



THE CENTER TO COMBAT
CORRUPTION AND CRONYISM

BUSINESS IN POLITICS

Seeking Control of Malaysia's
Political System



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Business in Politics: Seeking Control of Malaysia's Political System

Edmund Terence Gomez

Politics and Business: Brief History

A major feature of Malaysia's political system has been the persistent link between politics and business, a phenomenon commonly referred to as "money politics" or "political business". This political-business nexus has a multi-dimensional form, with each trait subject to change. This report draws attention to previously unnoted forms of connections between politics and business that merit attention.

This business-politics nexus first occurred in 1949, when corporate magnates combined forces to establish the Malaysian Chinese Association (MCA) to contest elections to gain entry into the post-colonial government. One outcome of this mix of politics and business was the Multi-Purpose Holdings Bhd (MPHB) scandal, a serious corruption issue that led to the fall of MCA president, Tan Koon Swan.¹ In the United Malays National Organization (UMNO), in 1972, its Treasurer, Tengku Razaleigh Hamzah,² incorporated Fleet Holdings Sdn Bhd, which emerged as a major corporate figure in the media, banking, and construction sectors. In 1984, Prime Minister Mahathir Mohamad appointed Daim Zainuddin, an extremely well-connected businessman, as Finance Minister and UMNO Treasurer. Daim's triple role as private businessman, UMNO Treasurer, and Finance Minister resulted in a complex mix of politics and business, culminating in numerous controversies, including the North-South Highway scandal, a privatized project awarded to the party.³ Following a debilitating factional feud in 1987 because of this growing mix of UMNO politics and private business, the party was deregistered. Mahathir formed *UMNO Baru* (New UMNO)⁴ and the party's vast corporate assets were channeled to businessmen closely tied to him and Daim.

¹ The MCA is no longer led by tycoons, though it continues to use a holding company to control its corporate assets, particularly its vital majority equity interest in Malaysia's leading English newspaper, *The Star*. The incorporation and development of MPHB was traced by Bruce Gale, *Politics and Business: A Study of Multi-Purpose Holdings Berhad* (Eastern Universities Press, 1985).

² Razaleigh was also responsible for establishing major public institutions such as Petronas, Pernas, and Bank Bumiputra.

³ Another Daim-related controversy was the United Malayan Banking Corporation (UMBC) scandal. For a study of Fleet Holdings and its development by Razaleigh and Daim, see Edmund Terence Gomez, *Politics in Business: UMNO's Corporate Holdings* (Forum, 1990).

⁴ In 1988, the court ruled UMNO an illegal organization because of the presence of unregistered branches during the 1987 party election when Razaleigh nearly unseated Mahathir as president. Party dissidents were denied entry into UMNO Baru, while Razaleigh went on to form a new party. UMNO Baru retained its hegemonic position in the ruling multi-party coalition, *Barisan Nasional* (BN), which comprised about a dozen parties, including the MCA. The Malaysian Indian Congress (MIC), another major BN component member, was similarly mired in corruption issues related to its corporate holdings, particularly its major investment enterprise, Maika Holdings Bhd. For an analysis of these political and

In the 1990s, through the active implementation of privatization and extensive practice of selective patronage to create Malay corporate captains, public contracts were awarded to UMNO politicians, leading to the phenomenon of politicians-in-business, another mechanism to raise money to fund political ascendancy. UMNO politicians who emerged with a major interest in the corporate sector were current party president, Ahmad Zahid Hamidi, former federal minister, Tengku Adnan Mansor,⁵ and Kamarudin Jaafar,⁶ who later hopped into *Parti Se-Islam Malaysia* (PAS), then on to *Parti Keadilan Rakyat* (PKR).⁷ Kamarudin is now a member of *Parti Pribumi Bersatu Malaysia* (Bersatu), an UMNO breakaway.⁸ When many of these politicians in business were mired in debt during the 1997 Asian Financial Crisis, a massive re-nationalization exercise was undertaken to bail them out. This led to the growth of government-linked companies (GLCs), now a major economic resource controlled – and abused – by politicians in power. GLCs, another mode of politics-in-business, serve as a major source of revenue for parties in control of federal and state governments. Public resources, such as procurement contracts and licences, are awarded through GLCs to well-connected businesspeople and politicians, while party members receive huge stipends as directors of these enterprises, some of which are used to fund political activities.

A “revolving door” was created, with politicians frequently moving between GLCs, private firms, and Parliament, while economic and political power came to be concentrated in UMNO’s hands. Businesses had little influence over the government, with even large companies subservient to the dictates of a “strong state”, or a government controlled by a dominant party, at the federal or state level. In the 2008 general election, an unprecedented event occurred when five state governments fell to the opposition. In these state governments, even these opposition parties began to use the GLC system to consolidate power and offer directorships to party members.

This escalating confluence of politics and business was exacerbated by the entry of businesspeople into the political system as elected representatives, while politicians in power included those who belonged to families in business. The phenomenon of business-in-politics, first seen in 1949, when tycoons formed and funded the MCA to capture power, was re-emerging. As strategic interactions between politics and business became quite diverse, this resulted in an extremely corrupt political system.

When UMNO lost power for the first time in the 2018 general election, reforms were proposed to address corruption and devolve power to oversight institutions. However, Malaysia, now poised for democratic change changed tack when the “Sheraton Move” occurred. In February 2020, Bersatu and eleven PKR parliamentarians opted out of the *Pakatan Harapan* coalition

business controversies, see Edmund Terence Gomez and Jomo K.S., *Malaysia’s Political Economy: Politics, Patronage and Profits* (Cambridge University Press, 1999).

⁵ The rise of Zahid Hamidi and Adnan Mansor in business and in politics is traced in the report by C4 entitled “Foundations and Donations: Political Financing, Corruption, and the Pursuit of Power”, published in 2021:

https://c4center.org/wp-content/uploads/2021_c4_center_foundations_and_donations.pdf.

⁶ For an analysis of how a large number of UMNO politicians emerged in the 1990s as owners of private firms, see Edmund Terence Gomez (2002), “Political Business in Malaysia: Party Factionalism, Corporate Development and Economic Crisis”, in Edmund Terence Gomez (ed.), *Political Business in East Asia* (London: Routledge): pp. 82-114.

⁷ PKR was created by Anwar Ibrahim, the current Opposition leader, following his removal in 1998 as Deputy Prime Minister and UMNO’s Deputy President.

⁸ Bersatu was incorporated in 2017 by ex-Prime Minister Mahathir.

to forge a new governing alliance, *Perikatan Nasional*. Politicians who had hopped out of their parties – or coalitions – under whose ticket they had become MPs, had been – or still are – in business. They include Hamzah Zainudin and Syed Abu Hussin, who left UMNO after the party fell from power; Edmund Santhara and Larry Sng, both once of PKR; and Mohd Redzuan Yusof of Bersatu. This issue of party-hopping – or coalition-hopping – raised concerns about politicians hankering after power to capture publicly-generated concessions and control government to shape policies that facilitated access to corporate wealth.

This report provides a brief overview of different forms of the phenomenon of business-in-politics, with a focus on parliamentarians. This review offers insights into the key features of business-in-politics, as well as the social, economic, and political implications of this trend in its various forms. Four main business-in-politics forms have been identified:

- a) politicians who belong to a family business or are closely related to owners of such enterprises;
- b) children of former government leaders who were active in business, but now are MPs;
- c) people in business entering politics; and
- d) former executives from the private sector and GLCs now in politics.

Forms of Business-in-Politics

1. Family business & politics

A novel form of business-in-politics is the growing presence of politicians who belong to a major family business or are closely related to owners of such enterprises. A related issue is that of marriage ties between the children of politicians and well-connected businessmen. These marriage ties suggest the rise of new elite political-business links, involving families from Sarawak and the peninsula. The politicians in this category are Larry Sng, Fadilah Yusof, and Robert Lawson. All three are MPs from Sarawak.

