazanah Americas Inc (KAI) here on Sunday, said the choice to locate the office in San Francisco was a right one.

"If Malaysia is to be a high-income nation by the year 2020, we need to move up the value chain with the right knowledge, innovation and entrepreneurial skills."

"By being here, it shows our seriousness of wanting to be involved in cutting-edge innovations," Najib said in his speech.

He hoped the move would encourage more trade and investments between Malaysia and the United States.

KAI is Khazanah's third regional office after Beijing and Mumbai. Khazanah managing director Tan Sri Azman Mokhtar said that KAI would play a big role as a bridge between Malaysia and the premier innovation and US technology hubs.

"As home to both established technology firms and start-up ventures, leading universities and media-related companies, San Francisco and its surrounding environs have established a vibrant eco-

system for supporting entrepreneurs and innovation.

"The establishment of KAI would help build a pipeline of talent and collaboration between Malaysia and the US, and help accelerate Malaysia's very own innovation and technology capabilities," Azman said.

At the same event, Khazanah was conferred the "Global Award for Visionary Innovation Leadership" by Frost & Sullivan, the global business consulting firm, for the pioneering work that Khazanah has done to catalyse and propel economic development in Malaysia.



Najib witnesses the presentation of 'Global Award for Visionary Innovation Leadership' plaque by Frost & Sullivan chairman David Frigstad to Azman. — Bernama

STRONG PERFORMANCE

In January, at the Khazanah Annual Review 2013, Khazanah reported unaudited Proforma Company's PBT of RM2.1 billion for the year ended 31 December 2012 (31 December 2011: RM5.3 billion). This enabled a dividend payout of RM1.0 billion to be declared for the year. Khazanah has declared dividends amounting to RM4.5 billion over the last three years from 2010. Khazanah made a total of seven major new investments amounting to RM6.2 billion in 2012 and 10 divestments that brought in proceeds of RM4.8 billion, generating gains amounting to RM2.1 billion. In total between 2004 and 2012, Khazanah has made 95 investments worth RM51.4 billion and 55 divestments valued at RM35.7 billion, recording gains on divestments of RM15.7 billion.

BILATERAL TIES STRENGTHEN

In February, bilateral ties between Malaysia and Singapore strengthened further when the Prime Minister Dato' Sri Mohd Najib Tun Abdul Razak and his counterpart Lee Hsien Loong attended the 4th Malaysia-Singapore Leaders' Retreat. The Leaders' Retreat is the highest level of bilateral forum for discussions on a wide range of bilateral and regional issues of mutual interest to Malaysia and Singapore.

Both Prime Ministers also unveiled joint developments by Khazanah and Temasek Holdings Pte Ltd in Singapore and Iskandar Malaysia. The joint developments are the Marina One project and DUO project undertaken by M+S Ptd Ltd in Singapore and the Urban Wellness and Resort Wellness projects by Pulau Indah Ventures Sdn Bhd in Iskandar Malaysia.



NEW COLLABORATION... Prime Minister Datuk Seri Najib Razak and Singapore Premier Lee Hsien Loong at the unveiling of the Marina One design in Singapore yesterday. Present were (from left) Khazanah Nasional Bhd managing director Tan Sri Azman Mokhtar and M+S Pte Ltd chairman Tan Sri Azman Yahya (story on Page 4).

To boost bilateral ties with Singapore

SINGAPORE • Prime Minister Datuk Seri Mohd Najib Razak's visit to Singapore starting today two-day will pave the way for more collaborations and further enhance the already strong bilateral economic ties between the two neighbouring countries, says Malaysia High Commissioner to Singapore Datuk Md Hussin Nayan. "The current bilateral relations have improved tremendously. In conjunction with our prime minister's visit in Singapore, we could expect greater collaborative effort in commercial interests and facilitated by the government," he told *Bernama*.

Najib will be on an official working visit to Singapore and Iskandar Malaysia, Johor today and tomorrow, in conjunction with the 4th Malaysia-Singapore Leaders' Retreat. The Leaders' Retreat is the highest-level bilateral forum for discussions on a range of bilateral and regional issues of mutual interest to Malaysia and Singapore. The prime minister will be accompanied by his wife Datin Seri Rosmah Mansor, Johor Menteri Besar Datuk Abdul Ghani Othman, a number of Cabinet ministers and senior government officials.

Md Hussin said the Leaders' Retreat is an annual event, and leaders of both countries are also scheduled to review the progress of the ongoing projects by Khazanah Nasional Bhd and Temasek Holdings Pte Ltd in Singapore and Iskandar Malaysia. "There could also be announcements of new projects, which itself indicates further progress in our bilateral relations," he said, adding: "Let's wait for the

prime minister to announce." Earlier in a statement, the Ministry of Foreign Affairs said Najib and his counterpart, Prime Minister Lee Hsien Loong, are scheduled to officiate the unveiling of the joint developments by Khazanah and Temasek in Singapore and Iskandar Malaysia. It said the joint developments are the Marina One project and DUO project undertaken by M+S Pte Ltd in Singapore, and the Urban Wellness and Resort Wellness projects by Pulau Indah Ventures Sdn Bhd in Iskandar Malaysia. — *Bernama*

5%-10% increase in Khazanah CR initiative funding seen

KUALA LUMPUR: Khazanah Nasional Bhd will likely increase funding for its corporate responsibility (CR) initiatives this year by 5% to 10% from the RM62.4mil spent in 2012. The Malaysia's state investment arm said its CR initiatives last year had benefited more than 140,000 individuals across the country. Since 2004, Khazanah's total funding for its CR initiatives stood at RM255mil, and was believed to have touched more than 500,000 lives nationwide. "It is important for us to work with NGOs (non-governmental

organisations) to build their capacity and ensure their resilience," Khazanah managing director Tan Sri Azman Mokhtar said after the launch of Khazanah's 2012 CR Report yesterday. "We want organisations to align with our thinking, where we can add value. Not just the money, but also the corporate mindset in terms of achieving efficient delivery." The report, its fourth since 2009, detailed a range of CR initiatives on which Khazanah focused, including responsible investments and value creation; human capital development; social capital devel-

opment and environmental stewardship. "We hope that the publication of this CR Report will encourage more corporates to help underserved communities and protect the environment," Azman said, after pointing out that Khazanah was more than just about financial and strategic returns. This year, Khazanah collaborated with Wolfson College of Cambridge to sponsor two Malaysian journalists for the inaugural Khazanah-Wolfson Press Fellowship programme for 10 weeks. The first two recipients of the award were

Marhaini Kamarudin of Utusan Malaysia and Cecilia Kok of The Star. The annual programme aims to provide Malaysian journalists the opportunity to enhance their expertise and knowledge in the field and contribute towards the further development of journalism in Malaysia. Khazanah's investment portfolio registered a growth of 138.7% from RM50.9bil on May 14, 2004 to RM121.6bil as at Dec 31, 2012. This was accompanied by an increase in value created in excess of RM53bil over the same period.



Azman: 'We want organisations to align with our thinking.'

