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MAHATHIR-MAHALEEL

TUN M: MAHALEEL LEAVING BECAUSE HE DID NOT SIGN NEW "INFERIOR" CONTRACT

KUALA LUMPUR, July 26 (Bernama) -- Tengku Tan Sri Mahaleel Tengku Ariff's tenure as group chief executive officer of Proton Holdings Bhd was not renewed as he did not agree with the terms of the new two-year contract which he felt were inferior to his own terms, Proton adviser Tun Dr Mahathir Mohamad, said here today.

Also, Tengku Mahaleel's ability to run Proton was cramped after he was removed from other posts within the group which include the chairmanship of major Proton subsidiaries, and this was not agreed by him.

Dr Mahathir said he was not surprised by the decision made by the board of the directors of the national car manufacturer.

Tengku Mahaleel, who joined Proton in 1996 and appointed CEO on April 1, 1997, refused to sign the contract because he claimed the terms were "inferior" to his own terms, said the former prime minister.

"Apparently there was no willingness to consider (Tengku) Mahaleel's views so he refused to sign and the board decided not to renew his contract," Dr Mahathir told a press conference here today.

He was commenting on the decision to remove Tengku Mahaleel made by the board of directors of Proton at their meeting yesterday evening chaired by Datuk Mohammed Azlan Hashim.

During the press conference, Dr Mahathir appeared relaxed but exercised caution with his statement, saying that "if I say the wrong words, I might be sued for libel and I might even be dismissed like Tengku Mahaleel for wrongful statement or communications. So I have to be very careful about this".

However, he said there was no hanky panky as the dismissal followed proper procedures because Tengku Mahaleel did not agree with terms offered to him and though given enough time, he did not want to sign the agreement.

Tengku Mahaleel, he said claimed that the terms were inferior, like a demotion, and was not told why he was offered such terms.

Dr Mahathir said obviously there would be increase in pay when one stayed in the government after many years of experience but again, he said, it was within the board's right to end Tengku Mahaleel's tenure.

Also, he said that Tengku Mahaleel had found it difficult to run Proton properly when removed from many posts within the group because there were direct connections between the subsidiaries and the management of Proton.

He was demoted to ordinary directors whereas the chairmanship of these subsidiaries were assumed by the chairman of the holding company.

In giving his views, Dr Mahathir said that such situation would pose problems because the chairman of subsidiaries would usually report to the holding company.

"If I have to report to myself, it makes it a little bit difficult. Anyway that is the board's decision to remove him from the tenureship and those chairmanships," he said.

Dr Mahathir also said that the new board had wanted to review everything (in the running of Proton) including calling in outside consultants.

He said that because much of the time was taken up in preparing papers for board meetings, sometimes as much as 10 board meetings of various companies in one month, the management tended to spend time writing papers for the board and this might result in neglecting the running of the company.

"And the net effect of all these, (Tengku) Mahaleel is dismissed," he said.

Tengku Mahaleel is on leave from today and would retire on Sept 30.

To enable a smooth transition and ensure continuity of operations, the board has resolved to appoint Datuk Kisai Rahmat, currently director of operations and Datuk Kamarulzaman Darus, currently chief executive officer of Proton Tanjung Malim Sdn Bhd, to the position of joint chief operating officers of Proton effective today.

"I am quite sure that Proton will do better with the new management," he said.

Relating Tengku Mahaleel's tenure as CEO, Dr Mahathir said that he has brought up the capacity of Proton, which today could design, produce models and prototypes, carry out testing including crash testing and mass produce cars like any other motorcar companies.

He said that normally in automotive scene worldwide, when CEOs of big car companies such as Nissan, Mitsubishi, Chrysler, General Motors were dismissed, it was because the companies had failed and was losing money.

"Under (Tengku) Mahaleel, Proton has been profitable despite the APs (issue) and has an accumulated cash of over RM4 billion and had even used RM1.8 billion to build the Tanjung Malim plant without outside borrowings and without asking the government for help.

"I don't know whether that is considered as failure," Dr Mahathir said.

He said that if there were problems with Proton new models, that was not something that warranted a dismissal, as other car companies such as General Motors and Mitsubishi too had some problems with their new models.

Turning to the controversy surrounding Approved Permits (APs), Dr Mahathir said he would "make a written statement for all so that there will be no misinterpretation." -- BERNAMA

SHO/NM WNZ/MR FR