

30/85

No. 59, 60, 61 and 62 of 1984
IN THE JUDICIAL COMMITTEE OF THE PRIVY COUNCIL

O N A P P E A L
FROM THE COURT OF APPEAL IN SINGAPORE

B E T W E E N:-

QUEK LENG CHYE Appellant
- and -
THE ATTORNEY GENERAL Respondent

B E T W E E N:-

QUEK LENG CHYE Appellant
- and -
THE ATTORNEY GENERAL Respondent

B E T W E E N:-

GAN KHAI CHOON Appellant
- and -
THE ATTORNEY GENERAL Respondent

B E T W E E N:-

GAN KHAI CHOON Appellant
- and -
THE ATTORNEY GENERAL Respondent

RECORD OF PROCEEDINGS
EXHIBITS - PART II

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Respondent

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<u>Exhibit</u> <u>Mark</u>	<u>Description of Document</u>	<u>Date</u>
ABM-1	Statements of Quek Leng Chye Identical document in PC Appeal No 60 of 1984.	24.7.1982 to 27.7.1982
CBK-1	Prospectus in respect of Singapore Finance Ltd Identical document in PC Appeals Nos 60,61 and 62 of 1984.	1.6.1981
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KT-1	Statement under S120 of CPC given by Katherine Tang Identical document in PC Appeals Nos 60, 61 and 62 of 1984.	3.8.1982
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RS-1	Statement under S120 of CPC given by Raj Sachdev Identical document in PC Appeal Nos 60, 61 and 62 of 1984.	4.8.1982
TBC-1	Statement under S120 of CPC given by Tan Beng Chuan Identical document in PC Appeal Nos 60, 61 and 62 of 1984.	15.9.1982
TCP-1	Statement under S120 of CPC given by Christopher Tan Cheng Poh Identical document in PC Appeal Nos 60, 61 and 62 of 1984.	26.7.1982
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	Statement of facts relating to the Criminal Charges Identical document in PC Appeal Nos. 59, 60, 61 and 62 of 1984 (Identical document to QLC-2 exhibited) Attachments relating thereto in PC Appeal Nos. 59, 60, 61 and 62 of 1984 (as exhibited attached to QLC-2)	9.3.1983
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	Affidavit of Gan Khai Choon Identical document in PC Appeal No 62 of 1984.	28.2.1983
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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

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	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)

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

Statements
of Quek Leng
Chye in PC
Appeal No.
59 of 1984
24th to 27th
July 1982

FURTHER STATEMENT OF MR QUEK SENG CHYE
RECORDED ON 24.7.82 AT 1.30 pm. WITNESS
WAS GIVEN THE USUAL WARNING

- 10 1. The owner of the piece of land at Balmoral Rd/Stevens Road was City Development Pte Ltd. Sometime in 1975/76 I approached the American Club to swap the land on which the Club stands with the piece of land at Balmoral Rd/Stevens Rd. On this matter I dealt with Derrick Chong and the other committee members of the Club. For various reasons this became abortive.
- 20 2. A few months later Derrick Chong approached me with the idea of establishing a proprietary club at Balmoral Rd/Stevens Rd. After some meetings I offered the piece of land to him at \$4.5 million, the same price as offered to the American Club. This offer was subject to planning approval. This land was originally zoned for residential and City Dev. applied in the meantime for re-zoning. In the initial stages only Derrick Chong was involved in all the negotiations with me. Sometime in the middle of 1978, Derrick Chong disclosed to me that one S C Huang and another foreign group was involved in the project with
30 him. Thereafter I met S C Huang on this matter. S C Huang was not known to me personally before I met him on this matter.
- 40 3. In one of our meetings sometime in early 1979, I told Derrick Chong that the price of the land at Balmoral Rd/Stevens Rd would be increased to \$8.5 million. By then property prices in Singapore had generally appreciated compared to the price in 1975/76. After we increased the sale price of the land, Derrick Chong for reasons best known to himself invited us (Hong Leong) to participate in his Club project. He offered us 30% investment in his project.
4. When Derrick Chong offered us 30% investment in his project, he explained to us his project in detail. He told us that the primary objective of the project was to make money from the sale of shares of the Co. that was going to own/manage the club. The second objective of course was the

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establishment of the first proprietary club in Singapore. He told us that we will make money from our investment. He explained to me briefly how the whole scheme would work. I was satisfied that it was a viable project and that we would be able to make money from our investment. I agreed to our participation.

5. On or about 29.5.79, a simple agreement was reached between the parties to this project. The terms were:

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- a S C Hwang with another party would buy the land at \$8.5 million
- b 10' deposit would be paid and the balance at the end of September 1979
- c The Co. would have a paid up capital of \$6 million and authorised capital of \$15 million
- d Equity participation in the Co. would be:

- i S C Hwang - 30%
- ii The other party - 30%
- iii Hong Leong - 30%
- iv Derrick Chong - 10%

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On 30.5.79, Ms Shook Lin and Bock were briefed to act for the Club.

6. On 1.8.79, City Country Club Pte Ltd (now known as CCC Holdings Ltd) was incorporated with the following as shareholders:

- a Hwang S C - 3 shares
- b Queens Pte Ltd - 3 shares
- c Ng Cheng Bock - 3 shares
- d Derrick Chong - 1 share

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I was appointed as a nominee director of the Co. on 6.9.79 representing the interest of Queens Pte Ltd. On the same day Mr Gan Kai Choon was also appointed director of the Co. to represent the interest of Queens Pte Ltd.

7. Mr Ng Cheng Bock was not known to me at all prior to his appointment in the Co. He was brought in by S C Hwang in place of the third party. S C Hwang never disclosed to us who the third party was. We never even knew whether a third party existed.

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8. On 21.11.79 the sale/purchase of the land was completed. As far as I know Winston Chen was the solicitor for the Club from the start.

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9. Even before the completion of the property in Nov 79 the main issue that was discussed between the directors of the Co. and Solicitor Winston Chen was the question of tax avoidance on the profit to be derived from the sale of the shares to

(continued)

would be club members under the scheme. For the purposes of tax avoidance, either S C Hwang or Winston Chen proposed a two tier scheme which was explained to us. After some discussion either S C Hwang or Derrick Chong suggested that we seek the opinion of Ms Goh & Tan. This was left to Winston Chen. On 5.7.79 Goh, Tan & Co gave their opinion. In fact in Jun 79 Winston Chen also sought the opinion of Q C Steven Oliver on the question taxation. In Jul 79 Steven Oliver Q C gave his opinion that the profits derived from the sale of the shares to club members is taxable. In fact all this was taking place even before the incorporation of the Co.

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30

10. Sometime in Jul/Aug 1981 Winston Chen went to London and obtained a second opinion from Steven Oliver Q C. I am now shown a copy of the opinion. I cannot remember whether a copy of the opinion was given to me or not. The opinion is dated 9.9.81. I remember attending a meeting at the office of Peat Marwick and Mitchell where this opinion by Steven Oliver was discussed. Mr Keith Tay chaired the meeting. I believed S C Hwang, Derrick Chong, Winston Chen and myself were present at this meeting. Mr Keith Tay disagreed with the opinion of Steven Oliver. I agreed with Keith Tay's view. Mr Keith Tay expressed his view by a letter dated 23.9.82. I cannot remember whether in the course of our discussion, we talked about the prospectus. A copy of Mr. Keith Tay's view was extended to me.

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11. I am now shown a copy of Mr Steven Oliver Q C's opinion dated 9.9.81. I have read this opinion very thoroughly and as I understand, the scheme proposed by Mr Steven Oliver Q C is as follows :

- i The Co. which owns the land at Stevens Rd is to acquire or incorporate a wholly

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owned subsidiary. The wholly owned subsidiary is to carry on business as a proprietary club.

- ii The Co. will develop the Stevens Rd land and on completion will (i) lease the developed property to the subsidiary, and (ii) revalue the developed property.
- iii The Co. will then make a bonus issue of shares (representing the revaluation surplus) to the existing 4 shareholders 10
- iv The 4 individual shareholders will each vest a number of such bonus shares in the name of the nominal Co. as bare nominees.
- v The nominee Co. will be responsible for the sale of shares vested with it to potential members of the club.

The important point here is, the revaluation of the property will be after the completion of the club proper - Bonus shares are to be issued (from revaluation surplus) - sale of Bonus shares to would be club members. 20

12. In Sept 81 I was under the impression that the revaluation could be done even before completion of the Club premises - Bonus shares to be issued (from revaluation surplus) and the sale of the bonus shares to would be club members could be effected at any time. 30

13. It is my understanding that I could sell the shares while the Club is under construction. I got this understanding because from the beginning of this project the discussion was always on sale of shares.

14. Mr Winston Chen must have explained to me the opinion expressed by Mr Steven Oliver Q C dated 9.9.81 However I must say that he did not tell me that the shares should only be sold after the completion of the club proper (as suggested by Mr Steven Oliver Q C). 40

Statement concluded at 5.00 p.m.

I read the above statement and made the necessary corrections
Sgd

Recorded by me:
Sgd:
BAKAR MOOSA Ag SUPT
HEAD CCD

FURTHER STATEMENT OF MR QUEK SENG CHYE
RECORDED ON 26.7.82 AT 9.45 am AT CCD/CID.
WITNESS WAS GIVEN THE USUAL WARNING

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10 15. At the meeting we had with Mr Keith
Tay at his office on 18.9.81, I cannot
remember whether the question of
'Prospectus' was discussed. I am now shown
Mr Keith Tay's letter dated 23.9.81
concerning the discussion we had with him
on 18.9.81. The last paragraph on page 3
of this letter is not concerning 'Prospectus'
but more about the tax problem. The purpose
of the meeting with Mr Keith Tay was for
tax matters. I cannot remember whether
anything was said or discussed about
'Prospectus'.

(continued)

20 16. After our meeting with Mr. Keith Tay
it was decided by the Directors that his
opinion and view be conveyed to Mr Steven
Oliver Q C.

30 17. I cannot remember whether a copy of Mr
Steven Oliver Q C's further opinion dated
6.10.81 was given to me. I am sure this
was discussed between our solicitor Mr. Winston
Chen and the Directors of the Co. I am now
shown a copy of this further opinion and I
have read it. My understanding of this
further opinion of Mr Steven Oliver Q C is,
the sure way of meeting Peat Marwick's
objection is to avoid having any sale of
shares until after the club has started business.

Q: What decision was made by the Directors
of CCC Pte Ltd. after discussion of Mr
Steven Oliver Q C's further opinion dated
6.10.81?

40 A: The decision of the Directors was to go
ahead with the sale of shares before the
completion of the Club. My personal
opinion was, whatever scheme we put
through, we will be taxed on the proceeds
of the sale of shares.

18. Personally I did not agree with Mr. Steven
Oliver Q C's view that we could avoid tax if
the shares are sold after the club starts
functioning. I do not know how the other
directors felt.

19. On 17.11.81 I attended a meeting at the
office of Winston Chen at Shook Lin & Bock.

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I cannot remember specifically who attended this meeting. The meeting was called to discuss the sale of shares and steps to be taken. S C Huang was concerned with the proper management of the club. He wanted this club to continue as a very posh and exclusive club. In this respect he did not want to lose control of the club. 'Management Agreement' was not discussed. What was discussed was if he had less than 50%, we will lose control of club despite management agreement.

10

Q: Notes recorded by Winston Chen shows, you have doubts about scheme, but said go ahead. What is your doubt?

A: My doubt was on the tax scheme. I did not believe we could avoid tax.

Q: Was there anything done by the other Directors and your solicitor that did not have your whole-hearted approval?

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A: I cannot think of any.

20. At the meeting on 17.11.81, the question about 'Prospectus' was discussed. The question discussed was whether we wanted a prospectus for the sale of shares. Generally the Directors were not in favour of coming out with a prospectus because of cost and cumbersome.

Q: In the notes of the meeting Mr Winston Chen recorded, "If view adverse, scheme needs rethinking". Can you explain why he considered the issuing of prospectus as 'Adverse' and why should that cause rethinking of your scheme?

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A: We preferred not to have a prospectus for the reasons which I have stated earlier. So any decision against this is 'Adverse'. If a prospectus is required the time frame for sale of shares would be delayed. We had to consider whether selling the shares at one time or in small parcels. Therefore the scheme needed rethinking.

40

Q: What would be your alternative if prospectus was required?

A: We would comply and probably go ahead with the scheme.

	Q: You said, to issue a prospectus is costly and cumbersome. Have you had any personal experience in the issue of a prospectus?	<u>EXHIBIT</u> ABM-1
	A: Singapore Finance in which I am a Director issued a prospectus some 2 years ago. I was not personally involved in the preparation of the prospectus and therefore I did not find it cumbersome. I think it must be cumbersome to those who are involved in its preparation.	Statements of Quek Leng Chye in PC Appeal No. 59 of 1984 24th to 27th July 1982
10		(continued)
	Q: You said issuing a prospectus is costly. Do you agree cost is always relative to the job?	
	A: The answer is Yes and No. Yes because it is relative to the time spent on the job. No because some charge higher because they feel that there is some responsibility in the task.	
20		
	Q: Did any of the Directors of CCC Pte Ltd call for a quotation for the production of a prospectus?	
	A: Not that I know of.	
	Q: Do you know what information is required for the issue of a prospectus?	
	A: Information required will be: Accountant's report, profit projection, valuation. history of Co., value of shares and some other statutory requirements.	
30		
	Q: In the case of CCC Pte Ltd, do you agree that all these information are easily and readily available without any problem?	
	A: Yes I would say so.	
	Q: In your mind how much did you think it would have cost CCC Pte Ltd to issue the prospectus at that time?	
	A: I thought it would be in the region of about \$100,000/-.	
40		
	Q: How did you arrive at this figure?	
	A: The charges of the Merchant Banker, the accountant and the solicitor.	

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Statements
of Quek Leng
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(continued)

- Q: Why didn't the Directors ask for a quotation at that time?
- A: I don't know.
- Q: The brochure distributed to the invitees were prepared by an advertising Co. Do you know the cost involved for this?
- A: I am aware it was prepared by an advertising Co. I do not know the cost.
- Q: The brochure distributed by City Country Club Pte Ltd is of high quality and expensive to print. Would you agree? 10
- A: I do not know the cost. But if the cost is \$10/- per brochure, I would not consider that expensive. If it is \$20/- I would consider that expensive.

Statement discontinued at 12.50 pm.

Statement resumed at 2.20 pm on 26.7.82.
Witness was given the usual warning.

- Q: In Oct 81 Mr Winston Chen sought opinion from Mr David Bennett QC whether members of a club are a section of the public as defined by the NSW Companies Act. Do you know why he sought this opinion? 20
- A: I think he sought this opinion to determine whether a prospectus is required.
- Q: How did Mr. David Bennett QC's answer enable you all to decide on the issue?
- A: I believe I have not seen Mr David Bennett's reply before (reply shown to witness). I cannot remember whether Mr Winston Chen had referred to this opinion but he was particular in who we invite to be members of the Club. 30

21. I knew that Goh, Tan & Co were involved in the early stages of the scheme to advise on the tax angle. I cannot remember them being involved in Nov 81. I cannot remember whether the alternative scheme proposed by Mr Fong Yeng Kuen of Ms Goh Tan & Co was discussed at our usual meeting between directors and our solicitor Mr Winston Chen. 40

Around this period of time I am aware there were discussions to make bonus issue and to sell the Bonus shares to would be club members for \$30,000/-.

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10 22. I believe I did not receive a copy of the scheme as advised by Mr. Stephen Oliver QC and steps to be taken which was handed to S C Hwang by Winston Chen as reflected in the solicitors file. I attended the meeting on 17.11.81. I cannot recall whether a copy was handed to me at this meeting. I don't know why Winston Chen handed 4 copies of this to S C Hwang.

(continued)

Q: By Nov. 81 the Directors had decided to sell the Bonus shares at \$30,000 each. How did you arrive at this value of \$30,000 per share?

A: The value of \$30,000/- per share was suggested by S C Hwang.

20 Q: Did you ask him how he arrived at this value?

A: I don't think I did.

Q: Do you know how he arrived at this value?

A: No.

Q: Was a valuation of the shares done?

A: I don't remember it was done.

30 23. The decision to sell the bonus shares at \$30,000/- was not based on any valuation of the shares. If S C Hwang had suggested \$40,000/- per share, I would have agreed also. If he is confident he can sell, I would agree.

Q: Assuming you had to issue a prospectus for the sale of the shares. How would you justify the valuation of the shares at \$30,000/- per share?

A: I don't know.

Q: Did anyone work out the rough valuation of the shares at any time?

40 A: I don't remember that being done.

Statement discontinued at 1600 hrs.

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I read over the above
statement and made the
necessary corrections.

sgd

Recorded by me:

sgd
BAKAR MOOSA Ag Supt
HEAD CCD

FURTHER STATEMENT OF MR QUEK SENG CHYE
RECORDED ON 27.7.82 AT 2.30 pm. WITNESS
WAS GIVEN THE USUAL WARNING.

24. On 22.2.82 an EGM was held at the office
of Ms Shook Lin & Bock to discuss certain
matters. The following matters were resolved
at the EGM:

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- i Change from Private to a Public Co.
- ii Change of name from CCC Pte Ltd to
CCC Holdings Ltd
- iii Consolidation of shares from
5,000,000 shares of \$1/- each to
1,000 shares of \$5,000/- each
- iv The allotment of Rights issue of
one new share to one existing
share
- v Bonus of 2 shares to every one
share held.

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25. The reason for converting from a Private
Co. to a Public Co. is in line with the
intention of the Co. to form the Club. The
reason for changing the Private Co. to a
Holding Co. is in accordance with the scheme
for the sale of shares. The reason for
consolidation is purely for convenience,
instead of club members having to acquire 5,000
shares of \$1 each, they need to acquire one
share of \$5,000/-.

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26. Before the EGM the land was revalued
at \$27.5 million and it was the intention of
the Directors to capitalise the reserve by
creating bonus shares. At this meeting it
was decided to issue 2 bonus shares for every
share held. It was also the intention of
everyone to sell the bonus shares. During
the course of discussions, it dawned on me
that if we were to sell the bonus shares to
the club members, the Co. would have no money
to complete the construction of the club and

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10 repayment of all the loans. This was discussed and at this point we decided to have a Rights Issue to inject money into the Co. so that at the end of the day the Co. would be unencumbered. It was also decided to make a rights issue of one to one. The rights is to be at \$30,000 each ie with a premium of \$25,000 each. The premium of \$25,000 was decided then and there. Derrick Chong was asked to work out the cost for completion of the project. He estimated another \$30 million to complete the project. As the Rights Issue involved 1,000 shares it was decided that the Rights be issued at \$30,000 per share to bring \$30,000,000/-.

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(continued)

20 27. It was the intention of the Directors to have only 4,000 issued shares. For this reason, before the decision to have rights issue, it was the intention to issue 3 to 1 bonus. But when it was decided to make a rights issue, the bonus was reduced from 3 to 2 so that total issued shares would not exceed 4,000.

30 28. It was also decided at this meeting that the rights issue, which were all taken up, will be uncalled until such time money is needed for the project. We also decided that we will go ahead with the sale of the bonus shares to club members. From the proceeds of the sale of bonus we will pay for the rights when called. I think it was the intention of the directors to call the rights within 5 months, probably after the sale of the first batch of shares. To-date, the rights have not been called.

29. I think in May 82, the Co. obtained a further loan of S\$5 million from Hong Leong for the construction of the project.

40 30. It was the unanimous decision of the directors to sell the bonus shares in batches in order to test the response. The first batch would be \$30,000. The future sale would depend on this sale. If the response had been good, we would have increased the price. The increase will have to be unanimously agreed by the directors. Similarly if the response had been bad, we would have reduced the price.

50 31. In the Preamble and Rules and Regulations distributed to invitees, under Rule 11, the

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Statements
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ordinary share have been quoted as \$5,000.
I personally came to know about it after
the Rules and Regulations were sent out.

I was given a copy of the Rules & Regulations
but I did not bother to read it. I did not
expect the share price to be quoted in the
book containing Rules & Reg. A draft
invitation letter was given to me for
discussion. This draft contained the price
of the shares at \$5,000 each. I suggested
in our meeting attended by S C Hwang, Derrick
Chong, Gan Kai Choon, Winston Chen and others,
that we should state the par value of the
share as \$5,000 each and that the selling
price was \$30,000/- each. To this Winston
Chen objected to include the selling price
of \$30,000/-. His reason was he wanted the
invitee to make the offer otherwise it would
not be in accordance with what he has presented
to the ROC. I understand this to mean that
this will contravene the waiver he had
obtained from ROC. Therefore in order to
avoid any confusion I suggested that the
\$5,000 (being par value of the share) be
taken out. Winston Chen and the others
agreed. No one pointed out that the Rules
show the par value of the shares as \$5,000.

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32. I believe it was also at the same meeting
Winston Chen told us that the invitation
letters must not look like a prospectus. He
said in the context that he has obtained
waiver from ROC.

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33. The club premises was leased by the
Holding Co. to the CC Club Pte Ltd for 10
years. This was done on the advice of Winston
Chen. I am sure he gave us some reason, but
I cannot remember.

Statement concluded at 5.15 pm.

I read over this statement and
made the necessary corrections. Recorded by me: 40

sgd

sgd
BAKAR MOOSA
Ag SUPT
HEAD CCD

O P I N I O N

1.1 The surpluses realized by X Ltd. on sale of shares in the Club could in my opinion, be charged to income tax as gains or profits from a trade or business. The gains or profits would accrue in Singapore and would be taxable under Income Tax (Amendment) Act 1977 section 10 (1)(a).

10

1.2 The essence of the proposed transaction, at least as regards X Ltd's participation, is a scheme for profit-making involving the incorporation of the Club, the procurement of the Club's purchase of premises and erection of Club buildings and the sale of shares at a premium to incoming members. The shares in the Club will not have the characteristics of investments. They will not be held for their income yield; they will be held by X Ltd. with the object, formed at the outset, of sale to members at a premium. It seems to me that the participation of X Ltd. in the proposed transaction, will rank as a trade. The following passage from the speech of Lord Dunedin in Californian Copper Syndicate v.

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EXHIBIT

HS5a

Opinion of
Stephen
Oliver QC
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(continued)

Harris 5 Tax Cas. 159 at p.165 is on point:

"It is quite a well-settled principle in dealing with questions of assessments to income-tax, that where the owner of an ordinary investment chooses to realize it, and obtains a greater price for it than that for which he originally acquired it, the enhanced price is not profit in the sense of Schedule D But is equally well established that enhanced values obtained from realization or conversion of securities may be so assessable, where what is done is not merely a realization or change of investment, but is an act done in what is only carrying on or carrying out of a business".

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As indicated above, the Club shares would not qualify as an "ordinary investment", thus the conclusion that X Ltd. was carrying on a trade would be justified. References should also be made to Associated London Properties v. Henrikson 26 Tax Cas. 46 where a taxpayer, in association with another joint promoter, took up shares in a property development company: the development company developed the site and the taxpayer realized his shareholding at a gain. The gain was held to be a trading profit: selling the shares was the taxpayer's method of exploiting the gain from the development of the site. So here, X Ltd's method of exploiting the gain from the creation and development of the Club is by selling shares to members at a premium: and applying the ratio of the Associated London Properties decision the premium(s) could be taxed as trading profit.

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2. The realized surpluses on sales of Club shares are taxable as trading profits, if at all, and do not, in my opinion, come under any other head of charge.

3.1 Any surpluses obtained by the shareholders in X Ltd. on dissolution of X Ltd. should, more likely than not, rank as gains of a capital nature rather than trading profits. The participation of Messrs. A and B and Messrs. C and D in the joint venture could, be regarded as, from start to finish, a scheme for profit making amounting to a trade with the result that the trading profits would be taxed as income under section 10(1)(a). The points made on the law, in answer to question 1 above, would be equally applicable to the realization of the shares in X Ltd.

3.2 On the other hand it seems to me that the shares in X Ltd. could be described as "investments" of the shareholders with much more justification than X Ltd's holding of Club shares. The shares in X Ltd. are quite capable of producing an income yield; they need not necessary be sold or realized on dissolution of X Ltd. Most participators in most ventures have an eye to capital growth as well as to income yield; and so here the fact that a gain is sought will not

EXHIBIT

HS5a
Opinion of
Stephen
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necessarily bring the gain into charge to income tax as a trading profit.