i) Larry Sng @ Soon

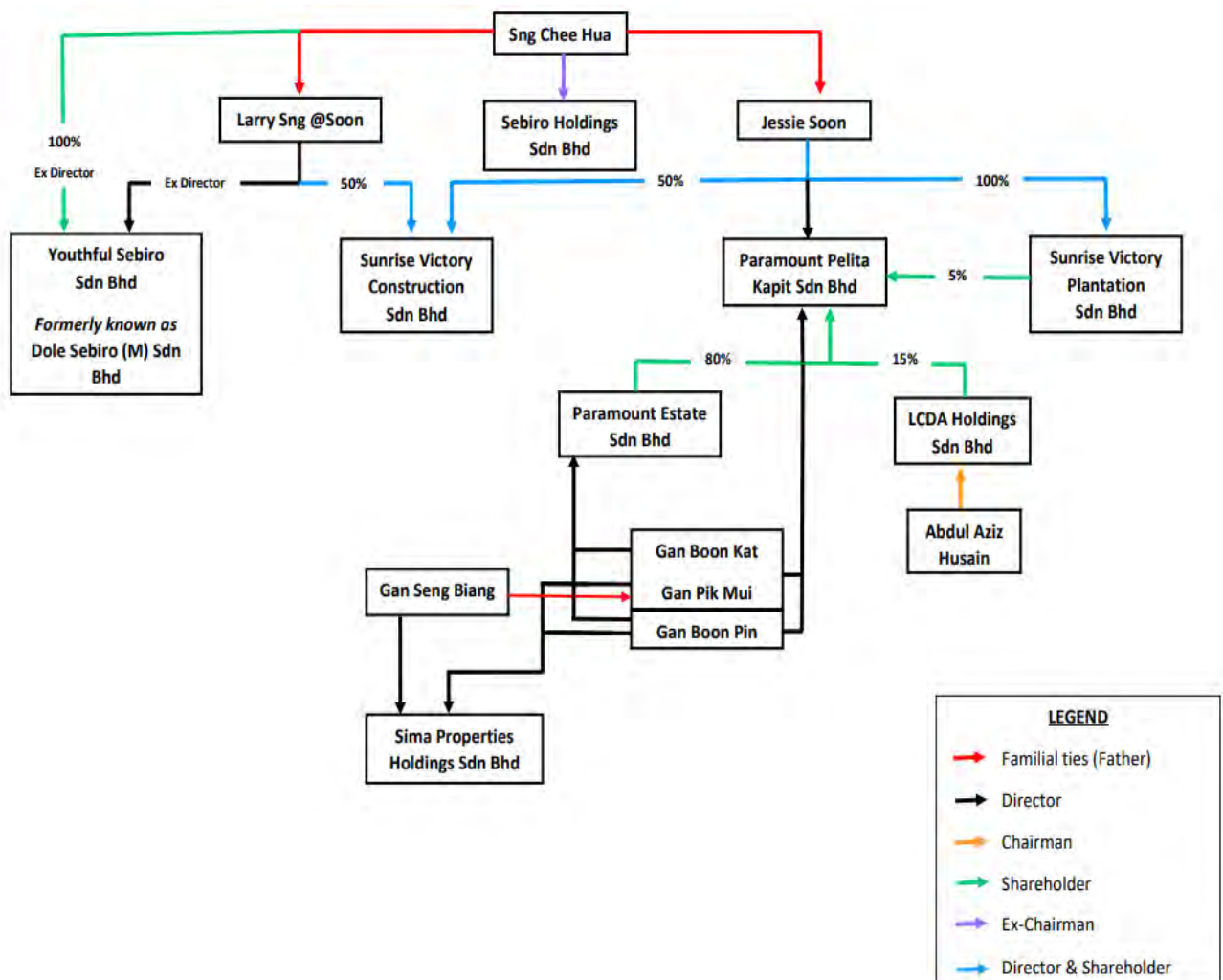
Larry Sng is a member of a family with a long involvement in business and politics. His grandfather, Sng Chin Joo, and father, Sng Chee Hua, were in business and active in politics in Sarawak. In 2001, at the young age of 22, Larry entered politics when he won the Pelagus state seat, held by his father. He was then appointed Assistant Minister in the Chief Minister's Office, under Abdul Taib Mahmud. In 2018, Larry became MP for Julau, a seat his father once held, running as an independent candidate. He joined PKR and subsequently became the party's Sarawak chief in 2020 (*The Vibes*, 17 October 2020). Not long later, he left PKR and established a multi-racial party, *Parti Bangsa Malaysia*.

When Larry married May Ting, the daughter of the late Sarawak tycoon, Ting Pek Khiing, their marriage was one that linked “two well-known Sarawakian personalities” – Ting, a key figure in the construction industry, and Sng Chee Hua, then a deputy president of a political party and a “renowned corporate player” (*Malaysiakini*, 14 October 2006). Ting was close to former Prime Minister Mahathir, an association that helped him, in 1994, to obtain, without tender, the contract to construct the RM15 billion privatized Bakun Dam project. The deal fell through when a financial crisis occurred in Asia in 1997.

Although Larry is part of the third generation of a family in business, he has corporate ventures of his own. He is a director and shareholder of Sunrise Victory Construction Sdn Bhd, which he co-owns with his sister, Jessie Soon, each with a 50% stake. Jessie Soon is also a director in Paramount Pelita Kapit Sdn Bhd, whose shareholders are Paramount Estate Sdn Bhd (80%), LCDA Holdings Sdn Bhd (15%), and Sunrise Victory Plantation Sdn Bhd (5%). The shareholders of Paramount Pelita Kapit are an intriguing union of the Sng family, a major state-level GLC (LCDA Holdings), and the peninsula-based Paramount Estate, owned by the Gan Seng Biang family.

LCDA Holdings is Sarawak’s corporate arm of the Land Custody and Development Authority (LCDA), or the Lembaga Pembangunan dan Lindungan Tanah (PELITA), a state-owned statutory body incorporated in 1981. The Chairman of LCDA is Abdul Aziz Husain, the brother-in-law of Taib Mahmud. Abdul Aziz is also the Chairman of Sarawak Economic Development Corporation (SEDC). Figure 1 provides a mapping of the privately-owned companies and GLC linked with Larry Sng and his family.

Figure 1: Family and Business Ties of Larry Sng



ii) *Fadillah Yusof and Robert Lawson Chuat*

Fadillah Yusof, MP for the Petra Jaya constituency since 2004, is a federal-level Cabinet minister, holding the Works portfolio. He is a member of Sarawak's leading party, *Parti Pesaka Bumiputera Bersatu* (PBB), long associated with the state's former Chief Minister, Taib Mahmud. While there is no evidence that Fadillah owns corporate equity or holds directorships of firms, his brothers, Bustari Yusuf and Ahmadi Yusoff,⁹ have an interest in OBYU Holdings Sdn Bhd.¹⁰ Bustari was reportedly closely associated with former Prime Minister Najib Razak.¹¹

OBYU Holdings, incorporated by Bustari in 1977 as a trading company in Kuching, is now a well-established family firm, with the second generation playing a major role in this enterprise.¹² Ahmadi and Bustari's children, Mohamad Nadziff, Mohamad Subky, and Siti Yuhaniz¹³ are directors of this family firm.

Another company linked to Bustari is KACC Construction Sdn Bhd, the construction wing of OBYU Holdings. Bustari's children, Nadziff, Siti, and Subky, each having a 27.03% stake in KACC Construction whose other major shareholder, with an 18.9% interest, is Jennifer Bermas Jabu, the daughter of Alfred Jabu, a longstanding PBB leader and former Deputy Chief Minister.¹⁴ His other daughter, Umang Nangku Jabu, is a director of publicly-listed Cahya Mata Sarawak Bhd (CMS), the Taib family's primary holding company.¹⁵

KACC Construction has a 70% stake in Konsortium KPE Sdn Bhd, one of the main contractors of the Pan Borneo Highway, a major project initiated in 2017. The directors of Konsortium KPE include Nadziff and Robert Lawson Chuat, a PBB member. Lawson, the nephew of Alfred Jabu, was elected to the Sarawak state assembly in 2006, winning the Bukit Saban constituency which he retained in the 2011 state election, after which he was appointed an Assistant

⁹ Ahmadi Yusoff is a director of the Miri-based Petra Energy Group, an oil & gas firm. In 2012, Bustari had a 23% stake in Petra Energy, while 9% of the company's equity was held by Mohd Nizam Abdul Razak, the brother of then Prime Minister Najib Razak (*The Edge*, 21 June 2012).

¹⁰ Ahmadi and OBYU Holdings have a joint equity interest in Shorefield Sdn Bhd which, in turn, wholly-owns Konsortium URW Sdn Bhd, a Kuching-based real estate enterprise. Konsortium URW was a "nominated sub-contractor" for the multi-billion ringgit Pan Borneo Highway project (*The Edge*, 25 September 2019).

¹¹ When the 1MDB scandal broke, the government claimed that RM265 million of this GLC's funds had been disbursed from Najib's bank account to 41 respondents, comprising individuals and "entities". Bustari was one of these respondents. Bustari "agreed to forfeit RM3.68 million" in response to the government's forfeiture action against him (*The Edge*, 27 November 2019). In September 2022, during Najib's corruption trial, it was disclosed that jewelry, watches, and handbags, with a total value of RM80 million, were seized from an apartment in Kuala Lumpur that belonged to OBYU Holdings (see *Free Malaysia Today*, 26 September 2022).

¹² When PricewaterhouseCoopers (PwC), one of the Big Four accounting firms, did a report on family businesses in Malaysia, one enterprise that was reviewed was OBYU Holdings.

See: <https://www.pwc.com/my/en/assets/publications/global-family-business-survey-focus-on-malaysia.pdf>

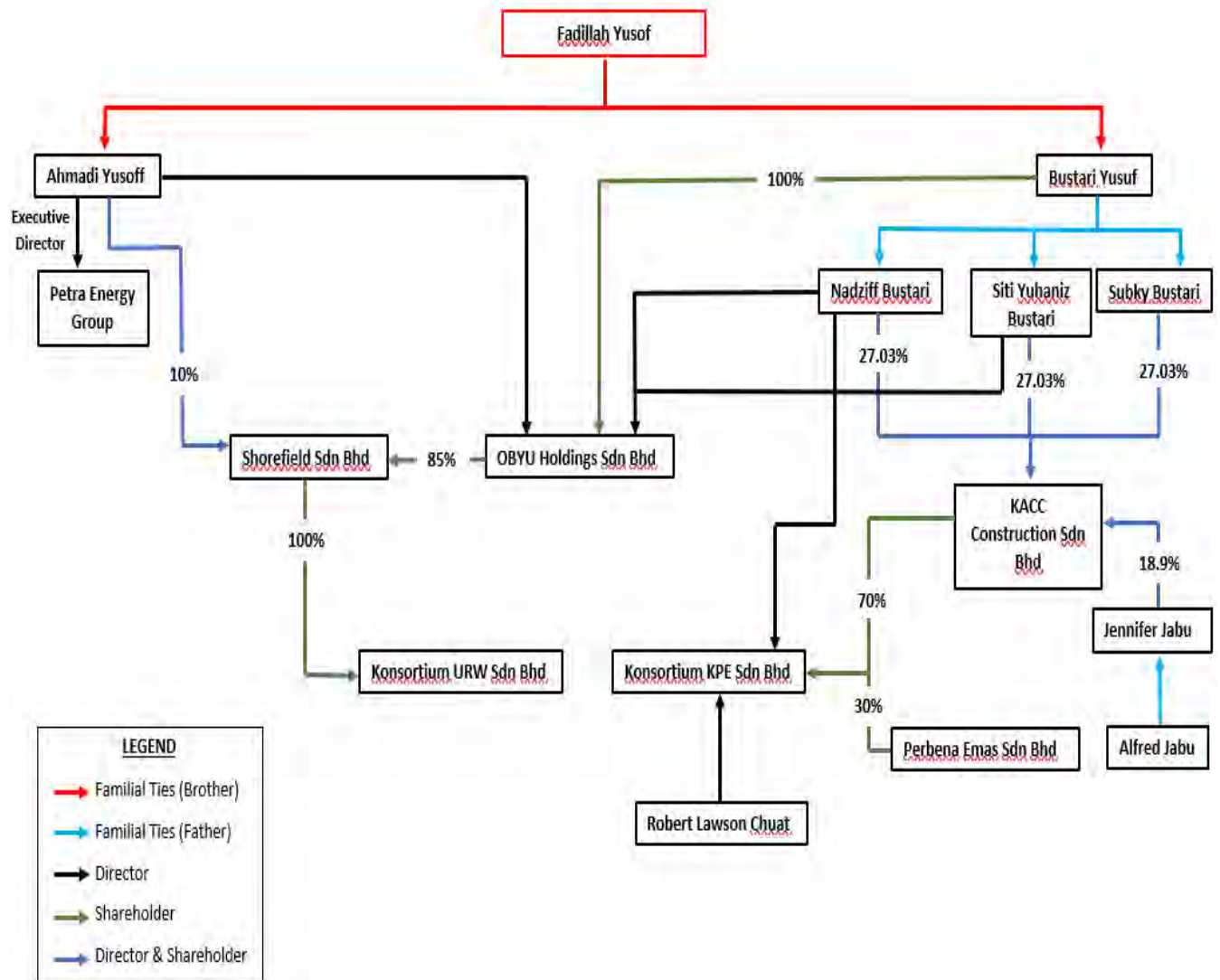
¹³ Siti Yuhaniz is married to Ahmad Khalif, the son of the late Mustapha Kamal, a well-connected peninsula-based property developer who founded the Emkay Group (*The Star*, 15 May 2006).