Khazanah sees more CR funding in 2013

BY **EE ANN NEE**
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KUALA LUMPUR: Khazanah Nasional Bhd expects its corporate responsibility (CR) funding to see a 5% to 10% increase this year from RM62.4 million in 2012, said its managing director Tan Sri Azman Mokhtar (pic). Since 2004, total funding for Khazanah's CR initiatives amounted to RM255 million, benefiting over 500,000 individuals nationwide. Khazanah's CR initiatives aim to build sustainable value by balancing its investment, social and environmental responsibilities. Four key focus areas that form Khazanah's CR framework are responsible investments and value creation, human capital development, social capital development and environmental stewardship as well as Silver Book and CR advocacy. Azman said 2013 will see the completion



of the first three-year cycle of its Grants Programme, the implementation of the Silver Book review exercise involving all government-linked companies, the continuation of independent audits on its grantees, the establishment of Friends of Iskandar Ramsar to champion conservation of the Iskandar Ramsar sites and the continuing development of its sustainability valuation model. "One of our challenges is that we want to support many things but it's not just the money. It's important that we work in partnerships to build capacity and ensure resilience," he told a press conference after the release of its 2012 CR Report here on Friday. He said oftentimes, a CR programme is

more difficult to manage compared with commercial business. "Firstly, it's important to identify organisations that are aligned with us in partnership. Where we can add value is not just the money, but also the corporate mindset in terms of organising and ensuring efficient delivery. "Secondly, on a portfolio basis, we look at which areas that we would like to concentrate in." Khazanah also collaborated with the Wolfson College of Cambridge to sponsor two Malaysian journalists for the inaugural Khazanah-Wolfson Press Fellowship Programme to study in Cambridge for 10 weeks on a project of their choice. The first two recipients selected for the fellowship programme are Marhaini Kamaruddin of Utusan Malaysia and Cecilia Kok of The Star. Khazanah is the strategic investment fund of the government entrusted to hold and manage the commercial assets of the government and to undertake strategic investments. Its investment portfolio stood at RM121.6 billion as at Dec 31, 2012.

GIVING BACK TO THE COMMUNITY

In April, Khazanah released its 2012 Corporate Responsibility ("CR") Report, detailing a range of CR initiatives that focuses on the areas of responsible investments and value creation; human capital development; social capital development and environmental stewardship. These initiatives have positively impacted a cross-section of society, improving livelihoods and impacting lives of Malaysians.

In 2012, funding amounting to RM62.4 million was provided to various CR initiatives. The financial and non-financial support has benefited more than 140,000 individuals across the country. On a longer horizon, since 2004, total funding for Khazanah's CR initiatives amounted to RM255 million, touching the lives of more than 500,000 individuals nationwide.



EMERGING MARKETS, HITTING A WALL

By Tyler Cowen
The New York Times
June 22, 2013

A **GROWTH** slowdown in the so-called BRICS nations — Brazil, Russia, India, China and South Africa — could be impeding the expansion of the global economy. That's serious enough, and indeed we are seeing unrest in Brazil over stagnant living standards. Yet a graver problem may be lurking behind the headlines — namely, that sustained, meteoric growth in emerging economies may no longer be possible.

The disconcerting truth is that the great "age of industrialization" may be behind us, a possibility that has been outlined most forcefully by the economist Dani Rodrik, who is leaving Harvard for Princeton next month. And evidence for this view is coming from at least four directions:

1 THE RISE OF AUTOMATION First, machines can perform more and more functions in manufacturing, and sometimes even in services. That makes it harder to compete via low wages.

Say you run a company in a developed nation and have been automating many of its processes. Because your total bill for employee wages would be low, why not choose the proximity and familiarity of investing in labor in or near your home country? This change would help the jobs picture in the United States and probably countries like Mexico, but could hurt many other lower-wage nations.

2 GLOBAL SUPPLY SOURCES Supply chains are now scattered across many countries. Think of the old development model as a nation, such as South Korea, trying to build a nearly complete domestic supply chain for its automobile and other industries. The newer model is more distributed, as reflected by the iPhone, with the bounty from the investment spread across many locations, including the Philippines, Taiwan and mainland China. As for cars, Thailand has courted automobile factories with success, but the parts usually come from outside the country and the benefits for the Thai economy are limited.

Richard Baldwin, professor of international economics at the Graduate Institute in Geneva, refers to the internationalization of the supply chain as "globalization's second unbundling." He sees the new world as one of "development enclaves," in which parts of countries will stand out as advanced or wealthy, without fundamentally transforming the entire economy.

3 WIDER ECONOMIC GAPS Another barrier is the difficulty of sustaining a cultural vision for catching up economically. South Korea was a poor nation in the 1960s, and its economic rise required sacrifices from millions of people in work hours, savings and investment in education. But within 20 years or so, one could see that South Korea would most likely join the ranks of economically developed nations. Indeed it has, so these sacrifices yielded satisfaction within a reasonable time. Many of today's poorer nations seem to be more than 20 years away from competing with the global leaders, which are now themselves more advanced, and that slower and longer path to the top may discourage some countries from even trying.

4 AGING POPULATIONS Finally, many lower-income countries will be old before they are rich. China's population, for example, is aging rapidly, given the government's one-child policy and the decline in birthrates that accompanies rising income. It is less well known that fertility rates in much of the Middle East and North Africa are also falling rapidly. In Iran, for example, it is now estimated at 1.86 per woman, which over time would mean that families are not replenishing themselves. And shrinking and older populations, of course, limit future economic growth.

By no means do these arguments mean that the living standards of poorer nations must stagnate. A country can improve the lot of at least some of its citizens by selling services, as seen in the relative prosperity of Bangalore, India, which, among other activities, runs call centers and sells many programming services online. Many African nations are marketing their resource wealth, and may also improve productivity in local agriculture. Virtually all poor nations eventually benefit from the innovations of wealthy nations, which they often receive at much lower prices, as seen with cellphones and medications, for example.

So the chances for progress remain, but those poorer nations might never "become like us." There was something special about the 20th-century mix of widespread, well-paying manufacturing jobs, which enabled the rise of a middle class that would take significant control of government, through its roles as voters and taxpayers. Those manufacturing jobs also created strong incentives for many people to pursue traditional education, whether in Toronto or Tokyo.

The best guess is that the idea of economic catch-up has changed, which means that politics in developing nations could change, too. Just as inequality in income and wealth has been rising in the United States, newly growing nations find themselves in a more

stratified world, without developing their own strong egalitarian histories to undergird political institutions or economic expectations. Many of the wealthy may produce their public goods — like secure streets and clean, beautiful parks — in gated communities.

In some countries, there may be a de facto "rule by consent" from abroad — if, for instance, you are an African working in a Chinese-owned mine and living in a company town, while receiving your vaccines from a Western nonprofit organization. Those phenomena might not fit our current notions of national pride very well — and might mean further splits within developing nations.

Indeed, the future path of developing countries could be much different from that of recent, high-growth success stories. The next set of emerging-market winners, for example, may retain very large pockets of poverty. And as the expectation of a single, common path for economic development fades, governments may need to rethink what they can accomplish — and how.

In any case, we should be prepared for the possibility that, while Seoul now looks a fair amount like Los Angeles, perhaps La Paz, Accra and Dhaka will never look much like Seoul.



By Daron Acemoglu, James A. Robinson
Project Syndicate, February 22, 2013

CAMBRIDGE – In the age-old contest of economic-growth models, state capitalism has seemed to be gaining the upper hand in recent years. Avatars of liberal capitalism like the United States and the United Kingdom continued to perform anemically in 2012, while many Asian countries, relying on various versions of dirigisme, have not only grown rapidly and steadily over the last several decades, but have also weathered recent economic storms with surprising grace. So, is it time to update the economics textbooks?

In fact, economics does not say that unfettered markets are better than state intervention or even state capitalism. The problems with state capitalism are primarily political, not economic.

Any real-world economy is riddled with market failures, so a benevolent and omnipotent government could sensibly intervene quite often. But who has ever met a benevolent or omnipotent government?

To understand the logic of state capitalism, it is useful to recall some early examples – not the socialist command economies or modern societies seeking to combat market failures, but ancient civilizations. Indeed, it seems that, like farming or democracy, state capitalism has been independently invented many times in world history.

The problems with state capitalism are primarily political, not economic.

Consider the Greek Bronze Age, during which many powerful states, organized around a city housing the political elite, formed throughout the Mediterranean basin. These states had no money and essentially no markets. The state taxed agricultural output and controlled nearly all goods production. It monopolized trade, and, in the absence of money, moved all of the goods around by fiat. It supplied food and inputs to weavers and then took their output. In essence, the Greek Bronze Age societies had something that looked remarkably like state capitalism.

So did the Incas as they built their huge Andean empire in the century before the Spanish arrived. They, too, had no money (or writing); but the state conducted decennial censuses, built roughly 25,000 miles (40,000 kilometers) of roads, operated a system of runners to send messages and collect information, and recorded it all using knotted

strings called quipus, most of which cannot be read today. All of this was part of their control of land and labor, based on centrally planned allocation of resources and coercion.