- 3.3 To prevent it being successfully claimed that the surpluses realized on dissolution of X Ltd. are trading profits it is important to ensure that there is no prior commitment, either contractual or of a fiduciary nature, to "dissolve" or even sell shares in, X Ltd. once the Club shares have all been sold. The shares in X Ltd must be taken up by the four promoters as much for their income or dividend potential as for their capital gain. Bearing in mind that one of the promoters may already been classified as a property developer, it would be as well to show proof that the shares in X Ltd. are held as investments by arranging that X Ltd. in fact declares and pays some dividends having invested the proceeds of Club shares in income-producing securities. The memorandum of X Ltd. should not describe its main object as the promotion of the Club; its objects should be quite general, and it might marginally improve X Ltd.'s case for claiming that the proceeds of Club shares were not trading profits if its objects were those of a normal investment company. Finally in this connection, it would help to establish that the X Ltd. shares had at all times been held by the promoters as
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- 20

investments if X Ltd, could be shown to have actively investigated other projects into which the proceeds of sale of the Club shares might have been invested.

10 4.1 I have given thought to the possibilities of reducing or eliminating the tax on the profits realized by X Ltd. on sale of the Club shares to members. I can see no obvious way of achieving this. X Ltd. might, of course, be made a company resident outside Singapore by ensuring that its "central management and control" was located in some other country. If its activities were confined to buying and selling shares, then it might be possible to keep the (unremitted) profit out of charge to Singapore income tax - always assuming that it is a taxable trading profit - by establishing that profits and gains were directly attributable to "operations carried on outside Singapore": see section 12(1).

20 4.2 It seems to me, however, that the operations which are really going to produce the profit will be those conducted in Singapore, i.e. the incorporation of the Club, the procurement of the Club premises and the building activities and the seeking for members to take up shares. In other words, X Ltd, as proprietor of the Club, will really make its profits from marketing and selling its proprietorial interest in the Club

EXHIBIT

HS5a

Opinion of

Stephen

Oliver QC

in PC Appeal

No.59 of 1984

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(continued)

to executives; and that is an activity which may well be found, as a matter of fact, to have been carried on in Singapore.


4.3 X Ltd's exposure to Singapore income tax would be reduced if it appointed an independent broker or "general commission agent" in Singapore to market and sell the shares in the Club. So long as that broker was not carrying on the "regular agency" of X Ltd., section 53(4) should apply to prevent X Ltd. from being charged to income tax in the name of the broker or general commission agent. The broker or agent would, of course, have to be paid a normal commercial fee.

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4.4 X Ltd.'s exposure to tax would be further reduced if the Club had its own building committee which was responsible, to the exclusion of X Ltd., for the erection of the buildings and the encouragement of executives to become members. By these means it would be shown that, so far as profits were generated from the building and the recruitment of members, the relevant operations were not those of X Ltd. carried on in Singapore. Thus X Ltd.'s operations would, arguably, be confined to those of simply holding and realizing shares - operations which would be carried on wholly

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outside Singapore. It is important, in this connection, to ensure that X Ltd. is resident, in the sense of being controlled and managed, outside Singapore and that its business activities, i.e. acquiring and selling shares in the Club, are run by it as principal from outside Singapore.

S. J. L. Oliver.

4, Pump Court,
The Temple.

5th July 1979.

O P I N I O N

1. Following a discussion of this matter in Conference with Mr. Chen, I advised that the best course of action from the taxation point of view was as follows.

2.1 The existing company which owns the Stevens Road land should acquire or incorporate a new company to carry on business as a proprietary club. The existing company would become and remain the beneficial owner of all the shares in the club company.

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2.2 The existing company would agree to grant a lease of the Stevens Road land to the club company at an annual rent which provided the existing company both with sufficient income to pay off interest and principal borrowed to finance the development and in due course to provide it with profit to be distributed as dividend. The lease would in fact commence when the land had been developed and the club

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company had started to trade.

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2.3 The club company would canvass club members. It would be a condition of their membership of the club that the prospective member bought qualification shares in the existing company. The club company could be financed by club membership subscriptions, by funds advanced from the existing company and, if required, by borrowing.

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2.4 The existing company would revalue the Stevens Road Land as developed and make a bonus issue of shares representing the revaluation surplus. The four individuals, being the only persons then entitled to the bonus shares, would each vest a number of such bonus shares in the name of a nominal company as bare nominee. The number of bonus shares so vested would be enough to satisfy the requirements of the potential members of the club. The four individuals would retain enough shares in the existing company to secure control in their hands.

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2.5 The actual sales of shares in the existing company to club members would be made

EXHIBIT

HS5b

Opinion of
Stephen Oliver
QC in PC Appeal
No.59 of 1984
9th September 1981
(continued)

by the nominee company. The proceeds of sale would be held, as nominee, for the four individuals. Pending sale the nominee company would have the votes attached to the unsold shares.

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3.1 The four individuals should, in my opinion, receive the proceeds of sale of the bonus shares in the existing company as receipts of a capital nature and not as income taxable under Section 10 (1) (a) of the Income Tax Act. This is because none of those four individuals will, in my view, have been carrying on any trade or business in relation to the acquisition and realisation of the shares in the existing company. The relevant business is that carried on by the existing company, ie. the development and establishment of the club. The shares, by contrast, represent the interests of the four individuals in the company carrying on the business being assets acquired either in return for subscription of capital or, in the case of bonus shares, in respect of the shareholding interests. In particular the shares would not properly be regarded as stock in trade of a separate share dealing business: the shares were not acquired for a trading purpose. Support for this conclusion will be found in the decision of the House of

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EXHIBIT
HS5b
Opinion of
Stephen Oliver
QC in PC Appeal
No.59 of 1984
9th September 1981
(continued)

Lords in Ransom v. Higgs 90 Tax Cas.1.

3.2 It would, in my view, be unwise and provocative to use a Hong Kong company to acquire and sell on the shares in the existing company to club members. The transactions could well amount to the carrying on of a share-dealing trade in Singapore with the result that the Hong Kong company's profits could be taxed under Section 10 as "income derived from Singapore".

S. L. Oliver

6 Pump Court,
Temple.

9th September, 1981

EXHIBIT
TELEX FROM WINSTON CHEN TO MR
STEPHEN OLIVER QC IN PC APPEAL
NO. 59 OF 1984

GA

011**

SHUKLIN RS21522

0128207

RS 18SEP 1639

GA

51886702+

886702 PUMPCO G

SHUKLIN RS21522

18.9.81

TO: MR STEPHEN OLIVER QC

FM: WINSTON CHEN

RE: NEW EXECUTIVE CLUB

A. THANK YOU VERY MUCH FOR SENDING TO ME THE OPINION
SO VERY QUICKLY.

B. A MEETING WAS HELD WITH THE CLIENTS IN SINGAPORE
TODAY AND THERE SEEMS TO BE SOME CONFUSION ON THE OPINION
WITH REGARD TO THE ISSUE OF BONUS SHARES AND USE OF A NOMINAL
COMPANY SUGGESTED IN PARAGRAPH 2.4 OF YOUR OPINION PARTICULARLY
WITH REGARD TO THE PROCEDURE AND STRUCTURE TO BE ADOPTED.

C. THE CONFUSION IS ON WHETHER THE "NOMINAL COMPANY"
IS TO BE A PURE NOMINEE COMPANY AS IT IS COMMONLY UNDERSTOOD.
IF SO THEN THE PROCEDURE WOULD APPEAR TO BE AS FOLLOWS:

THE INCORPORATION OF THE NOMINAL COMPANY WITH EACH
OF THE 4 INDIVIDUALS HOLDING SHARES THEREIN IN THE
SAME PROPORTIONS AS IN THE EXISTING COMPANY.

THE ISSUE OF BONUS SHARES TO THE 4 INDIVIDUALS.

EXHIBIT

Telex from
Winston Chen
to Mr. Stephen
Oliver QC in PC
Appeal No.59 of
1984
18th September 1981
(continued)

3. THE 4 INDIVIDUALS WILL THEN TRANSFER THEIR SHARES
TO THE NOMINAL COMPANY FOR REGISTRATION IN THE
EXISTING COMPANY.

4. THE NOMINAL COMPANY WILL THEN SELL THE SHARES WHICH
IT HOLDS AS NOMINEE FOR THE 4 INDIVIDUALS.

D. THE ABOVE SCHEME MAY NOT BE THE SCHEME YOU HAVE IN
MIND AS THERE MAY ARISE A DISPUTE BETWEEN THE 4 INDIVIDUAL
SHAREHOLDERS ON WHOSE SHARES IN THE EXISTING COMPANY (WHICH
THE NOMINAL COMPANY HOLDS AS NOMINEE) ARE TO BE SOLD OR HAS BEEN
10 SOLD. IT APPEARS TO ME THAT YOU MAY HAVE IN MIND THE PROCEDURE
WHERE ALL OF STEPS ABOVE ARE TO BE ADOPTED WITH THE EXCEPTION
THAT WHEN THE 4 INDIVIDUALS TRANSFER THEIR BONUS SHARES IN
THE EXISTING COMPANY TO THE NOMINAL COMPANY THE SAME WILL BE
IN RETURN FOR SHARES TO BE ISSUED BY THE NOMINAL COMPANY TO THE
4 INDIVIDUALS. IF THIS BE NOT THE INTENTION THEN PLEASE
EXPLAIN THE PURPOSE OF THE NOMINAL COMPANY.

E. AS USUAL THE CLIENTS ARE IN A HURRY AND I SHALL BE
GRATEFUL IF YOU WOULD KINDLY TELEX YOUR FURTHER ADVICE.

REGARDS AND MANY THANKS FOR HAVING AGREED TO SEE ME SO READILY
20 IN LONDON.

REGARDS*

886702 PUMPCO G

SHUKLIN RS21522VVVV

00.05.47

EXHIBIT - HS5c
FURTHER OPINION OF STEPHEN OLIVER
QC IN PC APPEAL NO. 59 OF 1984

FURTHER OPINION

- A. The nominal company (which I shall refer to as the nominee company) is to hold the bonus shares in the existing company and the proceeds of sale as nominee for the four individuals.
- B. The procedure should be as follows:-
1. The nominee company is bought or incorporated. 10
Its shares may be vested in the names of either the four individuals or an outside third party. I would prefer to see an outside third party as the shareholder.
 2. The nominee company should agree with the four individuals that any shares in the existing company which are transferred to it or registered in its name are to be held by it as nominee or bare trustee for the four individuals. The agreement 20
should also stipulate that the proceeds of sale of those shares in the existing company be held for the four individuals in the agreed proportions.
 3. Following the issue of bonus shares in the existing company the four individuals will transfer the whole or part of their

EXHIBIT
HS5c
Further
Opinion of
Stephen Oliver
QC in PC Appeal
No.59 of 1984
21st September 1981
(continued)

allotments into the name of the nominee
company which will be registered as
owner of those shares.

4. As and when the nominee company sells
shares in the existing company to incoming
club members the proceeds of sale will
be held by the nominee company for the
four individuals in the proportions agreed.

C. The nominee company should NOT acquire
the shares in the existing company in
return for an issue of shares in the
nominee company. This course, if carried
out, would result in the nominee company
acquiring the shares in the existing
company beneficially and not as nominee.

10

SO Oliver.

4 Pump Court

Temple.

21st September, 1981

EXHIBIT
TELEX FROM WINSTON CHEN TO STEPHEN
OLIVER QC SETTING OUT CONTENTS OF
PEAT MARWICK MITCHELL LETTER IN
PC APPEAL NO.59 OF 1984

GA

011++

SHUKLIN RS21522

0132870

RS 050CT 1652

GA

51886702+

886702 PUMPCO G

SHUKLIN RS21522

5.10.81

TO: STEPHEN OLIVER

FM: WINSTON CHEN

RE: NEW EXECUTIVE CLUB

A. I APPEND BELOW LETTER FROM PEAT, MARWICK, MITCHELL + CO
TO CITY COUNTRY CLUB.

QUOTE

DEAR SIRs

WE REFER TO THE MEETING AT OUR OFFICE ON 18 SEPTEMBER
1981, WHICH WAS ATTENDED BY MESSRS HUANG SHENG CHANG,
ROBERT HUANG, KWEK LENG CHYE, DERRICK CHONG, GAN KHAI CHOON,
WINSTON CHEN OF M/S SHOOK LIN + BOK AND OUR MESSRS KEITH TAY
AND DAMIAN HONG.

AT THE MEETING, WE WERE REQUESTED TO COMMENT ON THE
OPINION OF MR. STEVEN OLIVER, QC. WE BRIEFLY RESTATE AS
FOLLOWS THE FORM OF CORPORATE STRUCTURE PROPOSED BY COUNSEL
FOR THE PURPOSE OF THE ESTABLISHMENT OF A CLUB:-

(1) CITY COUNTRY CLUB PTE LTD (CCCPL) WHICH OWNS THE
STEVENS ROAD LAND IS TO ACQUIRE OR INCORPORATE A
WHOLLY OWNED SUBSIDIARY. THE WHOLLY OWNED SUBSIDIARY
IS TO CARRY ON BUSINESS AS A PROPRIETARY CLUB.

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EXHIBIT

Telex from Winston Chen to
Stephen Oliver QC setting out
contents of Peat Marwick Mitchell
letter in PC Appeal No.59 of 1984
5th October 1981 (continued)

- 10 (2) CCCPL WILL DEVELOP THE STEVENS ROAD LAND AND ON
COMPLETION WILL (I) LEASE THE DEVELOPED PROPERTY
TO THE SUBSIDIARY, AND (II) REVALUE THE DEVELOPED
PROPERTY.
- (3) CCCPL WILL THEN MAKE A BONUS ISSUE OF SHARES
(REPRESENTING THE REVALUATION SURPLUS) TO THE
EXISTING 4 SHAREHOLDERS.
- (4) THE 4 INDIVIDUAL SHAREHOLDERS WILL EACH VEST A NUMBER
OF SUCH BONUS SHARES IN THE NAME OF THE NOMINAL
COMPANY AS BARE NOMINEES.
- (5) THE NOMINEE COMPANY WILL BE RESPONSIBLE FOR THE SALE
OF SHARES VESTED WITH IT TO POTENTIAL MEMBERS OF
THE CLUB.
- 20 OUR COMMENTS ON THE ABOVE ARE AS FOLLOWS.
- DURING THE PERIOD OF DEVELOPMENT OF THE CLUB, THE INTEREST
INCURRED BY CCCPL ON ANY LOANS OBTAINED TO FINANCE THE
DEVELOPMENT WILL NOT BE TAX DEDUCTIBLE AS SUCH EXPENSE CANNOT
BE SAID TO BE INCURRED IN THE PRODUCTION OF ANY INCOME AS NO
INCOME IS BEING EARNED DURING THE PERIOD.
- OUR READING OF THE OPINION SUGGESTS THAT THE BONUS SHARES
WHICH ARE VESTED IN THE NOMINEE COMPANY, BENEFICIALLY BELONG
TO THE INDIVIDUALS AND THE SHARES ARE VESTED IN THE NOMINEE
COMPANY TO FACILITATE SALES SINCE THE INDIVIDUALS WILL THEREBY
30 NOT BE PHYSICALLY INVOLVED. EFFECTIVELY, ANY SALES OF BONUS
SHARES BY THE NOMINEE COMPANY ARE SALES TRANSACTED BY THE
INDIVIDUALS. M/S SHOOK LIN + BOK WILL SEEK CONFIRMATION ON
THIS POINT WITH COUNSEL.

EXHIBIT

Telex from Winston Chen to
Stephen Oliver QC setting out
contents of Peat Marwick Mitchell
letter in PC Appeal No.59 of 1984
5th October 1981 (continued)

ON THE ASSUMPTION THAT THE FOREGOING IS CORRECT, WE CONCUR WITH COUNSEL'S OPINION THAT THE INDIVIDUALS' TAX STATUS IS OF PARAMOUNT IMPORTANCE IN DECIDING WHETHER THE PROFITS FROM THE SALE OF SHARES ARE SUBJECT TO SINGAPORE INCOME TAX. HAVING SAID THAT, WE WISH TO QUALIFY THAT EVEN THOUGH IT MAY BE RELATIVELY EASY TO ESTABLISH THAT THE INDIVIDUALS ARE NOT SHARE-DEALERS AND THEREFORE THE REALISATION OF PROFITS FROM THE SALE OF SHARES ARE NOT TRADING INCOME, THERE STILL EXIST OTHER FACTORS WHICH MAY PERSUASIVELY RETURN A FINDING THAT THE WHOLE TRANSACTION IS ONE OF A BUSINESS NATURE AND CONSEQUENTLY THE PROFITS TO BE REALISED FROM THE SALE OF THE SHARES TO THE POTENTIAL CLUB MEMBERS MAY BE REGARDED AS TRADING PROFITS SUBJECT TO INCOME TAX. 10

COUNSEL HAD RELIED ON RANSOM VS HIGGS, A 1974 UK TAX CASE, WHEN HE PUT FORTH THE OPINION THAT THE INDIVIDUALS WILL NOT BE REGARDED AS DERIVING TRADING INCOME FROM THE SALE OF BONUS SHARES THROUGH THE NOMINEE COMPANY. WE HAVE REPRODUCED IN THE ANNEXED APPENDIX, A SUMMARY OF THIS CASE AS FOUND IN "INCOME TAX" BY WHITEMAN AND WHEATCROFT. OF PARTICULAR SIGNIFICANCE WAS THE RULING MADE BY LORD WILBERFORCE, 20

"HOW CAN A MAN WHO PROCURES OTHERS TO DO ACTS WHICH AMOUNT TO TRADING BY THEM WITH THEIR OWN ASSETS BE SAID TO TRADE, WITHIN ANY CONCEPTION, HOWEVER WIDE, ONE MAY HAVE OF TRADING?" 30

IN ADDITION, ROSKILL LJ IN THE COURT OF APPEAL ON THE SAME CASE HELD THAT

"THE PERSON WHO IN THAT CASE (RAMSON VS HIGGS) HAD IN THEIR VIEW ORGANISED THE COMPLICATED TRADING TRANSACTION BUT WHO WAS NEITHER ENTITLED TO THE TRADING PROFIT NOR RECEIVED IT, COULD NOT THEREFORE BE ASSESSED."

EXHIBIT

Telex from Winston Chen to
Stephen Oliver QC setting out
contents of Peat Marwick Mitchell
letter in PC Appeal No.59 of 1984
5th October 1981 (continued)

ON THESE TWO POINTS RAISED, WE DISCERN THAT CERTAIN FACTS WHICH EXIST IN CCCPL SITUATION ARE NOT 'ON ALL FOURS' WITH THE HIGGS' CASE. IN THE FIRST PLACE, THE 4 INDIVIDUALS SELLING THROUGH A NOMINEE COMPANY ARE ENTITLED TO RECEIVE THE PROCEEDS FROM SALE. IN THE SECOND PLACE, THE SCHEME EMPLOYED IN CCCPL DOES INVOLVE THE 4 SHAREHOLDERS PARTICIPATING IN THE SALE OF SHARES THROUGH THE NOMINEE COMPANY. THIS FACT MAY BE MATERIAL. CONTRAST THIS WITH RAMSON VS HIGGS CASE WHERE MR HIGGS ENGINEERED THE TAX AVOIDANCE TRADING TRANSACTION BUT HE HIMSELF WAS NOT INVOLVED IN A PERSONAL CAPACITY IN ANY OF THE TRANSACTIONS. LORD REID COMMENTED IN HIS JUDGEMENT,

'MR HIGGS DID NOT DEAL WITH ANY PERSON. HE DID NOT BUY OR SELL ANYTHING. HE DID NOT PROVIDE ANYONE WITH GOODS OR SERVICES FOR REWARD. HE HAD NO PROFITS OR GAINS. UNDER THIS CS EESHEME HE NEVER COULD HAVE ANY I CAN FIND NO CHARACTERISTIC OF TRADING IN ANY THING WHICH MR HIGGS DID''.

WHEN WE REFER TO THE POINT WE MADE REGARDING THE SHAREHOLDERS PARTICIPATING IN THE SALE OF SHARES, WE RECOGNISED THAT THE MERE REALISATION OF ONE'S ASSETS MAY NOT CONSTITUTE A TRADING ACTIVITY. HOWEVER, VIEWING THE SCHEME IN ITS ENTIRETY (RAMSAY VS CIR) IT MAY BE CONSTRUED THAT THE SHAREHOLDERS ARE, AS A MATTER OF FACT, SELLING MEMBERSHIP RIGHTS THROUGH THE SALES OF SHARES. IN THIS RESPECT WE REFER YOU TO THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION WHICH STATES:-

'TO ESTABLISH, MAINTAIN AND CONDUCT A CLUB FOR THE ACCOMMODATION OF THE MEMBERS OF THE COMPANY AND THEIR FRIENDS AND GENERALLY TO AFFORD TO THEM ALL THE ~~EMER~~ USUAL PRIVILEGES, ADVANTAGES AND ACCOMMODATION

EXHIBIT

Telex from Winston Chen to Stephen
Oliver QC setting out contents of
Peat Marwick Mitchell letter in PC
Appeal No.59 of 1984
5th October 1981 (continued)

OF A CLUB AND TO PROVIDE EFFICIENT AND ATTRACTIVE
RECREATIONAL AND SPORTING FACILITIES BY MEANS OF A
CLUB FOR MEMBERS OF THE COMPANY AND THEIR FRIENDS TO
MEET SOCIALLY AND TO ENCOURAGE SOCIAL INTERCOURSE
BETWEEN THE MEMBERS OF THE COMPANY.''

AND ALSO ARTICLE VI OF THE JOINT VENTURE AGREEMENT WHICH STATES:-

'THE UNDERTAKING OR BUSINESS OF THE COMPANY SHALL BE:-

- (A) TO PURCHASE THE PROPERTY AND TO CARRY OUT AND
COMPLETE THE PROJECT, AND
- (B) TO CARRY ON THE BUSINESS OF A CLUB.''

ON THE BASIS OF THESE TWO PIECES OF EVIDENCE, IT IS NOT
DIFFICULT TO SEE THROUGH THE SCHEME THAT THE SALE OF SHARES IS
A SALE OF RIGHTS TO THE MEMBERSHIP OF THE CLUB. UNFORTUNATELY
WE DO NOT AT THIS STAGE HAVE SUFFICIENT INFORMATION TO LOOK INTO
THIS ASPECT FURTHER. WE ARE SURE THAT THE MANNER IN WHICH THE
BROCHURE IS PREPARED IS RELEVANT. IN OTHER WORDS, IF AT ANY ONE
INSTANCE ONE FINDS THE CLUB BEING PUBLICIZED TO ATTRACT POTENTIAL
MEMBERS, AND KNOWING THAT THE ONLY AVENUE AVAILABLE TO BEING
A MEMBER IS TO OWN SHARES IN CCCPL, IT CAN BE INDIRECTLY LOOKED
UPON AS A PUBLICITY OR ADVERTISEMENT FOR THE SALE OF CCCPL
SHARES.

FURTHER, WE ARE ALSO CONCERNED WITH THE MANNER THE SHARES
ARE SOLD. IF ONE SHARE (COULD BE ANY NUMBER OF SHARES) ENTITLES
A PERSON TO THE MEMBERSHIP FACILITIES, IT IS INCONCEIVABLE TO
IMAGINE THAT THE INDIVIDUAL WILL HOLD MORE THAN ONE SHARE.
SIMILARLY, IF A CORPORATE MEMBER HAS TO HOLD TWO SHARES TO
ENJOY THE CORPORATE MEMBERSHIP FACILITIES, THEN IT IS INCON-
CEIVABLE THAT THE CORPORATE SHAREHOLDER WILL HOLD ONE SHARE ONLY.
THEREFORE, ONE CAN SEE THE ESTABLISHMENT OF A DIRECT LINK BETWEEN

EXHIBIT

Telex from Winston Chen to Stephen
Oliver QC setting out contents of
Peat Marwick Mitchell letter in PC
Appeal No.59 of 1984
5th October 1981 (continued)

OWNERSHIP OF SHARES AND MEMBERSHIP TO THE CLUB. THE SALE OF
SHARES IS A SALE OF MEMBERSHIP RIGHTS TO TH CLUB. IT WOULD BE
PREFERRED FROM A TAXATION VIEWPOINT IF THE OWNERSHIP OF SHARES
10 IS NOT INEXTRICABLY LINKED TO CLUB MEMBERSHIP. IN OTHER WORDS,
THE HOLDING OF CCCPL SHARES SHOULD NOT (IF AT ALL POSSIBLE) BE
A PRE-CONDITION TO MEMBERSHIP OF THE CLUB, SOMETHING ELSE MUST
BE DONE TO OBTAIN MEMBERSHIP SUCH AS PAYMENT OF ENTRANCE FEE.
WE ARE NOT ABLE TO ASCERTAIN THE TERMS AND CONDITIONS OF
MEMBERSHIP IN THE PRESENT PROPOSED SET-UP. WE RECOMMEND THAT
THIS ASPECT SHOULD BE REVIEWED FURTHER, PERHAPS THE FOREGOING
POINTS MAY BE CLARIFIED WITH COUNSEL IN THE MEANTIME.

