IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

[1998] SGHC 248

Suit 1778/1997

Between

AMS Securities (S) Pte Ltd

… *Plaintiff*

And

Ang Seng Huat

… *Defendant*

GROUNDS OF DECISION

Version No 1: 20 Nov 2026 (00:35 hrs)

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AMS Securities (S) Pte Ltd v Ang Seng Huat

[1998] SGHC 248

Suit 1778/1997
Choo Han Teck JC
20 July 1998

Judgment:

ORAL JUDGMENT

1. On 1 August 1997 the plaintiffs, a securities company, purchased four million shares in a Malaysian company called Westmont Industries Berhard ("Westmont") through a Malaysian securities company called HLG Securities. The plaintiffs' case was that the purchase was made on the instructions of the defendant that morning, when the latter called upon one of the plaintiffs' dealers, John Kok, to open a trading account with them.

2. The four million shares were bought in a direct deal in a single transaction at M$2.40 per share. The contract note dated 1 August 1997 was duly sent to the defendant.

3. On 8 August 1997 the plaintiffs sold two million of the Westmont shares at a loss. The plaintiffs' case was that the defendant gave them instructions to do so. When the defendant was unable to pay the purchase price of the remaining two million shares (as well as the contra loss), the plaintiffs force sold them in three

transactions namely, on 18, 19 and 20 August 1997, incurring losses on each occasion. The defendant denies having any knowledge of these sales until he received the contract notes.

4. The plaintiffs called two witnesses. Their then dealer John Kok and their general manager Thio Gwan Choon ("Thio"). John Kok's evidence was that he was introduced to the defendant by one Clara Ng Sout Mei ("Clara") who also worked as a dealer's representative but with another company.

5. He deposed that on 1 August 1997 the defendant went to his office and asked to open a trading account. The formalities of opening the account was shortly completed and John Kok then briefly introduced the defendant to Thio. The defendant then instructed John Kok to purchase four million Westmont shares. He told John Kok that he (the defendant) would have a buyer who would pay a higher price for them the following week.

6. John Kok sought Thio's approval for the transaction and subsequently, John Kok found a vendor through HLG Securities. He notified the defendant that afternoon (when the latter went to John Kok's office to deliver some handphone batteries which he had bought from the defendant) that he had purchased the four million shares at M$2.40 per share. A contract note PM00070 dated 1 August 1997 was issued and sent to the defendant's address as stated on the account opening form.

7. The defendant was due to make payment on 8 August 1997 but he called John Kok to say that he was unable to do so and instructed him to sell two million of the shares to cut his losses. This was done and a contra statement dated 11 August 1997 was issued to the defendant.

Version No 1: 20 Nov 2026 (00:35 hrs)

8. John Kok deposed that between 11 and 15 August 1997 the defendant went to meet Thio and himself. In that meeting the defendant told them that he would arrange another buyer to buy over the remaining two million Westmont shares. He also asked for time to pay the contra losses incurred thus far. The deadline for payment was then extended to 17 August 1997. When the defendant failed to pay, the remaining shares were sold over three days, namely, 18, 19 and 20 August 1997.

9. The contra losses came to a total of M$1,583,316.07 excluding interest. John Kok deposed that between 21 and 25 August 1997 the defendant went to see Thio and himself again to discuss payment for the contra losses. He asked for a further two weeks to pay. This request was granted. Thio and John Kok also suggested that the defendant pay by instalments. He replied that he would let them know but, in the event, he did not do so.

10. Thio corroborated John Kok's evidence in those parts which concerned him. He confirmed that on 1 August 1997 John Kok briefed him about the defendant's background. He himself then telephoned Clara whom he also knew and was told by her that the defendant was trustworthy. Later that afternoon he was told by John Kok that the four million Westmont shares which John Kok had earlier sought Thio's approval for the purchase had been bought.

11. On 8 August 1997 John Kok informed Thio that the defendant had given instructions to sell two million of the shares. This was done on the same day at the price of M$2.08 per share.

12. Thio deposed, and maintained throughout cross-examination, that the defendant went to see him and John Kok between 11 August and 15 August 1997 to ask for an extension of time to pay. An extension up to 17 August 1997

Version No 1: 20 Nov 2026 (00:35 hrs)

was given to him. Between 21 August and 25 August 1997 the defendant went to see Thio and John Kok again and asked for a further extension of two weeks. Thio agreed but the defendant failed to pay the contra losses that had been incurred in the sale of the Westmont shares.

13. The defendant's evidence-in-chief was as follows. He received a telephone call from Clara on 31 July 1997 telling him that her friend John Kok had just joined a new company as a dealer. She asked the defendant to support her friend John Kok by opening a trading account with him. Clara had been the defendant's stockbroker from 1990 through the various companies she had worked with.

14. The defendant received another call from Clara the next day, 1 August 1997, between 9am and 10am telling him to see John Kok at his office to open his trading account. He arrived at 11am at the plaintiffs' office and met John Kok. He was told by John Kok to leave the "Annual Income" column in the application form blank. John Kok asked him what assets he owned and then marked "$500,001 to $1,000,000" in the "Net Worth" column.

15. On 7 August 1997 he was shocked to receive the contract note PM000070 for the purchase of four million Westmont shares because he had not given any instructions to purchase them. The first thing he did was to contact Clara and complained to her. He was told by her not to worry because the plaintiffs would "book out" the shares in a few days. He understood this to mean that the purchase "was not a permanent transaction and that the plaintiffs would arrange for the transaction to be reversed, for example, by selling them".