How is it that societies as disparate as the Greek Bronze Age cities of Knossos, Mycenae, or Pylos, the Inca Empire, Soviet Russia, South Korea, and now China all ended up with state capitalism? The answer lies in recognizing that state capitalism is not about efficient allocation of economic resources, but about maximizing political control over society and the economy.

If state managers can grab all productive resources and control access to them, this maximizes control – even if it sacrifices economic efficiency.

The answer lies in recognizing that state capitalism is not about efficient allocation of economic resources, but about maximizing political control over society and the economy.

To be sure, in many parts of the world, state capitalism has helped to consolidate states and centralize authority – preconditions for the development of modern societies and economies. But political control of the economy generally becomes problematic, because those running the state do not have social welfare or optimal resource allocation in mind. The state capitalism of the Greek Bronze Age or the Inca Empire was not motivated by economic inefficiency; nor did it necessarily create a more efficient economy. What it did was help to consolidate political power.

At a deeper level, the real dichotomy is not between state capitalism and unfettered markets; it is between extractive and inclusive economic institutions. Extractive institutions create a non-level playing field, rents, and narrowly concentrated benefits for those with political power and connections. Inclusive institutions create a level playing field and give incentives and opportunities to the great mass of people.

But herein lies the problem for state capitalism: inclusive institutions require a private sector powerful enough to counterbalance and check the state. Thus, state ownership tends naturally to remove one of the key pillars of an inclusive society. It should be no surprise that state capitalism is almost always associated with authoritarian regimes and extractive political institutions. This is not an endorsement of unfettered markets. The

state plays a central role in modern society, and rightly so. Modern economic growth, even under inclusive institutions, often creates deep inequalities and tilted playing fields, endangering those institutions' very survival. The modern regulatory and redistributive state can, within certain bounds, help to redress these problems. But the success of such a project crucially depends on society having control over the state – not the other way around.

To argue that state capitalism's success proves its superiority is to put the cart before the horse. Yes, South Korea grew rapidly under state capitalism, and China is doing likewise today. But state capitalism emerged not because there was no other way to ensure economic growth in these countries, but because it enabled growth without destabilizing the existing power structure.

The genius of China's state capitalism is that it ensured the continued dominance of Communist Party elites while improving the allocation of resources, not that it alone could have provided price incentives to farmers and then managed liberalization of urban markets.

[S]tate capitalism emerged not because there was no other way to ensure economic growth in these countries, but because it enabled growth without destabilizing the existing power structure.

State capitalism will persist so long as existing elites are able to maintain it and benefit from it – even if economic growth ultimately stalls. And there is a good reason why it eventually will. Sustained economic growth presupposes inclusive institutions, because innovation – and the creative destruction and instability that it wreaks – depends on them. Extractive institutions in general, and state capitalism in particular, can support economic growth for a while, but only the sort of catch-up growth that South Korea experienced from the 1960's to the 1980's, before starting to transform its society and economy more radically.

As the low hanging fruit from catch-up growth is consumed, China, too, will be forced to choose between the economic and social freedom, innovation, and instability that only inclusive institutions can underpin and continued economic, political, and social control in the service of the elites who control the state.

WHY NATIONS FAIL OR SUCCEED

By Tan Sri Andrew Sheng
The Star, August 17, 2013

There is much the East can learn from the West on economics

AUGUST is the holiday month – the time when we pause to take stock of a hectic first half year, and wonder what lies ahead.

Nestled in the hills of northern Laos, the ancient city of Luang Prabang sits around a bend in the river Mekong, isolated for centuries and renowned today as a city of 15th century Buddhist temples, protected as a Unesco Heritage site. It is a good place to catch up on one's history to try to comprehend the uncertain future.

The recent best-seller by Massachusetts Institute of Technology economics Professor Daron Acemoglu and Harvard political scientist James Robinson, *Why Nations Fail: The Origins of Power, Prosperity and Poverty* (Penguin 2012), argued that national failure were all due to man-made factors, more specifically, how political institutions became extractive, rather than inclusive.

Acemoglu and Robinson is provocative because they stir up the debate on why Latin American economies never quite made it, even though they are resource rich. They did not succeed despite huge wealth because their political institutions remained extractive, meaning a few hundred families or elite essentially controlled the key resources of the continent for their own benefit.

Another obvious example is the difference between North Korea, one of the poorest countries around, and South Korea, an innovative and dynamic economy capable of challenging the best of the West, by learning from the West.

The Acemoglu and Robinson book touches on a raw nerve because many in the West are unsure whether they will continue to be dominant in the years to come. They argue that China will sooner or later stop growing because the institutions there are becoming extractive. But as one review argued, it cannot be ruled out that Chinese institutions would evolve into inclusive systems. After all, China could not have succeeded without being inclusive – taking more than half a billion out of poverty.

[Latin American Economics] did not succeed despite huge wealth because their political institutions remained extractive, meaning a few hundred families or elite essentially controlled the key resources of the continent for their own benefit.

In the same genre, Stanford Professor of Classics and History, Ian Morris' 2011 book, *Why the West Rules – For Now: The Patterns of History and What They Reveal about the Future*, takes also the grand sweep, arguing not only about the factors of biology and sociology, but also about geography.

So instead of Acemoglu and Robinson's dictum, "institutions, institutions and institutions", Morris considers that it is more about "location, location, location." He argues that biology and sociology explain the similarities in development between the East and West, but "it is geography that explains why the West rules."

Even though the Portuguese and Spaniards opened up the maritime routes to America and the Spice Islands, they remained feudal powers that never evolved the institutions to manage their colonies efficiently and professionally.

This view concurs with Asian historian Wang Gung-wu's perceptive insight that the West developed maritime and today air and cyberspace technology and power, whereas China remains essentially a continental or land-based power. Geography does shape behaviour and perception.

Personally, I am less persuaded by what caused nations to fail than what caused them to succeed, and not just to succeed for a few decades, but remain relevant for centuries.

Most people forget that the first modern economy in the world was not Portugal or Spain, or England, but Holland. Even though the Portuguese and Spaniards opened up the maritime routes to America and the Spice Islands, they remained feudal powers that never evolved the institutions to manage their colonies efficiently and professionally.

[The Dutch's] constant struggle against water meant that [they] had superior shipbuilding technology, drawing on timber from the Baltic areas and arbitraging the trade with northern Europe.

Last month in Amsterdam, I was given a copy of Marius van Nieuwkerk's history of *Dutch Golden Glory: The Financial Power of the Netherlands through the Ages* (2006). This wonderful gem of a book, beautifully illustrated, attributed the rise of Holland as a conquest of man over water. As we all know, Holland has only a population of 16.6 million, in an area 20% larger than the island of Taiwan, ranked 17th in the world in terms of GDP, and 14th in terms of GDP per capita, at US\$46,100 just behind the United States (US\$50,000) and Japan (US\$46,700), but ahead of old rivals, UK (US\$38,600).

Historically, because of constant flooding in its low-lying land, the Dutch learnt to work cooperatively to build dykes, through "poldering" – constant irrigation, drainage and pumping of water. Thus, in their constant struggle against flooding and weather risks, the Dutch developed their infrastructure cooperatively, learning how to manage risks through precaution (high savings), consultation (constant feedback) and inspection (maintenance of strict standards). To do so, they built highly inclusive, flexible and innovative institutions that opened up to global trade.

Their constant struggle against water meant that the Dutch had superior shipbuilding technology, drawing on timber from the Baltic areas and arbitraging the trade with northern Europe. By 1598, the Dutch had established the first Insurance Chamber, the largest trading company by 1602 (VOC), and forerunner of the first central bank, the Amsterdam Exchange Bank in 1609, Merchants Exchange 1611, and Grain Exchange in 1616.

The VOC, which had trading monopoly for the East Indies in the spice trade, was so profitable that between 1602 and 1796, the average dividend was 18.5% annually!