IN CONCLUSION, WE HAVE RESERVATIONS ON THE PROPOSED
SCHEME AS IT STANDS. WE RECOMMEND THAT FURTHER CLARIFICATION
20 SHOULD BE SOUGHT FROM COUNSEL. IN THE MEANWHILE, WE SUGGEST
THAT EFFORTS SHOULD BE MADE TO SEEK PRACTICAL REFINEMENTS TO
THE PROPOSED SCHEME TO MINIMISE THE TAX EXPOSURE OUTLINED IN
THE FOREGOING AND IN THIS RESPECT, WE WOULD NEED YOUR REAC-
TIONS TO THE POINTS WE HAVE RAISED.

UNQUOTE

B. PLEASE LET ME HAVE YOUR ADVICE BY RETURN TELEX ON THE
COMMENTS OF PEAT MARWICK + MITCHELL EXCEPT ON THE NOMINEE CO.
POINT WHICH IS NOW CLEARED.

REGARDS+

80 886702 PUMPCO G

SHUHLIN RS21522VVVV

00.24.42

EXHIBIT - HS5d
FURTHER OPINION OF STEPHEN OLIVER QC
IN PC APPEAL NO.59 OF 1984

HS-5(a)
This is the Exhibit marked HS-5(d)
referred to in the Affidavit of
Henry John Henry Tash sworn affirmed
before me this 2nd day of
March 1983
Charles H. H. H. H.
Commissioner for Oaths,
Attorney-General's Chambers
Kuala Lumpur.

FURTHER OPINION:

1. I anticipated that there would be a direct link between membership of the club and the purchase of shares in CCCPL.

2. The sale of shares would not produce a trading profit because the individuals did not acquire their shares in CCCPL as stock in trade of a trade carried on by them. The shares represent the capital stake of the 4 individuals in the company (CCCPL) whose business it is to develop the land and establish the proprietary club. The trade, under the present proposals, is the trade of the proprietary club which takes subscriptions in return for services.

3. Peat Marwick's objections are equally applicable to any arrangement involving the sale, by the four individuals, of part of their shares in CCCPL either to incoming club members or to the proprietary club itself or to a third party. The sale of shares could in all those cases be seen as part of a wider scheme designed to enable the four individuals to capitalise on the success of CCCPL's club promotion

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EXHIBIT

HS5d

Further Opinion of
Stephen Oliver QC
in PC Appeal No.
59 of 1984
6th October 1981
(continued)

business. But only if the four individuals had bought their shares with a view to selling them at a profit would the proceeds of sale be taxable as a trading profit.

4. The only sure way of meeting the Peat Marwick objections would be to avoid having any sales of shares in CCCPL until well after the club has started business and so sever completely any link between club membership and ownership of shares in CCCPL. But as, I understood it, this was not in line with the present wishes of the four individuals.

STL Oliver.

4 Pump Court

Temple.

6th October, 1981

PRIVATE AND CONFIDENTIAL

5th July, 1979

Mr. Derrick Chong
c/o. Singapore American Club
21 Scotts Road
Singapore

Dear Derrick,

Re: The Club

10

We refer to our recent discussion and as requested have the pleasure to append herein our views with respect to the possibilities of your avoiding Singapore income tax on the sale of the idea formulated by you to run a club on a commercial basis.

Basically, we understand the position is as follows:-

- (a) You have identified that there is a very great demand for club memberships in a posh club with all relevant facilities such as good dining and meeting place facilities coupled with sports facilities for swimming, squash, tennis etc.
- (b) Besides the above you have also indicated that you have found a piece of land on which a club could be built
- (c) There is a group of investors who are willing to acquire your concept if the club shares were to be made available for sale on a proprietary basis which will enable them to sell it off to the public at large at a profit.

20

Within the context of the above, we note that it is possible for you to form an investment holding company to acquire the land and develop the club facilities with the purpose of running the club on a commercial basis i.e. it is open to the public at large for a fee.

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EXHIBIT

HS6a

Opinion from Goh Tan
& Co. in PC Appeal No.
59 of 1984
5th July 1979
(continued)


10
Once these formalities have been initiated, i.e. the land has been purchased and contracts for the construction of the club facilities have been formalised and commenced with, you can negotiate with the investment group outside of Singapore for the sale of your investment company's shares to them at a profit to incorporate your reward for the concept and also to take into account the appreciation of the value of the land considering its usage and application.

20
We are of the view that if negotiation and sale of the investment company shares by you to the investor group is transacted outside of Singapore, i.e. the contract is concluded outside of Singapore, the shares are delivered by you to the investor group outside of Singapore and payment of the investor group takes place outside of Singapore, you will not be subject to Singapore income tax on the profits derived therefrom.

30
From the investor group's point of view, we are of the view that if they were to acquire the investment shares from you and subsequently convert such shares into proprietary club shares as opposed to running the club on a commercial basis, then it is recommended that the investor group deal with you through a company formed for the purpose of buying and selling the club shares. The cost of the shares paid to you for the investment shares can be offsetted against the proceeds to be realised from the sale of the proprietary shares (expected to be 3,000 shares) as indicated by the investment group.

40
We have also studied the position and came to the conclusion that it would be difficult for the investor group to avoid Singapore income tax on the sale of the proprietary shares to the members at large in Singapore. The alternative as indicated by us, to avoid Singapore income tax, on the sale of such shares would be to structure the sale of such shares to the Singapore public at large from a location outside of Singapore by a foreign corporation i.e. Hong Kong. Should they require our assistance in structuring the sales outside of Singapore, do let us know.

We trust that the above suggestion for you to avoid Singapore tax is acceptable. You may wish to seek legal opinion to confirm that our stand is correct. Do let us know if you require further information or data.

Yours faithfully,


Our Ref: BSL/T/jc

22nd October, 1979

Messrs. S. C. Hwang
Derrick Chong
c/o. Singapore American Club
21 Scotts Road
Singapore

Dear Sirs,

Re: Sale of Investment Shares

We refer to the recent discussion we had with both of you and as requested, have the pleasure to append herein our views on the matters discussed.

We are made to understand the following:-

- (1) Three individuals and a company got together and form a company called City Country Club Pte. Ltd. (CCC) with the objective of acquiring a piece of land with the expressed purpose of developing the piece of land into a club to be run as a business. 20
- (2) Subsequent to the formation of CCC you have been approached by a third party who wishes to acquire equity of CCC with the expressed purpose of changing the modus operandi. Instead of the original business of running a club, the third party wishes to convert it into a propriety club i.e. membership of the club would be confined to shareholders; equity owners.
- (3) In the light of the above, some of the current shareholders contemplate selling a part of their equity to the third party who will then run CCC along the new lines proposed. 30

- 10 (4) Under this scheme shares of CCC would be sold with a common minimum denomination to the public to enable them to become members of the club.

* * *

As advised at our meeting, if such a course of action were to be undertaken, we are of the view that although the original equity owners of CCC entered into the joint venture with the purpose of forming CCC to develop and run a members club as a business, the change of objectives preferred by this third party would mean that you would have to dispose of any equity unsold on a lot by lot basis thus giving rise to the contention that a trade of selling the CCC shares has been exercised.

20 In this connection, we recommend that the following course of action be initiated to minimise the exposure of income tax that could arise if you contemplate going ahead with the plans proposed by this third party:-

- 30 (a) We recommend that prior to the finalisation of the sales agreement with the third party, you jointly form a share trading company and transfer that portion of the shares, not meant for sale to the third party, at original cost. As you are aware, subsequent sales of these shares by this trading company would be liable to Singapore income tax.
- (b) After initiating the above, it is recommended that final negotiation and conclusion of the sale of the remaining shares to the third party be conducted outside of Singapore such as in Hong Kong.

40 To achieve this it would be necessary for you and your fellow shareholders to be in Hong Kong to conclude the sale of the shares to the third party by a complete exchange i.e. the sales proceeds are paid to each and every shareholder selling in Hong Kong in exchange for the shares and duly completed transfers. The fact that such a transaction took place in Hong Kong may have to be proved, we recommend that it be witnessed by solicitors in Hong Kong. Proceeds of the sales should be alienated into another form of capital before being brought back into Singapore if so required.

Should the above be achieved, that portion of the shares of CCC sold to the third party will not be liable to Singapore income tax.

EXHIBIT

HS6b

Opinion from Goh Tan
& Co. in PC Appeal No.
59 of 1984
22nd October 1979
(continued)

We trust the above strategy as outlined is satisfactory for your purpose. We would mention that we have on an unofficial basis bounce off the above ideas with a tax lawyer who concurred with the approach adopted. Do let us know if you need further clarification.

Yours faithfully,

A handwritten signature, possibly initials, written in dark ink. It consists of a large, stylized letter 'S' or 'B' with a loop at the top and a tail that curves to the right.

EXHIBIT - HS6c
OPINION FROM GOH TAN & CO. IN PC
APPEAL NO. 59 OF 1984

Our Ref: PD/T/10

30th October, 1981

Mr. Derrick Chong
c/o Singapore American Club
21, Scotts Road
Singapore 0922

Dear Mr. Chong,

10

City Country Club Pte. Ltd.

We refer to our recent discussion on the reorganisation of the ownership of the City Country Club Pte. Ltd.

We understand that -

- i) Four persons formed a company called City Country Club Pte. Ltd. (CCC) with the objective of acquiring a piece of land with the express purpose of developing the piece of land into a club to be run as a business.
- 20 ii) Two plans for reorganisation were proposed with the view of minimising the tax consequences. The first plan was proposed in letters dated 22nd October 1979 and 5th July, 1979. The second plan was proposed by SJL Oliver Q.C.

We have been asked to comment on these two plans and propose an alternative plan

Plan 1

30 Under this scheme, a portion of the shares are to be sold to a third party. In addition, shares will be sold to the public to enable them to become members of the club. For this purpose, it was suggested that:

EXHIBIT

HS6c

Opinion from Goh Tan
& Co. in PC Appeal No.

59 of 1984

30th October 1981

(continued)

- i) Prior to the finalisation of the sales agreement with the third party, you jointly form a share trading company and transfer that portion of the shares, not meant for sale to the third party, at original cost. The subsequent sales of these shares by this trading company would be liable to tax in Singapore. 10
- ii) After initiating the above, it is recommended that final negotiation and conclusion of the sale of the remaining shares to the third party be conducted outside of Singapore such as in Hong Kong.

Oliver Q.C. has commented on the above scheme and has stated that it would be "unwise and provocative to use a Hong Kong company to acquire and sell on the shares in the existing company to club members. The transactions could well amount to the carrying on of a share-dealing trade in Singapore with the result that the Hong Kong company's profits could be taxed under Section 10 as 'income derived from Singapore'". 20

The above criticism appears to be based on his understanding that the transfer of shares to the club members is to be executed in Hong Kong. Plan 1 does not envisage such a transfer. The transfer to the club members is to be executed in Singapore and it has been acknowledged that such profits will be taxed in Singapore. 30

Our comments

Plan 1 is based on the principle that if the sale to the third party is executed in Hong Kong, the profits will be treated as non-Singapore source income and will not be taxed in Singapore unless remitted in the form of income.

We are of the view that the Tax Department will, probably, not accept such a contention. Though the actual transfer may be executed outside Singapore, the negotiations and other arrangements will in fact be performed in Singapore. The shareholders are resident in Singapore and it will be difficult to convince the Tax Department that such negotiations and other arrangements are not in fact performed in Singapore. If the buyer is not a Hong Kong company, the Tax Department may also contend that the flying to Hong Kong just to execute the sale is artificial and hence Section 33 of the Income Tax Act would apply. 40

10 Hence, in our view, though the plan has its merits, the Tax Department may hold that the negotiations and other arrangements are in fact performed in Singapore and seek to tax the profits as Singapore source income.

Plan 2

Plan 2 envisages incorporation of another company (club company) to operate the club. The property at the Stevens Road will be leased by the existing company to the club company. The club company would canvass club members and it would be a condition of their membership of the club that the prospective member bought qualification shares in the existing company.

20 The existing company would revalue the Stevens Road land as developed and make a bonus issue of shares representing the revaluation surplus. Each shareholder would vest a number of such bonus shares in the name of the nominal company as bare nominee. The sale of the shares to the club members will be made by the nominee company. It is argued that the sale proceeds of the shares in the existing company will be capital receipts and not income subject to tax under Section 10(1)(a) of the Income Tax Act.

30 In our view, the nominee company acquires the shares in order to sell them and hence there would be share-dealing business. Hence, it will not be possible to contend that any gains arising from the sales proceeds are not capital profits.

Alternative

As an alternative, we would suggest that a third party could form a club company and then takeover the existing company.

40 The acquisition of the company could be done by an exchange of share for share cum cash for the takeover of all shares of the existing company ie. the new company acquires from the shareholders of the existing company, in exchange for the issue of shares in the new company plus cash, all the shares of the existing company.

EXHIBIT

HS6c

Opinion from Goh Tan
& Co. in PC Appeal No.
59 of 1984
30th October 1981
(continued)

The cash consideration would reflect the value of the shares held by the third party in the new company. In our view, the cash consideration and shares issued in exchange for the shares in the existing company will not result in any income tax consequences. The new company could decide to operate the club as a proprietary club and sell its shares to the club members. New shares (with or without premium) could be issued by the company to the club members. No tax consequences would arise as a result of the issue of new shares. However, where the shares of the new company, when sold by the shareholders would result in taxation in Singapore.

10

As an alternative to the takeover of the company, the new company may acquire the club undertaking of the existing company in exchange for shares cum cash to the present shareholders. The sale of a whole undertaking of a company is a capital realisation and hence there would be no tax liability - Doughty v. CT (1927 AC 327, 331-2 - Privy Council Decision). Hence, in our view, the takeover of the undertaking in exchange for shares cum cash to the present shareholders will not result in income tax consequences in Singapore.

20

We trust you will recheck our above views with your legal counsel.

Yours faithfully.

✓

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EXHIBIT - HS7a
OPINION FROM COOPERS & LYBRAND
IN PC APPEAL NO.59 OF 1984

Coopers
& Lybrand

public accountants Singapore

INCORPORATED IN SINGAPORE
J. H. COOPERS & LYBRAND (INTERNATIONAL)
MEMBERS OF THE INSTITUTE OF CHARTERED ACCOUNTANTS
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11th Floor Supreme House
Penang Road Singapore 0923

a member firm of
Coopers & Lybrand (International)

our reference TAX/KB/
your reference
"HS 7(a)"

8 June 1981

M/s. Shook Lin & Bok,
Malayan Bank Chambers,
5th Floor, Fullerton Square
SINGAPORE 0104

Attention: Mr. Winston Chen

Dear Sirs,

10 We refer to the recent meeting held in your office between your
Mr. Winston Chen and our Misses Kathy Burgum and Patricia Foo. You have
requested that we comment on the tax aspects of certain schemes.

Facts

20 We understand that your client, in association with others, (hereinafter,
referred to as the founder individuals) has bought a piece of land at Stevens
Road for approximately \$20 million. (Current market value is estimated to be
\$40 million). A limited company was incorporated to own and develop the property
for the purpose of running an exclusive club. To this end, the land has been
rezoned as 'recreational'. The property is mortgaged to Hong Leong Finance
and construction costs are estimated to be \$25 million.

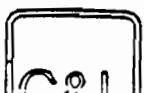
Schemes

The following possible schemes have been devised:

Scheme A

- 30
1. Issue of bonus shares on the revaluation of the company's assets to
the founder individuals who will then dispose of 45% of their shares directly
or through a Hong-Kong company, to be incorporated by the same individuals, to
would be members of the club. The disposal of the shares would take place over
a period of time.
 2. Eventually the company would dispose of its assets after which it
would be liquidated.

.... 2



EXHIBIT

HS7a

Opinion from Coopers &
Lybrand in PC Appeal
NC.59 of 1984
8th June 1981
(continued)

Shook Lin & Bok
Singapore

2 (1)

Scheme B

3. In addition to incorporating a limited company, a proprietary club would be formed which would offer membership to the public. The limited company would own the land. 10

Considerations

We are required to comment on whether the following transactions are subject to tax:

1. The founder individuals on the profit arising from the sale of their shares, under Scheme A.
2. The Hong Kong company on the profit arising on the sale of its shares under Scheme A.
3. The company on the sale of its assets, principally the property, under Scheme B. 20
4. The company (or the proprietary club) on the entrance fees received from the members, under Scheme B.

The relevant charging section of the I.T.A. for the profit in question is Section 10(1)(a) and (g). The Section reads as follows:-

" Section 10(1). Income tax shall, subject to the provisions of the Act, be payable at the rate or rates specified hereinafter for each year of assessment upon the income of any person accruing in or derived from Singapore or received in Singapore from outside Singapore in respect of -

- a) gains or profits from any trade, business, profession or vocation, for whatever period of time such trade, business profession or vocation may have been carried on or exercised; 30
- g) any gains, or profits of an income nature not falling within any of the preceding paragraphs."

Therefore the question is whether the receipt is of an income or of a capital nature. From the large number of judicial decisions on the question of whether a receipt is of a revenue or of a capital nature, we should point out that one of the most important tests laid down by the courts is the test of the intention with which the asset was acquired and/or sold. Where the purchase, holding and sale of the asset is shown to be with the intent of profit making, the proceeds from the disposal of the asset is revenue and the gain is taxable. Alternatively, where the sale constitutes the realisation of a capital asset acquired and held for purposes other than profit making (eg. investment), a non-taxable capital gain results. Also, although the test of intention is important, it is not conclusive and the 40

10 courts will consider many other factors depending on the circumstances of a particular case. These factors include recurrence of a receipt, the length of time for which an asset is held before disposal and the circumstances relating to the sale.

Test of Intention

The question of the intention of a taxpayer when he acquired an asset, i.e. whether he acquired it as an investment or with a view to selling it at a profit, is a question of fact. However, as in the case of "California Copper Syndicate Ltd. v. Harris" (1904) 3 T.C.159, whether the company could finance its "investment" could throw some light on the intention of the company.

20 In California Copper Syndicate Ltd. v. Harris, a company formed for the express purpose, acquired specific mining properties and sold the whole of its assets after approximately one year. The court, in holding that the resulting profit was derived from a trading transaction, relied particularly upon the company's lack of capital for developing the mines, and treated this as indicative of the fact that the company never intended to work the mines itself but to make a profit by persuading another party to purchase them.

Conditions at realisation of the asset

30 Where an asset is clearly acquired as an investment, the Courts generally hold that a realisation of that asset will not be revenue in nature unless it can be proved that there had been a change of intention on the part of the owner prior to the decision to dispose. Where the capital or revenue nature of an asset is unclear due to other mixed factors, the conditions under which an asset is disposed of may be a deciding factor in the capital versus revenue determination.

40 In Dunn Trust Ltd. vs William (1950) 31 T.C. 477, a company which carried on the trade of moneylending, was initially financed in 1927 partly by a bank overdraft secured on shares belonging to the managing director. Later when the company's resources increased, the managing director had become indebted to the company for a large sum. In 1940 the shares deposited as security for the overdraft were by agreement purchased by the company with the object of investment. In 1943, the company extended its business to dealing in shares and for the next three years bought and sold shares. During these three years some of the shares which the company had purchased from the managing director were sold for special reasons connected with the death of the managing director. It was held that the resulting profit was not derived from a trading transaction. In the words of Vaisey J:

The purposes (for which these shares were sold) are quite inconsistent with the purposes which should animate those who direct the fortunes of a trading company when they are effecting sales of that company's stock-in-trade

EXHIBIT

HS7a

Opinion from Coopers &
Lybrand in PC Appeal
No.59 of 1984
8th June 1981
(continued)

Shook Lin & Bok
Singapore

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because the securities were (not) disposed of in the ordinary course of business or because they thought they would procure a desirable profit, or because it was a trading operation which was financially beneficial to the Company.

10

In *West vs Phillips*, (1958) 38 T.C. 203, a builder built certain houses to hold as an investment and others for resale. Then for over four years, no building and no sales took place, only rentals of houses from both categories. Later, he decided to sell the houses and did so through an agency that he set up for that purpose. The Court of Appeal held that the builder had decided to sell the investment houses for reasons unconnected with normal trading activities, the reasons being rent control, the rising cost of repairs and increased taxation. Therefore, the investment houses remained outside the ambit of trading, and the sale did not give rise to a trading profit.

20

We would mention that there is a difference between the test to be applied to individuals and that to be applied to companies. It is best summed up in the words of Corbett J. in an unreported decision when he said:

" the difference between the test to be applied to individuals and that to be applied to companies relates not to the essential quality of the intention of the taxpayer but rather to the inference as to the intention that may be drawn about an isolated transaction. If the objects of a company include the buying and selling of assets at a profit, it is possible to infer that even an isolated transaction of this nature was part of a profit-making scheme, although their objects will not necessarily be conclusive."

30

Founder Individuals

Whether the founder individuals will be subject to tax on the profit arising from the sale of their shares would depend on whether there is clear evidence of a trade being carried on by each of them. Some of the factors that the Comptroller would take into account when determining whether a trade is being carried on are:-

1. What is the normal occupation of the individual - whether he is an employee, or trader or a professional broker.
2. Whether his share operations are organised i.e. he has an office and staff who handle his dealings.
3. Whether he has special skills in connection with the stock market.

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EXHIBIT
HS7a

Opinion from Coopers &
Lybrand in PC Appeal
No.59 of 1984
8th June 1981
(continued)

Hong Kong company

10 We are of the opinion that the Hong Kong company would be subject to tax for the following reasons:-

1. The company could not be said to acquire the shares for investment purposes as no dividend is expected to be derived from the Singapore company.
2. The period between the acquisition and the sales of the shares would not be expected to be long.

Singapore company (or proprietary club)

We envisage that the company would own the land and club premises which it would lease to the club.

20 Whether the company would be subject to the profit from the sales of the property depends on many factors, the chief of which is whether the purchase, holding and sale of the asset were steps in a scheme of profit making. We have also indicated in the foregoing pages the other factors that the court will consider such as financing of "investment" and conditions at realization of sale as these could throw some light on the intention with which the asset was acquired or sold.

Summary

Our advice is as follows:

1. We are of the opinion that if the first scheme is to be adopted i.e. members of the club would also be shareholders of the company, it would appear that the company has embarked on a scheme of profit making. Accordingly we suggest that the club should be kept separate from this company as indicated in Scheme B. In this way too, the company could be said to be an investment holding company deriving rent from the premises of the club.
2. If the company were to go into liquidation and dispose of its assets, it is likely that the Tax Authorities would look very closely into the intention of the acquisition and the sales of the assets. We suggest that if the proceeds could be reinvested in some other form so that the company could still maintain that its objectives as an investment holding company have not changed and therefore the reason for the sale of the property was only to change its investment, it is more likely that the profit arising would be considered to be of a capital nature and therefore not taxable.

40 The ultimate question whether the gain will be taxable will depend on whether the intention of the company can be proved.

3. As long as the club fulfils the provisions of Section 11 of the Income Tax Act the entrance fees should not be taxable.

Please advise if you have any further questions in this regard.

Yours truly,

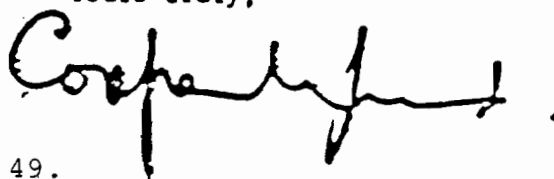


EXHIBIT - HS7b
OPINION FROM COOPERS & LYBRAND IN
PC APPEAL NO. 59 OF 1984

Coopers
& Lybrand

Public accountants Singapore

Principal partners:
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HS-7b

our reference TAX/PF
your reference

PRIVATE AND CONFIDENTIAL

25th June 1981

Shook Lin & Bok,
Malayan Bank Chambers,
Fullerton Square,
Singapore 0104.