¹⁴ Alfred Jabu became a state assemblyman in 1973 and remained one until 2016. He was appointed Deputy Chief Minister of Sarawak in 1976, a post he held until he retired from politics.

¹⁵ Umang Jabu also served as a director of the Ta Ann Holdings group, a major well-diversified quoted enterprise with a huge interest in timber products and plantations.

Minister. In the 2018 general election, he became MP of the Betong constituency. Lawson was also a director and shareholder of Durafarm Sdn Bhd which was linked to WTK Holdings,¹⁶ an enterprise connected to the late Wong Tuong Kwong, reputedly one of Sarawak’s richest men. Figure 2 provides a mapping of the business interests of the families of Fadillah and Lawson.

Figure 2: Family and Business Ties of Fadillah Yusof and Robert Lawson Chuat



¹⁶ WTK Holdings is one of the “Big Six” timber firms in Sarawak, with ownership of 3.7 million hectares of forest land. The other five companies are the Samling, RH, Shin Yang, Ta Ann, and KTS groups (*Malay Mail*, 3 November 2015).

2. Children of former ruling politicians in business and now in politics

The children of two former Chief Ministers and an ex-Prime Minister were active in business and are now in politics. These politicians are Mukhriz Mahathir, the son of former Prime Minister Mahathir; Hanifah Taib, the daughter of Taib Mahmud, former Chief Minister of Sarawak; and Yamani Hafez Musa, the son of Musa Aman, former Chief Minister of Sabah.

Unlike the business activities of Hanifah and Yamani, the history of Mukhriz's involvement in the corporate sector is well recorded. Mukhriz, formerly of UMNO, is now a member of a party founded by his father, *Pejuang*, a breakaway from Bersatu. Bersatu, an UMNO breakaway, was also established by Mahathir. Mukhriz twice served as Chief Minister of Kedah. He also served as a Deputy Minister in the federal government while in UMNO. Mukhriz was extremely active in business before entering politics, though his most prominent enterprise was publicly-listed Opcom Holdings Bhd, incorporated in 1994 to manufacture fiber optic cables. The other shareholders of Opcom Holdings were Mukhriz's wife, Norzieta Zakaria, and his elder brother, Mokhzani Mahathir.¹⁷ Another quoted firm in which Mukhriz was a shareholder was Ajiya Bhd, incorporated in 1990 as a metal roll forming enterprise.¹⁸ Mukhriz was also associated with a string of obscure private firms,¹⁹ as well as a foundation, Yayasan Iskandar.

i) *Hanifah Taib*

Hanifah Taib is a first-term Member of Parliament, winning the Mukah constituency in Sarawak in 2018. She is a member of the PBB, associated with her father, Taib Mahmud. Hanifah is a federal-level Deputy Minister, serving in the Prime Minister's Department and in charge of Sabah and Sarawak Affairs. Taib is presently the state's Governor, a ceremonial role though he probably continues to wield significant influence in Sarawak.

Among Hanifah's numerous enterprises was Demak Jaya Holdings Sdn Bhd, a private exempt company incorporated in 1988 which she co-owned with Taib, with each having a 50% stake (*The Edge*, 3 March 2014). Hanifah and Jamilah Taib, her elder sister, were directors and co-shareholders of Majaharta Sdn Bhd, which had, similar to Robert Lawson, a shareholding in publicly-listed timber-based WTK Holdings.²⁰ Hanifah's brother, Mahmud Abu Bekir, is also a director and manager of Majaharta, which is one major shareholder of the Taib family's Cahya Mata Sarawak Bhd (CMS), with 12.54% stake.

Mahmud and Hanifah's other sibling, Sulaiman Taib,²¹ are directors of CMS. Sulaiman is the Group Managing Director of CMS, while Mahmud serves as the Deputy Group Chairman. Another director of CMS is Hanifah's uncle, Abdul Aziz Husain – he married her father's sister, Fredahanam Mahmud. Abdul Aziz, Chairman of the state government's GLC, LCDA Holdings, is concurrently Chairman of Sarawak Metro, owned by the Sarawak SEDC. Another noteworthy director of CMS is Umang Nangku Jabu, the daughter of Alfred Jabu.

¹⁷ Mokhzani is similarly active in business, having held an interest in numerous enterprises. He served as Treasurer of UMNO Youth, but resigned from this post in 2001. Mokhzani left UMNO in 2008.

¹⁸ <https://klse.i3investor.com/web/corporatefigure/detail/8885?id=8885-21846-492426367>

¹⁹ These unlisted companies include Maharizan Sdn Bhd, Tegaz Consult Sdn Bhd, Sabit Capital Sdn Bhd, Strategem Sdn Bhd, and M Ocean Capital Sdn Bhd.

²⁰ According to WTK Holdings' 2020 Annual Report, Majaharta has 0.48% stake in the enterprise.

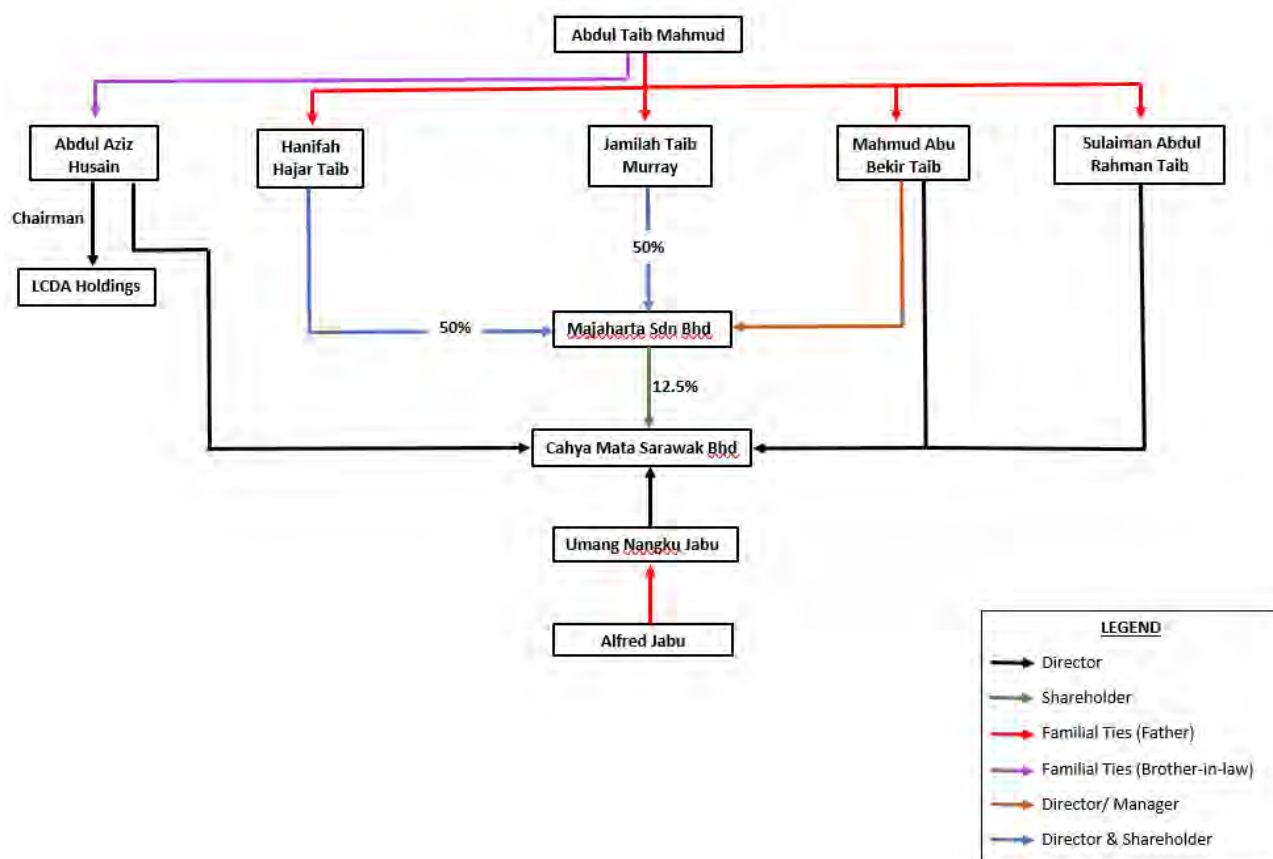
²¹ Sulaiman was elected in 2008 as the MP for Kota Samarahan, a seat held by his father. He was then appointed a Deputy Minister, though he resigned from this post after just seven months (*The Star*, 10 December 2009). Sulaiman served only one term as an MP.