Indeed, the Dutch were successful because they were not only good traders, but also insurers and bankers to the rest of Europe. One tends to forget that as late as 1750, 30% of the share capital of the Bank of England was owned by the Dutch.

[A] country may be small, but through thrift, hard-work, openness, and good governance, the country could succeed despite the odds.

SUCCESS

What is remarkable about the Dutch model is not that it has not been taken over by other larger powers, but its sustainability and durability. The Dutch runs one of the largest pension funds in the world, and a recent study has shown that there are over 400 Dutch companies with over a century of history, including one that survived from 1530. It goes to show that a country may be small, but through thrift, hard-work, openness, and good governance, the country could succeed despite the odds.

There is much that the East has still to learn from the West. No history is a straight line, and there is nothing inevitable about success or failure. Whether it is Abenomics or Likenomics, the key to sustainable and inclusive growth is about strong social institutions with the right checks and balances.

FAILURE

CORPORATE RESPONSIBILITY SHOWCASE AT KHAZANAH'S 2013 HARI RAYA OPEN HOUSE



Welcome board at our 2013 Hari Raya Open House

On 3 September 2013, we welcome over 1,500 guests from both the public and private sectors to our Hari Raya Open House at the Majestic Hotel. Driven by our passion to create value in everything we do, we took advantage of this huge gathering to showcase the meaningful work carried out by our civil society partner organisations and the three national initiatives that we support, namely PINTAR Foundation, Yayasan AMIR and Yayasan Sejahtera.

Taking on the theme 'Get Involved', our Corporate Responsibility (CR) showcase saw our partner organisations not only share the work that they do but also opportunities for support that may be of interest to corporates and individuals. Guests were invited to explore the CR showcase and to donate to and/or volunteer in any of the organisations in the spirit of giving and sharing in the month of Syawal. The guest of honour that evening was none other than our Prime Minister Dato' Sri Najib Razak himself, who took the time to visit the showcase and interact with some of our partners.



Prime Minister Dato' Sri Najib Razak being briefed by Datin Norela Nuruddin, Country Director for Enactus Malaysia Foundation

"It was such an honour to have the Prime Minister drop by at our booth. We also enjoyed the interaction with guests who were very interested to hear about what we do and we were particularly thrilled that the former Archbishop of Canterbury, Rowan Williams spent quite a while speaking to us."

Datin Noraini,
Deputy President & Trustee, OrphanCare



Datuk Mary Yap and Datuk Hj. Ahmad bin Hj. Maslan sharing their dreams for the children of Malaysia

The CR showcase was divided into three main sections: education, community development and environment. Under education, we had CADS Centre, Enactus Malaysia Foundation (EFM), PINTAR Foundation (PF), Teach for Malaysia (TFM) and Yayasan AMIR (YA) showcasing their organisation's mission and key achievements to-date. Datuk Mary Yap Kain Ching, Deputy Minister of Education and Datuk Hj. Ahmad bin Hj. Maslan, Deputy Minister of Finance were invited to share their dreams for the children of Malaysia when they visited TFM, an organisation involved in recruiting and training exceptional Malaysian graduates and young professionals to teach in high-need schools nationwide under a two-year Fellowship programme. Both of them hoped that our country will produce high quality, globally competitive Malaysian students going forward.



Datuk Yunus Pathi, President and Founder of Pengasih, briefing guests on the new rehabilitation complex

Organisations featured under the community development banner were Mercy Malaysia, OrphanCare, Pengasih, Voice of the Children, Yayasan Chow Kit and Yayasan Sejahtera. Pengasih, an organisation focused on the prevention of and rehabilitation from drug and substance abuse, took the opportunity to showcase the architectural design of the new rehabilitation complex to be built in Bentong, Pahang. It was heartening to note that a couple of organisations have expressed interest to sponsor the construction of selected buildings within the complex. Pengasih, Voice of the Children and Yayasan Chow Kit also received good support from guests for their merchandises which included food items such as kerepek pisang, dodol, and serunding daging, childrens books and hairclips.

"Khazanah's Hari Raya Open House has helped us connect with many individuals and corporates who could potentially support us in the future via our entrepreneurial smart partnership action."

Carey Khiruddin,
Senior Manager, Corporate Communication & Fundraising, Enactus Malaysia Foundation

Also sharing the spotlight on that day was Cruyff Court Kuala Lumpur (CCKL). Khazanah in partnership with the Johan Cruyff Foundation, recently completed the construction of CCKL in Brickfields, the second Cruyff Court in Malaysia following the opening of Cruyff Court Iskandar Malaysia last year. The world-renowned Cruyff Court programme offers public playing fields in urban neighbourhoods with the aim of providing a unique football experience for disadvantaged children, youths and the surrounding local communities.

At the environment corner, Reef Check Malaysia (RCM) and EcoKnights provided guests with insights into their work on protecting coral reefs and raising environmental awareness in communities, respectively. One of our corporate guests who is also a diving enthusiast offered to work with RCM to develop relevant metrics to measure and monitor the impacts of their work.

Overall, our partners were pleased to have had the opportunity to network with our guests and to raise awareness of their organisation and the work that they do. They were also delighted to have received expressions of interest from guests to support their organisations going forward.

"Guests had the chance to get to know us better; they are able to now envision how our existence and activities help others adopt more holistic and sustainable approaches to business and environmental management."

Yasmin Rashid,
Founder & President, EcoKnights

We are currently looking to partner with civil society organisations working in the areas of arts, heritage and culture; community development; education; and environment. If your organisation is actively involved in any of these areas, please register your interest at cr@khazanah.com.my before 30 November 2013.

CRUYFF COURTS

Khazanah, in partnership with the Johan Cruyff Foundation, recently launched Cruyff Court Kuala Lumpur in Brickfields, the second Cruyff Court in Malaysia after the opening of Cruyff Court Iskandar Malaysia last year.



CRUYFF COURT ISKANDAR WAS
LAUNCHED ON 4 SEPTEMBER 2012

CRUYFF COURT
KUALA LUMPUR WAS
LAUNCHED ON 9 SEPTEMBER 2013



The launch on 9 September 2013 was officiated by the Minister of Federal Territories, Datuk Seri Tengku Adnan Tengku Mansor.



Launch of Cruyff Court Kuala Lumpur by Datuk Seri Tengku Adnan Tengku Mansor. Also present were Director General of DBKL, Datuk Hj Salleh Yusup, Khazanah Managing Director, Tan Sri Dato' Azman Hj. Mokhtar, and Johan Cruyff Foundation Director, Carole Thate.



Datuk Seri Tengku Adnan and other VIPs with the two under 12 year old teams playing in a futsal friendly during the launch of Cruyff Court Kuala Lumpur



Datuk Seri Tengku Adnan and other VIPs with the two under 12 year old teams after the prize giving ceremony



Launch of Cruyff Court Iskandar by the Tunku Mahkota Johor and Mr Johan Cruyff



Prime Minister Dato' Seri Najib handing a memento to Mr Johan Cruyff during Khazanah's Hari Raya Open House in September 2012

The development of the two Cruyff Courts in Malaysia is a Corporate Responsibility ("CR") initiative by Khazanah in collaboration with the Johan Cruyff Foundation. The first Cruyff Court, Cruyff Court Iskandar Malaysia, was launched in September 2012 by D.Y.A.M. Tunku Ismail Idris ibni Sultan Ibrahim, the Tunku Mahkota of Johor, and is located in Kampung Melayu Majidee, Johor Bahru.

The world-renowned Cruyff Court programme consists of public playing fields in urban neighbourhoods to provide a unique football experience to disadvantaged children, youths and the larger community in the vicinity. Malaysia is only the second Asian country to have Cruyff Courts in Asia, after Japan. In total, there are 177 Cruyff Courts around the world.

Dewan Bandaraya Kuala Lumpur (DBKL) contributed the physical site for Cruyff Court Kuala Lumpur, while CIMB Foundation, which is the anchor corporate partner for Khazanah's Cruyff Court initiative, will focus on programmes for special needs children.