ATTENTION: MR. WINSTON CHEN

Dear Sirs,

New Executive Club

We refer to your letter of June 10, 1981.

We advise that the fees received by the limited company are subject to tax.

The proprietary club and the limited company should be viewed as separate entities. Accordingly, the entrance fees which are paid by the members of the club are the receipts of the club and not the limited company. Any fees received by the company would therefore constitute income received in consideration for some form of services rendered to the club.

Please do not hesitate to contact us should you have further questions.

Yours truly,

Coopers & Lybrand

EXHIBIT - HS8
OPINION FROM PEAT MARWICK MITCHELL
& CO. IN PC APPEAL NO. 59 OF 1984

171
Public Accountants, Singapore

Peat, Marwick, Mitchell & Co

20th Floor,
Hong Leong Building,
Singapore 0104.
Tel: 2207411
Telex: RS 23954

KT/DH/ch.f/(Inc)

23 September 1981

CONFIDENTIAL

10 City Country Club
c/o S C Enterprises Pte Ltd
1-201 Merlin Plaza
Beach Road
Singapore 0719

Attention: Mr S C Huang

Dear Sirs

We refer to the meeting at our office on 18 September 1981, which was attended by Messrs Huang Sheng Chang, Robert Huang, Kwek Leng Chye, Derrick Chong, Gan Khai Choon, Winston Chen of M/s Shook Lin & Bok and our Messrs Keith Tay and Damian Hong.

20 At the meeting, we were requested to comment on the Opinion of Mr Steven Oliver, QC. We briefly restate as follows the form of corporate structure proposed by Counsel for the purpose of the establishment of a club:-

- 30
- (1) City Country Club Pte Ltd (CCCPL) which owns the Stevens Road land is to acquire or incorporate a wholly owned subsidiary. The wholly owned subsidiary is to carry on business as a proprietary club.
 - (2) CCCPL will develop the Stevens Road land and on completion will (i) lease the developed property to the subsidiary, and (ii) revalue the developed property.
 - (3) CCCPL will then make a bonus issue of shares (representing the revaluation surplus) to the existing 4 shareholders.
 - (4) The 4 individual shareholders will each vest a number of such bonus shares in the name of the nominal company as bare nominees.
 - (5) The nominee company will be responsible for the sale of shares vested with it to potential members of the club.

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EXHIBIT - HS8
Opinion from Peat Marwick Mitchell
& Co. in PC Appeal No.59 of 1984
23rd September 1981 (continued)

Peat Marwick Mitchell & Co

City Country Club

23 September 1981

Attention: Mr S C Huang

Our comments on the above are as follows.

During the period of development of the club, the interest incurred by CCCPL on any loans obtained to finance the development will not be tax deductible as such expense cannot be said to be incurred in the production of any income as no income is being earned during the period. 10

Our reading of the Opinion suggests that the bonus shares which are vested in the nominee company, beneficially belong to the individuals and the shares are vested in the nominee company to facilitate sales since the individuals will thereby not be physically involved. Effectively, any sales of bonus shares by the nominee company are sales transacted by the individuals. M/s Shook Lin & Bok will seek confirmation on this point with Counsel. 20

On the assumption that the foregoing is correct, we concur with Counsel's opinion that the individuals' tax status is of paramount importance in deciding whether the profits from the sale of shares are subject to Singapore income tax. Having said that, we wish to qualify that even though it may be relatively easy to establish that the individuals are not share-dealers and therefore the realisation of profits from the sale of shares are not trading income, there still exist other factors which may persuasively return a finding that the whole transaction is one of a business nature and consequently the profits to be realised from the sale of the shares to the potential club members may be regarded as trading profits subject to income tax. 30

Counsel had relied on RANSOM vs HIGGS, a 1974 UK tax case, when he put forth the opinion that the individuals will not be regarded as deriving trading income from the sale of bonus shares through the nominee company. We have reproduced in the annexed Appendix, a summary of this case as found in "Income Tax" by Whiteman and Wheatcroft. Of particular significance was the ruling made by Lord Wilberforce, 40

"How can a man who procures others to do acts which amount to trading by them with their own assets be said to trade, within any conception, however wide, one may have of trading?"

In addition, Roskill LJ in the Court of Appeal on the same case held that

"the person who in that case (RAMSON vs HIGGS) had in their view organised the complicated trading transaction but who was neither entitled to the trading profit nor received it, could not therefore be assessed." 50

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Marwick Mitchell & Co

City Country Club

23 September 1981

Attention: Mr S C Huang

10 On these two points raised, we discern that certain facts which exist in CCCPL situation are not 'on all fours' with the Higgs' case. In the first place, the 4 individuals selling through a nominee company are entitled to receive the proceeds from sale. In the second place, the scheme employed in CCCPL does involve the 4 shareholders participating in the sale of shares through the nominee company. This fact may be material. Contrast this with RAMSON vs HIGGS case where Mr Higgs engineered the tax avoidance trading transaction but he himself was not involved in a personal capacity in any of the transactions. Lord Reid commented in his judgement,

20 "Mr Higgs did not deal with any person. He did not buy or sell anything. He did not provide anyone with goods or services for reward. He had no profits or gains. Under this scheme he never could have any I can find no characteristic of trading in any thing which Mr Higgs did".

30 When we refer to the point we made regarding the shareholders participating in the sale of shares, we recognised that the mere realisation of one's assets may not constitute a trading activity. However, viewing the scheme in its entirety (RAMSAY vs CIR) it may be construed that the shareholders are, as a matter of fact, selling membership rights through the sale of shares. In this respect we refer you to the object clause of the Memorandum of Association which states:-

40 "To establish, maintain and conduct a club for the accommodation of the members of the Company and their friends and generally to afford to them all the usual privileges, advantages and accommodation of a Club and to provide efficient and attractive recreational and sporting facilities by means of a Club for members of the Company and their friends to meet socially and to encourage social intercourse between the members of the Company."

And also Article VI of the Joint Venture Agreement which states:-

"The undertaking or business of the Company shall be:-

- (a) to purchase the property and to carry out and complete the Project, and
- (b) to carry on the business of a club."

50 On the basis of these two pieces of evidence, it is not difficult to see through the scheme that the sale of shares is a sale of rights to the membership of the club. Unfortunately we do not at this stage have sufficient information to look into this aspect further. We are sure that the manner in which the brochure is prepared is relevant. In other words, if at any one

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EXHIBIT - H56
Opinion from Feat Marwick Mitchell
& Co. in PC Appeal No.59 of 1984
23rd September 1981 (continued)

Marwick Mitchell & Co

- 4 -

City Country Club

23 September 1981

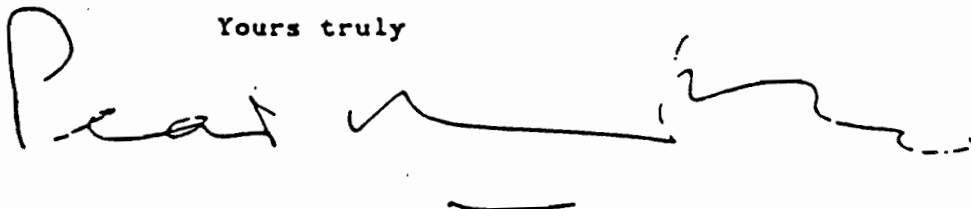
Attention: Mr S C Huang

instance one finds the club being publicized to attract potential members, and knowing that the only avenue available to being a member is to own shares in CCCPL, it can be indirectly looked upon as a publicity or advertisement for the sale of CCCPL shares. 10

Further, we are also concerned with the manner the shares are sold. If one share (could be any number of shares) entitles a person to the membership facilities, it is inconceivable to imagine that the individual will hold more than one share. Similarly, if a corporate member has to hold two shares to enjoy the corporate membership facilities, then it is inconceivable that the corporate shareholder will hold one share only. Therefore, one can see the establishment of a direct link between ownership of shares and membership to the club. The sale of shares is a sale of membership rights to the club. It would be preferred from a taxation viewpoint if the ownership of shares is not inextricably linked to club membership. In other words, the holding of CCCPL shares should not (if at all possible) be a pre-condition to membership of the club; something else must be done to obtain membership such as payment of entrance fee. We are not able to ascertain the terms and conditions of membership in the present proposed set-up. We recommend that this aspect should be reviewed further; perhaps the foregoing points may be clarified with Counsel in the meantime. 20 30

In conclusion, we have reservations on the proposed scheme as it stands. We recommend that further clarification should be sought from Counsel. In the meanwhile, we suggest that efforts should be made to seek practical refinements to the proposed scheme to minimise the tax exposure outlined in the foregoing and in this respect, we would need your reactions to the points we have raised.

Yours truly



enc

cc Mr Kwek Leng Chye
Mr Derrick Chong
Mr Winston Chen

40

Peat Marwick Mitchell & Co.

Appendix

The House of Lords case of Ransom v. Higgs is very important as it represents the high-water mark of the Revenue's view as to what could constitute trading in appropriate cases. For that reason the authors consider it to be worthy of detailed consideration. Ransom v. Higgs involved Mr. Higgs and his wife, a group of companies under their control (Higgs companies) and certain other companies. A group of Higgs companies agreed to sell land at an undervalue (£87,000) to a newly formed property dealing partnership, of Mrs. Higgs (90 per cent) and two non-Higgs companies (5 per cent each). Mrs. Higgs then settled her interest on discretionary trusts for herself, Mr. Higgs and his issue. The trustees immediately sold this interest to a non-Higgs company for £170,000 by means of the grant and oral exercise of an option. Mrs. Higgs resigned from the partnership, and was replaced by H Ltd. the purchasing Company. The partnership sold the land to H Ltd. for £87,000. H. Ltd. then sold the land and the 90 per cent. interest to another non-Higgs company (HS Ltd.) for £286,000. HS Ltd. sold the land for £286,000 to D Ltd. and the 90 per cent. interest to P Ltd. (both non-Higgs companies), for £275. The appeal related to an assessment on the trustees on profits in connection with the partnership profits for 1960-61. The House of Lords held unanimously that the trustees' appeal succeeded. The broad nature of the contentions of the Revenue in the case appear particularly in the judgement of Lord Reid :

The Revenue decided to take a bold and novel course, based on the view that Mr. Higgs had engaged in trade and that the trustees were assessable as having received the profits of the trading ... If Mr. Higgs was not engaged in trade or an adventure in the nature of trade then the assessment cannot stand. So I turn to consider whether Mr. Higgs' activities can in law be regarded as trading within the meaning of Schedule D....

Mr. Higgs did not deal with any person. He did not buy or sell anything. He did not provide anyone with goods or services for reward. He had no profits or gains. Under this scheme he never could have any ... I can find no characteristic of trading in anything which Mr. Higgs did.

The case for the Revenue is that he procured others to enter into transactions most, if not all, of which were trading transactions ... The case for the Revenue seemed to me to be that all [the other parties] did their own trading so that receipts and expenditure by them would enter their own profit and loss accounts, but that Mr. Higgs carried on a separate trade of procuring them to do what they did.

I do not understand the basis of this argument. Is it to be said that whenever A persuades B to do some trading which yields a profit, A as well as B is liable to pay tax on that profit? That would be ridiculous ... It appears to me that the case for the Revenue is totally misconceived.

Lord Wilberforce put the point shortly : "How can a man who procures others to do acts which amount to trading by them with their own assets be said to trade, within any conception, however wide, one may have of trading? None of the characteristics of trading are present - the implications of so wide and vague an extension are alarming."

Extracted from pages 247, 248 of "Income Tax" by Whiteman and Wheatcroft.

EXHIBIT
HS9

EXHIBIT - HS9

Attendance
notes file
reference
CYC/1473/4/SCH
belonging to
Shook Lin &
Bok in PC
Appeal No.59
of 1984
11th May 1982

ATTENDANCE NOTES FILE REFERENCE
CYC/1473/4/SCH BELONGING TO
SHOOK LIN & BOK IN PC APPEAL
NO.59 OF 1984

File Ref.No. CYC/1473.4/SCH Date: 11/5/82
Time: 10 a.m.

Client: S.C.Huang
Re City Country Club
Attending SCH, DC, RH, QLC, NCB, KW By CYC/CP 10

NOTE OF Interview Office Outside
Tel.Call Recd. Made

1. Clients were showed copies of draft letter to return monies.
2. SCH asked whether by writing this letter whether they are bound to go thro' with the Scheme even if the Govt. does not allow Scheme to go through.
3. CYC said that the intention of the draft letter is that of providing an alternative From the legal point of view, once the persons concerned accept the return of the monies, they cannot complain provided if and when the Scheme goes on, they are re-invited. 20
4. CYC says he is quite happy with the draft, He said that the letter should not indicate that there may be an alternative scheme. It is tactically wrong to reflect in the letter that there may be an alternative Scheme as the Govt may take this as an excuse to refuse to allow the present Scheme. 30
5. Kevin was of the view that we should not take ROC's hints (ie. to consider an alternative Scheme) lightly.
6. SCH says we do not intend to follow what ROC said, strictly i.e. to hold on to the matter for a few months. He says he wants to ask the Authorities' permission to file prospectus as soon as possible. If permission is not granted, we will get an alternative scheme straightaway. 40
7. QLC agrees with CYC that an alternative should not be mentioned in the letter.

8. CYC reiterated that up to date the persons concerned (who have paid) are only qualified persons and not full members, because the Vendors have not accepted offers, Vendors are not legally obligated to accept offers even if payment is made to the brokers.
- 10 8. DC said brokers (Lin & Tan (Pte)) have about 45 cheques which he don't think they have sent any form of an acknowledgment for. Most of them are about 1 week old.
9. CYC commented that these cheques may be a problem because they have been accepted without qualification.
10. Kevin asked who informed the qualified persons that each share in CCC Hldgs Ltd lost \$30,000.00?
- 20 11. DC said the qualified persons called him or his staff and were informed as such.
12. Kevin asked if it was possible for Lim & Tan to have informed these qualified persons?
13. DC says that it was possible.
14. CYC asked DC to verify from Mavis Lim straightaway if any form of acknowledgment was sent by them in respect of the 45 cheques received.
- 30 15. DC called Mavis but was informed that the CID were at Lin & Tan (Pte).
16. Kevin says from the merchant banker point of view there are breaches of 5 sections of the Companies Act assuming the Prospectus was reg'd in the first place. He mentioned SS.43, 363 & 366.
- 40 17. CYC said that in view of the CID stepping into the picture, the letter may not be appropriate as the CID has confiscated all the cheques.
18. QLC surmised that even if we should return the moneys at this point of time if there is any breach of the Coys. Act - the br. would have been committed.

EXHIBIT
HS9
Attendance
notes file
reference
CYC/1473/4/
SCH belonging
to Shook Lin
& Bok in PC
AppealNo.
59 of 1984
11th May 1982

(continued)

EXHIBIT
HS9

Attendance
notes file
reference
CYC/1473/4/
SCH belonging
to Shook Lin
& Bok in PC
Appeal No.
59 of 1984
11th May 1982

19. TO & Kevin said, as regards breach of S.366 C.A. - if a prospectus is required in the first place and you have not issued a Prospectus, would you not be 'fraudulently inducing' within the meaning of S.366?

In this case the brochure and the letter of invitation are deemed to be a prospectus. Therefore if they do not comply with the requirement of a prospectus would it not amount to mis-representation under Section 366?

10

(continued)

20. CYC said that in our context we got letters of clearance from ROC confirming that there is no invitation to the public - no mens rea.

21. Kevin says that in the present circumstances as the AG is interested we should go on the basis that there is a defence and that you have acted on ROC's letter.

22. CYC then asked clients if they want to highlight that we need not register a Prospectus in the draft letter?

20

CYC said if the CID walks in now, clients will have to answer their questions.

CYC then asked clients if they would want to consult the Q.C. Mr. Christopher Bathurst who incidentally is in our office working on another case.

23. SCH agreed.

24. QLC instructed that the proposed letter to be sent out by SL & B on behalf of CCC Holdings Ltd.

30

25. CYC agreed.

26. At this juncture DC informed meeting that the CID are at the Club premises and wants to go through the documents in the office DC said he told the CID that it was alright for them to go through the papers.

27. CYC said that by selling the shares at \$30,000 each we are not saying that the shares are worth \$30,000 each. The fact that the share carry with it the right to enjoy the facilities should also be considered.

40

28. Kevin says (speculates) that the CID is probably interested in whether the parties have information as the profits the promoters will make and whether the rights of the members have any effect or impinges on the value of the shares.
- Mr. C. Bathurst Q.C. joins in the meeting.
- 10 29. CYC informed C. Bathurst that the CID have now got into the picture. They have searched the Club premises & the Brokers
30. CYC thinks that what the CID are getting at is the fact that clients did not issue a prospectus.
31. CYC ask Mr. Bathurst whether in the light of ROC's letters and if the Authorities should decide to prosecute can clients put up defence that there is no mens rea.
- 20 32. Mr. Bathurst quotes at S.363(4)b and says that ROC's letters may be vast mitigation but the offence committed needs no mens rea. ROC's letters can only be relied on as mitigation and is not a defence.
33. The meeting considered at this point of time priority of facts.
34. Kevin's view is that the return of the money should first be looked into.
- 30 35. Mr. Bathurst said that it was better to send the moneys back rather than to ask the Authorities what to do.
36. Kevin says next question is what form of letter to use.
37. CYC showed draft letter to Mr. Bathurst.
38. At this juncture Mr. James Davis of Freshfields, Wardley Ltd's solicitors walked in.
- 40 39. Mr. Bathurst commented that the position is we know the facts and took a different view of the law. The ROC does not know the facts. It must be presumed that it is the moneys to buy the shares is objectionable and not the entrance fees. Mr. Bathurst

EXHIBIT
HS9
Attendance notes file reference CYC/1473/4 SCH belonging to Shook Lin & Bok in PC Appeal No. 59 of 1984 11th May 1982

(continued)

EXHIBIT

HS9

Attendance
notes file
reference
CYC/1473/4
SCH belonging
to Shook Lin
& Bok in PC
Appeal No.
59 of 1984
11th May 1982

(continued)

- suggested clients go and see ROC's boss with the ROC. This way we know what the Authorities want and then we can proceed to draft letter accordingly.
40. 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 Qiat (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. 10
41. Mr. Bathurst examined our letter to ROC. He commented that it is relevant to note to what extent ROC has relied on our view that there is no invitation to the public. In any case, whatever the strength & weakness, we still want to put ourselves in the best position i.e. whether it is litigation or defence. Therefore the drafting of the letter. The letter now has a different aim. It is now a document to be waved around in Court. 20
42. CYC said subject to what SCH thinks, we still do not want the letter to come too strong.
43. Mr. Bathurst says originally the letter was to please the recipients, now it is intended to please the Authorities.
43. CYC says it would be best if it can be drafted to please both. 30
44. Mr. Bathurst looks at the letter of invitation.
45. CYC explains the mechanics of how one becomes a qualified person to Mr. Bathurst.
46. D.C. told Mr. Bathurst that the brokers now have \$600,000 in their trust a/c.
47. Mr. Bathurst says that as the Brokers are the Vendors' agents, it is arguable that the Vendors have through their Brokers accepted the offer (subscription). Mr. Bathurst then examines Brokers' reply. 40
48. DC then told Mr. Bathurst that the Brokers have an additional 45 cheques with the Brokers which they have not cleared with the Bank. They have not given any reply or

acknowledgment and are sitting on them for about a week.

EXHIBIT

HS9

Attendance notes file reference CYC/1473/4 SCH belonging to Shook Lin & Bck in PC Appeal No. 59 of 1984 11th May 1982

49. Mr. Bathurst asked why is the letter to be written by SL & B?

CYC said the brokers do not want to write anything, they just want to return the cheques.

50. Mr. Bathurst proposed that there be 2 letters:

10 1) enclosing a cheque on brokers' trust a/c.

(continued)

2) enclosing your cheque.

To use words e.g.

"As Vendors are not in the position to accept your offer we are returning your moneys."

Mr. Bathurst advised that we should not say that the Vendors are "refunding" - to show that moneys do not belong to Vendors.

20

CYC amended the letter accordingly.

Mr. Bathurst says -

(Impression should be that we are stopping what is going to happen rather than what has happened) Once you talk about refunding you are in part admitting that you got it. The point is you must try to make the point that the moneys are still theirs.

30

51. KW - Kevin says at this junction that Wardley should not be involved at this stage. Wardley will therefore withdraw and clients to take legal advice.

Clients had no objections.

52. CYC agrees but stated that in so far as Kevin's attendances with SES and SIC are concerned it should be recorded as we want Authorities to know that we are taking steps to return moneys.

40

53. Kevin said that he was happy to testify that steps were taken to return moneys and that delay was due to the drafting of a suitable letter which process started before the CID was involved.

EXHIBIT

HS9

Attendance
notes file
reference
CYC/1473/4
SCH belonging
to Shook Lin
& Bck in PC
Appeal No.
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(continued)

54. SCH agreed.
55. CP showed draft resolution of an authority to DC. to open OD a/c with 2 banks of up to \$150,000 each. CYC approved. SCH also approved. Draft was sent for engrossment and all directors present signed except G/CC who was at a seminar.
58. Meeting was informed by DC that Lin & Tan (Pte) is asking Lee & Lee to handle the matter of the returning of the moneys. Lee & Lee also is to be given the letter if any is to be given. 10
59. Draft letter ready & read by QLC, SCH, DC NCB. Agreed to contents.
60. CYC asked whether he should go and see AG in the afternoon.
61. Mr. Bathurst says it is better to go and see the police authorities concerned and asked them what do they require the cheques for as clients are in the process of returning the moneys. 20
- Mr Bathurst noted that it is rather high-handed on the part of the police to take the cheques and records of CCC & Lin & Tan (Pte).
- Mr Bathurst said it was important to try to at least send off some payments.
62. CYC spoke to Mr. Quele Mong Hua of Lee & Lee. Referred QMH to his telecom with AA on 10/5/82, wherein he told Andrew Ang of clients' intention to return moneys. Told him that we will be sending draft letter to accompany cheque/payment for their approval. To let us know before 2 pm whether they approve the letter. CYC dictated letter to be sent to Lee & Lee. Mr Bathurst stated a paragraph to the letter: 30
- "Since our clients do not feel they can now accept the offers made for shares they would like your clients to pay out of the trust a/c the moneys held therein for persons who applied for the shares so as to return to those persons their moneys." 40

CYC said that AA is taking the stand

that the moneys were not the Vendors' money and that their clients are holding it on trust for persons concerned. As regards the other letter CYC said we should go to CID & tell them we can't send it out because they have records.

EXHIBIT
HS9
Attendance notes file reference CYC/1473/4 SCH belonging to Shook Lin & Bok in PC Appeal No. 59 of 1984 11th May 1984

10 CYC asked DC to make appt to see Insp. SO of CID. DC made appt. at 2.30 pm.

QLC, NCB, SCH & DC agreed on the above course of action to be taken.

(continued)

QLC & NCB left at about 12.30 p.m.

Draft letter to Lee & Lee read by Mr. Bathurst SCH also read draft.

63. DC told Mr. Bathurst that some one came to his office to ask for invitation. He told him to see any of the directors first.

20 Mr. Bathurst say the person could be sent to see or test if any one can get his hands on applicn/invitation.

64. Sylvia Cleoh came in with cheque-book. Proceeded to draft cheque.

65. CYC to CP to accompany DC to CID.

66. CYC ask Mr. Bathurst what if Lee & Lee does not give approval before 2 pm.

30 67. General discussion between CYC, Mr. Bathurst & DC on "mens rea" & "offer to public".

68. CYC spoke to Andrew Ang on the phone. AA told CYC that Lim & Tan (Pte) has decided to the moneys back to the persons concerned (at 2.15 pm).

69. Mr. Bathurst briefed CP & DC.

DC to start as follows :

40 1) when we first started we understand from sols. we have to get clearance from ROC. We got clearance (to show ROC's letters).

EXHIBIT

HS9

Attendance
notes file
reference
CYC/1473/4
SCH belonging
to Shook Lin
& Bck in PC
Appeal No.
59 of 1984
11th May 1984

(continued)

- 2) when we were advised by our sols.
that ROC & Authorities wants us to
stop - we stopped.
- 3) when Authorities want us to return
moneys we returned. We have not
returned all but some.
- 4) You've got our list - so if you could
let us have the list back we can
continue with process.