According to *The Edge* (3 March 2014), during Taib’s long rule of Sarawak, he allowed his immediate and extended family members to secure control of 400 companies which were involved in every sector of the state’s economy. His family members also held assets in four countries then worth more than RM800 million.

As for Hanifah, she appears to have a personal interest in the education sector. Hanifah has an equity interest in the peninsula-based Limkokwing University of Creative Technology which has a campus in Sarawak. Her other personal business interests are in media (through Cats FM) and in tourism through the Miri Marriott Resort and Spa. Figure 3 provides a mapping of the business and family ties of Hanifah.

Hanifah was one of ten Malaysians named in the Pandora Papers, a report by the Investigative Consortium of Investigative Journalists, when it was released in October 2021.²² According to this report, Hanifah was the owner and director of two offshore firms in the British Virgin Islands.²³ Her brother, Mahmud, was also named in this report.

Figure 3: Family and Business Ties of Hanifah Taib



²² In the Pandora Papers, there are about 12 million confidential financial files, obtained from 14 offshore service providers who establish and manage shell companies and trusts in tax havens (*The Edge*, 4 October 2021). These details of these offshore accounts, held by prominent figures, were published by the US-based International Consortium of Investigative Journalists. Among the other Malaysians named in this report were UMNO President Ahmad Zahid Hamidi and former Finance Minister Daim Zainuddin.

²³ See: <https://offshoreleaks.icij.org/nodes/50016>

ii) *Yamani Hafez Musa*

Yamani Hafez Musa is the eldest son of Musa Aman, the former Chief Minister of Sabah who lost power in 2018 general election. Musa was subsequently charged with about 35 counts of corruption related to timber concession contracts in Sabah.

Yamani is a first-time MP, serving the Sipitang constituency in Sabah, a seat he won in 2018 by a slim majority as an UMNO candidate. After the fall of his father, Yamani did not appear in Parliament to take his oath of office until January 2019, a mere nine days before which he would have been disqualified as an MP (*New Straits Times*, 6 January 2019). He left UMNO to become a member of Bersatu. In July 2020, he was given the Chairmanship of a major GLC, Felcra, or the Federal Land Consolidation and Rehabilitation Authority, a post he held until he was appointed as Deputy Finance Minister II in August 2021 by Prime Minister Ismail Sabri Yaakob. Felcra is a major government enterprise, established in 1966 as a statutory body, though corporatized in 1997, with a focus on developing rural economies. Felcra is wholly-owned by the Ministry of Finance's holding company, Minister of Finance Inc.

Yamani had an active interest in business, as a shareholder and director of numerous companies, some linked with his parents and siblings. Yamani's father, Musa Aman; his mother, Faridah Tussin; his brother, Hazem Mubarak Musa; and his sister, Lenny Natasha Musa²⁴ served with Yamani as directors and shareholders of Musman Holdings Sdn Bhd.²⁵ Musman Holdings, an investment holding company, is probably a family enterprise, based on its shareholders and directors. Musman Holdings had an equity interest in THP Sabaco Sdn Bhd, in which Hazem was listed as a director. TH Plantation Bhd is the publicly-listed plantation arm of the Lembaga Tabung Haji (LTH),²⁶ one of Malaysia's seven government-linked investment companies (GLICs).²⁷ TH Plantation has a 51% stake in THP Sabaco,²⁸ while Musman Holdings owns about 14 million shares in THP Sabaco (see Figure 4).

Yamani had a majority interest in Tawau Green Energy Sdn Bhd, a Sabah-based enterprise that designs, develops, and constructs geothermal power plants. In 2013, Yamani acquired a 52% stake in this company which was awarded the contract to build Malaysia's first geothermal

²⁴ Yamani had another brother, Mohammed Hayssam, who passed away in 2021. Lenny Musa's husband is Arifin Arif, a longstanding UMNO member and state assemblyman for Membakut, a seat he has held since 2004. Arifin left UMNO to join Bersatu after the 2018 election and now serves as State Minister of Special Tasks. Yamani's uncle is Anifah Aman, former Minister of Foreign Affairs, also an UMNO member who retained his Kimanis parliamentary seat in 2018. Anifah, however, left UMNO after this general election. He now leads a new party, *Parti Cinta Sabah* (PCS). In 2019, Anifah's victory in the battle for the Kimanis seat was declared void by the Federal Court because of "widespread non-compliance with the election laws" (*The Edge*, 3 December 2019). Anifah did not contest the Kimanis by-election in January 2020 which was won by the BN.

²⁵ The members of the Musa family had an interest in a number of obscure private firms, including Casira Sdn Bhd (Musa and Faridah are shareholders and Hazem is a director), S.G.M. Development Sdn Bhd (Lenny and Hazem are directors, with Musa and Faridah as shareholders), and Hasil Cergas Sdn Bhd (Musa and Hazem are directors, while Yamani was a shareholder).

²⁶ LTH is TH Plantation's largest shareholder.

²⁷ The other six GLICs are Minister of Finance Incorporated (MoF Inc), Khazanah Nasional Bhd, Permodalan Nasional Bhd (PNB), Employees Provident Fund (EPF), Kumpulan Wang Persaraan Diperbadankan (KWAP), and Lembaga Tabung Angkatan Tentera (LTAT). For a study of these GLICs, see Edmund Terence Gomez, et al., *Minister of Finance Incorporated: Ownership and Control of Corporate Malaysia* (Palgrave-Macmillan, 2018).

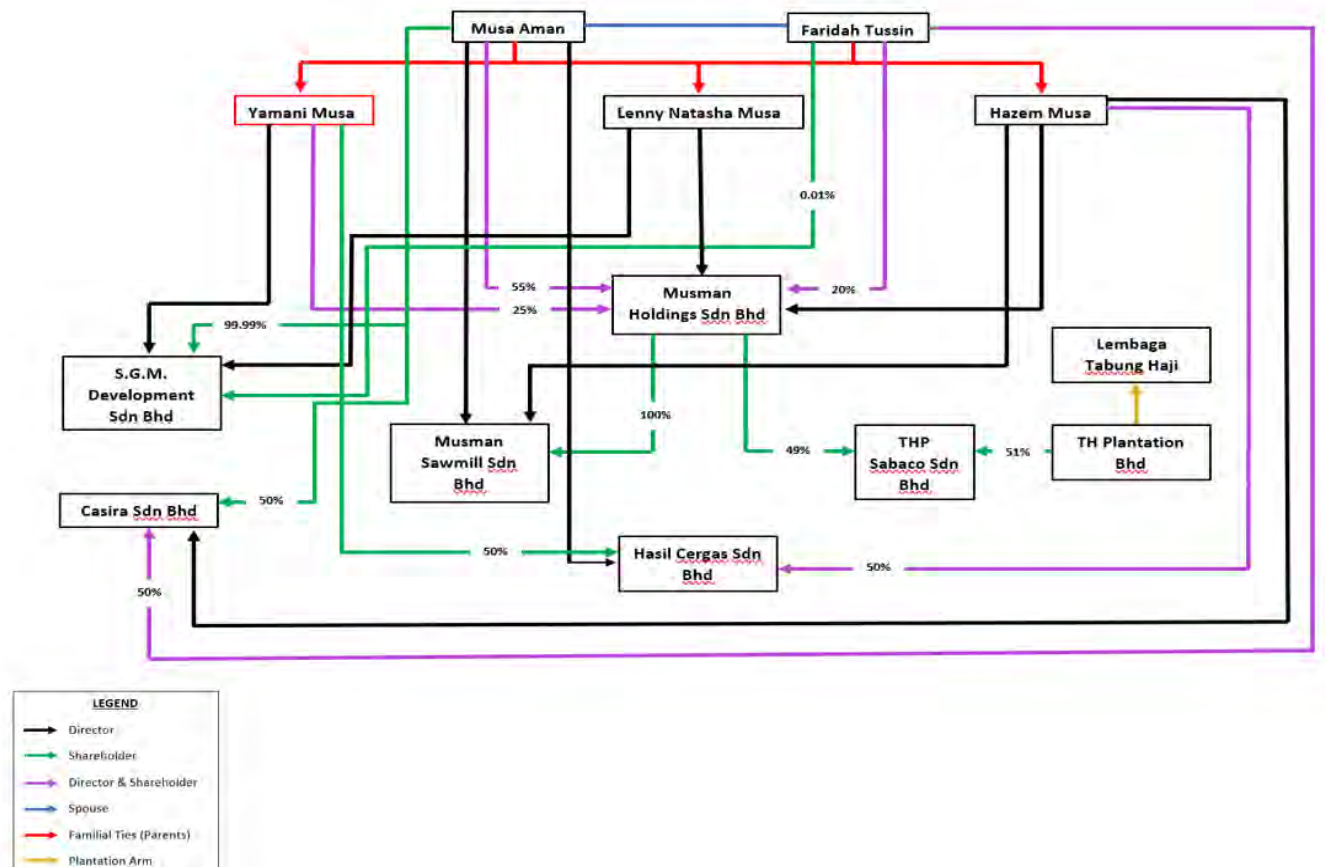
²⁸ TH Plantation Bhd 2021 Annual Report.

power plant in Tawau, Sabah (*New Straits Times*, 6 December 2018). This 37MW geothermal plant project was to commence work in July 2015. However, its permit was revoked by the federal government in August 2018 because the company had not made any progress in this project – drilling operations had ceased since late 2016 – though it was supposed to have been completed by the end of 2017 (*The Edge*, 6 December 2018).

A publicly-listed company linked with Yamani is Handal Energy Bhd, an oil & gas enterprise that specializes in manufacturing, maintaining, and servicing offshore cranes. *The Edge* (1 January 2020) reported that the group’s managing director, Sunildeep Singh Dhaliwal, and Yamani “held a 31.55% stake in Handal through Borneo Seaoffshore and its holding company, SeaOffshore Capital Sdn Bhd” and that “the company became entangled in local politics recently after it was claimed to be one of the beneficiaries of Petronas contracts due to its political affiliations”, an allegation denied by a director of the firm.²⁹ Yamani was a past director or shareholder of numerous companies associated with Handal Energy, including Borneo Seaoffshore Sdn Bhd and Borneo Seaoffshore Engineering Sdn Bhd.

