

30/85

No.59, 60, 61 and 62 of 1984

IN THE JUDICIAL COMMITTEE OF THE PRIVY COUNCIL

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O N A P P E A L

FROM THE COURT OF APPEAL IN SINGAPORE

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B E T W E E N :

QUEK LENG CHYE	<u>Appellant</u>
- and -	
THE ATTORNEY GENERAL,	<u>Respondent</u>

B E T W E E N :

QUEK LENG CHYE	<u>Appellant</u>
- and -	
THE ATTORNEY GENERAL	<u>Respondent</u>

B E T W E E N :

GAN KHAI CHOON	<u>Appellant</u>
- and -	
THE ATTORNEY GENERAL	<u>Respondent</u>

B E T W E E N :

GAN KHAI CHOON	<u>Appellant</u>
- and -	
THE ATTORNEY GENERAL	<u>Respondent</u>

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RECORD OF PROCEEDINGS

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Respondent

No. 59, 60, 61 and 62 of 1984

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	Affidavit of Mdm Chiu Miauw Eng filed in Originating Summons No 102 of 1983 Identical document in PC Appeal Nos 60, 61 and 62 of 1984.	28.2.1983
	Affidavit of John Foo Chee Heng filed in Originating Summons No 102 of 1983 Identical document in PC Appeal Nos 60, 61 and 62 of 1984.	28.2.1983

<u>Exhibit Mark</u>	<u>Description of Document</u>	<u>Date</u>
	Affidavit of Vincent Lam Thay Ngian filed in Originating Summons No. 102 of 1983 Identical document in PC Appeal Nos. 60, 61 and 62 of 1984	28.2.1983
	Affidavit of John Loh Jwee Siam filed in Originating Summons No. 102 of 1983 Identical document in PC Appeal Nos. 60,61 and 62 of 1984	1.3.1983
	Affidavit of Ricky Ng Khim Guan filed in Originating Summons No. 102 of 1983 Identical document in PC Appeal Nos. 60, 61 and 62 of 1984	28.2.1983
	Affidavit of Raj Sachdev filed in Originating Summons No. 102 of 1983 Identical document in PC Appeal Nos. 60, 61 and 62 of 1984	28.2.1983
	Affidavit of Christopher Tan Cheng Poh filed in Originating Summons No. 102 of 1983 Identical document in PC Appeal Nos. 60, 61 and 62 of 1984	28.2.1983
	Affidavit of Tan Beng Chuan filed in Originating Summons No. 102 of 1983 Identical document in PC Appeal Nos. 60, 61 and 62 of 1984	28.3.1983
	Affidavit of Mdm Katherine Tang filed in Originating Summons No. 102 of 1983 Identical document in PC Appeal Nos. 60, 61 and 62 of 1974	28.2.1983
	Affidavit of Sim Miah Kian Identical document in PC Appeal No. 62 of 1984	8.3.1983
	Affidavit of C.A. Banducci Identical document in PC Appeal No. 60 of 1984	8.3.1983
	Further Affidavit of Gankai Choon Identical document in PC Appeal No. 62 of 1984	9.3.1983
	Further Affidavit of Quek Leng Chye Identical document in PC Appeal No.60 of 1984	9.3.1983
	Affidavit of Thai Peng Hock George Identical document in PC Appeal Nos. 60, 61 and 62 of 1984	9.3.1983

Exhibit  
Mark

Description of Document

Date

Affidavit of Sia Suat Haw Identical document in PC Appeal No. 60 of 1984	9.3.1983
Affidavit of Han Khai Choon Identical document in PC Appeal No. 62 of 1984	16.3.1983
Affidavit of Quek Leng Chye Identical document in PC Appeal No. 60 of 1984	Undated
Affidavit of Chan Kin Kum Identical document in PC Appeal Nos. 60 61 and 62 of 1984	16.3.1983
Affidavit of Abu Bakar Moosa Identical document in PC Appeal No. 60 of 1984	17.3.1983
Affidavit of Chiam Boon Keng Identical document in PC Appeal No. 62 of 1984	3.3. 1983
Affidavit of Chiam Boon Keng filed in Originating Summons No. 102 of 1983 Identical document in PC Appeal Nos.60, 61 and 62 of 1984	3.3.1983
Supplementary Affidavit of Henry Soh Hong Tech filed in Originating Summons No. 102 of 1983 Identical document in PC Appeal Nos. 60, 61 and 62 of 1984	9.3.1983
Note of Arguments	
(a) Tan Kok Guan for Appellants in O.S. 102 of 1983	
(b) Cashin for Appellants in O.S. Nos. 103 and 104/83	
(c) Khattar for Appellants in O.S. Nos. 134 and 135/83	
(d) Tan Boon Teik Attorney General  Identical document in PC Appeal Nos. 60, 61 and 62 of 1984	
Judgment of Mr. Justice Wee Chong Jin, CJ Identical document in PC Appeal Nos. 60, 61 and 62 of 1984	20.10.1983
Order of Court Identical document in PC Appeal Nos. 60, 61 and 62 of 1984	20.10.1983

Exhibit  
Mark

Description of Document

Date

FORMAL DOCUMENTS OF THE COURT OF APPEAL  
IN THE REPUBLIC OF SINGAPORE

Certificate of security for costs of Quek Leng Chye	9.11.1983
Certificate of security for costs of Gan Khai Choon	9.11.1983
Notice of Appeal of Quek Leng Chye	9.11.1983
Notice of Appeal of Gan Khai Choon	
Petition of Appeal lodged by Attorney General in Civil Appeal No. 59 of 1983 Identical document in PC Appeal Nos. 60, 61 and 62 of 1984	8.12.1983
Petition of Appeal lodged by Attorney General in Civil Appeal No. 61 of 1983 Identical document in PC Appeal Nos. 60, 61 and 62 of 1984	8.12.1983
Petition of Appeal lodged by Quek Leng Chye in Civil Appeal No. 65 of 1983 Identical document in PC Appeal Nos. 60, 61 and 62 of 1984	17.12.1983
Petition of Appeal lodged by Gan Khai Choon in Civil Appeal No. 66 of 1983 Identical document in PC Appeal Nos. 60, 61 and 62 of 1984	17.12.1983
Submission on Attorney General's Appeal (Skeleton Arguments) Identical documents in PC Appeal Nos. 60, 61 and 62 of 1984	
Submission on Quek Leng Chye and Gan Khai Choon's Appeals (Skeleton Argument) Identical documents in PC Appeal Nos. 60, 61 and 62 of 1984	
Reply by Attorney General on 4 Applicants' Appeals Identical documents in PC Appeal Nos. 60, 61 and 62 of 1984	
Judgment of Kulasekaram J., Sinnathuray J., Rajah J. Identical documents in PC Appeal Nos. 60, 61 and 62 of 1984	25.5.1984
Order of Court granting Quek Leng Chye leave to appeal to Judicial Committee in the matter of Originating Summons No. 136 of 1983 Identical document in PC Appeal No. 60 of 1984	13.8.1984

Exhibit  
Mark

Description of Document

Date

Order of Court granting Gan Khai  
Choon leave to appeal to Judicial  
Committee in the matter of  
Originating Summons No. 134 of 1983  
Identical document in PC Appeal No.  
62 of 1984

13.8.1984

Certificate of security for costs of  
Quek Leng Chye (for the appeal to  
Judicial Committee)

Certificate of security for costs of  
Gan Khai Choon (for the appeal to  
Judicial Committee)



IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Originating Summons )

No. *134* of 1983 )

In the Matter of Section 130 of the  
Companies Act, Chapter 185

Between

GAN KHAI CHOON .... Applicant

And

ATTORNEY GENERAL .. Respondent

ORIGINATING SUMMONS

Let the Attorney General of the Attorney General  
Chambers, High Street, Singapore attend before the Judge in  
Chambers on *Monday*, the *7th* day of *Mar*, 1983 at  
10.30 a.m. on the hearing of an application by the  
abovenamed Applicant for an Order pursuant to Section 130 of  
the Companies Act, Chapter 185 that notwithstanding the  
Applicant's conviction on the 12th day of February, 1983 in  
the Subordinate Courts, Singapore of an offence under  
Section 39(4) of the said Companies Act, the said Applicant  
may be at liberty to be a director or promoter of and/or be  
concerned and take part in the management of any company or  
companies incorporated or to be incorporated in Singapore or  
alternatively the said Applicant may be at liberty to be a  
director of and/or be concerned and take part in the  
management of the companies as listed in the Annexure

.../2

In the High Court of the  
Republic of Singapore

No.1

Originating Summons No.134  
of 1983 in PC Appeal No.61  
of 1984  
28th February 1983  
(continued)

attached herewith.

This Application is made under Order 68 Rule 2 of  
the Rules of the Supreme Court, 1970.

Dated this 28th day of February, 1983.

  
ASST. REGISTRAR

This Summons is taken out by Messrs Khattar, Wong &  
Partners of 18th Floor, No.1 Bonham Street, #18-01, UOB  
Building, Singapore 0104, the Solicitors for the Applicant  
whose address is No.15 Tanglin Hill, Singapore 1024.

Note: - This Summons may not be served more than twelve  
calendar months after the above date unless renewed by Order  
of the Court.

If the Respondent does not attend personally or by  
his Counsel or Solicitor at the time and place  
abovementioned such order will be made as the Court may  
think just and expedient.

10

A N N E X U R E

	<u>Name of Company</u>	<u>Date of Incorporation</u>	<u>Registered Office</u>
10	Armida Investment Pte Ltd	28th August 1982	Ground Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104
	Citimac Private Limited	8th January 1973	Unit 1502-3, 15th Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104
20	Hong Leong Nominees (Private) Limited	24th April 1969	Ground Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104
	Singapore Credit (Private) Limited	13th October 1964	144 Robinson Road Singapore 0106
	Singapore Finance Limited	10th January 1961	144 Robinson Road Singapore 0106
30	King's Hotel's Ltd	28th November 1967	Unit 1604, 16th Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104
	FLS Automation Pte Ltd	25th March 1982	2102, Peninsula Plaza, North Bridge Road, Singapore 0617
	Hong Leong Finance Limited	12th May 1961	Ground Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104
40	CCC Holdings Ltd	11th August 1979	30 Stevens Road Singapore 1025
	City Country Club Pte Ltd	17th March 1982	30 Stevens Road Singapore 1025
	Singapore Nominees Private Limited	7th May 1964	144 Robinson Road Singapore 0106

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Originating Summons )

No. 35 of 1983 )

In the Matter of Section 130 of the  
Companies Act, Chapter 185

Between

QUEK LENG CHYE .... Applicant

10

And

ATTORNEY GENERAL .. Respondent

ORIGINATING SUMMONS

Let the Attorney General of the Attorney General  
Chambers, High Street, Singapore attend before the Judge in  
Chambers on *Monday*, the *7th* day of *Mar*, 1983 at  
10.30 a.m. on the hearing of an application by the  
abovenamed Applicant for an Order pursuant to Section 130 of  
the Companies Act, Chapter 185 that notwithstanding the  
Applicant's conviction on the 12th day of February, 1983 in  
the Subordinate Courts, Singapore of an offence under  
Section 39(4) of the said Companies Act, the said Applicant  
may be at liberty to be a director or promoter of and/or be  
concerned and take part in the management of any company or  
companies incorporated or to be incorporated in Singapore or  
alternatively the said Applicant may be at liberty to be a  
director of and/or be concerned and take part in the  
management of the companies as listed in the Annexure

20

.../2

attached herewith.

This Application is made under Order 88 Rule 2 of  
10 the Rules of the Supreme Court, 1970.

Dated this 28th day of February, 1983.

  
ASST. REGISTRAR

This Summons is taken out by Messrs Khattar, Wong & Partners of 18th Floor, No.1 Bonham Street, #18-01, UOB Building, Singapore 0104, the Solicitors for the Applicant whose address is at No.7, Buckley Road, Singapore 1130.

Note: - This Summons may not be served more than twelve calendar months after the above date unless renewed by Order of the Court.

20 If the Respondent does not attend personally or by his Counsel or Solicitor at the time and place abovementioned such order will be made as the Court may think just and expedient.

ANNEXURE

<u>Name of Company</u>	<u>Date of Incorporation</u>	<u>Registered Office</u>	
City Developments Ltd	7th September 1963	Unit 1502-3, 15th Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104	10
Elite Holdings Private Limited	21st January 1972	Unit 1502-3, 15th Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104	
Garden Estates (Pte) Ltd	19th July 1963	24th Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104	20
Gordon Properties Pte Limited	7th August 1974	23rd Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104	
Harbour View Hotel Pte Ltd	17th January 1980	23rd Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104	
Hong Leong Corporation Limited	3rd July 1982	24th Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104	30
Hong Leong Development Limited	13th February 1974	23rd Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104	
Hong Leong Finance Ltd	12th May 1966	Ground Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104	40
Hong Leong Foundation	12th December 1980	24th Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104	
Hong Leong Holdings Ltd	8th July 1968	23rd Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104	
Hong Leong Investment Private Limited	14th April 1948	24th Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104	50
Hong Leong Nominees Private Limited	24th April 1969	Ground Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104	

	Hong Leong Properties Pte Limited	26th May 1973	23rd Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104
10	Hong Leong-Seatran Lines Private Ltd	8th November 1979	Unit 1604, 16th Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104
	Hong Villa (Pte) Ltd	16th March 1971	Unit 1604, 16th Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104
20	Hotel Orchid Limited	19th June 1968	23rd Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104
	Hume Gas Cylinders Private Limited	27th February 1967	17 Wan Shih Road, Jurong Town, Singapore
	Hume Industries (Far East) Limited	22nd December 1938	Hume House, 13.7 km Bukit Timah Road, Singapore
30	Hume Industries Singapore Limited	30th August 1963	Hume House, 13.7 km Bukit Timah Road, Singapore
	Humeview Pte Ltd	21st July 1980	Hume House, 13.7 km Bukit Timah Road, Singapore
	Intrepid Investments Pte Ltd	24th April 1981	23rd Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104
40	Island Concrete (Private) Limited	7th May 1970	24th Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104
	Island Holdings Pte Ltd	28th May 1981	24th Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104
	King's Hotel Limited	28th November 1967	Unit 1604, 16th Floor, Hong Leong Bldg, Singapore 0104
50	King's Tanglin Shopping Pte Ltd	25th March 1964	Unit 1502-3, 15th Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104
	Kingston Property Maintenance Services Pte Ltd	23rd May 1975	23rd Floor, 23rd Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104
60			

In the High Court of the Republic of Singapore

No.2

Originating Summons No.135 of 1983 in PC Appeal No.59 of 1984

28th February 1983 (continued)

Lingo Enterprises Ltd	8th September 1979 in Hongkong and regd. in Singapore on 27th December 1979	Unit 1502-3, 15th Floor, Hong Leong Bldg, Raffles Quay Singapore 0104	
Orchid Inn Pte Ltd	11th December 1969	23rd Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104	10
Paradiz Pte Ltd	20th March 1982	23rd Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104	
Sai Chieu Investment Pte Limited	11th April 1972	23rd Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104	20
Singapore Credit (Private) Limited	13th October 1964	144 Robinson Road Singapore 0106	
Singapore Finance Ltd	10th January 1961	144 Robinson Road Singapore 0104	
Singapore Nominees Private Limited	7th May 1964	144 Robinson Road Singapore 0104	
Singarab Construction Pte Ltd	13th June 1977	23rd Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104	30
Tripartite Developers Pte Limited	11th October 1968	23rd Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104	
Union Investment Holding Private Ltd	7th January 1966	23rd Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104	
Rheem (Far East) Pte Ltd	1st November 1946	31 Hill View Avenue, Singapore	40
Wheel-On Ready-Mix Co (Pte) Ltd	12th May 1970	02-17, Bylands Building, 135 Middle Road, Singapore 0718	
Trade & Industrial Development (Pte) Ltd	24th June 1966	23rd Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104	
CCC Holdings Ltd	11th August 1979	30 Stevens Road, Singapore 1025	50
City Country Club Pte Ltd	17th March 1982	30 Stevens Road, Singapore 1025	



AFFIDAVIT OF GAN KHAI CHOON IN PC APPEAL  
NO. 61 OF 1984

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Originating Summons )

No. of 1983 )

In the Matter of Section 130 of  
the Companies Act, Chapter 185

Between

GAN KHAI CHOON .... Applicant

And

ATTORNEY GENERAL .. Respondent

10

A F F I D A V I T

I, Gan Khai Choon of 15, Tanglin Hill, Singapore  
1024 do affirm and say as follows :

1. On 9th February 1982 I pleaded guilty in the 10th  
District Court to a charge that I had contravened Section  
39(4) of The Companies' Act in that as a director of CCC  
(Holdings) Ltd I had caused documents to be sent out  
offering for sale shares in CCC (Holdings) Ltd to the  
public, which documents being deemed under Section 43 of The  
Companies' Act to be prospectuses did not comply with the  
requirements of The Companies' Act as to prospectuses.

20

2. Together with me 4 other directors of CCC  
(Holdings) Ltd were also charged with the same offence.  
They also pleaded guilty to the charge. A copy of the  
charge is annexed hereto and marked "GXC-1". In addition 2  
of the said directors pleaded guilty to another charge under

No.3  
Affidavit of Gan Khai Choon  
in PC Appeal No.61 of 1984  
28th February 1983  
(continued)

Section 363(3) of the said Companies Act. As against me, and two of the directors this charge was taken into consideration. A copy of the charge under Section 363(3) is annexed hereto and marked "GKC 1-A"

10

3. A sixth person, Winston Chung Ying Chen (hereinafter referred to as "Winston Chen") a partner in the firm of M/s Shook Lin & Bok was charged together with the rest of us for having abetted us in the commission of the offence under Section 39(4) of The Companies' Act. He too pleaded guilty on the same day. A copy of the charge against Winston Chen is annexed hereto and marked "GKC 1-B"

4. A Statement of Facts was read out by the prosecution and upon my admitting those facts I was convicted. A copy of the said Statement of Facts is annexed hereto and marked "GKC-2". After hearing the pleas in mitigation, the District Judge on 12th February 1983 imposed a fine of \$500.00 on me. On Winston Chen he imposed a fine of \$4,000.00 or a term of 6 months imprisonment in default. The other directors were dealt with as follows :-

20

Huang Sheng Chang - \$1,000.00 on each of two charges  
Quek Leng Chye - \$ 500.00 on one charge  
Derrick Chong - \$ 500.00 on each of two charges  
Ng Cheng Bok - conditional discharge for 12 months

30

5. I was advised by my solicitors, M/s Khattar Wong & Partners that as a result of the aforesaid conviction Section 130 of The Companies' Act Cap 185 would prohibit me

10 from being a director or promoter of or being concerned in  
or taking part in the management of any company incorporated  
in Singapore without the leave of this Honourable Court. In  
accordance with the said advice I have submitted letters of  
resignation to the Boards of all companies of which I was a  
director. I have from the date of my conviction not acted  
as a promoter or director and have not been concerned or  
taken part in the management of any company incorporated in  
Singapore. Annexed hereto and marked "GKC-3" is a list of  
companies of which I was a director as at the date I was  
convicted.

20 6. As required by Section 130(2) of The Companies Act  
my solicitors have by their letter dated 11th February 1983  
given to the Minister the 2 weeks notice of my intention to  
make this application. Copies of the said letter (together  
with a subsequent letter dated 16th February 1983) are  
annexed hereto and marked "GKC-4" and "GKC-4A".

30 7. I was appointed to the Board of CCC (Holdings) Ltd  
by Queens Pte Ltd, a shareholder of CCC (Holdings) Ltd.  
Queens Pte Ltd is a wholly owned subsidiary of Hong Leong  
Holdings Ltd. I have an interest in the shares of Hong  
Leong Holdings Ltd. In relation to the total shareholding  
of Hong Leong Holdings Ltd my interest in Hong Leong  
Holdings Ltd amounts to only 0.4%.

8. Queens Pte Ltd together with Huang Sheng Chang,  
Derrick Chong and Ng Cheng Bok incorporated CCC (Holdings)

Ltd as the vehicle through which to acquire a piece of land at Stevens Road which the parties felt provided an ideal location to build a prestigious clubhouse. It was intended that persons wanting to join the club as members would have to purchase a share in the said CCC (Holdings) Ltd. Queens Pte Ltd had a 30% beneficial interest in the shares of CCC (Holdings) Ltd. Huang Sheng Chang and members of his family had a 50% beneficial interest in the said shares whilst Ng Cheng Bok and Derrick Chong each held 10%.

9. As representatives of Queens Pte Ltd, on the Board of CCC (Holdings) Ltd I and Quek Leng Chye were content to leave detailed planning to the majority shareholder Huang Sheng Chang and to Derrick Chong who was to be an executive of the club. Consequently I was not present at every meeting that was held in relation to the project between Huang Sheng Chang and professional advisors to the club. I was therefore not aware :-

- a) that Wardley Ltd, a firm of merchant banks, had been consulted by Huang Sheng Chang in September 1980 and that Wardley's had advised that should the project involve a sale of shares to members a prospectus would be required (paragraph 12 of Statement of Facts - "GKC-2");
- b) of the discussions between Winston Chen and Huang Sheng Chang referred to in paragraph 13 of the Statement of Facts ("GKC-2") where the question of the need for a prospectus appears to have been

discussed; and

10 c) that Winston Chen had discussed and obtained an  
opinion from David Bennet Q.C. on what constituted  
a "section of the public" (paragraph 15 of the  
Statement of Facts ("GKC-2")).

10. I first came to know that the question of the need  
or otherwise for a prospectus was being looked into only at  
a meeting held on 18th September 1981 when Winston Chen the  
partner of M/s Shook Lin & Bok dealing with this project  
said that that he was looking into this question (paragraph  
14 of Statement of Facts ("GKC-2")). I was not present at  
the meeting held on 17th November 1981 referred to in  
20 paragraph 18 of the Statement of Facts ("GKC-2"). I did not  
hear anything further on the question of a prospectus until  
at a meeting held at the offices of M/s Shook Lin & Bok on  
2nd February 1982 Winston Chen reported that he had been  
to see the Registrar of Companies who had given written  
confirmation that a prospectus was not required. Winston  
Chen advised that if the directors issued invitations only  
to their friends such invitations would not be invitations  
to the public and a prospectus would therefore not be  
required.

30 11. I accepted in good faith the advice of Winston Chen  
and acted upon it. I did not go out of my way to canvass  
members and submitted the names of only those of my friends  
who approached me.

12. After the first batch of letters of invitations had

been sent out I learnt from Winston Chen that the Registrar of Companies was of the view that such letters of invitation should not be sent out without a prospectus. Upon hearing this I and the other directors of CCC (Holdings) Ltd agreed not to issue any further invitation letters. We later appointed Wardley Ltd, to prepare a prospectus and we refunded all monies received as a result of the invitations already issued. 10

13. The learned trial judge after hearing the facts as outlined by the prosecution and the pleas in mitigation accepted the fact that I committed the offence without deliberation and without any element of dishonesty and stated that I and the others were men of excellent reputation. He also accepted that I and the other directors were led to the commission of the offence by our reliance upon the advice of Winston Chen and upon the opinion that Winston Chen had obtained from the Registrar of Companies that a prospectus was unnecessary. 20

14. The learned trial judge found that Winston Chen must accept absolute responsibility for the predicament that I and the other directors were in. He further found that the infringement of the law had not resulted in any conceivable loss to the public and that the lack of a prospectus would not have affected the choice of an invitee as materially as it would, for example the investment decision of a prospective shareholder in a trading company. 30

A transcript of what was said by the learned trial judge is annexed hereto and marked "GKC-5".

10 15. As stated by the learned trial judge the offence I was convicted of does not involve any element of dishonesty. Indeed there is even absent from the facts any element of moral turpitude on my part. I acted in all honesty and in good faith. If I had known or been advised that a prospectus was required before the invitations could be sent out I would most certainly have insisted that the law be complied with.

20 16. I have for many years been very actively connected with the affairs of the Hong Leong Group of Companies. My conduct in the handling of the affairs of these companies has never been the subject of any criticism. I committed the offence for which I have been convicted unwittingly and as a result of what turned out to be an error in law on the part of the solicitors of CCC (Holdings) Ltd. The interests of the shareholders, creditors and employees of the companies of which I was a director or of the companies of which I may in future be a promoter or director would not in any way be at risk by my being a director or by my being concerned or taking part in the management of any company.

30 On the contrary my experience in the Hong Leong Group of Companies has been so intimate and extensive that it would in my respectful submission be advantageous to the companies, their shareholders, creditors and employees that

In the High Court of  
the Republic of Singapore

No.3

Affidavit of Gan Khai Choon  
in PC Appeal No.61 of 1984  
28th February 1983  
(continued)

the required leave under Section 130(2) of The Companies'  
Act be granted to me.

Affirmed at Singapore )  
this 28th day of February) of Gan Khai Choon  
1983. )

Before me,

*Ed Yaw Chee Beng*  
Commissioner for Oaths



AFFIDAVIT OF QUEK LENG CHYE IN PC APPEAL  
NO. 59 OF 1984

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Originating Summons )

No. 135 of 1983 ) In the Matter of Section 130 of  
the Companies Act, Chapter 185

Between

QUEK LENG CHYE..... Applicant

And

ATTORNEY GENERAL... Respondent

10

A F F I D A V I T

I, Quek Leng Chye of 7, Buckley Road, Singapore  
1130 do affirm and say as follows :

1. On 9th February 1982 I pleaded guilty in the 10th  
District Court to a charge that I had contravened Section  
39 (4) of the Companies' Act in that as a director of CCC  
(Holdings) Ltd I had caused documents to be sent out  
offering for sale shares in CCC (Holdings) Ltd to the  
20 public, which documents being deemed under Section 43 of The  
Companies' Act to be prospectuses did not comply with the  
requirements of The Companies' Act as to prospectuses.

2. Together with me other directors of CCC  
(Holdings) Ltd were also charged with the same offence.  
They also pleaded guilty to the charge. A copy of the  
charge is annexed hereto and marked "QLC-1". In addition 2  
of the said directors pleaded guilty to another charge under

Affidavit of Quek Leng Chye  
in PC Appeal No.59 of 1984  
28th February 1983 (continued)

Section 363(3) of the said Companies Act. As against me, and two of the directors this charge was taken into consideration. A copy of the charge under Section 363(3) is annexed hereto and marked "QLC 1-A"

3. A sixth person, Winston Chung Ying Chen (hereinafter referred to as "Winston Chen") a partner in the firm of M/s Shook Lin & Bok was charged together with the rest of us for having abetted us in the commission of the offence under Section 39(4) of The Companies' Act. He too pleaded guilty on the same day. A copy of the charge against Winston Chen is annexed hereto and marked "QLC 1-B".

4. A Statement of Facts was read out by the prosecution and upon my admitting those facts I was convicted. A copy of the said Statement of Facts is annexed hereto and marked "QLC-2". After hearing the pleas in mitigation, the District Judge on 12th February 1983 imposed a fine of \$500.00 on me. On Winston Chen he imposed a fine of \$4,000.00 or a term of 6 months imprisonment in default. The other directors were dealt with as follows :-

Huang Sheng Chang - \$1,000.00 on each of two charges  
Gan Khai Choon - \$ 500.00 on one charge  
Derrick Chong - \$ 500.00 on each of two charges  
Ng Cheng Bok - conditional discharge for 12 months

5. I was advised by my solicitors, M/s Khattar Wong & Partners that as a result of the aforesaid conviction Section 130 of The Companies' Act Cap 185 would prohibit me

from being a director or promoter of or being concerned in  
or taking part in the management of any company incorporated  
in Singapore without the leave of this Honourable Court. In  
10 accordance with the said advice I have submitted letters of  
resignation to the Boards of all companies of which I was a  
director. I have from the date of my conviction not acted  
as a promoter or director and have not been concerned or  
taken part in the management of any company incorporated in  
Singapore. Annexed hereto and marked "QLC-3" is a list of  
companies of which I was a director as at the date I was  
convicted.

6. As required by Section 130(2) of The Companies Act  
my solicitors have by their letter dated 11th February 1983  
20 given to the Minister the 2 weeks notice of my intention to  
make this application. Copies of the said letter (together  
with a subsequent letter dated 16th February 1983) are  
annexed hereto and marked "QLC-4" and "QLC-4A".

7. I was appointed to the Board of CCC (Holdings) Ltd  
by Queens Pte Ltd, a shareholder of CCC (Holdings) Ltd.  
Queens Pte Ltd is a wholly owned subsidiary of Hong Leong  
Holdings Ltd. I have an interest in the shares of Hong  
Leong Holdings Ltd. In relation to the total shareholding  
of Hong Leong Holdings Ltd my interest in Hong Leong  
30 Holdings Ltd amounts to only 1.1%.

8. Queens Pte Ltd together with Huang Sheng Chang,  
Derrick Chong and Ng Cheng Bok incorporated CCC (Holdings)

Ltd as the vehicle through which to acquire a piece of land at Stevens Road which the parties felt provided an ideal location to build a prestigious clubhouse. It was intended that persons wanting to join the club as members would have to purchase a share in the said CCC (Holdings) Ltd. Queens Pte Ltd had a 30% beneficial interest in the shares of CCC (Holdings) Ltd. Huang Sheng Chang and members of his family had a 50% beneficial interest in the said shares whilst Ng Cheng Bok and Derrick Chong each held 10%.

10

9. As representatives of Queens Pte Ltd, on the Board of CCC (Holdings) Ltd I and Gan Khai Choon were content to leave detailed planning to the majority shareholder Huang Sheng Chang and to Derrick Chong who was to be an executive of the club. Consequently I was not present at every meeting that was held in relation to the project between Huang Sheng Chang and professional advisors to the club. I was therefore not aware :-

20

- a) that Wardley Ltd, a firm of merchant banks, had been consulted by Huang Sheng Chang in September 1980 and that Wardley's had advised that should the project involve a sale of shares to members a prospectus would be required (paragraph 12 of Statement of Facts - "QLC-2");
- b) of the discussions between Winston Chen and Huang Sheng Chang referred to in paragraph 13 of the Statement of Facts ("QLC-2") where the question of the need for a prospectus appears to have been

30

discussed; and

10 2) that Winston Chen had discussed and obtained an  
opinion from David Bennet Q.C. on what constituted  
a "section of the public" (paragraph 15 of the  
Statement of Facts).

10. I first came to know that the question of the need  
or otherwise for a prospectus was being looked into only at  
a meeting held on 18th September 1981 when Winston Chen the  
partner of M/s Shook Lin & Bok dealing with this project  
said that that he was looking into this question (paragraph  
14 of Statement of Facts). Subsequently at a meeting held  
on 17th November 1981 Winston Chen stated that there was  
20 some difference in opinion in Shook Lin & Bok as to the need  
for a prospectus and that he was going to discuss the matter  
with the Registrar of Companies. At a meeting held on 22nd  
February 1982 Winston Chen reported that he had seen the  
Registrar of Companies who had given written confirmation  
that a prospectus was not required. Winston Chen advised  
that if the directors issued invitations only to their  
friends such invitations would not be invitations to the  
public and a prospectus would therefore not be required.

30 11. I accepted in good faith the advice of Winston Chen  
and acted upon it. I did not go out of my way to canvass  
members and submitted the names of only those of my friends  
who approached me.

12. After the first batch of letters of invitations had

been sent out I learnt from Winston Chen that the Registrar of Companies was of the view that such letters of invitation should not be sent out without a prospectus. Upon hearing this I and the other directors of CCC (Holdings) Ltd agreed not to issue any further invitation letters. We later appointed Wardley Ltd, to prepare a prospectus and we refunded all monies received as a result of the invitations already issued.

10

13. The learned trial judge after hearing the facts as outlined by the prosecution and the pleas in mitigation accepted the fact that I committed the offence without deliberation and without any element of dishonesty and stated that I and the others were men of excellent reputation. He also accepted that I and the other directors were led to the commission of the offence by our reliance upon the advice of Winston Chen and upon the opinion that Winston Chen had obtained from the Registrar of Companies that a prospectus was unnecessary.

20

14. The learned trial judge found that Winston Chen must accept absolute responsibility for the predicament that I and the other directors were in. He further found that the infringement of the law had not resulted in any conceivable loss to the public and that the lack of a prospectus would not have affected the choice of an invitee as materially as it would, for example the investment decision of a prospective shareholder in a trading company.

30

A transcript of what was said by the learned trial judge is annexed hereto and marked "QLC-5".

15. As stated by the learned trial judge the offence I  
10 was convicted of does not involve any element of  
dishonesty. Indeed there is even absent from the facts any  
element of moral turpitude on my part. I acted in all  
honesty and in good faith. If I had known or been advised  
that a prospectus was required before the invitations could  
be sent out I would most certainly have insisted that the  
law be complied with.

16. I have for many years been very actively connected  
with the affairs of the Hong Leong Group of Companies. My  
conduct in the handling of the affairs of these companies  
20 has never been the subject of any criticism. I committed  
the offence for which I have been convicted unwittingly and  
as a result of what turned out to be an error in law on the  
part of the solicitors of CCC (Holdings) Ltd. The interests  
of the shareholders, creditors and employees of the  
companies of which I was a director or of the companies of  
which I may in future be a promoter or director would not in  
any way be at risk by my being a director or by my being  
concerned or taking part in the management of any company.  
On the contrary my experience in the Hong Leong Group of  
30 Companies has been so intimate and extensive that it would  
in my respectful submission be advantageous to the  
companies, their shareholders, creditors and employees that

In the High Court of  
the Republic of Singapore

No.4

Affidavit of Quek Leng Chye  
in PC Appeal No.59 of 1984  
28th February 1983 (continued)

the required leave under Section 130(2) of The Companies'  
Act be granted to me.

Affirmed at Singapore )

this 28<sup>th</sup> day of February) sd. Quek Leng Chye  
1983. )

Before me,

sd. Yeow Chue Beng  
Commissioner for Oaths



No. 5

In the High Court of the Republic of Singapore

AFFIDAVIT OF CHARLES CHAN HOO-CHOW  
FILED IN ORIGINATING SUMMONS NO.  
102 OF 1983 IN PC APPEAL NO.59 OF  
1984

No.5  
Affidavit of Charles Chan Hoo-Chow filed in Originating Summons No.102 of 1983 in PC Appeal No. 59 of 1984 28th February 1983

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Originating Summons )  
No.102 of 1983 )

In the matter of:-

10

- 1. S C Enterprises Pte Ltd
- 2. S C Management Pte Ltd
- 3. S C Securities Pte Ltd
- 4. S C Trading Pte Ltd
- 5. R & L Holdings Pte Ltd
- 6. Orchard Hotel (S) Pte Ltd
- 7. Diners Club (S) Pte Ltd
- 8. Diners World Travel Pte Ltd.
- 9. Diners World Holding Pte Ltd

20

- 10. Diners Publishing Pte Ltd
- 11. Diners World Forwarders Pte Ltd
- 12. S C Travel Pte Ltd
- 13. Orchard International Hotels (S) Pte Ltd.
- 14. OHI Holding Pte Ltd.
- 15. CCC (Holdings)Ltd
- 16. City Country Club Pte Ltd.
- 17. LenRo Pte Ltd

And

30

In the matter of Section 130 of the Companies Act, Chapter 185

Between

Huang Sheng Chang ... Applicant

And

Attorney-General... Respondent

A F F I D A V I T

I, Charles Chan Hoo-Chow of 33B, Balmoral Park, Singapore, affirm and say as follows :-

40

(1) I am a businessman and am the Managing Director and General Manager of Larry Jewelry (S) Pte Ltd.

In the High  
Court of the  
Republic of  
Singapore

No.5  
Affidavit of  
Charles Chan  
Hoo-Chow filed  
in Originating  
Summons No.102  
of 1983 in  
PC Appeal No.  
59 of 1984  
28th February  
1983

(continued)

(2) On the 17th December 1982, I gave a statement to Inspector Henry Soh under S.120 of the Criminal Procedure Code (Cap.113). The contents of the statement was truly stated by me. A copy of the this statement is attached as CHC 1.

initialled

Affirmed at Singapore )  
this 28th day of )  
Feb. 1983 )

10

Before me  
Sd: Chue Cheok Wah  
COMMISSIONER FOR OATHS

This Affidavit was filed on the 4th day  
of March 1983 on behalf of the respondent.



In the High Court of  
the Republic of Singapore

No.6

Affidavit of Mdm. Chiu Miauw  
Eng filed in Originating Summons  
No.102 of 1983 in PC.Appeal No. 59 of 1984  
28th February 1983  
(continued)

(2) On the 27th July 1982, I gave a statement to  
Inspector Henry Soh under S.120 of the Criminal  
Procedure Code (Cap 113). The contents of the statement  
was truly stated by me. A copy of the this statement is  
attached as CME 1.

10

Affirmed at Singapore )  
this 28<sup>th</sup> day of )  
Feb 1983 )

M. E. Li

Before me

*ChnelbestWal*

COMMISSIONER FOR OATHS

CHIEF CLERK, OATHS  
COURT OF OATHS  
Attorney General's Chambers

This affidavit was filed on the 4<sup>th</sup> day of March  
1983 on behalf of the respondent.

20



In the High Court of  
the Republic of Singapore

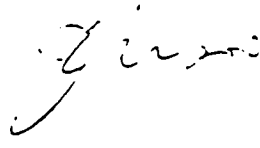
No.7

Affidavit of John Fee Chee Heng  
filed in Originating Summons  
No.102 of 1983 in PC Appeal  
No.59 of 1984  
28th February 1983 (continued)

(2) On the 10th September 1982, I gave a statement  
to Inspector Henry Soh under S.120 of the Criminal  
Procedure Code (Cap 113). The contents of the statement  
was truly stated by me. A copy of the this statement is  
attached as FCH 1.