CP went with DC to CID.
- 2.30 pm.

10

11/5

EXHIBIT - QLC-1
AMENDED CHARGE UNDER S39(4)
READ WITH S43 OF COMPANIES
ACT IN PC APPEAL NO.59 OF
1984

A-3 1

AMENDED THIRD CHARGE

You, (1) Huang Sheng Chang,
(2) Quek Leng Chye
(3) Gan Khai Choon
(4) Ng Cheng Bok,
(5) Derrick Chong,

10

being directors of C.C.C. (Holdings) Ltd., are charged that you, in the month of April, 1982 and in the first two weeks of May of that year, caused documents to be sent out offering for sale shares in 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 and you have thereby committed an offence punishable under section 39(4) read with section 43 of that Act.

20

EXHIBIT - QLC-1A
AMENDED CHARGE UNDER S363(5)
COMPANIES ACT READ WITH S34
OF PENAL CODE IN PC APPEAL
OF 59 OF 1984

AMENDED FOURTH CHARGE

You, (1) Huang Sheng Chang,
(2) Quek Leng Chye
(3) Gan Khai Choon
(4) Ng Cheng Bok,
(5) Derrick Chong,

10

are charged that you, in the month of
April, 1982 and in the first two weeks
of May of that year, in the furtherance
of the common intention of you all, made
offers to members of the public to
purchase shares in C.C.C. (Holdings) Ltd
in contravention of section 363(3) of
the Companies Act, Chapter 185, and you
have thereby committed an offence
punishable under section 363(5) of that
Act read with section 34 of the Penal
Code, Chapter 103.

20

EXHIBIT - QLC-1B
AMENDED CHARGE UNDER S39(4)
OF COMPANIES ACT AND S109
OF PENAL CODE IN PC APPEAL
NO.59 OF 1984

AMENDED FIFTH CHARGE

You, Winston Chung Ying Chen,

are charged that you, in the month of
March, 1982 abetted the directors of
10 C.C.C. (Holdings) Ltd in contravening
section 39(4) of the Companies Act,
Chapter 185, by aiding the said
directors in the preparation of
documents which you knew were intended
to be sent out by the directors in the
month of April, 1982 and in the first
two weeks of May of that year and the
documents offered shares in CCC
(Holdings) Ltd for sale to the public
20 and are deemed to be prospectuses issued
by the company by virtue of section 43
of the Companies Act and they do not
comply with the requirements of that Act
and you have thereby committed an
offence punishable under section 39(4)
of the Companies Act ~~read with section~~
~~43 of that Act~~ and section 109 of the
Penal Code.

EXHIBIT - QLC-2
COPY OF STATEMENT OF FACTS
WITH ATTACHMENTS READ OUT
BY PROSECUTION ON HEARING
OF THE CHARGES IN PC APPEAL
NO.59 OF 1984

PP v (1) HUANG SHENG CHANG
(2) QUEK LENG CHYE
(3) GAN KHAI CHOON
(4) NG CHENG BOK
(5) DERRICK CHONG
(6) WINSTON CHUNG YING CHEN

10

Statement of Facts

The first defendant, Huang Sheng Chang (S C Huang) is a company director. He is the Chairman of Diners' Club Singapore Pte Ltd. The second defendant, Quek Leng Chye is also a company director and is a director of several companies in the Hong Leong Group of Companies, including Hong Leong Finance Ltd and City Developments Ltd. The third defendant, Gan Khai Choon is the Group General Manager of Hong Leong Finance Ltd. The fourth Defendant, Ng Cheng Bok is the Vice-Chairman of Diners' Club Singapore Pte Ltd. The fifth defendant, Derrick Chong is a Club Manager. These defendants are all directors of C.C.C. (Holdings) Ltd and its subsidiary company. Winston Chung Ying Chen is an Advocate and Solicitor and a Senior Managing Partner of the leading law firm of Shook, Lin & Bok.

20

30

2. CCC (Holdings) Ltd was first incorporated
on 11 Aug 79 as a private limited company. It
10 was then known as City Country Club Pte Ltd. (I
shall refer to it as "the Company"). The Company
was formed pursuant to plans which were conceived
much earlier.

3. Two of the defendants named in the charge,
S.C. Huang and Derrick Chong were as early as
1977 interested in the formation of a proprietary
club. S.C. Huang, a businessman, had the
finances and Derrick Chong who was then the
Manager of the American Club knew about the
20 running of clubs. S.C. Huang and Derrick Chong
knew of a piece of land at Stevens Road next to
its junction with Balmoral Park which they
thought suitable for development into a club
premises. That piece of land was owned by City
Developments Ltd, a publicly listed company in
which Quek Leng Chye was a director.

4. In the negotiations that followed between
S.C. Huang, Derrick Chong and Quek Leng Chye,
among others, it was finally agreed that S.C.
30 Huang, Derrick Chong and a company owned by Hong
Leong Holdings Ltd (a privately owned holding
company) together with a fourth party will enter
into a business venture to develop the piece of

EXHIBIT - QLC-2
Copy of Statement of Facts
with Attachments read out by
prosecution on hearing of the
Charges in PC Appeal No.59 of
1984
Undated (continued)

land and carry on business of a club. The other
person named in the charge, Ng Cheng Bok was
brought in by S.C. Huang as the fourth party.

10

5 The agreement was formalised in a
pre-incorporation agreement dated 1 Aug 79 signed
by 4 parties, :

- (i) S.C. Huang,
- (ii) Derrick Chong,
- (iii) Ng Cheng Bok and one
- (iv) Tan Kee.

At that time Quek Leng Chye had yet to decide
which company would participate in the venture,
and Tan Kee signed the agreement as a nominee.
In the pre-incorporation agreement the parties
agreed to participate in and subscribe to the
shares in the Company in the following
proportions -

20

S.C. Huang	-	30%
Tan Kee as nominee	-	30%
Ng Cheng Bok	-	30%
Derrick Chong	-	10%

Of the portion Ng Cheng Bok agreed to subscribe
to, he was acting as nominee of S.C. Huang and
his family in respect of two-thirds. On the
Company's incorporation the signatories became
its directors with S.C. Huang as Chairman of its
Board.

30

10 6 Ten days after its incorporation the
Company allotted to its subscribers 999,990
shares of \$1 each which together with the
subscriber's shares of 10 resulted in it having 1
million issued shares. The shares were fully
paid for in cash and held by the parties in the
proportion agreed upon.

20 7 In Sep.79, Quek Leng Chye decided to use
Queens Pte Ltd, a wholly owned subsidiary of Hong
Leong Holdings Ltd as its vehicle in the
venture. Queens Pte Ltd nominated Quek Leng Chye
and Gan Khai Choon as representatives on the
Board of the Company and on 6 Sep 79 they were
appointed as directors. Tan Kee resigned as
director.

30 8 In accordance with the agreement of the
parties the Company proceeded to buy the land at
Stevens Road from City Developments Ltd for a sum
of \$8.5 million. The conveyance was completed on
17 Oct 79 and at the same time the land was
mortgaged to Hong Leong Finance Ltd for a term
loan of \$6 million for 3 years. This loan was
the first of several mortgages that were to
follow and was used to partly finance the
purchase.

EXHIBIT - QLC-2
Copy of Statement of Facts
with Attachments read out by
prosecution on hearing of the
Charges in PC Appeal No.59 of
1984
Undated (continued)

9 Very early in the formative stage of this venture S.C. Huang briefed Winston Chen to act for him. It was Winston Chen who was primarily responsible for the pre-incorporation agreement. When the Company was formed, Winston Chen acted for the Company. When Winston Chen was instructed by S.C. Huang what was foremost in their minds was that the profits expected to be made from the formation of the club should be given the lowest exposure to tax. Opinions were sought by S.C. Huang and Winston Chen from one of the top revenue silks in England on the means whereby this may best be achieved and the first opinion was obtained in July 79.

10 The advice from Queen's Counsel envisaged a scheme whereby the promoters form a holding company to buy and develop a piece of land as a club house. The land is then revalued on completion of the development and the holding company issues bonus shares from the surplus thrown up by the revaluation. It then forms a subsidiary company and leases the land to the subsidiary to run a club. The subsidiary would canvass for members and those who wish to become members are required to purchase shares in the holding company from the promoters.

11 This scheme, however, as it ^{could} involve the
sale of shares to those who wish to become
10 members may require the issuance of a prospectus
in compliance with the Companies Act especially
when it was envisaged that there will eventually
be 2,000 or so members.

12 S.C. Huang was not unaware of this. As
early as Sep 80 he consulted a Mr Westley of
Wardley Ltd, a merchant bank. On 7 Oct 80, Mr
Westley advised S.C. Huang by letter (a copy of
this letter is in Attachment A). In his letter
Mr Westley was of the opinion that should the
20 scheme involve the sale of shares a prospectus
would be required and suggested that the
promoters of the club sell membership rights
instead.

13 S.C. Huang called Winston Chen on 4 Nov 80
and mentioned this to him. On 28 May 81 he met
Winston Chen and in the notes of the meeting
recorded by Winston Chen (Attachment B), Winston
Chen recorded the following remarks :-

30 (a) Equity participation out.
There is going to be prospectus
problem.

(b) Wants to have proprietary
club

EXHIBIT - QLC-2
Copy of Statement of Facts
with Attachments read out by
prosecution on hearing of the
Charges in PC Appeal No.59 of
1984
Undated (continued)

(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 yrs.

Discussed - changes his mind
upon hearing 40% tax on
entrance fee.

To think of a scheme for him."

14 On 18 Sep 81 a meeting was held and
attended by S.C. Huang, Quek Leng Chye, Gan Khai
Choon, Derrick Chong, Winston Chen and Keith Tay
and Damian Hong of Peat, Marwick, Mitchell & Co.
Robert Huang, the son of S.C. Huang by then
a director of the company was also present.
The meeting was to consult Messrs Keith Tay and
Damian Hong on the tax scheme. Winston Chen made
the following notes (Attachment C) :

"(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.

10

(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.

20

15 In or around Oct 81 Winston Chen went up to
Kuala Lumpur and discussed with a Queen's Counsel
from Australia, one David Bennett. He asked the
Queen's Counsel 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
(Australian) Companies Act. Section 5(6) of the
Australian Uniform Companies Act is to all
intents and purpose in pari materia with section
4(6) of the Singapore Companies Act. David
Bennett replied on the 19 Oct 81 (Attachment D).
He advised the only direct reference to the
question he can find was in Palmer's Company
Precedents, 17th Edition at pg 58. He quoted the
passage which reads as follows :

30

"So, too, if a company is
formed by members of a club to
provide a house for the club,
and the offer of shares is made
exclusively to members of the
club, it would not in common

EXHIBIT - QLC-2
Copy of Statement of Facts
with Attachments read out by
prosecution on hearing of the
Charges in PC Appeal No.59 of
1984
Undated

(continued)

parlance be termed an offer to
the public."

Nonetheless he cautioned that -

"The context of the statement
at page 58 however, appears to
suggest that it is made in
reference to the position prior
to 1947 and not in relation to
the position under the 1948
Act".

He was referring to the English Companies Act 1948
which by section 55 thereof extended the meaning
of offering shares or debentures to the public to
include offering them to a section of the public
in the same way section 4(6) of the Singapore
Companies Act has done. The Queen's Counsel
continued that in his view "the phrase 'section
of the public' must be interpreted as a matter
of degree". "I" he continued "have little doubt
that an offer to the members of a club having
some thousands of members such as the Selangor
Club would be an offer to a section of the public
and I equally have little doubt that an offer to
all the members of a club whose membership
totalled three would not.

16 On 31 Oct 81 Winston Chen wrote to S.C.
Huang enclosing a copy of the silk's opinion. He
suggested that :-

10

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".

It should be noted that nowhere does section 39A empower the Registrar from exempting anyone from issuing a prospectus where one is required.

20

17 Further discussions were held between S.C. Huang and Winston Chen in Nov 81. They discussed a bonus issue to be made by the Company by revaluing the land and then the sale of these shares to those who wished to be members. It was decided that each member must buy 1 share with a par value of \$5,000 at a price of \$30,000/-. In a note made by S.C. Huang, (Attachment E), he envisaged an increase of the issued share capital to 4,000 shares of \$5,000 each. 2,000 of the shares are to be sold at \$30,000 each which will realise a total of \$60 million.

30

18 On the 17 Nov 81, there was a meeting between S.C. Huang, Quek Leng Chye, Derrick Chong and Winston Chen. Notes were made by Winston Chen (Attachment F). In paragraph 4 of the notes Winston Chen recorded the following :-

EXHIBIT - QLC-2
Copy of Statement of Facts
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1984
Undated . (continued)

(4) Explained that I am
meeting Lee Theng Kiat this
afternoon to seek his views on
prospectus. If views adverse,
scheme need rethinking ..."

10

Lee Theng Kiat was the Assistant Registrar of
Companies.

19 Winston Chen met Lee Theng Kiat informally
that afternoon. He followed up with a letter
dated 2 Dec 81 to the Registrar of Companies
marked to the attention of Lee Theng Kiat
(Attachment G). The letter was received by the
Registrar, Chiam Boon Keng, who assigned it to
Lee Theng Kiat. Paragraphs 1 to 5 of the letter
set out the scheme briefly. In paragraph 6(c)
he expressed the view that :-

20

The scheme set out in paragraph
4 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 Company
Precedents 17th Ed.
(particularly page 58)
enclosed".

30

A copy of the relevant pages of Palmer's was
enclosed. It must be noted that the page he drew

attention to in particular contains the passage referred to in David Bennett's opinion and which the Queen's Counsel cautioned referred to the law as it was before the amendments extending the meaning of "offer to the public" to include "any section of the public", Winston Chen, however, failed to disclose to Lee Theng Kiat David Bennett Q.C.'s opinion on the self same matter. Nowhere in that letter by Winston Chen was there any mention of any application for exemption under Section 39A. Lee Theng Kiat was asked to express an opinion on the matter.

Lee Theng Kiat replied by a letter dated 11 Jan 81 (Attachment H). In the letter he expressed the opinion that section 37(2) of the Companies Act would not apply and a prospectus would not be required. The reference to section 37(2) was a typographical error. On 2 Feb 82 Winston Chen wrote again to enquire whether the reference to section 37(2) should in fact refer to section 37(1) (Attachment I). Lee Theng Kiat replied on 10 Feb 82 (Attachment J) confirming that it was an error and went further to state 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)".

Upon receipt of the letter, Winston Chen informed his clients of the decision of the Registry of Companies and advised them that the scheme could proceed" (the words within quotes

EXHIBIT - QLC-2
Copy of Statement of Facts
with Attachments read out by
prosecution on hearing of the
Charges in PC Appeal No.59 of
1984
Uncated (continued)

are those of Winston Chen's) without the need to
issue a prospectus in compliance with the Act.
Winston Chen also advised them that they should
not advertise and should only invite their
friends.

10

22 Between the 12 Oct 79 and 26 Aug 80 the
paid-up and issued capital of the Company was
increased at various times and on 26 Aug 80 it
stood at \$5 million made up of 5 million shares
of \$1 each.

23 On 31 Jul 81 the Company obtained a second
loan of \$2 million from Hong Leong Finance Ltd
for a term of 3 years. It executed a second
mortgage on the land to the lender.

20

24 Around the middle of Nov 81 the piling
works for the club house was completed. The cost
of piling was \$808,990.00. On 12 Nov 81 the
Company awarded a contract to SPA Construction
(S) Pte Ltd for the building of the club house.
The contract sum was \$19.7 million subject to
contract variation. The contract period was 426
days from handing over of site which was done on
16 Nov 81.

30

25 At about the same time a firm of land
valuers, Richard Ellis, C.H. Williams Pte Ltd was
10 asked to revalue the land. In a report dated 14
Nov 81 they valued the land at \$27.5 million.

26 On the 30 Dec 81 the Company took a third
loan from Hong Leong Finance Ltd of \$3 million
for a term of one year and executed a 3rd
mortgage on the land in favour of the lender.

27 On 18 Feb 82, S.C. Huang instructed Chow
Peng (a legal assistant with Shook Lin & Bok who
was assisting Winston Chen in this matter) that
the terms of the lease of the club house by the
20 Company to the subsidiary company which will
manage the club should be for a period of 10
years with an option to renew for a further 10
years. There was no decision on the rent.

28 On 22 Feb 82, a meeting was held. It was
attended by S.C. Huang, Ng Cheng Bok, Quek Leng
Chye, Gan Khai Choon, Derrick Chong and Robert
Huang. In attendance were S.K. Chan, a partner in
Shook Lin & Bok, Peter Chi, public accountant
with Peat, Marwick, Mitchell & Co., Chow Peng and
30 Winston Chen. At this meeting Quek Leng Chye
brought up the question that the Company needed
an injection of funds to pay for the development

cost. In the event, it was decided that this could be achieved by a rights issue.

29 Later on with the consent of all concerned this meeting was attributed to be an extraordinary general meeting of the Company and subsequent decisions taken were deemed to have been taken at this meeting. This is reflected in the minutes kept in the minute book of the Company (Attachment K). The steps taken were :-

10

(a) Ng Cheng Bok transferred two-thirds (namely that portion of the shares in his name he was holding as nominee for S.C. Huang and his family) to Robert Huang and Madam Chu Ya Tzen so that after the transfer each held 10% of the share capital of the company.

20

(b) On the same day the company resolved to have a rights and bonus issue. The shares in the company were first consolidated and the 5,000,000 issued shares of \$1 each were consolidated into 1,000 ordinary shares of \$5,000 each. The authorised share capital was increased to \$20 million by the creation of 3,000 new shares of \$5,000 each. Of the new shares, 1,000 were offered to the existing shareholders as one for one rights issue at a premium of \$25,000 each (making altogether \$30,000 per share). The share in the rights issue were uncalled.

30

10. (c) A sum of \$10 million being part of the surplus created by the revaluation of the land at Stevens Road was capitalised and appropriated to pay for the other 2,000 new shares which shares were then distributed as a two for one bonus issue to those existing shareholders who accept the shares offered in the rights issue. All the shareholders accepted the shares in the rights issue.

20 30 As a private company City Country Club Pte Ltd would be limited to no more than 50 shareholders and would be prohibited from making any invitations to the public to subscribe for any shares of the Company. It was necessary to convert the company into a public company. This was done on the 10 Mar 82. At the same time the Company changed its name to CCC (Holdings) Ltd and a new set of Articles of Association was adopted.

30 31 On 17 Mar 82, the Company formed a wholly-owned subsidiary. The subsidiary company used the Company's original name, City Country Club Pte Ltd.

32 The subsidiary had its first board meeting on the 30 Mar 82. At the meeting, S.C. Huang and

EXHIBIT - QLC-2

Copy of Statement of Facts
with Attachments read out by
prosecution on hearing of the
Charges in PC Appeal No.59 of
1984

Undated

(continued)

Derrick Chong, the subscribing members and its first directors, appointed the others namely, Quek Leng Chye, Gan Khai Choon, Ng Cheng Bok, Robert Huang and Mdm Chu Ya Tzen as directors of the subsidiary. Winston Chen was in attendance. At this meeting the directors discussed several lists of persons, they had submitted individually prior to the meeting, whom they wish to invite as members of the club. S.C. Huang submitted a list of 35 persons and 6 firms and companies. Quek Leng Chye had 10 persons on his list. Gan Khai Choon's list consists of 23 persons and 1 company. Ng Cheng Bok submitted names of 21 persons. Derrick Chong's list was the longest. It had 257 persons and 8 companies. At the meeting the draft letter of invitation to the invitees was vetted and corrected by Winston Chen.

10

20

33 Around this period many persons came to know of the club and some of them who wished to join contacted the directors. Those who knew or have met the directors called directly and their names were taken down and included as invitees. Others who did not know any of the directors but have friends who knew one or the other of the directors contacted them through their friends. In this way many came to be invited. There were

30

10 yet a few others who did not know of the
directors, who enquired about the club, expressed
an interest in joining to the employees of the
Company and they too were invited.

34 By the time a composite list of invitees
was drawn up and the first invitation sent out on
2 Apr 82 it had grown to a total of 390
individuals and 17 firms and companies. This
however was not the total number of persons
invited. The number was to grow further in the
month that followed.

20 35 The directors on 31 Mar 82 appointed a firm
of stockbrokers, Lim & Tan (Pte) to sell the
shares. Lim & Tan (Pte) accepted the appointment
conditionally. The directors intention was to
sell their 2,000 bonus shares allotted to them in
February 1982. These shares were to be sold in
batches.

30 36 From the 2 Apr the invitations were
despatched. Each invitee received a letter of
invitation signed by S.C. Huang, a brochure, a
set of the club rules and an application form.
Attachment L (i), (ii), (iii) and (iv).

EXHIBIT - QLC-2
Copy of Statement of Facts
with Attachments read out by
prosecution on hearing of the
Charges in PC Appeal No.59 of
1984
Undated (continued)

37 When an invitee accepts the invitation and applies to be a member by returning the application form together with a sum of \$2,000 in the case of an individual and \$3,000 in the case of a firm or corporation, he next receives a letter stating that he is a qualified person under rule 9 of the Rules of the Club for the period of one month. He is then asked to contact a broking firm named to purchase the shares.

10

38 When the invitations were in the process of being sent over a period of time more people came to know of the club. On the 5th and 6th of April, the Business Times, the Straits Times and the New Nation each carried an article about the City Country Club. There were others who were acquaintances of the directors and they asked to be invited and they were also invited.

20

39 By the 10 May 82, 129 persons and 12 firms and companies applied to join the club and were accepted as qualified persons. They include friends, acquaintances and friends of friends of the one or more of the directors as well as a few who did not know any of the directors nor their friends.

30

10 40 The police investigations started on the 10
May 82. A firm of public accountants, Price
Waterhouse, was instructed to conduct an audit of
the accounts of the company for the period from 1
Jul 81 to 31 Mar 82. A copy of their report and
accounts is at Attachment M. In page 12 of the
accounts one finds that the net tangible asset
backing for each share as at 31.3.82 was \$7,374.
If the rights issue of 1,000 shares was
fully paid up the net tangible asset backing of
each share would be \$13,030/-. As of the date
20 police investigations began i.e. 10 May 82, these
shares remain uncalled. This amongst others
would have been disclosed to prospective buyers
of the shares if a prospectus in compliance with
the Companies Act had been issued.

30 41 The invitation inviting the public to
purchase the Company's shares is deemed to be a
prospectus issued by the Company though not those
in compliance with the Act. Those defendants who
were directors of the Company which sent out the
invitation offering shares in the Company for
sale to the public are therefore in breach of
section 39(4) of the Companies Act. The
defendant Winston Chen abetted the offence by
aiding the directors in drafting the invitation
which he knew was intended to be sent by the

EXHIBIT - QLC-2

Copy of Statement of Facts
with Attachments read out by
prosecution on hearing of the
Charges in PC Appeal No.59 of
1984

Undated. (continued)

directors

42 Important information such as the assets and 10
liabilities of the Company, how the Company would
finance its club project and how the proceeds of
sale would be deployed in the proposed offer for
sale was not provided to the prospective buyers
of the shares as a result of the failure to issue
a prospectus in compliance with the Act. It is
therefore not a case within the meaning of
section 39(5) of the Act which provides:-

- (5) In the event of non-compliance with 20
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 30

(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.

EXHIBIT

Attachment

A
Letter from
Mr Westley
to SC Huang
in PC Appeal
No.59 of 1984
1st October
1980

EXHIBIT - ATTACHMENT A

LETTER FROM MR WESTLEY TO SC HUANG
IN PC APPEAL NO.59 OF 1984

Attachment A

PRIVATE & CONFIDENTIAL

1st October, 1980

Mr S C Huang
c/o S C Enterprises Pte Ltd
1-201, Block B
1st Floor, Merlin Plaza
Beech Road
Singapore 0719

10

Dear Mr Huang,

Further to our recent conversation with regard to the corporation structure of the club you and your other associates are presently developing I have pleasure in confirming that Wardley Limited would be happy to act as financial adviser in this matter.

As I understand the position Wardley's role would be to examine the various possibilities for implementing a corporate structure that would allow you to realise profits from the sale of membership rights in the club and at the same time retain control over the membership of the club. We briefly discussed the problems arising from 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.