In 2021, when the Pandora Papers report was released, Yamani and his siblings were mentioned as directors of Great Ocean Consultants, in the British Virgin Islands, from 2013 to 2015. Yamani’s father became the company’s sole director in 2015 (*Malay Mail*, 2 November 2021).

Figure 4: Yamani Musa’s family and business ties



²⁹ For the full report on Yamani’s equity interest in Handal Energy in early 2020, see: <https://www.theedgemarkets.com/article/handal-energy-looks-diversify-business-through-partnerships>.

3. Businessmen in politics

This group comprises four politicians of which two, Hamzah Zainudin and Syed Abu Hussin, both originally with UMNO, are now in Bersatu. Tiong King Sing is a long-term Sarawak-based MP, while another businessman in politics is Adham Baba of UMNO.

One businessman in politics who merits mention is M. Karupaiya of PKR. He is a first-term MP for Padang Serai, in Kedah. Karupaiya runs a transportation enterprise, with ownership of three firms, Direct Express (M) Sdn Bhd, Direct Express Logistics (M) Sdn Bhd, and Direct Transport Agency. He has, however, not achieved a major presence in the corporate sector.

i) *Hamzah Zainudin*

Hamzah Zainudin's history is one of an UMNO member who held GLC appointments, ran his own businesses, and served as a director of numerous Chinese-owned firms. Born in Perak in 1957, Hamzah obtained a Diploma in Quantity Surveying from Universiti Teknologi Malaysia in 1975. He appears to have acquired an interest in property development from his stint as a general manager, from 1979 till 1984, in a GLC, Maju Bangun Sdn Bhd, a subsidiary of the Perak State Development Corporation. Here, Hamzah would have seen how public contracts were awarded to private businessmen, during a period when the federal government under Mahathir was actively promoting the rise of Malay corporate captains. Hamzah held appointments with other GLCs, including as Chairman of Felcra.

Hamzah's chairmanship of Felcra from 2000 to 2006 was quite unusual as such key GLC appointments are normally held by prominent politicians.³⁰ Given Felcra's focus, its directors had control of distribution of aid and other government concessions to rural communities, UMNO's stronghold. Hamzah was not a prominent political figure when he was accorded this major GLC appointment, though he was also given his first major political appointment in 2000, as a Senator, a position he held for the maximum period of six years.

In 1989, he ventured into business, as a contractor. While in business, Hamzah held political appointments. In 1989, he was appointed a member of the Ipoh City Council, serving there until 1994. He was a Senator for two terms and then, in 2008, he was elected as MP for the Larut constituency and appointed Deputy Minister of Housing and Local Government by then Prime Minister Abdullah Ahmad Badawi. Under the Najib government, he served as Deputy Minister of Plantation Industries, from 2009 till 2013, as Deputy Minister of Foreign Affairs, from 2013 till 2015, and as Minister of Domestic Trade, Cooperatives and Consumerism, from 2015 till 2018. Although he retained the Larut seat in the 2018 general election on an UMNO ticket, he switched his political alliance to Bersatu in December 2018. When Muhyiddin Yassin took over as Prime Minister, he appointed Hamzah as Home Minister, a position he retained when Ismail Sabri took control of government in 2021. Hamzah is currently Secretary-General of Bersatu. He is also Secretary-General of the Perikatan Nasional.

After leaving Maju Bangun in 1984, Hamzah joined Justera Sdn Bhd, a subsidiary of a well-connected publicly-listed company, Construction & Supplies House (CASH) Bhd. He resigned

³⁰ Politicians who have held the chairmanship of Felcra are Bung Moktar Radin, an MP from Sabah who was the state's UMNO chief, and, as mentioned, Yamani Musa. Hamzah was, however, reported as being Mahathir's "trusted ally" (see *South China Morning Post*, 13 May 2004).

as a director of CASH in 1991. However, he continued to hold other corporate appointments, with various quoted and unlisted companies such as Tanah Emas Corporation Bhd.³¹ Among listed firms, Hamzah was a director of LFE Corporation Bhd, a diversified group of mechanical and engineering firms as well as a construction-related enterprise,³² and Deputy Chairman of Asian Pac Holdings Bhd and Tanco Holdings Bhd. He was Non-Executive Chairman of South Malaysia Industries Bhd for a period of nine months, resigning from this post in March 2020, when he was appointed to the Cabinet. Interestingly, numerous companies where Hamzah served as a director were delisted. He was Chairman of Evermaster Group Bhd, a Sabah-based timber products company incorporated in 1995 that ran into debt-related problems in 2009 and was delisted in 2011 (*The Edge*, 24 May 2009).³³ Hamzah was also a director and shareholder of Bintai Kinden Corporation Bhd,³⁴ which was delisted in 2003 (*The Star*, 21 October 2003) and Chairman of Hexagon Holdings Bhd which was also delisted in 2014 due to its “failure to submit a regularisation plan to Bursa Malaysia for approval” (*The Edge*, 5 May 2014).

While it is uncertain how much wealth Hamzah accumulated during his long stint in business, what is clear is that when he divorced his wife in 2004, he was instructed by the court to pay her a huge settlement fee of RM11.2 million (*South China Morning Post*, 13 May 2004). This figure was deemed one-third of Hamzah’s assets which included his equity interests in three firms, Hexagon Holdings, Evermaster Group, and Asia Pac. On appeal, this court order was overturned (*The Star*, 10 September 2007).

ii) Syed Abu Hussin

Syed Abu Hussin served as a civil servant between 1987 and 1993,³⁵ then ventured into business, in transportation and the construction of mini dams. In the 2018 general election, he contested to become an MP on an UMNO ticket and won the Bukit Gantang seat in Perak. He declared himself an independent MP when UMNO lost control of the federal government. In 2020, Syed Hussin became a member of Bersatu, led by Muhyiddin, when the latter’s newly-forged coalition, Perikatan Nasional, secured power. Syed Hussin was subsequently given a GLC appointment, as Chairman of Fisheries Development Authority of Malaysia (LKIM).

In 2010, Syed Hussin gained control of publicly-listed G Capital Bhd (GCap),³⁶ a passenger vehicles charterer, when he injected his private firm, GPB Corporation Sdn Bhd, into this then ailing firm. GPB Corp was awarded a five-year contract in 2009, worth RM321.6 million, by the Ministry of Defence to provide transportation services for the National Service Program. Syed Hussin subsequently secured numerous federal and state contracts. This included a bus services contract in Manjung, Perak worth RM4.3 million and an RM4 million award from IMDB to supply and operate clinical services in Segamat, Johor. In 2016, he secured an award from the Ministry of Defence to provide transportation services for children of members of the

³¹ <https://www.klscreener.com/v2/announcements/view/70668>

³² https://klse.i3investor.com/web/companyinfo/detail/boardMember?id=AC_7589_2099309802;
<https://klse.i3investor.com/web/stock/overview/7170>

³³ <https://www.klscreener.com/v2/announcements/view/1458082>

³⁴ <https://klse.i3investor.com/web/corporatefigure/detail/6998?id=6998-8373-1332163627>

³⁵ Syed Hussin’s last post in government was as Director of the National Civil Bureau (Perak), in the Prime Minister’s Department.

³⁶ This company was formerly known as Gunung Capital.

armed forces, valued at RM14.657 million. This contract was renewed in January 2017, to provide the service until November 2019, an award valued at RM43.904 million.³⁷

Syed Hussin's other major business interest was in the construction of dams, through a contract he obtained from the Perak government, his home state. In October 2013, GCap acquired 51% of the equity in Perak Hydro Renewable Energy Corporation Sdn Bhd (PHREC) which had the rights to Build, Operate, and Own (BOO), for a period of twenty-one years, thirty-one small hydroelectric dams, estimated to cost RM2.92 billion.³⁸ The other major shareholder of PHREC was the state government's holding company, Mentri Besar Incorporated (Perak MBI).

In February 2020, it was reported that Syed Hussin had sold off his huge equity interests in GCap and "fully exited" the company (*The Edge*, 14 February 2020). Meanwhile, MBI Perak had increased its shareholding of GCap, giving it a controlling interest in this publicly-listed company (*The Star*, 20 July 2021). Syed Hussin reportedly began divesting his interests in GCap after he became an MP (*The Edge*, 14 February 2020).

iii) *Tiong King Sing*

Tiong King Sing is Member of Parliament for Bintulu and State Assemblyman for the Dudong constituency. Tiong became an MP in 1999 and a state assemblyman in 2021. He is also President of the Sarawak-based Progressive Democratic Party. In 2014, Tiong was appointed by then Prime Minister Najib as Malaysia's Special Envoy to East Asia (Japan, South Korea, and Taiwan), a position he held until 2018. In 2020, Tiong was appointed by then-Prime Minister Muhyiddin as the government's envoy to China, a ministerial appointment which required of him to enhance Malaysia's trade and investment ties with that country.

Prior to becoming an MP, Tiong had been active in business. His main enterprise was the Wijaya Baru Group which, in turn, had majority ownership of a controversial firm, Kuala Dimensi Sdn Bhd (KDSB), which was linked to the Port Klang Free Zone (PKFZ) scandal. KDSB was the owner and main contractor of the PKFZ project. In 1999, the year Tiong was elected as an MP and when he was serving as chairman of the Barisan Nasional Backbenchers Club, the PKFZ scandal was exposed. Tiong subsequently relinquished his interests in KDSB by selling off his stake in Wijaya Baru Global in 2011 (*The Edge*, 24 February 2014).³⁹

The PKFZ project entailed an attempt to create a regional integrated cargo distribution and industrial park in a major port in the state of Selangor. Tiong was then KDSB's CEO and owned 70% of the company.⁴⁰ KDSB was alleged to have made an illegal claim of RM1.4 billion for this project (*The Edge*, 27 December 2009; *Malaysiakini*, 10 Sept 2009). The central figures of the scandal included, among other politicians, former transport ministers Ling Liong Sik and Chan Kong Choy, both of the MCA. During the course of the PKFZ controversy, Tiong alleged

³⁷ For details on the contracts awarded to Syed Hussin, see Sri Murniati (2020), 'Elite Feuds, Patronage and Factions: UMNO's Demise', in Edmund Terence Gomez and Mohamed Nawab Mohamed Osman (eds), *Malaysia's 14th General Election and UMNO's Fall* (London: Routledge): pp. 67-85.

