

Singapore Fraud Prosecution Linked to Export Of Servers Allegedly Involving Nvidia Chips Totalling Over US\$390m

On 6 March 2025, Singapore prosecutors filed additional charges in an ongoing fraud case involving the allegedly unauthorised export of servers suspected to contain U.S.-origin Nvidia AI chips.

All three accused—Singaporeans Aaron Woon Guo Jie (41) and Alan Wei Zhaolun (48), and Chinese national Li Ming (51)—were arrested in February following raids conducted by the Singapore Police Force and Singapore Customs, after media reports stated that intermediaries in the country were involved in the illegal movement of Nvidia chips to China, bypassing US export controls.

At a subsequent court hearing on 13 March, the prosecution revealed that the three accused are allegedly involved in offences amounting to more than US\$390 million (approx. S\$519 million). The case has drawn significant international attention amid growing concerns over attempts to circumvent U.S. export controls on advanced technology, notably through Singapore.

Nature of the Alleged Offences

According to the prosecution, Woon and Wei conspired to defraud two U.S.-based server manufacturers—Dell and Super Micro—through false declarations regarding end-use and transshipment. They allegedly misrepresented that the servers procured in 2024 would not be transferred to unauthorised third parties. The fraud linked to these actions is estimated at US\$250 million.

Despite the defence's objections, the judge upheld the proposed bail amounts of ranging from S\$600,000 to S\$1 million, while allowing the defence to pursue a bail review. The matter has been scheduled for further mention on 2 May 2025.

Singapore's Legal Response and International Context

This case follows the January launch of DeepSeek, a Chinese AI platform reportedly developed using Nvidia chips, which triggered U.S. concerns about export control circumvention. Financial Times reporting has also highlighted "Singapore-washing"—the use of Singapore-based entities as fronts to obscure the true destination of export-controlled items.

While Singapore is not legally bound to enforce unilateral U.S. export controls, Home Affairs and Law Minister K. Shanmugam reiterated that any false representations made domestically—particularly regarding the final destination of restricted goods—can constitute an offence under Singapore law. Singapore has since sought assistance from U.S. and Malaysian authorities and expressed support for any ongoing U.S. investigations.

Following these developments, Singapore Customs issued Circular No. 01/2025 (the "**Circular**") on 4 April 2025, reinforcing regulatory expectations around the export of advanced semiconductor and AI-related technologies.

The Circular reiterates the Government's position that companies must conduct their international business activities transparently and with due regard to applicable foreign regulations. While not explicitly referencing the ongoing prosecution, the timing and substance of the Circular underscore the authorities' broader concern with ensuring that Singapore is not used to circumvent foreign export controls.

Implications for Business and Compliance

These developments underscore the legal risks companies face when engaging in indirect exports of restricted goods. Firms operating in transit hubs like Singapore must be accurate and truthful in end-use declarations and ensure compliance not only with local laws but also with extraterritorial regulations that may apply due to the origin or content of the goods or technologies.

In an oral answer delivered in Parliament on 18 February 2025, Second Minister for Trade and Industry Dr Tan See Leng emphasised the Government's position:

*"Under these rules, the U.S. expects companies to ensure their business transactions adhere to their requirements, including doing the required KYCs on the buyers of the advanced semiconductor chips. While we currently do not have legal obligations to enforce the unilateral export controls of other countries, **we expect all companies operating in Singapore to take into account such regulations if they apply to their international business activities.** Their international business activities should be conducted transparently. We certainly do not condone businesses deliberately using their association with Singapore to circumvent or violate the export controls of other countries."*

Companies engaged in cloud infrastructure, semiconductor trade, or advanced computing systems should ensure strong internal controls around export classification, end-use certifications, and customer due diligence. The Singapore Government's statements make clear that regulatory expectations go beyond formal legal obligations, and businesses face reputational harm if found to be facilitating the circumvention of foreign export regimes.

At **Taxise Asia LLC**, we advise on all aspects of trade compliance, including export controls, dual-use technology regulation, cross-border investigations, and supply chain risk management. Our team supports clients navigating complex trade laws across Singapore, the United States, and the wider Asia-Pacific region.

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