

# 'RELUCTANT INVESTOR'



## Tajudin paints himself as thwarted saviour

KUALA LUMPUR: He was the consummate corporate figure, with an aura of power and confidence, always thinking about making Malaysia Airlines a global player.

"In this business you have to be a big, meaningful player, and to do that you have to think globally," Tan Sri Tajudin Ramli said in a 1997 interview.

He paints a different picture of himself in the RM13 billion counter-suit he filed against the Government, Danaharta, and a host of companies and individuals.

When the farmer's son took control of the national carrier in 1994, many spoke glowingly of how a man from a back-of-beyond village in Kedah could rise to the apex of one of Asia's top airlines. Little did they know how uncertain he was about being top man at MAS.

Tajudin said that while he was honoured with the trust and confidence of the then prime minister Tun Dr Mahathir Mohamad, he was reluctant as "to purchase and carry out the radical restructuring required for MAS was beyond an ordi-

nary private entrepreneur".

At that point, he was helping Naluri Bhd, which was involved in the transportation business, and Technology Resources Industries, a telecommunications company.

When he was asked to buy Bank Negara's stake in MAS, he was not prepared to pay more than RM5 per share.

But he alleged that he was instructed by Dr Mahathir and former finance minister Tun Daim Zainuddin to pay RM8 per share. The price had nothing to do with the true value of the MAS shares, he contends, but to help the Government avert a foreign exchange crisis.

In the court documents, Tajudin paints himself as a reluctant investor compelled to do "national service" and help the Government out of its bind over Bank Negara's forex losses.

In Tajudin's mind, he was a saviour. After all, he had to borrow RM1.8 billion, becoming the largest individual debtor in the country.

What happened after the Asian financial crisis in 1997 cemented

Tajudin's belief that he had sacrificed much for the country. All his debts with various banks were transferred to Danaharta. His assets were taken away from him.

Interestingly enough, his public stance while heading MAS was that of someone with long-term ambitions for the airline.

"I am with MAS and TRI for the long haul," he said in one of the interviews he gave in those heady early days. Tin under no pressure to sell my stakes in these companies."

In fact, he noted that he was looking at ways, to increase his ownership in MAS from 29 per cent to at least 33 per cent; perhaps even up to 51 per cent.

But according to the alleged "Overriding Agreement" between Tajudin and the Government, he would be allowed to sell his 32 per cent back to the Government as soon as the financial crisis faced by the Malaysian economy was over.

Going by what he said in his court documents, he did not have a business plan but an air-tight retirement plan.

## > RUN-UP TO THE RM1 3 BILLION SUIT

### WHAT HAPPENED BEFORE TAJUDIN BOUGHT INTO MAS

Tan Sri Tajudin Ramli alleged that in 1994, Tun Dr Mahathir Mohamad raised the possibility of Tajudin taking over MAS on behalf of the Government. The then prime minister allegedly made it clear that this task was "national service" and buying the Government's shares in MAS was essential to avert a national emergency.

He was willing to pay RM5 per share but Tun Daim Zainuddin allegedly instructed him to pay RM8 per share. He was unwilling to pay but was told by Daim not to refuse the then PM. He proceeded with the transaction but said it was subject to an "Overriding Agreement".

He was told it was important for political and commercial reasons and also in the national interest that Tajudin be perceived as taking over MAS through nor-

mal commercial share sale procedures and financing. But the actual agreement between Tajudin and the Government was different, said Tajudin.

### FEATURES OF THE 'OVERRIDING AGREEMENT'

- At the insistence of the Government, Tajudin agreed to buy 32 per cent of MAS shares from Bank Negara at RM8 per share, which was RM4.50 above market price. The purchase was to enable Bank Negara to recoup some of its foreign exchange losses.

- The purchase was to be carried out through Tajudin's private company and through normal commercial bank loans. This required Tajudin to incur personal liability.

- At the insistence of the Government, the purchase was to appear like a normal "arm's-length" transaction, but in fact Tajudin

was at all times to be a nominee, servant and agent of the Government.

- Because Tajudin agreed to buy the 32 per cent stake at RM8 per share, the Government agreed that he would not suffer any personal losses and that he would be allowed to sell back the shares to the Government once the financial crisis faced by the Malaysian economy was over.

- The Government also agreed that if the job became too big for Tajudin, it would buy back the shares and work out an arrangement so that Tajudin's financial obligations would be settled.

- That the Government would indemnify Tajudin against all losses suffered by him.

### REPURCHASE OF MAS SHARES BY THE GOVERNMENT

After the Asian financial crisis in 1997, MAS required more capital

to meet loan obligations. Neither Tajudin nor Naluri Bhd had enough funds to meet the airline's needs.

Tajudin said in line with the agreement, the Government bought back MAS shares at RM8 per share. It was also understood that Tajudin would be relieved of all personal liabilities, the details to be worked out with bankers and corporate advisers.

Negotiations were handled by various parties, including Dr Mahathir and Daim.

Tajudin said in his court document that he, Dr Mahathir and Daim received a huge amount of public criticism, including from foreign commentators, but he was asked not to disclose "the truth concerning the Overriding Agreement for the time being".

The money paid to Naluri for shares in MAS was meant to discharge Tajudin's liabilities for the

loans taken to buy the shares in MAS and to constitute a full and final settlement of Tajudin's liabilities.

But despite periodic assurances from Dr Mahathir, the Government and Danaharta, the terms of the Overriding Agreement were breached on several occasions.

### WHY TAJUDIN FILED COUNTERCLAIM

At the request of the Government, Tajudin entered into a Settlement Agreement with Danaharta. He alleged he received confirmation from Daim before entering into the agreement that it was necessary for appearances and that the Overriding Agreement would still be honoured. When the terms were not honoured, Tajudin sought an injunction against Danaharta. The injunction was denied and Tajudin alleged that Dr Mahathir asked him not to fight the Government

over the implementation of the Danaharta Act. The former prime minister allegedly also assured him that he would be relieved of all liabilities arising from the alleged outstanding loans.

Tajudin said his withdrawal of the suit was on condition that the Government would honour the Overriding Agreement and that Danaharta would not force-sell Tajudin's TRI shares.

But Danaharta went ahead and sold the TRI shares, despite being told that Telstra of Australia and SingTel, Macquarie of Australia and Digi/Telenor of Norway had all approached Tajudin with a view to buying his shares.

Tajudin believes that the sale of TRI shares for RM2.75 per share to Telekom was a scheme to enable the latter to take over TRI cheaply and merge TRI's cellular communications business with Telekom Malaysia's.