10

Affirmed at Singapore )  
this 28<sup>th</sup> day of )  
Feb 1983 )



Before me



COMMISSIONER FOR OATHS  
COMMISSIONER FOR OATHS  
COMMISSIONER FOR OATHS  
COMMISSIONER FOR OATHS

This affidavit was filed on the 4<sup>th</sup> day of March  
1983 on behalf of the respondent.

20



Affidavit of Vincent Lam Thay Ngian  
filed in Originating Summons No.102 of  
1983 in PC Appeal No.59 of 1984  
28th February 1983 (continued)

(2) On the 18th December 1982, I gave a statement to  
Inspector Henry Soh under S.120 of the Criminal  
Procedure Code (Cap 113). The contents of the statement  
was truly stated by me. A copy of the this statement is  
attached as LTN 1.

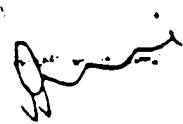
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Affirmed at Singapore )

this 2<sup>th</sup> day of )

Feb )

1983 )



Before me



COMMISSIONER FOR OATHS

CHIEF CLERK WAH

Commissioner for Oaths

Attorney-General's Chambers

This affidavit was filed on the 4<sup>th</sup> day of

March

1983 on behalf of the respondent.





In the High Court of  
the Republic of Singapore  
No.9

Affidavit of Ricky Ng Khim Guan  
filed in Originating Summons No.102 of  
1983 in PC Appeal No.59 of 1984  
28th February 1983 (continued)

(2) On the 6th August 1982, I gave a statement to  
Inspector Henry Soh under S.120 of the Criminal  
Procedure Code (Cap 113). The contents of the statement  
was truly stated by me. A copy of the this statement is  
attached as NKG 1.

Affirmed at Singapore )  
this 25<sup>th</sup> day of )  
Feb 1983 )

*Chuan*

Before me

*Chanel Mestwani*

COMMISSIONER FOR OATHS

(Sole Commissioner for Oaths)  
Attorney-General's Chambers  
Singapore

This affidavit was filed on the 4<sup>th</sup> day of March  
1983 on behalf of the respondent.



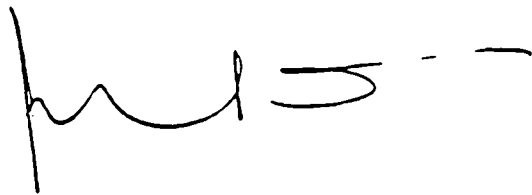
In the High Court of  
the Republic of Singapore  
No.10

Affidavit of Raj Sachdeva filed in  
Originating Summons No.102 of 1983  
in PC Appeal No.59 of 1984  
28th February 1983 (continued)

(2) On the 4th August, 1982, I gave a statement to  
Inspector Henry Soh under S.120 of the Criminal  
Procedure Code (Cap 113). The contents of the statement  
was truly stated by me. A copy of the this statement is  
attached as RS 1.

Pg.358  
359 of  
Volume  
II

Affirmed at Singapore )  
this 28<sup>th</sup> day of )  
Feb 1983 )



Before me



COMMISSIONER FOR OATHS

Attorney-at-Law

This affidavit was filed on the 4<sup>th</sup> day of March  
1983 on behalf of the respondent.



In the High Court of  
the Republic of Singapore

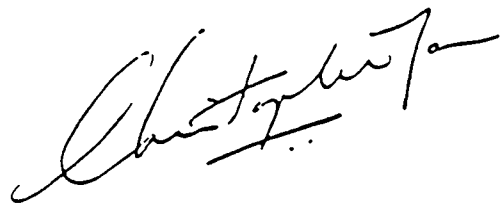
No.11

Affidavit of Christopher Tan Cheng Poh  
filed in Originating Summons No.102 of  
1983 in PC Appeal No.59 of 1984  
28th February 1983 (continued)

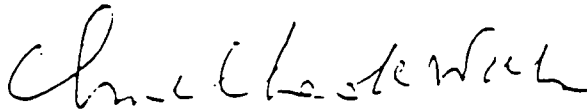
(2) On the 26th July 1982, I gave a statement to  
Inspector Henry Soh under S.120 of the Criminal  
Procedure Code (Cap 113). The contents of the statement  
was truly stated by me. A copy of the this statement is  
attached as TCP 1.

Pg 360 -  
362 of  
Volume II

Affirmed at Singapore )  
this 28<sup>th</sup> day of )  
Feb 1983 )



Before me



COMMISSIONER FOR OATHS

Attorney-at-Law

This affidavit was filed on the 4<sup>th</sup> day of March  
1983 on behalf of the respondent.



In the High Court of  
the Republic of Singapore

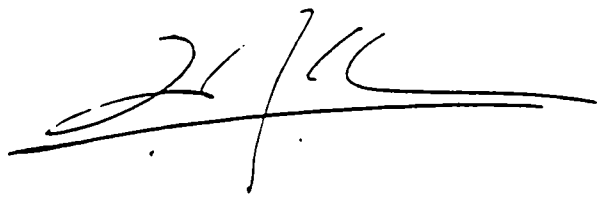
No.12

Affidavit of Tan Beng Chuan filed in  
Originating Summons No.102 of 1983 in  
PC Appeal No.59 of 1984  
28th February 1983

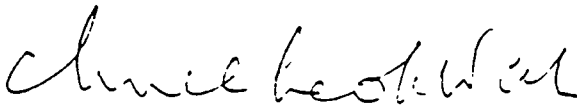
(2) On the 15th September 1982, I gave a statement  
to Inspector Henry Soh under S.120 of the Criminal  
Procedure Code (Cap 113). The contents of the statement  
was truly stated by me. A copy of the this statement is  
attached as TBC 1.

Pg 363  
364 of  
Volume  
II

Affirmed at Singapore )  
this 28<sup>th</sup> day of )  
Feb 1983 )



Before me



COMMISSIONER FOR OATHS

CHIEF CLERK  
COURT OF APPEALS

THIS affidavit was filed on the 4<sup>th</sup> day of March  
1983 on behalf of the respondent.





In the High Court of  
the Republic of Singapore

No.13

Affidavit of Mdm. Katherine Tang filed  
in Originating Summons No.102 of 1983  
in PC Appeal No.59 of 1984  
28th February 1983 (continued)

(2) On the 3rd August 1982, I gave a statement to  
Inspector Henry Soh under S.120 of the Criminal  
Procedure Code (Cap 113). The contents of the statement  
was truly stated by me. A copy of the this statement is  
attached as KT 1.

Fg 365 -  
366 of  
Volume I

Affirmed at Singapore )

this 28<sup>th</sup> day of )  
Feb 1983 )

*Katherine Tang*

Before me

*Chellock W. S. G.*

COMMISSIONER FOR OATHS

CHIEF CLERK

Commissioner for Oaths

Attorney-General's Chambers

This affidavit was filed on the 4<sup>th</sup> day of

*March*

1983 on behalf of the respondent.



Affidavit of John Loh Jwee Siam  
filed in Originating Summons No.102 of  
1983 in PC Appeal No.59 of 1984  
1st March 1983 (continued)

(2) On the 29th July, 1982, I gave a statement to  
Inspector Henry Soh under S.120 of the Criminal  
Procedure Code (Cap 113). The contents of the statement  
was truly stated by me. A copy of the this statement is  
attached as LJS 1.

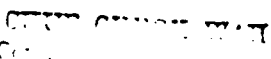
Pg 354 -  
355 of  
Volume I

Affirmed at Singapore )  
this 1<sup>st</sup> day of )  
March 1983 )



Before me

  
COMMISSIONER FOR OATHS



This affidavit was filed on the 4<sup>th</sup> day of March  
1983 on behalf of the respondent.



(2) On the 6 May 1982, the Registrar of Companies, Mr Chiam Boon Keng lodged a first information report with the Commercial Crime Division, CID, informing us that the Directors of CCC (Holdings) may have contravened certain provisions of the Companies Act by offering to sell shares in the Company to a number of persons in Singapore.

10

(3) I then commenced my investigations. In the course of my investigations, I went to the premises of Messrs Shook Lin & Bok, at Malayan Banking Chambers, Fullerton Square, where with the authority of a search warrant, I seized certain files kept by the firm concerning the affairs of CCC (Holdings) Ltd. The documents I seized included attendance notes kept by Mr Winston Chen, a partner of the law firm. I also seized other documents from elsewhere.

20

(4) My investigations revealed that certain directors of CCC (Holdings) Ltd namely, S C Huang, Quek Leng Chye, Gan Khai Choon, Ng Cheng Bok and Derrick Chong together with their solicitor Winston Chen may have committed offences in contravention of S.39(4), S.363(5) and S.366 of the Companies Act.

30

(5) On completion of my investigation, Messrs S C Huang, Quek Leng Chye, Gan Khai Choon, Ng Cheng Bok and

10 Derrick Chong were each charged with 2 charges for  
offences under S.366 of the Companies Act, one charge  
for an offence under S.39(4) read with S.43 of that Act  
and one charge for an offence under S.363(5) of the said  
Act. The directors' solicitor Winston Chen was also  
charged with 2 charges for offences under S.366 of the  
Companies Act and an additional charge for abetting the  
aforesaid directors of CCC (Holdings) in contravention  
of S.39(4) read with S.43 of the Companies Act.

20 (6) In the event all the directors and Winston Chen  
pleaded guilty before the learned District Judge Mr S.  
Chandra Mohan, on 9 February 1983, on some of the  
charges. I was present in court throughout the  
proceedings. S C Huang and Derrick Chong pleaded guilty  
to 2 charges which were for offences under S.39(4) read  
with S.43 of the Companies Act and S.363(5) of that Act  
respectively. I have attached a copy each of the two  
charges which are marked "HS 1" and "HS 2". Quek Leng  
Chye, Gan Khai Choon and Ng Cheng Bok pleaded guilty to  
the charge in exhibit "HS 1" with the charge marked as  
"HS 2" taken into consideration.

30 (7) All the directors in their pleas of guilt,  
admitted without qualification to the statement of facts  
and documents referred to in that statement and tendered  
by the prosecution. I have attached a copy of the  
statement of facts and the documents tendered which are  
marked "HS 3".

Affidavit of Henry Soh Hong Teck  
filed in Originating Summons No.102 of  
1983 in PC Appeal No.59 of 1984  
2nd March 1983 (continued)

(8) The learned District Judge made a speech when sentencing the directors and their solicitor. I have obtained a certified true copy of the transcript of his speech and this is attached as "ES 4". S C Huang was fined \$1,000 on each charge and Derrick Chong was fined \$500 on each charge. Quek Leng Chye and Gan Khai Choon were each fined \$500 and Ng Cheng Bok was given a conditional discharge. The prosecution withdrew the 2 charges under S.366 of the Companies Act against all the defendants.

10

(9) Among the documents I seized in the course of my investigations were opinions obtained by Messrs Shook Lin & Bok and the directors of CCC (Holdings) Ltd concerning the venture. The people they consulted, prior to the offer of sale of shares to the public in April and May of 1982, included a merchant banker, 2 Queen's Counsels and 3 firms of public accountants. Only 2 of the opinions raise or involve the question of whether the scheme would require the issuance of a prospectus. The rest of the opinions concern solely the best means of avoiding tax on the profits expected to be made from the venture.

20

30

The opinions are as follows -



10 (i) 4 opinions were given by Stephen  
Oliver Q.C. They were dated 5 July  
1979, 9 September 1981, 21 September  
1981 and 6 October 1981 respectively.  
These opinions concern the best  
means of achieving the lowest  
exposure to tax on the expected  
profits. I have attached and  
marked them as "HS 5(a)", "HS  
5(b)", "HS 5(c)" and "HS 5(d)".

20 (ii) There were 3 opinions from Goh,  
Tan & Co, a firm of public  
accountants dated 5 July 1979,  
22 October 1979 and 30 October 1981  
respectively. It was stated in  
these opinions that the scheme  
proposed envisaged the sale of  
shares to the public at large.  
This advice concerns solely the  
best means of avoiding tax on the  
expected profit. I have attached  
these opinions and marked them as  
30 "HS 6(a)", "HS 6(b)" and HS 6(c)".

(iii) There were 2 opinions from Cooper &  
Lyorand, a firm of public

accountants. They concern only the tax question. I have attached the 2 opinions dated the 8 June 1981 and 25 June 1981 respectively and marked "HS 7(a)" and "HS 7(b)".

10

- (iv) The advice of Peat, Marwick, Mitchell and Co, a firm of public accountants also concerns solely the question of tax. Their advice dated 23 September 1981 is attached and marked "HS 8".

I have ascertained from the opinions referred to in sub-paragraphs (i), (ii), (iii) and (iv) above that the question of whether the scheme proposed would require the issuance of a prospectus was never raised. The 2 opinions which raised or involved the question of a prospectus were given by a merchant banker Mr K A Westley from Wardley Ltd and Mr David Bennett QC.

20

- (v) Mr K A Westley's advice was by a letter dated 1st October 1981 and this is at "HS 3" Attachment A. Mr Westley made the following remarks in his letter : "We briefly discussed the problems arising from

30

the sale of equity shares in the  
company owning the club premises  
and I would confirm my reservations  
as to whether this would be the  
most expeditious method to proceed by  
bearing in mind the somewhat  
onerous requirements for  
prospectuses etc".

10 (vi) The opinion from Mr David Bennett  
QC was dated 19 October 1981. This  
is at "HS 3" Attachment D. In his  
opinion Mr David Bennett reiterated  
his instructions in the following  
terms: "I am asked to advise  
whether members of a private club  
are a 'section of the public'  
within the meaning of the  
prohibition in Section 5(6) of the  
Uniform Companies Act".

20 (10) The learned District Judge in his speech when  
sentencing the defendants remarked that "clearly, in  
view of the nature of the proposed activities of the  
City Country Club, the lack of a prospectus would not  
have affected the choice of an invitee to the Club as  
materially as it would, for example, the investment

decision of a prospective shareholder in a trading company." In this respect I crave leave to refer to the affidavits of :-

- 1) Charles Chan Hoo-Chow,
- 2) Mdm Chiu Miauw Eng,
- 3) John Foo Chee Heng,
- 4) Vincent Lam Thay Ngian,
- 5) John Loh Jwee Siam,
- 6) Ricky Ng Khim Guan,
- 7) Raj Sachdev,
- 8) Christopher Tan Cheng Poh,
- 9) Tan Beng Chuan, and
- 10) Mdm Katherine Tang.

10

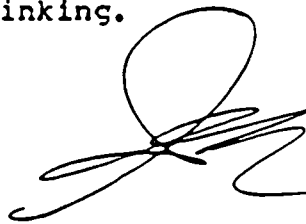
Every one of these persons said that they would not have taken steps to buy the shares in CCC (Holdings) Ltd if they had known of the value of these shares.

(11) I also crave leave to refer to the learned District Judge's speech where he said that the directors committed the offences without deliberation and that they were led to the commission of these offences by their reliance upon the legal expertise of their solicitors Winston Chen. I refer to paragraphs 11,12, 13,14,16 and 18 of the Statement of Facts "HS 3" and to "Attachments A,B,C and F" therein. These paragraphs and attachments which were admitted to

20

10 without qualification by all the directors charged,  
disclose that they were aware that a prospectus would be  
required. The requirement for a prospectus was recorded  
in the attendance notes kept by Winston Chen and  
regarded as as "problem". At the meeting of 17 November  
1981, "MS 3 Attachment F", Winston Chen when he met with  
S C Huang, Quek Leng Chye and Derrick Chong recorded  
that if Lee Theng Kiat, the Assistant Registrar of  
Companies, is of the view that a prospectus is required  
than the scheme needs rethinking.

Sworn at Singapore )  
this 2<sup>nd</sup> day of )  
20 March 1983 )



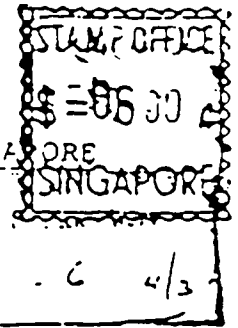
Before me

*Chwee Cheok Wah*  
COMMISSIONER FOR OATHS

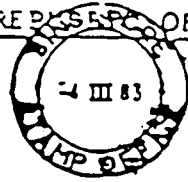
CHWE CHEOK WAH

This affidavit was filed on the 4<sup>th</sup> day of March  
1983 on behalf of the respondent.

No.16  
AFFIDAVIT OF HENRY SOH HONG TECK IN  
PC APPEAL NO.59 OF 1984



IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE



Originating Summons )  
 )  
No.134 of 1983 )

In the Matter of Section 130  
of the Companies Act,  
Chapter 185

Between

Gan Khai Choon .. Applicant

And

Attorney General .. Respondent

10

A F F I D A V I T

I, Henry Soh Hong Teck of Apt Block 23, 07-396  
Dover Crescent, Singapore 0513, make oath and say as  
follows :-

(1) I am an Inspector of Police and am attached to  
the Commercial Crime Division of the Criminal Investi-  
gation Department.

(2) I crave leave to refer to my affidavit filed in  
reply to Originating Summons No.102 of 1983 and adopt  
paragraphs 2, 3, 4, 5, 6, 7, 8, 9, 10, and 11 of that  
affidavit.

20

(3) I also crave leave to refer to the affidavits of

- 1) Charles Chan Hoo-Chow,
- 2) Mdm Chiu Miauw Eng,
- 3) John Foo Chee Heng,
- 4) Vincent Lam Thay Ngian,
- 5) John Loh Jwee Siam,
- 6) Ricky Ng Khim Guan,
- 7) Raj Sachdev,
- 8) Christopher Tan Cheng Poh,
- 9) Tan Beng Chuan, and
- 10) Mdm Katherine Tang.

which affidavits were filed in reply to Originating  
Summons No.102 of 1983.

Sworn at Singapore )

this 3<sup>rd</sup> day of )

March 1983 )

Before me

  
COMMISSIONER FOR OATHS

This affidavit was filed on the 4<sup>th</sup> day of March  
1983 on behalf of the respondent.

In the High  
Court of the  
Republic of  
Singapore

No.17

AFFIDAVIT OF CHIAM BOON KENG  
IN PC APPEAL NO.59 OF 1984

No.17  
Affidavit of  
Chiam Boon  
Keng in PC  
Appeal No.  
59 of 1984  
3rd March  
1983

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Originating Summons )  
No. 134 of 1983 ) In the matter of Section  
130 of the Companies  
Act, Chapter 185

Between

Gan Khai Choon....Applicant 10

And

Attorney General...Respondent

A F F I D A V I T

I Chiam Boon Keng of 2615 Pearl Bank  
Apartments, Singapore 0316, affirm and say as  
follows :-

(1) I am the Registrar of Companies.

(2) I crave leave to refer to my affidavit  
filed in reply to Originating Summons No.115 of  
1983 and adopt paragraphs 2 and 3 of that  
affidavit. 20

Sworn at Singapore )  
this 3rd day of March) Sd: Chiam Boon Keng  
1983 )

Before me  
Sd: Chue Cheok Wah  
COMMISSIONER FOR OATHS

This affidavit was filed on the 4th day of March  
1983 on behalf of the respondent



No.18

AFFIDAVIT OF CHIAM BOON  
KENG IN PC APPEAL NO.59 OF  
1984

In the High  
Court of the  
Republic of  
Singapore

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Originating Summons )  
No.135 of 1983 )

In the Matter of  
Section 130 of the  
Companies Act, Chapter  
185

No.18  
Affidavit of  
Chiam Boon  
Keng in PC  
Appeal No.59  
of 1984  
3rd March 1983

10

Between

Quek Leng Chye.. Applicant

And

Attorney General ..  
Respondent

A F F I D A V I T

I Chiam Boon Keng of 2615 Pearl Bank  
Apartments, Singapore 0316, affirm and say as  
follows :-

20

(1) I am the Registrar of Companies.

(2) In June 1981, Singapore Finance Ltd lodged  
with the Registry of Companies a prospectus.  
The prospectus was for the offer for sale to the  
public 7,500,000 shares to be issued by the  
Company. I attach herewith a copy of the  
prospectus marked as "CBK 1".

(3) Quek Leng Chye and Gan Khai Choon were  
at the material time directors of Singapore  
Finance Ltd and they signed the prospectus.

30

Sworn at Singapore this)  
3rd day of March 1983 ) Sd: Chiam Boon Keng

Before me,  
Sd: Chue Cheok Wah  
COMMISSIONER FOR OATHS

This affidavit was filed on the 4th day of March  
1983 on behalf of the respondent.

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

originating summons )  
No 134 of 1983 ) In the matter of Section 130 of the Com-  
panies Act, Chapter 185  
Between  
GAN KHAI CHOON .....Applicant  
And  
ATTORNEY GENERAL .....Respondent

10

AFFIDAVIT

I, Sim Miah Kian of 18 Dalkeith Road, Singapore 1129, make oath and say  
as follows

1. I am a director of Hong Leong Finance Ltd and have been a director since 9/8/1968. I was also the Chief General Manager of Hong Leong Finance Ltd from 1976 and retired from that position in February 1981.
2. When I retired from the said position as Chief General Manager, Gan Khai Choon who was then the General Manager of Hong Leong Finance Ltd succeeded me as Chief General Manager of Hong Leong Finance Ltd ( now called Group General Manager ).
3. Gan Khai Choon joined Hong Leong finance Ltd in January 1974 and I have had very close connection with his career since that time. I have found Gan Khai Choon to be a person of exceptional ability and integrity. His contribution to Hong Leong Finance Ltd was invaluable and I was happy to hand over my responsibility as Chief General Manager to him.
4. Gan Khai Choon's sound business judgement and his ability to inspire confidence amongst staff, customers and bankers have been factors substantially that contributed to the rapid growth of Hong Leong Finance Ltd in the last few years.
5. I am also a minority shareholder of Hong Leong Finance Ltd. It is my personal opinion that Gan Khai Choon should continue as Group General Manager and director of Hong Leong Finance Ltd. I have confidence that if Gan Khai Choon continues to be a director/Group General Manager of Hong Leong Finance Ltd, he will continue to look after the interests of all shareholders.

20

30

In the High Court of  
the Republic of Singapore

No.19

Affidavit of Sim Miah Kian in  
PC Appeal No.62 of 1984  
8th March 1983

Sworn at Singapore  
this *8<sup>th</sup>* day of March  
1983

)  
) *Sim Miah Kian*  
)

Before me,

*Yeow Lue Beng*  
Commissioner for Oaths

YEOW LUE BENG  
Commissioner for Oaths  
Singapore

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

originating summons )  
No 135 of 1983 )

In the matter of Section 130 of the  
Companies Act, Chapter 185

Between

QUEK LENG CHYE ..... Applicant

And

ATTORNEY GENERAL ..... Respondent

10

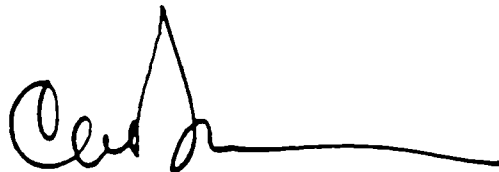
AFFIDAVIT

I, C.A. Banducci of 28 Cornwall Garden, Singapore 1026 do affirm and say  
as follows:

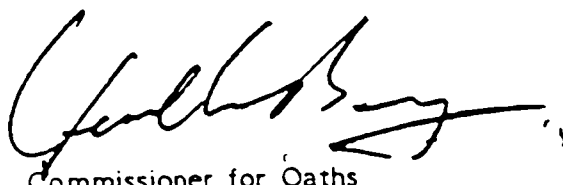
1. I am the Senior vice President and Country General Manager of Bank of America NT&SA, Singapore.
2. I have known Mr Quek Leng Chye since 1980 in connection with the dealings that the Bank has had with companies in the Hong Leong Group. We have met frequently for business discussions and on social occasions.
3. As a person, I have found him to be sincere, warm and friendly. As a customer, I have found him to be frank, cordial, reliable and a person of integrity and honesty in his dealings with the Bank.
4. In spite of his recent troubles, I have no reason to believe that he is not fit to hold the position of a director in a public or private company.

20

Affirmed at Singapore )  
this *For* day of March )  
1983 )



Before me,



Commissioner for Oaths

YEOW LOO BENG  
Commissioner for Oaths  
Singapore

No.21  
FURTHER AFFIDAVIT OF GAN KHAI CHOON  
IN PC APPEAL NO.61 OF 1984

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Originating Summons)

No. 134 of 1983 ) In the Matter of Section 130 of the  
Companies Act, Chapter 185

Between

GAN KHAI CHOON .... Applicant

And

ATTORNEY GENERAL .. Respondent

FURTHER AFFIDAVIT

I, Gan Khai Choon of 15 Tanglin Hill, Singapore 1024 do  
affirm and say as follows :

1. I have read the affidavit of Chiam Boon Keng filed  
herein on the 4th of March 1983.
2. It is true that I was a director of Singapore  
Finance Ltd and that I signed the prospectus dated 1st June  
1981 referred to in paragraph 3 of the said affidavit of  
Chiam Boon Keng.
3. The said prospectus was issued by Singapore Finance  
Ltd in connection with a public issue of 7,500,000 shares of  
Singapore Finance Ltd. M/s Morgan Grenfell (Asia) Ltd, a  
firm of merchant bankers, who managed and underwrote the  
issue helped in the preparation of the prospectus. Apart  
from the said prospectus issued by Singapore Finance Ltd I  
have not been connected with the issue of any other  
prospectus.

4. I have prepared a summary giving further particulars of the companies listed by me in my previous affidavit filed herein on 29th February 1983 and marked "GKC-3" containing the names of companies of which I was a director at the date of my conviction. A copy of the summary I have prepared giving the further particulars is annexed hereto and marked "GKC-6". 10

5. I cannot be said to have had substantial control any of the eleven companies listed in "GKC-6". I had personal equity in only one company, namely, Hong Leong Finance Ltd but in relation to the paid up capital of Hong Leong Finance Ltd my holding is insignificant. I served on these boards by election of the shareholder.

6. Four of the companies in "GKC-6" namely, Citimac Pte Ltd, Singapore Credit Pte Ltd, City Country Club Pte Ltd and Singapore Nominees Pte Ltd are wholly owned subsidiaries of other companies in the list. I have indicated the parent companies name in brackets under the heading "No. of Directors". 20

7. Four of the companies in the list are public companies and of these three are listed on the Stock Exchange. The public companies are :

Singapore Finance Ltd (listed)	item 5
Kings Hotel Ltd (listed)	item 6
Hong Leong Finance Ltd (listed)	item 8
CCC (Holdings) Ltd	item 9

30

In the High Court of  
the Republic of Singapore  
No.21

Further Affidavit of Gan Khai Choon  
in PC Appeal No.61 of 1984  
9th March 1983 (continued)

In all these public companies I served on Boards consisting  
of between 7 and 15 other directors.

Affirmed at Singapore )  
this <sup>9<sup>th</sup></sup> day of March )  
1983. )



Before me,

Commissioner for Oaths





4. I have prepared a summary giving further particulars of the companies listed by me in my previous affidavit filed herein on 29th February 1983 and marked "QLC-3" containing the names of companies of which I was a director at the date of my conviction. A copy of the summary I have prepared giving the further particulars is annexed hereto and marked "QLC-6".

5. Of all the companies listed in "QLC-6" I can be said to have had substantial control of only one company, namely, Gordon Properties Pte Ltd (item 3 in "QLC-6"). I hold half the paid up capital of Gordon Properties Pte Ltd and was one of the four directors of the company. In all the other companies listed in "QLC-6" I have very little or no equity holding. I served on the boards of these companies by election of the shareholders. A number of the companies listed in "QLC-6" are wholly owned subsidiaries of other companies in the list. I have indicated this by giving the initials of the parent company in brackets under the heading "Number of Shareholders".

7. Ten of the companies in "QLC-6" are public companies and of these 4 are listed on the stock exchange whilst two are wholly owned subsidiaries of Hong Leong Holdings Ltd. The public companies are :

City Developments Ltd (listed)	item 1
Hong Leong Corpn Ltd	item 6
Hong Leong Finance Ltd (listed)	item 8
Hong Leong Holdings Ltd	item 10

In the High Court of  
the Republic of Singapore

No.22

Further Affidavit of Quek Leng  
Chye in PC Appeal No.59 of 1984  
9th March 1983 (continued)

Hotel Orchid Ltd item 16

Hume Industries (P.E.) Ltd (wholly owned item 18

Hume Industries (S) Ltd subsidiaries item 19

of Hong Leong

Holdings Ltd)

Kings Hotel Ltd (listed) item 24

Singapore Finance Ltd (listed) item 32

CCC (Holdings) Ltd item 40

Except for Orchid Hotel Ltd where I had served as one out of  
4 directors, in all the other public companies I served on  
boards consisting of between 7 and 15 other directors.

Affirmed at Singapore )

this day of March )

1983. )

Before me,

Commissioner for Oaths

No. 23

AFFIDAVIT OF THIA PENG HOCK  
GEORGE IN PC APPEAL NO.59 OF  
1984

In the High  
Court of the  
Republic of  
Singapore

IN THE HIGH COURT OF THE REPUBLIC OF  
SINGAPORE

Originating Summons )  
No.135 of 1983 )

In the Matter of  
Section 130 of the  
Companies Act, Chapter  
185

No23  
Affidavit of  
Thia Peng Hock  
George in PC  
Appeal No.59 of  
1984  
9th March 1983

10

Between

Quek Leng Chye...  
Applicant

And

Attorney-General...  
Respondent

A F F I D A V I T

20

I, THIA PENG HOCK GEORGE of 1 Marine Vista 07-79,  
Singapore 1544, Merchant Bank Director make oath/  
do solemnly affirm and say as follows:

1. I am a director of Morgan Grenfell (Asia)  
Limited (hereinafter referred to as "Morgan  
Grenfell") a company carrying on merchant Banking  
Business in Singapore and have been such director  
since early 1981.

2. I have read the affidavit of Chiam Boon Keng,  
filed herein on 4th March 1983 and the exhibit  
therein referred to and marked "CBK 1".

30

3. Morgan Grenfell was appointed adviser to  
Singapore Finance Limited (hereinafter referred  
to as "Singapore Finance") who issued the prospectus  
of which exhibit "CBK 1" is a copy and as such  
adviser managed and underwrote the issue of shares  
referred to in the said prospectus.

40

4. Morgan Grenfell prepared the said prospectus  
from information and materials supplied by or on  
behalf of Singapore Finance and I personally had  
conduct of this account under the direct supervision  
of the then managing director who is now no longer  
in Singapore.

In the High  
Court of the  
Republic of  
Singapore

No.23  
Affidavit of  
Thia Peng Hock  
George in PC  
Appeal No.59  
of 1984  
9th March 1983  
  
(continued)

5. In relation to the said account I attended as necessary from time to time meetings of directors of Singapore Finance at which the applicant was present and I also attended management and other representatives and consultants of Singapore Finance.

6. In connection with the said issue of shares there was at no time any doubt in my mind that a prospectus had to be lodged with the Registrar of Companies for registration and no such doubt was ever expressed to me or to any person to my knowledge by any of the directors of Singapore Finance.

10

7. Since 1975 when I was employed by Morgan Grenfell I have had professional dealings with the applicant and other representatives of the Hong Leong Group of Companies (which now include Singapore Finance, Hong Leong Finance Limited, City Developments Limited and King's Hotel Limited which are all public companies quoted on the Stock Exchange of Singapore) and I have formed the view that the applicant is a man of integrity and honesty with a good reputation in the business community and this view has no been in any way affected by his recent conviction of an offence under the Companies Act.

20

SWORN/AFFIRMED AT Singapore)  
this 9th day of March 1983 ) Sd: Thia Peng Hock  
George

30

Before me,  
Sd: Lew Siew Foon  
A Commissioner for Oaths





On the 8 March 1983, I inspected the registers of substantial shareholders of these four companies.

10 (6) Hong Leong Finance Ltd has an issued and paid-up capital of 76,743,750 shares of \$1 each. The substantial shareholders of Hong Leong Finance Ltd are as follows :-

- (i) Hong Leong Investment Holdings Pte Ltd,
- (ii) Hong Leong Corporation Ltd,
- (iii) Hong Leong Holdings Ltd.

20 These are not publicly listed companies but they hold directly, indirectly or both, a total of 45% of the issued and paid-up capital of Hong Leong Finance Ltd. Quek Leng Chye has also sought leave under Section 130 of the Companies Act and in relation to these three companies.

(7) King's Hotel Ltd is a subsidiary of City Developments Ltd. City Developments Ltd directly and indirectly holds a total of 74.6% of the issued and paid-up share capital of King's Hotel Ltd. King's Hotel Ltd has an issued and paid-up capital of 76,400,000 shares of \$1 each. City Developments Ltd in turn is a subsidiary of Hong Leong Investment Holdings Pte Ltd.

In the High Court of  
the Republic of Singapore

No.24

Affidavit of Sia Suat Hwa in  
PC Appeal No.59 of 1984  
9th March 1983 (continued)

(5) Singapore Finance Ltd has an issued and paid-up capital of 30,000,000 shares of \$1 each. Hong Leong Finance Ltd holds 75% of the share capital of Singapore Finance Ltd.

Sworn at Singapore )  
this 9<sup>th</sup> day of )  
March 1983 )

*Signature*

Before me

*Chen Chee Kuan*

COMMISSIONER FOR OATHS

CHEN CHEE KUAN  
Commissioner for Oaths  
Attorney-General's Chambers

This affidavit was filed on the 9<sup>th</sup> day of March 1983  
on behalf of the respondent.



No.25

SUPPLEMENTARY AFFIDAVIT OF  
HENRY SOH HONG TECK FILED IN  
ORIGINATING SUMMONS NO.102 OF  
1983 IN PC APPEAL NO.59 OF 1984

In the High  
Court of the  
Republic of  
Singapore

IN THE HIGH COURT OF THE REPUBLIC OF  
SINGAPORE

No.25  
Supplementary  
Affidavit of  
Henry Soh Hong  
Teck filed in  
Originating  
Summons No.102  
of 1983 in PC  
Appeal No.59  
of 1984  
9th March 1983

Originating Summons)  
No.102 of 1983 ) Inthe Matter of:

- 10                    1. S C Enterprises Pte Ltd
- 2. S C Management Pte Ltd
- 3. S C Securities Pte Ltd
- 4. S C Trading Pte Ltd
- 5. R & L Holdings Pte Ltd
- 6. Orchard Hotel (S) Pte Ltd
- 7. Diners Club (S) Pte Ltd
- 8. Diners World Travel Pte Ltd
- 9. Diners World Holding Pte  
                              Ltd
- 20                    10. Diners Publishing Pte Ltd.
- 11. Diners World Forwarders Pte  
                              Ltd
- 12. S C Travel Pte Ltd
- 13. Orchard International  
                              Hotels (S) Pte Ltd
- 14. OHI Holding Pte Ltd
- 15. CCC (Holdings) Ltd
- 16. City Country Club Pte Ltd
- 17. LenRo Pte Ltd

30

And

In the matter of Section 130  
of the Companies Act, Chapter 185

Between

Huang Cheng Chang.... Applicant

And

Attorney-General.... Respondent

SUPPLEMENTARY AFFIDAVIT

40                    I, Henry Soh Hong Teck of Apt Block 23,  
07-396 Dover Crescent, Singapore 0513, make  
oath and say as follows :-

(1) I crave leave to refer to paragraph 3 of my

In the High Court of the Republic of Singapore

No.25  
Supplementary Affidavit of Henry Soh Hong Teck filed in Originating Summons No.102 of 1983 in PC Appeal No.59 of 1984  
9th March 1983

(continued)

affidavit filed hereto on 4th March 1983.

(2) Among the documents I seized from the premises of Messrs. Shook, Lin & Bok, was an attendance note with the file reference No. CYC/1473.4/SCH dated 11 May 1982. I have attached and marked this as "HS 9".

(3) In the course of my investigation, I have become familiar with the manner in which attendance notes are recorded and I can say looking at the document that it minuted a discussion that took place on 11 May 1982 at 10.00 a.m. The initials SCH refers to S C Huang, DC to Derrick Chong, RH to Robert Huang, QLC to Quek Leng Chye, NCB to Ng Cheng Bok, KW to Kevin Westley, CYC to Winston Chen and CP to Chow Peng. These are the persons who attended the meeting. The tick against "office" is a note that the meeting took place at the premises of Messrs. Shook, Lin & Bok.

10

20

(4) In paragraph 40 of the attendance notes, it is recorded that "CYC said that the bonus issue is the point which has been omitted in our letter to ROC although he did explain it to Lee Theng Miat (Asst ROC) before sending the letter to ROC. He did not mention this point because he did not want to open the eyes of the govt to show that this is a money-making project".

30

Sworn at Singapore )  
this 9th day of March ) Sd: H.S.H.Teck  
1983 )

Before me,  
Sd: CHUE CHEOK WAH  
COMMISSIONER FOR OATHS

This affidavit was filed on the 9th day of March 1983 on behalf of the respondent



the company. There was some preliminary discussion about sales of shares by the joint venture partners of the club project but the matter was left open for future consideration.

10

4. The meetings of 3rd January 1980 and 18th September 1980 were concerned only with matters relating to the construction of the club house.

5. On 18th September 1981, I was invited to attend a meeting at the offices of Peat Marwick & Mitchell to discuss some tax-savings scheme. Derrick Chong sent me a copy of a silk's opinion ( from Steven Oliver Q.C.) a day before the meeting. At that meeting Winston Chen explained the scheme based on the silk's opinion which was basically that mentioned in paragraph 10 of "QLC-2" annexed to my said Affidavit. That was the first time I was informed of this tax scheme. I remember that Keith Tay and Damian Hong of Peat Marwick & Mitchell expressed reservations about the viability of the scheme. I also stated my view of preferring the straight-forward way of having one company to own and operate the club. I did not understand how the scheme would benefit Queens Pte Ltd but I would not object to the scheme if the majority shareholders of the club company wanted it.