20

30

In interim period we have considered the structure of a number of clubs and are of the view that it would be more satisfactory to concentrate on the sale of membership rights to the club (as you mentioned to me over the telephone) rather than the disposal of the equity share capital of the company owning the club. My colleague, Mr N A V G Carp, who is Wardley Limited's resident Director in Singapore, has some experience in these matters and, accordingly, will personally supervise our involvement in this project.

40

10 On the basis that the work would not involve the preparation of any prospectus and that we would concentrate on achieving your objective by way of the sale of club memberships, we would be prepared to undertake the work involved for a fee of \$10,000 plus one free corporate membership entitling us to nominate three of our staff as members. In addition any out-of-pocket expenses incurred together with the fees of any third parties (e.g. for specific legal or tax advice) whom we may brief after agreeing the same with you would be for your account. I would just stress, that our fee is based on our estimate of work involved and should this prove to be substantially greater than presently estimated we would seek to agree with you a revised fee basis for proceeding further with the additional work.

20 If the fee structure set out above is acceptable to you I should be glad if you would sign and return to us the duplicate copy of this letter to confirm your agreement thereto.

Yours sincerely,

K A Westley

enc
KAW:jf

EXHIBIT
Attachment
A
Letter from
Mr Westley
to SC Huang
in PC Appeal
No.59 of 1984
1st October
1980

(continued)

NOTES OF MEETING RECORDED BY
WINSTON CHEN IN PC APPEAL NO.59
OF 1984

Attachment C

File Ref. No. _____ Date 10/19 Time 10:30
Client _____
Re _____
Attending Premises of PM & M By W.C.

NOTE of Interview Office Outside
Tel. Call Recd. Made

- ① I explained scheme & problems regarding prospectus
- ② Keith Tay. Nominee Co., as I recall in the opinion, is acting as bare nominee. Then the Co. & nominee Co books will not have assets. Proprietary Club
- ③ QIC: let the members own the ^{assets} ~~prospectus~~ Co. but not name them.
- ④ I am to look out prospectation problem
- ⑤ K.T. will explain scheme & let practice know.

OPINION OF DAVID BENNETT IN PC
APPEAL NO.59 OF 1984

COMPANIES ACT, SECTION 5(6)

Attachment D

OPINION

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.

The leading case discussing the operation of the previous sub-section, Section 5(5) of the Act, is the decision of Needham J. in Corporate Affairs Commission v. David Jones Finance Limited, (1975) 2 N.S.W.L.R. 710. In that case an invitation to make interest bearing deposits in a company was circulated to roughly 12,500 employees of the group of companies to which the defendant belonged. The invitations were capable of acceptance only by such employees. It was held that there had not been any "invitation to the public" to deposit/^{money}with or lend money to the company within the meaning of Section 5(5) of the Act.

10

It appears to have been admitted by counsel for the defendant company in that case that the offer was an offer to a "section of the public" and would therefore have been unlawful had it been an offer of shares or debentures rather than an invitation to the public to deposit money or lend money. In addition, the Corporate Affairs Commission does not appear to have alleged that there was any breach of Section 5(6). These factors mean that any observations made by His Honour on the effect of that sub-section are obiter. The problem of the inter-relationship of the two sub-sections and their relationship with sub-sections 37 (1) and 37 (2) are discussed by His Honour at page 716B.

20

30

In case a copy of the report is not readily available, I am sending a photocopy directly to my instructing solicitors.

EXHIBIT
Attachment D
Opinion of David Bennett
in PC Appeal No.59 of 1984
19th October 1981
(continued)

14-2

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It should be noted that His Honour placed great emphasis on the distinction between making an offer or invitation to a limited group which was capable of acceptance by anyone into whose hands it fell on the one hand and the making of such an offer or invitation only capable of acceptance by an original recipient on the other. He distinguished a number of the early English cases on the basis that an invitation or offer to one person may be an invitation or offer to the public if that person is at liberty to pass it on to others who may accept it.

20

This distinction was also stressed by the High Court in Lee v. Evans, (1964) 112 C.L.R. 276 where it held that a verbal invitation to two persons was not an invitation to the public. It was held that an "invitation to the public" means an invitation made to the public generally and capable therefore of being acted upon by any member of the public.

The only other Australian decision is that of the Full Court of the Supreme Court of New South Wales in ex parte Lovell re Buckley, (1938) 38 S.R. 153. This appears to me to be of little relevance since it concerned the words "the public or any member of the public".

30

The phrase "section of the public" was first introduced into the English legislation by Section 55(1) of the Companies Act, 1948, that being the origin of the present Section 5(6) of Uniform Australian Companies Act. Prior to that enactment, previous provisions had been discussed, inter alia, in re South of England Natural Gas & Petroleum Co. Limited, (1911) 1 Ch. 573, Nash v. Lynde, (1929) A.C. 158 at 169, Sherwell v. Combined Incandescent Mantles, (1907) 23 T.L.R. 482, Booth v. New Africander and Co., (1903) 1 Ch. 295 / Burrows v. Matabele Gold Reefs & Estates Co. Limited, (1901) 2 Ch. 23. All of these cases are concerned with the meaning of words such as "offer to the public" and not with the words "section of the public". Indeed, many of them, like the decision of Needham J. assume that the group in question would be a "section of the public" without using those words as terms of art.

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Although Needham J. said at 717A that English cases

since 1947 need to be treated with reserve because of the provisions of Section 55 of the English Act, I have not been able to find any English cases since 1955 dealing with the meaning of the relevant words in Section 55(1).

There is one Scottish case in which an offer by a promoter to a few of his friends, relations and customers was held not to be an offer to the public (Sleigh v. Glasgow & Transvaal Options, (1904) 6 F. 420 (Court of Session)) but this does not really assist in solving the present problem.

There are discussions of the matter in Halsbury's Laws of England, 4th edition, volume 7, para. 220; in Palmer's Company Law, 22nd edition, volume 1, para 21-17 and in Gower's Principles of Modern Company Law, 4th edition, pages 350-1. Pennington's Company Law, 3rd edition, does not deal with it. There is a short but not very helpful discussion in Wallace & Young: Australian Company Law & Practice at pages 34-5.

10

The only direct discussion of the problem appears in Palmer's Company Precedents, 17th edition, at 58-60, where, inter alia, the following statement appears:-

So, too, if a company is formed by the members of a club to provide a house for the club, and the offer of shares is made exclusively to members of the club, it would not in common parlance be termed and offer to the public.

20

The context of the statement at page 58, however, appears to suggest that it is made in reference to the position prior to 1947 and not in relation to the position under the 1948 Act.

In my view, the phrase "section of the public" must be interpreted as a matter of degree. I have little doubt that an offer to the members of a club having some thousands of members such as the Selangor Club would be an offer to a section of the public and I equally have little doubt that an offer to all the members of a club whose membership totalled three would not. Much would depend upon the extent to which the individual were known to each other and to / ^{the} promoter, upon the relationship between the members of the club as members of the club and the

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14-y

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intended venture (for example, the raising of funds for the erection of a clubhouse) and upon the ease by which a member of the public may obtain membership of the club. On the assumption, however, that the club is large, that membership is comparatively easy to obtain, that members and the promoter do not all know one another well and that the proposed venture has no relationship to the club as such, I consider that an offer or invitation to members of a club would constitute an offer or invitation (as the case may be) to a section of the public.

20

My reasons for expressing this view are as follows:-

1. The draftsman of the Companies Act clearly intended a sharp distinction to be drawn between the words "invitation to the public" in sub-section 5(5) and the words "offering them to any section of the public" in sub-section 5(6). Something significantly more limited than "the public" is therefore necessarily intended.

30

2. The draftsman would have had in mind the numerous authorities in which the words "invitation to the public" had been read down so as to exclude an invitation to a group of people. It is not improbable that he wished to ensure that these decisions had no further relevance in cases to which sub-section 5(6) was to apply.

40

3. Sub-section 5(6) gives the example of persons selected as clients of the person issuing the prospectus. While this is a looser group than the members of a club (although in particular cases entry to it might be more severely limited), it certainly does suggest that small groups were within the contemplation of the Legislature.

4. The sub-section is taken from Section 55(1) of the Companies Act, 1948 (U.K.). That section contains certain provisions limiting its operation in relation to offers to "members of a relevant class". That phrase is defined as an existing member of the company making the offer or invitation, or an existing employee of that company, or member of the family

EXHIBIT
Attachment D
Opinion of David Bennett
in PC Appeal No.59 of 1984
19th October 1981
(continued)

of such a member or employee, or an existing debenture holder. The omission of this exclusion when the sub-section was adopted suggests that the draftsman did not intend to exclude persons of this category. This, in turn, suggests that even more narrow "sections of the public" were contemplated by the sub-section.

10

The same result can be reached by slightly different reasoning. The exclusion from the English provision suggests that the English draftsman was of the view that existing shareholders and the like would have fallen within the description "a section of the public" but for the exclusion. This interpretation must be carried over to the interpretation of Section 5(6).

5. As a matter of simple English, the words "section of the public" are not excluded simply because membership of that section is selected by a fixed criterion. It can hardly have been the intention of the draftsman that the words should be confined to a section of the public selected at random without any common feature, particularly in view of the example contained in the sub-section.

20

Conclusions

The question whether an offer or invitation to all the members of a club is an offer or invitation as the case may be to a "section of the public" within the meaning of Section 5(6) of the Uniform Companies Act is basically a question of degree. In determining this question of degree, it is relevant to consider (a) the number of members of the club, (b) the ease by which membership may be obtained, (c) the extent to which the members of the club and the promoter are known to each other and (d) the extent, if at all, to which the scheme being promoted relates to the members of the club in their capacity as members of the club. An invitation to members of a social club to provide moneys for a clubhouse or, for that matter, an invitation to members of an investment club formed for the sole purpose of

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EXHIBIT

Attachment D

Opinion of David Bennett
in PC Appeal No.59 of 1984
19th October 1981
(continued)

142
common investment, to provide funds for that investment is
less likely to be an invitation to a section of the public than an invitation
by an outside company to the members of an established social
club.

10

Subject to these fairly narrow limitations, it is my
view that an offer to all the members of a large club who are
not closely known to each other and to the promoter, where
membership of that club is not excessively difficult to obtain
and where the object of the invitation has no particular
relationship to the affairs of the club as such, is likely to
fall within the words "invitation to a section of the public"
in Section 5(6) of the Uniform Companies Act.

Chambers,

20

19th October, 1981.



DAVID BENNETT

ADDENDUM

The most recent cases on "offer to the public"
(not "section of the public") are Hamilton v. Austcan Property
Investment Pty. Limited, (1981) 5 A.C.L.R. 469 and Hamilton v.
Peaty, (1981) 5 A.C.L.R. 472. I have not yet seen reports of
these cases but the advance summaries do not suggest that they
will be of any particular assistance.

Client Date Time

Re Attachment E

Attending By

NOTE of Interview Office Outside

Tel. Call Recd. Made

500 e 1 -

6000 1,500 e 1

20,000 e 1

4,000 = shares

Intend to sell e

2000 e \$ 30.0

60,000

→

= 60,000,000

120,000,000

too much

EXHIBIT - ATTACHMENT F

NOTES MADE BY WINSTON CHEN IN PC APPEAL
No. 59 OF 1984

Attachment F

Date 17/11 Time 11.0

Attending - S.C. Huang

NOTE of	Interview Tel. Call	Office Recd.	Outside Made
---------	------------------------	-----------------	-----------------

- | | | | | |
|----|------|---|--|--|
| 10 | (1) | Give me valuation on land.
QLC & D.C. Comes in list 11.25 am. | | |
| | (2) | Advised that if they lose control of Club Co. they will lose management of Club despite management agt. | | |
| | (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 Teng 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 QC for approval. | | |
| 20 | (7) | Qualifying status \$1000 instead of £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) | DC to give his brochure for club. | | |
| | (12) | Wants Corporate members to have 2 shares to qualify. | | |
| | (13) | CC to be now called CC Holdings Ltd. | | |

Engaged	hrs.	mins.	Charge £	Action
---------	------	-------	----------	--------

K.I.V.

EXHIBIT - ATTACHMENT G
LETTER FROM SHOOK LIN & BOK TO
MR LEE THENG KIAT IN PC APPEARANCE
NO.59 OF 1984

Attachment G

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齡
及
珍
律
師
樓

SHOOK LIN & BOK
ADVOCATES & SOLICITORS

L.P. TIAN
CHIAH BEH KOON
WANG CHY CHAI
WONG PEAN HOON
TIO SWAN PEK
HO ANN PATT
SUNGEI CAHAI M LAM
ANTHONY C. S. TAP
S. R. ALLENKAR
CAROL CHAN
LEE CHOO ENG

YOUR REFERENCE
WHEN REPLYING, PLEASE
QUOTE OUR REFERENCE CYC/1473-4/SCH

Marshall Road P.O. Box 2508
Malayan Bench Chambers
Fullerton Square,
Singapore, 0106.

CABLES: SHUKLIN
TELE X: SHUKLIN RS 21522
TELEPHONE 911944 (20 LINES)
FAX NO: 2243577 (FIFAX 6005)

Attn: Mr. Lee Theng Kiat

December 2, 1981

Dear Sir,

Re: City Country Club Private Limited

1. We act for City Country Club Private Limited (hereinafter called "CCC") and its promoters. CCC is the owner of premises at Stevens Road which is in the process of being developed as a club house.
2. To realise their investments in CCC, the promoters have been advised by Counsel that CCC should incorporate a wholly owned subsidiary which will rent the club premises from CCC and run and manage the club premises for the benefit of members of an exclusive club to be established by the subsidiary.
3. Membership of the club will be restricted to not more than 2,500 and only top executives or well established companies both foreign and local known and acceptable to the Committee of the club will be invited to become qualifying members of the club. The invitation will be made individually.
4. The scheme proposed is as follows:
 - (a) To become a qualifying member of the club the invitee must make payment to the club in a sum say \$1,000 to \$2,000. Upon such payment he/it will be entitled to enjoy the facilities of the club premises.

10
20

...2/-

RECEIVED DEC 1981
L.T. CC: 1391

Li
1981

ASSOCIATED WITH SHOOK LIN & BOK KUALA LUMPUR



EXHIBIT
Attachment

G

Letter from Shook
Lin & Bok to
Mr Lee Theng Kiat
in PC Appeal No.
59 of 1984
2nd November 1981
(continued)

- (b) After the invitee has become a qualifying member he/it will be required under the club rules to purchase a share or shares in CCC from the promoters within a time limit to become a full member by making an offer for such share(s) to the promoters so that only members of the club will be owning shares in CCC.
- (c) If after becoming a qualifying member the invitee fails to purchase a share in CCC within the time limit, the invitee's status as a qualifying member will be lost and the deposit forfeited.
- (d) Only a qualifying member of the club will be asked to make an offer to the promoters for a share in CCC.

10
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5. For the purpose of implementing the scheme, CCC will be converted into a public company but its shares will not be listed on any Stock Exchange. Further to ensure fairness between the promoters in the sale of the shares to qualifying members a nominee company (the "Nominee Company") will be either incorporated or be asked to act as bare nominee/agent in the sale of the shares and to hold the proceeds of sale in trust for the promoters proportionately.

6. We have considered the provisions of the Companies Act as well as the Securities Industry Act and it appears to us as follows:

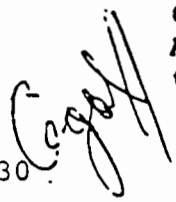
- 30 
- (a) The scheme set out in paragraph 4 is not an offer of shares to the public as defined by Section 4(6) of the Companies Act and the requirements of this Act for prospectus need not be complied with. See page 58 to 60 of Palmers Company Precedents 17th Ed. (particularly pg. 58) enclosed.
- (b) The Agreement between the Nominee Company and the Promoters as set out in paragraph 5 and the sale by the Nominee Company as agent of each of the promoters' share to qualifying members of the club will not constitute the carrying of the business of dealing in securities under the Securities Industry Act by either the Nominee Company or the promoters because (i) the shares which would be transferred were not purchased by the promoters, (ii) no business
- 40

EXHIBIT
Attachment G
Letter from Shook
Lin & Bok to
Mr Lee Theng Kiat
in PC Appeal No.
59 of 1984
2nd November 1981
(continued)

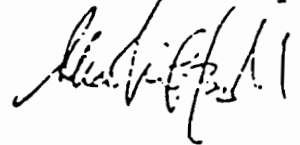
of dealing in securities is being conducted by the promoters in the sale of the shares such sale being but the realisation of their investments and (iii) despite the fact that each share is being sold individually the transaction when viewed as a whole is but an isolated and single transaction: See paragraph 12-8 of Gore Browne 43rd Ed. enclosed.

7. Our clients being mindful of their obligations to comply with the law have requested us to write to you to enquire your views on the matter.

8. Should you be of the opinion that a prospectus ought to be issued then we shall be obliged if you will kindly let us know whether, subject to your approval of the form of prospectus, you agree with our interpretation of the Companies Act that:

- (a) Although in normal circumstance a prospectus contains offers of shares to be issued and allotted by a company at a fixed price, there is no prohibition in the Companies Act to prevent the promoters in this instance from inviting qualifying members of the club to make offers for the purchase of the promoters' share.
- (b) The statement provided by Section 39(1)(f) of the Companies Act to be inserted in the prospectus is only required where a company issues and allots shares and not where shares are to be transferred by a shareholder. We find some support for this view in the Hotel Marco Polo Prospectus dated 3 9th May, 1981 (which was a case where shares were offered for sale by two shareholders) where the statement was omitted.

Yours faithfully,



The Registrar of Companies,
Colombo Court,
Singapore 0617.

ADC

EXHIBIT - ATTACHMENT H
LETTER FROM MR LEE THENG KIAT TO SHOOK
LIN & BOK IN PC APPEAL NO.59 OF 1984

GOVERNMENT OF SINGAPORE

Attachment H

Rooms 411-413, 4th Floor,
Colombo Court
Singapore
Republic of Singapore

Your Ref: CYC/1473-4/SCH
Our Ref: ROC 2394/79
Date: 11 Jan 82



M/s Shook Lin & Bok
Marvell Road P O Box 2508
Malayan Bank Chambers
Fullerton Square
Singapore 0104

Attn: Mr Winston C Y Chea

Dear Sirs

CITY COUNTRY CLUB PRIVATE LIMITED

I have your letter of 2 December 1981.

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.

3 As regards the proposal set out in paragraph 5 of your letter I am inclined to take the view that Section 9 of Securities Industry Act may be infringed if the proposal is implemented.

Yours faithfully

LEE THENG KIAT
for REGISTRAR OF COMPANIES & BUSINESSES
SINGAPORE

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EXHIBIT - ATTACHMENT I
LETTER FROM SHOOK LIN & BOK TO MR LEE
THENG KIAT IN PC APPEAL NO.59 OF 1984

Attachment I

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SHOOK LIN & BOK
ADVOCATES & SOLICITORS

L.P. THIAN
CHAI SEE KONG
WONG SENG CHEN
WONG PING HOON
TEO GUAN TECK
NG SIANG PAU
BUNICE CHIEH AI LIAH
ANTHONY C. S. YAP
S. H. MURUGAN
CAROL CHAN
LIN CHOO ENG

YOUR REFERENCE ROC 2394/79
WHEN REPLYING, PLEASE
QUOTE OUR REFERENCE CYC/1473-4/ROC.

Marshall Road P.O. Box 2508
Mitsuya Bank Chambers
Fullerton Square,
Singapore, 0106.

CABLES: SHUKLIN
TELEX: SHUKLIN RS 21522
FAX NO: 2243577 (RIFAX 6005)
TELEPHONE 911944 (20 LINES)

Attn: Mr. Lee Theng Kiat

February 2, 1982

Dear Sir,

Re: City Country Club Private Limited

We refer to your letter of the 11th day of
January, 1982.

Please confirm that paragraph numbered 2 of
your said letter contains the following typing error
namely:

"Section 37(2) of the Companies Act"
should read as "Section 37(1) of the
Companies Act".

We shall be grateful for your immediate attention
to this letter.

Yours faithfully,

Registrar of Companies & Businesses,
Rooms 412/416, 4th Floor,
Colombo Court,
Singapore 0617.

ADC

L.T.K.

2
1/2
3/2



EXHIBIT - ATTACHMENT J
LETTER FROM MR LEE THENG KIAT TO
SHOOK LIN & BOK IN PC APPEAL NO.
59 OF 1984

Attachment J

GOVERNMENT OF SINGAPORE

Your Ref:
Our Ref: ROC 2394/79
Date: 10 Feb 82



Registrar of Companies
Rooms 412/416, 4th
Colombo Court
Singapore, 0517
Republic of Singapore

M/s Shook Lin & Bok
Malayan Bank Chambers
Fullerton Square
Singapore 0104

Attn: Mr Winston C Y Chen

Dear Sir

Thank you for your letter of 2 Feb 82.

2 You are correct in stating that reference to
Section 37(2) of the Companies Act in my letter of 11 Jan 82
should have been a reference to Section 37(1).

3 In any case the facts of the present case also
seem to indicate 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).

17 FEB 82 10: 37

Yours faithfully

A handwritten signature in cursive script, appearing to read 'Lee Theng Kiat'.

LEE THENG KIAT
for REGISTRAR OF COMPANIES & BUSINESSES

/sr

C.C.P.L.

CITY COUNTRY CLUB PRIVATE LIMITED

MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY
HELD AT THE REGISTERED OFFICE, 5TH FLOOR, MALAYAN BANK
CHAMBERS, FULLERTON SQUARE, SINGAPORE 0104, ON MONDAY THE
22ND DAY OF FEBRUARY, 1982.

PRESENT: Huang Sheng Chang (Chairman) 10
Ng Cheng Bok
Derrick Chong
Quek Leng Chye - Representing Queens Private
Limited

CHAIRMAN

The Chairman declared the meeting open at 3.00 p.m.

NOTICE OF MEETING

The notice convening the meeting, having been duly communicated to all members entitled and with the consent of the meeting, was taken as read.

A. SPECIAL RESOLUTIONS

(1) That notwithstanding the restrictions contained in the Articles of Association of the Company the following transfers of shares be and are hereby approved:

(a) the transfer of 60,000 shares comprised in Certificate No.14 from Queens Private Limited to

10

- (b) the transfer of 60,000 shares
comprised in Certificate No.18
from Queens Private Limited to
Gan Khai Choon;
- (c) the transfer of 500,000 shares
(to be comprised in a Share
Certificate to be issued to Ng
Cheng Bok pursuant to a directors'
resolution of today's date) from
Ng Cheng Bok to Chu Ya Tzen;
- (d) the transfer of 500,000 shares (to
be comprised in a Share Certificate
to be issued to Ng Cheng Bok pursuant
to a directors' resolution of today's
date) from Ng Cheng Bok to Robert
Huang Shien Nyen;
- (e) the transfer of 500,000 shares (to
be comprised in a Share Certificate
to be issued to Huang Sheng Chang
pursuant to a directors' resolution
of today's date) from Huang Sheng
Chang to Lydia Huang Wen Siu.

20

30

- (2) That each of the 5,000,000 ordinary shares of
\$1 each in the capital of the Company be con-
solidated and divided into 1,000 ordinary
shares of \$5,000 each.

EXHIBIT
Attachment K
Minutes in the Minute
Book of City County Club
Pte Ltd in PC Appeal
No.59 of 1984
22nd February 1983
(continued)

(3)- That the authorised share capital of the Company be increased to \$20,000,000 by the creation of an additional 3,000 ordinary shares of \$5,000 each.

B. ORDINARY RESOLUTION

(1) That 1,000 ordinary shares of \$5,000 each of the additional 3,000 shares created in the Company be offered at a premium of \$25,000.00 per share to the persons who on the 22nd day of February, 1982 are registered holders of the existing ordinary shares of the Company in the proportion as nearly as may be to the number of ordinary shares held by them respectively, and upon the footing that the full amount of each share taken up plus the premium (making together \$30,000.00 per share) shall be paid to the Company as and when the Company makes a call for payment, and, the offer by the Company shall be made by notice specifying the number of shares to which the said registered holder is entitled and limiting the time of 7 days within which the offer if not accepted in writing by the said registered holder concerned, will be deemed to be declined.

