

Umno's corporate cornucopia
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In the 1980s and 1990s, Halim Saad and Tajudin Ramli were two of Malaysia's brightest stars, picked by former Prime Minister Mahathir Mohamad to lead the country's ethnic Malays onto the national stage as exemplars of a new Bumiputera business culture that would catch up with the ethnic Chinese who had dominated commerce as long as Malaysia had been in existence.

When Mahathir took office, insiders say, his plan was to create a cadre of 100 super-rich bumis who in turn would help rural Malays into prosperity under a *konsep payung*, or umbrella concept routed through the United Malays National Organization, much the way he envisioned driving the country into industrialization through massive projects. But greed intervened. Once the privileged got rich, there was little incentive to share it with the *kampongs*, the Malay rural villages. Many of the companies eventually collapsed and are being supported by government institutions such as Kazanah Nasional, the country's sovereign investment fund, or the Employee Provident Fund.

Although the Umno connection was widely assumed during Mahathir's 22 year reign as prime minister, today a flock of explosive court documents filed in different Kuala Lumpur courts appear to be breaking open conclusively the open secret that Tajudin and Halim and others were essentially front men for the United Malays National Organization, the country's biggest ethnic political party and part of a class of rentier businessmen who became known as Umnoputras, a play on the word Bumiputera, or native Malaysians, predominantly ethnic Malays.

Nor were they alone. Others included Syed Mokhtar Al Bukhary, one of Malaysia's richest men, as well as Yahaya Ahmad, who headed Mahathir's national car project and who tragically was killed with his wife in a helicopter crash, and Samsuddin Abu Hassan, introduced by Mahathir to the government of Nelson Mandela but who had to flee South Africa after being accused of misappropriating millions and evading South African debts totaling about R50 million (US\$7.233 million at current exchange rates). Samsuddin left behind his glamorous wife, Melleney Venessa Samsudin, along with a failed Durban bank, and returned to Malaysia.

Samsudin ultimately ended up on the board of directors of Mitrajaya Holdings Bhd., another Umno-linked company that has played a significant role in major national projects including the Kuala Lumpur International Airport, KL's Light Rail Transit System, the CyberJaya Flagship Zone and numerous other projects.

At least 23 of Malaysia's biggest companies (see list below) appear to have been vehicles for Umno to siphon off vast amounts of money in government contracts as Mahathir's plans went awry. The companies and the people who run them are so hard-wired into Umno, the government and its investment arms that de-linking them would probably destroy the party. That in effect makes a mockery of Prime Minister Najib Tun Razak's widely publicized speech in July in which he promised to root corruption out of his party.

Much of the ownership appears to have been channeled through a mysterious company that emerged in 1993 to stage an RM800 million management buyout of a major chunk of Malaysia's media including the New Straits Times Press (M) Bhd and TV3. Realmild already owned a controlling interest in Malaysian Resources Corporation Bhd, which got the contract

to develop the massive Kuala Lumpur Sentral transport hub. It also acquired ownership of the Labuan and Sabah Shipyards, which supply the Malaysian Navy, as well as Redicare and Medinvest, which were awarded lucrative contracts to supply medical supplies to government hospitals.

In September, Syed Anwar Jamalullail, the brother to the Sultan of Perlis, and others testified in a tangled court battle in a Kuala Lumpur High Court that Daim Zainuddin, the prime minister's close associate, often told Malay businessmen to act as nominees in the management of Malaysia's top companies. The long-running suit was launched five years ago in 2005 by Khalid Ahmad, a former Realmild director, who alleged he had been cheated out of a RM10 million payment for five percent of Realmild's shares by Abdul Rahman, thought to be the beneficial owner.