20

6. It was at that meeting of 18th September 1981 that Winston Chen briefly talked about some problem relating to prospectus and informed the meeting that he was looking into it to further advise the directors. He did not elaborate on it and I was content with leaving it as a legal matter for him to deal with. I had not at all been informed of any problem of prospectus prior to that meeting.

10 7. As far as I was concerned, the next occasion when the matter of prospectus was brought up for discussion in my presence was at the meeting of 17th November 1981. I had had no knowledge of what transpired before this meeting since the previous meeting of 18th September 1981. I received a copy of Winston Chen's summary of a scheme a day or two before this meeting. A copy of the said summary is annexed hereto and marked "QLC-7".

20 8. At this meeting on 17th November 1981, as I have stated in paragraph 10 of my said previous Affidavit, Winston Chen alluded to some difference in opinion in Shook Lin & Bok as to the need for a prospectus in the context of the scheme outlined in his summary "QLC-7". He informed the meeting that he was going to discuss the matter with the Registrar of Companies. At that time I

In the High Court of the  
Republic of Singapore

No.26  
Affidavit of Quek Leng Chye in  
PC Appeal No.59 of 1984  
(undated) (continued)

did not know that Winston Chen had in a letter to S.C. Huang dated 31st October 1981 sought the permission of S.C. Huang to seek exemption from the said Registrar. I have obtained a copy of the said letter only after the police investigation and a copy thereof is annexed hereto and marked "QLC-8".

9. At the same meeting, S.C. Huang said that the shares were to be sold in batches from time to time so that the price of the shares could be revised. It was then explained by Winston Chen that if a prospectus was required it would be difficult to so sell the shares in batches. He advised to the effect that such flexibility could not be achieved if a prospectus was required because the prospectus would have to state the price of the shares and would stay valid for a period of 6 months. 10

10. Until that meeting of 17th November 1981, I had given no consideration to the question as to whether a prospectus should or should not be issued. In my mind, the question of whether a prospectus had to be issued was a legal matter for the solicitor to advise on. As Winston Chen was to see the said Registrar, I was truly under the impression that the solicitor and the proper governmental 20

10 authority would clear the issue one way or the other. It  
was my understanding at that time that if the Registrar of  
Companies decided that a prospectus was necessary, a  
prospectus would be issued. Although I could see that  
sales of shares in batches could be facilitated if a  
prospectus was not required, I did not consider the issue  
of a prospectus as objectionable or causing any problems  
from the point of view of Queens Pte Ltd. Queens Pte Ltd  
had sufficient cash-flow or financing resources not to be  
concerned with the restraint of the sale price imposed by  
the need to issue a prospectus.

11. I recall that at that meeting, Winston Chen stated  
that the lease of the club would be for 7 years as  
20 mentioned in his said summary ("QLC-7"). I questioned  
Winston Chen as to why the lease was to be for only 7  
years. I could not understand why, the interests of the  
club and the holding company being parallel, a long-term  
lease should not be given. Winston Chen then explained  
that it could not be for more than 7 years because of the  
need to apply for subdivisional approval if the lease were  
for a longer period. At that time there was no reason for  
me to doubt or question his legal advice. I simply  
30 accepted the proposal of granting a 7 years lease to be  
renewed from time to time as necessitated by such legal  
technicality.

12. I did not know of the events that transpired immediately after that meeting. I was not told as to what happened when Winston Chen met Lee Theng Kiat of the Registry of Companies. Winston Chen did not supply me with any copies of the letters exchanged between him and the Registrar of Companies including his letter of 7th December 1981 to the Registrar. I had not seen any of these letters until after police investigations commenced.

10

13. An EGM of CCC (Holdings) Ltd was scheduled for 22nd February 1982 for approving several matters according to the proposed tax scheme, including the proposal of the bonus shares. At that stage, the financial position of the said company was as follows :-

(a) it had taken a 3-year loan of \$6 mil from Hong Leong Finance Ltd in October 1979 for financing the purchase of the property, which loan plus interest remained outstanding;

20

(b) by August 1980, the joint-venture partners had respectively paid up in cash an aggregate equity of \$5 mil;



- 10
- (c) excluding such portion of the said equity used to meet in part payment of the purchase price of \$8.5 mil of the property and incidental expenses, the remainder was primarily applied towards paying the costs and expenses of the clubhouse development;
  - (d) an additional 3-year loan of \$2 mil was obtained from Hong Leong Finance Ltd in July 1981 to meet the company's costs and expenses; and
  - (e) a further one-year loan of \$3 mil was again obtained from the same finance company in November 1981 for the same purpose.

20 Therefore, in February 1982, the company was owing to the said finance company an aggregate loan amount of \$11 mil plus interest. All the said loans were short-term bridging loans to be fully repaid by the joint-venture partners through future increases of equity funding in due course.

14. At that stage, the estimated construction costs were about \$26 mil. With the land cost added in, the total amount would be about \$35 mil. As the joint-venture partners had paid up \$5 mil, they would have to further put in about \$30 mil.

10

15. The EGM of 22nd February 1982 was held at the offices of Shook Lin & Bok. Winston Chen who was to be present at the meeting did not attend as he was ill. Chow Peng (of Shook Lin & Bok) therefore conducted the meeting. As there had never been any discussion on how the company was to pay off the loans taken from Hong Leong Finance as well as pay the construction costs and how to achieve the original objective of taking in members on the basis of the company being clear of liabilities, I asked how that objective was going to be attained. This question led to some confusion because no one present appeared able to give a satisfactory answer. S C Huang talked in terms of the promoters using the proceeds from the sale of the shares to pay off the loans and the contractors. I commented that this was unacceptable because such a method would result in CCC (Holdings) Ltd being indebted to the promoters which was not a situation which had originally been envisaged.

20

16. In view of this confusion, S C Huang suggested that Peter Chi of Peat, Marwick & Mitchell, the company's auditors, be invited to attend the meeting to give his view on how best to resolve this problem. He rang up and invited Peter Chi to the meeting and the latter arrived soon after. S C Huang explained to Peter Chi the problem of how the promoters were going to pay off the loans and all costs of construction. S C Huang also explained to Peter Chi that there was a surplus of about \$20 mil on revaluation of the land and that it was intended to give a bonus issue to the shareholders of 2:1.

17. Peter Chi asked why Winston Chen was not at the meeting and someone told him that Winston Chen was sick whereupon Peter Chi called in Chan Sek Keong (of Shook Lin & Bok). The question of the repayment of Hong Leong loans and the payments for the building construction was then discussed. Peter Chi suggested that the best way for the promoters to effect their original intention was to have a rights issue at a suitable premium to raise the required \$30 mil and the proceeds from this rights issue could be utilised in meeting liabilities. Chan Sek Keong did not see anything objectionable in Peter Chi's suggestion. In the course of this discussion, S C Huang expressed

annoyance that all these matters had not been attended to and he rang up Winston Chen at the latter's house, told him the problem and asked him to come down to the meeting.

18. About half an hour later, Winston Chen arrived and S C Huang told him that it was intended that the \$11 mil borrowed from Hong Leong Finance was to be repaid by the promoters. Winston Chen appeared to be in a bad mood and protested that no one had told him how the Hong Leong loans were to be repaid. In a while, Winston Chen also said that in so far as he knew, the loans and the money required for the construction were to be met by the promoters from the proceeds of sales of their shares and the amounts paid by the promoters were to be treated as loans from the promoters to the company. Questions were asked in a state of confusion as to what would then happen to such loans and how the company was to discharge the same. Winston Chen said that the promoters could donate the loans to the company by way of writing-off.

19. In so far as I was concerned, at no stage had I ever been told that the capital requirements of the club were to be met by loans from the shareholders. I had always been under the impression that all costs and expenses would be met out of the capital of the company.

10 I considered Peter Chi's suggestion of a rights issue at a premium as being the appropriate method of raising the capital required for the completion of the project and accordingly supported the proposal for a rights issue. In addition, Gan Khai Choon suggested that to ensure the payment of the rights the bonus issue be made conditional upon acceptance of the rights.

20 20. The meeting agreed to the rights issue solution and also to Gan Khai Choon's suggestion. The rights issue was to comprise 1,000 shares of \$5,000 each to be subscribed for by the promoters at the price of \$30,000 each. Payments for these shares were to be made in stages as and when necessary. The meeting was advised by either Winston Chen or Peter Chi that all this could be done.

21. Winston Chen said that he was not entirely happy with the idea of a rights issue because he had not told the Registrar of Companies that there was going to be such an issue. He said that he had only informed the Registrar of the bonus issue. He, therefore, wanted the matter of the rights issue kept in abeyance until he confirmed with the Registrar of Companies that the Registrar of Companies had no objections. Chow Peng mentioned that the legal officer in charge of the matter in the Registry of

Companies will be going away soon on vacation. Winston Chen said he would clear the matter with the Registrar of Companies as soon as possible.

22. I recall that Peter Chi at some stage of the meeting said to Winston Chen "Don't you require a prospectus?" Winston Chen told Peter Chi that he had obtained approval from the Registrar of Companies for the shares to be sold without a prospectus. Peter Chi asked if this was in writing. Winston Chen replied yes. Peter Chi appeared satisfied.

10

23. Before the prolonged discussion on the methods of raising funds to meet the costs and expenses of the club project, the parties present had in fact signed a resolution which had been presented at the commencement of the meeting and which, amongst other matters, approved a bonus issue of two for one.

20

24. I did not hear any further on the matters discussed at the EGM of 22nd February 1982 until 6th March 1982 when a meeting was convened at the offices of Shook Lin & Bok. At this meeting, Winston Chen stated that he had cleared matters with the Registrar and everything was all right.

25. To the best of my recollection, I first knew at  
the ECM of CCC (Holdings) Ltd held on 22nd February 1982  
or at the meeting of 6th March 1982 that the holding  
10 company would be granting to the club company a 10-year  
lease. Until that time I had been under the impression  
that the lease would be for 7 years. At that meeting,  
Winston Chen said that he was previously wrong in advising  
that the lease could only be for 7 years. It was  
explained by either S.C. Huang or Winston Chen that it  
would still be desirable to grant short-term leases  
because the rentals could then be flexibly revised to meet  
disbursements of the holding company in respect of its  
expenses. I was satisfied with such explanation. It had  
20 always been my understanding that the short-term lease  
would, as a matter of course, be renewed continually.

26. At the first board meeting of the subsidiary  
company, City Country Club Pte Ltd, held on 30th March  
1982, I recall that copies of the letter of invitation to  
be sent to the invitees were produced by Derrick Chong to  
be signed by S.C. Huang, the said letter having been  
drafted and prepared by Shook Lin & Bok. I had not been  
given its draft before the meeting. Shortly after S.C.  
Huang signed some of those copies, Winston Chen remarked  
30 that he was not happy with some matters in the letter. He

wanted to revise the text. I suggested that the letter should state that a share of \$5,000.00 was to be sold at \$30,000.00. Winston Chen found this suggestion unacceptable. He advised that the invitation letter should not be turned into an offer and that the offer should come from the potential members. I understood his explanation to the effect that this was a legal technicality connected with a prospectus not being required. Winston Chen however accepted my further suggestion that if the letter could not state the actual sale price then it should not even state the figure \$5,000.00 so as to avoid any confusion.

10

27. I also refer to my further Affidavit filed herein on 9th March 1983 and "QLC-6" annexed thereto.

20

28. With regard to the companies listed in "QLC-6", I have prepared certain further particulars as to the number of shares, par value per share, extent of Hong Leong Group's interest, manner of appointment of Directors and position held by me (as at 9.2.83) in respect of these companies. These further particulars are tabulated and annexed hereto and marked "QLC-9".



29. I also crave leave to rectify some errors in  
"QLC-6" as follows -

	<u>Paid-Up Capital</u>	
	\$	
City Developments Ltd	133,166,068	(and not \$104,161,000)
Singapore Credit (Pte) Ltd	300,000	(and not \$400,000)
Union Investment Holding Pte Ltd	3,000,000	(and not \$30,000)

AFFIRMED at Singapore )  
by QUEK LENG CHYE on )  
this day of )  
1983 )

Before me,

COMMISSIONER FOR OATHS



Huang outlined the financial requirements of the club project and the meeting agreed to his proposal of a total paid up capital of \$20 mil for the company. There was  
10 some preliminary discussion about sales of shares by the joint venture partners of the club project but the matter was left open for future consideration.

4. The meetings of 3rd January 1980 and 18th September 1980 were concerned only with matters relating to the construction of the club house.

5. On 18th September 1981, I was invited to attend a meeting at the offices of Peat Marwick & Mitchell to discuss some tax-savings scheme. Derrick Chong sent me a copy of a silk's opinion (from Steven Oliver Q.C.) a day  
20 before the meeting. At that meeting Winston Chen explained the scheme based on the silk's opinion which was basically that mentioned in paragraph 10 of "GKC-2" annexed to my said Affidavit. That was the first time I was informed of the tax scheme. I remember that Keith Tay and Damian Hong of Peat Marwick & Mitchell expressed reservations about the viability of the scheme. I remember Quek Leng Chye expressed his view that he preferred the straight-forward way of having one company to own and operate the club.

In the High Court of  
the Republic of Singapore

No.27

Affidavit of Gan Khai Choon  
in PC Appeal No.61 of 1984  
16th March 1983 (continued)

6. It was at that meeting of 18th September 1981 that Winston Chen briefly talked about some problem relating to prospectus and informed the meeting that he was looking into it to further advise the directors. He did not elaborate on it and I was content with leaving it as a legal matter for him to deal with. I had not at all been informed of any problem of prospectus prior to that meeting.

10

7. I did not attend the next Board meeting held on 17th November 1981 as I was at that time away from Singapore. When I attended the meeting of 2nd February 1982 mentioned in paragraph 10 of my said Affidavit, I had had no knowledge of what had transpired before that meeting relating to the matter of a prospectus. Winston Chen did not supply me with any copies of the letters exchanged between him and the Registrar of Companies including his letter of 7th December 1981 to the Registrar. I had not seen any of these letters until after police investigations commenced.

20

8. I attended an EGM of CCC (Holdings) Ltd held on 22nd February 1982 for approving several matters according to the proposed tax scheme, including the proposal of the bonus shares. At that stage, the financial position of the said company was as follows :-

30

- 10
- (a) it had taken a 3-year loan of \$6 mil from Hong Leong Finance Ltd in October 1979 for financing the purchase of the property, which loan plus interest remained outstanding;
- (b) by August 1980, the joint-venture partners had respectively paid up in cash an aggregate equity of \$5 mil;
- (c) excluding such portion of the said equity used to meet in part payment of the purchase price of \$8.5 mil of the property and incidental expenses, the remainder was primarily applied towards paying the costs and expenses of the clubhouse development;
- 20
- (d) an additional 3-year loan of \$2 mil was obtained from Hong Leong Finance Ltd in July 1981 to meet the company's costs and expenses; and
- (e) a further one-year loan of \$3 mil was again obtained from the same finance company in November, 1981 for the same purpose.

Therefore, in February 1982, the company was owing to the said finance company an aggregate loan amount of \$11 mil plus interest. All the said loans were short-term bridging loans to be fully repaid by the joint-venture partners through future increases of equity funding in due course. 10

9. At that stage, the estimated construction costs were about \$26 mil. With the land cost added in, the total amount would be about \$35 mil. As the joint-venture partners had paid up \$5 mil, they would have to further put in about \$30 mil.

10. The EGM of 22nd February 1982 was held at the offices of Shook Lin & Bok. Winston Chen who was to be present at the meeting did not attend as he was ill. Chow Peng (of Shook Lin & Bok) therefore conducted the meeting. 20  
Quek Leng Chye raised certain queries as to how the company was to pay off the loans taken from Hong Leong Finance as well as pay the construction costs and how to achieve the original objective of taking in members on the basis of the company being clear of liabilities. This led to some confusion because no one present appeared able to give a satisfactory answer. S C Huang talked in terms of the promoters using the proceeds from the sale of the shares to pay off the loans and the contractors. Quek 30

10 Leng Chye commented that this was unacceptable because such a method would result in CCC (Holdings) Ltd being indebted to the promoters which was not a situation which had originally been envisaged.

11. In view of this confusion, S C Huang suggested that Peter Chi of Peat, Marwick & Mitchell, the company's auditors, be invited to attend the meeting to give his view on how best to resolve this problem. He rang up and invited Peter Chi to the meeting and the latter arrived soon after. S C Huang explained to Peter Chi the problem of how the promoters were going to pay off the loans and all costs of construction. S C Huang also explained to Peter Chi that there was a surplus of about \$20 mil on revaluation of the land and that it was intended to give a bonus issue to the shareholders of 2:1.

12. Peter Chi asked why Winston Chen was not at the meeting and someone told him that Winston Chen was sick whereupon Peter Chi called in Chan Sek Keong (of Shook Lin & Bok). The question of the repayment of Hong Leong loans and the payments for the building construction was then discussed. Peter Chi suggested that the best way for the promoters to effect their original intention was to have a rights issue at a suitable premium to raise the required \$30 mil and the proceeds from this rights issue could be

utilised in meeting liabilities. Chan Sek Keong did not see anything objectionable in Peter Chi's suggestion. In the course of this discussion, S C Huang expressed annoyance that all these matters had not been attended to and he rang up Winston Chen at the latter's house, told him the problem and asked him to come down to the meeting.

10

13. About half an hour later, Winston Chen arrived and S C Huang told him that it was intended that the \$11 mil borrowed from Hong Leong Finance was to be repaid by the promoters. Winston Chen appeared to be in a bad mood and protested that no one had told him how the Hong Leong loans were to be repaid. In a while, Winston Chen also said that in so far as he knew, the loans and the money required for the construction were to be met by the promoters from the proceeds of sales of their shares and the amounts paid by the promoters were to be treated as loans from the promoters to the company. Questions were asked in a state of confusion as to what would then happen to such loans and how the company was to discharge the same. Winston Chen said that the promoters could donate the loans to the company by way of writing-off.

20

14. In so far as I was concerned, at no stage had I ever been told that the capital requirements of the club were to be met by loans from the shareholders. I had

30



always been under the impression that all costs and expenses would be met out of the capital of the company. I considered Peter Chi's suggestion of a rights issue at a premium as being the appropriate method of raising the capital required for the completion of the project and accordingly supported the proposal for a rights issue. In addition, I suggested that to ensure the payment of the rights the bonus issue be made conditional upon acceptance of the rights.

15. The meeting agreed to the rights issue solution and also to my suggestion. The rights issue was to comprise 1,000 shares of \$5,000 each to be subscribed for by the promoters at the price of \$30,000 each. Payments for these shares were to be made in stages as and when necessary. The meeting was advised by either Winston Chen or Peter Chi that all this could be done.

16. Winston Chen said that he was not entirely happy with the idea of a rights issue because he had not told the Registrar of Companies that there was going to be such an issue. He said that he had only informed the Registrar of the bonus issue. He, therefore, wanted the matter of the rights issue kept in abeyance until he confirmed with the Registrar of Companies that the Registrar of Companies had no objections. Chow peng mentioned that the legal officer in charge of the matter in the Registry of

Companies will be going away soon on vacation. Winston Chen said he would clear the matter with the Registrar of Companies as soon as possible.

17. I did not hear any further on the matters 10  
discussed at the EGM of 22nd February 1982 until 6th March 1982 when a meeting was convened at the offices of Shook Lin & Bok. At this meeting, Winston Chen stated that he had cleared matters with the Registrar and everything was all right.

18. To the best of my recollection, I first knew at the EGM of CCC (Holdings) Ltd held on 22nd February 1982 or at the meeting of 6th March 1982 that the holding company would be granting to the club company a 10-year lease. It was explained by either S.C. Huang or Winston 20 Chen that it would be desirable to grant short-term leases because the rentals could then be flexibly revised to meet disbursements of the holding company in respect of its expenses. I was satisfied with such explanation. It was my understanding that the short-term lease would, as a matter of course, be renewed continually.

19. At the first board meeting of the subsidiary company, City Country Club Pte Ltd, held on 30th March 1982, I recall that copies of the letter of invitation to be sent to the invitees were produced by Derrick Chong to be signed by S.C. Huang, the said letter having been drafted and prepared by Shook Lin & Bok. I had not been given its draft before the meeting. Shortly after S.C. Huang signed some of those copies, Winston Chen remarked that he was not happy with some matters in the letter. He wanted to revise the text. Then Quek Leng Chye commented to the effect that the sale price of \$30,000.00 should be mentioned in the letter. Winston Chen advised against it on the ground that the invitation letter should not be turned into an offer and that the offer should come from the potential members. I understood his explanation to the effect that this was a legal technicality with regard to a prospectus not being required.

20. I also refer to my Further Affidavit filed herein on 9th March 1983 and "GKC-6" annexed thereto.

21. With regard to the companies listed in "GKC-6", have prepared certain further particulars as to the number of shares, par value per share, extent of Hong Leong Group's interest, manner of appointment of Directors and

In the High Court of  
the Republic of Singapore

No.27

Affidavit of Gan Khai Choon  
in PC Appral No.61 of 1984  
16th March 1983 (continued)

position held by me (as at 9.2.83) in respect of these  
companies. These further particulars are tabulated and  
annexed hereto and marked "GKC-7".

Pg 395  
Vol II

22. I also crave leave to rectify an error in "GKC-6" that is the paid-up capital of Singapore Credit (Pte) Ltd should be \$300,000 and not \$400,000.

Pg 37  
Vol I

AFFIRMED at Singapore )  
by GAN KHAI CHOON on )  
this 16<sup>th</sup> day of March )  
1983 )

Before me,

COMMISSIONER FOR OATHS

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Originating Summons )  
No. 134 of 1983 )

In the Matter of Section 130 of  
the Companies Act, Chapter 185

Between

GAN KHAI CHOON .. Applicant

And

ATTORNEY GENERAL .. Respondent

10

A F F I D A V I T

I, CHAN KIN KUM of 151 Cavenagh Road, #03-153,  
Singapore 0922 do make oath and say as follows :-

1. I am one of the Secretaries of the 3 public  
companies named below :-

- (a) KING'S HOTEL LIMITED
- (b) SINGAPORE FINANCE LIMITED
- (c) HONG LEONG FINANCE LIMITED

20

2. The respective Directors of the said companies have  
passed resolutions expressing their intention to reappoint Mr  
Gan Khai Choon to their respective Boards should this  
Honourable Court grant him leave to be and to act as a  
director of the said companies. I annex hereto a copy each  
of the said resolutions in the order the said companies are  
listed above and marked "CKK-1", "CKK-2" and "CKK-3".

3. With regard to the resolutions "CKK-1" and "CKK-2",  
the signatories appearing thereon comprise, in respect of  
each of the companies concerned, of all its Directors. Of

In the High Court of  
the Republic of Singapore

No.28

Affidavit of Chan Kin Kum  
in PC Appeal No.59 of 1984  
16th March 1983 (continued)

these Directors, Kwek Hong Png, Kwek Leng Beng, Kwek Leng Joo, Kwek Hong Lye and Kwek Leng Keow represent the Hong Leong Group. The others, namely Sob Kim Kang, Tan I Tong, Sim Miab Kian, Ong Chay Tong, Dato' R.P. Vorenberg, Wee Mon-Cheng, and Chng Gim Huat are independant Directors.

10

4. As to the resolution "CKK-3", one of the 14 Directors of HONG LEONG FINANCE LIMITED has not signed the resolution. The said Director is Quek Leng Chan who at the time of the passing of the resolution was not in Singapore. Of the Directors who subscribed their signatures to the resolution, 7 of them namely, Kwek Hong Png, Kwek Hong Lye, Kwek Leng Beng, Quek Leng Kiat, Kwek Leng Joo, Kwek Leng Kee and Kwek Leng Peck represent the Hong Leong Group and the remaining 6, namely, Sim Miab Kian, Sob Kim Kang, Ong Chay Tong, Chng Gim Huat, Tan I Tong and Wee Mon-Cheng are independant Directors.

20

SWORN at Singapore by )  
CHAN KIN KUM on this ) *sd. Chan kin kum*  
(16th day of March 1983.)

Before me,

*S. S. K. Isaac*  
COMMISSIONER FOR OATHS

No.29

AFFIDAVIT OF ABU BAKAR  
MOOSA IN PC APPEAL NO.  
59 OF 1984

In the High  
Court of the  
Republic of  
Singapore

IN THE HIGH COURT OF THE REPUBLIC OF  
SINGAPORE

No.29  
Affidavit of  
Abu Bakar  
Moosa in PC  
Appeal No.  
59 of 1984  
17th March 1983

Originating Summons )  
No.135 of 1983 )

In the Matter of  
Section 130 of the  
Companies Act, Chapter  
185

10

Between

Quek Leng Chye....  
Applicant

And

Attorney General...  
Respondent

A F F I D A V I T

20 I Abu Bakar Moosa of 26 Tai Hwan Lane,  
Singapore, affirm and say as follows :

(1) I am a Superintendent of Police.

(2) I have recorded three statements from  
Quek Leng Chye in the course of my investigations  
into the affairs of CCC (Holdings) Ltd. The  
statements are dated 24 June 1982 and 24 July  
1982 to 27 July 1982.

(3) I have attached and marked the statement  
of Quek Leng Chye recorded during the period  
of 24 July 1982 to 27th July 1982 as "ABM 1".

30 (4) I crave leave to refer to para.20 of  
ABM 1 at pages 7 to 9.

Affirmed at Singapore this)  
17th day of March 1983 ) Sd: A.B.Moosa

Before me,  
Sd: Chue Cheok Wah  
COMMISSIONER FOR OATHS

This affidavit was filed on the 17th day of March  
1983 on behalf of the respondent.

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Originating Summons )

No. 102 of 1983 )  
No. 103 of 1983 )  
No. 104 of 1983 )  
No. 134 of 1983 )  
No. 135 of 1983 )

In the Matter of Section  
130 of the Companies Act

10

Between

1. Huang Sheng Chang  
2. Derrick Chong Soon Choy  
3. Ng Cheng Bok  
4. Gan Khai Choon  
5. Quek Leng Chye

... Applicants

And

Attorney-General

20

... Respondent

7.3.83

Coram: Wee, C.J.

For liberty to take part in the management of companies.

Tan Eok Quan for appt in OS.102/83

Tan Boon Teik, A.G. and Fong with him

Cashin for appts in CS.103/83 and C.S.104/83

Rajendran for appts in OS.134/83 and CS.135/83

A.G.

Prelim. objection - offending paras are para 5.

10.3.83

30

Tan Kok Quan:

Under S.130 Cos Act - 17 Cos. Submit S.130(1)(a)  
the relevant provisions. Applicant convicted (a) under

2/-



Note of Arguments

- (a) Tan Kok Guan for Appellants in O.S.102 of 1983
- (b) Cashin for Appellants in O.S.Nos.103 and 104/83
- (c) Khattar for Appellants in O.S.Nos.134 and 135/83
- (d) Tan Boon Teik Attorney General  
in PC Appeals No.59 of 1984 (continued)

S.43(1) Act an offence punishable under S.39(4);

10 (b) S.363(3) punishable by 363(5). 2 other charges  
also preferred under S.366(1) - conspiracy to defraud -  
charges withdrawn - acquitted.

Facts

Applicant chairman CCC Holdings Ltd. and owns  
50%, Quek and Gan 30% as nominees, Chong 10%, Winston  
Chen a solicitor was the legal adviser. All four with  
a Mr. Ng were directors. Co. owned a piece of land. They  
started to develop it. Intended to build premises which  
were used as a Club. Approval by authorities for building  
and for use of premises as a Club. Authorised capital  
20 \$5,000,000. Issued capital \$1,000,000. 10 days after  
incorporation on 11.8.79. (A) by 26.8.80 issued capital  
\$5,000,000/- (all paid up). (B) on 22.2.82 issued capital  
consolidated in 1,000 shares of \$5,000/- each and  
Authorised Capital increased to \$20,000,000 by creation  
of 3,000 new shares of \$5,000/- each and 1,000 of these  
new shares offered to 5 shareholders as a 1 for 1 rights  
issue at a premium of \$25,000/- each share. Since this  
rights issue - all rights taken up. Calls tied up with  
30 progress payments on building. (At date of offence all  
the 1,000 rights issue shares were uncalled). Also a  
bonus issue of the other 2,000 new shares of 2 for 1  
to all 5 shareholders and these bonus shares are the  
shares to be offered for sale to the public (by invitation).

3/-

Note of Arguments

- (a) Tan Kok Guan for Appellants in O.S.102 of 1983
  - (b) Cashin for Appellants in O.S.Nos.103 and 104/83
  - (c) Khattar for Appellants in O.S.Nos.134 and 135/83
  - (d) Tan Boon Teik Attorney General
- in PC Appeals No.59 of 1984 (continued)

(In Oct. 1979 land bought for \$8,500,000. Revaluation  
in Nov. 1981 - \$27,500,000). 1

In Sept. 1980 applicant had informal discussions  
with Mr. K. Westley of Wardley Ltd., merchant bankers  
who wrote to applicant expressing reservations on  
1/10/80 (Aff. "A" - para.2) on a proposal "bearing in  
mind the somewhat onerous requirements for prospectuses  
etc." Applicant on 4.11.80 mentioned Westley's  
reservations to Winston Chen.

18/9/81 meeting - all applicants except Ng  
attended, with W. Chen and 2 accountants  
when Chen was "asked to work out the  
prospectus problem". 2

?/10/81 - Chen consulted an Australian Q.C.  
as a result of which Q.C. sent written  
opinion dated 19/10/81. His opinion  
was that whether an offer of shares to  
members of a club would be an offer to  
"a section of the public" is a matter  
of degree.

31/10/81 - Chen sent to applicant a copy of  
Q.C.'s opinion with advice that "it  
is preferable to have a prospectus  
issued unless exemption is obtained  
from Reg. of Cos. under S.39(A) of Act. 3

Note of Arguments

- (a) Tan Kok Guan for Appellants in O.S.102 of 1983
  - (b) Cashin for Appellants in O.S.Nos.103 and 104/83
  - (c) Khattar for Appellants in O.S.Nos.134 and 135/83
  - (d) Tan Boon Teik Attorney General
- in PC Appeals No.59 of 1984 (continued)

10 7/11/81 - Applicant informed Chen that price of membership by purchasing 1 share would be \$30,000/- and intention to sell 2,000 shares.

17/11/81 - Applicant, Quek and Chong met Chen at which Chen told them he was meeting Mr.Lee, Asst. Reg. of Cos. to seek Lee's views on prospectus. He met Lee.

20 (30/11/81 - Chen's letter to Huang (copy to Chong) asking for approval of draft letter to Asst. Reg.

-/11/81 - Huang telephoned Chen approving draft).

2/12/81 - Chen's letter to Reg. of Cos. attention Mr. Lee. Para. 6(c) of Chen letter (Aff. "G" ).

11/1/82 - Mr. Lee, Asst. Reg. replied S.37(1) did not apply and no prospectus applied. Chen then informed all 55 that scheme could proceed without prospectus.

30 Following that applicants took steps to write friends or others to be members.

Law:

S.130 Act - S.122 Australian Cos Act.  
Australian Case Re: Marsden 5 ACLR 694.

Note of Arguments

- (a) Tan Kok Guan for Appellants in O.S.102 of 1983
- (b) Cashin for Appellants in O.S.Nos.103 and 104/83
- (c) Khattar for Appellants in O.S.Nos.134 and 135/83
- (d) Tan Boon Teik Attorney General  
in PC Appeals No.59 of 1984 (continued)

On our facts:

Submit on Marsden's case, Ct. has to consider

(A) nature of offence - strict liability? 10

difficult problems

no deliberate intention

to flout the law - in fact

the other way round.

(See para.13 Statement)

Also letter Chen to Huang para.16 - letter  
31/10/81. (S.39(A) Act).

17/11/81 - Para.18 - "F" - scheme, see letter  
to Asst. Reg. of Cos. "G" para.4. 20

Submit:

(1) know prospectus might be required

(2) advised by Chen that if necessary,  
exemption under S.39A possible

(3) if prospectus and no exemption, would  
go ahead with proposed scheme and issue  
prospectus or would consider different  
scheme which would not required prospectus.

Submit:

If submission accepted, position is Huang  
relied entirely on Chen's legal advice and 30  
committed offences because of wrong professional  
advice. Offences are strict liability offences  
and so Huang pleaded guilty?

Note of Arguments

- (a) Tan Kok Guan for Appellants in O.S.102 of 1983
- (b) Cashin for Appellants in O.S.Nos.103 and 104/83
- (c) Khattar for Appellants in O.S.Nos.134 and 135/83
- (d) Tan Boon Teik Attorney General  
in PC Appeals No.59 of 1984

(continued)

(B) Notice of applicant's involvement:-

Huang the chairman of Co. - 50%  
but collective decision of Board - 100%.  
Relied on professional advice. Mindful  
of obligation to comply with Act.

10

(C) Applicant's general character:-

Good - no conviction.  
Holds high office of public character.  
F. guilty - immediately resigned.

(D) Structure of 17 Cos. of which Huang a director:-

- (1) 8 Cos. (Pte Co.) - 3 are 100% family Cos.  
5 are over 50% owned  
by family.
- (2) 7 Cos. (Pte Co) - less than 50% owned  
by family except Mc.15
- (3) 2 Cos. -- CCC and subsidiary.

20

(E) Assessment of risk those connected with the  
Co. and to the public if he continues to be  
a Director etc.:

Rely on C.S. 180/82.

Cashin for 103 & 104/83.

Construction of S.130 (1)(a) "promotion, formation  
or management of ....". Prospectus required in respect  
of the bonus shares of 2,000. Submit nothing to do with  
"management" of a Co.

30

Note of Arguments

- (a) Tan Kok Guan for Appellants in O.S.102 of 1983
- (b) Cashin for Appellants in O.S.Nos.103 and 104/83
- (c) Khattar for Appellants in O.S.Nos.134 and 135/83
- (d) Tan Boon Teik Attorney General  
in PC Appeals No.59 of 1984 (continued)

Re: Ng Cheng Bok:

11 Cos.

10

(1) 5 Cos - Director Cos (Pte Cos)

(2) 4 Cos - family Cos (Pte Cos)

(3) 2 Cos - CCC Cos.

Was not present at all the meetings. Had no idea as to what contents necessary in a prospectus.

On meeting of 17.11.81:

Para.3 shows that all directors had agreed to go ahead whether prospectus required or not.

Approach to Lee, Asst. Reg. of Cos a last minute attempt. (See page 64 Exh. - Sols. March afft).

20

Diners Club Cos .. Director of all of them. Family Cos.

Offence relates to attempt to sell shares at a premium without issue of a prospectus. Re purely private Cos continuing as a director cannot possibly harm public. Diners Club Cos - see Huang's afft.

17.3.83

Counsel as before except Khattar for Rajendran.

Cashin conts:

Ng Cheng Bok's 14.3.83 afft. para.6.

- (1) Diners Club (S) Pte. Ltd. - Vice-Chairman 30  
and management.

Submit should be allowed to continue to be a director and take part in its management. Because if Huang out he is only one who can

Note of Arguments

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  - (d) Tan Boon Teik Attorney General
- in PC Appeal No.59 of 1984

(continued)

manage this Co - no formation, promotion  
of any Co.

10

- (2) Diners World Travel Pte - director
- (3) Diners World Holding Pte Ltd - director
- (4) Diners Publishing Pte Ltd - director
- (5) S C Travel Pte Ltd - dormant
- (6) Bee Huat & Co Pte Ltd - family Co - director only
- (7) Kealty Pte Ltd (holding Co.) - director and  
management -  
family Co.
- (8) World-Wide Business Centres Pte Ltd - director
- (9) C B Hilliard Pte Ltd - dormant
- (10) & (11) CCC Cos - director.

20

Derrick Chong:

Club manager by profession.

Affdt. 12/3/83 Para.10 -

- 2) Nedaa Pte Ltd - director and manage
- 1) SMT Pte Ltd - director and manage
- 3) Tabur Pte Ltd - not asking
- 4) CCC Holdings - not interested
- 5) CCC Pte Ltd - director and manage

30

In all these Cos public not at risk - no suggestion of  
dishonesty - prepared to issue prospectus.

Khattar:

City Development owned property up to 1979 when  
it was sold to City Country Club Pte Ltd for 58.5 million

9/-

Note of Arguments

- (a) Tan Kok Guan for Appellants in O.S.102 of 1983
- (b) Cashin for Appellants in O.S.Nos.103 and 104/83
- (c) Khattar for Appellants in O.S.Nos.134 and 135/83
- (d) Tan Boon Teik Attorney General  
in PC Appeals No.59 of 1984 (continued)

with approval, in principle, to develop land as a clubhouse. Hong Leon, Finance lent \$6.1 million to finance purchase. Queens Pte Ltd wholly owned subsidiary of Hong Leong Holdings Ltd of which Quek had 1.1% of shares. Joint venture see paras. 5 and 6 of Insp. Sob's affdt. In July 1979 Chen and Huang got London QC's opinion on tax exposure. Quek and Gan did not know until later. (From Sept 1979 to Dec 1981 attended 5 Directors' meetings).

1st relevant meeting was 18th Sept. 1981 in which Quek and Gan attended (before this date Chen and Huang - Wardley's opinion Sept 1980 re prospectus). 18th Sept. 1981 meeting - Chen's notes re prospectus. Quek's latest affdt. para.6. Then between 18th Sept. 1981 and 17th Nov. 1981 Chen had Bennett QC's opinion - "sector of a public" after seeing Bennett in K.I. Only Huang was informed. Chen wrote to Huang on 31.10.81 - preferable to have prospectus issued "unless exemption".  
Meeting of 17th Nov. 1981:

Quek present, Gan abroad. Chen's notes re Reg. of Cos. Quek's 1st affdt para.10 and last affdt para.7 re Chen's summary of Cliver QC's scheme sent to Quek a day earlier and discussed at meeting - WB summary para.7 - "a copy of prospectus at time he applies to be a member" (QLC7 - QLC8). Submit on above scheme both contingencies including prospectus.