Cruyff Court Kuala Lumpur is free to use and is open every day from 9am to 7pm, with priority given to schools, colleges, universities, football academies, and non-governmental organisations within the Brickfields and surrounding areas. It is also open to the general public daily from 7pm to 10pm.

The official launch of Cruyff Court Kuala Lumpur was preceded the previous week by the start of the Cruyff Foundation Community Programme at the facility. A group of coaches from the area were provided with the know-how and opportunity to organise events for children in the community.

About Johan Cruyff Foundation

The Johan Cruyff Foundation was established in 1997 as a result of Johan Cruyff's aspiration to get children moving. Since its launch in 1997, the Johan Cruyff Foundation has grown into an organisation that keeps youth in motion every day. The Foundation does this by building Cruyff Courts (public playgrounds that give children back their play area), by supporting sports projects for children with disabilities and organising unique sporting events for youth. For further information on the Johan Cruyff Foundation, please visit www.cruyff-foundation.org.



First batch of coaches of the Cruyff Foundation Community Programme after receiving their certificate from Johan Cruyff Foundation Director, Carole Thate during the launch of Cruyff Court Kuala Lumpur

KHAZANAH MEGATRENDS FORUM

A RICH HERITAGE OF THOUGHT LEADERSHIP

2005

First KMF

The inaugural KMF in 2005 was held at Pulau Jerejak, Penang, and attended by the Khazanah senior executives. It was the first of Khazanah's business planning cycle which has evolved into what we know as KMF today.

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.

2007

Malaysia 2057

This was a very special KMF, coinciding with fifty years of Malaysia's 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

KHAZANAH MEGATRENDS FORUM

GRAND BALLROOM
SHANGRI-LA HOTEL,
KUALA LUMPUR

5 & 6 OCTOBER, 2009

Apocalypse Averted?

Reconfiguring
the New Normal



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.



KMF 2013 is the ninth 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.

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.



2011

KHAZANAH MEGATRENDS FORUM 2011



Uncertainty as Normality

Navigating through
Complex Interconnection



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.

2012

The theme of last year's KMF was the shift in the centre-of-gravity of the global economy from the West to the East – a shift which seems ever more apparent.

KMF 2012 was a very popular and successful event, with a lot of positive audience feedback. There were innovative new features and segments which were very well received.

Special addresses included:

- Martin Lindstrom, branding expert and writer – who gave a very dynamic and energised performance on the power of social media in spreading messages and information.
- Ronnie Chan, Chairman of Hang Lung Properties – who expounded with passion on "What is Wrong with the World Today?"
- Gerard Lyons, Chief Economist of Standard Chartered Bank – who spoke of the issues and implications arising from the shift in the balance of power.



The relatively recent tradition of a Monday evening special event continued with Professor Nigel Osborne and the Selangor Philharmonic Choir demonstrating "What Can Music Do?" – the power of music to change the lives of individuals and societies.

Apart from the usual lively and intellectual panels on Markets, Firms, Society and People, there was a colourful event showcasing Khazanah's environmental CR initiatives, combined with the launch of the book, "Sandpipers and Mudskippers: a Journey Through the Ramsar Mangroves of Iskandar Malaysia." This event featured a film-maker, a composer, a media

technologist and an environmentalist – all working together to convey the beauty and importance of the mangrove. A poignant short film by Dain Said was shown, and a music piece written by Professor Nigel Osborne was played live on stage – both honouring the mangrove.

KMF 2012 set the bar very high for KMF 2013. Let's see if we can raise it higher!



KHAZANAH
NASIONAL

KHAZANAH MEGATRENDS FORUM 2012



THE BIG SHIFT

Traversing the Complexities of a New World

1 & 2 October 2012

COMICS

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www.glasbergen.com

"We're not adapting quickly to the new global economy. But yesterday I had Mexican food for lunch and today I'm having Chinese. It's a start!"

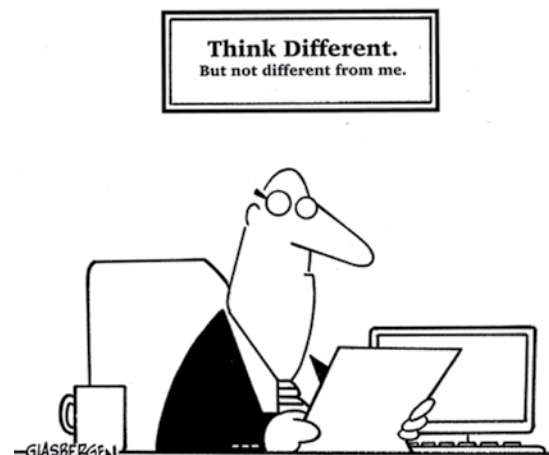
© Randy Glasbergen
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"It's hard to compete in a global economy when you're not allowed to cross the street."

© Randy Glasbergen / glasbergen.com

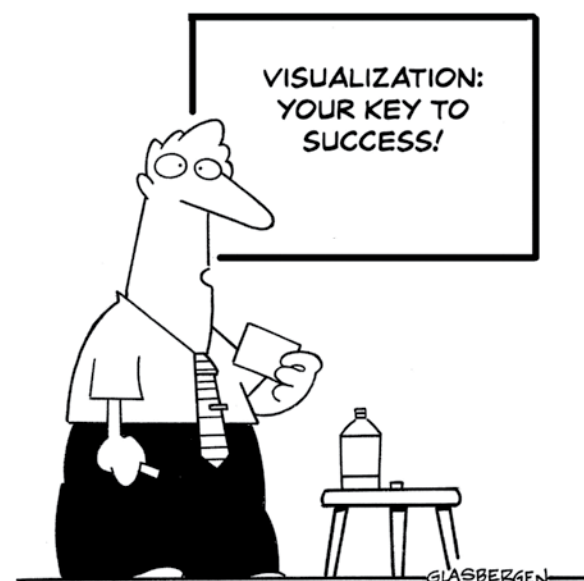


"For the sake of diversity, we're looking for someone who thinks the boss's jokes are funny."

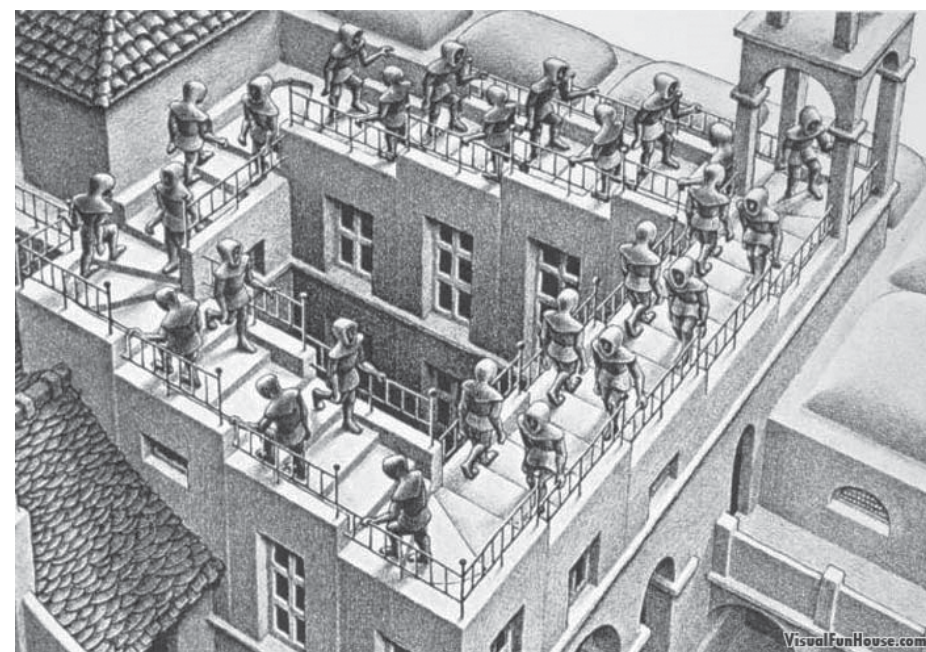
Think Different.
But not different from me.

