

Re Raffles Town Club Pte Ltd
[2005] SGHC 178

Case Number : OS 1164/2005, SIC 4541/2005
Decision Date : 22 September 2005
Tribunal/Court : High Court
Coram : Kan Ting Chiu J
Counsel Name(s) : Molly Lim SC and Roland Tong (Wong Tan and Molly Lim LLC) for the applicants;
K Shanmugam SC, Andrew Chan, M Reza and Candace Ler (Allen and Gledhill) for
the respondent
Parties : —

*Companies – Receiver and manager – Appointment – Schemes of arrangement – Whether
appointment of receiver and manager necessary for making of informed decision on proposed
scheme of arrangement*

22 September 2005

Kan Ting Chiu J:

1 After I heard and disposed of the application on 8 September 2005 ([2005] SGHC 173), I heard further arguments at the request of the litigant-members.

2 At the conclusion of the further hearing on 19 September 2005, I confirmed my orders of 8 September. I will set out the developments following 8 September 2005.

3 On 8 September 2005, the solicitors for the litigant-members wrote for leave to make further arguments on the entire application. On 9 September, they wrote again to state that there was a change of position, and that they were not proceeding with prayers 1, 2 and 3 of the application for a stay of my orders made on 31 August 2005 in Summons in Chambers No 4437 of 2005 for the convening of the meeting under s 210 of the Companies Act (Cap 50, 1994 Rev Ed) and for the stay of other proceedings in the meantime, and that they would proceed with the other applications:

(a) to appoint a special receiver and manager for the Club for two months with powers:

(i) to ascertain the true current financial position of [the Club], including but not limited to its assets and liabilities;

(ii) to ascertain how the funds, receipts and income earned by [the Club] in the past years since 2001 were used;

(iii) to inspect the documents, books and accounting records of [the Club], including but not limited to accounting records (both hard and soft copies), bank records, statutory books, minutes, membership lists, correspondence and such other relevant documents and to take copies thereof;

(iv) to ascertain, after determining the true financial position of [the Club] as regards its assets and liabilities, whether [the Club] is able to meet the claims of the 4,895 [litigant-members] and if not, whether the Scheme of Arrangement as proposed by [the Club] can be improved and/or varied in light of [the Club's] current financial position and performance;

(v) to prepare a report on the above and for submission to Court with copies extended to the solicitors for [the Club] and the 4,895 [litigant-members] within 2 weeks after the expiration of the Interim Period;

and presumably also the powers as well as the duties of a receiver, since the application is for the appointment of a special *receiver* and manager;

(b) for an order to restrain the Club from “dealing with, disposing and/or charging” any of its assets; and

(c) for liberty to apply to examine the officers and directors of the Club.

4 The basis of the applications was that the litigant-members do not have information on the true financial position of the Club except for an unaudited *pro forma* balance sheet.

5 The litigant-members complained they had no information about, *inter alia*:

(a) the balance of \$13.6m left from the \$515m collected in entrance fees;

(b) the loans made by the Club to its previous directors and other parties;

(c) the profits made by the Club over the years; and

(d) the dividends of \$124,213,169.46 paid by the Club.

6 Counsel for the litigant-members argued that in order for them to make an informed decision on any proposed scheme that the Club might put forward, they needed information on those matters. Counsel argued that the appointment of a special receiver and manager would benefit all the parties, and gave an assurance that the litigant-members would not take any steps to enforce or execute the judgment pending the completion of the investigation of the special receiver and manager.

7 Although the litigant-members claim that they need to have the information, it transpired that they had not asked for the information from the Club after the Court of Appeal delivered its decision on 23 August 2005.

8 Counsel for the Club stated that if there was a request, the Club would supply what information it could, and that in any event, when the scheme was proposed, the financial state of the Club would be dealt with in the explanatory statement to the scheme.

9 I found that the litigant-members have not made out a case for the appointment of the special receiver and manager and the other applications. I also found, in view of the timelines that I have given on 31 August 2005 with regard to the circulation of the scheme by 28 September 2005 and the convening of the meeting by 26 October 2005, the appointment of a special receiver and manager and the examination of the Club’s officers and directors would:

(a) interfere with the management of the Club at a time when the management should be focusing its attention on the formulation and presentation of the scheme; and

(b) set back the timelines set on 31 August 2005.

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