Note of Arguments

- (a) Tan Kok Guan for Appellants in O.S.102 of 1983
- (b) Cashin for Appellants in O.S.Nos.103 and 104/83
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- (d) Tan Boon Teik Attorney General  
in PC Appeals No.59 of 1984 (continued)

EGM 22nd February 1982:

10 Meeting of 5th March 1982:

Told prospectus not required. Then new Co. formed, old Co's name changed. Then invitation letters sent - draft not seen. Quek's list 10 - all known. Gan's list 24.

Meeting of 30th March - Quek's suggestion that \$5,000/- be omitted from letter - accepted.

Directorship - 41 Cos of which:

(1) 10 listed Cos i.e. quoted.

(2) rest - public and private Cos

20 belonging to Hong Leong Group.

Managing Director of 5 Cos and chairman of 1 Co of which none are quoted Cos. Own personal interest minimal except Gordon Frogs.

Gan - Director of 11 Cos of which 3 quoted,

1 Public Co. Group General Manager of 2 quoted Cos of which his personal interest is nil or minimal.

F.G. to 1 offence - technical offence - no mens rea. A.G. relying on Soh's affdt (pg.6 et).

30 Wardley consultation unknown to Quek.

Bennett QC's opinion unknown to Quek and no copy sent to Quek or Gan.

See Soh's 2nd affdt of 14th March paras 3 & 4 - Attendance Note para.40 which is on bonus and rights issue and not on prospectus point.

Note of Arguments

- (a) Tan Kok Guan for Appellants in O.S.102 of 1983
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- (c) Khattar for Appellants in O.S.Nos.134 and 135/83
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in PC Appeals No.59 of 1984 (continued)

Summary:

Chen misled Asst. Reg. of Cos in his letter. Quek and Gan not parties to this deception. Never instructed Chen as to how to deal with Asst. Reg. Not aware Chen was writing to Asst. Reg. Relied on professional advice. Professional lawyer incompetent. To punish them now would be punitive.

(A) Nature of offence - technical, no mens rea, relied on professional expertise, left legal matters to lawyers. No personal direct interest - mere nominees of a Co. Quek minimal shareholding. Gan none at all.

(B) Structure of Cos - not in position to control any of them except Gordon.

(C) Risk to public - no risk to anyone - shareholders or public at large.

Gan - absent 17th Nov. meeting.

Attorney-General:

They are promoting CCC Holdings.  
& S.43

Law: See S.4(1) / "promoter". "prospectus"

(in S.130(1). Tracy Case Vol.88 CLR at 241-2.

S.130(1) disqualification not punitive but protective of shareholders and the public and would be investors.

Note of Arguments

- (a) Tan Kok Guan for Appellants in O.S.102 of 1983
- (b) Cashin for Appellants in O.S.Nos.103 and 104/83
- (c) Khattar for Appellants in O.S.Nos.134 and 135/83
- (d) Tan Boon Teik Attorney General  
in PC Appeals No.59 of 1984 (continued)

10 Submit incorrect that offences to which all F.G. were  
technical offences without necessity for mens rea i.e.  
strict liability - S.39(5). (Huang and all other  
applicants pleaded guilty to an offence punishable  
under S.39(4) S.43).

What are facts (Soh - Statement of Facts).

- (1) In Oct 1980 Wardley had advised Huang of  
need for prospectus - Westley's letter  
(Soh para.12).
- (2) 4 Nov 1980 Huang informed Chen of need  
of prospectus.
- 20 (3) 28th May 1981 Huang meets Chen - Chen's Note.
- (4) 18th Sept 1981 Meeting - all applicants  
(except Ng) present with Chen and 2 Accountants  
see Chen's Note. Meeting to discuss Oliver's  
opinion of 9/9/81 (Exh HSC 5) Oliver's scheme.  
See paras 10 and 11 of Affdt 1. See Quek  
para.6.
- (5) In Oct Chen went to K.L. for Bennett's advice  
and Bennett gave his written opinion on 19th  
Oct 1981.
- 30 (6) 31st Oct 1981 Chen wrote to Huang enclosing  
Bennett's opinion or view that prospectus  
necessary unless exempted by Registrar.
- (7) Nov 1981 - Chen discussed with Huang on bonus  
issue and issue of shares.

Note of Arguments

- (a) Tan Kok Guan for Appellants in O.S.102 of 1983
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  - (c) Khattar for Appellants in O.S.Nos.134 and 135/83
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- in PC Appeals No.59 of 1984 (continued)

(7A) 14th Nov 1981 Chen's letter to Huang  
sending summary of Oliver's latest  
scheme. 10

(8) 17th Nov 1981 meeting Huang, Quek and  
Chong with Chen - Notes Attachment F.

22/3/83

Counsel as before.

Att-Gen conts:

Submit instructions to Chen by all 5 implicit.

(1) When he went to Oliver QC - if so, why not  
on prospectus problem. All accepted Soh's  
Statement of Facts. But now their affts on 20  
these applications.

Para.42 Statement admitted - vital - all  
should not have admitted para.42. Nearer  
the truth that they wanted to sell shares,  
knew of necessity for prospectus, did not  
want to issue prospectus, accordingly they  
committed their solution as to need for a  
prospectus - they eventually instructed  
their solicitor to find ways and means to  
avoid the necessity of having to issue a 30  
prospectus.

Huang in Oct 1980 - Wardley's advice - then scheme  
would involve sale of shares

Note of Arguments

- (a) Tan Kok Guan for Appellants in O.S.102 of 1983
  - (b) Cashin for Appellants in O.S.Nos.103 and 104/83
  - (c) Khattar for Appellants in O.S.Nos.134 and 135/83
  - (d) Tan Boon Teik Attorney General
- in PC Appeals No.59 of 1984 (continued)

to others: (Oliver's opinion in July  
1979) (Goh & Tan also  
consulted - 22/10/79 to  
Huang and Chong).

Wardley's letter Oct 1980 - success sale of  
membership rights to Club. (Huang  
and Chong knew).

28th May 1981 - Huang and Chen - prospectus problem.

Did not want to sell shares because  
of prospectus problem. Wanted to  
profit by membership fees - but this  
involved tax - so 2 incurable problems

18th Sept 1981 - Feat Marwick and others (Huang,  
Quek, Gan and Chong). Chen explained  
and said he was "to work out prospectus  
problem".

October 1981 - Chen obtained opinion Bennett. Sent  
by letter 31 Oct 1981 to Huang alone  
(QIC 8 - 16.3.83 afft).

(Cashin admits on behalf of Chong that Huang  
informed Chong of Bennett's opinion).

(Khattar - instructions are that Bennett's  
opinion not sent to him by Huang or Chen).  
Submit Quek, Gan and Ng reasonable inference  
that they received copies of Bennett's opinion  
or in any event that Huang must have informed  
them of Bennett's unfavourable opinion.

Note of Arguments

- (a) Tan Kok Guan for Appellants in O.S.102 of 1983
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  - (c) Khattar for Appellants in O.S.Nos.134 and 135/83
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- in PC Appeals No.59 of 1984 (continued)

Nov 1981 - (Para.17) Huang and Chen discussed.  
Then 17th Nov 1981 meeting - crucial meeting. 10  
Note by Chen of meeting ("F"). Note para.3 "All  
agreed if scheme works well and good. QLC has  
doubts on scheme but says go ahead". Para.4  
vital. Para.4 - submit shows that applicants  
wanted to avoid prospectus at all cost.  
(But "scheme needs rethinking").

Reason for no prospectus - would affect  
marketability of the shares. (2 values (1) \$7374  
(2) \$13020 with rights issue paid up).

On 17/11/81 - to seek views of Asst. Reg. (not 20  
exemption) re prospectus.

On 2/12/81 - letter to Asst. Reg. - approved by  
Huang (cc to Chong).

All applicants accept Asst. Reg's views re  
prospectus. They must accept responsibility  
for Chen's letter to Asst. Reg.

On Quek and Gan:

All applicants equally participates crimen.  
Co Act charges against all of them. S.130 -  
protection of public. Cnus on applicants. 30  
Non-disclosure - serious - Tarling's case.  
Submit wilful - re prospectus - Oct 80 to  
May 82.

Note of Arguments

- (a) Tan Kok Guan for Appellants in O.S.102 of 1983
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in PC Appeals No.59 of 1984 (continued)

Discretion

Australian cases - Ferrari Case NSW.

10 Maelor Jones Case - hardship.

Ask for applications to be dismissed.

Tan Kok Guan - reply:

Chen's draft letter to Asst. Reg. - para.6.  
"We ... us ..." meaning Shook Lin & Bok - leading  
corporate lawyers' firm. S C Management Pte Ltd -  
life-blood. No element of dishonesty.

Cashin:

20 Derrick Chong - merely club manager. No  
dishonesty. Non-disclosure - i.e. no prospectus - diff.  
from Tarling's facts. Hardship - fraud and dishonesty -  
Australian cases.

Khattar:

30 Denied we instructed Chen to avoid or do away  
with prospectus. See Quek's statement to Moosa. We  
would comply - before charges laid. Issue of prospectus  
very real possibility accepted by all applicants. Gan  
and Quek only knew of prospectus at Peat & Harwick  
meeting Sept. 1981. G & Q did not have Bennett's opinion.  
G not in Singapore on 17.11.81. G & Q did not see draft  
letter to Asst. Reg. or letter or reply to it.

S.30(5) - (a) cognisant

(b) no mistake

In the High Court of the Republic of Singapore

No.30

Note of Arguments

- (a) Tan Kok Guan for Appellants in O.S.102 of 1983
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- (c) Khattar for Appellants in O.S.Nos.134 and 135/83
- (d) Tan Boon Teik Attorney General  
in PC Appeals No.59 of 1984 (continued)

Peter Chi - Feb 22nd meeting - accepted

Reg's letter. Letter - only wrong thing.

A.G.

Cradock's case (1968) 1 WLR 1555 at 1558.

Court:

C. A. V.

Intld: W.C.J.

Certified true



Private Secretary  
to Hon. the  
S.



IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Originating Summons )

No. 102 of 1983 )  
No. 103 of 1983 )  
No. 104 of 1983 )  
No. 134 of 1983 )  
No. 135 of 1983 )

10

In the Matter of Section  
130 of the Companies Act

Between

1. Huang Sheng Chang
2. Derrick Chong Soon Choy
3. Ng Cheng Bok
4. Gan Khai Choon
5. Quek Leng Chye

... Applicants

And

Attorney General

... Respondent

20

Coram: Wee Chong Jin C.J.

JUDGMENT

The five applicants in these five  
Originating Summons were on 9th February 1983  
convicted on their pleas of guilty in a District  
Court. The charge against each was that he had  
committed an offence punishable under Section 39(4)  
read with Section 43 of the Companies Act (Chapter  
185) in that being a director of C.C.C. (Holdings)  
Ltd. he had during April and May 1982 "caused

30

documents to be sent out offering for sale shares  
in the C.C.C. (Holdings) Ltd. to the public and  
these documents are deemed to be prospectuses issued  
by the company by virtue of Section 43 of the  
Companies Act, Chapter 185, and the documents do not  
comply with the requirements of the Companies  
Act.". Applicant Huang Sheng Chang was fined  
\$1,000/-, applicants Quek Leng Chye, 'Gan Khai Choon  
and Derrick Chong were each fined \$500/- and  
applicant Ng Cheng Bok was given a 12 months'  
conditional discharge.

Additionally, the five applicants were also  
charged that they in April 1982, in furtherance of  
the common intention of them all, made offers to  
members of the public to purchase shares in the  
C.C.C. (Holdings) Ltd. in contravention of Section  
363(3) of the Companies Act. Huang Sheng Chang and  
Derrick Chong pleaded guilty to this charge and  
Huang Sheng Chang was fined \$1,000/- and Derrick  
Chong was fined \$500/-. The other three applicants  
consented to this charge being taken into  
consideration by the trial judge in considering the  
appropriate sentence for each of them in respect of  
the Section 39(4) offence.

Together with the five applicants, Winston  
Cheng Chung Ying, an advocate and solicitor and a

10 partner of the solicitors' firm of Shook Lin & Bok,  
was charged with and convicted of having abetted the  
five applicants in the commission of the Section  
39(4) offence. The firm of Shook Lin & Bok were the  
solicitors for C.C.C. (Holdings) Ltd. and Winston  
Chen Chung Ying was the partner who was in sole  
charge of all C.C.C. (Holdings) Ltd's matters.

All the applicants after their convictions  
resigned from all their directorships in companies  
incorporated in Singapore. The resignations were  
necessitated by the provisions of Section 130 of the  
20 Companies Act, Chapter 185 (hereinafter referred to  
as "the Act"). Section 130 reads as follows:-

"130.--(1) Where a person is convicted  
whether within or without Singapore -

- 30 (a) of any offence in connection  
with the promotion, formation  
or management of a corporation;  
or  
(b) of any offence involving fraud  
or dishonesty punishable on  
conviction with imprisonment  
for three months or more; or  
(c) of any offence under section  
132 or 303,

40 and that person, within a period of five  
years after his conviction or, if he is  
sentenced to imprisonment, after his release  
from prison, without the leave of the Court  
is a director or promoter of or is in any  
way whether directly or indirectly concerned  
or takes part in the management of a  
company he shall be guilty of an offence  
under this Act and shall be liable on  
conviction to imprisonment for a term not  
exceeding six months or to a fine not  
exceeding one thousand dollars or both such  
imprisonment and fine.

(2) A person intending to apply for the leave of the Court under this section shall give to the Minister not less than fourteen days' notice of his intention so to apply.

(3) On the hearing of any application under this section the Minister may be represented at the hearing of and may oppose the granting of the application."

Each of five applicants now apply for the leave of the court to be a director of and/or be concerned and take part in the management of the companies of which he was a director before his conviction. In these applications the Minister for Finance who was given notice of the applications as required by Section 130(2) is represented by the Attorney-General and opposes the granting of the applications as he is entitled to do by virtue of Section 130(3).

The material primary facts which led to their convictions are not in dispute but before I give a brief summary of the facts it is necessary to set out the material provisions of Sections 39, 43, 363 and 4 of the Act.

The material provisions of Section 43 read:-

"43(1) Where a corporation allots or agrees to allot to any person any shares in ... the corporation with a view to all or any of them being offered for sale to the public, any document by which the offer for sale to

10 the public is made shall for all purposes be  
deemed to be a prospectus issued by the  
corporation, and all written laws and rules  
of law as to the contents of prospectuses  
and to liability in respect of statements  
and non-disclosures in prospectuses, or  
otherwise relating to prospectuses, shall  
apply and have effect accordingly as if the  
shares ... had been offered to the public  
and as if persons accepting the offer in  
20 respect of any shares ... were subscribers  
therefor but without prejudice to the  
liability, if any, of the persons by whom  
the offer is made, in respect of statements  
or non-disclosures in the document or  
otherwise."

The material provisions of Section 39 read:-

\*39(1). To comply with the requirements of  
this Act a prospectus -

30 (d) shall, subject to the provisions  
contained in Part III of the Fifth  
Schedule, state the matters  
specified in Part I of that Schedule  
and set out the reports specified in  
Part II of that Schedule;

40 39(4). Where a prospectus relating to any  
shares in ... a corporation is issued and  
the prospectus does not comply with the  
requirements of this Act, each director of  
the corporation and other person responsible  
for the prospectus shall be guilty of an  
offence under this Act and shall be liable  
on conviction to imprisonment for a term not  
exceeding two years or to a fine not  
exceeding five thousand dollars.

50 39(5). In the event of non-compliance with  
or contravention of any of the requirements  
set out in this section, a director or other  
person responsible for the prospectus shall  
not incur any liability by reason of the non  
compliance or contravention, if -

(a) as regards any matter not  
disclosed, he proves that he was not  
cognizant thereof;

(b) he proves that the  
non-compliance or contravention  
arose from an honest mistake on his  
part concerning the facts; or

(c) the non-compliance or  
contravention was in respect of 10  
matter which in the opinion of the  
court dealing with the case was  
immaterial or was otherwise such as  
ought, in the opinion of that court,  
having regard to all the  
circumstances of the case,  
reasonably to be excused."

The material provisions of Section 363 read:-

"363(3). A person shall not make an offer to 20  
the public or to any member of the public  
(not being a person whose ordinary business  
it is to buy or sell shares, whether as  
principal or agent) of any shares for  
purchase.

363(4). Subsection (3) shall not apply -  
(b) where the shares to which the  
offer relates are shares which a  
corporation has allotted or agreed  
to allot with a view to their being  
offered for sale to the public and 30  
such offer is accompanied by a  
document that complies with all laws  
and rules of law as to prospectuses;

363(5). Every person who acts ... in  
contravention of this section shall be  
guilty of an offence under this Act and  
shall be liable on conviction to  
imprisonment for a term not exceeding six  
months or to a fine not exceeding one 40  
thousand dollars or to both such  
imprisonment and fine ..."

The material provisions of Section 4 read:-

"4(6). Any reference in this Act to offering  
shares ... to the public shall, unless the  
contrary intention appears, be construed as  
including a reference to offering them to  
any section of the public, whether selected  
as clients of the person issuing the  
prospectus or in any other manner; ..." 50

The material facts are as follows. C.C.C.

10 (Holdings) Ltd. was first incorporated on 11th  
August 1979 as a private company under the name of  
City Country Club Private Limited. It was  
incorporated as a result of a pre-incorporation  
agreement dated 1st August 1979 entered into between  
Huang Sheng Chang ("Huang"), Derrick Chong  
("Chong"), Ng Cheng Bok ("Ng") who are three of the  
applicants in these proceedings and one Tan Tee. Tan  
Tee entered into this agreement "as nominee" on  
behalf of one of the companies owned by a holding  
20 company known as Hong Leong Holdings Ltd. of which  
the applicant Quek Leng Chye ("Quek") was a  
director.

Prior to the pre-incorporation agreement, it  
was agreed that Huang, Chong, Hong Leong Holdings  
Ltd. and a fourth party would enter into a business  
venture to buy and develop a piece of land at  
Stevens Road and carry thereon in the business of a  
proprietary club. This property was at that time  
owned by a publicly listed company, City  
30 Development Ltd. of which Quek was a director. This  
business venture was originated by Huang and Chong  
who thought the property was suitable for  
development into a club. The fourth party who

signed the pre-incorporation agreement was Ng, who  
was brought in by Huang.

10

Under the pre-incorporation agreement, the  
parties thereto agreed to participate in and  
subscribe to the shares in the company to be formed  
under the agreement in the following proportions:-

Huang	...	...	30%
Tan Tee (as nominee)			30%
Ng	...	...	30%
Chong	...	...	10%

Of the 10% which Chong agreed to subscribe  
for, he was acting as nominee of Huang and Huang's  
family in respect of two-thirds.

20

Huang, Chong and Ng were appointed directors  
on the incorporation of C.C.C. (Holdings) Ltd. (the  
company) and Quek and Gan Khai Choon ("Gan") were  
appointed directors on 6th September 1979 on their  
nomination by Queens Pte. Ltd., a wholly owned  
subsidiary of Hong Leong Holdings Ltd. The decision  
to use Queens Pte Ltd. as Hong Leong Holdings Ltd's  
vehicle in the joint venture was made by Quek. Soon  
after the company's incorporation one million shares  
fully paid for in cash were issued to the parties in  
the proportions agreed upon and the company  
proceeded to purchase the land at Stevens Road from  
City Development Ltd. for \$8.5 million. The  
conveyance was completed on 17th October 1979 and

30



10 the purchase was financed by a term mortgage for  
three years to Hong Leong Finance Ltd. for \$6  
million. This loan was the first of several  
mortgages to the same finance company.

At the formative stage of this venture Huang  
engaged Winston Chen Chung Ying ("Winston Chen") to  
act for him and it was Winston Chen who prepared the  
pre-incorporation agreement and when the company was  
incorporated acted for the company. From the  
beginning Huang had foremost in his mind that the  
profits expected from the development of the land as  
20 a club should be given the lowest exposure to tax  
and Winston Chen, acting for Huang in July 1979,  
obtained an opinion as to how to achieve this object  
from Mr. Steven Oliver, one of the top revenue  
English Queen's counsel. The advice of the Queen's  
counsel envisaged a scheme whereby the promoter or  
promoters form a holding company to buy and develop  
the land as a club house. The land is then  
re-valued on completion of the development and the  
holding company issues bonus shares from the surplus  
30 thrown up by the re-valuation. The holding company  
then forms a subsidiary company and leases the land  
to the subsidiary to run a club. The subsidiary  
would canvass for members and persons who wish to

become members are obliged to purchase shares in the holding company from the promoters.

10

As it was envisaged that there would eventually be around 2,000 members, this scheme which necessarily involves the sale of shares to those members, would require the issuance of a prospectus in compliance with the Act. Huang was aware of this and in September 1980 he consulted a Mr. Westley of Wardley Ltd., a merchant bank. Mr. Westley by a letter of 7th October 1980 to Huang stated that in his opinion, should the scheme involve the sale of shares a prospectus would be required and suggested that the promoters of the club sell membership rights instead. Huang informed Winston Chen of Mr. Westley's views on 4th November 1980.

20

Nearly six months later, on 20th May 1981 Huang next consulted Winston Chen who recorded Huang's instructions in a note which read:-

- “(a) Equity participation out. There is going to be prospectus problem.
- (b) Wants to have proprietary club.
- (c) To get back costs of land from membership fees in club - taxable.
- (d) Management by management co.
- (e) Wants to be able to kick out club after 10 to 20 years.

30

10

Discussed - changes his mind upon hearing  
40% tax on entrance fee. To think of a  
scheme for him."

Thereafter on 18th September 1981 all the  
applicants except Ng attended a meeting at which  
Winston Chen and two accountants, Keith Tay and  
Damian Hong of the accountancy firm of Peat,  
Marwick, Mitchell & Co. were in attendance. The  
meeting was to consult the accountants on the tax  
aspects of the scheme suggested by the Queen's  
Counsel. Mr. Winston Chen made a contemporaneous  
note of what happened at the meeting. The note  
reads:-

20

- "(1) I explained scheme and problems  
regarding prospectus ...
- (2) Keith Tay: Nominee Co., as I read  
the opinion, is acting as bare nominee,  
Thus the nominee co. books will not  
have assets. Proprietary Club.
- (3) QLC: Let the members own the operating  
co: but not more than 50%.
- (4) I am to work out prospectus problem...
- (5) KT will examine scheme and let parties  
know."

30

Shortly thereafter Winston Chen sought an  
opinion from Mr. David Bennett, an Australian  
Queen's Counsel, as to whether members of a private  
club are a "section of the public" within the  
meaning of that expression in section 4(6) of the  
Act. In his written opinion dated 19th October 1981

Mr. Bennett stated that the phrase "section of the public" must be interpreted as a matter of degree and that he had "little doubt that an offer to the members of a club having some thousands of members ... would be an offer to a section of the public and ... an offer to all the members of a club whose membership totalled three would not."

10

On 31st October 1981 Winston Chen wrote sending Huang a copy of Mr. Bennett's written opinion. In his letter to Huang, Winston Chen said:-

"... in view of the uncertain position in law ... it would be preferable to have a prospectus issued unless exemption is obtained from the Registrar of Companies under Section 39A of the Companies Act."

20

It is not disputed that section 39A does not empower the Registrar of Companies to exempt anyone from the obligation to issue a prospectus where a prospectus is required by the Act.

Sometime in November 1981 Huang discussed with Winston Chen a bonus issue to be made by the company by re-valuing the property followed by sale of shares to those who wished to become members of the club and Huang informed Winston Chen that it was decided that each applicant must buy one share of the company with a par value of \$5,000/- at a price of \$30,000/- to become a member of the club. In a

30

10 note in his own handwriting Huang envisaged an  
increase of the issued share capital of the company  
to 4,000 shares of \$5,000/- each, of which 2,000  
shares are to be sold at \$30,000/- each realising a  
total of \$60,000,000/-.

20 On 17th November 1981 Huang, Quek, Chong and  
Winston Chen met. Winston Chen was told that the  
scheme would proceed although Quek expressed doubts  
about it and Winston Chen told the meeting that he  
would be seeing Mr. Lee Theng Kiat, the Assistant  
Registrar of Companies that afternoon "to seek his  
views on prospectus". The note made by Winston Chen  
of the meeting reads:-

"Attending S.C. Huang

... ..

- 30 (1) Gave me valuation on land.  
Q.L.C. & D.C. comes in at 11.25 a.m.  
(2) Advised that if they lose control  
of Club. Co. they will lose management  
of Club despite management (agreement).  
(3) All agreed if scheme works well and  
good if not we have tried. QLC has  
doubts on scheme but says go ahead.  
(4) Explained that I am meeting Lee Theng  
Kiat this afternoon to seek his views  
on prospectus. If views adverse, scheme  
need rethinking.  
(5) QLC: In name of Queens without transfer.  
I said yes.  
(6) To telex steps to Steven Oliver Q.C. for  
approval.  
(7) Qualifying status \$1000 instead of  
40 \$500.  
(8) Choice of brokers left to clients.  
(9) To adhere to target of 2 months from  
today.  
(10) To go ahead - they said.

- (11) D.C. to give me brochure for Club.
- (12) Wants corporate members to have 2 shares to qualify.
- (13) C.C. to be now called C.C. Holdings Ltd."

Winston Chen's meeting with Mr. Lee Theng Kiat was an informal one which he followed up with a letter dated 2nd December 1981 to the Registrar of Companies, marked attention Mr. Lee Theng Kiat, a draft of which had been sent to and approved by Huang. The letter set out briefly the proposed scheme and Winston Chen's opinion that

"the scheme ... is not an offer of shares to the public as defined by Section 4(6) of the Companies Act and the requirements of this Act for prospectus need not be complied with. See page 58 to 60 of Palmer's Companies Antecedents 17th Ed. (particularly pg. 58) enclosed."

Mr. Lee Theng Kiat on 11th January 1982 in reply said:-

"2. In the context of the situation outlined by you in your letter, I am of the view that since no fresh shares are being offered there will be no applications for shares of the Company to be made by any of the qualified members. Thus, Section 37(2) of the Companies Act would not apply and a prospectus not required to be registered."

In a further letter dated 10th February 1982 Mr. Lee Theng Kiat said that "since no invitation to the public is being made, the Company is exempted from the provisions of Section 37(1) under Section 37(2)".

10 Winston Chen then informed the applicants of  
the "decision of the Registry of Companies and  
advised them that the scheme could proceed" without  
the need to issue a prospectus. He also advised  
them that they should not advertise and should only  
invite their friends.

20 Accordingly, a wholly owned subsidiary of  
the company was incorporated. The company's name  
was changed to C.C.C. Holdings Ltd. and converted  
into a public company and the wholly owned  
subsidiary took the company's original name of City  
Country Club Pte. Ltd. At an Extraordinary General  
Meeting of the company it was resolved to have a  
bonus issue and a rights issue. The 5,000,000  
issued shares of \$1 each of the company were first  
consolidated into 1,000 shares of \$5,000 each and  
the authorised capital was increased to \$20 million  
by the creation of 3,000 additional shares of \$5,000  
each. Of the new shares, 1,000 were offered to the  
existing shareholders (the applicants) as a one for  
one rights issue at a premium of \$25,000 each. The  
30 shares in the rights issue were uncalled. A sum of  
\$10 million being part of the surplus created by a  
revaluation of the property at Stevens Road was  
capitalised and appropriated to pay for the other  
2,000 new shares of \$5,000 each which shares were

then distributed as a two for one bonus issue to those existing shareholders (the applicants) who accepted the shares offered in the rights issue. All the existing shareholders accepted the shares in the rights issue.

10

On 30th March 1982 the subsidiary company had its first board meeting. Huang and Chong, the subscribing members and the first directors appointed the other three applicants Quek, Gan and Ng and two others as directors. All the directors were present at the board meeting at which Winston Chen was in attendance. Prior to the meeting all the applicants had submitted lists of individuals and companies whom they wished to invite to be members of the club. Huang's list consisted of 35 individuals and 6 companies. Quek's list consisted of 10 individuals. Gan's list consisted of 23 individuals and one company. Ng's list consisted of 21 individuals and Chong's list consisted of 257 individuals and 8 companies. The meeting discussed a draft letter of invitation to the proposed invitees and Winston Chen vetted and corrected the draft.

20

30

By the time the first invitation was sent out the list had grown to 390 individuals and 17 companies and the directors had on 31st March 1982



10 appointed a firm of brokers, Lim & Tan (Pte) to sell  
the 2,000 bonus shares allotted to the applicants.

From 2nd April 1982 invitations were  
despatched. Each invitee received a letter signed  
by Huang in the following terms:-

"As you are known to our directors to be of  
high repute, we are pleased to invite you to  
join the exclusive City Country Club.  
Enclosed herewith you will find a brochure  
and a copy of the Rules of the Club together  
with an application form.

20 If you accept our invitation please complete  
the application form and return the same to  
us together with your payment for the  
entrance fee as soon as possible.

The entrance fee for an individual is  
\$2,000/- and for a corporation or firm is  
\$3,000/- (2 nominees) and your attention is  
drawn to Rule 12 of the Rules of the Club.

30 Upon acceptance of this invitation you shall  
be a qualified person under Rule 9 of the  
Rules of the Club and shall be entitled to  
the rights under Rule 10 of the Rules of the  
Club.

To become a member of the Club you must  
within a period of one month of your  
becoming a qualified person become the  
registered holder in CCC (Holdings) Limited  
of:

(a) in the case of an individual, one (1)  
ordinary share

40 (b) in the case of a firm or corporation  
two (2) ordinary shares.

You may contact the broking firm named below  
with a letter of confirmation from the Board  
confirming that you are a qualified person

In the High Court of  
the Republic of Singapore

No.31

Judgment of Mr. Justice  
Wee Chong Jin, CJ in  
PC Appeal No.59 of 1984  
20th October 1983  
(continued)

of the Club to make your offer to purchase  
the share/s.

10

Yours truly  
Sgd. S.C. Huang  
Chairman

DC:sc

Broking firm: Lim & Tan (Pte)  
Tel: 2244988  
(Mrs. Esther Seet)  
30 Stevens Road,  
Singapore 1025  
Tel: 7338822"

20

The invitation letter and its enclosures  
disclosed no information whatsoever of CCC  
(Holdings) Limited except that the land occupied by  
the City Country Club Private Limited "occupies some  
4 acres in the extent and is leased (for 10 years  
from 1982) from CCC (Holdings) Limited."  
Furthermore, the invitation letter did not disclose  
that the purchase price of one ordinary share of  
\$5,000/- of CCC (Holdings) Limited would be  
\$30,000/- i.e. at a premium of \$25,000/-. It is  
common ground that as at 31st March 1982 the net  
tangible asset backing for each ordinary share of  
\$5,000/- each was \$7,374/- and, if the rights issue  
were fully paid up, the net tangible asset backing  
for each ordinary share of \$5,000/- would be  
\$13,030/-.

30

Had a prospectus been issued its contents,  
pursuant to the requirements of the Companies Act,  
would have disclosed to an invitee the net tangible  
asset backing for each share of CCC (Holdings)

40

10 Limited, the manner in which the Company proposed to  
finance the total cost of the development, the  
extent of the company's loans from Hong Leong  
Finance Ltd. and how the loans and interest are to  
be repaid.

Several Australian cases were referred to me  
by counsel. In these cases similar applications  
were before the Australian courts based on a section  
of their Companies Act identical to our Section  
130. The Australian courts have consistently held  
in the words of Bowen C.J. in Re Magna Alloys &  
20 Research Pty. Ltd. (1 ACLR 203) that,

"the policy to which the section gives  
effect is that a person convicted of an  
offence of the type specified in that  
section is not to be permitted to act as a  
director or take part in the management of a  
company. The section is not punitive. It  
is designed to protect the public and to  
prevent the corporate structure from being  
used to the financial detriment of  
30 investors, shareholders, creditors and  
persons dealing with the company. In its  
operation it is calculated to act as a  
safeguard against the corporate structure  
being used by individuals in a manner which  
is contrary to proper commercial standards."

In my opinion, these words are apt to describe the  
legislative policy behind our Section 130.

The Australian courts have also held that an  
applicant seeking the leave of the court to act as a  
40 director or to take part in the management of a  
company bears the onus of establishing that the

general policy of the legislature laid down in the  
section ought to be made the subject of an exception 10  
in his case. So too, in my opinion, under our  
Section 130 an applicant has to make out a  
sufficient case for the court to depart from the  
clear legislative policy and in deciding whether a  
sufficient case has been made out, the court should  
bear in mind that the section is not punitive but  
protective.

The court, in exercising its discretion  
whether to grant leave or not, ought to consider:-

- (1) the nature of the offence of which the 20  
applicant has been convicted;
- (2) the nature of the applicant's  
involvement;
- (3) the applicant's general character;
- (4) the structure and the nature of the  
business of each of the companies which  
the applicant seeks the leave of the  
court to become a director of or to  
take part in its management;
- (5) the interests of the general public, 30  
the shareholders, creditors and  
employees of these companies and the  
risks to the public and to those  
persons should the applicant be

permitted to be a director or to  
take part in management.

I now turn to deal with the case of each  
applicant separately.

1. Originating Summons No. 102 of 1983 -  
Huang Sheng Chang.

Huang seeks the leave of the court "to be  
concerned and take part in the management of and be  
a director of the following 17 companies:-

1. S C Enterprises Pte Ltd.
2. S C Management Pte Ltd.
3. S C Securities Pte Ltd.
4. S C Trading Pte Ltd.
5. R & L Holdings Pte Ltd.
6. Orchard Hotel (S) Pte Ltd.
7. Diners Club (S) Pte Ltd.
8. Diners World Travel Pte Ltd.
9. Diners World Holding Pte Ltd.
10. Diners Publishing Pte Ltd.
11. Diners World Forwarders Pte Ltd.
12. S C Travel Pte Ltd.
13. Orchard International Hotels (S)  
Pte Ltd.
14. OHI Holding Pte Ltd.
15. CCC (Holdings) Ltd.
16. City Country Club Pte Ltd.
17. LenRo Pte Ltd."

Of these one, CCC (Holdings) Ltd., is a public  
limited company and the other sixteen are private  
limited companies.

In his affidavits, Huang divides the 17  
companies into three groups. Under one group (Group  
A) are the companies of which he and his family have  
all or the majority shares. Under another group

(Group B) are the companies of which he and his family are minority shareholders. The third group (Group C) consists of two companies, CCC (Holdings) Ltd., which is the only public company of the 17 companies, and City Country Club Pte. Ltd. He is the Chairman of all but one of the 17 companies. In one of his affidavits he deposes that any disability on his part to serve as a director or concern himself with the management of the Group A companies would cause him and those companies grave personal and commercial hardships as there is no member of his family who has the necessary experience to take over and make the executive, managerial and financial decisions and in that event these companies would have to be wound up. It is to be observed that he does not make similar assertions in respect of the Group B and Group C companies.

10

20

The main submissions advanced on behalf of Huang and in support of his application are (1) that Section 39(4) of the Companies Act creates an offence that is technical in nature and of the character of strict liability offences and (2) that there was no intention on his part to unlawfully avoid the issue of a prospectus.

30

In my opinion submission (1) is untenable. It disregards the provision of Section 39(5) which

expressly absolves a director from incurring any  
10 liability by reason of non-compliance or  
contravention of any of the requirements set out in  
Section 39 if -

- 20
- "(a) as regards any matter not disclosed, he proves that he was not cognizant thereof;
  - (b) he proves that the non-compliance or contravention arose from an honest mistake on his part concerning the facts; or
  - (c) the non-compliance or contravention was in respect of matter which in the opinion of the court dealing with the case was immaterial or was otherwise such as ought, in the opinion of that court, having regard to all the circumstances of the case, reasonably to be excused."

Huang's case is that he relied completely on professional legal advice as to whether or not the issue of a prospectus was required under the scheme approved by the directors and he was willing to issue a prospectus if he had been so advised.

30 However, he pleaded guilty to a charge under Section 39(4). He was represented by counsel and the only inference that can be drawn from his plea of guilty is that he could not plausibly put forward before the trial court a defence based on (a), (b) or (c) of Section 39(5). The only other factor Huang advances is "grave personal and commercial hardships" to him and the family companies (Group A companies) if his application is refused by the court, the reason being that no member of his family

has the necessary experience to replace him. He has placed no evidence before me on this aspect of grave personal and commercial hardship. The scanty information contained in his affidavits does not, in my opinion, support any inference of such hardship. Furthermore, in the case of the Group B and Group C companies, Huang has not even alleged that such hardship would befall him or those companies if his application is refused. 10

Although it is obvious that every disqualification under Section 130 of the Act involves some financial hardship to an applicant and in some cases may involve management or even financial problems to the company or companies of which the applicant is a director or concerned in the management, it must, in my view, be recognised by the Court in an application before it under Section 130(2) that when Parliament enacted this disqualification section it must be taken to know that that is the effect of the enactment and have come to the conclusion that the protection of the public outweighs the punitive effect the enactment may have on a person to whom it applies. 20 30

In Huang's case, he and Chong (the applicant in O.S.103 of 1983) conceived the scheme of purchasing the Steven Road property from City



10 Development Ltd. (a company in which the Honq Leony  
group of which Quek and Gan were directors have a  
substantial interest) and developing it as a  
proprietary club. Huang was the principal spokesman  
for the shareholders of the company which purchased  
the property and who engaged and first gave  
instructions to the solicitors of the company.  
Clearly, he was the one most involved in the entire  
scheme which eventually ran foul of the prospectus  
requirements of the Act. It was a scheme which he  
and all the others involved in it knew, if the  
20. projected 2000 invitees were persuaded to apply for  
membership and take a share each in the holding  
company, would result in enormous profits (some tens  
of millions) from these invitees. It was highly  
unlikely, to put it at its lowest, that all or a  
significant proportion of the 2000 shares which were  
available to invitees under the scheme would be  
taken up if a prospectus in compliance with the Act  
were issued to each invitee, thus resulting in a  
situation, possibly a financial disaster to the  
30 original shareholders, which they must have wanted  
to avoid at any cost.