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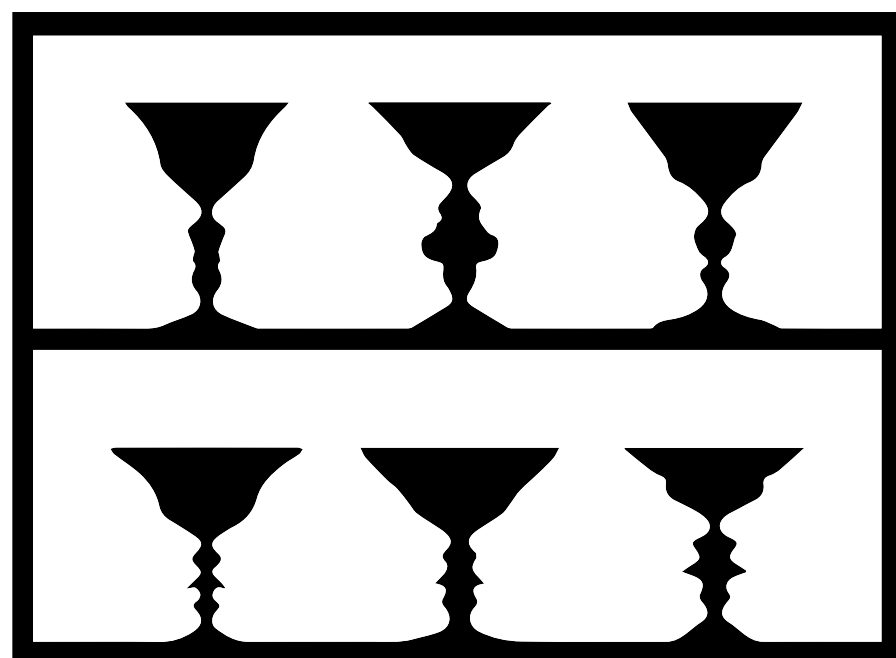
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"If you find it difficult to picture yourself as a success, just imagine everyone else as a failure."



Escher's Ascending and Descending Model
"Going up or going down?"



Different vases come with different faces!

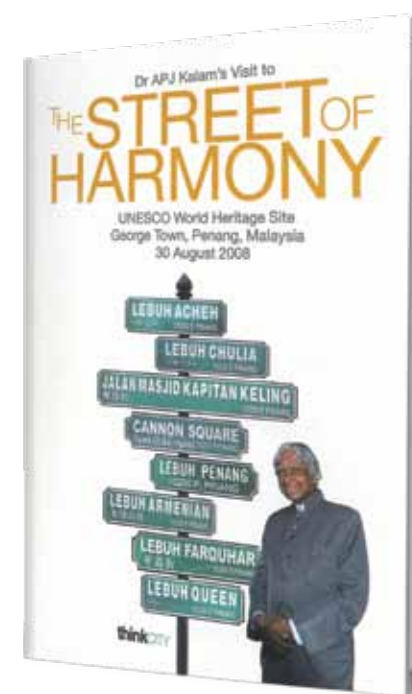
KHAZANAH PUBLICATIONS

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

LATEST PUBLICATIONS

Dr APJ Kalam's Visit To The Street Of Harmony

Unesco World Heritage Site George Town, Penang, Malaysia



UNESCO listed the historic city of George Town as World Heritage Site in May 2008. The city exemplifies outstanding universal value related to its unique architecture, multi-ethnic living traditions and multi-religious harmony. Dr APJ Kalam's visit on 30 August 2008 to Penang heightened the growing awareness amongst visitors and locals alike about Malaysia's display of multi-ethnic harmony.

Can Malaysia Achieve Innovation-Led Growth?

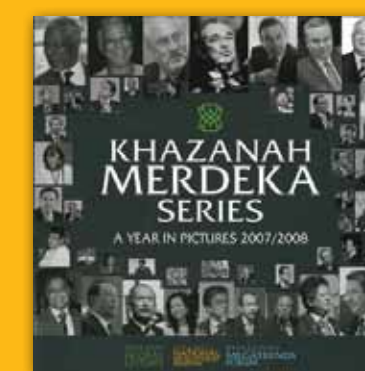


Fostering innovation-led growth in a middle-income country like Malaysia requires making the right trade-offs in the allocation of resources and creating an overall environment that enables the emergence, nurturing, implementation, and fruition of ideas. Drawing on a series of empirical tools and methodologies, *Can Malaysia Achieve Innovation-Led Growth?* adopts a holistic, integrated approach to assess key spheres of the Malaysian economy that are critical to unleashing its innovation potential. These include the education sector, the labour market, the product market, and the knowledge production sector, as well as the functioning of public institutions. In each of these spheres, the book articulates what it will take for Malaysia to achieve its Vision 2020.

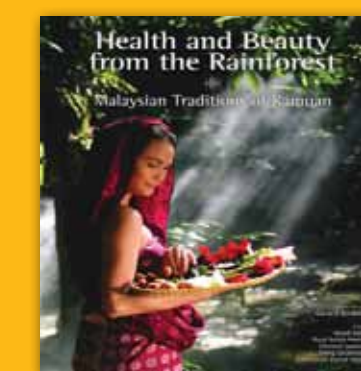
PAST PUBLICATIONS



The Khazanah Report 2012



Khazanah Merdeka Series [2009]



Health and Beauty from the Rainforest [2009]



Readings on Development: Malaysia 2007 [2009]



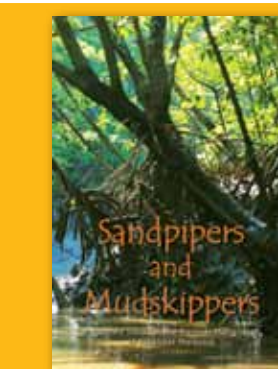
Cities, People & The Economy [2010]



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



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



Sandpipers and Mudskippers: A Journey Through the Ramsar Mangroves of Iskandar Malaysia [2012]

THE TYRANNY OF POLITICAL ECONOMY

By Dani Rodrik, Project Syndicate,February 8, 2013

CAMBRIDGE – There was a time when we economists steered clear of politics. We viewed our job as describing how market economies work, when they fail, and how well-designed policies can enhance efficiency. We analyzed trade-offs between competing objectives (say, equity versus efficiency), and prescribed policies to meet desired economic outcomes, including redistribution. It was up to politicians to take our advice (or not), and to bureaucrats to implement it.

In order to change the world, we need to understand it. And this mode of analysis seemed to transport us to a higher level of understanding of economic and political outcomes. But there was a deep paradox in all of this. The more we claimed to be explaining, the less room was left for improving matters.

Then some of us became more ambitious. Frustrated by the reality that much of our advice went unheeded (so many free-market solutions still waiting to be taken up!), we turned our analytical toolkit on the behavior of politicians and bureaucrats themselves. We began to examine political behavior using the same conceptual framework that we use for consumer and producer decisions in a market economy. Politicians became income-maximizing suppliers of policy favors; citizens became rent-seeking lobbies and special interests; and political systems became marketplaces in which votes and political influence are traded for economic benefits.

Thus was born the field of rational-choice political economy, and a style of theorizing that many political scientists readily emulated. The apparent payoff was that we could now explain why politicians did so many things that violated economic rationality. Indeed, there was no economic malfunction that the two words “vested interests” could not account for.

In reality, our contemporary frameworks for political economy are replete with unstated assumptions about the system of ideas underlying the operation of political systems. Make those assumptions explicit, and the decisive role of vested interests evaporates. Policy design, political leadership, and human agency come back to life.

Why are so many industries closed off to real competition? Because politicians are in the pockets of the incumbents who reap the rents. Why do governments erect barriers to international trade? Because the beneficiaries of trade protection are concentrated and politically influential, while consumers are diffuse and disorganized. Why do political elites block reforms that would spur economic growth and development? Because growth and development would undermine their hold on political power. Why are there financial crises? Because banks capture the policymaking process so that they can take excessive risks at the expense of the general public.

