

AGC acting for Dr M in Renong lawsuit

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Hidir Reduan Abdul Rashid

Government lawyers are now representing Dr Mahathir Mohamad against a lawsuit alleging that the then-prime minister had forced businessperson Halim Saad to cede controlling stake in troubled listed firm Renong Bhd in 2001.

The Attorney-General's Chambers (AGC) yesterday filed an appearance at the Shah Alam High Court for Mahathir as well as two other defendants in the matter, namely former finance minister II Nor Mohamed Yakcop and the federal government.

When contacted this afternoon, lawyer Muhammad Rafique Rashid Ali - who intends to hold a watching brief for Mahathir in the civil action - confirmed the AGC is now acting for the former premier and the two other defendants.

"The AGC is representing Mahathir as the alleged incident took place in 2001, when he was prime minister," Rafique said, explaining that the allegations are tied to the defendant's then- premiership.

The private lawyer added that AGC is also representing Nor Mohamed due to the allegations being linked to his then-official capacity in government.

“I will be holding a watching brief for Mahathir to ensure his personal and private interests are protected,” Rafique said, adding that the suit is set for further case management on Sept 13.

Mahathir, 98, held two stints as premier, firstly from July 1981 to October 2003, and secondly from May 2018 to February 2020.

On Aug 2, Halim filed the civil suit over the three defendants’ alleged role in depriving the plaintiff of rights as Renong controlling shareholder.

Through the statement of claim, Halim alleged that this was done by virtue of Khazanah Nasional Bhd effecting a takeover of UEM Malaysia Bhd at the direction of the government as part of a compulsory acquisition between July and October 2001.

Halim claimed that the acquisition affected 372 million shares in Renong and that Mahathir and Nor Mohamed were the prime movers of the acquisition.

The plaintiff contended that his Renong shares belonged to himself and not to Umno, and that at the material time, the company held 37.92 percent stake in

UEM.

The veteran businessperson claimed that he intended to make a general offer on UEM, either through Renong or jointly with Renong, to take it private as a subsidiary of Renong.

“The plaintiff was, however, directed by Mahathir directly and through Nor Mohamed, not to proceed with the intended general offer as the government wanted, instead, to acquire all the shares in UEM through a designated entity, Khazanah Nasional Bhd, or a party it was to nominate.

“In line with this, the plaintiff was also directed to exit both UEM and Renong, both as shareholder and director, including in subsidiaries of the said companies.

“This required the plaintiff to cede his control over Renong and UEM to the government and to eventually dispose of the plaintiff's Renong shares at a loss. The plaintiff complied with the said direction as Mahathir was then the prime minister and finance minister.

“In the upshot, Khazanah acquired all the shares in UEM through its subsidiary, Syarikat Danasaham Sdn Bhd, thereby gaining control of UEM which, at the material time, held 32.6 percent in Renong.

"In this way, the government acquired UEM indirectly and gained control and indirect ownership of the Renong group.

"The acquisition of the vested right and the deprivation of the plaintiff's rights as a controlling shareholder of Renong, which were key aspects of the acquisition exercise by the government, were effected or caused without any compensation being paid to the plaintiff in contravention of Article 13 of the Federal Constitution," Halim contended.

Critical to the takeover

Halim claimed that he was not compensated for the acquisition of the vested right and deprivation of his right as controlling shareholder of Renong, both of which were critical to the takeover of UEM and Renong by the government.

The plaintiff claimed that despite receiving RM165 million from Khazanah, he contended this does not represent the true value of the vested right and Renong shares.

Halim claimed that part of the RM165 million, namely RM100 million, was to compensate him for having paid RM100 million to UEM in connection with a "put option" which the government then was required to lapse.

He claimed the RM65 million portion of the RM165 million was to compensate him for losses due to the foreclosure of various assets pledged by him to various financiers for the financing of the RM100 million.

Halim alleged that when he met Mahathir on April 23, 2010, the former prime minister purportedly told Halim that he heard from Nor Mohamed that the plaintiff's Renong shares were in fact purportedly owned by Umno, therefore the government saw no reason to compensate him.

Besides having been prime minister and finance minister, Mahathir also used to be chairperson of sovereign wealth fund Khazanah.

From September 1998 to April 2000, Nor Mohamed was an adviser to Bank Negara and worked with Mahathir to address the Asian financial crisis besetting Malaysia then.

Later in 2002, Nor Mohamed was appointed Khazanah director.

Halim is represented by counsel from law firm Malik Imtiaz Sarwar.

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