

Business Times - 26 Sep 2011

Najib to announce new entity for charity today

Profits channelled through Community Chest will fund vernacular education

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IN KUALA LUMPUR**

PRIME Minister Najib Razak will kick off Malaysia's first earnings-recurrent charity stemming from gaming this afternoon.

According to executives familiar with the matter, private firm Jana Pendidekan Malaysia took over the gaming unit of billionaire T Ananda Krishnan's recently privatised Tanjong plc for RM2.1 billion (S\$860 million) on Aug 9.

All of Pan Malaysia Pools' profits will be channelled to a charitable foundation called the Community Chest, which will disburse the funds to vernacular educational causes and mission schools in Malaysia. Mr Najib is expected to announce the first distribution of RM25 million today.

The plan could fill a large void in the education system. Funding for vernacular education (Mandarin and Tamil schools) isn't in the government's annual budget, but is distributed on an ad-hoc basis usually during election campaigns.

For Chinese schools, it gets tougher for students wanting to pursue their high school education. Most opt for government schools but there are 60 'independent' schools that offer high school education.

These schools are funded by the community but their diplomas aren't recognised by the government. So these students can't go to local public, or private, universities, nor can they work for the government. But their qualifications are recognised by 126 other countries, including Singapore - which doesn't do much for the government's popularity.

Jana's takeover of one of only three numbers forecast operators in Malaysia will relieve the government of having to fund vernacular education and represents a triumph of the non-Malay community in creating Asean's first financially sustainable charity.

According to the executives, Jana will raise RM500 million from a unit of gaming conglomerate Genting (RM250 million) and some of the biggest names in corporate Malaysia, loosely grouped in a private entity called Community CSR (RM250 million).

Another RM1.54 billion will be raised through bank loans to make up RM2 billion, the original price tag. However, the executives said the extra RM100 million will come from Mr Krishnan himself and is payable, with interest, to Community Chest within 15 years.

Some of the names in Community CSR read like a Corporate Who's Who of Malaysia. Among them: billionaire tycoon Quek Leng Chan (RM50 million); steel magnate William Cheng (RM30 million); billionaire realtor Chua Ma Yu (RM30 million); Hap Seng Group patriarch Lau Cho Kun (RM30 million); and health and beauty care products maker Koo Yuen Kim (RM30 million).

Most of the other donors are ethnic Chinese businessmen with three exceptions. Apart from Mr Krishnan, at least two other Indian donors have surfaced: former banker Vijay Sethu (RM10 million) and tycoon G Gnanalingam (RM10 million).

Mr Najib's presence today indicates government support for the undertaking - a brave move in a

country whose official religion frowns on gambling. But the support seems clear: the banks have given Jana a one-year moratorium on interest payments while the government has waived stamp duties on the deal.

Community Chest's four permanent trustees are Genting's Lim Kok Thay, Hong Leong's Mr Quek, Mr Cheng of the Lion Group, and Mr Chua.

In addition, four independent trustees nominated by the Prime Minister's Office will be named, according to the executives. The four are: Mr Gnanalingam, former oppositionist Lee Lam Thye, ex-top cop Haniff Omar, and Leonard Linggi from Sarawak state.

Given the prospect of an upcoming general election, such a deal makes sense as it would be populist where the non-Malay community is concerned. It has become clear that the Chinese - who form 25 per cent of Malaysia's 27 million people - have been turning away from the ruling coalition, in favour of the opposition.

An educational trust prodded on by the government might go a long way in re-establishing trust.

The Pan Malaysia Pools that Jana would acquire includes the numbers forecast operations (NFO) and a mildly loss-making 16.2 hectare stud farm. It is said to have a 24 per cent share of the country's NFO market.

Tanjong was privatised by Mr Krishnan last year for RM4.5 billion. Analysts have said he intends to break up the conglomerate and relist its component parts.

Mr Krishnan's desire to get out of gaming is part of a restructuring to make Tanjong syariah-compliant and tap the Middle East and North African markets, together with those in South and South-East Asia, to expand the firm's power generation business.

Mr Krishnan's only son is also a Buddhist monk in Thailand - a factor that might also help explain Mr Krishnan's desire to exit the industry.

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