EXHIBIT
Attachment K
Minutes in the Minute Book of City
County Club Pte Ltd in PC Appeal
No.59 of 1984
22nd February 1983 (continued)

- 10
- (2) That it is desirable to capitalise a sum of \$10,000,000 being part of the amount standing to the credit of the Company's Capital Reserve.
- (3) That the Directors be and are hereby authorised and directed to appropriate the said sum of \$10,000,000 to the persons who on the 22nd day of February, 1982 are registered holders of existing ordinary shares of the Company (but only those who shall have accepted in full within the said 7 days the proportion of the 1,000 ordinary shares offered by the Company at a premium of \$25,000 per share in their respective proportions) in the proportion in which such registered holders would become entitled to such sum as capital in terms of Article 101 of the Articles of Association of the Company and to apply the whole of the said capital sum of \$10,000,000 on their behalf in payment in full at par for 2,000 ordinary shares of the Company of \$5,000 each, such additional shares to be allotted and distributed credited as fully paid up to and amongst such registered holders in the proportion of two (2) such additional shares of \$5,000 each for every one of the existing ordinary shares then held by such registered holders respectively on the 22nd day of February, 1982 and
- 20
- 30

EXHIBIT
Attachment K
Minutes in the Minute Book of City
County Club Pte Ltd in PC Appeal
No.59 of 1984
22nd February 1983 (continued)

such 2,000 ordinary shares to rank in all respects pari passu with the existing ordinary shares of the Company and that the said 2,000 ordinary shares shall be treated for all purposes as an increase of the nominal amount of the issued capital of the Company and not as income.

CLOSURE

There being no further business, the meeting was declared closed with a vote of thanks to the Chair.

CONFIRMED

SC, [Signature]

CHAIRMAN

April 5, 1982



*City
Country
Club*

Mr. Tan Wah Thong
Baker Marine Pte Ltd
Jurong Town P.O. Box 280
Singapore 9161

Dear Mr. Tan

10 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.

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.

20 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 OCC (Holdings) Limited of:

- a) in the case of an individual, one (1) ordinary share
- b) in the case of a firm or corporation two (2) ordinary shares.

30 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.

Yours truly

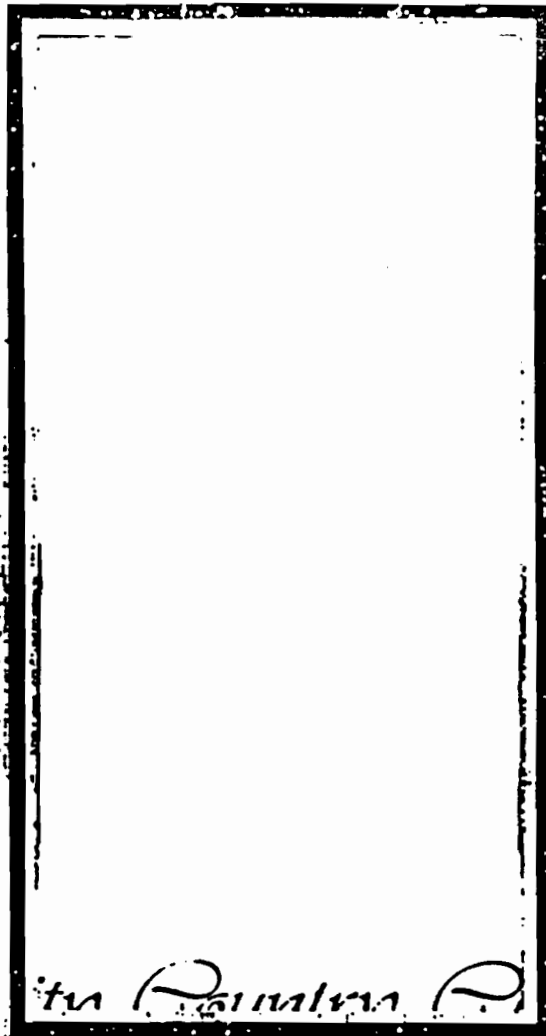
A handwritten signature in cursive script, appearing to read "S.C. Huang".

S.C. Huang
Chairman

DC:sc

Broking firm: Lim & Tan (Pte)
Tel: 2244988 (Mrs. Esther Seet)

Attachment L (iii)



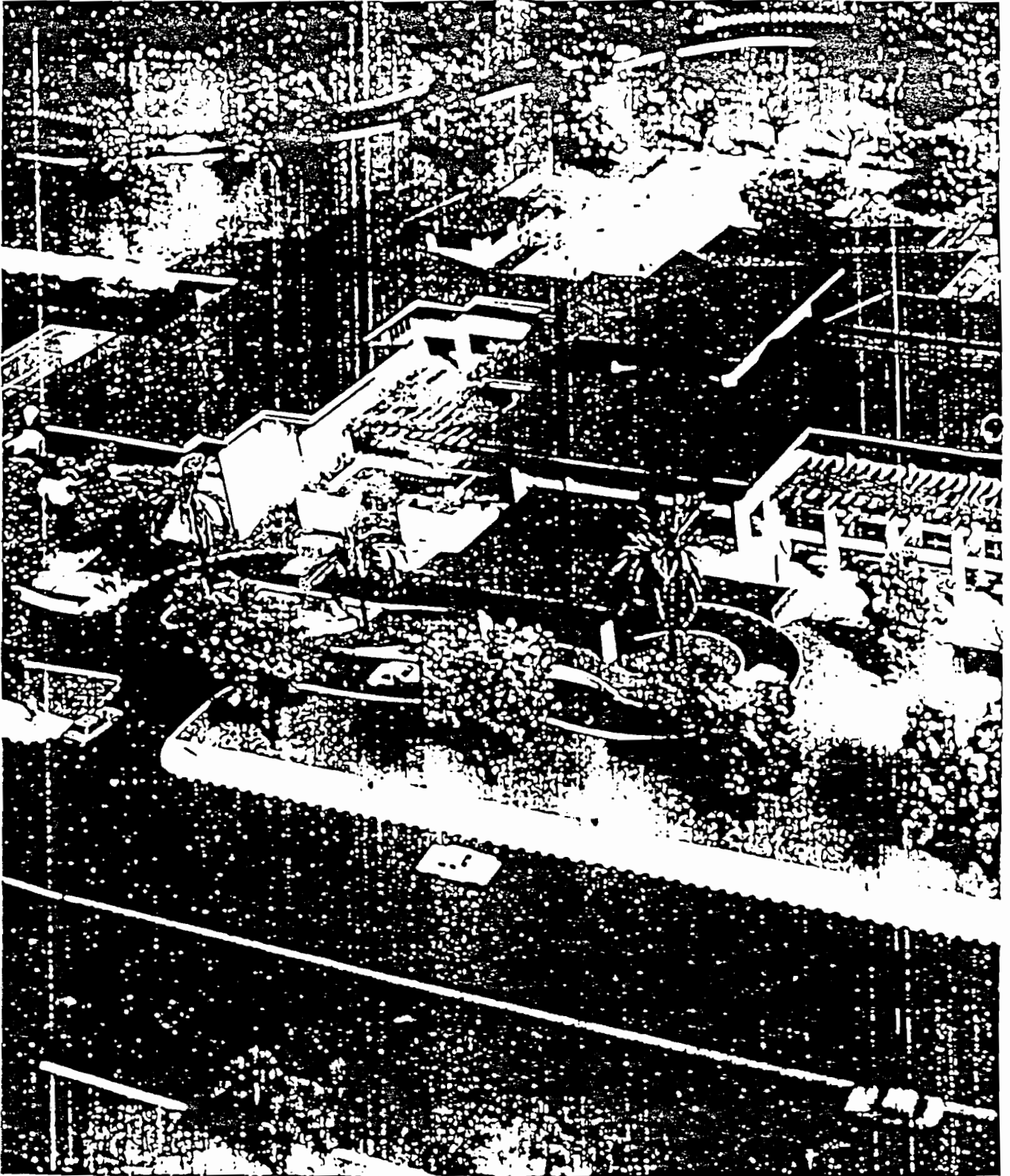
City Country Club

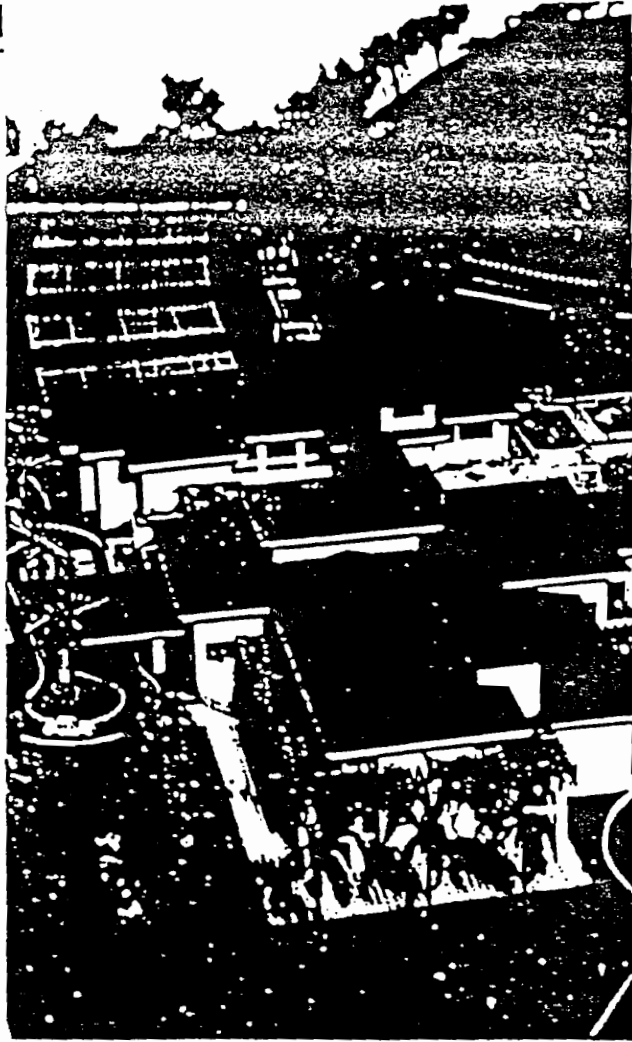




Nothing but the best.

This will be the foremost and best club in Asia. The pursuit of excellence is the dictum which will guide all aspects of the organisation of this club. There will be no compromise in the standards and quality of the facilities and services it offers.





Created by the talents of the world.

The world was required for the best talents to ensure that the design and landscaping of the City County Club blends perfectly into the natural attractiveness of the site. Internationally famous architects, landscape and interior designers applied their expertise to this project.

Landscaping is by Woolsey, Miyabara & Associates, Hawaii. Interior design is by Ohada, Siembida & Associates. Building design is by Wimberty, Whisenand, Allison, Tong & Goo Architects, Hawaii. Architects are C.P. Lee & Partners.





Body sculpture.

The classical Greeks believed a sound mind could exist only in a healthy body. The City Country Club will provide a full range of facilities for members to look and feel their best.

The Men's Health Centre will have a fully equipped gymnasium, steam and sauna baths and massage facilities. One of the highlights of this health centre will be the hot and cold jacuzzi. It will be the perfect place to unwind, in gently cascading, bubbling streams of swirling water.

The Ladies' Gymnasium will also house steam and sauna baths and massage facilities. There will be a barbershop, and a beauty salon for ladies offering hairdressing facilities, facials, manicures and pedicures.



Fresh fish, fine wines, heart and soul.

To the Chinese and the French, there is much more to eating than just satisfying hunger. To them, eating has been elevated to the status of an artistic experience. We agree with this philosophy.

The chefs at the City County Club will put that most important of all ingredients, talent, into their dishes. They will cook with flair that you may dine with enjoyment.

The restaurant will seat 140 persons. There will be a Coffee House which will accommodate 112 more and a Garden Terrace which will have additional seating. Facilities will be available to cater for private functions both in the club and in the homes of members.



Anyone for tennis? Also squash and racquetball.

*Members will enjoy the use of 5 tennis courts, 4 squash courts, and 2 racquetball courts.
Top-class professional coaches will be in attendance.*

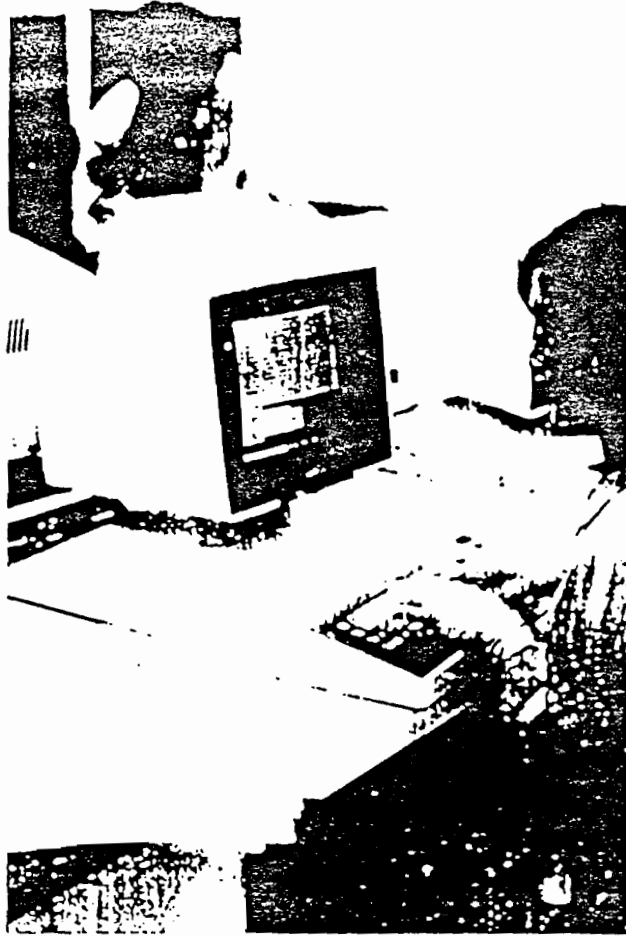
Interesting, these indoor pursuits . . .

*The club will have a billiards room, a library, and of course, the ever-popular slot machines.
There will also be a multi-purpose function room, 2 conference rooms and 4 cards rooms, each
with its own mini bar.*



Facilities to float bankers, not loans.

The club will have a swimming pool expansive enough to hold the chairman and boards of directors of a dozen major corporations, along with their families and friends. Soak your banker here, and see what surfaces.



The best brains ever programmed to run a club.

The Club's management team is made up of professionals. Each member has had years of experience making successes of premier clubs in Singapore and abroad.

The human talent will be backed by a full-service computer. The City County Club will be the only club in Singapore to have this facility. The computer will take care, not only of the various accounting functions, but also of bookings for the use of club facilities and restaurant orders. None when Anton Dexter joins us as head waiter...



1 In the coffee shop with a nice mood, good friends and good food.

2 A relaxing spin in the hot and cold Jacuzzi.

3 Professional tennis coaches put more power into your game.

4 The joys of an Olympic-sized swimming pool.

Your pleasure is our priority, today, tomorrow and forever.

No successful club can ever afford to be static. The City Country Club will continue to be successful by constantly keeping in touch with and acting on the wishes of the members. The facilities outlined here are only the forerunners of more to come. New forms of indoor entertainment will be installed as new technology is developed and becomes available around the world. Additional areas will be open to members as reciprocal arrangements are concluded with other clubs. The only way the City Country Club will go is forward.

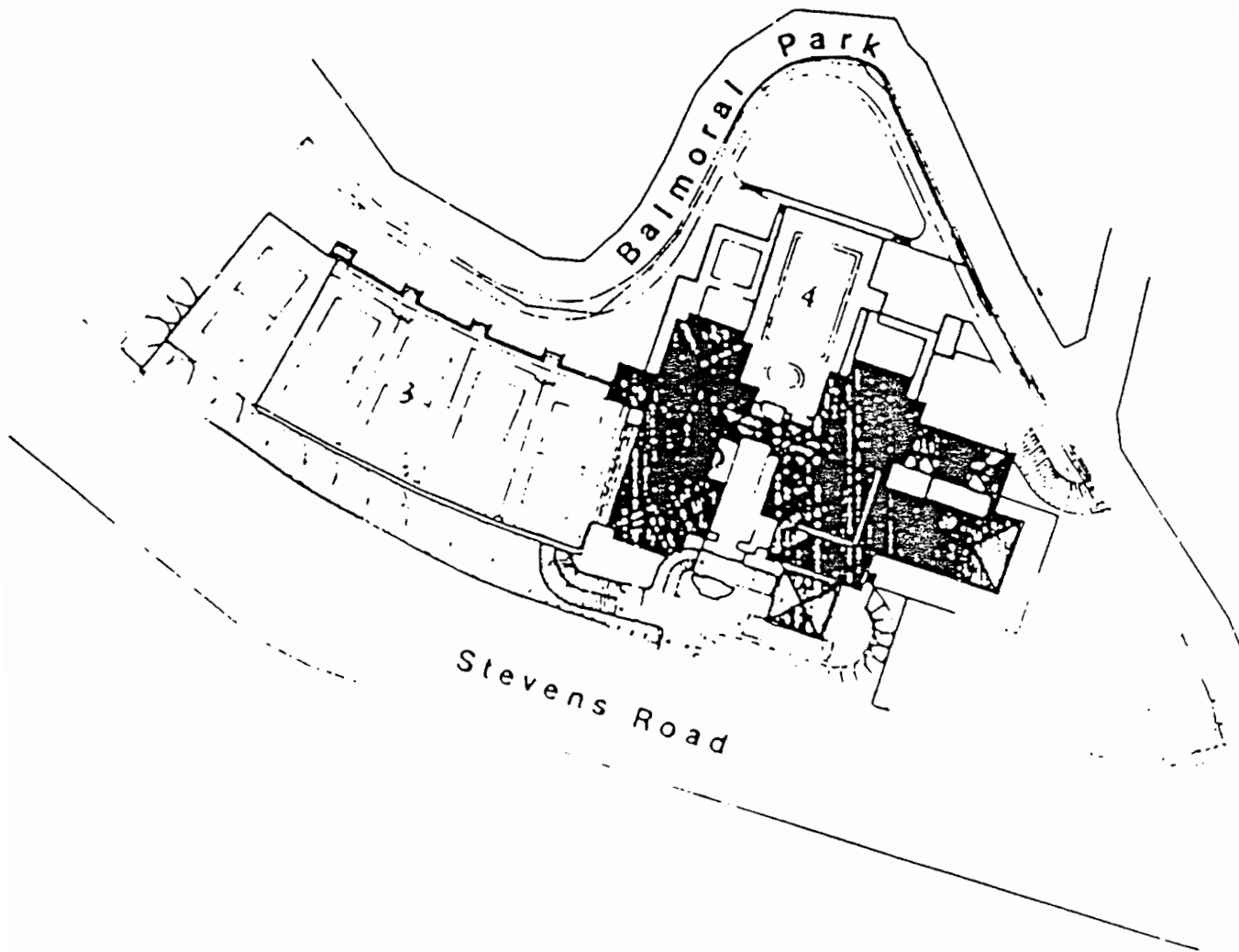
For more information on the City Country Club, contact ...

City Country Club Pte Ltd
30 Stevens Road, Singapore 1025. Tel: 7338822



Design: Hengdesign Associates / Singapore
Printing: International Press

EXHIBIT - Attachment L(ii)
Brochure to City County Club
in PC Appeal No.59 of 1984
22nd April 1983 (continued)



Attachment L (iii)



Old Country Club

Rules & Regulations

Preamble and Rules & Regulations

The City Country Club shall be owned, managed and operated by a private company called the City Country Club Private Limited. This Company is a proprietary company and shall be fully responsible for the management and operation of the Club, Clubhouse and all facilities to be provided. The Company shall lay down all policies and rules and Members of the Club shall conform to these rules.

In day-to-day administration, the General Manager/Secretary shall be responsible and he will come under the direction of the Board of Directors of the Company

The land occupied by the Company comprises some 4 acres in the extent and is leased from CCC (Holdings) Limited. The commencement date of the lease is 1982 and the period of lease is 10 years.

City Country Club Private Limited

Part I

Rules Relating to the Club and Membership

Name

- 1 (a) The City Country Club Private Limited is a proprietary company with a Board of Directors (hereinafter referred to as "the Board") entrusted with the policies, management and operation of the City Country Club" (hereinafter referred to as "the Club") with powers to delegate or assign such duties to any person firm or corporation as the Board may deem fit.
- (b) A register of members of the Club shall be kept and maintained by the Board at the Clubhouse.

Objects

- 2 The objects of the Club are —
to provide and maintain a Clubhouse and facilities and forms of recreation for its Members as the Board may from time to time decide.

Club Colours and Crest

- 3 To be decided by the Board.

Patron

- 4 The Board of the Club may appoint a person of high rank and distinction to be the Patron of the Club.

Membership

- 5 There shall be the following categories of Members:
 - (a) Honorary Members
 - (b) Ordinary Members
 - (c) Corporate Members
 - (d) Visiting Members
- 6 Only qualified persons shall be eligible to become Ordinary or Corporate Members of the Club.
- 7 The Board shall from time to time in its discretion and if thought fit invite any of the following to become a qualified person:
 - (a) an individual who is over 21 years of age,
 - (b) a firm whose partners are all over 21 years of age,
 - (c) a corporation wheresoever incorporated having an issued share capital of not less than S\$250,000 or the equivalent thereof in foreign currency.
- 8 A person to be invited under 7 above must be personally known to a director of the Board and must be of high repute.

9. Upon acceptance of the invitation accompanied by payment in the sum of \$2,000 the invitee shall become a qualified person for the non extendable period of one (1) month from the date of acceptance. Where the invitee is a firm or corporation the acceptance must be accompanied by the invitee's statement in writing specifying the two nominees thereof entitled to exercise the privileges of the invitee as a qualified person with an additional payment of \$1,000.
10. A qualified person shall be entitled to all the privileges of a Member and be subject to the same Rules as a Member until the qualified person ceases to be a qualified person either by becoming a Member or by reason of Rule 11
11. If during the said period of one (1) month the qualified person fails to become the registered shareholder in CCC (Holdings) Limited of the following
 - (a) in the case of an individual, one (1) ordinary share of \$5,000/-.
 - (b) In the case of a firm or corporation, two (2) ordinary shares of \$5,000/- each;then the qualified person shall cease to be a qualified person. Where a share or shares in CCC (Holdings) Limited are registered in the names of more than one person as joint holders only the person whose name stands first in the Register of Members of CCC (Holdings) Limited as one of the joint holders shall be considered for the purpose of this Rule as having become the registered shareholder in CCC (Holdings) Limited. It is further expressly declared that without the prior approval of the Board who may in its absolute discretion impose a requirement of registration fees of such amount as it may deem fit any change in the sequence or order of names in the said Register of Members for any share registered in joint names whether by virtue of survivorship or otherwise shall not howsoever make or render the person whose name has become first in the said Register of Members as a result of such change a Member of the Club.
12. Upon a qualified person ceasing to be such then:
 - (a) if the cessation is by virtue of the qualified person becoming a Member, the sum or sums paid under Rule 9 shall be deemed to be payment to the Club towards entrance fee;
 - (b) if the cessation is by virtue of Rule 11, the said sum shall be deemed to be payment by the qualified person made to the Club for the use of the Clubhouse and facilities and shall belong to the Club absolutely

Monthly Subscriptions

- 13. The monthly subscriptions payable by the following categories of Members, unless otherwise determined by the Board, shall be as follows:
 - (i) Ordinary Members — \$75 plus \$25 for wife and family.
 - (ii) Corporate Members — \$150 plus \$50 for wife and family of the (2 nominees) nominees.

The rights of the Members of the families of Club Members shall be restricted as set out later in these Rules.

Entrance Fees

- 14. Monthly subscriptions shall be chargeable from a date to be fixed by the Board and shall thereafter be payable in advance on the first day of each month.
- 15. The entrance fees payable by the following categories of Members, unless otherwise determined by the Board, shall be as follows:
 - (1) Ordinary Member — \$2,000
 - (2) Corporate Member (including firm) — \$3,000.

Honorary Members

- 16. The Board may invite any person to be an Honorary Member for such period as it thinks fit. No Honorary Member shall be called upon to pay any entrance fee or subscription.

Transfer of Membership

- 17. An Ordinary or Corporate Member may subject to the approval of the Board, transfer his membership to any person (to be approved by the Board) on payment to the Club of a transfer fee of \$2,000 in the case of Ordinary Membership and \$3,000 in the case of Corporate Membership or such other amount as the Board may by notice in writing specify to the proposing transferor.

