

Daim: From teacher to corporate godfather

STORY BY

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Like



Despite his seemingly ubiquitous influence in corporate Malaysia, Daim Zainuddin came from humble beginnings. In the second part of the series, KiniBiz tracks his journey from a teacher to influential power broker, two-time finance minister and powerful corporate figure.



Daim Zainuddin

On April 29, 1938, a Kedah State government clerk and his homemaker wife welcomed their thirteenth child in Derga, Alor Setar. They named him, their youngest child, Daim.

Daim's parents are, by all accounts, a major influence on how he would turn out to be. Both felt strongly about education and enrolled all their children in English-medium schools, contrary to growing worries among Malay parents at the time of how English-medium education might affect their children's religious faith and cultural identity.

The reason for this, according to a profile on Daim previously published on his website, is because "they did not want their children to become better farmers and fishermen". Notably Daim is a known proponent for English-medium education today.

After an early schooling at Seberang Perak Malay School he continued his secondary education at Sultan Abdul Hamid College from 1949 to 1953. Daim would go on to pass his Cambridge School Examination at St Xavier Institution, Penang in 1955 and return to Sultan Abdul Hamid College as an attachment teacher.

According to Daim's website, Daim would have become a teacher but for a miscommunication that led to him being unaware of being accepted into teacher training college Brinsford College, England.

However his father intended for him to be a lawyer. His mother Pok Rafeah, whom Yayasan Pok Rafeah was named after, sold some land to raise funds and Daim went to England to study law at Lincoln's Inn. Just eighteen months later, he was called to the English Bar in 1959.

"To my parents I owe everything. They sacrificed to provide me with a good education," said Daim on his website. "Without that, I would not have succeeded."

However when contacted by KiniBiz, Daim declined to give immediate comment for this article.

From legal to business, the early days

Daim's legal career appears brief, beginning at Pillai & Co and then Shearn Delamore, then-biggest law firm in Kuala Lumpur. However Daim then moved to Kota Baru, Kelantan in 1961 to join Wan Mustaffa, who was then legal adviser to the Pan Malaysian Islamic Party (now known as Parti Se Islam Malaysia or PAS).

In 1962, Daim joined public service as magistrate in Johor Bahru before becoming a sessions court judge in Muar in 1963. By 1964 he was deputy public prosecutor in Perak but he then returned to private legal practice the following year, joining Allen & Gledhill. He was later partner in Daim & Gamani until 1969 when he decided to step into the business world.

However, his first business venture failed.

Daim tried his hand at salt production, which he reputedly went into partly because his partner's feng shui specified water as a preferable element to work with. After clearing 600 acres of land in Kuala Selangor, however, unseasonably early rain ruined the salt production just as the salt was beginning to crystallise.

He then started a plastics production business, which faced heavy competition right out of the gates and eventually sunk. However, he also had a plastic packaging business Daibochi and snack food manufacturing set-up Sedap Food as part of his downstream ventures and these businesses were successful, eventually becoming publicly listed.

Along with his other investments which included steel and iron product manufacturing, Daim was able to cover the losses from his failed ventures. However, his fortunes improved considerably when he went into property development via Taman Bukit Maluri Sdn Bhd.

In 1973 Daim's property company acquired a lucrative piece of land in Cheras, on the outskirts of Kuala Lumpur, which Asiaweek in 1982 reported was due to Daim's close association with then Selangor Menteri Besar Harun Idris. The land acquisition launched his property development career which



Harun Idris

included housing projects such as Taman Maluri and Taman Bukit Maluri.

It was also around this time that Daim became a close associate of one Dr Mahathir, who at this time was returning to United Malays National Organisation (Umno) after political exile from writing his controversial book “The Malay Dilemma”. Mahathir would later become Malaysia’s longest-serving prime minister.

The Mahathir connection

Notably both Daim and Mahathir came from the same part of Alor Star, though they only met each other later in life. By all appearances, the two

hit it off.

“Mahathir and Daim enjoyed a friendship that contributed to the image and tone of the Mahathir administration,” wrote Barry Wain in his 2009 book *Malaysian Maverick: Mahathir Mohamad in Turbulent Times*.