16. The defendant then called John Kok who informed him that it was Clara who gave the instructions to purchase. The defendant then telephoned Clara "to

Version No 1: 20 Nov 2026 (00:35 hrs)

confront her with what John Kok had said". She admitted the accusation against her and said that the shares would be transferred to a "Malaysian Datuk" shortly. She assured the defendant that this Datuk would "book out" the shares and the plaintiffs would not hold the defendant responsible. The defendant deposed that Clara told him that she and John Kok merely wanted to use his account for the purchase and would "book out" all the shares in a few days' time.

17. On 11 August 1997 the defendant received a contract note for the sale of two million Westmont shares. He questioned Clara as to why only a portion of the shares had been sold. She assured him that all the shares would be "booked out" and that they "will settle", by this the defendant understood that Clara, John Kok and the Datuk would settle the loss incurred.

18. On 13 August 1997 the defendant received a contra statement showing a loss of M$731,270.62. He was angry and concerned and telephoned Clara asking her how the loss would be paid. She told him not to worry as the price of the shares was going to be "pushed up", and that it was Thio who approved the transactions.

19. The defendant telephoned the plaintiffs on 15 August to complain. His call was received by one Lim who was not responsive to the defendant's complaint. On 18 August 1997 the defendant decided to check the existence of Thio. He telephoned the plaintiffs' office and consequently arranged a meeting with Thio on the same day. He deposed that Thio admitted that he was aware that the shares were not purchased by the defendant and that it was Clara who gave instructions for the purchase. He had tried to contact Clara but with no success. He then asked the defendant to contact her and ask her to settle the losses incurred.

Version No 1: 20 Nov 2026 (00:35 hrs)

20. After leaving the plaintiffs' office the defendant contacted Clara who told him not to bother about Thio and that the Datuk would settle with the plaintiffs.

21. Between 21 August and 23 August 1997 the defendant received three contract notes for the sale of a total of two million Westmont shares. On 25 August he received a contra statement for the loss of M$852,045.45. He also received a letter of demand from the plaintiffs. He immediately telephoned Clara who told him that the plaintiffs would not take action against the defendant because she would ensure that the Malaysian Datuk would bear the loss. The defendant subsequently received two more letters of demand and again he contacted Clara who again told him that no action would be taken by the plaintiffs.

22. The defendant met Clara and John Kok on 16 October 1997 in a coffeehouse. He heard about Clara's other losses with the plaintiffs. He heard John Kok asking her to get Datuk Philip Ho to settle the losses in those accounts. When John Kok left the coffeehouse the defendant asked Clara whether Datuk Philip Ho was the Malaysian Datuk she had previously referred to. She said that he was. After that meeting the defendant decided that he could no longer trust Clara and John Kok so he lodged a complaint to the Stock Exchange of Singapore and copied the complaint to the Commercial Affairs Department and the Corrupt Practices Investigations Bureau. In the event, the Commercial Affairs Department started an investigation but closed it subsequently for lack of evidence of wrongdoing.

23. The combined evidence of John Kok and the defendant is remarkable in that it tells the story of how an ex-driving instructor with a modest income walked into a securities company and purchased four million shares at M$2.40 per share. There was no discussion or instruction as to the price beforehand. The

Version No 1: 20 Nov 2026 (00:35 hrs)

simplicity of the defendant's story is matched only by the easy acceptance of his credentials by John Kok.

24. The defence is no less remarkable. The defendant was a self-confessed pawn who had let the mysterious Clara operate his many trading accounts with various securities companies to the extent of collecting cheques due to him and then the money itself through blank cheques made out by the defendant to her. In the light of that personal history, he made no complaint in writing when he must have realised that, according to him, Clara had done it again. His defence was weaved around insinuations of a conspiracy to defraud by Datuk Philip Ho and John Soh Chee Wen, directors of Westmont Industries. His defence bears the hallmark of many a conspiracy theory in that the lack of adequate evidence dooms it to remain no more than just a theory.

25. The simple issue which I have to decide is whether, on the balance of probabilities, did the defendant give instructions for the purchase of four million Westmont shares on 1 August 1997 and subsequently, for the sale of two million of them on 8 August 1997.

26. I find that neither John Kok nor the defendant had told the whole story. There is clearly more to this than what they have told the court. I receive their evidence, particularly that of the defendant sceptically.

27. I find, however, that Thio was an honest witness who had told the court all that he knew. He might not know as much as the other two, but the little he knew was very illuminating. I believe his evidence that John Kok had asked him for approval to purchase the four million shares, but more importantly, I believe his evidence that the defendant met him to ask for time to make payment. This is a clear contradiction, of course, to the defendant's case which was that he did

Version No 1: 20 Nov 2026 (00:35 hrs)

not give instructions to buy and sell the Westmont shares and had said so to Thio.

28. For these reasons, I give judgment to the plaintiffs in terms of prayers (a) to (c) and (e) of their claim. Costs to be agreed or taxed.

- Sgd -

Choo Han Teck

Judicial Commissioner

Choo Han Teck JC

Tan Woon Tiang and Karen Phua [Tan & Tan] for the plaintiffs
Philip Fong and Melvin Khoo [Harry Elias & Partners] for the defendant

Version No 1: 20 Nov 2026 (00:35 hrs)