³⁸ This is based on a statement made by Teja assemblyman Chang Lih Kang in 2014. For his statement, see: http://lib.perdana.org.my/PLF/Malaysiakini_selection/MalaysiaKini2014/52/262212.pdf

³⁹ For a full report of Tiong's sale of KDSB, see: <https://www.theedgemarkets.com/article/land-sale-timely-tadmax>. Wijaya Global is now known as Tadmax Resources Bhd.

⁴⁰ <https://www.klsescreeener.com/v2/news/view/786709/special-report-pkfz-no-conviction-after-eight-years-and-six-criminal-cases>

that he had donated RM10 million to an MCA leader for use during the party election (*The Edge*, 27 December 2009).⁴¹ However, no politician was found guilty of a criminal offence related to the PKFZ scandal.⁴²

Though an MP and state assemblyman, Tiong remains active in business. In 2017, he was appointed as Managing Director of Timberwell Bhd, a timber group incorporated in 1996 and based in Sandakan, Sabah.⁴³ By his own admission, Tiong has been involved in the timber, property development, and construction sectors in Malaysia for about thirty years.⁴⁴ Tiong has business interests abroad, with chairmanship of Indonesia-based PT Mandiri Jaya Bara, PT Berau Jaya Energi, and PT Mega Karya Energi, among others. He has served as chairman of numerous domestic companies.⁴⁵

iv) Adham Baba

In his triple capacity, as a private businessman, a member of a GLC, and as a politician, Adham Baba represents a unique figure who has operated simultaneously and actively in the worlds of politics and business from a young age. While developing a private enterprise that eventually emerged with branches around the country, Adham was a managerial figure in a major GLC. During this period, between 1994 and 2022, he played a role in government as a Special Education Officer, a parliamentary secretary, a state assemblyman, and as a federal minister.

Born in Batu Pahat in Johor in 1962, Adham obtained a medical degree from Universiti Malaya in 1987. He served in government until 1990, leaving public service to establish a private practice. In November 1994, he incorporated Klinik Adham Sdn Bhd, an enterprise involved in clinic and cleaning services. In May 2020, Adham transferred his entire equity interest in Klinik Adham to his daughter, Adibah Adham.⁴⁶

While in private practice, Adham entered politics, becoming an UMNO member in a division in his home state and emerging eventually as Johor UMNO Information Chief. From 2000 to 2004, he served as Special Education Officer in the Ministry of Youth & Sports. In 2004, after he was elected as MP for Tenggara, in Johor, he was appointed as Parliamentary Secretary of the Ministry of Higher Education, a post he held until 2008. That year, during the general election, he relinquished his parliamentary seat to run as an UMNO candidate in the Pasir Raja state assembly seat which he won. He retained this state seat in the 2013 general election (*Malay Mail*, 9 March 2020). During the 2018 general election, he once again contested a parliamentary seat, Tenggara, which he won. In March 2020, after the fall of the Pakatan government, he was appointed Minister of Health by Muhyiddin, a position he held until August 2021 when control of the government was taken over by Ismail Sabri. Adham was then appointed Minister of Science, Technology & Innovation.

While Adham's primary enterprise was Klinik Adham, he had other business interests, such as his stake in YPJ Golf Resort Bhd, incorporated on 12 July 2019, and which appears to be linked

⁴¹ For a full report on this allegation see: theedgemarkets.com/article/story-year-pkfz-headline-grabbing-scandal

⁴² For a review of the outcome of the PKZF scandal, about a decade after it was exposed, see *The Edge* (4 February 2021).

⁴³ Source: Timberwell Annual Report 2021 (<http://timwell.com.my/TimberwellAR2021.pdf>).

⁴⁴ See Timberwell Annual Report 2021.

⁴⁵ These companies include TKS Holdings Ltd, TKS Capital Pvt Ltd, TKS Securities Pvt Ltd, TKS Finance Ltd, Asian Finance Ltd, and Oceanic Games Pvt Ltd.

⁴⁶ Information obtained from Klinik Adham company records.

to a state-level GLC, YPJ Holdings Sdn Bhd (YPJHSB), controlled by Yayasan Pelajaran Johor, a foundation owned by this state government. Adham also held an appointment with a national-level GLC, UniKL, or the University of Kuala Lumpur, a private university where he served as its Pro-Chancellor from 2013 to 2018. He also held the Chairmanship of GLCs linked with this university, i.e., UniKL Medical Services Sdn Bhd and UniKL Resources Sdn Bhd.⁴⁷ Adham served as a director in numerous other enterprises and a foundation.⁴⁸

Not long after his appointment as Minister of Health in 2020, and after the Covid-19 pandemic broke, Adham was mired in a controversy when it was alleged that his company, Klinik Adham, was indirectly linked to a RM30 million public procurement contract awarded to an obscure property developer, Khazanah Jaya Sdn Bhd (*The Malaysian Insight*, 28 July 2020). This contract involved the purchase of Covid-19 test kits, personal protective equipment, and face masks. Adham denied having any ties with the shareholders of Khazanah Jaya.⁴⁹

What is not in dispute, as it was disclosed in parliament by Deputy Health Minister II Aaron Ago Dagang, is that the government had spent RM650 million for “emergency procurement” of medical equipment and drugs to deal with the COVID-19 pandemic (*The Malaysian Reserve*, 29 July 2020). Ago Dagang further disclosed that the Ministry of Health “had roped in Khazanah Jaya to supply reagents”, with the award of a contract worth RM30.5 million (*The Malaysian Reserve*, 29 July 2020). 182 suppliers had been appointed by the government for emergency procurement (*Malay Mail*, 28 July 2020). The Malaysian Anti-Corruption Commission (MACC) initiated an investigation into the matter. No report has been issued by the MACC on the outcome of its investigation.

Private sector executives and GLC professionals in politics

This group comprises four politicians of which two have shifted from one party or coalition. They are Mohd Redzuan Yusof and Edmund Santhara, both first-time MPs. Santhara left PKR for Bersatu, but is now an independent MP. The other two are William Leong of PKR, who held a senior managerial position in the private sector, and Tengku Zafrul Aziz, who was CEO of a major GLC when he was appointed Finance Minister.

i) Mohd Redzuan Yusof

Mohd Redzuan Yusof was active in the construction sector before his entry into politics. Born in Melaka, Redzuan had his tertiary education in Leeds University, obtaining a degree in Civil Engineering in 1982. That year, he joined Esso (M) as a site engineer, working there for eight years before moving on to Petronas Carigali Sdn Bhd in 1990 where he served for three years.

Redzuan was also an executive with Swiber (M) Sdn Bhd and then CEO of Module Tech Sdn Bhd (*The Star*, 3 January 2022). Other companies that he was associated with are Kumpulan Syarikat Gagnar Sdn Bhd (as Executive Director), Kumpulan Syarikat Orbtch Sdn Bhd (as

⁴⁷ <https://pru.sinarharian.com.my/calon/85/adham-baba>

⁴⁸ This foundation is the Yayasan Pembangunan Insan, while the companies where he held a directorship are Utama Niaga Enterprise, K.A.D.S Trading, Kads Impact-Print, Seruntum Holdings, Tabung Pendidikan Pemuda, Clinical Research Malaysia, and Malaysia Healthcare Travel Council.

⁴⁹ <https://mykmu.net/2020/05/11/dikaitkan-dengan-syarikat-disiasat-sprm-adham-ditohmah/>

Executive Director), Bukit Fraser Thermal Technologies Sdn Bhd (where he was a director from 2014 to 2018), Marginal Field Solutions Sdn Bhd (as CEO and a director), and Seahorse Platforms Asia Sdn Bhd (as a director and CEO).

He ran as a candidate for parliament in 2018, under the Bersatu ticket and unexpectedly won the Alor Gajah seat in Melaka. He was then appointed by Mahathir as Minister of Entrepreneur Development & Cooperatives. When Pakatan lost power in 2020, Muhyiddin appointed Redzuan as Minister in the Prime Minister's Department, a post he held until Ismail Sabri took power. Since Redzuan was not re-appointed as a Cabinet minister, he was given a GLC appointment, as Non-Executive Chairman of publicly-listed Boustead Holdings Bhd.

ii) William Leong Jee Keen

William Leong, born in 1957, graduated from the National University of Singapore with a law degree in 1981. He focused on corporate litigation, garnering much experience on issues such as company restructuring and instituting turnarounds. He was appointed as a director of numerous publicly-listed and unlisted companies, as well as Deputy Managing Director of a local quoted company and as Chief Operating Officer and Executive Vice-President of one of the twenty largest corporations in Southeast Asia. In 1998, he returned to legal practice, establishing William Leong & Co.⁵⁰

Leong became an MP during the epochal general election of 2008, when the BN lost its two-thirds majority in Parliament for the first time since 1974. Leong defeated a BN candidate in the contest in the Selayang constituency in Kuala Lumpur. He retained this seat in the 2013 and 2018 general elections.

Leong was named in the Pandora Papers in 2021 where it was disclosed that he and his wife, Alice Chan Ai Lee, were directors of a company in Jersey in 2009, a year after he was elected to Parliament. This company, Collister Holdings Ltd, incorporated in 1994, had a paid-up capital of US\$50,000 (*Malaysiakini*, 18 October 2021). Leong's defence was that his interest in Collister Holdings was related to his appointment as executive vice president and COO of the Manila-based Philippine National Steel Mill from 1994 to 1997 (*Free Malaysia Today*, 4 October 2021). Leong claimed that he had been advised by a financial expert that the best way to manage his income as an expatriate was through Collister Holdings and that the company was not used by him after he was elected as an MP (*Free Malaysia Today*, 4 October 2021). *Malaysiakini* (18 October 2021) noted that Leong had been named in another "Offshore Leaks" in 2013, when it was disclosed that his company, William Leong & Co, had served as an intermediary of Maxcorp (Asia) Overseas Ltd. When queried about Maxcorp and his role as an intermediary, Leong is quoted as stating that he could not "disclose any matter on this case as a professional solicitor and (I cannot breach) client confidentiality without my client's consent" (*The Malaysian Insight*, 5 October 2021).