Daim Zainuddin (left) with Dr Mahathir

Three years after Mahathir became deputy prime minister in 1976, Daim was appointed the first chairman of property developer Peremba, which was then a wholly owned subsidiary of the Urban Development Authority (UDA). At the time, Daim had just finished his two-year urban planning studies at the University of Berkeley, California.

Interestingly Daim was previously offered the chairman post of UDA, which he declined as he felt it was “too big and widespread, too bureaucratic and doing too many

things at the same time”, according to his previously published profile. Peremba was later established as a holding company to group UDA’s commercial properties and assets.

As for Mahathir, Daim eventually became his closest political confidante, which observers noted was likely because Daim appears to harbour little political ambition. After Mahathir rose to the Umno presidency and prime minister’s seat in 1981, he made Daim chairman of Umno’s investment arm Fleet Holdings Sdn Bhd the following year.

When he became party treasurer in 1984, Daim was two years into his tenure as Kuala Muda Member of Parliament, having previously been a senator for two years since 1980. Legend has it that Mahathir rang Daim one day before the nomination day of the 1982 general elections to ask him to contest the Kuala Muda seat, but this is unverified.

MALAYSIA'S NEW FINANCE MINISTER: DAIM ZAINUDDIN

The quiet millionaire

LAST month Malaysian Prime Minister Daim Zaidi Dr Mahathir Mohamad appointed to the key post of Finance Minister a wealthy businessman with a long political pedigree and as Cabinet colleague NAGS PILLAI describes the man and the career that attracted him.

THE career of Parliament House has been described as quiet. The man who has been appointed to the key post of Finance Minister is a wealthy businessman with a long political pedigree and as Cabinet colleague NAGS PILLAI describes the man and the career that attracted him.



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It was reported that following the 1982 general elections, Daim was offered the Trade and Industry portfolio but declined. By 1984, however, Daim became Mahathir's finance minister and Umno treasurer.

"He was a backbencher no one noticed. Never spoke a word while he was a senator and only once or twice, briefly, in Parliament. Today, he is a minister. The swiftest rise I have seen in the past 20 years," a Parliament House usher was quoted as saying by The Sunday Times in August 1984 following Daim's appointment as finance minister.

Such was Mahathir's trust in Daim that even when Daim was out of the Cabinet, he was said to have served as something of "secret emissary" representing Mahathir, which was confirmed by Mahathir in a previously published interview.

One such instance occurred early on in Mahathir's premiership when he reportedly sent Daim to the United States to deal with the tin price issue affecting the Malaysian tin industry. At the time USA's General Services Administration (GSA) tin stockpile releases caused tin prices to decline and Daim's negotiations eventually led to a limiting of the releases.

"It is unlikely that Wisma Putra itself was ever aware of the discussions and contacts that Daim had with foreign leaders until about the late 1990s," wrote author Chandran Jeshurun in the 2007 book Malaysia: Fifty Years of Diplomacy.

In addition to having Mahathir's trust, Daim was also said to be the brains behind some of Mahathir's policies, even when they disagreed over some of these policies.

"(He) knows the nitty gritty, the way to carry out (the policies)," Mahathir was quoted as saying. "For example, if I say privatisation, his job is to find the means of privatising. He showed how it should be done and all that."

Daim's early deals

By 1982, Daim found himself in a somewhat unique position — he was managing the government's investments held in Peremba, in charge of Umno's investments as chairman of Fleet Holdings and was also still a private businessman.

"Acting in this triple capacity ... Daim was involved in myriad business activities involving companies he controlled in his different capacities," wrote academic Edmund Terence Gomez in the 1990.

In another book published in 1997 titled "Malaysia's Political Economy: Politics, Patronage and Profits", which was co-authored with Jomo KS, Gomez shed light on several of Daim's early business deals.

Among the early notable deals involved the public-listed Sime UEP in 1982, which had since been folded into the Sime Darby conglomerate today. At the time, Peremba owned a 33% stake in Sime UEP which was then undertaking its Subang Jaya mixed development project. Later that year, Daim's privately owned Baktimu Sdn Bhd bought a 33% stake in Sime UEP from Bandar Raya Developments Berhad (BDRB).



