

EXPLAIN

PROTON BOSS TOLD

Board of directors unhappy with Tengku Mahaleel's comments

KUALA LUMPUR, Thurs. — Government. Ironically, the Proton chief executive officer Tengku Mahaleel Ariff (picture) is in hot water again, and this time, the consequences could be serious for him.

The company's board of directors called an emergency meeting last night to discuss an interview he gave a Chinese daily two days earlier, in which he was critical of the Government's automotive policy.

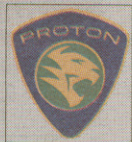
In the interview, Mahaleel lamented the "poor treatment" Proton was receiving from the

Government. Ironically, the Government is the major shareholder in the company, through Khazanah Nasional.

The *New Straits Times* understands that Mahaleel did not attend the meeting as he is in London on a business trip. But board members placed a conference call to him during the meeting and asked him to explain his comments in the *Oriental Daily*.

Mahaleel has been given until the weekend to reply to the board.

□ TURN TO PAGE 6, COL 4



Proton chairman calls for emergency board meeting

□ FROM PAGE 1

The board stayed silent today with none of the directors returning calls. It is not known what action will be taken by the board should it not be satisfied with Mahaleel's reply. However, reports that he is to be sacked are untrue.

It is learnt that Datuk Azlan Hashim (picture), chairman of Proton Holdings, called for the emergency board meeting. Today, Azlan informed the Khazanah board meeting chaired by Prime Minister Datuk Seri Abdullah Ahmad Badawi of the decision by the Proton board to seek an explanation from Mahaleel.

Mahaleel could not be reached for comment, while Proton spokesman Fauziyah Abu Hassan said the company would not be making any official statement on the matter.

"I think the best persons that you can check with are the board (members)," she said.

Proton became the country's dom-

inant auto-maker as part of the Government's industrialisation drive, which included slapping heavy tariffs on foreign cars.

Proton's market share has declined since rivals such as Toyota and Honda launched more competitively priced cars.

This was not the first time Mahaleel has got into a scrap with the board. He had problems with the board when it was controlled by Petronas, and also when the national oil giant sold its stake in the car-maker to Khazanah.

Earlier this year, Datuk Abu Hassan Kendut quit as Proton Holdings chairman af-

ter a board decision not to renew Mahaleel's contract was overturned.

Mahaleel's rise up the ladder in Proton has been meteoric since April 1996, when he was appointed as the company's vice-chairman of strategy and operations. He became the company's CEO the following year.

Proton shares closed 15 sen lower at RM7.20 at the end of yesterday's trading on Bursa Malaysia.

