

Soi Lek's brother named in graft probe
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KUALA LUMPUR, April 15 — Police today confirmed Datuk Seri Dr Chua Soi Lek's brother is among three people being probed for alleged corruption involving a company called Xian Leng Holdings Bhd.

A special audit of the company recently found that former company director Chua Chong Seng, along with other directors did not follow the group's accounting procedures in capital expenditure (capex) amounting to RM90.7 million between the firm's financial years of 2005 and 2008.

The Edge reported that based on a filing with Bursa Malaysia yesterday, the group said the three former directors and substantial shareholders — former managing director Ng Huan Tong, his wife Lim Wan Hong and Chong Seng — were the signatories of cash cheques amounting to RM85.7 million given out under questionable circumstances to pay four contractors for the construction of fish ponds. The remaining RM5 million was paid out to 52 contractors.

Federal CCID chief Datuk Wira Syed Ismail Syed Azizan confirmed that a police report had been lodged on the matter last Friday, and that an investigation is being carried out.

"We have received the report, we will look into and decide the next course of action," the Syed Ismail told The Malaysian Insider.

In its note to Bursa Malaysia yesterday, Xian Leng had highlighted the irregularities involving the dubious cash withdrawals.

"The RM85.7 million [out of the total RM90.7 million capex] paid to the four contractors was made under questionable circumstances. The bulk of the payments were made via cash cheques and there was a lack of corroborative evidence showing that the amount was paid to and/or received by the contractors.

"The issuance of cash cheques for such large sums of money is a departure from the procedures prescribed by the group's finance manual," said Xian Leng after submitting the audit by PricewaterhouseCoopers Advisory Services Sdn Bhd to the exchange.

As a result of not being able to account for the capex, Xian Leng's fixed assets have been impaired by RM51.9 million to date.

The payment was authorised by Ng, who was Xian Leng's managing director until only three days ago when the group announced his resignation. The signatories to the questionable cheques include Chua, who was the group's executive director until August 31, 2008 and Lim, who was executive director of Xian Leng until her resignation on Dec 23, 2011.

Ng and Lim together own 46.5 per cent of Xian Leng, and are believed to hold more than 51 per cent of the group's paid-up capital via friendly parties. Due to their majority

shareholding, some observers said past attempts by other directors to oust them due to the accounting irregularities have failed.

The audit report stated that no other director, whether past or present, independent or executive, was involved in the issuance of the disputed cash cheques to the contractors. It also stated that the capital expenditure was only highlighted to the audit committee in 2006.

Subsequent to the alert of high and irregular capex by the group's internal audit, the directors have taken immediate action by reducing capex, the group stated.

The audit also highlighted that the issuance of the cash cheques were made via a licensed money changer company which is 80 per cent-owned by Chua.

PricewaterhouseCoopers stated that Chua did not disclose these transactions, which are deemed related party transactions, to the company.

This caused the transactions to not be captured in Xian Leng's audited financial statements, it stated.

Of the amount spent on the ponds, Xian Leng has provided for RM51.9 million and depreciated the assets by another RM23.5 million.

This latest scandal is likely to distract MCA president Dr Chua needs as he leads his party to the country's toughest general election yet.

The allegations involving Dr Chua's brother will once again invite scrutiny to the business and political nexus of those connected to the Barisan Nasional (BN) component party.

Most recently, senior MCA leaders such as former president Tun Dr Ling Liong Sik and deputy president Tan Sri Chan Kong Choy were charged in court over the scandal-ridden Port Klang Free Zone (PKFZ).

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