According to the testimony, Abdul Rahman paid out the RM10 million but later reneged after he learned from Mahathir that the shares actually belonged to UMNO. The trustees for Realmild in fact were Mahathir himself as well as former Berita Harian Group Editor Ahmad Nazri Abdullah, New Straits Times Group Editor Abdul Kadir Jasin and Mohd Noor Mutalib. Another witness, Ahmad Nazri, said in a deposition that he held the majority share of 80 percent in Realmild, although 70 percent of the shares were actually in trust for Mahathir.

The companies others ran included Faber Group Bhd, a member of the UEM Group, now involved in integrated facilities management and property solutions sectors; KUB Malaysia Bhd. A holding company dealing in information, communications & technology, property, engineering & construction and food related industries.

The companies have been involved a wide variety of activities including media, property development, construction, toll roads, hospital equipment, logistics and distribution, cellular telephony and other businesses. What they had in common was that most of them benefited from government contracts doled out by the Barisan Nasional, the ruling coalition that has controlled Malaysia since its inception as a country. The other thing they had in common was that at some point most of them were mismanaged into financial trouble of one kind or another and had to be bailed out or bought out by the government.

Realmild unloaded Malaysian Resources Corporation Bhd onto the Employee Provident Fund in late 2005 as part settlement for an outstanding Rm500 million loan. Putera Capital Bhd, is threatened with bankruptcy. It formerly owned the Putra World Trade Center, Umno's headquarters, which rents out office space to businesses. UEM Builders Bhd, an offshoot of United Engineers Malaysia (UEM), along with UEM World Bhd, was dumped onto Kazanah Nasional, the investment holding arm of the government and the government's strategic investment vehicle.

Kazanah Nasional now also owns PLUS, which held the tollway contract for the national north-south highway, as well as Pharmaniaga, a former UEM subsidiary dealing in hospital supply and other services. Court documents show that MAS, then the state-owned flag carrier, was taken over and privatized by Tajudin Ramli only to lose an estimated RM8 billion (US\$2.77 billion at current exchange rate), with a major part of that being funneled into a Frankfurt, Germany cargo logistics company whose directors were closely connected to Tajudin.

According to the website *Malaysia Today*, Tajudin's lawyers revealed that Tajudin had only been a front man for Umno and that Umno "not only has to protect him from prosecution but that they also had to ensure that the government bought back the shares at the same price that they were sold to him although the shares were only worth a portion of the real

value."

Other depositions made available in recent weeks have listed a long series of documents detailing misdoings in UEM/Renong, once headed by Halim Saad, which has long been accused of looting the government treasury through vastly overpriced construction contracts. Halim told the press in September that he had left the UEM/Renong board in 2001, saying authorities wanted Kazanah to take it over "to prevent a systemic risk to the banking system in Malaysia and to enable a sustained restructuring of the group."

UEM itself is still at it. The government-linked company was given the contract to build a second bridge from the mainland to the northern city of Penang at a price estimated in 2007 at Rm2.7 billion. It has since climbed to RM4.3 billion without figuring in a variety of ancillary costs including compensation for fishermen and project development costs of RM285 million, with the total now nearing RM5 billion.

Other documents show how completely the country's press was in the thrall of UMNO. Media Prima Bhd, a listed company, apparently took over the ownership from Realmild of TV3, 8TV, ntv7 and TV9 as well as 90 percent of the equity in The New Straits Times Press (Malaysia) Bhd, which publishes three national newspapers; the New Straits Times, Berita Harian and Harian Metro. It also owns three radio networks, Fly FM, Hot FM and One FM. Other cross media interests of Media Prima include content creation; event and talent management.

It also owns outdoor advertising companies Big Tree Outdoor Sdn Bhd, UPD Sdn Bhd, Right Channel Sdn Bhd, Kurnia Outdoor Sdn Bhd and Jupiter Outdoor Network Sdn Bhd. It is online through a digital communications and broadcasting subsidiary, Alt Media, with the Lifestyle Portal gua.com.my and the newly launched TonTon, a cutting-edge video portal with HD-ready quality viewing experience that offers the individualism of customized content and interactivity of social networking.

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