Other companies that Leong has been associated with are Maxbiz Corporation Bhd and Tanco Holdings Bhd,⁵¹ both listed companies. Maxbiz is a Johor-based investment holding company that, through its numerous subsidiaries, provides knitting fabrics, commercial

⁵⁰ <https://www.wleong.com.my/people/william%20leong%20jee%20keen>

⁵¹ https://klse.i3investor.com/web/corporatefigure/detail/B_16494_2783095840?id=9733-22449-1702908012

dyeing, and finishing of knitted fabrics. Maxbiz was delisted by the Bursa Malaysia in March 2021 (*The Edge*, 21 March 2021). Leong was listed as a director of Tanco in 2005.⁵² Tanco, incorporated in 1958 and listed in 1961, was originally involved in the plantations sector but now is primarily in property development.

iii) Edmund Santhara

Edmund Santhara Kumar Ramanaidu, born in Johor in 1971, came to prominence in the corporate sector in his capacity as an executive in a private firm, Masterskill Education Group Bhd, one which he is reputed to have led out of a financial crisis. Masterskill had begun operating in the early 2000s as an enterprise that offered nursing and health science-based courses, but was encountering a significant drop in revenue as student enrolment dropped. Santhara took over as CEO in 2005. The tertiary institution under his control was renamed Asia Metropolitan University, the range of courses it offered was expanded, and the company was publicly-listed. Masterskill had only 214 students in 2004, but its enrolment had risen to 17,000 when it was listed on the stock exchange in 2010 (*The Star*, 4 October 2010). However, months after its listing, Masterskill's share price began to decline appreciably. According to one report, this was because the company was "said to rely on PTPTN to provide financing for 95% of its students" (*The Edge*, 9 November 2010). The PTPTN, or Perbadanan Tabung Pendidikan Tinggi National (National Higher Education Fund), was established to offer loans to students pursuing tertiary-level education. The government was then considering reducing the volume of its funding for the PTPTN.

Although Santhara eventually became the largest single shareholder of the company, he subsequently sold off his equity interests in the firm in 2013, though his wife Carline Johnson D'Cruz continued to hold on to her 6.25% stake, making her then the company's second largest shareholder. The following year, D'Cruz sold off her interests in the firm (*The Edge*, 3 December 2014). The company, now known as Minda Global Bhd, owns other education-based institutions including University of Cyberjaya and the Asia Metropolitan International School (AMETIS).⁵³

A year after leaving the corporate sector, Santhara ran as independent candidate in the 2013 general election, in the Hulu Selangor parliamentary constituency. He fared badly in this election, securing less than a thousand votes. He then joined PKR and, in the 2018 general election, Santhara ran in the Segamat parliamentary constituency in Johor and defeated the incumbent, the sitting president of the Malaysian Indian Congress (MIC). When the Pakatan government fell in 2020, Santhara was one of about a dozen MPs from PKR who forged a new coalition, Perikatan Nasional, led by Muhyiddin and comprising UMNO, PAS, and Bersatu. Santhara joined Bersatu, making him the first non-Bumiputera MP in this party. Muhyiddin appointed him as Deputy Minister in the Federal Territories Ministry. When Ismail Sabri took over as Prime Minister in 2021, he appointed Santhara as Deputy Tourism, Arts and Culture Minister. In July 2022, Santhara resigned as a member of Bersatu.

In 2021, it was reported that Santhara was an owner and director of a New Zealand-based company, V3S Trustees, incorporated in September 2019. Santhara held a 20% share in the enterprise, and his wife, Carline D'Cruz, a co-director of the firm, held the remaining 80% equity. Santhara held these shares for a mere five days, and then transferred his entire equity

⁵² https://tancoholdings.com/investor/annual_report/AnnualReport_2005.pdf

⁵³ <https://mindaglobal.com.my/homepage/>

in V3S Trustees to his wife.⁵⁴ Santhara's family remains in New Zealand while he serves his term as a parliamentarian.

Santhara continues to have business interests. He is listed as a shareholder of MyWatch Sdn Bhd and had an interest in the now dissolved East Asia Strategic Consultant Sdn Bhd, a company in which his wife had a shareholding. Another person associated with this company was Ahamed Basheer Mohd Hussain who had served as a director of Minda Global (*The Edge*, 3 April 2014). Ahmad Basheer was also once a director of Tabung Haji and according to some reports he is related to former Prime Minister Mahathir. Santhara has been listed as a director of two foundations, the Malaysian Intellect Development Foundation and the RCS Malaysia Scholarship Foundation.

iv) Tengku Zafrul Abdul Aziz

A recent occurrence was the appointment of a GLC professional as a member of the federal Cabinet. Tengku Zafrul Abdul Aziz had long served as an executive with private firms and GLCs before he was unexpectedly appointed by Muhyiddin in 2020 as a Senator to assume the post of Minister of Finance. Zafrul was re-appointed as Finance Minister when Ismail Sabri took control of government in 2021. Zafrul later voiced his intent to run as a candidate in the next general election. It is unclear if he will contest a parliamentary or state seat. In May 2022, UMNO's executive secretary disclosed that Zafrul was a "long-time" party member (*The Malaysian Insight*, 25 May 2022), with Ahmad Zahid confirming that Zafrul had been so since 1993 (*The Vibes*, 3 August 2022). In August 2022, Zafrul was appointed Treasurer of Selangor Barisan Nasional (*Malay Mail*, 2 August 2022).

Born in 1973 in Kuala Lumpur, Zafrul received his tertiary education in England, where he read finance. He began his corporate career in 1996 as an executive with an investment bank. Since then, he has served foreign and domestic financial-based institutions, including the leading GLCs, Malayan Banking and CIMB, as well as the energy-based Tenaga Nasional. At CIMB, he rose to the post of Group Chief Executive but left when he was appointed Finance Minister. CIMB and Malayan Banking, two of Malaysia's leading banks, are listed among the top 10 quoted enterprises. While in the corporate sector, Zafrul helped establish Tune Money Sdn Bhd, an online financial service provider.

Zafrul is linked with Lima Zed Harta Sdn Bhd, a holding company incorporated in 2016 and in real estate activities. Its shareholders are Zafrul's parents and his three siblings. Although his father was in business, there is no evidence Zafrul was involved in his father's ventures.⁵⁵ Zafrul's mother, Raja Datuk Zaharaton Zainal Abidin, was a senior bureaucrat in the Economic Planning Unit (EPU) in the Prime Minister's Department. Zafrul is married to Johanna Raja Arshad, the great granddaughter to the fifth Sultan of Selangor, Sultan Sulaiman.

Zafrul was named in the Pandora Papers that was released in 2021. He was listed as a director of Capital Investment Bank (Labuan) Ltd, a boutique bank incorporated in the offshore jurisdiction of Labuan (*Free Malaysia Today*, 4 October 2021). Zafrul rebutted this report, stating that he "was the group director and a member of the executive management committee

⁵⁴ For a report on this incident, see *The Vibes* (2 March 2021):

<https://www.thevibes.com/articles/news/19329/santhara-has-more-than-just-family-in-nz-even-applied-for-pr-govt-documents-show>

⁵⁵ There is little information about the business interests of Zafrul's father, Tengku Abdul Aziz Haris.

of Kenanga Holdings Bhd from January 2009 to June 2010” and, in this capacity, he had “also held directorships in several subsidiaries or associated companies of the Kenanga Group, which included Capital Investment Bank (Labuan) Ltd” (*New Straits Times*, 4 October 2021). Zafrul added that he had relinquished these positions when he left Kenanga in June 2010, when he was appointed Chief Executive Officer of Maybank Investment Bank Bhd (*The Edge*, 4 October 2021).

Business-in-Politics: Political and Economic Implications

These brief case studies have focused on parliamentarians who have had an active involvement in business or have family ties to well-connected companies. Those under review have been mired in controversial corporate-related matters, have off-shore accounts and foreign business interests, or have hopped out of the party or coalition under whose ticket they won a seat in parliament. Evidently, this business-in-politics trend, occurring in numerous ways, is a central factor in power struggles. These studies further indicate what occurs when different actors, differentially positioned in politics and business, collide or collude with each other, leading to new elite networks and emerging business-politics power blocs whose composition can vary significantly. These business-politics networks appear quite divided, in contestation with each other, within and between parties, between politicians, and between businesspeople, contributing to party hopping, the creation of new parties and coalitions, as well as hopping of parties between coalitions.

Relationships matter in these modes of business-in-politics. Who these politicians have ties with in business can shape policy implementation, the award of government projects, and access to GLCs. Politicians and businesspeople co-own companies that implement government concessions. In these relationships, the shareholders and directors of these companies matter because, when a politician is part of a firm’s management, he or she becomes strongly incentivized to pursue its corporate interests.

The figures of political-family-GLC ties reveal business cooperation and corporate strategies between political and business elites, facilitated through joint shareholdings and interlocking directorships. A core institution is that of family enterprises, with a new generation of politicians belonging to these firms. Children of politicians are active in politics and in business through family-related companies. The politicians from this new generation have incorporated their own holding companies to coordinate their different business activities. A related issue is that of family relationships. Marriage ties between the children of well-connected businesspeople suggest new elite networks, comprising families from Sarawak and the peninsula. The members of this second generation can intervene in the political system to obtain public contracts that they productively employ in the economy, frequently through subcontracts, to ensure a constant supply of funds that can be used to during party, general, and state elections.

The most interesting of these business-in-politics trends are occurring in Sarawak where major family-owned firms are key players in the state’s political system, with a growing presence in the peninsula through corporate tie-ups. The close business relationships between the children of political elites is evident in the corporate ties of the Taib and Jabu families. Taib Mahmud and Alfred Jabu are no longer active in politics, but their children have joint ownership of business ventures. Taib’s children have been in politics, at both the state and federal levels, as has Jabu’s nephew, Robert Lawson.