BDRB was then the property development arm of Multi-Purpose Holdings controlled by the Malaysian Chinese Association (MCA). The purchase price was reportedly RM75 million in cash, of which RM40 million was loaned to Daim by the Singapore branch of the Union Bank of Switzerland. Asian Wall Street Journal reported in 1984 that the loan was only approved by the Union Bank following a guarantee by government-owned Bank Bumiputra on behalf of Baktimu as security.

This means that as year 1983 began, Daim had effective control of about 66% in Sime UEP via Peremba and Baktimu. It was a conflict of interest as Daim was also Peremba chairman.

Another notable deal happened in April 1983 when Daim secured a 33.27% stake in Raleigh, which is now part of Berjaya Group. His stake was gained in a cash-and-shares swap deal which saw his entire equity in his Taman Bukit Maluri Sdn Bhd exchanged for the shareholding plus RM30 million cash. One month later Daim upped his shareholding in Raleigh by another 33.33% through Seri Iras Sdn Bhd, which he owned and controlled with close associate Tajudin Ramli.

By June 1983, Raleigh sold part of Taman Bukit Maluri Sdn Bhd's significant landbank to public-listed Faber Group – then controlled by Umno's investment arm Fleet Group, of which Daim was chairman – which allowed Raleigh to recover a significant part of the sum paid to Daim in April 1983. At this time Daim also owned personal equity in Faber but this was later sold to Fleet Group as well.



Interestingly, Faber Group was also involved in a shares-for-assets deal with Sime UEP in 1984. In exchange for 11% equity in Faber, Sime UEP sold its entire interest in Subang Merlin Hotel to Faber for RM56.25 million, which was criticised as allegedly "over-valued" in the press.

That same year, Daim-owned Daza Sdn Bhd acquired 20% shareholding in public-listed New Straits Times Press (NSTP) from Times Publishing of Singapore for RM74.81 million. When the acquisition happened Umno's Fleet Group already had a substantial stake in NSTP.

Notably, NSTP announced rights and bonus issues around this time which led to Daza obtaining further financing. Daza eventually incurred debt to the tune of RM70.65 million from its NSTP exercise.



However, Umno's Fleet Group bought Daza later in 1984 for RM1 million through a subsidiary, taking

on Daza's liabilities. Fleet Group also tried to sell 25% of its nearly 76% equity in NSTP to Faber for RM141.9 million, but the deal did not go through as Faber was in poor financial shape at the time.

While the total extent of Daim's personal wealth is difficult to ascertain, he is widely believed to be among the richest men in Malaysia. When he joined Cabinet in 1984, he reportedly had about US\$151 million (RM497.9 million based on 1984 exchange rates) in stocks on the Malaysian market while his total net assets were estimated at about US\$259 million (approximately RM853.32 million at 1984 exchange rates).

In fact, "Daim Zainuddin may be one of Asia's richest men," wrote the Far Eastern Economic Review in 2004.

Notably a Cabinet directive in 1986 instructing him to divest his business interests led to revelations that he had vast personal business interests across key sectors of the economy. By his own admission, these included interests in United Malayan Banking Corporation (eventually becoming part of RHB Bank today), Sime Darby, Technology Resources Industries (TRI), System Televisyen Malaysia (TV3), Cold Storage, Guthrie Ropel, Malayan Banking (Maybank), Tasik Cement, Oriental Holdings, Bolton Properties, Idris Hydraulic, Malayan Flour, Industrial Oxygen and Syarikat Permodalan & Perusahaan Perak.

Grooming tycoons

It is worth noting that at Peremba, Daim groomed a number of promising young executives who would go on to become the movers and shakers of corporate Malaysia – for example Wan Azmi Wan Hamzah, Halim Saad, Samsuddin Abu Hassan, Mohd Razali Abdul Rahman and Tajudin Ramli.

These corporate captains figured prominently in his deals, although as noted in the previous [article](#) in this series Daim is also linked to many other corporate figures. KiniBiz briefly glances at the corporate journeys of several of these corporate captains.



Wan Azmi Wan Hamzah

For instance Wan Azmi was reportedly responsible for negotiating the NSTP acquisition from Times Publishing in addition to being linked to the Fleet Group and Sime UEP. Wan Azmi was previously an NSTP employee before joining Peremba under Daim. He was also managing director of Sime UEP in 1983 and at various times was involved with Daim's majority-owned Malaysian French Bank, Malayan Banking (Maybank) as well as founding Land and General Berhad.