In order to change the world, we need to understand it. And this mode of analysis seemed to transport us to a higher level of understanding of economic and political outcomes.

Expand the range of feasible strategies (which is what good policy design and leadership do), and you radically change behavior and outcomes.

But there was a deep paradox in all of this. The more we claimed to be explaining, the less room was left for improving matters. If politicians’ behavior is determined by the vested interests to which they are beholden, economists’ advocacy of policy reforms is bound to fall on deaf ears. The more complete our social science, the more irrelevant our policy analysis.

This is where the analogy between human sciences and natural sciences breaks down. Consider the relationship between science and engineering. As scientists’ understanding of the physical laws of nature grows more sophisticated, engineers can build better bridges and buildings. Improvements in natural science enhance, rather than impede, our ability to shape our physical environment. The relationship between political economy and policy analysis is not at all like this. By endogenizing politicians’ behavior, political economy disempowers policy analysts. It is as if physicists came up with theories that explained not only natural phenomena, but also determined which bridges and buildings engineers would build. There would then scarcely be any need for engineering schools.



If it seems to you that something is wrong with this, you are on to something. In reality, our contemporary frameworks for political economy are replete with unstated assumptions about the system of ideas underlying the operation of political systems. Make those assumptions explicit, and the decisive role of vested interests evaporates. Policy design, political leadership, and human agency come back to life.

There are three ways in which ideas shape interests. First, ideas determine how political elites define themselves and the objectives they pursue – money, honor, status, longevity in power, or simply a place in history. These questions of identity are central to how they choose to act.

Second, ideas determine political actors’ views about how the world works. Powerful business interests will lobby for different policies when they believe that fiscal stimulus yields only inflation than when they believe that it generates higher aggregate demand. Revenue hungry governments will impose a lower tax when they think that it can be evaded than when they think that it cannot.

What enabled reform was not a reconfiguration of political power, but the emergence of new strategies.

Most important from the perspective of policy analysis, ideas determine the strategies that political actors believe they can pursue. For example, one way for elites to remain in power is to suppress all economic activity. But another is to encourage economic development while diversifying their own economic base, establishing coalitions, fostering state-directed industrialization, or pursuing a variety of other strategies limited only by the elites’ imagination. Expand the range of feasible strategies (which is what good policy design and leadership do), and you radically change behavior and outcomes.

Indeed, this is what explains some of the most astounding turnarounds in economic performance in recent decades, such as South Korea’s and China’s breakout growth (in the 1960’s and the late 1970’s, respectively). In both cases, the biggest winners were “vested interests” (Korea’s business establishment and the Chinese Communist Party). What enabled reform was not a reconfiguration of political power, but the emergence of new strategies. Economic change often happens not when vested interests are defeated, but when different strategies are used to pursue those interests.

The possibilities of economic change are limited not just by the realities of political power, but also by the poverty of our ideas.

Political economy undoubtedly remains important. Without a clear understanding of who gains and who loses from the status quo, it is difficult to make sense of our existing policies. But an excessive focus on vested interests can easily divert us from the critical contribution that policy analysis and political entrepreneurship can make. The possibilities of economic change are limited not just by the realities of political power, but also by the poverty of our ideas.

DAY 1 : 30TH SEPTEMBER 2013

8:00am	Registration
OPENING SESSION	
9:00am	Welcome Remarks and Introduction to KMF 2013 YBhg Tan Sri Dato’ Azman Hj Mokhtar <i>Managing Director, Khazanah Nasional Berhad</i>
9:20am	Opening Address YB Dato’ Seri Ahmad Husni Mohamad Hanadzlah <i>Minister of Finance II</i>
10:00 - 10:15am	Networking Break
SESSION 1	MACRO AND MARKETS
10:15 - 11:45am	<ul style="list-style-type: none">Gerald Ambrose, <i>CEO, Aberdeen Islamic Asset Management Sdn Bhd</i>Kevin W. Lu, <i>Regional Director for Asia-Pacific, Multilateral Investment Guarantee Agency (MIGA), World Bank Group, Singapore</i>Sharifatu Laila Syed Ali, <i>CEO, ValueCap Sdn Bhd</i>Dr Simon Ogus, <i>Founder and CEO, DSGAsia Limited, Hong Kong</i> Chairperson: YBhg Datuk Shireen Muhiudeen, <i>Founder, Managing Director and Principal Fund Manager, Corston-Smith Asset Management</i>
11:45 - 12:45pm	Special Address YBhg Datuk Ranjit Ajit Singh, <i>Chairman, Securities Commission Malaysia</i> Introducer: YBhg Dato’ Charon Wardini Mokhzani
12:45 - 2:00pm	Luncheon Address: ‘Solving the Food Security Challenge: Building a Sustainable Global Agri Business’ Sunny Verghese, <i>Co-Founder, Group Managing Director and CEO, Olam International Limited, Singapore</i> Introducer: Hisham Hamdan, <i>Executive Director, Investments, Khazanah Nasional Berhad</i>
2:00 - 2:30pm	Networking Break
SESSION 2	FIRMS AND TRANSFORMATION
2:30 - 4:00pm	<ul style="list-style-type: none">YBhg Dato’ Sri Jamaludin Ibrahim, <i>Managing Director, President and Group CEO, Axiata Group Berhad</i>Javier Santiso, <i>Global Affairs and New Ventures Managing Director, Telefónica SA, Spain</i>Mahmoud Mohieldin, <i>Special Envoy for the President of the World Bank, USA</i>YBhg Datuk Shahril Ridza Ridzuan, <i>CEO, Employees Provident Fund (EPF)</i> Chairperson: Shahazwan Harris, <i>Executive Director, Investments, Khazanah Nasional Berhad</i>
4:00 - 4:15pm	Networking Break
SPECIAL SESSION	ETHICS - THE PHILOSOPHIC APPROACHES TO AGREEING TO DISAGREE
4:15 - 5:45pm	<ul style="list-style-type: none">Dr Gopa Sabharwal, <i>Vice-Chancellor, Nalanda University, India</i>YBhg Datuk John Zinkin, <i>Managing Director, Zinkin Ettinger Sdn Bhd</i>YBhg Tan Sri Prof Dr Mohd Kamal Hassan, <i>Distinguished Professor, International Institute of Islamic Thought and Civilisation (ISTAC), International Islamic University Malaysia</i>Dr Sin Yee Chan, <i>Associate Professor, Department of Philosophy, The University of Vermont, USA</i> Chairperson: YBhg Prof Tan Sri Dato’ Dzulkifli Abdul Razak, <i>Vice-Chancellor, Albukhary International University, Malaysia</i>
5:45pm	End of Day One
SPECIAL EVENT	FINDING HARMONY IN PARADOX
7:15pm	Cocktail Reception / Arrival of Guests
8:15pm	A Special Presentation by <ul style="list-style-type: none">Huzir Sulaiman, <i>Playwright and Director</i>Nani Kahar, <i>Architect</i>YBhg Dato’ Dr Ng Kah-Ming, <i>Conductor-Harpsichordist-Musicologist</i>Tan Twan Eng, <i>Writer</i> and also featuring the work of Abdul Latiff Mohidin, <i>Artist and Poet</i>
9:45pm	Curated by: YBhg Datin Saidah Rastam, <i>Senior Fellow, Khazanah Nasional Berhad 2013-2014</i>
	End