Accordingly, I reject Huang's application  
for leave to be a director of or to be concerned in

and take part in the management of CCC (Holdings) Ltd. and City Country Club Pte. Ltd.

10

With regard to the 7 companies (earlier referred to as the Group B companies) of which Huang and the members of his family are minority shareholders, and which are private limited companies I am satisfied, after careful consideration of all the relevant factors, that I should not grant Huang leave to be a director but should permit him to be concerned in or take part in management.

With regard to the 8 companies (earlier referred to as the Group A companies) of which Huang and the members of his family own all or a substantial majority of the issued shares of these private limited companies, I am also satisfied, after careful consideration of all the relevant factors, that I should not grant Huang leave to be a director but I should permit him to be concerned in or take part in their management.

20

2. Originating Summons No. 103 of 1983 -  
Derrick Chong Soon Choy

30

Chong seeks the leave of the Court to be concerned in and take part in the management of and be a director of the following companies:-

10

1. SMT Pte. Ltd.
2. Nedaa Pte. Ltd.
3. CCC (Holdings) Ltd.
4. City Country Club Pte. Ltd.

20

In his affidavit he deposes that Nedaa Pte. Ltd. is his personal investment company whose 25,000 issued shares are wholly owned by him and his family and which is chiefly involved in the purchase and holding of shares. He says he runs the company and decides which shares should be bought and held and that it cannot be effectively run if he is not permitted to be a director. He deposes that SMT Pte. Ltd. is a company in which Nedaa Pte. Ltd. holds 25% of the 100,000 shares and by virtue of Nedaa's shareholding he is a director of SMT Pte. Ltd. whose chief trading activity is in leguminous seeds of which he is not knowledgeable.

30

He deposes that his vocation is that of a manager of clubs having been engaged in managing clubs for over 20 years during the last 16 of which he was the manager of the American Club, but he does not allege that it would cause him financial hardship if he is not permitted to be director or concerned in and take part in the management of the above-mentioned four companies.

The main thrust of his submission is that his 10% shareholding in CCC Holdings Ltd. was a gift

to him by the principal shareholders who were Huang  
on the one hand and Quek and Gan of the Hong Leong 10  
Group on the other. He says that his role in the  
matter was as a go-between between Huang and the  
Hong Leong Group and after the subsidiary City  
Country Club Pte. Ltd. was incorporated he directed  
his attention to the building of the club premises  
and made available to the other directors his  
experience as a club manager. He admits that he was  
aware that a prospectus might be required for the  
sale of the bonus shares of CCC Holdings Ltd. but  
left the "technicalities and legalities" of this to 20  
Winston Chen, the company's legal adviser.

For the reasons I have given in rejecting  
Huang's application, I reject Chong's application  
for leave to be a director of or be concerned in and  
take part in the management of CCC (Holdings) Ltd.  
and City Country Club Pte. Ltd. With regard to  
Chong's application in respect of the other *two*  
companies, which are private limited companies, I am 30  
satisfied, after careful consideration of all the  
relevant factors, that I should not permit him to be  
a director but should permit him to be concerned in  
and take part in their management.

3. Originating Summons No. 104 of 1983 - Ng

10 Cheng Bok

Ng seeks the leave of the Court to be concerned in and take part in the management of and be a director in the following companies:-

1. Diners Club (S) Pte. Ltd.
2. Diners World Travel Pte. Ltd.
3. Diners World Holdings Pte. Ltd.
4. Diners Publishing Pte. Ltd.
5. S C Travel Pte. Ltd.
6. Bee Huat & Co. Pte. Ltd.
7. Ng Cheng Bok Realty Pte. Ltd.
8. World-Wide Business Centres Pte. Ltd.
9. C.B. Hilliard Pte. Ltd.
10. CCC (Holdings) Ltd.
11. City Country Club Pte. Ltd.

20  
30  
In his two affidavits Ng deposes that he became a director of the Diners Club and associated companies of this Diners Club through Huang and it was through Huang that he took a 10% interest in CCC (Holdings) Ltd. He deposes that he really took no part at all in the entire matter which eventually resulted in his conviction and rarely attended directors' meetings as he left the business side of the venture to Huang in whom he had complete confidence. With regard to the legal side he was content that it was in the hands of Messrs. Shook Lin & Bok, a reputable firm of corporate lawyers and had every confidence in the integrity and ability of Winston Chen, the solicitor who was in charge of the matter.

In my opinion, it must be inferred, having regard to the Ng's huge capital involvement in the entire venture, and to the enormous profits that would result if all the 2,000 shares made available under the scheme to the invited members of the public were taken up without the issue of a prospectus in compliance with the Act, that he was aware that the scheme attracted the prospectus requirements of the Act and was prepared to acquiesce in any manoeuvre, proper or not, to avoid the issue of a prospectus to the invited members of the public.

Accordingly, I reject Ng's application for leave to be director of or be concerned in and take part in the management of CCC (Holdings) Ltd. and City Country Club Pte Ltd. With regard to the other 9 companies named in Ng's application which are private limited companies, I am satisfied, after careful consideration of all the relevant factors, that I should not permit him to be a director but should permit him to be concerned in or take part in their management.

4. Originating Summons No.134 of 1983 - Gan Khai Choo

Gan seeks the leave of the Court to be a director or promoter of and/or to be concerned in or take part in the management of any company or

10 companies incorporated or to be incorporated in  
Singapore or alternatively to be a director of  
and/or be concerned and take part in the management  
of the following companies:-

1. Armidale Investment Pte. Ltd.
2. Citimac Pte. Ltd.
3. Hong Leong Nominees (Pte) Ltd.
4. Singapore Credit (Pte) Ltd.
5. Singapore Finance Ltd.
6. King's Hotel Ltd.
- 20 7. PLS Automation Pte. Ltd.
8. Hong Leong Finance Ltd.
9. CCC Holdings Ltd. ✓
10. City Country Club Pte. Ltd.
11. Singapore Nominees Pte. Ltd.

30 Gan filed three affidavits on his own  
behalf. He has also filed three affidavits by  
others in support of his application. In one of his  
own affidavits he discloses that he held his  
directorship in CCC Holdings Ltd. as nominee of  
Queens Pte. Ltd. which is a wholly owned subsidiary  
of Hong Leong (Holding) Ltd. He himself has an  
interest in the parent company Hong Leong (Holdings)  
Ltd. of 0.4% and it follows that he has personally a  
nominal interest in CCC (Holdings) Ltd. It is also  
common ground that Queens Pte. Ltd. holds 30% of the  
shares in CCC (Holdings) Ltd. and nominated besides  
Gan, Quek Leng Chye (the applicant in O.S. 135 of  
1983) as a director of CCC (Holdings) Ltd.

Gan deposes that Quek and he were content to  
leave the detailed planning in respect of the entire

venture to Huang, the major shareholder, and Chong, who was to be an executive of the club and that consequently he was not present at every meeting held between Huang and the company's professional advisers. He says that on the 18th September 1981 meeting at which he was present he first became aware that the proposed club scheme might require the issue of a prospectus. On his part he was content to leave the prospectus question to Winston Chen (of Messrs. Shook Lin & Bok, the company's solicitors) to deal with as it was a legal matter. He says that he was out of Singapore and was therefore not present at the next Board meeting held on 17th November 1981 and he was not aware of Winston Chen's meeting and subsequent correspondence with Mr. Lee Theng Kiat, Asst. Registrar of Companies on the prospectus question.

Of the 11 companies of which Gan held directorships, four are public companies of which three are listed on the Stock Exchange of Singapore. Gan was also the Group General Manager of two of these listed companies namely, Hong Leong Finance Ltd. and Singapore Finance Ltd. All the 11 companies except three, namely CCC (Holdings) Ltd. City Country Club Pte. Ltd. and PLS Automation Pte Ltd. are either wholly owned or are controlled by



10

the Hong Leong Group of companies. Besides Gan's small personal equity in Hong Leong Finance Ltd., he has no shares in the other ten companies and it is safe to assume that he held his directorships as a nominee of the persons who control the Hong Leong Group of companies. These persons are members of the Quek family of which Quek Leng Chye (the applicant in O.S. 135 of 1983) is one.

20

In one of the supporting affidavits, a Mr. Chan Kin Kum as one of the secretaries of the three listed public companies namely, King's Hotel Ltd. Singapore Finance Ltd. and Hong Leong Finance Ltd. has disclosed resolutions by the respective directors of these companies expressing their intention to reappoint Gan to their respective Boards should his present application be granted. It is to be observed that the members of the Quek family constitute the majority of the Board of Hong Leong Finance Ltd. and they constitute a sizeable proportion of the Board of the other two listed public companies.

30

Gan in his affidavit asserts that he acted in all honesty and in good faith without any element of moral turpitude on his part and that had he known or been advised that a prospectus was required before invitations could be sent out to the selected

members of the public he would most certainly have insisted that the law be complied with. He says that the interests of shareholders, creditors and employees of the companies of which he was a director or of companies which he may in future be a promoter or director would not be in any way at risk by his being a director or by being concerned or taking part in the management of any company. He submits that on the contrary his experience in the Hong Leong Group of Companies is so intimate and extensive that it would be advantageous to the companies, the shareholders, creditors and employees that his application be allowed. 10 20

While it is obvious from the many directorships Gan held before his conviction which has led to this application and from the fact that he is the group General Manager of two licensed publicly listed successful finance companies that his present disqualification for a period of five years under the Act would result in personal financial loss and from the resolutions of the Board of the three listed public companies above referred to that he has the confidence of the Board of these companies, there is no suggestion that any of the companies of which he was a director or manager have been less successful or have in any way been in 30

10 trouble or difficulty, management or financial after  
his disqualification under the Act.

It is significant, in the light of the  
provisions of Section 39(5) and the mandatory  
disqualification provisions of Section 130, that Gan  
who was represented by counsel pleaded guilty to the  
charge he faced under Section 39(4). Furthermore,  
he has no personal beneficial interest in CCC  
(Holdings) Ltd. or City Country Club Pte. Ltd. and  
is on their Board as a nominee of Queens Pte. Ltd.  
Accordingly, I reject Gan's application to be a  
20 director of and/or to be concerned in and take part  
in the management of CCC (Holdings) Ltd. and City  
Country Club Pte. Ltd.

In respect of Gan's application for leave to  
be a promoter of any company incorporated or to be  
incorporated in Singapore I am satisfied, having  
regard to the factors that a court has to consider,  
that leave should not be granted.

30 In respect of Gan's application for leave to  
be a director of the other 9 companies named in his  
application, I am satisfied, after a careful  
consideration of all the relevant factors, that it  
should be refused. However, in respect of Gan's  
application to be concerned in and take part in the  
management of those 9 named companies I am

satisfied, after careful consideration of all the relevant factors and weighing the punitive effect on him against the minimal risk to the general public and the interests of their shareholders, creditors, employees and others dealing with them, that he should be permitted to be concerned in and take part in their management. 10

5. Originating Summons No. 135 of 1983 - Quek Leng Chye

Quek seeks the leave of the court to be a director or promoter of and/or be concerned in and take part in the management of any company or companies incorporated or to be incorporated in Singapore or alternatively to be a director of and/or be concerned in the management of the following companies:- 20

1. City Development Limited
2. Elite Holdings Pte. Ltd.
3. Garden Estates (Pte) Ltd.
4. Gordon Properties Pte Ltd.
5. Harbour View Hotel Pte Ltd..
6. Hong Leong Corporation Ltd.
7. Hong Leong Development Pte Ltd.
8. Hong Leong Finance Limited
9. Hong Leong Foundation
10. Hong Leong Holdings Ltd.
11. Hong Leong Investment Holdings Pte Ltd.
12. Hong Leong Nominees (Pte) Limited
13. Hong Leong Properties Pte Ltd.
14. Hong Leong Seatran Lines Pte Ltd.
15. Hong Villa Pte Limited
16. Hotel Orchid Limited
17. Hume Gas Cylinders Pte Ltd.
18. Hume Industries (P.E.) Limited
19. Hume Industries (S) Ltd.

- 10                   20. Humeview Pte Limited  
                    21. Intrepid Investments Pte Ltd.  
                    22. Island Concrete (Pte) Ltd.  
                    23. Island Holdings Pte Ltd.  
                    24. King's Hotel Ltd.  
                    25. King's Tanglin Shopping Pte Ltd.  
                    26. Kingston Property Maintenance Services  
                        Pte Ltd.  
                    27. Lingo Enterprises Ltd.  
                    28. Orchid Inn (Pte) Ltd.  
20                   29. Paradiz Pte Ltd.  
                    30. Sai Chieu Land Investment Pte Ltd.  
                    31. Singapore Credit (Pte) Ltd.  
                    32. Singapore Finance Limited  
                    33. Singapore Nominees Pte Ltd.  
                    34. Singarab Construction Pte Ltd.  
                    35. Tripartite Developers Pte Ltd.  
                    36. Union Investment Holding Pte Ltd.  
                    37. Rheem (Far East) Pte Ltd.  
                    38. Wheel-On Ready-Mix Co (Pte) Ltd.  
30                   39. Trade & Industrial Development Pte Ltd.  
                    40. CCC (Holdings) Ltd. x  
                    41. City Country Club. x

                    Quek holds the degree of Bachelor of Laws  
from the National University of Singapore but is not  
a practising lawyer. He is a member of the Quek  
family which controls the Hong Leong Group of  
companies. The Hong Leong Group of companies  
controls most if not all of the 41 companies listed  
above and Quek is a director or managing director  
or governor of all these 41 companies. I understand  
40                   the expression "Hong Leong Group of companies" to  
mean the companies whose names begin with "Hong  
Leong". Of these 41 companies, 4 are publicly  
listed companies whose shares are traded in the  
Stock Exchange of Singapore. The 4 companies are  
Hong Leong Finance Ltd., City Development Ltd.,

Singapore Finance Ltd. and King's Hotel Ltd.

Hong Leong Finance Ltd. is a licensed 10  
finance company and has an issued and paid up  
capital of 70,743,750 shares of \$1 each, 45% of  
which is held directly or indirectly by three of the  
above 41 companies namely, Hong Leong Investment  
Holdings Pte. Ltd., Hong Leong Corporation Ltd. and  
Hong Leong Holdings Ltd. Hong Leong Investment  
Holdings Pte. Ltd. is wholly owned by the Quek  
family. Hong Leong Corporation Ltd., which has a  
paid up capital of \$85,000,000, is a wholly owned  
subsidiary of Hong Leong Investment Holdings Pte. 20  
Ltd. which has a paid up share capital of  
\$14,000,000 and has 30 shareholders of which Quek is  
one with a holding of 700,000 shares. Hong Leong  
Holdings Ltd. which has a paid up share capital of  
\$51,175,000 with 96 shareholders of which Quek is  
one with a holding of 516,000 shares.

City Development Ltd. is a property  
investment and development company with a paid up  
share capital of \$133,166,068 and is a subsidiary of  
Hong Leong Investment Holdings Pte. Ltd. Singapore 30  
Finance Ltd. is a licensed finance company and has a  
paid up share capital of \$30,000,000, 75% of which  
is held by Hong Leong Finance Ltd. King's Hotel  
Ltd. has an issued and paid up share capital of

10 \$76,400,000, 74.6% of which is held directly or  
indirectly by City Development Ltd.

In one of his affidavits filed in support of his application, Quek deposes that Gan and he were content to leave detailed planning of the club venture to the majority shareholder Huang and to Chong who was to be an executive of the club and consequently he was not present at every meeting that was held between Huang and the professional advisers to the club. Quek says that he first came to know of the prospectus question at the 18th  
20 September 1981 meeting when Winston Chen said he was looking into it. Subsequently, at the 17th November 1981 meeting Winston Chen told the meeting that there was some difference of opinion in Messrs. Shook Lin & Bok (the firm of solicitors of which Winston Chen is a partner) as to the need of a prospectus and that he would discuss the matter with the Registrar of Companies. Quek says that at the  
30 2nd February 1982 meeting Winston Chen reported that the Registrar of Companies had given written confirmation that a prospectus was not required and advised that if the directors issued invitations only to their friends such invitations would not be invitations to the public and a prospectus would therefore not be required.

Quek goes on to say in his affidavit that in good faith he accepted and acted upon Winston Chen's advice and that had he known or been advised that a prospectus was required before invitations could be sent out he would have insisted that the law be complied with. He says that the interests of the shareholders, creditors and employees of the 41 companies or of the companies of which he may in future be a promoter or director would not in any way be at risk by his being a director or being concerned or taking part in their management but on the contrary his experience in the Hong Leong Group of companies has been so intimate and extensive that it would be advantageous to the companies, the shareholders, creditors and employees if his application is granted. 10 20

In Quek's case, he similarly pleaded guilty to the charge he faced under Section 39(4). Also Quek, like Gan is on the Board of CCC (Holdings) Ltd. and City Country Club Pte. Ltd. as a nominee of Queens Pte. Ltd. Accordingly, I reject his application for leave to be a director or be concerned in the management of CCC (Holdings) Ltd. and City Country Club Pte. Ltd. 30

In respect of Quek's application for leave to be a promoter of any company incorporated or to



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be incorporated in Singapore I am satisfied, having regard to the factors that a court has to consider, that leave should not be granted.

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In respect of Quek's application for leave to be a director of the other 39 companies named in his application, I am satisfied, after careful consideration of all the relevant factors, that leave should not be granted. However, in respect of his application to be concerned in and take part in the management of those 39 companies, I am satisfied, for the reasons I have given in acceding to Gan's similar application, that Quek should be permitted to take part in their management.

Accordingly, there will be orders in accordance with this judgment in respect of each of the five Originating Summonses.

The applicants will pay the costs of the Attorney-General.

Sd. WEE CHONG JIN

CHIEF JUSTICE

Certified true copy



Private Secretary  
to Hon. the Chief  
Justice

30

Singapore,  
20th October 1983.



IT IS ORDERED that :-

1. Leave is not granted to the Applicant on his  
10 application to be a director or promoter of  
and/or be concerned and take part in the  
management of any company or companies  
incorporated or to be incorporated in Singapore,  
or alternatively to be a director of the  
following companies :-

- 20
1. Armidale Investment Pte Ltd;
  2. Citimac Private Limited;
  3. Hong Leong Nominees (Private) Limited;
  4. Singapore Credit (Private) Limited;
  5. Singapore Finance Limited;
  6. King's Hotel's Ltd;
  7. PLS Automation Pte Ltd;
  8. Hong Leong Finance Limited;
  9. CCC Holdings Ltd;
  10. City Country Club Pte Ltd; and
  11. Singapore Nominees Private Limited.

30

2. Leave is hereby granted to the Applicant on his  
application to be concerned in and take part in  
the management of the aforesaid 9 companies,  
except CCC Holdings Ltd and City Country Club  
Pte Ltd;

3. The costs of and incidental to this application  
be taxed and be paid by the Applicant to the  
Respondent.

Dated this 20th day of October 1983.

*Say*  
ASST. REGISTRAR

No.33  
PETITION OF APPEAL LODGED BY  
ATTORNEY GENERAL IN CIVIL APPEAL  
NO.59 OF 1983 IN PC APPEAL NO.  
59 OF 1984

IN THE COURT OF APPEAL IN SINGAPORE

Civil Appeal No. 59 of 1983

Between

Attorney-General .. Appellant

And

Gan Khai Choon .. Respondent

10

In the Matter of Originating Summons No. 134 of 1983. }

In the Matter of section 130 of the  
Companies Act, Chapter 185 }

Between

Gan Khai Choon .. Applicant

And

Attorney-General .. Respondent

PETITION OF APPEAL

To the Honourable the Judges of the Court of  
Appeal.

20

The Petition of the abovenamed appellant, the  
Attorney-General, sheweth as follows:-

1. The appeal arises from an application by the  
respondent/applicant for an order pursuant to s.130 of  
the Companies Act (Cap. 185) for leave that  
notwithstanding the applicant's conviction for an  
offence under s.39(4) read with s.43 of the Companies  
Act, the respondent/applicant may be at liberty to be  
concerned and take part in the management of and be a  
director of some companies.

30

In the Court of Appeal in Singapore

No.33

Petition of Appeal lodged by Attorney General in  
Civil Appeal No.59 of 1983 in PC Appeal No.59 of 1984  
8th December 1983 - (continued)

2. By judgment dated the 20th day of October 1983, leave was granted to the respondent/applicant to be concerned and take part in the management of the following companies:

- 1) Armidale Investment Private Limited
- 2) Citimac Private Limited
- 3) Hong Leong Nominees (Private) Limited
- 4) Singapore Credit (Private) Limited
- 5) Singapore Finance Limited
- 6) King's Hotel Limited
- 7) FLS Automation Private Limited
- 8) Hong Leong Finance Limited
- 9) Singapore Nominees Private Limited

3. Your petitioner is dissatisfied with the said judgment on the following grounds:-

a) the Learned Chief Justice erred in law in allowing the respondent/applicant leave to be concerned and take part in the management of the companies named in his application, save for CCC (Holdings) Limited and City Country Club Pte Ltd, without any or any sufficient reason for granting him such leave and in particular;

i) the Learned Chief Justice having found that:

- a) s. 130 is a protective provision  
(pg 19 Judgment);

In the Court of  
Appeal in Singapore  
No.33

Petition of Appeal  
lodged by Attorney  
General in Civil  
Appeal No.59 of 1983  
in PC Appeal No.59 of  
1984  
8th December 1983  
(continued)

- b) the onus is on the respondent/  
applicant to make a sufficient case for  
the court to depart from the clear  
legislative policy (pg 20 Judgment);
- c) the offence committed by the  
respondent/applicant contrary to  
s.39(4) read with s.43 of the Companies  
Act was not a technical offence (pg 22  
Judgment);
- d) the respondent/applicant pleaded  
guilty to the offence notwithstanding  
the defences available to him under  
s.39(5) of the Companies Act if he had  
acted honestly and in good faith as he  
has asserted (pgs 33 to 35 Judgment);  
and
- e) the respondent/applicant knew that  
the scheme would result in enormous  
profits if the shares were sold and it  
was highly unlikely that all or a  
significant proportion of the shares  
would be taken up if a proper  
prospectus were issued thus resulting  
in a financial disaster which he wanted  
to avoid at any cost (pg 25 Judgment)
- erred in law in granting the respondent/  
applicant leave to participate in the

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management of the companies and failed to appreciate that he had not discharged the onus that is on him to show why the clear legislative policy should be departed therefrom.

b) the Learned Chief Justice erred in law and in fact;

10 i) in finding that by giving leave to the respondent/applicant to participate in the management of the 9 abovenamed companies there would be minimal risk to that general public and to the interests of their shareholders, creditors, employees and others dealing with them when it is manifest that he has sought to use the corporate structure of CCC (Holdings) Ltd and its subsidiary to the financial detriment of the public and has been proven not to be a person who will manage  
20 companies in accordance with proper commercial standards;

ii) by failing to appreciate that by allowing the respondent/applicant leave to participate in the management of companies in which he and his principals have a controlling interest this will place him in a position of immense influence with,

In the Court of  
Appeal in Singapore

No.33

Petition of Appeal  
lodged by Attorney  
General in Civil  
Appeal No.59 of 1983  
in PC Appeal No.59 of  
1984  
8th December 1983  
(continued)

if not control of, the respective boards  
of directors including boards of public  
listed companies;

iii) by failing to appreciate that the  
respondent/applicant did not (save for Hong  
Leong Finance Ltd and Singapore Finance  
Ltd) prior to his conviction hold any  
managerial position in the companies named  
in his application and that he should apply  
for leave to participate in the management  
of these companies is consistent with the  
contemporary manner of conducting company  
affairs where directorial and managerial  
functions overlap to a large extent and  
often are altogether fused; and

iv) by failing to appreciate that where  
the interest of those that s.130 seeks to  
protect would not be served by the  
respondent/applicant being granted leave to  
be director then this self-same interest  
would similarly not be served if he were to  
be granted leave to participate in the  
management.

ALTERNATIVELY;

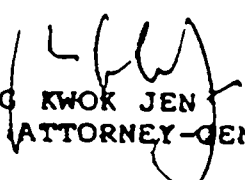
c) the Learned Chief Justice erred in law in  
holding that the prohibition in s.130 of the  
Companies Act is disjunctive and that the



courts have the powers thereunder to disallow the respondent/applicant's application for leave to be director and nevertheless grant him leave to be concerned and take part in the management.

10 4. Your petitioner prays that such part of the judgment whereby the Learned Chief Justice gave leave to the respondent/applicant to be concerned in or take part in the management of certain companies may be reversed.

Dated the 8th day of December, 1983.

  
FONG KWOK JEN  
for ATTORNEY-GENERAL

To:

20 The Registrar, Supreme Court  
Singapore and to  
M/s Khattar, Wong & Partners  
Advocates & Solicitors  
18th Storey UOB Building  
1 Bonham Street #18-01  
Singapore 0104  
for the abovenamed respondent/applicant

The address for service of the Appellant is the Attorney-General's Chambers, High Street, Singapore.

No.34  
PETITION OF APPEAL LODGED BY  
ATTORNEY GENERAL IN CIVIL APPEAL  
NO.61 OF 1983 IN PC APPEAL NO.  
59 OF 1984

IN THE COURT OF APPEAL IN SINGAPORE

Civil Appeal No. 61 of 1983

Between

Attorney-General .. Appellant

And

Quek Leng Chye .. Respondent

In the Matter of Originating Summons No. 135 of 1983.

In the Matter of section 130 of the  
Companies Act, Chapter 185

Between

Quek Leng Chye .. Applicant

And

Attorney-General .. Respondent

PETITION OF APPEAL

To the Honourable the Judges of the Court of  
Appeal.

The Petition of the abovenamed appellant, the  
Attorney-General, showeth as follows:-

1. The appeal, arises from an application by the  
respondent/applicant for an order pursuant to s.130 of  
the Companies Act (Cap. 185) for leave that  
notwithstanding the applicant's conviction for an  
offence under s.39(4) read with s.43 of the Companies  
Act, the respondent/applicant may be at liberty to be  
concerned and take part in the management of and be a  
director of some companies.

2. By judgment dated the 20th day of October 1983,  
leave was granted to the respondent/applicant to be  
concerned and take part in the management of the  
following companies:

- 1) City Development Limited
- 2) Elite Holdings Pte Ltd
- 3) Garden Estates (Pte) Ltd
- 4) Gordon Properties Pte Ltd
- 5) Harbour View Hotel Pte Ltd
- 6) Hong Leong Corporation Ltd
- 7) Hong Leong Development Pte Ltd
- 8) Hong Leong Finance Limited
- 9) Hong Leong Foundation
- 10) Hong Leong Holdings Ltd
- 11) Hong Leong Investment Holdings Pte Ltd
- 12) Hong Leong Nominees (Pte) Ltd
- 13) Hong Leong Properties Pte Ltd
- 14) Hong Leong Seastran Lines Pte Ltd
- 15) Hong Villa Pte Ltd
- 16) Hotel Orchid Limited
- 17) Hume Gas Cylinders Pte Ltd
- 18) Hume Industries (F.E.) Limited
- 19) Hume Industries (S) Ltd
- 20) Humeview Pte Ltd
- 21) Intrepid Investments Pte Ltd
- 22) Island Concrete (Pte) Ltd
- 23) Island Holdings Pte Ltd

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In the Court of  
Appeal in Singapore

No.34

Petition of Appeal  
lodged by Attorney  
General in Civil Appeal  
No.61 of 1983 in PC  
Appeal No.59 of 1984  
8th December 1983  
(continued)

- 24) King's Hotel Ltd
- 25) King's Tanglin Shopping Pte Ltd
- 26) Kingston Property Maintenance Services  
Pte Ltd
- 27) Lingo Enterprises Ltd
- 28) Orchid Inn (Pte) Ltd
- 29) Paradiz Pte Ltd
- 30) Sai Chieu Land Investment Pte Ltd
- 31) Singapore Credit (Pte) Ltd
- 32) Singapore Finance Limited
- 33) Singapore Nominees Pte Ltd
- 34) Singarab Construction Pte Ltd
- 35) Tripartite Developers Pte Ltd
- 36) Union Investment Holding Pte Ltd
- 37) Rheem (Far East) Pte Ltd
- 38) Wheel-On Ready-Mix Co (Pte) Ltd
- 39) Trade & Industrial Development Pte Ltd

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3. Your petitioner is dissatisfied with the said judgment on the following grounds:-

- a) the Learned Chief Justice erred in law in allowing the respondent/applicant leave to be concerned and take part in the management of the companies named in his application, save for CCC (Holdings) Limited and City Country Club Pte Ltd, without any or any sufficient reason for granting him such leave and in particular;

20

i) the Learned Chief Justice having found  
that:

a) s. 130 is a protective provision  
(pg 19 Judgment);

b) the onus is on the respondent/  
applicant to make a sufficient case for  
the court to depart from the clear  
legislative policy (pg 20 Judgment);

10

c) the offence committed by the  
respondent/applicant contrary to  
s.39(4) read with s.43 of the Companies  
Act was not a technical offence (pg 22  
Judgment);

d) the respondent/applicant pleaded  
guilty to the offence notwithstanding  
the defences available to him under  
s.39(5) of the Companies Act (pg 40  
Judgment); and

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e) the respondent/applicant knew that  
the scheme would result in enormous  
profits if the shares were sold and it  
was highly unlikely that all or a  
significant proportion of the shares  
would be taken up if a proper  
prospectus were issued thus resulting  
in a financial disaster which he wanted  
to avoid at any cost (pg 25 Judgment)

Petition of Appeal  
lodged by Attorney  
General in Civil Appeal  
No.61 of 1983 in PC  
Appeal No.59 of 1984  
8th December 1983  
(continued)

erred in law in granting the respondent/  
applicant leave to participate in the  
management of the companies and failed to  
appreciate that he had not discharged the  
onus that is on him to show why the clear  
legislative policy should be departed  
therefrom.

b) the Learned Chief Justice erred in law and  
in fact;

i) in finding that by giving leave to the  
respondent/applicant to participate in the  
management of the 39 abovenamed companies  
there would be minimal risk to the general  
public and to the interests of their  
shareholders, creditors, employees and  
others dealing with them when it is  
manifest that he has sought to use the  
corporate structure of CCC (Holdings) Ltd  
and its subsidiary to the financial  
detriment of the public and has been proven  
not to be a person who will manage  
companies in accordance with proper  
commercial standards;

ii) by failing to appreciate that by  
allowing the respondent/applicant leave to  
participate in the management of companies  
in which he and his family have a

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controlling interest this will place him in a position of immense influence with, if not control of, the respective boards of directors including boards of public listed companies;

10 iii) by failing to appreciate that the respondent/applicant did not prior to his conviction hold any managerial position in the companies named in his application and that he should apply for leave to participate in the management of these companies is consistent with the contemporary manner of conducting company affairs where directorial and managerial functions overlap to a large extent and often are altogether fused; and

20 iv) by failing to appreciate that where the interest of those that s.130 seeks to protect, would not be served by the respondent/applicant being granted leave to be director then this self-same interest would similarly not be served if he were to be granted leave to participate in the management.

ALTERNATIVELY;

c) the Learned Chief Justice erred in law in holding that the prohibition in s.130 of the

In the Court of  
Appeal in Singapore

No.34

Petition of Appeal  
lodged by Attorney  
General in Civil Appeal  
No.61 of 1983 in PC  
Appeal No.59 of 1984  
8th December 1983  
(continued)

Companies Act is disjunctive and that the courts have the powers thereunder to disallow the respondent/applicant's application for leave to be director and nevertheless grant him leave to be concerned and take part in the management.

4. Your petitioner prays that such part of the judgment whereby the Learned Chief Justice gave leave to the respondent/applicant to be concerned in or take part in the management of certain companies may be reversed.

Dated the 8<sup>th</sup> day of December, 1983.

  
FONG KWOK JEN  
for ATTORNEY-GENERAL

To:

The Registrar, Supreme Court  
Singapore and to  
M/s Khattar, Wong & Partners  
Advocates & Solicitors  
18th Storey UOB Building  
1 Bonham Street #18-01  
Singapore 0104  
for the abovenamed respondent/applicant

The address for service of the Appellant is the Attorney-General's Chambers, High Street, Singapore.



IN THE COURT OF APPEAL OF THE REPUBLIC OF SINGAPORE  
CIVIL APPEAL NO. 65 OF 1983

Between

QUEK LENG CHYE .. Appellant

And

ATTORNEY GENERAL .. Respondent

IN THE MATTER OF ORIGINATING SUMMONS NO: 135 OF 1983

In the Matter of Section 130 of  
the Companies Act, Chapter 185

Between

QUEK LENG CHYE .. Applicant

And

ATTORNEY GENERAL .. Respondent

PETITION OF APPEAL

To the Honourable the Judges of the Court of Appeal.

The Petition of the abovenamed Appellant sheweth as follows :-

1. This appeal arises from the application of the Appellant in Originating Summons No 135 of 1983 for an order pursuant to Section 130 of the Companies Act, Cap 185, that notwithstanding his conviction on the 12th day of February 1983 in the Subordinate Courts of Singapore of an offence punishable under Section 39(4) read with Section 43 of the Companies Act, Cap 185, he be at liberty to be a director or promoter of and/or to be concerned in or take part in the management of any company or companies incorporated or to be incorporated in Singapore or alternatively to be a director

.../2

In the Court of  
Appeal in Singapore

No.35

Petition of Appeal  
lodged by Quek Leng Chye  
in Civil Appeal No.65 of  
1983 in PC Appeal No.59  
of 1984  
17th December 1983  
(continued)

of and/or be concerned and take part in the management of  
the following companies :-

1. City Developments Ltd;
2. Elite Holdings Private Limited;
3. Garden Estates (Pte) Ltd;
4. Gordon Properties Pte Limited;
5. Harbour View Hotel Pte Ltd;
6. Hong Leong Corporation Limited;
7. Hong Leong Development Limited;
8. Hong Leong Finance Ltd;
9. Hong Leong Foundation;
10. Hong Leong Holdings Ltd;
11. Hong Leong Investment Private Limited;
12. Hong Leong Nominees Private Limited;
13. Hong Leong Properties Pte Limited;
14. Hong Leong-Seatran Lines Private Ltd;
15. Hong Villa (Pte) Ltd;
16. Hotel Orchid Limited;
17. Hume Gas Cylinders Private Limited;
18. Hume Industries (Far East) Limited;
19. Hume Industries Singapore Limited;
20. Humeview Pte Ltd;
21. Intrepid Investments Pte Ltd;
22. Island Concrete (Private) Limited;
23. Island Holdings Pte Ltd;
24. King's Hotel Limited;

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.../3

25. King's Tanglin Shopping Pte Ltd;
26. Kingston Property Maintenance Services Pte Ltd;
27. Lingo Enterprises Ltd;
28. Orchid Inn Pte Ltd;
29. Paradiz Pte Ltd;
30. Sai Chieu Investment Pte Limited;
31. Singapore Credit (Private) Limited;
32. Singapore Finance Ltd;
33. Singapore Nominees Private Limited;
34. Singarab Construction Pte Ltd;
35. Tripartite Developers Pte Limited;
36. Union Investment Holding Private Ltd
37. Rheem (Far East) Pte Ltd;
38. Wheel-On Ready-Mix Co (Pte) Ltd;
39. Trade & Industrial Development (Pte) Ltd.
40. CCC Holdings Pte Ltd; and
41. City Country Club Pte Ltd

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2. By an Order dated 20th day of October 1983, it was ordered that the Appellant be granted leave only to take part in the management of the undermentioned companies :-

1. City Developments Ltd;
2. Elite Holdings Private Limited;
3. Garden Estates (Pte) Ltd;
4. Gordon Properties Pte Limited;

.../4

In the Court of  
Appeal in Singapore

No.35

Petition of Appeal  
lodged by Quek Leng Chye  
in Civil Appeal No.65 of  
1983 in PC Appeal No.59  
of 1984  
17th December 1983  
(continued)

5. Harbour View Hotel Pte Ltd;
6. Hong Leong Corporation Limited;
7. Hong Leong Development Limited;
8. Hong Leong Finance Ltd;
9. Hong Leong Foundation;
10. Hong Leong Holdings Ltd;
11. Hong Leong Investment Private Limited;
12. Hong Leong Nominees Private Limited;
13. Hong Leong Properties Pte Limited;
14. Hong Leong-Seatran Lines Private Ltd; 10
15. Hong Villa (Pte) Ltd;
16. Hotel Orchid Limited;
17. Hume Gas Cylinders Private Limited;
18. Hume Industries (Far East) Limited
19. Hume Industries Singapore Limited;
20. Humeview Pte Ltd;
21. Intrepid Investments Pte Ltd;
22. Island Concrete (Private) Limited;
23. Island Holdings Pte Ltd;
24. King's Hotel Limited; 20
25. King's Tanglin Shopping Pte Ltd;
26. Kingston Property Maintenance Services Pte Ltd;
27. Lingo Enterprises Ltd;
28. Orchid Inn Pte Ltd;
29. Paradiz Pte Ltd;

.../5

30. Sai Chieu Investment Pte Limited;
31. Singapore Credit (Private) Limited;
32. Singapore Finance Ltd;
33. Singapore Nominees Private Limited;
34. Singarab Construction Pte Ltd;
35. Tripartite Developers Pte Limited;
36. Union Investment Holding Private Ltd;
37. Rheem (Far East) Pte Ltd;
38. Wheel-On Ready-Mix Co (Pte) Ltd; and
39. Trade & Industrial Development (Pte) Ltd.

