

\$545m chips fraud



Recycling firm's boss charged

He allegedly bought and sold worthless chips, faking invoices to get payment from banks

By FIONA CHAN

ANOTHER fraud and cheating scandal has hit Singapore's corporate world, this time involving sums to the tune of more than half a billion dollars.

The chief of delisted memory chip recycler EC-Asia was yesterday hauled into court on 687 charges involving a whopping US\$372.2 million (S\$545 million) - making this one of the biggest corporate scandals here to date.

From March 2001 to January last year, Kelvin Ang Ah Peng, 43, allegedly cheated an information technology company and six banks of US\$290.5 million by trading in worthless chips.

He had worked at the IT company, AsiaPac Distribution, as a sales manager for three years prior to joining EC-Asia. The banks he allegedly cheated included United Overseas Bank, DBS Bank, HSBC and Standard Chartered.

Among other things, Ang is being charged with pretending to buy and sell integrated circuit chips, inducing banks

to deliver sums of money for these purchases or sales.

This was despite knowing himself that the chips were defective and worthless.

He is also alleged to have conspired with another person to remit US\$81.7 million of the company's ill-gotten gains from Hong Kong to Singapore.

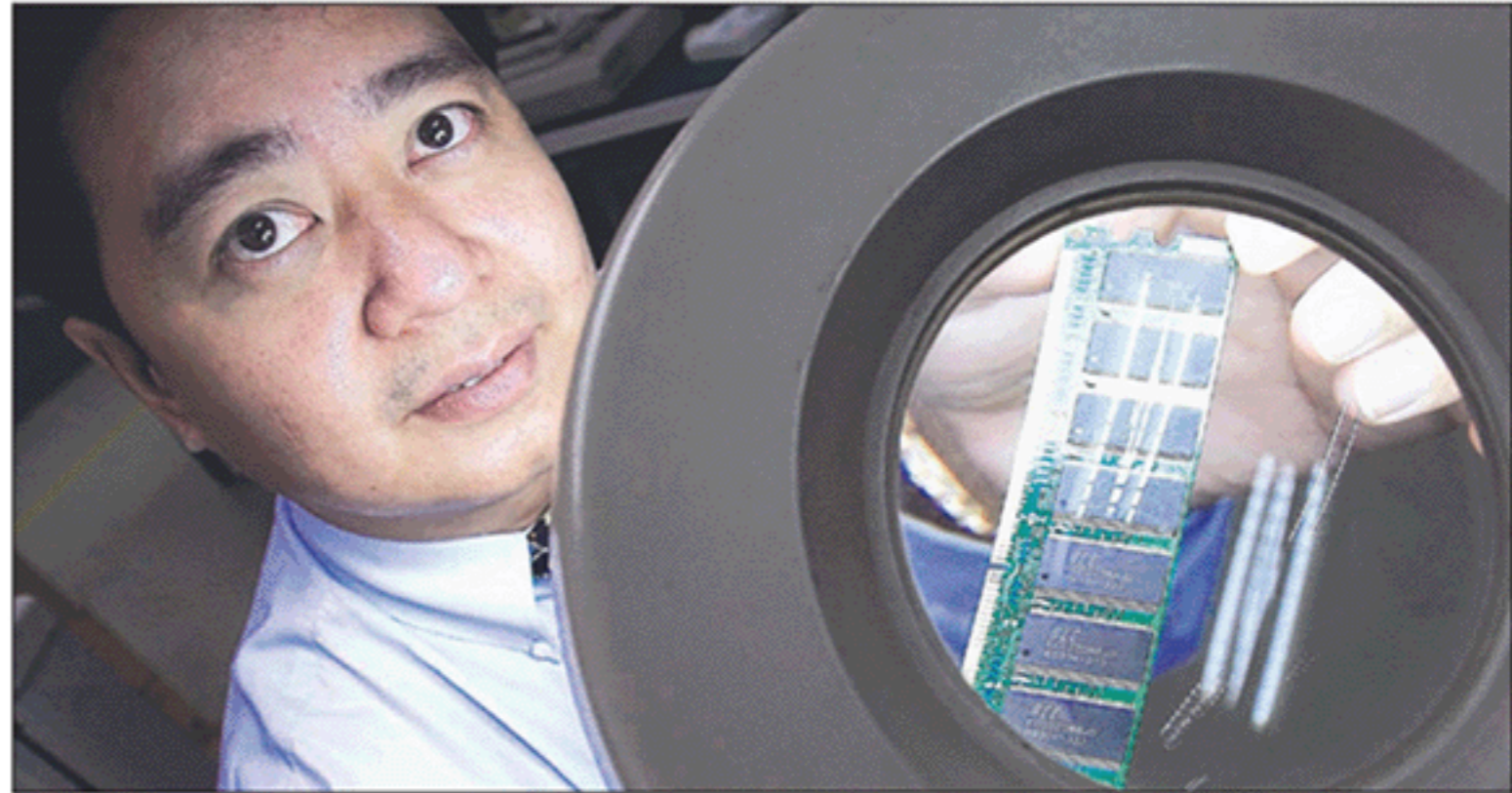
Ang has been charged with falsifying revenues in EC-Asia's initial public offering (IPO) prospectus in 2003. He is said to have overstated the company's revenue by 40 per cent for the 2002 financial year and by 10 per cent for the previous financial year.