However, the way businesspeople in politics function differs. Tiong King Sing has no ties with PBB, nor do his business interests indicate a close link with other leading businesspeople in Sarawak. Tiong has gone on to establish his own party in Sarawak, suggesting he tends to go it alone in his business ventures. Tiong's claim to fame was the PKFZ scandal in 2008, when he reputedly tried to create close ties with peninsula-based politicians to obtain access to a major port project. By his own admission, Tiong made a political donation to an MCA politician, ostensibly to fund an electoral campaign, a trend that has now become common in Malaysian politics.⁵⁶ Tiong relinquished his interests in the PKFZ project, but more recently returned to business as CEO of a listed firm, while serving as an MP and state assemblyman. His investments in Indonesia suggest a desire to develop his corporate ventures abroad.

The family and corporate mappings indicate a complex mix of politicians, businesspeople, and bureaucrats who serve as directors and shareholders of these well-connected companies. The owners of these enterprises, from the second or third generation of families of politicians and businesspeople, have sought to create ties with companies in the peninsula. Larry Sng formed corporate holdings with the Gan family, while Hanifah had a venture with the late Lim Kok Wing in the education sector. The link between the firm owned by Larry Sng and his sister – a third generation family enterprise – and the Gan family indicates an attempt by them to venture into businesses in the peninsula, a practice not seen by companies owned by their grandfather and father.

The numerous directorships – and in some instances, equity ownership – held by Hamzah in private firms, many Chinese-controlled, reveal the need for the latter to have an influential UMNO politician on the company board. Most of these companies, though publicly-listed, are not major enterprises, suggesting that the appointment of politicians as directors are an avenue to secure access to the government. This practice of private firms co-opting prominent politicians as directors is also problematic as these elected representatives will prioritize their own corporate interests over the well-being of the electorate. Moreover, for politicians, these directorial appointments are a major source of income, so crucial to finance their political ascendancy.

The cases of Redzuan, Santhara, Leong, and Zafrul indicate the growing incorporation of professionals, from the private sector and GLCs, into politics. Redzuan, a foreign-trained engineer spent a number of years working for major foreign and domestic enterprises. He ventured into businesses of his own, though he had no major enterprise to his name when he entered politics. Given Redzuan's involvement in business as a professional, he does not seem to have a political base, a probable reason why he was removed as a Cabinet minister, though given a directorship of a major GLC to ensure his loyalty to the governing coalition. Santhara was able to turnaround an ailing private education institution, in which he obtained a major equity interest. He has since divested this stake, ostensibly to pursue a career in politics. Santhara's business-to-politics path is similar to that of Leong who similarly garnered a reputation as a managerial executive in the private sector, then going on to establish a boutique legal service while serving as an MP. The presence in politics of wealthy professionals, who

⁵⁶ After the 2018 election, numerous UMNO leaders were prosecuted for corruption. Their defence during their court cases was that the funds they had received from domestic firms and foreigners were political donations. Malaysia does not have a legislation on political financing that regulates funds received by politicians or parties from individuals and companies. Although civil society organizations have been demanding since 2009 the adoption of a Political Financing Act, politicians have been reluctant to introduce this legislation.

have held equity interests in private firms, suggests that they bring with them the funds they require to finance their electoral campaigns. Their personal source of funds for their political activities ensures their importance as candidates during electoral campaigns.

GLC directorships serve particular functions, different from those in private firms. For Hamzah, it provided employment and was a method for him to learn how the system worked, one where public concessions were generated and extensively disbursed. Hamzah's appointment in Felcra helped him develop a political support base. GLC directorship can be offered in a range of government-controlled institutions, including foundations and statutory bodies. Adham held directorships in an education-related foundation while being appointed as a Pro-Chancellor of privately-run GLC university, UniKL. GLC appointments are also a key political control method or source of reward. Redzuan was compensated with a GLC appointment in a major publicly-listed enterprise when he was not given a Cabinet post.

GLC-private firm ties stand out in these studies. In the business relations of the peninsula-based politicians, specifically Adham, Hamzah, and Syed Hussin, GLCs figure prominently. These politicians have secured concessions from GLCs or have served as directors of such enterprises. GLC-private firm ties in Sarawak have occurred in a different manner. Taib's brother-in-law is a leading bureaucrat, as Chairman of LCDA, which suggests this nexus facilitates implementation of land-based business matters. The close ties between enterprises owned by politicians and the state government are evident in Abdul Aziz's presence in the business networks of Sarawak's leading family firms. That Larry Sing's firms had ties with GLCs is not unexpected. Sng and former Chief Minister Taib reportedly shared a close relationship. Sng had long served as member of Taib's state exco, holding numerous portfolios.

These studies reveal a serious lack of transparency in the public procurement process, as well as the access influential businesspeople have to federal- and state-level public contracts. Syed Hussin was privy to government contracts which helped him secure control of a publicly-listed firm. His constant supply of public contracts suggests some influence over the government, though it is not clear why. Clearly, transparency is imperative in the award of public contracts. Interestingly, a Perak-based GLC was used to take over Syed Hussin's company, suggesting that after he left UMNO he had to relinquish control of major mini-dam projects he had been awarded by this state government. Syed Hussin no longer has an interest in a major enterprise, though he probably obtained much wealth from the sale of his huge equity interests in GCap.

The case of Adham suggests the importance of ministerial appointments to gain access to procurement contracts after the outbreak of the COVID-19 pandemic. While Adham has denied abuse of power, an investigation into this case by the MACC is still pending. This case indicates how a system is in place that allows those in power to secure government-generated contracts, even during a time of crisis.

A major concern is that of foreign ownership of firms, most clearly seen in the exposé by the Pandora Papers. Hanifah and Yamani, the children of ex-Chief Ministers in Sarawak and Sabah respectively, and both deputy ministers in the federal government, were named in this report. There had long been serious allegations that the Taib family had huge investments abroad.⁵⁷ The transfer of funds out of Malaysia, with no productive use of money obtained from covert

⁵⁷ See, for example, the report by the Bruno Manser Fund (2012): *The Taib Timber Mafia: Facts and Figures on Politically Exposed Persons (PEPs) from Sarawak, Malaysia* (https://www.stop-timber-corruption.org/resources/BMF_Taib_family_report_2012_09_20.pdf).

political business ties, was a trend also exposed through the 1MDB scandal. Although professionals such as Leong and Zafrul who were named in the Pandora Papers have denied any wrong doing, what is undeniable is that off-shore companies are being used by private sector-based professionals in their capacity as company executives. The core issue is that MPs who can shape tax-related laws and policies have directorships or ownership of companies in tax havens. Although the MACC has voiced its intent to investigate this matter, nothing has come of this.

A related concern is that of the sectors of the economy that these businesspeople-cum-politicians are involved in. Their companies have a huge presence in plantations, infrastructure, construction, and property development, all land-based sectors, suggesting they have benefited from concessions awarded by federal and state governments. While these companies also have a huge presence in services, they seldom, if ever, have an interest in the manufacturing and industrial sectors.

Conclusion

What are the implications of these diverse forms of business-in-politics that function as a political strategy by businesspeople to obtain access to government? On entering government, there is a stronger guarantee that the interests of companies linked to a businessperson will be embodied in policies. These businesspeople will be privy to information, even have an unfair advantage in reshaping policies to ease obtaining lucrative concessions.

How will these politicians-cum-businesspeople vote in Parliament on issues if the matter at hand does not serve their business interests? How will they shape budget debates if their companies are unfavorably affected by government programs? How will they vote on environmental-related policies if they have an active interest in infrastructure development, including the construction of dams, and in plantations? Other concerns arise: what will be the stand of these politicians in business when discussing welfare systems, featuring social benefits for employees, and an appropriate minimum wage which they may view as a huge cost burden for their companies?

Numerous MPs reviewed here have been recipients of public concessions. For some, these concessions were a means to acquire wealth which eased their entry into politics. The children of politicians who have governed as Prime Minister or as Chief Minister were able to establish far more easily a connection within government to secure contracts for their companies. After entering politics, they appear to have had greater access to concessions. Wealth accumulation is a mechanism to concentrate political power, a means to further enhance their corporate holdings. Marriage ties also contribute to combining the resources of influential families in business.

The importance of GLCs is evident in these business-in-politics trends. The presence of a family member in LCDA appears to have been vital for the Taib family. GLCs serve as a training ground for politicians to learn how the political-business nexus works, a system deeply embedded in Malaysia's political economy. GLC directorships undoubtedly are a means to reward or pay off politicians for political support. What is not clear is how many MPs are directors of GLCs and how much of their total income is from these appointments.

This business-in-politics system unmistakably further escalates rent-seeking, an issue long acknowledged as a major problem. The case studies highlight the practice of selective patronage and cronyism, issues that have contributed to a heightening of corruption in Malaysia. These case studies indicate that conflicts-of-interest can occur when businessmen venture into politics, an expected outcome as Malaysia's persistent nexus of politics and business has constantly resulted in business controversies and political feuds.

A number of the politicians reviewed here have been involved in party hopping, between parties and between coalitions, suggesting a search for access to power. These practices of politicians hopping between parties, the setting up of parties, and the shifting of parties between coalitions have contributed to the fall of federal and state governments, seriously undermining the electoral process and creating a highly dysfunctional political system. These trends in Malaysian politics are inextricably linked to growing concerns of how the political system is funded and how the government's huge GLC ecosystem is being abused, key outcomes of the growing trend of business-in-politics.



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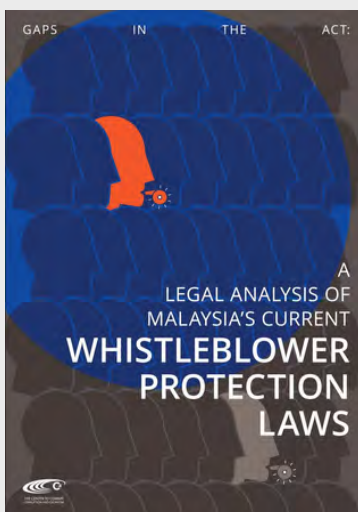
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