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3. Your Petitioner is dissatisfied with the said Order on the following grounds :-

(1). The Learned Judge erred in law in placing too much weight on the Appellant's plea of guilty to a charge under Section 39(4) of the Companies Act (Cap 185).

(2). The Learned Judge erred in law in finding that the defences in Section 39(5) of the Companies Act (Cap 185) were available to the Appellant on a charge under Section 39(4) of the Companies Act (Cap 185).

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.../6

In the Court of  
Appeal in Singapore

No.35

Petition of Appeal  
lodged by Quek Leng Chye  
in Civil Appeal No.65 of  
1983 in PC Appeal No.59  
of 1984  
17th December 1983  
(continued)

- (3). The Learned Judge erred in law in not giving sufficient attention and weight to and not accepting the submission of the Appellant that his violation of Section 39(4) of the Companies Act was an honest mistake brought about by following professional advice.
- (4) The Learned Judge failed to give sufficient weight to the findings of the Learned District Judge who convicted the Appellant that the offence was committed without deliberation and without any element of dishonesty.
- (5). The Learned Judge erred in law in not giving sufficient attention and weight to the minimal nature of the Appellant's involvement in the scheme which violated Section 39(4) of the Companies Act.
- (6). The Learned Judge misdirected himself in not giving sufficient attention and weight to the fact that the Appellant was only acting as a nominee of Queens' Pte Ltd.
- (7). The Learned Judge erred in law in not giving sufficient attention and weight to the minimal nature of the Appellant's pecuniary interest

.../7

in CCC Holdings Ltd.

- (8). The Learned Judge misdirected himself in failing to sufficiently distinguish the Appellant's application and its special circumstances from the applications of Huang Sheng Chang, Derrick Chong Soon Choy and Ng Cheng Bok.
- (9). The Learned Judge failed to give sufficient weight to the good character of the Appellant.
- 10 (10). The Learned Judge failed to give sufficient weight to the Appellant's experience as a director in the Hong Leong Group of Companies.
- (11) The Learned Judge misdirected himself in finding that it was highly unlikely that all or a significant portion of the 2000 shares which were available to invitees under the scheme would be taken up if a prospectus in compliance with the Act were issued to each invitee, thus resulting in a situation, possibly a financial disaster to the original shareholders, which they must have wanted to avoid at any cost.

.../8

In the Court of  
Appeal in Singapore

No.35

Petition of Appeal  
lodged by Quek Leng Chye  
in Civil Appeal No.65 of  
1983 in PC Appeal No.59  
of 1984  
17th December 1983  
(continued)

4. Your Petitioner prays that the Order of the said Learned Judge be varied so as to grant the Appellant leave to be director or promoter of and/or to be concerned in or take part in the management of any company or companies incorporated or to be incorporated in Singapore or alternatively to be a director of and to be concerned and take part in the management of the following companies :-

1. City Developments Ltd;
2. Elite Holdings Private Limited;
3. Garden Estates (Pte) Ltd;
4. Gordon Properties Pte Limited;
5. Harbour View Hotel Pte Ltd;
6. Hong Leong Corporation Limited;
7. Hong Leong Development Limited;
8. Hong Leong Finance Ltd;
9. Hong Leong Foundation;
10. Hong Leong Holdings Ltd;
11. Hong Leong Investment Private Limited;
12. Hong Leong Nominees Private Limited;
13. Hong Leong Properties Pte Limited;
14. Hong Leong-Seatran Lines Private Ltd;
15. Hong Villa (Pte) Ltd;
16. Hotel Orchid Limited;
17. Hume Gas Cylinders Private Limited;
18. Hume Industries (Far East) Limited
19. Hume Industries Singapore Limited;

10

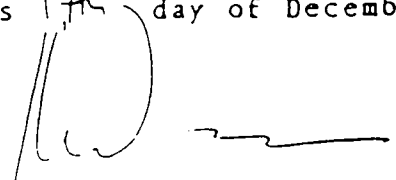
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.../9



20. Humeview Pte Ltd;
21. Intrepid Investments Pte Ltd;
22. Island Concrete (Private) Limited;
23. Island Holdings Pte Ltd;
24. King's Hotel Limited;
25. King's Tanglin Shopping Pte Ltd;
26. ~~Kingston Property-Maintenance Services Pte Ltd;~~
27. Lingo Enterprises Ltd;
28. Orchid Inn Pte Ltd;
29. Paradiz Pte Ltd;
30. Sai Chieu Investment Pte Limited;
31. Singapore Credit (Private) Limited;
32. Singapore Finance Ltd;
33. Singapore Nominees Private Limited;
34. Singarab Construction Pte Ltd;
35. Tripartite Developers Pte Limited;
36. Union Investment Holding Private Ltd;
37. Rheem (Far East) Pte Ltd;
38. Wheel-On Ready-Mix Co (Pte) Ltd;
39. Trade & Industrial Development (Pte) Ltd.
40. CCC Holdings Pte Ltd; and
41. City Country Club Pte Ltd

Dated this 17<sup>th</sup> day of December 1983.

  
SOLICITORS FOR THE APPELLANT

No.36  
PETITION OF APPEAL LODGED BY GAN KHAI CHOON  
IN CIVIL APPEAL NO.66 OF 1983 IN PC APPEAL  
NO.59 OF 1984

IN THE COURT OF APPEAL OF THE REPUBLIC OF SINGAPORE  
CIVIL APPEAL NO. 66 OF 1983

Between

GAN KHAI CHOON

.. Appellant

And

ATTORNEY GENERAL

.. Respondent

10

IN THE MATTER OF ORIGINATING SUMMONS NO: 134 OF 1983



In the Matter of Section 150 of  
the Companies Act, Chapter 185

Between

GAN KHAI CHOON

.. Applicant

And

ATTORNEY GENERAL

.. Respondent

PETITION OF APPEAL

20

To the Honourable the Judges of the Court of Appeal.

The Petition of the abovenamed Appellant sheweth as follows :-

1. This appeal arises from the application of the Appellant in Originating Summons No 134 of 1983 for an order pursuant to Section 150 of the Companies Act, Cap 185, that notwithstanding his conviction on the 12th day of February 1983 in the Subordinate Courts of Singapore of an offence punishable under Section 39(4) read with Section 43 of the Companies Act, Cap 185, he be at liberty to be a director or promoter of and/or to be concerned in or take part in the management of any company or companies incorporated or to be incorporated in Singapore or alternatively to be a director

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.../2

of and/or be concerned and take part in the management of

the following companies :-

1. Armidale Investment Pte. Ltd.
2. Citimac Pte. Ltd.
3. Hong Leong Nominees (Pte) Ltd.
4. Singapore Credit (Pte) Ltd.
5. Singapore Finance Ltd.
6. King's Hotel Ltd.
7. FLS Automation Pte. Ltd.
8. Hong Leong Finance Ltd.
9. CCC Holdings Ltd.
10. City Country Club Pte. Ltd.
11. Singapore Nominees Pte. Ltd.

10

2. By an Order dated 20th day of October 1983, it was ordered that the Appellant be granted leave only to take part in the management of the undermentioned companies :-

1. Armidale Investment Pte. Ltd.
2. Citimac Pte. Ltd.
3. Hong Leong Nominees (Pte) Ltd.
4. Singapore Credit (Pte) Ltd.
5. Singapore Finance Ltd.
6. King's Hotel Ltd.
7. FLS Automation Pte. Ltd.
8. Hong Leong Finance Ltd.
9. Singapore Nominees Pte. Ltd.

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.../3

Petition of Appeal  
lodged by Gan Khai Choon  
in Civil Appeal No.66 of  
1983 in PC Appeal No.59  
of 1984  
17th December 1983  
(continued)

5. Your Petitioner is dissatisfied with the said Order on the following grounds :-

(1). The Learned Judge erred in law in placing too much weight on the Appellant's plea of guilty to a charge under Section 39(4) of the Companies Act (Cap 185).

(2). The Learned Judge erred in law in finding that the defences in Section 39(5) of the Companies Act (Cap 185) were available to the Appellant on a charge under Section 39(4) of the Companies Act (Cap 185).

(3). The Learned Judge erred in law in not giving sufficient attention and weight to and not accepting the submission of the Appellant that his violation of Section 39(4) of the Companies Act was an honest mistake brought about by following professional advice.

(4) The Learned Judge failed to give sufficient weight to the findings of the Learned District Judge who convicted the Appellant that the offence was committed without deliberation and without any element of dishonesty.

(5). The Learned Judge erred in law in not giving sufficient attention and weight to the minimal nature of the Appellant's involvement in the scheme which violated Section 39(4) of the Companies Act.

~~(6). The Learned Judge misdirected himself in not~~  
giving sufficient attention and weight to the fact that the Appellant was only acting as a nominee of Queens' Pte Ltd.

10

(7). The Learned Judge erred in law in not giving sufficient attention and weight to the minimal nature of the Appellant's pecuniary interest in CCC Holdings Ltd.

(8). The Learned Judge misdirected himself in failing to sufficiently distinguish the Appellant's application and its special circumstances from the applications of Huang Sheng Chang, Derrick Chong Soon Choy and Ng Cheng Bok.

20

(9). The Learned Judge failed to give sufficient weight to the good character of the Appellant.

.../5

In the Court of  
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1983 in PC Appeal No.59  
of 1984  
17th December 1983  
(continued)

(10). The Learned Judge failed to give sufficient weight to the Appellant's experience as a director in the Hong Leong Group of Companies.

(11) The Learned Judge misdirected himself in finding that it was highly unlikely that all or a significant portion of ~~the 2000~~ shares which were available to invitees under the scheme would be taken up if a prospectus in compliance with the Act were issued to each invitee, thus resulting in a situation, possibly a financial disaster to the original shareholders, which they must have wanted to avoid at any cost.

4. Your Petitioner prays that the Order of the said Learned Judge be varied so as to grant the Appellant leave to be director or promoter of and/or to be concerned in or take part in the management of any company or companies incorporated or to be incorporated in Singapore or alternatively to be a director of and to be concerned and take part in the management of the following companies :-

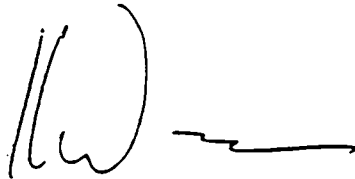
1. Armidale Investment Pte. Ltd.
2. Citimac Pte. Ltd.
3. Hong Leong Nominees (Pte) Ltd.
4. Singapore Credit (Pte) Ltd.

.../6

Petition of Appeal  
lodged by Gan Khai Choon  
in Civil Appeal No.66 of  
1983 in PC Appeal No.59  
of 1984  
17th December 1983  
(continued)

5. Singapore Finance Ltd.
6. King's Hotel Ltd.
7. FLS Automation Pte. Ltd.
8. Hong Leong Finance Ltd.
9. CCC Holdings Ltd.
10. City Country Club Pte. Ltd.
11. Singapore Nominees Pte. Ltd.

Dated this 17<sup>th</sup> day of December 1983.

A handwritten signature in black ink, consisting of a large, stylized initial 'W' followed by a horizontal line extending to the right.

SOLICITORS FOR THE APPELLANT

SUBMISSION ON ATTORNEY GENERAL'S APPEAL  
(SKELETON ARGUMENTS) IN PC APPEAL NO.59  
OF 1984

- A.G. v   1.   Huang Sheng Chang  
          2.   Derrick Chong Soon Choy  
          3.   Gan Khai Choon  
          4.   Quek Leng Chye
- 

SUBMISSIONS ON ATTORNEY-GENERAL'S APPEAL

These four appeals lie against the decision of the Learned Chief Justice granting the Applicants/ Respondents' leave to participate in the management of the respective companies named in their applications save for CCC (Holdings) Ltd and City Country Club Pte Ltd. Their applications for leave to be directors were denied and are subject to cross-appeals by the Respondents.

10

2           The Respondents together with one Ng Cheng Bok were each convicted on a charge that they being directors of CCC (Holdings) Ltd in April and May 1982 caused documents to be sent out, offering for sale shares in CCC (Holdings) Ltd to the public and these documents are deemed to be prospectuses issued by the company by virtue of s.43 C.A. and the documents do not comply with the requirements of the C.A. which is an offence punishable under s.39(4) read with s.43 of the Act.

20



3           Additionally, Huang and Chong were, on the same facts, each convicted on a charge for an offence contrary to s.363(5) C.A.. The same charge was taken into consideration in the case of the Quek and Gan. The Applicants' solicitor, a Mr Winston Chen, was charged for abetting them and he, as with the Applicants, pleaded guilty and was convicted.

          Huang, Quek and Gan were prominent businessmen in Singapore. Huang was at the time of his conviction,  
10 Chairman of Diner's Club Singapore Pte Ltd, a company that ran the Singapore operation of a well-known credit card by the same name. He was also Chairman of Orchard Hotel Singapore Pte Ltd which owned the Orchard Hotel.

5           Quek and Gan come from a prominent business family associated with the Hong Leong Group of companies. The Group's business interest range from Singapore to Hong Kong. Gan was a director of some nine companies in that Group including Singapore Finance Ltd and Hong Leong Finance Ltd. He was also Group General  
20 Manager of Hong Leong Finance Ltd, one of the leading companies in the Hong Leong Group.

          Quek was a director of some 39 companies in that group including Singapore Finance and Hong Leong Finance. The list of companies of which he was a

director is an impressive list indeed including all the key companies of that group in Singapore.

Chong was at one time Manager of the American Club.

### FACTS

6 In a nutshell, Huang and some members of the Quek family together with Chong and one Ng Cheng Bok entered into a business venture to form a proprietary club. The company we now call CCC (Holdings) Ltd was incorporated for this purpose. Chong, on whom the others relied for expertise in club management, was given 10% equity in the Company.

10

7 In the venture, largely financed by Hong Leong Finance Ltd, CCC (Holdings) Ltd (then called City Country Club Pte Ltd) bought a piece of land at Stevens Road and proceeded to develop club premises on it. At the time of the offence, building works on it had started for a little while.

8 The Applicants who had hopes of realising very substantial profits from the venture, not unnaturally, sought professional advice on the best means to avoid tax. In consultation with their solicitor, Winston Chen, the Applicants were advised that the profits which they expect from the venture would be given the lowest

20

exposure to tax if they realise their investment by selling shares of CCC (Holdings) Ltd to those who want to be members of the Club. This, unfortunately for them, raised another issue.

9           As early as October 1980, Wardley Ltd, a merchant bank, advised that if the scheme involved the sale of shares, a prospectus would be required. There is ample evidence that the prospectus requirement of the Companies Act continued to vex and bedevil the Applicants and their solicitor. There are several documents before the Court which reflect the dilemma of the Applicants. A dilemma solely of their own creation. In the course of this appeal, these documents will no doubt be much referred to. The Applicants wanted to sell shares to avoid tax but to sell shares to an anticipated 2,000 persons, the law requires them to issue a prospectus. A prospectus would disclose the value of the shares offered. It would contain an audited account of the company showing its assets and liabilities. It would show how the assets were valued. It would show to whom the proceeds of the sale would go to. It would disclose the share capital of the company and the number of shares which were issued and whether they were fully-paid, only partially paid or nil paid. It would require disclosure on the manner in which the company proposed to finance the total cost of the

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development of the Club, the extent of its loans from Hong Leong Finance and how the company proposed to repay the loans and interest.

10           In November 1981, it was decided that each share with a par value of \$5,000 would be sold at \$30,000. When the shares were offered, the net tangible asset backing of each share was \$7,374. Shares were eventually offered (as decided earlier) at \$30,000 each. In addition, the individual buyer was required to pay another \$2,000 couched in the form of an entrance fee to a non-existent club which payment was in effect an option to purchase the shares. In the words of the learned Chief Justice

"it was a scheme which he (Huang) and all the others involved in it knew, if the projected 2,000 invitees were persuaded to apply for membership and take a share each in the holding company, this would result in enormous profits (some tens of millions) from these invitees. It was highly unlikely, to put it at its lowest, that all or a significant portion of the 2,000 shares which were available to the invitees under the scheme would be taken up if a prospectus in compliance with the Act were issued to each invitee, thus resulting in a situation, possibly a financial disaster to the original shareholders, which they must have wanted to avoid at all cost."

The Respondents failed to issue a proper prospectus, not because they were ignorant, they had in fact been advised of the need for a proper prospectus. The question was raised time and time again with them and discussed with Solicitors, Merchant Bankers and Accountants. Their solicitor had sought and obtain Silk's advice. They, nonetheless, obstinately pursued a course which ran them foul of the law because they did not want to disclose to potential buyers that the shares were being offered at an exorbitant price. They did not want to disclose that they, the vendors, would realise \$30 million profit from the sale of 2,000 shares and continue to hold 50% of the equity of the company.

(See Teng Chong Kwee's affidavit filed on 15 March 1983).

#### S.130 PROTECTIVE

S.130 is a protective and not a punitive provision. It is designed to protect the public and to prevent corporate structures from being used to the financial detriment of investors, shareholders, creditors and other persons dealing with companies. Corporations are artificial persons the law allows one to create to enable the pooling of resources by investors for business. Ordinary investors have little control over their investments in their company. Their money is under the control of those controlling the company - the directors and managers. The limited

liability privilege which is given to corporations limited by shares is to protect ordinary shareholders and encourage investments. The directors and managers have an advantage over everyone else. They have access to information about their company. They know the strength, weakness, well-being and worth of the company. An ordinary person, outsider or even a shareholder can only rely on disclosures made by directors and managers. It is a scheme of things which has worked well. It has permitted the undertaking of enterprises, the size of which would be beyond the means of any single individual. But, unfortunately, it is not without faults. There always remain a danger that limited liability and access to information not available to others, give scope to those in control of the companies to use the corporate structure to the financial detriment of the ordinary man. To safeguard against this the law lays down stringent provisions requiring candid and honest disclosure of information by way of prospectuses, annual accounts, directors' reports and others. In this scheme of things, it is essential that directors and managers are persons of integrity. Persons who will inform the ordinary man candidly and honestly. The whole thrust of the Companies Act in this regard, places reliance upon the officers of the company acting honestly in relation to the company's affairs, keeping proper records of such

affairs, and disclosing relevant information candidly and honestly. The purpose is clear and that is to keep shareholders, prospective investors, creditors and others outside the management informed about the affairs of the company and ensure thus that their interest is not jeopardised.

13           S.130 is a clear expression of legislative policy that anyone convicted of an offence falling within the section is unsuitable to be involved in company affairs. Such persons are deemed for a period of 5 years not to have the appropriate standard of commercial morality to be trusted in the management of corporate affairs. This clear legislative policy is not to be lightly disregarded or defeated.

14           The Chief Justice in his judgment accepted these principles. He accepts that s.130 is a protective provision and that the onus is on the Applicants to make a sufficient case for the court to depart from clear legislative policy. He found that the Respondents unlawfully wanted to avoid the issuance of a proper prospectus (pages 22, 23, 28, 35 to 35, and 40 G/D) because to so do would make disclosures that would result in the shares being unmarketable and lead to a financial disaster to them.

15            These findings are amply supported by the evidence before him and points only to one thing, namely, that the Applicants are persons of doubtful commercial morality, precisely, the sort of persons who cannot be trusted to manage corporate affairs candidly and honestly. They had sought to reap an enormous profit by wilfully failing to disclose information which the law requires them to publish. He rejected the Applicants' contention that they had acted honestly and can foul of the law only because they were wrongly advised. 10

WRONG TO ALLOW THE APPLICANTS TO MANAGE

16            The learned Chief Justice, when he gave the Applicants leave to participate in the management of their respective companies, made a two-fold error. Firstly, having found that they had contravened the C.A. deliberately, he failed to appreciate that they have not discharged the onus that is on them to show why they should each be an exception to the legislative policy. Secondly, he failed to appreciate that by allowing them to participate in the management, he has given the Applicants the opportunity to drive from the back seat. 20

17            A person can participate in the management of a company in two ways - (1) as a director, and (2) as an employee of the company. Under the company law in



Singapore, articles of almost every, if not, every company have provisions similar to paragraph 74 of the 4th Schedule of the Companies Act, vesting management of the business in the directors.

18           With this power, the directors are free to manage the business as they deem fit. To assist them in the management of the business, they employ people in the managerial positions. The employees who are in managerial positions have as much power in the manage-  
10 ment of the company as may be given to them by the board of directors. They, as with the directors, are placed in a position where they are not without opportunity to manipulate the corporate structure to their own interest.

HUANG

19           I would refer to the companies in which Huang was given leave to participate in the management. Huang was allowed to participate in the management of a wide ranging set of companies, 15 in all. Of these  
20 companies, six (the Group A companies) were either wholly owned by him and his family or in respect of which they were the majority shareholders. In the other seven companies (the Group B companies) he and his family were substantial shareholders with sufficient shareholdings to have a great influence in these

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companies. Though they are private companies, many of them are sizeable companies whose business range from the credit card business to hoteliers and travel industry and include several investment holding companies. There is every danger that being allowed to participate in their management, he will manipulate these companies behind the corporate veil to his own advantage as he has done in CCC (Holdings) Ltd.

QUEK

20        Quek Leng Chye was given leave to manage even a larger group of companies. They include four public listed companies (see affidavit of Sia Suat Hwa filed on 9 March 1983). Not only that, there are three companies, Hong Leong Corporation Ltd, Hong Leong Holdings Ltd and Hong Leong Investment Holdings Ltd with paid-up share capital of \$35 million, \$51.175 million and \$14 million, respectively. These are holdings companies of his family. These three companies by their shareholdings and their subsidiaries' shareholdings, control the four public listed companies. There are nine other companies with sufficient paid-up share capital to qualify for listing. The remainder of the companies in the list of 39 are in one way or another tied up in a financial empire controlled by Hong Leong Investment Holdings Ltd, Hong Leong Corporation Ltd and Hong Leong Holdings Ltd. By giving him leave to be

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20

involved in the management of these companies, would endanger the interest of those who have invested or may invest or otherwise have dealings with them. The Hong Leong corporate group is immense and inter-locking and the corporate veil in that financial empire gives ample room for anyone without an impeccable character or integrity, untold opportunities to manipulate things to his own advantage.

GAN

10 21 Gan Khai Choon though he did not play such a large role in the financial empire as Quek Leng Chye, nonetheless, played a very important role. With the order of the learned Chief Justice, he can now resume his position as Group General Manager of the Hong Leong Finance Ltd and resume control of the management of this financial institution. A very large financial company whose paid-up share capital ranks among the biggest of financial institutions in Singapore including banks. There would in effect be no change to his position  
20 before the case.

22 By allowing Huang, Quek and Gan to participate in the management of these companies, all three collectively would have tremendous influence with the boards of these companies. Their influence stem from the very fact that the interest they represent is the

controlling interest in the companies. They would wield as much influence as they would have as directors. The only difference is that they cannot formally vote at board meetings. Even then it does not take too much imagination to foresee a situation where nominee directors on the board will vote at their behest and obviate any difficulties. As it is, the boards of seven public companies have passed resolutions saying that they would welcome Quek back with open arms (see Chan Kim Kum's affidavits). So have the boards of King's Hotel Ltd, Singapore Finance Ltd and Hong Leong Finance Ltd with regard to Gan. Such is their influence. If it is not in the public interest to allow them to be directors then it cannot be in the public interest to allow them to participate in management of companies where their influence will be as powerful and as pervasive.

23           Quek and Gan in particular have interests, direct, or indirect, in all the companies. Directorships on the Board of which they have now been denied. By allowing them to participate in the management of these companies, such denial would be neutralised. Their interest, coupled with that of other members of the Quek family would be such that by allowing them to remain on the management would be tantamount to reinstating them as directors of these various

companies. They would have every opportunity to pressurise the directors into agreeing to management decisions taken by them, and the directors would not be in a position to resist their influence. If they are not allowed to participate in the management, they as shareholders would not be able to interfere in the management which is vested in directors. Furthermore, if they as shareholders attempt to influence the management of the company, they would be in violation of s.130 of the Companies Act.

10

24 I now turn to the decision of re :

Magna Alloys & Research Pte Ltd  
T ACL 203

The applicant, Dunton together with one Richardson and another who were directors of five privately owned companies were convicted on a corruption offence. They have conspired to corrupt employees of clients doing business with them. This group of companies in which the applicants were directors consist of five private companies with two holding companies which held shares in three trading companies called Magna Alloy, Delta and Cygnus.

20

Applicant Dunton was closely associated with Richardson who

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had a large interest in all five  
companies.

The Court recognised the danger  
that if Dunton was allowed to be a  
director, he would be regarded by  
the others as speaking not only  
for himself but for Richardson as  
well. He was allowed to take part  
in the management only of the  
trading companies and then on the  
condition that the boards of those  
companies are constituted of  
persons independent of Richardson.

10

The learned Chief Justice failed to recognise  
this danger emphasized in Magna Alloys in allowing Quek  
and Gan to continue in the management of the Hong Leong  
Group of Companies.

CHONG

25 Chong, as with the others, was a director of  
CCC (Holdings) Ltd. He was aware of the prospectus  
requirement of the C.A. As with all the other  
directors (page 28 G/D) he was present during the  
meeting on 18 September 1981 where Winston Chen  
discussed with the directors the prospectus question.

20

He was also present during the meeting on 17 November 1981 where instructions were given to Winston Chen that if Lee Theng Kiat was of the opinion that a prospectus is required, the scheme needs rethinking (S/F para 18, HS-3). Together with the others, he went along because the pickings were too good. The expected profit was tremendous. He had the same responsibility as the other Applicants in ensuring compliance with the C.A. and his failure to do anything or raise any objection against the course of action which ran them foul of the law puts him in the same category as all the others. It is no mitigation nor does it throw his character in any better light by the mere fact that he had less say in the matter compared with the others. His responsibility was the same and the fact that he went along willingly for gain regardless of the requirement of the law, makes him as unsuitable to manage companies as all the others.

ONUS NOT DISCHARGED

26 The second error made by the learned Chief  
Justice was his failure to appreciate that the  
Applicants without exception have not discharged the  
onus that is on each of them to show why notwith-  
standing their conviction they should be granted leave  
to participate in the management of companies. Leave  
can only be granted when an applicant has shown that

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despite his conviction his suitability to continue involvement in companies has not been impugned.

27 Each of the four Applicants has attempted without success to show that he had acted honestly and without deliberation and was led into the commission of the offence by his solicitor. On the contrary, the finding of the learned Chief Justice ~~was that they had~~ unlawfully failed to issue a proper prospectus because they did not want to disclose how unattractive was the price that they were asking for the shares. Their failure was deliberate and wilful. It was convenient and advantageous for them to contravene the Act and they did so. They wanted the inordinate profits that would flow from their non-compliance with the law.

10

28 The facts before the Chief Justice show clearly that not only have they failed in discharging the onus that is upon them, the Applicants were clearly shown to fall within the category of persons whom legislature has seen fit to bar from involvement in companies. As they have not discharged the onus that is upon them to show they come within the exception, it was wrong for leave to be given them to participate in the management of companies. They sought inordinate profits at the expense of the public by deliberately concealing relevant facts the law required them to disclose. This

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shows a lack of honesty in the Applicants and the public must be given the protection designed by the Act for their benefit. Any person who has shown such unwillingness to abide by the minimum requirements of the disclosure is prime facie unsuitable to be involved in companies. Here the extreme lengths to which the Applicants went in their efforts to obviate the requirements of the law cannot but confirm the unworthiness and lack of integrity - even that modicum  
10 the law seeks to ensure for the public interest - the Applicants were quite determined not to disclose. Witness the time and discussions with various experts spent nearly 2 years of consultation culminating in the quite shameful deception practised upon the Assistant Registrar of Companies Lee Theng Kiat.

29 After obtaining the Asst. Registrar's views they all preferred his views to that of a leading Silk notwithstanding the fact that Lee Theng Kiat the Asst. Registrar was only at that time a mere 4 years away from  
20 law school.

30 Their reply in gist : We were misled - left everything in the hands of Winston Chen.

CANNOT be true :

(a) Wardley Consulted.

(b) David Bennett QC.

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(continued)

- (c) BOTH had advised ISSUE PROSPECTUS
- (d) one before and the other after Winston Chen.
- (e) Even Winston Chen after Bennett's advice received - clearly of view prospectus needed.
- (f) Yet they embarked upon their plan to get ROC's blessings "for exemption".
- (g) Letter to Lee Theng Kiat approved in its draft which was never changed by Huang and Derrick Chong.
- (h) Gan and Quek both approved of approach being made to ROC.
- (i) Some 2 years spent in scheme - to deceive public - offer them shares at inflated values by getting round prospectus requirements - thought they at last succeeded with Lee Theng Kiat's opinion.
- (j) CANNOT be believed in their defence of blaming. Winston Chen - PRINCES of business you have heard listed out to you the various companies these men head or are the directing minds of. Will they blindly listen to Winston Chen a self-confessed 3rd lawyer and to the extent of obeying him in flouting the law - these are people who know of the requirements, ample evidence to prove this. Huang had earlier in other matters

10

20

and companies made abortive attempts to offer shares to the public - all had been advised by Wardley and Bennett and Winston Chen re: law relating to prospectus - yet they were determined to make their offer sine compliance. THEY and they alone must NOW be gentlemen enough to say culpa mea but are they made of such stuff they claim to be - men of integrity when they so disclaim all responsibility?

10

31 At the end of the 2 year effort at obviating the law - the sum total of their achievements:- Advice from Wardleys and Advice from Bennett QC. BOTH accepted leaders in their field of expertise on the one hand Lee Theng Kiat's opinion obtained on facts misrepresented to the Registrars - misrepresentation of which was known to at least Huang and Derrick Chong - documentary evidence to this effect - Yet these men of business preferred the Registrar's view - an inexperienced 4 year old lawyer  
20 who had only been less than a year been at the Company Registry. Even if Winston Chen had so advised them they must now bear the responsibility for foolishly taken such advice in the face of conflicting opinions from others more learned and experienced.

In the Court of  
Appeal in Singapore

No.37

Submission on Attorney  
General's Appeal (Skeleton  
Arguments) in PC Appeal  
No.59 of 1984  
Undated  
(continued)

32            These claims - perfect defence to criminal charges they faced before District Judge. Yet they all including their lawyer pleaded guilty. They were all represented by Silks and able advocates and solicitors the best money could buy at their trial - yet they accepted the Statement of Facts read out in Court. CANNOT be allowed to resile from their case. Dishonest of them to seek to do so now. These affidavits arguments in support cannot be confirm their lack of integrity unsuitability.

Civil Appeals Nos. 65 and 66 of 1983

QUEK LENG CHYE/GAN KHAI CHOON V A.G.

FACTS.

Basic facts not in dispute. AG has not sought to  
cross-examine Quek or Gan or others who swore  
10 affidavits for them. Nor do any of the affidavits  
filed by AG dispute facts alleged by Quek and Gan.

Facts relating to Quek and Gan similar except that  
Gan was even less involved in the venture than Quek,  
I will submit by reference to the evidence in Quek's  
application and draw attention to areas where Gan was  
not involved.

Quek and Gan were charged in District Court for  
following offences :-

- a) 2 charges under S.366 of the Companies Act
- b) 1 charge under S.39(4)
- c) 1 charge under S.393(3)

20 Prosecution withdrew the 2 charges under S.366 in  
respect of both Quek and Gan and they were acquitted  
of those offences.

In the Court of  
Appeal in Singapore

No.38

Submission on Quek Leng  
Chye and Gan Khai Choon's  
Appeals (Skeleton Argument)  
in PC Appeal No.59 of 1984  
Undated  
(continued)

tender certified copies of all charges - public  
record.

Certified true copy admissible under S.79 Evidence  
Act Cap 5.

Quek and Gan pleaded guilty to the charge under  
S.39(4) and consented to the charge under S.363(3)  
being taken into consideration.

Applicants admitted facts attended by the Prosecution  
pursuant to their plea of guilt. Applicants have not  
in the course of these proceedings for leave to be  
directors sought to challenge those facts.

10

Will highlight following paragraphs in statement of  
facts :-

*para 5.*

Para 7 6 Sept 1979 - Quek had been involved in the  
negotiations for sale of the property to CCC  
and in the negotiations of the  
re-incorporation Agreement but this is the  
first time that Gan came into the picture.

Para 9 Winston Chen was involved as Huang's  
solicitor from initial stage.

20

Para 12 It was Huang who consulted Wardley. No  
allegation that Quek and Gan knew or were  
informed about this.

Para 13 No suggestion that Huang's instructions to  
Winston Chen were after consultation with  
Quek and Gan. In fact clear that Huang was  
acting quite independently as he changes  
instructions to Winston Chen without  
consultation with Quek and Gan.

10 Refer to para 9 of affidavit of Quek filed on 28.2.83. ✓  
para 10 →

Para 14 Meeting of 18 Sept 1981 with Peat Marwick &  
Mitchell where Steven Oliver's (tax) scheme ✓  
was discussed in detail.

It would be relevant to examine this scheme in a  
little detail as it would explain a comment that  
Quek

made at a subsequent meeting (17.11.81)

(para 18) which has been relied upon by the AG as  
showing that Quek and the other directors exerted  
20 pressure on Winston Chen not to have a prospectus. ✓

Refer to para 5 of Quek's affidavit (16.3.83)

Quek had doubts about tax scheme but was prepared  
to go along.

Peat Marwick & Mitchell also had reservations. ✓

Refer to Steven Oliver's tax scheme -

Submission on Quek Leng  
Chye and Gan Khai Choon's  
Appeals (Skeleton Argument)  
in PC Appeal No.59 of 1984  
Undated  
(continued)

The first proposal that Steven Oliver rejected is  
the proposal that Quek favoured because Quek had  
doubts if tax scheme would be successful.

Steven Oliver himself had reservations because of  
Hong Leong being a developer - ✓

It was at meeting of 18 Sept 1981 that Quek and  
Gan were first aware that Winston Chen was  
looking into the question of prospectus. ✓

Refer to para 6 of Quek's affidavit (16.3.83)

Para 15 ) Quek and Gan ✓

Para 16 ) not - refer to 2nd half of para 8 of Quek's affid ✓ 10

Para 17 ) involved

Refer to para 7 of Quek's affidavit (16.3.83)

para 8 ↗

Para 18 - Meeting of 17 Nov 1981 ✓

Gan was not present at this meeting.

This is the meeting described by the AG as a  
"crucial meeting" - AG drew reference  
to the remark in note 3 of Attachment F

"All agreed if scheme works well and good.

If not we have tried. 20

QLC has doubts on scheme but says go ahead."

And then AG referred to para 4 :

"Explained that I am meeting Lee Theng Kiat  
this afternoon to seek his views on



prospectus. If views adverse scheme needs  
re-thinking..... "

AG submitted that these remarks show that the  
directors were trying their best not to have a  
prospectus and if ROC rules that prospectus was  
required they would have to rethink the scheme.  
He submitted that the reason they did not want a  
prospectus was that if a prospectus was issued  
all information relating to assets of the Company  
would have to be given and this would (adversely)  
affect the marketability of the shares.

The Statement of Facts gives very little details  
of this "crucial" meeting. It is only from the  
affidavit of Quek that we can learn more. The  
affidavits of Quek and Gan have not been  
challenged.

Refer to para 7 <sup>next</sup> Quek's affidavit

<sup>the</sup> Purpose of meeting was to discuss Steven Oliver's  
tax avoidance scheme.

20 Refer to QLC-7

Winston Chen's summary of Steven Oliver's scheme-  
contemplates the issue of a prospectus.

the letter which Winston Chen sent to S C Huang  
(not to Quek or Gan) also envisages a prospectus  
- para 16 of Facts Pg 155 and para 8 last line  
Quek's affidavit Pg 414

Summary also contemplates exemption from

Submission on Quek Leng  
Chye and Gan Khai Choon's  
Appeals (Skeleton Argument)  
in PC Appeal No.59 of 1984  
Undated (continued)

prospectus submit that this is merely a wrong interpretation of the ROC's power under S.39A. Summary also contemplates obtaining confirmation from ROC that :

- a) the prospectus need not state the price per share
- b) the prospectus need not state the requirements of S.39(i)(f) namely that no share will be allotted 6 months after the date of prospectus.

10

Submit that in the context of the whole tax avoidance scheme as set out in QLC-7 and discussed that day (17.11.81) the remarks noted by Winston Chen (Pg 180) on which the AG relied so heavily (Pg 30) are completely understandable and innocuous.

"All agreed if scheme works well and good.

If not we have tried."

is but the expression of hope by the meeting that the tax avoidance scheme they were about to work will be successful.

20

"QLC has doubts on scheme but says go ahead."

is but a record of the feeling of the meeting that if the (tax) scheme works - well and good - if not we have tried.

And Quek consistent with his earlier position

saying he has doubts on scheme but says go ahead.

Quek regarded the meaning of this note as so self-evident that in his affidavit (filed before AG's submission) he did not even advert to this note. Fortunately however AG has filed an affidavit from Supt Abu Bakar Moosa wherein in answer to question by Moosa on what his doubts about the scheme were Quek replied :

"My doubt was on the tax scheme. I did not believe we could avoid tax"

10

In other parts of the statement to Moosa Quek expressed the same view - Para 10 pg 453  
- Para 18 pg 456

Submit that note

"Explained that I am meeting Lee Theng Kiat this afternoon to seek his views on prospectus. If views adverse scheme needs re-thinking."

is again in the context an entirely innocuous note not capable of the sinister connotation placed on it by AG.

20

Refer to Para 9 and 10 of Quek's affidavit.