DAY 2 : 1ST OCTOBER 2013

9:00 - 10:00am	Special Address Scott E. Kalb, <i>CEO and Founder, KLTI Advisors; Executive Director, Sovereign Investor Institute, USA</i> Introducer: Ahmad Farouk Mohamed, <i>Executive Director, Managing Director’s Office, Khazanah Nasional Berhad</i>
10:00 - 10:15am	Networking Break
SESSION 3	GROWTH AND DEVELOPMENT
10:15 - 11:45pm	<ul style="list-style-type: none">YBhg Datuk Dr Hamzah Kassim, <i>Co-Founder and Group Managing Director, The IA Group</i>YB Encik Khairi Jamaluddin, <i>Minister of Youth and Sports</i>Manu Bhaskaran, <i>Partner, Centennial Group; Founding CEO, Centennial Asia Advisors, Singapore</i>Dr William H. Overholt, <i>Senior Fellow, Fung Global Institute, Hong Kong; Senior Fellow, Harvard’s Asia Center and Senior Research Fellow, Harvard’s Kennedy School of Government, USA</i> Chairperson: Dr Nungsari Ahmad Radhi, <i>Managing Director, Prokhas Sdn Bhd</i>
SPECIAL SESSION	WOMEN IN SOCIETY AND BUSINESS - PROGRESS, STAGNATION OR REGRESSION?
11:45 - 12:45pm	<ul style="list-style-type: none">YBhg Dato’ Hazimah Zainuddin, <i>Founder and Managing Director, Hyrax Oil Sdn Bhd</i>YBhg Datin Paduka Mother Mangalam, <i>Co-Founder and President, Pure Life Society</i>Nadya Fadila Saib, <i>Co-Founder and CEO, Wangsa Jelita, Indonesia</i>YBhg Datuk Yvonne Chia, <i>Former Group Managing Director and CEO, Hong Leong Bank Berhad</i> Chairperson: Imran Ahmad, <i>Director, Khazanah Research and Investment Strategy, Khazanah Nasional Berhad</i>
12:45 - 2:00pm	Luncheon Address: ‘Starry Heavens Above and the Moral Law Within’: Morality and Finance Prof Dr Abbas Mirakhor, <i>First Holder, INCEIF Choir of Islamic Finance</i> Introducer: Daud Vicary Abdullah, <i>President and CEO, INCEIF</i>
2:00 - 2:15pm	Networking Break
2:15 - 3:15am	Special Address: ‘Malaysia@50: Challenges Past and Future’ Dr Jomo Kwame Sundaram, <i>Assistant Director-General, Economic and Social Development Department, United Nations Food and Agriculture Organization (FAO), Italy</i> Introducer: Prof Rajah Rasiah, <i>Acting Dean, Faculty of Economics and Administration, University of Malaya; Senior Fellow, Khazanah Nasional Berhad 2011-2013</i>
SESSION 4	LEADERSHIP AND PEOPLE
3:15 - 4:45pm	<ul style="list-style-type: none">YB Dato’ Seri Idris Jusoh, <i>Minister of Education II</i>YBhg Tan Sri Dato’ Seri Dr Jeffrey Cheah, <i>Founder and Executive Chairman, Sunway Group</i>Johan Mahmood Merican, <i>CEO, TalentCorp Malaysia</i>Michael Lake, <i>CEO, Pinewood Iskandar Malaysia Studios</i> Chairperson: YBhg Tan Sri Dr Jemilah Mahmood, <i>Founder, MERCY Malaysia; Senior Fellow, Khazanah Nasional Berhad 2011-2013</i>
4:45 - 5:00pm	Book Launch: The Launch Of ‘Can Malaysia Achieve Innovation-Led Growth? And ‘The Street Of Harmony’
5:00 - 5:15pm	Closing Address YBhg Tan Sri Dato’ Seri Utama Nor Mohamed Yakcop, <i>Deputy Chairman, Khazanah Nasional Berhad</i>
5:15 - 5:30pm	Closing Remarks YM Raja Tan Sri Dato’ Seri Arshad Raja Tun Uda <i>Board Member, Khazanah Nasional Berhad</i>
5:30pm	End of Day Two

A SUCCESSFUL LOSS

THE PARADOX OF THE MALAYSIA VS BARCELONA GAME

With the score 3-1 in Barcelona's favour, Malaysian football fans immediately acknowledged it reason enough to hold their heads high. But how many more times will the paradox hold before it loses its shine?

In the weeks before that fateful Saturday, everyone in the Harimau Malaya camp could already feel this was going to be yet another David vs Goliath game.

Barcelona initiated its Asian invasion in Bangkok at the that time and quickly sent jitters down the entire country by blasting ball after ball into the back of the net on the Thai side. Neymar started the goal fest barely 12 minutes into the game, followed by Messi who scored twice, Pedro who delivered a hattrick, Dangda and Sanchez to annihilate the Thais 7-1 at the final whistle. With the Siamese war elephant humiliated, our Harimau Malaya had every reason to fear what was to come as the battle hardened Barcelona marched into Shah Alam the following week.

Still, the 3-2 score against the EPL giant made it a loss the nation could be proud of. The paradox dawned on the Malaysians for the first time.

However, it wasn't the first time team Harimau Malaya had faced such the threat of a massive thrashing. In 2009 the Malaysian team clashed head-on with Manchester United and, against all odds, even managed to steal the first goal of the match. When the Red Devils tried to pull away with two goals, the Mohd Amri Yahya bagged his second to keep up and even raised the possibility of an upset before Michael Owen eventually put an end to such a lofty ambition.

Still, the 3-2 score against the EPL giant made it a loss the nation could be proud of. The paradox dawned on the Malaysians for the first time.

In 2012, it was thought to be déjà vu all over again when Manchester City came to town beating their war drums. After letting in three disastrous goals, Adamuddin Akil finally saved the country from humiliation with a late goal in the 87th minute. "Could've been worse," most thought. Everyone was quick to seek comfort in the paradoxical 'successful loss' once again.

But football is not unlike the world of business and economics.

And so Harimau Malaya kicked off against the mighty Barcelona with the primary aim of not letting themselves be humiliated like the Thais... and maybe give Barca a good run for their money in the process. Which they did, much to the roaring crowd's surprise and delight. Harimau Malaya very nearly took the lead early in the 20th minute when Norshahrul Idlan Talaha capitalised on a mix-up between Pique and Sergio Busquets and beaten the goalie Valdez with a superb chip which unfortunately struck the post.



Fabregas retaliated in the 33rd minute with a header that defeated goalkeeper Khairul Fahmi. But the game proved to be a rollercoaster ride as Barca's lead lasted only eight minutes before Mohd Amri Yahya's seasoned footwork blasted in Malaysia's equaliser to a screaming crowd.

From that point on, Barcelona dominated the match. After Neymar set the score 2-1 for Barcelona, the spectre of the Thai's disastrous defeat saw Harimau Malaya go into damage control. The manic defending saw the Malaysians conceding only one goal in the second half to Pique despite Barcelona's relentless attacks.

It was 3-1 at the final whistle. And again, the paradox of 2009 was embraced once more.

To be fair, team Harimau Malaya did deserve to do so. Against a world-class foe, the Malaysians put up a spirited fight and made the Catalans work hard for each goal. The quality of the defence shined all night as it withstood assault after assault by deadly Barca marksmen to concede only three goals, a fact that was publicly acknowledged by Barcelona's Alex Song. No doubt the Thais will be watching the replay many times over in the months to come. It was a good loss.

The half-full optimism isn't enough to keep Malaysia going – the team needs to find ways to pour in more water past the halfway mark.

But football is not unlike the world of business and economics. If an analyst keeps seeing the glass half full every time, it won't be long before pundits ask why the cup is always filled only halfway.

And ask they did. Despite the spirited performance Malaysia managed ball possession only about 10% of the time. A dismal figure considering the team was playing on the home turf. Harimau Malaya simply cannot move on to the next level unless they learn to gain more control of the play. Neat, tightly controlled passes were too few and far in between, although the odd ones that made the standard did result in the spectacular plays by Norshahrul Idlan and Mohd Amri. All throughout the 90 minutes, it was painfully clear to all that Malaysia needed more of it as the Catalans schooled the home team time and again on how the passing game ought to be played. So when national coach announced he was happy with the result, the irony was not lost on many. The half-full optimism isn't enough to keep Malaysia going – the team needs to find ways to pour in more water past the halfway mark.

While it's good that the Malaysian football team is able to 'lose well', it must take steps to make sure this paradox does not become a habit. Harimau Malaya must double the effort to raise its game or risk allowing this paradox define their future forever.