

21/09/2004

`Chia said Dr M gave mandate to run firm'

By Rosnazura Idrus

KUALA LUMPUR, Mon. - Former Prime Minister Tun Dr Mahathir Mohamad and former Finance Minister Datuk Seri Anwar Ibrahim figured prominently in the Eric Chia corruption trial today.

Tan Sri Zainal Abidin Sulong, a former chairman of Perwaja Group told the court that Chia claimed that he was given the mandate by Dr Mahathir to run the company.

He said Chia, 72, sent a note to him in 1996, where he seemed not to recognise the Board of Directors and Minister of Finance as authorities to which he had to report and from whom he had to seek approval.

Zainal Abidin, who is chairman of the Malaysian Industrial Development Authority (Mida), also read out aloud in court other parts of the note which stated that:

- \* Chia reports directly to the Prime Minister on a monthly basis.

- \* Chia does not receive salary and benefit from Perwaja for the duration of his service.

Zainal Abidin is the 20th prosecution witness at the trial of Chia, who is alleged to have dishonestly authorised the payment of RM76.4 million for technical assistance when no such payment was due to NKK Corporation.

Alternatively, he is charged with dishonestly disposing of the funds by entering into an agreement with NKK Corporation and authorising the payment of the amount without the approval of the board of directors or the tender committee of Perwaja Rolling Mill Development.

Zainal Abidin was asked by Senior Deputy Public Prosecutor Datuk Mohd Yusof Zainal Abiden whether it was stated anywhere in the note that the Prime Minister gave approval that one could disregard the board and the procedures.

He replied: "I don't remember reading it because if it was there, I would have read."

He also told the Sessions Court that Anwar Ibrahim gave Perwaja Steel special exemption by not requiring Chia to refer to the Finance Ministry for approval for purchases and contracts above RM15 million.

He said Chia informed the board of directors of Perwaja Steel that Anwar had invited him to the minister's office on July 3, 1993, and granted him the exemption by waiving a circular dated Aug 6, 1985.

The Aug 6 circular directed all government companies and agencies to refer to the ministry for approval for contracts and purchases of RM15 million and above.

It also directed these companies to brief the ministry on their plans for such purchases or projects.

Zainal Abidin said that Chia also suggested that he be made the chairman of the tender committee while the other two members were Nik Mohd Affandi Nik Yusoff (the Ministry's representative in the board of directors) and Zubir Embong.

Asked whether Chia was happy with the formation of the tender committee, Zainal Abidin said: "I am not sure of the position, whether he was happy or not."

However, at a board meeting of Perwaja Steel on May 30, 1993, he informed the Board that at the time he took over as the managing director in June 1988, the company managed without the tender committee.

Chia went on to say that the system without a tender committee had proved to be effective and suitable, he added.

The hearing continues.

(END)