If a prospectus was required and exemption not given in respect of the two matters referred to

Submission on Quek Leng  
Chye and Gan Khai Choon's  
Appeals (Skeleton Argument)  
in PC Appeal No.59 of 1984  
Undated (continued)

in para 9 Pg 429 then the directors would be in a  
problem.

They had wanted to keep the price flexible and  
sell the shares in batches over a period of  
time. How could they do this if ROC did not  
grant the necessary exemption? If exemption not  
granted there would be a problem and the scheme  
would have to be re-thought - hence Winston  
Chen's note

"if view adverse scheme needs re-thinking"

10

I submit that there is absolutely nothing  
incriminating in this note. On the contrary it  
reflects a group of business men discussing their  
plans with their lawyer and trying to ensure that  
what they did was in full compliance with the law.

Quek also gave explanation for this note in his  
statement to Moosa

Refer to Pg 456/457 para 20.

I would point out here that the discussion at the  
meeting envisages that there would be a  
prospectus although, if exemption is granted, the  
prospectus would not contain

20

- a) share price
- b) need not be limited to 6 months

There is no mention of limiting invitations only

to friends and thereby trying to avoid having to  
issue a prospectus. That idea appears to have  
been formed subsequent to this meeting.

Para 19 Quek (and Gan) did not know what transpired  
between Winston Chen and ROC nor did they  
receive copy of letter to ROC.

Para 20 Also not matters that Quek and Gan not aware  
of.

10 Para 21 This was when Quek and Gan learnt that they  
could proceed without a prospectus. Winston  
Chen advised that invitations should be  
limited to friends. Quek and Gan  
scrupulously complied.

Refer to para 10 and 11 Quek's affidavit  
(28.2.83) Pg 88 Pt I

Para 28 Meeting on 22 Feb 1982 at Shook Lin & Bok  
attended by promoters and Peat Marwick &  
Mitchell.

Refer to Para 22 of Quek's affidavit (16.3.83)

20 where Peter Chi had asked "Don't you require a  
prospectus?" and had been satisfied with Winston  
Chen's reply that he had obtained approval of ROC  
for shares to be sold without a prospectus.

Submission on Quek Leng  
Chye and Gan Khai Choon's  
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in PC Appeal No.59 of 1984  
Undated (continued)

Para 32 Meeting on 30 Mar 1982. Directors submitted names of friends whom they thought were suitable persons for membership.

Quek had 10 names

Gan had 23 names and one company.

Refer to para 10 last line and para 11 of Quek's affidavit pg 88.

If intention in not having prospectus was to conceal vital information from public and mislead them to buy shares (as AG admitted at Pg 30 and as CJ implies at pg 57) would the directors have given the names of close personal friends, bankers etc.

10

Those are facts of the case. It is in summary a story of a number of enterprising businessmen entering into a new area of business; consulting the senior partner of a very reputable firm of solicitors on the legal requirements; following that advice and ending up not only with having convictions recorded against but worse not being able to be directors of companies for a period of 5 years. And in so far as Quek and Gan are concerned they had hardly any personal interest in the business and were merely acting as the nominees of one of the shareholders.

20

CJ's Judgment

No criticism from pg 33 right up to pg 53 wherein CJ recites the facts and the law. This is to be expected as facts have never been in dispute. It is to be noted that in outlining the facts CJ is careful to distinguish the parts played by each of the directors in the promotion of the venture.

Going on to the part CJ deals with Gan. (Pg 62)

Again there is no criticism of the CJ's recital of Gan's role.

10 Refer to pg 62, 63, 64, 65 and 66.

Having recited the facts particular to Gan and presumably having accepted them CJ goes on to say at pg 67 :

20 "It is significant in the light of the provisions of S.39(5) and the mandatory disqualification provisions of S.130 that Gan who was represented by counsel pleaded guilty to the charge he faced under S.39(4). Furthermore, he has no personal beneficial interest in CCC (Holdings) Ltd or City Country Club Pte Ltd and is on their Board as a nominee of Queens Pte Ltd. Accordingly, I reject Gan's application to be a director of and/or to be concerned in and take part in the management of CCC (Holdings) Ltd and City Country Club Pte Ltd."

It would appear therefore that the only reason why CJ refused Gan's application to be a director was that Gan had pleaded guilty to the offence in spite of the defence provided in S.39(5).

This is the same reason that CJ gives for dismissing Huang's application where at Pg 55 he says :

"the only inference that can be drawn from Huang's plea of guilt is that he could not plausibly put forward a defence based on S.39(5)"

Flaws in CJ's Judgment :

10

1. Although he does not say so specifically in dealing directly with the applications of Gan and Quek it is clear that in rejecting their application the CJ has been influenced by the AG's submission (at Pg 30) that the notes recorded

by Winston Chen of the meeting held on 17 Nov 1981 showed that the directors wanted to avoid a prospectus at all costs. AG drew adverse inferences

on Note 3 and Note 4.

20

Pg 180

AG read Note 3 "QLC has doubts about scheme but says go ahead" as indicating that QLC had doubts about scheme to sell shares without a



prospectus. There is no evidence whatsoever to support such a finding. In fact all the evidence shows that note 3 is a reference to the doubts that existed about the viability of Steven Oliver's tax avoidance scheme.

AG read note 4 "If (ROC's) views adverse scheme needs re-thinking as showing that applicants wanted to avoid prospectus at all costs and the AG submitted that the reason for directors not  
10 wanting a prospectus is that marketability of the shares would be affected if the assets of the Company were disclosed. Again there is not only no evidence to support such a finding but all the evidence show that that record only indicates that if in the prospectus details as to price has to be given and if the prospectus can be valid for only six months then the scheme needs re-thinking. A perfectly innocuous statement.

In dealing with Huang's application the CJ says  
20 at Pg 57 :

"It was a scheme which Huang and all the others in it knew, if the projected 2,000 invitees were persuaded to apply for membership and take a share each in the holding company, would result in enormous profits (some tens of millions) from these invitees. It was highly unlikely, to put at

its lowest, that all or a significant  
portion of the 2,000 shares which were  
available to invitees under the scheme would  
be taken up if a prospectus in compliance  
with the Act were issued to each invitee,  
thus resulting in a situation, possibly a  
financial disaster to the original  
shareholders, which they must have wanted to  
avoid at all costs."

There is no evidence on which the CJ could have  
made these findings.

10

The evidence only shows that a prospectus was not  
issued because the lawyer advising the promoters,  
after discussions with the ROC, had advised the  
promoters that if the invitations to buy shares  
were extended only to their friends then that  
would not be an offer to the public and a  
prospectus would therefore not be required.

If perchance Winston Chen misled the ROC my  
clients were not party to the deception and knew  
nothing of what transpired between Winston Chen  
and the Registrar there is no evidence that Quek  
and Gan or the other directors deliberately did  
not want to issue a prospectus in order to avoid  
any financial disaster that will result if a  
prospectus in compliance with the scheme were

20

issued.

The CJ has not only made the finding without there being evidence to support it but has not taken into account direct evidence to the contrary that is on the record.

Refer to Supplementary Affidavit (9.3.83) of Henry  
Soh filed by AG. Pg 387

Meeting on 11.5.82 at Shook Lin & Bok between  
promoters, solicitors and Merchant Banker.

Pg 390

10 Refer to para 5, 6. at Pg 391

S C Huang wants to proceed with filing of a prospectus as soon as possible in spite of ROC's suggestion to hold on to the matter for a few months.

2. In making the finding that the directors wanted at all costs to avoid issuing a prospectus in compliance with the Act because by doing so it was highly unlikely that all or a significant portion of the 2,000 shares would be taken up the  
20 CJ was in effect saying that the directors wanted to sell the shares to the public but did not wish to have a prospectus because they wished to conceal from the public the true state of affairs of the Company.

Submission on Quek Leng  
Chye and Gan Khai Choon's  
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In making such a finding the CJ has failed to recognise that Quek, Gan and the other directors have been acquitted of the very offence which such a finding would have constituted.

Refer to DAC 4399 and 4400

Gan and Quek faced two charges under S.366. The Public Prosecutor no doubt because he was satisfied that there was no evidence to support a prosecution under S.366 withdrew the charges and Quek and Gan have been given a discharge amounting to an acquittal.

10

They having been acquitted of the charge of dishonest concealment of material facts it is now not open to the CJ to deal with them as though they are in fact guilty of such dishonest concealment. By doing so he is dealing with the applications of Quek and Gan as though they had been convicted for the very serious offence involving dishonesty under S.366 instead of for the technical offence under S.39(5) of the Companies Act.

20

CJ has erred in law in so doing.

3. There was no evidence on the strength of which the CJ could have concluded that the only reason Gan pleaded guilty is because he could not have

plausibly put up a defence under S.39(5). Other inferences are possible. I would draw attention to the fact that Gan faced a total of 4 charges in the District Court :

2 charges under S.366

1 charge under S.39(4)

1 charge under S.363(3)

The offence under S.366 was for dishonest concealment of material facts and carries a maximum penalty of 7 years' imprisonment or a fine of \$15,000.00 or both.

10

The offence under S.39(5) and 363(3) are technical in nature and carry little or no risk in any custodial link.

Additionally the offence under S.39(5) and 363(3) are non-registrable whilst the offence under S.366 is registrable.

There is evidence before the court by way of affidavit filed by Insp. Soh on 9.3.83

20 that directors consulted a Q.C. as early as May 1982. The Q.C. had considered a possible charge under S.363(3) and advised that the ROC's letter (and by implication reliance on advise of

counsel) could only be mitigation and not a defence as the offence did not need mens rea.

Gan was therefore in a position where if he claimed trial he had no defence to the S.363(3) charge. Is it not also a reasonable inference that Gan chose to plead guilty under S.39(5) with the offence under S.363(3) being taken into consideration in preference to facing the full and protracted trial on all 4 charges with the certainty of being convicted on one of them. Upon Gan pleading guilty the AG withdrew the S.366 charge and Gan was acquitted on that charge.

10

Submit that CJ erred in law in inferring that the only inference that can be drawn from Gan's pleading guilty is that he could not plausibly put forward a defence based on S.39(5).

4. The CJ also failed to take into consideration the possibility that the provisions of S.39(5) would constitute a defence only where there is a prospectus but that prospectus does not comply with "any" of the many requirements of S.39. It is not intended to cover a situation where there is no prospectus at all.

20

Submit language used in S.39(5) supports this

interpretation.

Refer to S.39(a)(b)(c)

Refer Pg 155 of Facts. AG adopts such an  
interpretation in dealing with S.39A.

S. CJ has failed to consider the possibility that  
the defence under S.39(5) is available when the  
breach alleged is a breach of S.39 itself and not  
(as in this case) where the breach alleged is a  
breach of the Act.

10 The charge in this case would, for instance,  
cover the breach of S.37(1).

It would also cover, for instance, breach of  
S.43(4) which states :

"in order to comply with the requirements of  
this Division, the document making the offer  
shall state,

a) .....

b) ....."

20 Breaches of S.37(1) and 43(4) would constitute  
failure to comply with the requirements of this  
Act and would be a violation of S.39(4) but the  
defence under S.39(5) would not be available as  
the defence is confined to breaches of S.39  
itself.

Submission on Quek Leng  
Chye and Gan Khai Choon's  
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Undated (continued)

6. Even if it is true that Gan took the view that a defence under S.39(5) would not be successful, that by itself is no reason why the CJ should shut his mind to a consideration of the question whether the facts that could have been put forward in support of such a defence are facts which mitigate the offence to such an extent that leave under S-130 should be granted to Gan to be a director. Indeed the District Judge in assessing sentence did what the CJ declined to do. The District Judge correctly took into account all the facts which could have gone to a possible defence under S.39(5), found them to be factors that mitigated the defence and imposed on Gan and Quek what could be said to be only a nominal fine of \$500.00 each.

10

Refer to Pg 125 and 126

If the learned District Judge had refused to consider those factors as mitigated a gross injustice would have been done to the directors.

20

It is a matter of record that the AG appealed against the sentence imposed on the directors by the District Judge but the appeal was dismissed.

7. In rejecting Gan & Quek's applications on the grounds that in spite of the defence available



under S.39(5) Gan pleaded guilty to the offence under S.39(4) the CJ implies that the facts deposed to Quek and Gan would if accepted as true have provided a defence to them under S.39(5). Quek and Gan could by no means have been certain of this.

10 There can be no guarantee that the District Judge even if he accepted all the facts deposed to by Quek and Gan would necessarily have come to the opinion that those facts "constitute matter which in all the circumstances ought reasonable to be excused."

The court may well have taken the view as the AG did in para 42 of the Statement of Facts that he was not prepared to excuse the directors in view of the fact that very material information required to be in a prospectus had not been disclosed.

20 If the CJ took the view that in the light of those facts the conduct of Quek and Gan was such that "ought reasonably have been excused" he should have reflected that sentiment by not only giving Quek and Gan leave to be directors of and/or to be concerned and take part in the management of the companies listed but have

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granted them leave to be directors and/or to be  
concerned and take part in the management of any  
company incorporated or to be incorporated in  
Singapore as prayed for in the O.S.

REPLY TO THE 4 APPLICANTS' APPEALS

A FINDING THAT IF PROSPECTUS WAS ISSUED  
- NO BOYERS

(page 25 G/D)

Huang - Ground 3(b)

10 Gan - Ground 3(11)

Quek - Ground 3(11)

The finding supported by facts.

1) Applicants wanted to sell shares worth \$7,374 each at \$30,000 each plus \$2,000 option fee making altogether \$32,000 for each share.

2) CCC (Holdings) Ltd was under-capitalised.

(a) Only \$5 million of the company's paid-up capital was paid for in cash.

20 (b) Bonus shares increasing company's equity by \$10 million did not put Company into funds.

(c) The cost of the land and development charges cost the company \$10 million.

(d) Building of club house would cost \$21 million.

(e) Whole development project cost \$31 million.

The Company needed \$26 million in excess of what the promoters had put in at the time the invitation to the public was made.

(See Teng Chong Kwee's affidavit para. 5(b)).

Reply by Attorney General  
on 4 Applicants' Appeals  
in PC Appeal No.59 of 1984  
Undated  
(continued)

(f) Company owed Hong Leong Finance Ltd \$10.8 million at that relevant point of time. 10  
Loans were short-term loans at high interest rates.

(g) 1,000 shares in the rights issue were nil paid. The Applicants, Queen's Pte Ltd and other existing shareholders owed the company \$30 million at the point of time when invitations to the public were made.

(h) Under-capitalization of the company was to that extent that completion of the project was uncertain. 20  
Prospectus would have disclosed all this.

3) (a) When police investigations started, 129 individuals and 12 firms and companies had accepted offer.  
Only a sampling of them interviewed by the police, not more than 30.

(b) Of these, 10 have filed affidavits stating categorically that if they had known of the true value of the share they would not have accepted offer. 30

B S.39(4) - TECHNICAL AND STRICT LIABILITY  
OFFENCE

(Page 22, 23 G/D)

Huang - para 3(d)

Chong - para 3(v)

- 10
- 1) S.39(5) expressly absolves a director from liability if he is able to prove any one of the defences set out.
- 2) It is a complete defence for a defendant if:
- (a) it regards any matter he was not cognizant of; or
- (b) it arose from honest mistake of fact; or
- 20 (c) the contravention was reasonably to be excused - permits defence of lack of mens rea such as having acted on wrong advice given by Winston. Chen.



10 Issuance of prospectus regarded as a  
"problem".

(a) "Problem cannot be cost of prospectus -

- 2,000 shares at \$30,000 each =  
\$60 million.

About \$64 million if option fee  
included.

20 - Proposed Orchard Hotel Singapore Pte  
Ltd issue by Huang (Shirley Chong's  
affidavit) was 22.5 million shares at  
about \$1.15 to \$1.35 per share = \$25.8  
million to \$30.4 million.

- Singapore Finance issue by Gan and  
Quek. (Chiam Boon Keng's affidavit  
filed 4 March 1983) was 7.5 million  
shares at \$4.50 each = \$35.75 million.

(b) Problem cannot be sale of shares in  
batches.

- Sale by batches permitted under  
para 7, 5th Schedule C.A.

30 - 6 months life of prospectus can be  
overcome by issuing more than one  
prospectus.

In the Court of  
Appeal in Singapore

No.39

Reply by Attorney General  
on 4 Applicants' Appeals  
in PC Appeal No.59 of 1984  
Undated  
(continued)

- size of offer should more than  
compensate the cost of issuing more  
than one prospectus

(c) "Problem" was that Applicants did not  
want to issue prospectus.

- (i) Westley's advice not followed.
- (ii) Bennett QC's advice not followed.
- (iii) 17 November 1981 meeting (S/F para 18,  
HS-3 "F").

Even at that late stage wanted to  
rethink scheme if ROC says prospectus  
is required.

Note decision was not that one should  
be issued if ROC replies that one was  
required.

- (iv) Discussed prospectus "problem" for two  
years with no instructions to prepare  
one.

- (v) Reluctance of Applicants to issue  
prospectus is reflected by extent  
their solicitor went to cajole a  
favourable reply from Lee Theng Kiat.

Note his modus operandi -

- (a) Winston Chen planned to meet Lee  
on 17 November 1981 without any  
forewarning to Lee.

(Lee's affidavit para 2 and 3).



10

(b) Solicitor deliberately and  
deceitfully misled Lee on the law  
in his letter of 2 December 1981.  
(HS-3 "G"). He failed to disclose  
Bennett, QC's opinion.  
Letter cleared with Huang and  
Chong who also had copies of David  
Bennett's opinion.

D CANNOT DRAW ADVERSE INFERENCE FROM PLEAS OF  
GUILT

(page 22, 24 and 40 G/D)

20

Huang - para 3(e)

Gan - para 3(1)

Quek - para 3(1)

1) If Applicants had acted without deliberation and  
honestly, defence under s.39(5)(c) available to  
them.

(a) Applicants pleaded guilty, represented by  
eminent counsel.

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Proper to draw inference that they knew and  
fully understood that the defence under  
s.39(5)(c) <sup>was</sup> not available to them.

(b) If they had acted honestly and without  
deliberation, and committed offence because of  
wrong professional advice; they ~~would have a~~  
complete and perfect defence under s.39(5)(c).

2) CJ did not rely solely on applicants' pleas of  
guilt to find that they did not act honestly  
and without deliberation.

Much other evidence referred to under C.

E APPLICANTS - NOT DANGER TO PUBLIC

Huang - para 3(g)

Chong - para 3(11)

Covered in Submission.

1) Applicants failed to discharge onus on them why  
they should be exceptions to the explicit  
legislature policy.

- 10           2)           Non-disclosure by directors of information of  
                  their company, always regarded as serious  
                  matter.

(See Richard Charles Tarling v PP [1981] 1 MLJ  
173).

Tarling did not want to disclose exceptional  
profits made. Profits already in the hands of  
the company. No allegation that he wanted to  
deprive company of its profits. Essence of  
offence only one of non-disclosure in  
contravention of statutory requirement.

- 20           3)           Applicants did not want to disclose information  
                  about their company in relation to offer of  
                  shares knowing that such disclosures would make  
                  shares unsaleable. Much more heinous. *serious*
- 4)           Wanted to profit by concealment of essential  
                  facts.
- 5)           Public placed at risk.

F            GAN AND QUEK  
MINIMAL INVOLVEMENT - LEFT EVERYTHING TO HUANG  
LITTLE FINANCIAL INTEREST

10

Gan     - para 3(5), (6) and (7)

Quek    - para 3(5), (6) and (7)

1)       Gan and Quek, both present at crucial-meeting at—  
premises of Peat, Marwick on 18 September 1981,  
where all the Applicants were present.

Quek also present at meeting on 17 November  
1981 together with Huang, Chong and Winston  
Chen.

(a)      On 18 September 1981, Solicitor explained the  
prospectus question.

20

- Instruction given to Solicitor to work out  
prospectus problem.
- Obvious, instruction was not to issue one.
- Gan and Quek together with Huang must be  
held responsible for that decision.

(b)      Meeting on 17 November 1981, Quek was  
present.

- Decision taken to rethink scheme if ROC's  
opinion is adverse.
- Both together with others did not want to  
issue a prospectus.

30

2) Quek and Gan are not just nominee.

- 10
- They represent their family's investment in CCC.
  - The business venture was a joint venture between Huang and the Quek family.
  - Quek/<sup>Hong Ping</sup> the patriarch of the Quek family, initiated the venture together with Huang. (Derrick Chong's affidavit filed 18 Feb 1983, para 5).
  - The Quek family invested in the venture through their private investment company, Queen's Pte Ltd.
  - Gan and Quek, the family's representatives, were acting for their family of which they form a part.
- (S/F para 3, 4, 5 and 7).

3) CCC (Holdings) Ltd was under-capitalized.

- 20
- Borrowed from Hong Leong Finance Ltd to finance project.
  - Quek and Gan, directors of Hong Leong Finance Ltd.
  - Gan also its Group General Manager.
  - Quek and Gan bankers of the project.
- 30

Quek and Gan represented Hong Leong Group's interest in both equity and debt.

G                    CHONG HAD NOTHING TO PROFIT FROM

Chong - para 3(iii)

10

Chong was given 10% equity.

(a) After consolidation, he owned 100 shares of  
\$5,000 each.

The bonus issue 2:1; rights issue 1:1.

200 shares in bonus issue at \$30,000 each  
worth \$6 million.

Intention was to sell bonus share to  
invitees. (S/F para 25).

(b) Even if he had to borrow \$3 million from  
Queens Pte Ltd and Huang to pay for the 100<sup>20</sup>  
shares in rights issue, he would still  
profit by \$3 million.

H                    GAN AND QUEK - GOOD CHARACTER

Gan - para 3(9)

Quek - para 3(9)

- 1) Good character, even if established, is itself  
not ground for leave to be given.

2) (a) It is irrelevant to this case. Lack of  
10 honesty was established. Applicants went to  
extremes in search of ways to avoid  
prospectus requirements.

(b) See Macquarie Investments Pty Ltd 1 ACLR 40  
at 48.

I GAN AND QUEK - EXPERTISE NEEDED BY HONG LEONG  
GROUP

(G/D para 24 and 40)

Gan - para 3(10)

Quek - para 3(10)

20 No evidence that any of the companies of which  
they were directors had suffered financially as  
a result of their disability.

J HARDSHIP

Chong - para 3(vi)

(a) Hardship brought about by himself, if at  
all.

He is not disqualified from continuing his  
professed profession as a club manager.

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(b) Nedaa Pte Ltd

No evidence that company is suffering as a  
result of his inability.

(c) SMT Pte Ltd

By his own admission, do not take part in  
the management of the company.

(Para 11 Chong's affidavit filed 12 March  
1983).

CHONG'S PROPOSED LETTER TO INVITEES AS GOOD AS  
PROSPECTUS

Chong - para 3(ii)

Patent from face of his draft letter that it  
comes nowhere near complying with the prospectus  
requirements. Only improvement from the  
invitation sent out was that the price of the  
share at \$30,000 was stated.



Rajendran was at pains to prove to the court that  
10 QLC's and Gan's complicity in the case date from 18 Sep 81  
and not 1980. Even if that is so, since then they have  
been kept informed of the need for a prospectus. At the  
meeting of 18 Sep 81, QLC and Gan were told of the  
prospectus problem.

It is a matter of dispute as to whether Bennett's  
advice was given to QLC and Gan. Both Tan Kok Quan and  
Cashin had said they were given copies of Bennett's  
advice. Be that as it may, you cannot get away from the  
fact that QLC and Gan pleaded guilty to section 39(4) -  
20 non-issue of prospectus. Their defence in gist is - we  
left everything to Huang, the man who has the largest  
interest, and Derrick Chong, the Executive Director. Such  
arguments cannot slough off responsibility on their part.  
Wholesale application of responsibility does not minimise  
their complicity. Certainly does not amount to any  
evidence to discharge onus which is on their part to show  
why they should be exempted from the consequences of  
conviction, as provided for in section 130 of the  
Companies Act.

30 I now turn to the meeting of 17 Nov 81. Winston  
Chen prepared the note dated 14 Nov 81. This formed the  
basis for discussion at meeting on 17 Nov 81. (QLC bundle  
Part 3, page 724, paras 8 and 9, also Huang's bundle  
Volume 2, page 586). At that time clear from Winston  
Chen's note of 14 Nov 81 that Winston was resigned to  
issue of prospectus if no exemption was obtained from  
ROC. Further, there was a fall-back position set out

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in that note, and that was to seek partial exemption, if total exemption was not forthcoming from ROC. Yet at meeting on 17 Nov, position changed. If no exemption was obtained from ROC, then the scheme needed re-thinking. think it fair inference for the CJ to have drawn that this showed that the meeting determined no prospectus at any cost.

Rajendran had argued only friends were invited. This is not so, as we have evidence to show that members of the public were invited - who are unknown to the directors. This evidence is before the court.  
(Statement of Facts HS 3 paras 33, 38 & 39).

Rajendran had also argued reasons for avoiding requirement of a prospectus. Not to deceive public, but merely to obviate the need to spend more money. Prospectus being costly. Businessmen want to save money. Further, to obviate delays.

I find that argument naive and incredulous. Expenses for prospectus cannot be more than \$60,000/- or \$70,000/-. Applicants were seeking through this offer to take in a profit of over \$60 million.

As for delays, they had been talking about this issue and had known about the need for a prospectus way

back 1980. Even after the meeting of 17 Nov, they had  
10 decided Winston Chen should approach the ROC. The  
decision had been if they were unable to secure  
Registrar's exemption, they were to rethink the scheme.  
The scheme which was to sell shares. It was not a question  
of "let's not waste any more time", at least take  
preparatory steps for the issue of a prospectus. Indeed  
the note prepared by Winston Chen on 14 Nov 81 which was  
to form the basis of their discussions at the meeting of  
17 Nov had spelt out the contingency plan that if we  
cannot get exemption, we can try to get partial  
20 exemption. Apparently those contingency plans were not  
approved. The directors had decided upon a rethink  
instead.

All this in my submission, confirms that they had  
decided to get round the need for a prospectus. I  
accordingly submit all these strenuous efforts on behalf  
of their counsel to convince you that Quek Leng Chye and  
Gan Khai Choon were mere passengers and took no part, or  
very little part in this whole scheme, cannot be  
substantiated. Quek Leng Chye in his affidavit of 16 Mar  
30 had adverted to the fact that if prospectus was issued,  
there would be restraints imposed in the pricing of the  
shares. This is the truth for their not wanting to issue  
a prospectus. Quek Leng Chye must on his own admission  
know all the disadvantages associated with the issue of a

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prospectus. Therefore the necessity to get round the law's requirements and the reason for his going along on seeking ways and means of getting round the law, even to the extent of misleading the Registrar.

10

It has also been argued strenuously on behalf of Quek Leng Chye and Gan Khai Choon that they were not interested in the tax angle. Queens was cash rich. They were not interested in tax because Queens was the investment company. They have to pay tax anyway, yet they were informed of Oliver's opinion, but not Bennet Q C's opinion. I find this hard to believe. We have evidence that Bennet QC's opinion was known to Quek Leng Chye and Gan Khai Choon. In any event they knew of the need for a prospectus. They pleaded guilty to the charge.

20

The defence of section 39(5) not available to them because they were particeps criminis. They were not equally available to them because of their intimate knowledge of the whole affair. If they had pleaded these facts they are urging this court to believe, they may well have been acquitted. Must be assumed their refusal to do so is an acceptance of the factual situation set out in the agreed admitted statement of facts - admitted before the court. I submit that the CJ is correct in rejecting the arguments that were submitted on their behalf for

30

these reasons. Even if the appellants are not foreclosed  
10 from making these submissions all over again, I submit  
very little credence can be attached to them in view of  
the fact that they had seen fit not to plead these facts,  
although they knew of their existence at the time when  
these facts may well have succeeded in their acquittal.  
The court should also remember that in taking this course  
of action, the appellants then were being advised by  
eminent Silks and advocates and solicitors. In the case  
of QLC and Gan, the same advocate and solicitor, namely,  
Mr Rajendran. Quek Leng Chye and Gan Khai Choon cannot  
20 be said to be mere disinterested parties who relied solely  
on Huang and Derrick Chong. They had vital interest in  
the whole scheme. Indeed, they were interested not only  
on fact, but also on debt. Their interest in the whole  
scheme probably exceeded that of any one shareholder. If  
such interest which they represent, and which they claim  
to take a back seat, then they must suffer the  
consequences of their omissions. That is if one accepts  
their arguments. Putting their case on its highest, they  
have not succeeded in proving to this court, as is their  
30 duty to do so, that they should be exempted from the  
rigours of the law (to quote Mr Justice A P Rajah) which  
would flow from conviction of an offence of the kind they  
were convicted.

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In reference to paragraph 28, statement of facts,  
page 14, which contain notes of meeting of 22 Feb 82, 10  
Rajendran submits - rights issue was a direct result of  
QLC's suggestion. Also it is said there is no record that  
Peter Chee of Peat Marwick had accepted Winston's  
assurance of there being no need to issue prospectus. If  
the accountant could accept such an assurance from  
Winston, all the more so could his layman clients. But  
Peter Chee only made a casual enquiry. He was not a  
promoter. He was a mere accountant, though interested, as  
an expert in figures, and in perhaps promotion of  
companies, therefore was surprised that no prospectus was 20  
being issued. But he was not one of the promoters. As  
was QLC and Gan. They should have taken more trouble  
than they took in the matter.

Again Rajendran talks of the only reason as to why  
the CJ has imposed disqualification as being Gan's plea of  
guilty. He is wrong there. It is not a question of the  
Judge opposing disqualification, it is the legislation,  
the law that did this. It is up to the applicants, if  
they wanted exemption from disqualification, to prove to  
the court that they should be so granted 30  
disqualification. In this they failed. Rajendran submits  
further that QLC and Gan did what they did - obtained  
legal advice and that conduct was what every one of us

10 would have expected of any reasonable person in the same  
circumstances. They had no reason to think advice was  
wrong and that this would be sufficient for the court to  
give exemption to disqualification of consequences.

I submit this is a wrong basis on which to prove.  
It is wholly inadequate. It amounts to no more than an  
attempt to shift responsibility for one's actions to one's  
advisers and colleagues. What Rajendran has submitted is  
that QLC and Gan had been advised by Shook Lin & Bok,  
essentially they relied upon Winston Chen and the ROC. If  
it is so easy to avoid the legal consequences of one's  
20 actions, then anyone embarking on any illegal act need  
only pay for such legal advice as they may be able to get  
and avoid all the consequences of one's actions.

Reference has been made to Re Smith and Fawcett  
1942, CHD 304 at 308. I agree with Lord Green's  
observation about drawing inferences of a deponent's mala  
fides or bona fides from a mere reading of deponent's  
affidavit. But Lord Green goes on to say that the onus is  
upon the party seeking to draw these inferences. I have  
not attempted to draw any inference from any affidavit of  
30 QLC. The burden lies on Rajendran. He is seeking to draw  
inference from deponent's bona fides.

Reference has been made to charge 366 that has  
been withdrawn. There are one thousand and one reasons 10  
as to why charge has been withdrawn. Not for one to  
speculate. Certainly not for me to explain. If I do so,  
would be prejudicial to QLC and Gan.

Rajendran refers to Henry Soh's affidavit of  
9.3.83.(HS 9). Note annexed to affidavit shows applicants  
had wanted to issue prospectus. No question of not  
wanting to issue prospectus. Yes, but this was after the  
game was up. ROC Chiam had told them that prospectus was  
needed.

It is now being submitted that QLC does not 20  
control all the real estate companies in Hong Leong  
Group. Answer: QLC is a member of the Hong Leong Group.  
An important member of the family. In this ill-fated  
venture with C C Holdings, he was detailed to represent  
the Hong Leong interests. He, at the time, was director  
of some 39 companies, all having interlocking interests in  
the Hong Leong Group. They had sizeable amount of shares  
in Hong Leong investments, the sole shareholder of Hong  
Leong Corporation. He owned 5% of the total capital of  
Hong Leong investments, therefore 5% of the Hong Leong 30  
Group. He has a powerful voice in the Hong Leong Empire,  
having been put in this C C Holdings venture to look after  
Hong Leong interests, which incidentally has the largest  
C C Holdings' venture, among the four directors, and



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having got into trouble because of his involvement on behalf of Hong Leong, if allowed to return to the fold as director and manager, QLC will be vindicated to the fullest by all the Hong Leong Group. Resolutions passed by companies, welcoming the return of QLC and Gan confirm the fears expressed of the influence these two would wield in the Hong Leong Empire.

IN THE COURT OF APPEAL OF THE REPUBLIC OF  
SINGAPORE

Civil Appeal No 58 of 1983

Between

Attorney-General ... Appellant

And

Derrick Chong Soon Choy ... Respondent

In the Matter of Originating Summons No 103 of 1983

In the Matter of:-

- 1) SMT Pte Ltd
- 2) Nedaa Pte Ltd
- 3) CCC (Holdings) Ltd
- 4) City Country Club Pte Ltd

And

In the Matter of section 130 of the  
Companies Act, Chapter 185

Between

Derrick Chong Soon Choy ... Applicant

And

Attorney-General ... Respondent

Civil Appeal No 59 of 1983

Between

Attorney-General ... Appellant

And

Gan Khai Choon ... Respondent

In the Matter of Originating Summons No 134 of 1983

In the Matter of section 130 of the  
Companies Act, Chapter 185

Between

Gan Khai Choon ... Applicant

And

Attorney-General ... Respondent

Civil Appeal No 60 of 1983

Between

Attorney-General ... Appellant

And

Huang Sheng Chang ... Respondent

In the Matter of Originating Summons No 102 of 1983

In the Matter of:-

- 1) S C Enterprises Pte Ltd
- 2) S C Management Pte Ltd
- 3) S C Securities Pte Ltd
- 4) S C Trading Pte Ltd
- 5) R & L Holdings Pte Ltd
- 6) Orchard Hotel (S) Pte Ltd
- 7) Diners Club (S) Pte Ltd
- 8) Diners World Travel Pte Ltd
- 9) Diners World Holdings Pte Ltd
- 10) Diners Publishing Pte Ltd
- 11) Diners World Forwarders Pte Ltd
- 12) S C Travel Pte Ltd
- 13) Orchard International Hotels (S)  
Pte Ltd
- 14) OHI Holdings Pte Ltd
- 15) CCC (Holdings) Ltd
- 16) City Country Club Pte Ltd
- 17) LenRo Pte Ltd

In the Court of  
Appeal in Singapore

No.40

Judgment of Kulasekaram J.,  
Sinnathuray J., Raja<sup>h</sup> J. in  
PC Appeal No.59 of 1984  
25th May 1984  
(continued)

And

In the Matter of section 130 of the  
Companies Act, Chapter 185

Between

Huang Sheng Chang ... Applicant

And

Attorney-General ... Respondent

Civil Appeal No 61 of 1983

Between

Attorney-General ... Appellant

And

Quek Leng Chye ... Respondent

In the Matter of Originating Summons No 135 of 1983

In the Matter of section 130 of the  
Companies Act, Chapter 185

Between

Quek Leng Chye ... Applicant

And

Attorney-General ... Respondent

In the Court of  
Appeal in Singapore

No.40

Judgment of Kulasekaram J.,  
Sinnathuray J., Rajah J. in  
PC Appeal No.59 of 1984  
25th May 1984  
(continued)

Civil Appeal No 65 of 1983

Between

Quek Leng Chye ... Appellant

And

Attorney-General ... Respondent

In the Matter of Originating Summons No 135 of 1983

Between

Quek Leng Chye ... Applicant

And

Attorney-General ... Respondent

Civil Appeal No 66 of 1983

Between

Gan Khai Choon ... Appellant

And

Attorney-General ... Respondent

In the Matter of Originating Summons No 134 of 1983

Between

Gan Khai Choon ... Applicant

And

Attorney-General ... Respondent

In the Court of  
Appeal in Singapore

No.40

Judgment of Kulasekaram J.,  
Sinnathuray J., Rajah J. in  
PC Appeal No.59 of 1984  
25th May 1984  
(continued)

Civil Appeal No 67 of 1983

Between

Huang Sheng Chang ... Appellant 10

And

Attorney-General ... Respondent

In the Matter of Originating Summons No 102 of 1983

In the Matter of:-

1. S C Enterprises Pte Ltd
2. S C Management Pte Ltd
3. S C Securities Pte Ltd
4. S C Trading Pte Ltd
5. R & L Holdings Pte Ltd
6. Orchard Hotel (S) Pte Ltd 20
7. Diners Club (S) Pte Ltd
8. Diners World Travel Pte Ltd
9. Diners World Holdings Pte Ltd
10. Diners Publishing Pte Ltd
11. Diners World Forwarders Pte Ltd
12. S C Travel Pte Ltd
13. Orchard International Hotels  
(S) Pte Ltd
14. OHI Holdings Pte Ltd
15. CCC (Holdings) Ltd 30
16. City Country Club Pte Ltd
17. LenRo Pte Ltd

And

In the Matter of section 130 of the  
Companies Act, Chapter 185

Between

Huang Sheng Chang ... Applicant

And

Attorney-General ... Respondent

Civil Appeal No 69 of 1983

Between

10                   Derrick Chong Soon Choy ... Appellant

And

Attorney-General                   ... Respondent

In the Matter of Originating Summons No 103 of 1983

In the Matter of:

- 1) SMT Pte Ltd
- 2) Nedaa Pte Ltd
- 3) CCC (Holdings) Ltd
- 4) City Country Club Pte Ltd

And

20                   In the Matter of section 130 of the  
                      Companies Act, Chapter 185

Between

Derrick Chong Soon Choy ... Applicant

And

Attorney-General                   ... Respondent

Coram: Kulasekaram, J  
          Sinnathuray, J  
          Rajah, J

J U D G M E N T

30                   These appeals arise from applications  
                      made by way of originating summonses in the High  
                      Court by Huang Sheng Chang ("Huang"), Ouek Leng

Chye ("Quek"), Gan Khai Choon ("Gan"), and Derrick Chong Soon Choy ("Chong") for an order pursuant to section 130 of the Companies Act ("the Act") that notwithstanding the conviction of each of them on 12th of February 1983 in the Subordinate Courts for an offence under section 39(4) read with section 43 of the Act and, as regards Huang and Chong of another offence under section 363(3) of the Act, each of them be at liberty to be a director of and/or be concerned in or take part in the management of the companies named in their separate applications.