Wan Azmi would eventually go on to have direct and indirect interests in myriad businesses at various times including Rashid Hussain Berhad (RHB), Cycle and Carriage Ltd, Cold Storage Berhad, Kretam Holdings, KM Properties and Malaysian Resources Berhad. In mid-2000s, Wan Azmi listed several companies in London's Alternative

Investment Market (AIM) including PureCircle Ltd and Steppe Cement Ltd. He also sits on the board of Malaysia Airlines (MAS) among other appointments.



Tajudin Ramli

On the other hand, Tajudin Ramli was the buyer of a controlling stake of 32% in MAS when it was fully privatised in 1994. Tajudin took up a syndicated loan of RM1.79 billion for the purchase, which was undertaken via Malaysia Helicopter Services which was later renamed Naluri in 1998.

Before the MAS privatisation it is worth noting that Tajudin was also at various times a director of Peremba and Umno's Fleet Group in addition to being director of Daim's Taman Bukit Maluri Sdn Bhd. His corporate history includes involvement with Technology Resources Industries, Celcom, Dunlop Industries and Raleigh.

However, MAS eventually built up a huge debt of RM9 billion despite several profitable years post-1994, hit hard by the 1998 Asian Financial Crisis. Naluri sold its then 29.09% stake to Ministry of Finance Inc. in late 2000 for RM8 per share, which caused a public uproar over the price.



Halim Saad

More recently, Halim Saad made headlines with a [RM2 billion suit](#) against former Minister in the Prime Minister's Department, Nor Mohamed Yakcop, the Government and Khazanah Nasional in relation to what he alleged was a fraudulent inducement for him to sell Renong Berhad and UEM Berhad in 1998.

Before he exited Renong which controlled UEM, Halim was Renong chairman and chief executive officer which handled the North-South Highway Project (PLUS), in addition to previously being NSTP's chief executive officer in the early 1980s. Halim was also managing director of Time dotCom Berhad.

At present Halim is in among others the oil and gas business via Sumatec Resources with his partner Chua Ma Yu – another Daim-linked man – which recently [struck oil in Kazakhstan](#).

Wide-reaching influence at his peak

Overall, the list of corporate bigwigs linked to Daim Zainuddin makes an impressive reading.

In addition to the Peremba-linked corporate kingpins, Daim is also linked to Robert Tan Hua Choon, who at one time had interests in a total of seven listed companies including wood products manufacturer Malaysia Aica, shipping firm PDZ Holdings and industrial manufacturer Jasa Kita.

Other notable names include Eco World Development director and former SP Setia chairman Abdul Rashid Abdul Manaf; RHB Group co-founder Rashid Hussain, who was formerly tycoon Robert Kuok's son-in-law; renowned investor Chua Ma Yu, who among others also co-founded RHB; Berjaya Group's Vincent Tan Chee Yioun; and Sarawak tycoon Ting Pek Khiing of Bakun Dam and Ekran fame, although Ting was last reported to be bankrupt.



Vincent Tan Chee Yioun

When the Asian Financial Crisis in 1997 hit, however, many of those dubbed Daim's Boys were hit and ran into financial difficulties.

As for Daim, he left the Finance Minister post in 1991 reportedly due to having done his job to reorganise the country's finances – although there was speculation that he had differences with then-prime minister Mahathir. However he was made government economic advisor until he was recalled to the Finance Minister post in 1998 in the wake of the Asian Financial Crisis. This time his tenure lasted three years

until 2001 when he resigned – again.

Interestingly Mahathir announced his intent to resign one year later at Umno's general assembly. He left the prime minister's office in October 2003.

Since then Daim has apparently been keeping below the radar. However, closer examination reveals that Daim is setting his sights globally with advisory involvement in Singapore and Brunei's investment instruments in addition to his majority-owned ICB Financial Group AG, which at one time had operations in at least 14 countries spanning Europe, Africa and Asia.

“Personally, I have retired and I don't want to compete with Malaysians (at home),” said Daim in a 2004 interview.

Yesterday: [How powerful is Daim Zainuddin?](#)

Tomorrow: [Daim's global financial services empire](#)

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