The firm was eventually slapped with a stop-order on its initial public offering (IPO) by the Monetary Authority of Singapore (MAS) in 2003, for reasons not made clear. The IPO had closed but EC-Asia had not yet listed, so it was made to return the application money to investors.

The homegrown firm then listed in Australia the following year. Its main business involves buying chips that do not meet the specifications of major chipmakers, recycling them and then selling them under its own Ace and Aceplus brands. It also distributes memory products.

But EC-Asia ran into financial difficulties in 2006, and its board engaged two sets of auditors - Grant Thornton Specialist Services and Ernst & Young - to look at the company's books. Neither uncovered anything out of the ordinary.

EC-Asia's troubles came to light only



Kelvin Ang, CEO of EC-Asia, is implicated in what may be one of the biggest corporate scandals here to date. He faces a whopping 687 charges, including trying to remit millions in ill-gotten gains from Hong Kong to Singapore. ST FILE PHOTO

The charges against EC-Asia chief

Who he is

Kelvin Ang, also known as Ang Ah Peng, 43, chief executive officer of EC-Asia since October 2002.

He has been a director of EC-Asia since the firm was incorporated in June 1993, and was named managing director in April 1994.

What he is alleged to have done

He allegedly bought and sold worthless memory chips, creating fake orders and invoices to receive payment from banks. He also faked revenues in the company's initial public offering (IPO) prospectus and sent money earned from the criminal conduct to Singapore from Hong Kong.

Charges against him

One of overstating revenues in EC-Asia's IPO prospectus

One of conspiring to remit US\$81.7 million (S\$120 million) in ill-gotten gains from Hong Kong to Singapore

13 of instigating AsiaPac Distribution to cheat banks from February 2006 to October 2006, for a sum of US\$7.7 million

44 of cheating Maybank, from January 2005 to January last year, of US\$13.2 million

44 of cheating DBS Bank, from December 2004 to October 2006, of US\$13.4 million

74 of cheating Standard Chartered, from March 2001 to December 2006, of US\$26 million

104 of cheating HSBC, from March 2003 to July 2006, of US\$34.4 million

217 of cheating United Overseas Bank, from March 2001 to October 2006, of US\$84.8 million

189 of cheating International Factors Singapore, from June 2003 to January last year, of US\$111 million

were made to just three firms - two of which were also its suppliers.

According to court papers, Mr Neo, who has since joined another firm, said EC-Asia's operations consisted of passing the same stocks back and forth between Singapore and Hong Kong without any re-processing.

Faced with this, Ang turned himself in to the Commercial Affairs Department in April last year, admitting to faking invoices and orders "to create the appearance of a genuine flow of sales and purchases".

Ang was appointed chief executive officer of EC-Asia on Oct 1, 2002, according to the IPO prospectus that EC-Asia lodged with the MAS in 2003. It also said he had started his working career in 1986 as a salesman for computer peripherals and software.

In 1990, he became sales manager of AsiaPac Distribution, which distributes disk drives and optical drives - a post he held for three years.

Ang's case comes three years after waste recycler Citiraya stunned the corporate world after an investigation revealed it had inflated its books.

Ang was charged in the Subordinate Courts yesterday. He will be back in court on Nov 5. The Straits Times understands that he is being represented by Senior Counsel Sant Singh of Tan Rajah and Cheah.

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last year when KPMG was appointed to look at restructuring its debts after one of the company's bankers, HSBC, sued it for US\$3.2 million.

KPMG partner Neo Ban Chuan found that the firm made three-quarters of its purchases from only three Hong Kong firms. Similarly, 93 per cent of its sales