On 20th of October 1983, the learned Chief Justice refused the applicants leave to be directors of companies but granted them leave to be concerned in and take part in the management of the companies named in their applications, save for two companies, C.C.C. (Holdings) Ltd and City Country Club Pte Ltd.

There are two sets of appeals. The Attorney-General who was the respondent in the originating summonses appeals against the decisions given by the learned Chief Justice



10 granting the applicants leave to participate in  
the management of the companies. By way of  
cross-appeal, the applicants seek to vary the  
order of the learned Chief Justice to allow them  
to be directors as well as to participate in the  
management of the companies.

The four applicants and one Ng Cheng  
Bok with whom we are not concerned pleaded guilty  
and were convicted in the District Court on a  
charge that they being directors of C.C.C.  
(Holdings) Ltd in April and May 1982 "caused docu-  
ments to be sent out offering for sale shares in  
20 C.C.C. (Holdings) Ltd to the public and these  
documents are deemed to be prospectuses issued by  
the company by virtue of section 43 of the  
Companies Act, and the documents do not comply  
with the requirements of the Companies Act", an  
offence punishable under section 39(4) read with  
section 43 of the Act. Huang was fined \$1,000 and  
Quek, Gan and Chong were each fined \$500.

30 Additionally, Huang and Chong also  
pleaded guilty and were convicted on another  
charge that they in April and May 1982 in the

furtherance of the common intention of them made offers to members of the public to purchase shares in C.C.C. (Holdings) Ltd in contravention of section 363(3) of the Act and thereby have committed an offence punishable under section 363(5) of that Act read with section 34 of the Penal Code (Chapter 103). Huang was fined \$1,000 and Chong was fined \$500. It must be added that Quek and Gan consented to this charge being taken into consideration by the District Judge in determining the appropriate sentence for each of them in respect of the plea of guilty by them to the offence punishable under section 39(4) of the Act.

10

20

Also at that trial in the District Court, Winston Chen Chung Ying ("Winston Chen"), an advocate and solicitor, a partner of the firm of solicitors, Shook Lin & Bok, pleaded guilty and was convicted of having abetted the four applicants and Ng Cheng Bok in the commission of the offence punishable under section 39(4) of the Act. Shook Lin & Bok were the solicitors for C.C.C. (Holdings) Ltd and Winston Chen was the partner who was in sole charge of the Company's matters.

30

The four applicants after their  
convictions resigned from all their directorships  
in companies incorporated in Singapore. They also  
10 ceased to be concerned and refrained from taking  
part in the management of the companies of which  
they had been directors. They were compelled to  
do so by the provisions of section 130 of the Act.

Huang was at the time of his conviction a  
prominent businessman. He was involved in a wide  
range of 17 companies, he was chairman of the  
board of directors of 16 of them, he was a  
director in the one other. Through one of the  
20 companies, he is engaged in the Singapore  
operation of the international credit card  
business of Diners Club. Four connected companies  
under the name of Diners operate as publishers,  
travel and tour agents, and, air cargo and  
forwarding agents. Through two other companies,  
Huang and his family own and manage the Orchard  
Hotel. The family also own several investment  
holding companies. Of the 17 companies, six are  
either wholly owned by him and his family or in  
30 respect of which they are the majority

10                   shareholders. In at least seven other companies,  
he and his family are substantial shareholders  
with sufficient shareholdings to exert  
considerable influence in the companies.

                  Quek, like Huang, is also a prominent  
businessman. He is a member of the Quek family  
which controls the Hong Leong Group of companies.  
Quek was director or managing director or governor  
of 41 companies in the Group. Of these 41  
companies, four are public listed companies.  
There are three companies, Hong Leong Corporation  
20                   Ltd, Hong Leong Holdings Ltd, and Hong Leong  
Investment Holdings Ltd, with a paid-up capital of  
\$85 million, \$51.175 million and \$14 million  
respectively. These are holding companies of the  
Quek family. These three companies by their  
shareholdings and their subsidiaries'  
shareholdings control the four public listed  
companies, Hong Leong Finance Ltd, City  
Developments Ltd, Singapore Finance Ltd, and  
King's Hotel. There are 14 other companies with  
30                   sufficient paid-up share capital to qualify for  
public listings. The financial empire controlled  
by the three Hong Leong holding companies is as  
vast as it is enormous.

10 Gan, though not as influential as Quek,  
nonetheless plays a very important role, in the  
Hong Leong Group. At the time of his conviction,  
he was director of 11 companies in the Group, four  
are public companies of which three are listed in  
the Stock Exchange of Singapore. Gan was the  
Group General Manager of two of the public listed  
companies, Hong Leong Finance Ltd, and Singapore  
Finance Ltd. Hong Leong Finance Ltd, we are told,  
is a very large finance company with a paid-up  
share capital ranking among the biggest of  
20 financial institutions in Singapore, including  
banks.

Chong has been a club manager for over 20  
years. For the last 16 years he was the general  
manager of the American Club. He and his family  
own a personal investment company, Nedaa Pte Ltd.  
At the time of his conviction, he was also a  
director of C.C.C. (Holdings) Ltd, City Country  
Club Pte Ltd and one other company, SMT Pte Ltd.  
It can be said straightaway that though references  
30 to Chong have to be made hereafter, no weighty  
consideration is required of us on the appeal and  
cross-appeal of Chong. This has come about

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because at the hearing of the appeal against Chong, the stand taken by Mr Karthigesu for Chong was that Chong be permitted, not to take part in the management of companies, but to be employed as a club manager only. The cross-appeal of Chong was also not proceeded with.

10

The material facts relating to the charges and the convictions of the four applicants are fully set out in the judgment of the learned Chief Justice reported in (1984) 1 M L J 5.

Briefly, when Chong was general manager of the American Club he came to know of a piece of land at Stevens Road next to its junction with Balmoral Park which he thought was suitable for development as a club. The land was owned by City Developments Ltd, in which Quek was a director. Chong who had the expertise of running a club but not the capital approached Huang who had the financial resources for the business venture. The two of them persuaded Quek that a company be formed to buy and develop the land and that they carry on the business of a proprietary club. Quek has said that the primary objective of the project

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10 was to make money from the sale of shares of the  
company that was going to own and manage the club.  
The agreement was formalised in a  
pre-incorporation agreement dated 1st of August  
1979. And, on 11th of August 1979 a private com-  
pany was incorporated under the name of City  
Country Club Pte Ltd. It was later renamed as  
C.C.C. (Holdings) Ltd, which is hereinafter  
referred to as "the Company". Upon the  
incorporation of City Country Club Pte Ltd, Huang  
became its chairman. Chong and Ng Cheng Bok,  
20 brought in by Huang, were appointed directors of  
the Company. Quek and Gan were appointed  
directors on 6th of September 1979 on their  
nomination by Queens Pte Ltd, a wholly owned  
subsidiary of Hong Leong Holdings Ltd. The  
decision to use Queens Pte Ltd as Hong Leong  
Holdings Ltd's vehicle in the joint venture was  
made by Quek.

30 Soon after the incorporation, one million  
shares fully paid for in cash were issued to the  
parties in the proportions provided for in the  
agreement. Huang, Ng Cheng Bok and Queens Pte Ltd  
were issued 30% each of the shares of the Company.  
The remaining 10% was given to Chong. The Company

then bought the land from City Developments Ltd for \$8.5 million and, at the same time the land was mortgaged to Hong Leong Finance for a term loan of \$6 million for three years. This loan was the first of several loans taken by the Company from the same finance company to finance the construction of the club house on the land. 10

From the beginning what was foremost in the minds of the directors, the promoters of the club, was that the substantial profits they expected, mainly from the sale of the shares of the Company, should be given the lowest exposure to tax. Their solicitor, Winston Chen, having been instructed by Huang in this matter, obtained an opinion as to how to achieve this object from Mr Steven Oliver QC, in England. He proposed a scheme whereby the promoters could realise their investments by the sale of shares of C.C.C. (Holdings) Ltd to individuals and companies who want to be members of the club. 20

The proposed scheme however raised another issue. As it was anticipated that there would be around 2,000 members of the club, for the 30



10 sale of shares to such a large number of persons,  
the Act required the promoters to issue a  
prospectus. Huang was aware of this. In  
September 1980 he consulted Mr Westley of Wardley  
Ltd, a merchant bank. Mr Westley, by a letter of  
7th of October 1980 to Huang, stated that in his  
opinion, should the scheme involve the sale of  
shares a prospectus would be required and  
suggested that the promoters of the club sell  
membership rights instead. Huang informed Winston  
Chen of Mr Westley's views on 4th of November  
20 1980.

For many months, the applicants were  
vexed by the prospectus problem. Some six months  
after Mr Westley's advice, on 20th of May 1981  
Huang instructed Winston Chen that because of the  
prospectus problem equity participation was to be  
out. He wanted Winston Chen to think of some  
other scheme.

30 On 18th of September 1981 the applicants  
had a meeting with two accountants and Winston  
Chen. Winston Chen explained the scheme of Mr  
Oliver and the problems regarding prospectus.

The meeting ended with him being instructed to  
"work out" the prospectus problem. The  
accountants were to examine the scheme.

10

Shortly thereafter Winston Chen sought an  
opinion from Mr David Bennett QC, in Australia, as  
to whether members of a private club are a  
"section of the public" within the meaning of that  
expression in section 4(6) of the Act. In his  
written opinion dated 19th of October 1981, Mr  
Bennett had "little doubt that an offer to the  
members of a club having some thousands of members  
... would be an offer to a section of the public  
...". On 31st of October 1981 Winston Chen sent  
Huang a copy of Mr Bennett's opinion. In his  
letter to Huang, Winston Chen advised him that "it  
would be preferable to have a prospectus issued  
unless exemption is obtained from the Registrar of  
Companies under section 39A of the Companies Act".  
He was wrong in this advice because section 39A  
does not empower the Registrar of Companies to  
exempt anyone from the obligation to issue a  
prospectus where a prospectus is required by the  
Act.

20

30

10                   On 17th of November 1981, there was a  
meeting between Huang, Quek, Chong and Winston  
Chen. The scheme and the need for a prospectus  
was again discussed. In the course of discussion,  
Winston Chen said that he was meeting the  
Assistant Registrar of Companies that afternoon to  
seek his views on the prospectus. All the others  
thought that it was an excellent idea.

20                   In these appeals, we are not concerned  
with what took place between Winston Chen and the  
Assistant Registrar of Companies. It is  
sufficient to say that there were oral and written  
communications between them. The crucial letter  
of Winston Chen to the Assistant Registrar of  
Companies was vetted in draft by Huang and Chong.  
In early February 1982, Winston Chen told the  
applicants that the decision of the Registrar of  
Companies was that the scheme could proceed  
without the need to issue a prospectus but he  
advised that they should not advertise and should  
only invite their friends.

30                   Soon after on 22nd of February 1982, at  
an Extraordinary General Meeting of C.C.C.  
(Holdings) Ltd, it was resolved to have a bonus  
issue and a rights issue. The 5,000,000 issued

shares of \$1 each of the Company were first consolidated into 1,000 shares of \$5,000 each and the authorised capital was increased to \$20 million by the creation of 3,000 additional shares of \$5,000 each. Of the new shares, 1,000 were offered to the existing shareholders of the Company, namely the four applicants and Ng Cheng Bok, as a one for one rights issue at a premium of \$25,000 each. The shares in the rights issue were uncalled. A sum of \$10 million being part of the surplus created by a revaluation of the property at Stevens Road was capitalised and appropriated to pay for the other 2,000 new shares of \$5,000 each which shares were then distributed as a two for one bonus issue to the existing shareholders, all of whom accepted the shares in the rights issue.

In March 1982 the City Country Club Pte Ltd changed its name to C.C.C. (Holdings) Ltd and was converted into a public company. This was done because as a private company it was limited to no more than 50 shareholders and was prohibited from making any invitations to the public to subscribe for any shares of the Company. A

10 wholly owned subsidiary of C.C.C. (Holdings) Ltd  
was then incorporated which took the original name  
of City Country Club Pte Ltd.

By end of March 1982, the applicants  
had prepared a list of individuals and companies  
whom they wish to invite to be members of the  
Club. They had also finalised the letter of  
invitation to the proposed invitees. On 31st of  
March a firm of brokers was appointed to sell the  
2,000 bonus shares that had been allotted to the  
existing shareholders.

20 From 2nd of April 1982, the letters of  
invitation signed by Huang were despatched to  
hundreds of individuals and companies. The letter  
reads as follows:

30 " As you are known to our directors  
to be of high repute, we are pleased  
to invite you to join the exclusive  
City Country Club. Enclosed herewith  
you will find a brochure and a copy  
of the Rules of the Club together with  
an application form.

If you accept our invitation please  
complete the application form and  
return the same to us together with  
your payment for the entrance fee as  
soon as possible.

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The entrance fee for an individual is \$2,000/- and for a corporation or firm is \$3,000/- (2 nominees) and your attention is drawn to Rule 12 of the Rules of the Club. 10

Upon acceptance of this invitation you shall be a qualified person under Rule 9 of the Rules of the Club and shall be entitled to the rights under Rule 10 of the Rules of the Club.

To become a member of the Club you must within a period of one month of your becoming a qualified person become the registered holder in CCC (Holdings) Limited of: 20

- (a) in the case of an individual, one (1) ordinary share
- (b) in the case of a firm or corporation two (2) ordinary shares.

You may contact the broking firm named below with a letter of confirmation from the Board confirming that you are a qualified person of the Club to make your offer to purchase the share/s. 30

Yours truly

Sgd. S C Huang  
Chairman

DC:sc

Broking firm: Lim & Tan (Pte)  
Tel: 2244988 40  
(Mrs Esther Seet)  
30 Stevens Road,  
Singapore 1025  
Tel: 7338822

The learned Chief Justice has observed  
10 that the letter of invitation and its enclosures  
disclosed no information whatsoever of C.C.C.  
(Holdings) Ltd except that the land occupied by  
the City Country Club Pte Ltd "occupies some 4  
acres in the extent and is leased (for 10 years  
from 1982) from C.C.C. (Holdings) Ltd". The  
letter of invitation did not disclose that one  
ordinary share of C.C.C. (Holdings) Ltd with a par  
value of \$5,000 had to be purchased at \$30,000  
i.e. at a premium of \$25,000. In addition, an  
20 individual was required to pay \$2,000 (in the case  
of a company \$3,000) described in the letter as  
"the entrance fee". At that time, when the shares  
were offered, the net tangible asset backing for  
each ordinary share of \$5,000 each was \$7,374.

The letter of invitation was without  
doubt an offer to the public to purchase shares in  
the Company. The entrance fee was an option to  
purchase the shares. In May 1983 the police  
commenced investigations.

30 The learned Chief Justice's finding on  
the scheme which ran foul of the prospectus

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requirements of the Act is that the applicants knew  
that if the 2,000 invitees were persuaded to apply  
for membership and take a share each in the  
Company, they would reap enormous profits (some  
tens of millions) from these invitees. He said  
that it was "highly unlikely, to put it at its  
lowest, that all or a significant proportion of  
the 2,000 shares which were available to invitees  
under the scheme would be taken up if a prospectus  
in compliance with the Act were issued to each  
invitee, thus resulting in a situation, possibly a  
financial disaster to the original shareholders,  
which they must have wanted to avoid at any cost".

The learned Chief Justice also carefully  
considered section 130 of the Act. He has drawn  
on the decisions of Australian Courts based on a  
section of their Companies Act identical to our  
section 130. The prohibition in the section is  
not punitive, it is wholly protective. The clear  
expression of the legislative policy in section  
130 is that a person convicted an offence falling  
within the section is not to be permitted to be



10 a director nor is he to be permitted to take part  
in the management of a company. The simple reason  
is, because of the conviction, he is not a  
suitable person to be involved in company affairs.  
As the learned Attorney-General put it such a per-  
son is deemed for a period of five years not to  
have the appropriate standard of commercial mora-  
lity to be trusted in the management of corporate  
affairs. As was said by Bowen C.J. in Re Magna  
Alloys & Research Pty Ptd, 1 ACLR 203, the section  
"is designed to protect the public and to prevent  
20 the corporate structure from being used to the  
financial detriment of investors, shareholders,  
creditors and persons dealing with the company.  
In its operation it is calculated to act as a  
safeguard against the corporate structure being  
used by individuals in a manner which is contrary  
to proper commercial standards".

30 However, the Legislature has given the  
High Court jurisdiction to grant leave to the  
person caught within the provision of section 130,  
to relieve him from the consequences which the

Legislature has, in the general public interest,  
seen fit to impose on every person immediately  
upon his conviction, and to allow him to be a  
director or to take part in the management of a  
company. That onus is on the person who seeks the  
leave of the Court to make a sufficient case for  
the Court to depart from the clear legislative  
policy.

10

The learned Chief Justice has itemised  
five matters which we agree a Court, in exercising  
its discretion whether to grant leave or not,  
ought to consider. He then dealt with the case of  
each of the applicants separately and came to the  
decisions now under appeal.

20

The two grounds of appeal raised by the  
learned Attorney-General are these.

The first ground is that the learned  
Chief Justice had erred in law in granting the  
applicants leave to participate in the management  
of their respective companies, and failed to  
appreciate that the applicants had not discharged  
the onus that was on each of them to show why they  
should each be made an exception to the  
legislative policy. The point is made that leave

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10 should only be granted when an applicant had shown  
that notwithstanding his conviction, his  
suitability to be involved in companies has not  
been impugned.

The other ground is, having refused the  
applicants leave to be directors of companies, the  
learned Chief Justice had erred in law and in fact  
in failing to appreciate that by allowing the  
applicants to participate in the management of  
companies, he had allowed the applicants in effect  
to drive from the back seat. On Huang, the  
20 submission is that because he and his family, by  
their shareholdings, have controlling interests in  
the companies, there is every danger that in  
permitting him to participate in the management of  
these companies, he will manipulate them behind  
the corporate veil to his own advantage as he has  
done in C.C.C. (Holdings) Ltd. As regards Quek,  
the submission is, giving him leave to be involved  
in the management of 39 companies of the 41 in the  
Hong Leong Group would endanger the interest of  
30 those who have invested or may invest or otherwise  
have dealings with those companies. Because the Hong

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Leong corporate group is immense and  
inter-locking, the corporate veil in that  
financial empire gives ample room for anyone  
without an impeccable character or integrity,  
untold opportunities to manipulate things to his  
own advantage. As for Gan, by allowing him to  
take part in the management, Gan can now resume  
his position as Group General Manager of the Hong  
Leong Finance Ltd and resume control of the  
management of this financial institution. He is  
put to the same position as he was before his  
conviction.

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20

One matter which we resolved early at  
the hearing of the appeals can be disposed of  
shortly. Mr Rajendran for Quek and Gan, as did Mr  
Tan Kok Quan for Huang, sought to make a  
submission founded on the observations of the  
learned District Judge when he pronounced  
sentences on the applicants. What had happened in  
the District Court was that Mr George Carman Q.C.,  
leading counsel for Huang, had invited the learned  
District Judge, if he was so minded, to indicate

30

10 his views on the part played by Huang having  
regard to the fact that Huang would suffer the  
disabilities under section 130 of the Act.

We have read the Grounds of Decision of  
the learned District Judge: see (1983) 2 M L J  
xcvi. He was favourably disposed to the eloquent  
mitigation pleas. However, as we told counsel  
before us, in a section 130 application, the Court  
is not bound by what took place in the criminal  
proceedings. For one thing, the onus on an appli-  
cant in these proceedings is reversed as compared  
20 to the onus placed on him in the criminal pro-  
ceedings where the burden of proof is on the pro-  
secution. For another the issues here are much  
wider than the issues in a criminal charge. Also,  
except in rare cases, it is not the practice in  
our criminal Courts to allow the prosecution to  
answer or rebut the facts in a plea of mitigation.  
For these reasons, neither the applicants nor the  
Attorney-General is confined to the circumstances  
of the offence or to the matters which were the  
30 substance of proceedings in the District Court:

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See Re Macquarie Investments Pty Ltd 1 ACLR 40.

In this case, Wooten J in the Supreme Court of New. 10  
South Wales said that an applicant "is entitled to  
raise any matter which goes to show that  
notwithstanding his conviction he is a person who  
ought to be permitted to take part in the  
management of companies," and the Attorney-General  
"is entitled to raise any matter, whether  
concerned with the offence, subject matter of the  
conviction or not, which supports the view that it  
would be contrary to the public interest protected  
by the Companies Act to permit" the applicant so 20  
to act. Six years later, in Re Marsden 5 ACLR  
694, Legoe J in the Supreme Court of South  
Australia, having reviewed the earlier authori-  
ties, put the matter more succinctly: "The Court  
should consider the relevant facts disclosed by  
the conviction afresh and to feel free to view it  
differently from the Court which dealt with the  
criminal charge". In our opinion, this is the  
correct approach to follow in section 130  
applications. 30

10                   The decision to grant or refuse leave  
in an application under section 130 of the Act is  
a discretionary one. The principles governing an  
appeal against the exercise of a discretion are  
well settled: See White Book 1983 Vol 1 para  
59/1/14. An appeal will not be entertained from  
an order which it was within the discretion of the  
Judge to make, unless it is shown that he exer-  
cised his discretion under a mistake of law, or in  
disregard of principle, or under a misapprehension  
as to the facts, or that he took into account  
20                   irrelevant matters, or failed to exercise his  
discretion or that his order would result in  
injustice: and the Court will assume that the  
Judge properly exercised his discretion unless the  
contrary is shown.

30                   The submissions for Huang, Quek and Gan  
are much the same as were made before the learned  
Chief Justice. It is said that the applicants  
were commercial men that they were not legally  
trained, and therefore, they had to rely on  
professional advice. In particular, it is said  
that they did not have the technical knowledge of

the requirements of the Companies Act as to the  
circumstances in which a prospectus may or may not 10  
be needed. To put it bluntly, the short point  
that is made is that the principal villain in the  
whole affair was Winston Chen and, in a lesser  
role, was the Assistant Registrar of Companies.  
If not for them, the applicants would not have  
committed the offences to which they had pleaded  
guilty in the District Court. In the  
circumstances, the applicants were only  
technically guilty of the offences which, in any  
event, were strict liability offences. That as 20  
there was no dishonesty on the part of any of  
them, the learned Chief Justice had wrongly  
exercised his discretion in refusing the appli-  
cants leave to be directors of the companies  
referred to in their applications.

The facts disclosed by the convictions  
are that as early as September 1980 Huang knew  
that the proposed scheme required the issue of a  
prospectus. Troubled about it, Huang obtained a  
written opinion from Mr Westley in October 1980. 30  
Huang informed Winston Chen of Mr Westley's views



10 in November 1980. Because it is not in the  
summary of facts before the learned District  
Judge, it does not mean that the other applicants  
did not know at that time that the proposed scheme  
required a prospectus. Quek and Gan have said in  
their affidavits that they left most of the  
matters relating to the affairs of the Company to  
Huang and Chong and that there were meetings held  
when they were not present. But they have not  
said that they did not know that a prospectus was  
required to sell the shares of the Company. Be  
20 that as it may, by September 1981 however, Quek  
and Gan knew that to carry out the proposed  
scheme, a prospectus had to be issued. Then in  
November 1981 the issue of 2,000 shares to  
prospective members of the club had been  
finalised. We are of the view that by now the  
applicants, as directors of the Company, must have  
had in the forefront of their minds that a  
prospectus had to be issued. We are further of  
the view that it is not an excuse for the  
30 applicants to say that they left the question of  
the issue of prospectus to their solicitors.

The position of the applicants,  
however, is far more grave. The fact of the 10  
matter is by November 1981, they had been advised  
by several accountants, two Queen's Counsel and  
even Winston Chen, after Mr Bennett's opinion,  
that a prospectus was needed. It is not a case  
where the applicants as directors wanted to issue  
a prospectus and their professional advisers had  
advised against it. It is the applicants who were  
adamant not to issue a prospectus. In fact, it  
was they who instructed Winston Chen to find a  
way out. What he did, of course, is another 20  
matter.

So, it being our view that it is the  
duty of directors to issue a prospectus and, on  
the facts we have reviewed, the only proper  
finding is, as the learned Chief Justice found,  
the applicants had intentionally and unlawfully  
avoided the issue of a prospectus. He rightly  
rejected the submission that the offences to which  
the applicants had pleaded guilty were technical  
in nature and of the character of strict liability 30  
offences. We agree with him that the submission  
altogether disregards the defences provided in the  
Act that were available to the applicants had they

10 wanted to claim trial to the charges. The  
applicants were represented by counsel, and as the  
learned Chief Justice has observed the only  
inference that can be drawn from their plea of  
guilty is that they could not "plausibly put  
forward before the trial court a defence based on  
(a), (b) or (c) of section 39(5) of the Act. The  
applicants having pleaded guilty to the charges,  
we are not disposed to analyse any of the defences  
in the Act in the abstract.

20 To sell the shares of the Company, the  
Act requires the applicants to issue a prospectus.  
They have to make a full and true disclosure of  
the Company's financial and other affairs.  
Amongst other matters, the prospectus would  
disclose the value of the shares offered and the  
net tangible asset backing for each share. It  
would contain an audited account of the Company  
showing its assets and liabilities. It would show  
how the assets were valued. It would show to whom  
the proceeds of the sale would go to. It would  
30 disclose the share capital of the Company and the  
number of shares which were issued and whether  
they were fully-paid, only partially paid or nil  
paid. It would require disclosure on the manner

in which the Company proposed to finance the total cost of the development of the club, estimated in February 1982 to be about \$26 million, the extent of its loans from Hong Leong Finance which was then already \$11 million and how the Company proposed to repay the loans and interest.

10

Why did the applicants not want to issue a prospectus? It is because they did not want to disclose to the buyers that the shares were being sold at an exorbitant price. They did not want to disclose that as vendors they will realise \$30 million as profit from the sale of 2,000 shares and continue to hold 50% of the equity of the Company. The applicants feared that this disclosure would render their shares unmarketable leading to a financial disaster to them. We accordingly reject the contention, as did the learned Chief Justice, that the applicants had acted honestly. We accept that in failing to act honestly, they might not have acted dishonestly within the strict definition of the criminal law. But the lack of honesty displayed by the applicants as directors of a public company in selling the shares to the public shows that

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10 their commercial integrity is suspect. The letter  
of invitation reflects the wilful failure on the  
part of the applicants to disclose matters which  
the law required them to publish. When they were  
prosecuted they pleaded guilty to the charges.  
They accepted without any qualification whatsoever  
the summary of facts read out in the District  
Court. In mitigation of the offences, they put  
forward the excuse that they had acted honestly  
and ran foul of the law only because they were  
wrongly advised. The learned Chief Justice  
20 rejected these assertions. As we have shown, they  
are untenable in law and not quite the truth. In  
our view, the learned Chief Justice rightly  
exercised his discretion to refuse applicants  
leave to be directors of companies.

We uphold the grounds of appeal of the  
learned Attorney-General. More and more in the  
management of companies, employees in managerial  
positions are exercising as much power in the  
management of companies as are exercised by  
30 directors of companies. They, as with directors,  
are placed in a position where they are not without  
opportunity to manipulate the corporate structure

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to their own interest. It is essential,  
therefore, that managers of companies, like 10  
directors, are persons of integrity. In a rapidly  
changing economic, financial and social  
circumstances in Singapore, directors of companies  
as well as managers have a particular social  
responsibility to act with the utmost candour in  
the management of companies. We are of the view  
that when the learned Chief Justice allowed the  
applicants leave to manage companies, he had not  
given due or sufficient regard to this aspect of  
the matter. 20


The onus is on the applicants to show  
why notwithstanding their convictions they should  
be granted leave to participate in the management  
of companies. In our view, far from discharging  
the onus that is upon them, the cumulative  
findings of the learned Chief Justice show that  
the applicants are not suitable persons to be  
involved in companies. We are of the view that  
the applicants are not the sort of persons who can  
be trusted to manage companies candidly and 30  
honestly. The learned Chief Justice refused the  
applicants leave to be directors of companies.


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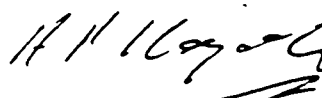
Judgment of Kulasekaram, J.,  
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We now refuse the four applicants leave to be directly or indirectly concerned or take part in the management of the companies referred to in their applications. We however allow Chong, not to participate in the management of a club, but under the control of the management committee of any club to be an employee therein.

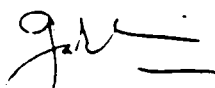
We allow the appeals of the Attorney-General with costs. The cross-appeals of the four applicants are dismissed with costs.

  
( T KULASEKARAM )  
JUDGE

  
( T S SINNATHURAY )  
JUDGE

  
( A P RAJAH )  
JUDGE

Certified true copy

  
Private Secretary to Judges  
Court No. 6  
Supreme Court Building

25th May, 1984

No.41  
ORDER OF COURT GRANTING QUEK LENG CHYE LEAVE TO  
APPEAL TO JUDICIAL COMMITTEE IN THE MATTER OF  
ORIGINATING SUMMONS NO.135 OF 1983 IN PC APPEAL  
NO.59 OF 1984  
IN THE COURT OF APPEAL IN SINGAPORE

CIVIL APPEAL NO: 65 OF 1983

Between

QUEK LENG CHYE ... APPELLANT

And

ATTORNEY GENERAL ... RESPONDENT

IN THE MATTER OF ORIGINATING SUMMONS NO: 135 OF 1983

In the Matter of Section 130 of the Companies  
Act, Chapter 185

Between

QUEK LENG CHYE ... APPLICANT

And

ATTORNEY GENERAL ... RESPONDENT

ORDER OF COURT

BEFORE THE HONOURABLE JUDGES,

MR JUSTICE \_\_\_\_\_ ,

MR JUSTICE \_\_\_\_\_ , and

MR JUSTICE \_\_\_\_\_

IN OPEN COURT

UPON MOTION preferred unto this Court in the  
name of MR S RAJENDRAN this day AND UPON READING the  
Affidavit of Quek Leng Chye filed on the 19th day of June  
1984 and the Notice of Motion filed in this cause AND UPON  
HEARING MR S RAJENDRAN of Counsel for the Appellant and  
MR \_\_\_\_\_ , State Counsel for the Respondent  
THIS COURT DOETH ORDER that :-

Leave under Section 3 (1)(a) of the Judicial  
Committee Act Cap 8 Singapore Statutes 1970 Revised Edition



In the Court of Appeal in Singapore

No.41

Order of Court granting Quek Leng Chye leave to appeal to Judicial Committee in the matter of Originating Summons No.135 of 1983 in PC Appeal No.59 of 1984

13th August 1984

(continued)

is hereby granted to the abovenamed Appellant to appeal to the Judicial Committee of Her Britannic Majesty's Privy Council against that part of the judgment of the Court of Appeal of the Republic of Singapore delivered herein at Singapore on 25th May 1984 whereby the Court of Appeal dismissed the appeal of the Appellant against the decision of the Learned Chief Justice in the High Court refusing the Applicant/Appellant leave to be a director or promoter of and/or be concerned in and take part in the management of any company or companies incorporated or to be incorporated in Singapore, or alternatively to be a director of the following companies :-

- 20
- (1) City Developments Limited;  
(2) Elite Holdings Pte Ltd;  
(3) Garden Estates (Pte) Ltd;  
(4) Gordon Properties Pte Ltd;  
(5) Harbour View Hotel Pte Ltd;  
(6) Hong Leong Corporation Ltd;  
(7) Hong Leong Development Ltd;  
(8) Hong Leong Finance Limited;  
(9) Hong Leong Foundation;
- 30
- (10) Hong Leong Holdings Ltd;  
(11) Hong Leong Investments Pte Ltd;  
(12) Hong Leong Nominees Pte Ltd;  
(13) Hong Leong Properties Pte Ltd;  
(14) Hong Leong-Seatran Lines Pte Ltd;  
(15) Hong Villa Pte Ltd;  
(16) Hotel Orchid Limited;  
(17) Hume Gas Cylinders Pte Ltd;  
(18) Hume Industries (Far East) Limited;  
(19) Hume Industries (Singapore) Ltd;  
(20) Humeview Pte Ltd;
- 40
- (21) Intrepid Investments Pte Ltd;  
(22) Island Concrete (Pte) Ltd;

In the Court of Appeal in Singapore

No.41

Order of Court granting Quek Leng Chye leave to  
appeal to Judicial Committee in the matter of  
Originating Summons No.135 of 1983 in PC Appeal  
No.59 of 1984

13th August 1984

(continued)

- (23) Island Holdings Pte Ltd;
- (24) King's Hotel Ltd;
- (25) King's Tanglin Shopping Pte Ltd; 10
- (26) Kingston Property Maintenance Services Pte  
Ltd;
- (27) Lingo Enterprises Ltd;
- (28) Orchid Inn Pte Ltd;
- (29) Paradiz Pte Ltd;
- (30) Sai Chieu Land Investment Pte Ltd;
- (31) Singapore Credit (Pte) Ltd;
- (32) Singapore Finance Limited;
- (33) Singapore Nominees Pte Ltd;
- (34) Singarab Construction Pte Ltd; 20
- (35) Tripartite Developers Pte Ltd;
- (36) Union Investment Holding Pte Ltd;
- (37) Rheem (Far East) Pte Ltd;
- (38) Wheel-On Ready Mix Co (Pte) Ltd;
- (39) Trade & Industrial Development (Pte) Ltd;
- (40) CCC Holdings Ltd; and
- (41) City Country Club Pte Ltd.

Dated this 13th day of August 1984.

ASST. REGISTRAR

ORDER OF COURT GRANTING GAN KHAI CHOON LEAVE  
TO APPEAL TO JUDICIAL COMMITTEE IN THE MATTER  
OF ORIGINATING SUMMONS NO.134 OF 1983 in PC  
APPEAL NO.61 of 1984

IN THE COURT OF APPEAL IN SINGAPORE

CIVIL APPEAL NO: 59 OF 1983

Between

ATTORNEY GENERAL ... APPELLANT

And

GAN KHAI CHOON ... RESPONDENT

IN THE MATTER OF ORIGINATING SUMMONS NO: 134 OF 1983

In the Matter of Section 130 of the Companies  
Act, Chapter 185

Between

GAN KHAI CHOON ... APPLICANT

And

ATTORNEY GENERAL ... RESPONDENT

ORDER OF COURT

20 BEFORE THE HONOURABLE JUDGES,

THE CHIEF JUSTICE, MR JUSTICE WEE CHONG JIN,

MR JUSTICE LAI KEW CHAI and

MR JUSTICE L.P. THEAN

IN OPEN COURT

UPON MOTION preferred unto this Court in the name of  
MR S RAJENDRAN this day AND UPON READING the Affidavit of Gan  
Khai Choon filed on the 19th day of June 1984 and the Notice  
of Motion filed in this cause AND UPON HEARING MR S RAJENDRAN  
of Counsel for the Applicant/Respondent and MR TAN SIONG  
THYE, State Counsel for the Respondent/Appellant THIS COURT

30 DOETH ORDER that :-

Leave under Section 3 (1)(a) of the Judicial

In the Court of Appeal in Singapore

No.42

Order of Court granting Gan Khai Choon  
leave to appeal to Judicial Committee in  
the matter of Originating Summons No.134  
of 1983 in PC Appeal No.61 of 1984  
13th August 1984 (continued)

Committee Act Cap 8 Singapore Statutes 1970 Revised Edition  
is HEREBY GRANTED to the abovenamed Applicant/Respondent to  
appeal to the Judicial Committee of Her Britannic Majesty's  
Privy Council against that part of the judgment of the Court  
of Appeal of the Republic of Singapore delivered herein at  
Singapore on 25th May 1984, whereby the Court of Appeal  
allowed the appeal of the learned Attorney-General against  
the decision of the Learned Chief Justice in the High Court  
granting the Applicant/Respondent leave to be concerned in  
and take part in the management of the following companies :-

- (1) Armidale Investment Pte Ltd;
- (2) Citimac Pte Ltd;
- (3) Hong Leong Nominees (Pte) Ltd;
- (4) Singapore Credit (Pte) Ltd;
- (5) Singapore Finance Pte Ltd;
- (6) King's Hotel Ltd;
- (7) FLS Automation Pte Ltd;
- (8) Hong Leong Finance Ltd;
- (9) Singapore Nominees Pte Ltd.

Dated this 13th day of August 1984.

ASST. REGISTRAR

No.59, 60, 61 and 62 of 1984

IN THE JUDICIAL COMMITTEE OF THE PRIVY COUNCIL

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O N A P P E A L

FROM THE COURT OF APPEAL IN SINGAPORE

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B E T W E E N :

QUEK LENG CHYE	<u>Appellant</u>
- and -	
THE ATTORNEY GENERAL,	<u>Respondent</u>

B E T W E E N :

QUEK LENG CHYE	<u>Appellant</u>
- and -	
THE ATTORNEY GENERAL	<u>Respondent</u>

B E T W E E N :

GAN KHAI CHOON	<u>Appellant</u>
- and -	
THE ATTORNEY GENERAL	<u>Respondent</u>

B E T W E E N :

GAN KHAI CHOON	<u>Appellant</u>
- and -	
THE ATTORNEY GENERAL	<u>Respondent</u>

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RECORD OF PROCEEDINGS

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