

November 12, 2004 Friday
London Edition 1

SECTION: COMPANIES ASIA-PACIFIC; Pg. 31

LENGTH: 436 words

HEADLINE: Temasek strengthens ties to **Malaysia** PM INVESTMENT JOINT VENTURE:

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DATELINE: SINGAPORE

BODY:

The launch this week of a Malaysian property investment fund by Temasek Holdings is the latest example of how Singapore's state investment agency is cultivating business ties with the family of Najib Razak, **Malaysia's** deputy prime minister.

Temasek's partner in the MDollars 1bn (USDollars 263m) property joint venture is CIMB, the Malaysian investment bank that is headed by Mr Najib's brother, Nazir Razak.

The state investment agency has also recruited another brother, Nazim Razak, as a partner in its proposed purchase of a 15.4 per cent stake in **Malaysia's** Alliance Bank.

The agency's developing relations with the deputy prime minister's brothers comes as Temasek is spearheading a wave of investment by Singapore in neighbouring **Malaysia**.

Until recently, **Malaysia** had been hesitant about accepting investments from Singapore's state-owned companies because of the strained relations between the two countries, which were briefly united in the early 1960s.

But Abdullah Badawi, who became **Malaysia's** prime minister a year ago, has welcomed Temasek investments as he seeks to restructure the country's industrial and financial sectors.

The Razak family, members of the Malay aristocracy, have been influential in **Malaysia's** modern history. The brothers' father, Razak Hussein, was prime minister in the early 1970s.

The involvement of the

Razak brothers in several Temasek ventures is seen as a form of political insurance against a nationalist backlash since Mr Najib is expected to become prime minister once Mr Abdullah steps down.

Temasek, which is headed by Ho Ching, the wife of Singapore's prime minister, has been astute in picking well-connected partners as part of the group move to expand its presence in Asia.

Last year, Temasek recruited Daim Zainuddin, the former Malaysian finance minister, to take a 20 per cent stake in a Temasek-led consortium that bought a majority interest in Indonesia's Bank Internasional Indonesia.

The stake that Temasek is now negotiating to acquire in Alliance Bank is owned by an investment vehicle linked to Mr Daim.

The involvement of Mr Nazim in the Alliance bid, however, has led to objections by **Malaysia's** central bank, which is said to prefer a local

institutional investor as Temasek's partner in the deal.

Malaysia continues to be a strong lure for Temasek. In March, Temasek bought a 5 per cent stake in state-owned Telekom **Malaysia**. It is its biggest and most high-profile investment in **Malaysia** so far.

The group has also expressed particular interest in investing in **Malaysia's** telecoms and banking sectors, areas which would have been virtually off limits in the past.

LOAD-DATE: November 11, 2004

