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Perwaja Steel probe still on (HL)

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SHAH ALAM, Fri. - Prime Minister Datuk Seri Dr Mahathir Mohamad has directed the police and the Anti-Corruption Agency to continue investigating alleged mismanagement and financial irregularities in Perwaja Steel Sdn Bhd.

Acting Prime Minister Datuk Seri Anwar Ibrahim said today both agencies had been ordered to continue their probe, including into the role of the company's former managing director Tan Sri Eric Chia.

Anwar, who earlier opened an international conference and exhibition on Islamic arts and architecture at Institut Teknologi Mara, was asked about the progress of the investigation and whether there was any truth to rumours that Chia had been arrested.

"A preliminary report (by the police and ACA) has been submitted to the Prime Minister and he has directed that the probe be continued."

On whether his meeting with ACA officials yesterday was connected to Chia, Anwar said it was not.

"Such meetings are held from time to time as the agency updates me regularly. Yesterday's discussion was more on amendments to the Prevention of Corruption Act 1961," he said.

Until last February, the ACA had interviewed about 60 people, including Chia and several businessmen whose companies had had transactions with Perwaja Steel.

The steel company, which registered accumulated losses of RM2.985 billion as at Dec 31, 1995, was privatised to Maju Holdings Sdn Bhd last Friday. The company also had debts of over RM6 billion.

The privatisation was conducted through Equal Concept Sdn Bhd which now owns Perwaja Steel and Perwaja Rolling Mills Sdn Bhd, having bought them over from Perwaja Terengganu Sdn Bhd for RM2 billion.

Equal Concept obtained the subsidiaries debt-free as the deal also included the transfer of all borrowings, loans and inter-company loans to Perwaja Terengganu.

Maju Holdings signed an agreement with Perwaja Terengganu last Friday to hold a 51 per cent stake in Equal Concept which translates to a 51 per cent stake too, in Perwaja Steel.

The Federal Government will hold 14 per cent equity and the Terengganu Government, five per cent. The remaining 30 per cent stake has been offered to Lion Group.

Perwaja Steel is expected to get a back-door listing on the Kuala Lumpur Stock Exchange via its injection into Berjaya Singer Bhd.

The whole exercise will cost Maju Holdings RM1.196 billion initially, while Berjaya Group Bhd will pay RM1.318 billion for BSinger's nine subsidiaries under a buy-back scheme.

Maju Holdings will also have to make a general offer for the remaining shares of BSinger as it would then hold 79.5 per cent of the latter after the exercise.

Asked to comment on a statement on Monday by Ericsson general manager in Malaysia, Tord Larsson, that the firm had been cleared of impropriety in the award of a Telekom Malaysia equipment-supply contract, Anwar said: "They are free to say anything but the official statement will be made by the responsible party."

He said the committee probing the matter should clarify the status of the investigation.

He said he was leaving it to the investigation team, comprising Telekom Malaysia and the contracts division in the Treasury, to state the outcome of the probe.

"What has been submitted to me earlier is a preliminary report which does not implicate anybody. I think it will be more proper for the investigation team to explain," he said.

Larsson had said that from information they had received, no wrong had been done. He added that the investigation was closed.

In February, Anwar had said that there were grounds for further investigation into alleged discrepancies in the awarding of the contract.

He had said that there were instances (of non-compliance) in terms of transparency and procedures.

The contract, awarded between 1992 and 1993, is believed to be related to Perwira Ericsson's successful bid in 1992 to supply digital exchanges with the capacity for 800,000 lines to Telekom Malaysia for RM414 million.

It was part of Telekom Malaysia's RM2.07 billion contract for telephone exchanges over five years.

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