Corporate Members

- 18. A Corporate Member (including firm) shall be entitled to nominate two persons belonging to its organisation who shall on their acceptance by the Board be entitled to enjoy the full privileges of a qualified person or as the case may be an Ordinary Member.
- 19. Upon the admission of a Corporate Member, the names of two persons nominated to enjoy the privileges of membership shall be notified on a prescribed form by the firm, or corporation to the Manager as soon as

possible and failing such notification within 7 days of admission the two persons nominated by the Corporate Member to enjoy such privileges under Rule 9 shall be deemed to be the persons nominated under this Rule by the Corporate Member.

- 20. All nominees of invitees or Corporate Members shall at the request of the Board present themselves for introduction to the Directors on such date and at such time as the Board may appoint.
- 21. All nominees, whether original or substituted, of invitees or Corporate Members shall be subject to acceptance by the Board which shall be entitled in its absolute discretion to reject any such nomination
- 22. Without the prior approval of the Board, who may in its absolute discretion impose a requirement of registration fees of such amount as it may deem fit, a Corporate Member shall not substitute any nominee
- 23. Corporate Members and corporate qualified persons shall be liable for the payment of all subscriptions, registration fees and monies due on the accounts of their nominees with the Club.

Family

- 24. (a) The wife and unmarried children (under the age of 21 years) of any Member or nominee of a Corporate Member (hereinafter called "Family") shall be entitled to use the facilities of the Club subject to compliance with these Rules and payment of the subscriptions set out in Rule 13
- (b) A Member shall be responsible for the debts and also conduct of his/its nominee's family so that if a member of such family acts in any way prejudicial to the interest of the Club, the act of such family member shall be deemed to be and considered that of the Member under Rule 40.

Facilities

- 25. If at any time it appears to the Board that any facility of the Club is over-congested, the Board may at its discretion restrict the privileges of any newly admitted Member in respect of any one or more such facilities

Visiting Members

- 26. The Board may on the introduction of a Member, permit any person temporarily residing in Singapore to become a Visiting Member of the Club for

130.

any period not exceeding 3 months, at a monthly subscription rate of \$300 or at such other rate as shall be determined by the Board from time to time. A Visiting Member shall be entitled to all the facilities of the Club as for a Member except that he shall not be entitled to introduce a guest to the Club. The introducer of a Visiting Member shall be responsible for any debt to the Club incurred by such Member including any subscription, and all applications for such membership shall be made on an approved form signed by the introducing Member.

Absent Members

- 27 An ordinary Member or a nominee of a Corporate Member who leaves Singapore for not less than 3 months and gives prior written notice of his intended departure to the Manager shall be placed on the list of Absent Members, provided he or it has paid all amounts due by him or it to the Club, and provided that immediately upon his return, he shall give written notice to the Manager of his return to Singapore. Such Member shall pay the full subscription for the month in which he leaves and the month in which he returns. The subscription whilst placed on the list of Absent Members is \$50 per month. A Corporate Member not incorporated in Singapore whose two nominees are not in Singapore and gives the notice above referred to shall be deemed to be an Absent Member but only for so long as both Nominees thereof do not reside in Singapore.

Guests

- 28 Any person may be introduced by a Member as a guest to the Club who will then be entitled to all facilities of the Club and be governed by the Rules of the Club; provided that any guest using the Club facilities shall pay such fees as may be prescribed from time to time by the Board but no person shall, unless specially permitted by any Rule, be introduced as a guest to the Club more than twice in any calendar month and no guest shall be allowed to use the Club facilities otherwise than on such days and times as the Board may prescribe. A Member shall be in the company of his guest at all times and shall be responsible for the conduct of the guest so that if the guest acts in any way prejudicial to the interest of the Club, the act of the guest shall be deemed and considered that of the Member under Rule 40.
- 29 A Member introducing a guest shall write the name of the guest, his own name and the period for which the guest is introduced in a book kept for the purpose at the Club and shall be responsible for any debt to the Club incurred by such guest. It is the duty of the Member to acquaint his guest as to whether there are any restrictions against the use of any of the Club facilities by guests.

30. The Board may at any time withdraw the privileges of the Club from any guest
31. No person who has ceased to be a Member under Rule 39 or has been expelled from the Club under Rule 40 or who has failed to become a member by reason of Rule 11 or from whom the privileges of the Club have been withdrawn under Rule 30 may be introduced as a guest into the Club
32. (A) The Board may at any time and from time to time by notice reserve the whole or any part of the Club buildings, premises or course for any purpose whatsoever for such period or periods and subject to such provisions and limitations as to entry thereon whether by members or any other person or class of persons and whether upon terms of payment or otherwise as the Board may think fit.
- (b) The Board may at any time allow any part of the Club building to be used for a Guest Function by any Member subject to such conditions as the Board may prescribe in which event the requirements and restrictions under Rule 28 restricting the visit of a guest to twice a calendar month shall not apply to the Guest Function for the guest in question

Management

33. No Member shall have any voice in the affairs and management of the Club
34. In day to day administration, the Club shall be managed by a General Manager /Secretary (hereinbefore and hereinafter referred to as "the Manager") to be appointed by the Board. The Manager shall, subject to the general direction of the Board administer and conduct as aforesaid, supervise the Company's servants, clerical staff and such assistants or assistant secretaries and other staff as may be appointed by the Manager to assist him in the performance of his duties.
35. All complaints shall be made in writing to the Manager who, if he shall be unable to deal with them, shall submit them to a Committee appointed by the Board whose decision shall be final. In no instance shall a servant of the Club be reprimanded directly by a Member.

Powers of Board, etc.

36. The Board shall have full power to make, alter, add to or repeal Rules regulating the affairs of the Club on any matters not provided for in these Rules. Such Rules so made, added to, altered or repealed shall come into

operation at such time as is fixed by the Board. The Board shall have full power to decide all questions relating to the management of the Club and all questions arising out of or not covered by any Rule. Such decisions shall be final.

37. The Board shall be responsible for controlling the finances of the Club, and shall have power to engage, control and dismiss the Club's servants, and all such other powers as may be necessary for properly carrying out the objects of the Club in accordance with these Rules.

Resignation

38. A Member may at any time by giving notice in writing to the Manager resign his membership of the Club, but shall continue to be liable for any subscription or other debt due and unpaid at the date of his resignation.

Expulsion, Suspension and Cessation of Membership

39. Subject to Rules 45 to 48 any Member whose subscription fee is not paid or whose subscription is unpaid for 12 months, shall cease to be a Member and his/its name shall be struck off from the Register of the Club, but may be reinstated by the Board upon his/its furnishing a satisfactory explanation to the Board and payment of all arrears.
40. If any Member his/its guest/Family/Nominee acts in any way prejudicial to the interests of the Club or its Members thereof or shall break any Rule of the Club, then the Manager shall inform the Board which shall consider the conduct of such Member at a meeting of the Board. If at such meeting it is considered that there is sufficient evidence to justify calling on the Member to answer any charge a notice in writing shall be given to such Member calling on him/it to attend the meeting for the purpose of answering such charges. At such meeting the Member concerned shall be informed of the charges made and shall have the right to be heard in his/its own defence. If after hearing such Member the Board decides to expel the said Member, he/it shall thereupon cease to be a Member of the Club. Notice thereof shall thereafter be sent to such Member. The Board may at the conclusion of such hearing suspend the Member or impose any other lesser penalty and no appeal shall lie from it to any other meeting or to any Court of Law.
41. A person expelled under Rule 40 shall not thereafter be eligible as a qualified person or become a member of the Club.

42. Any Member:-

- (a) who has resigned or died;
- (b) or who has been adjudicated bankrupt as from the date of such adjudication or in the case of a corporation who has been ordered to be wound up or has passed a resolution therefor;
- (c) or who becomes an enemy alien;
- (d) or who has been expelled or ceased to be a Member under Rule 48;
- (e) or ceased to be a registered shareholder of CCC (Holdings) Limited, shall cease to be a Member.

43. A Member on ceasing to be a Member and its nominees shall forfeit all rights to the use of the facilities of the Club.

Member's Account

44. The account of each Member with the Club shall be kept as directed by the Manager and each Member of the Club shall keep his/its account in credit.
45. Should any Member's account not be in credit the Manager may after due notification has been given withdraw the privileges of the Club until credit has been established.
46. No Member who has been notified that his/its account is in debit can enter for or take part in any Club Competition or in any Inter-Club Matches
47. If any Member fails to place his/its account in credit within seven days after notice from the Manager, the Manager shall give him/it a notice stating that unless his/its account be placed in credit within a further period of seven days, his/its name will be posted on the Club Notice Boards as a Defaulter
48. If the Member fails to place his/its account in credit after his/its name has been so posted as a Defaulter, the Manager shall delete his/its name from the Register of Members and he/it shall thereupon cease to be a Member but without prejudice to the right of the Club to recover all monies due by him/it to the Club.

Club Property

49. No member shall take away, or permit to be taken away, from the Clubhouse, under any pretence whatever, or shall injure or destroy any property of the Club.

Notices

50. No paper, notice or placard, written or printed, shall be put in the Clubhouse without the sanction of the Manager.
51. Every Member shall communicate any change of address to the Manager. Such address shall be inserted in the Register of Members.
52. A notice to any Member sent by post to his/its address in the Register of Members shall be deemed to have been duly delivered on the day following the date of posting.

General

53. The Clubhouse shall be open daily from 8.00 a.m. to 11.30 p.m. These hours may be altered, extended or restricted at the Board's discretion. In case of emergency, the Manager may exercise the powers of the Board.
54. Members are strictly forbidden to bring animals onto the premises of the Club.
55. The use of radios, transistors and other similar appliances in any part of the Club's premises is strictly prohibited.
56. No Member shall give any gratuity or money to any employee of the Club unless specially authorised by the Board.
57. No food or drink other than that bought from the Club may be brought into any part of the premises of the Club.
58. Permission to use any part of the Clubhouse for a guest function shall be obtained from the Manager to whom application should be made in writing. Any Member who has been granted such permission shall, at least 24 hours before the function, furnish to the Manager such particulars of his/its requirements as may be necessary.
59. Provided that they are accompanied by an adult Member of the Club and subject to Rule 61 children under the age of 18 are permitted to use the Clubhouse facilities up to 10.00 p.m.
60. Private amahs employed by Members may accompany children to such places as permitted under the previous Rules.

61. Persons under the age of 18 are in no circumstances allowed in the Bar of the Clubhouse or in the jackpot machine room.
62. The Club shall not be liable for any loss of or damage to any articles whatsoever upon the Club's premises by a Member or his/its guest or Family.
63. The Club shall not be liable for any Injury whatsoever or however caused to a Member, his/its guest, his/its Family or to any other person
64. Any Member or his/its guest/Family breaking or injuring the property of the Club shall pay to the Club the cost of making good the damage. The amount of such cost shall be assessed by the Manager whose decision shall be final.
65. The Board shall have the right to regulate the conduct and mode of attire of all persons including any Member his/its guest/Family whilst they are in the premises of the Club.

EXHIBIT - ATTACHMENT L (iv)
APPLICATION FORMS IN FC APPEAL NO. 59 OF 1984

Memberships/Company
Registration Sheet Date _____



*Fly
Country
Club*

11, Stevens Road,
Singapore 1025. Tel: 7330122

Name of Applicant Attachment L (iv)

Country of Incorporation Date of Incorporation

Registered Office Address

Office Telephone:

Mailing Address:

Which other Clubs do you belong to in Singapore:

Authorized Capital
\$ _____ divided into _____ shares of \$ _____ each

Issued Share Capital Paid-up Capital:

Particulars of Directors

Name	NRIC No./Passport No.	Residential Address
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____

Particulars of Nominees

Full Name/Mr/Mrs/Ms/Ms/Ms Citizenship Passport No./NRIC No.

Date of Birth Designation in Applicant Company

Office Address Tel No:

Residential Address Tel No:

Full Name/Mr/Mrs/Ms/Ms/Ms Citizenship Passport No./NRIC No.

Date of Birth Designation in Applicant Company

Office Address Tel No:

Residential Address Tel No:

Declaration by Applicant:

We, _____ the applicant named above confirm that the information given above is correct to the best of our knowledge and belief, and we undertake to make our best efforts to observe the rules and regulations of the Club.

I am and we both of

Signature Designation Date

Note: All particulars must be duly completed to constitute a valid acceptance. Entrance upon the club and fixed deposit should be made immediately thereon.

For Office Use Only

Date Received	Amount Received
Date Acknowledged	Cover issued on
CCC (Incorporated) Share Certificate No.	Membership Lapsed on
Approved by (Name)	

EXHIBIT - Attachment L(iv)
 Application Forms in FC Appeal No.59 of 1984
 22nd April 1983 (continued)

Sheet _____

Date _____



*City
Country
Club*

41, Victoria Road,
Singapore 1125 Tel: 216802

Name of Applicant (Mr./Mrs./Mdm)

Attachment L (iv)

(In Full Block Letters) (Please Underline Surname)

Citizenship: Passport No./I.C. No.:

Date of Birth

Business Affiliation in Singapore:

Office Address:

Tel. No.:

Designation

Nature of Business

Residence Address:

Tel. No.

Mailing Address: To Home Office

Which other Clubs do you belong to in Singapore:

Marital Status

Wife's or Husband's Name:

Names of unmarried children under 21 years of age:

Name

Sex

Date of Birth

Declaration by Applicant: _____

I, the applicant

declared above confirm that the information given above is correct to the best of my knowledge and belief, and I undertake to make myself familiar with and to observe the rules and preamble of the Club.

Date: _____

Signed: _____

Note: All particulars must be duly completed to constitute a valid acceptance. Entrance registration fee and bond deposit should accompany form

For Office Use Only

Total Paid/Received

Amount Received

Total Applications/Issued

Cards issued on

C.C.C. (M.A.A.S.S.) State Certificate No.:

Membership lapsed on

Received by Official

EXHIBIT - ATTACHMENT M
REPORT AND ACCOUNTS ON CCC (HOLDINGS) LTD AND
ITS SUBSIDIARY IN PC APPEAL NO.59 OF 1984

Attachment M

REPORT ON CCC (HOLDINGS) LIMITED
AND ITS SUBSIDIARY

PERIOD FROM 1 JULY 1981 TO 31 MARCH 1982

Price
Waterhouse



08:00 Unity House
1 Science Centre Road
Singapore 2260
Telephone 5612222
Cables "Pricewater"
Telex: RS 23039

REPORT ON CCC (HOLDINGS) LIMITED AND ITS SUBSIDIARY

10 This report is based on our examination of the affairs of CCC (Holdings) Limited (the "Company") and its subsidiary for the period from 1 July 1981 to 31 March 1982. The accounts of the Company for the financial period 11 August 1979 (date of incorporation) to 30 June 1980 and for the financial year ended 30 June 1981 were audited by another firm of public accountants in Singapore.

c SOURCE OF INFORMATION

Our examination was based on books and records of the Company and its subsidiary made available to us by the Commercial Crime Division of the Criminal Investigation Department.

THE COMPANY

20 The Company was incorporated on 11 August 1979 under the name of City Country Club Private Limited. Its principal activity is to establish a club to be called "City Country Club" which will provide recreational and sporting facilities to club members.

30 On 27 August 1979, the Company purchased a piece of freehold land, marked on the Government Resurvey Map as Lot 404 and Lot 406 of Town Subsidaries XXVI, from City Developments Limited for S\$8,500,000. The purchase of the land was partly financed by a first mortgage on the freehold land. The freehold land was revalued by a firm of professional valuers, Richard Ellis, C H Williams (Pte) Ltd, on 14 November 1981 and the excess of the valuation over net book value which amounted to S\$17,173,197 was transferred to capital reserve. The Company entered into a contract to construct the club premises with Spa Construction (S) Pte Ltd on 12 November 1981.

On 22 February 1982, the authorised and issued share capital of 5,000,000 ordinary shares of S\$1 each were consolidated and divided into 1,000 ordinary shares of S\$5,000 each. On the same date, the authorised share capital was increased from S\$5,000,000 to S\$20,000,000 followed by a similar increase in the issued share capital as a result of a rights issue and a bonus issue, details of which are set out in Note 6 to the Statement of Net Assets. 10

On 10 March 1982, the Company was converted to a public company and its name was changed to CCC (Holdings) Limited. As from 17 March 1982, the function of promoting the formation of a club was taken over by its subsidiary and the Company is mainly concerned with the development of the club premises and acts as a holding company.

! e
THE SUBSIDIARY

The Company's wholly owned subsidiary is City Country Club Private Limited, incorporated in Singapore on 17 March 1982 with an authorised share capital of S\$100,000 divided into 100,000 shares of S\$1 each. The issued and paid-up capital is S\$2. The subsidiary's principal activities are those relating to the establishment of a club to be called "City Country Club" as noted above. 20

For the purpose of this report, the "Group" refers to CCC (Holdings) Limited and its subsidiary.

EXHIBIT - Attachment M
 Report and Accounts on CCC (Holdings) Ltd and
 its Subsidiary in FC Appeal No 59 of 1984
 1st July 1981 to 31st March 1982 (continued)

Losses

The losses for the Company and the Group for the 9 months ended 31 March 1982 and the two financial periods preceding that date were as follows:-

	11 August 1979 to 30 June 1980	Year ended 30 June 1981	9 months ended 31 March 1982
	S\$	S\$	S\$
Company			
Loss	4,256 -----	11,797 -----	14,467 -----
Group			
Loss	Not applicable	Not applicable	14,467 -----

EXHIBIT - Attachment M
 Report and Accounts on CCC (Holdings) Ltd and
 its Subsidiary in PC Appeal No.59 of 1984
 1st July 1981 to 31st March 1982 (continued)

Net assets

The net assets of the Company and the Group at 31 March 1982 were as follows:-

	<u>Note</u>	<u>Company</u> S\$	<u>Group</u> S\$
ASSETS:			
Fixed assets	2	35,429,439	35,429,439
Subsidiary company	3	2	-
Preliminary expenses		<u>16,100</u>	<u>21,225</u>
		35,445,541	35,450,664
		-----	-----
LIABILITIES:			
Net current liabilities	4	10,932,071	10,937,194
Retention money on construction contracts		370,793	370,793
Term loans (secured)	5	<u>2,000,000</u>	<u>2,000,000</u>
		13,302,864	13,307,987
		-----	-----
NET ASSETS		<u>22,142,677</u>	<u>22,142,677</u>
		-----	-----
Represented by:			
Share capital	6	15,000,000	15,000,000
Capital reserve	7	7,173,197	7,173,197
Accumulated losses		<u>(30,520)</u>	<u>(30,520)</u>
		22,142,677	22,142,677
		-----	-----

NOTES TO THE STATEMENT OF NET ASSETS

1. Significant accounting policies

(i) Historical cost convention

The accounts of the Company and the Group have been prepared under the historical cost convention, adjusted by the revaluation of freehold land.

(ii) Consolidation

The Group accounts include accounts of the Company and its wholly-owned subsidiary, City Country Club Private Limited.

(iii) Depreciation

Depreciation is calculated on the straight line method to write off the cost of fixtures and fittings over their estimated useful lives of 5 years.

No depreciation is provided for freehold land and building under construction.

(iv) Freehold land

Freehold land is stated at valuation. Surplus arising on revaluation is credited direct to capital reserve.

(v) Building under construction

Building under construction is stated at cost. Cost includes interest on borrowings to finance the purchase of freehold land, construction of the building and related development expenditure.

(vi) Preliminary expenses

Preliminary expenses are stated at cost.

EXHIBIT - Attachment M
 Report and Accounts on CCC (Holdings) Ltd and
 its Subsidiary in PC Appeal No.59 of 1984
 1st July 1981 to 31st March 1982 (continued)

2. Fixed assets

<u>Description</u>	<u>Valuation</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net book Amount</u>
	S\$	S\$	S\$	S\$
Freehold land	27,500,000	-	-	27,500,000
Building under construction	-	7,923,919	-	7,923,919
Fixtures and fittings	-	5,614	94	5,520
	<u>27,500,000</u>	<u>7,929,533</u>	<u>94</u>	<u>35,429,439</u>
	-----	-----	-----	-----

Freehold land is stated at a professional valuation prepared by Richard Ellis, C H Williams (Pte) Ltd, a firm of valuers, on 14 November 1981. The excess of the valuation over net book value which amounted to S\$17,173,197 was transferred to capital reserve.

Building under construction comprised the following:-

	S\$
Development expenditure	5,277,214
Interest on term loans	<u>2,646,705</u>
	<u>7,923,919</u>

3. Subsidiary company

	Company	Group
	S\$	S\$
Unquoted shares at cost	2	-

EXHIBIT - Attachment M
 Report and Accounts on CCC (Holdings) Ltd and
 its Subsidiary in PC Appeal No.59 of 1984
 1st July 1981 to 31st March 1982 (continued)

4. Net current liabilities

	Company S\$	Group S\$
Current liabilities -		
Non-trade creditors	2,077,254	2,082,379
Term loans (secured) (Note 5)	<u>8,864,086</u>	<u>8,864,086</u>
	10,941,340	10,946,465
Current asset:-		
Cash	<u>(9,269)</u>	<u>(9,271)</u>
	10,932,071	10,937,194
	-----	-----

Non-trade creditors comprised the following:-

	Company S\$	Group S\$
Interest payable on term loans	222,292	222,292
Construction and development costs payable	1,851,622	1,851,622
Others	<u>3,340</u>	<u>8,465</u>
	2,077,254	2,082,379
	-----	-----

EXHIBIT - Attachment M
 Report and Accounts on CCC (Holdings) Ltd and
 its Subsidiary in PC Appeal No.59 of 1984
 1st July 1981 to 31st March 1982 (continued)

5. Term loans (secured)

	Company S\$	Group S\$
First mortgage	6,000,000	6,000,000
Second mortgage	2,000,000	2,000,000
Third mortgage	<u>2,864,086</u>	<u>2,864,086</u>
	10,864,086	10,864,086
Amount payable within 12 months included in current liabilities	<u>(8,864,086)</u>	<u>(8,864,086)</u>
	2,000,000	2,000,000
	-----	-----

10

Details of the term loans are as follows:-

<u>Description</u>	<u>Interest rate at commence- ment of loan</u>	<u>Interest rate at 31 March 1982</u>	<u>Loan Terms</u>	<u>Maturity Date</u>
First Mortgage	12%	18½%	3 years	16.10.82
Second Mortgage	17½%	17½%	3 years	31. 7.84
Third Mortgage	17½%	17½%	1 year	29.12.82

20

Full principal sum for each of the term loans is repayable on maturity date. Interest on all the term loans is payable monthly.

The term loans were raised to help finance the purchase of freehold land and the construction of the building. The term loans are secured by mortgages on the freehold land and guaranteed up to 60% of the loan values by two of the directors: 30% by Mr Huang Sheng Chang and 30% by Mr Ng Cheng Bok. The interest rates as indicated above are subject to revision at the discretion of the finance company upon one month's notice.

30

EXHIBIT - Attachment M
 Report and Accounts on CCC (Holdings) Ltd and
 its Subsidiary in PC Appeal No.59 of 1984
 1st July 1981 to 31st March 1982 (continued)

6. Share capital

SS

Authorised share capital

4,000 ordinary shares of S\$5,000 each 20,000,000

Issued and paid up share capital

Issued - 4,000 ordinary shares of S\$5,000 each 20,000,000

10 Uncalled - 1,000 ordinary shares of S\$5,000 each (5,000,000)

Paid up 15,000,000

Movements during the period:-

Balance at 1 July 1981 - 5,000,000 ordinary
 shares of S\$1 each 5,000,000

Rights issue - 1,000 ordinary shares of
 S\$5,000 each S\$5,000,000
 Less uncalled capital S\$5,000,000

Bonus issue - 2,000 ordinary shares of
 S\$5,000 each 10,000,000

20 Balance at 31 March 1982 15,000,000

(a) Authorised share capital:

The authorised share capital of 5,000,000 ordinary shares of S\$1 each was consolidated and divided into 1,000 ordinary shares of S\$5,000 each on 22 February 1982. The authorised share capital was increased from S\$5,000,000 to S\$20,000,000 on the same date.

(b) Issued share capital:

The issued share capital of 5,000,000 ordinary shares of S\$1 each was consolidated and divided into 1,000 ordinary shares of S\$5,000 each on 22 February 1982.

30

(c) Rights issue:

A rights issue of one ordinary share for every ordinary share held on 22 February 1982 was made at a premium of S\$25,000 per share. All entitlements to the rights issue shares were taken up by the existing shareholders. At 31 March 1982 the company has not made any calls on these shares. 10

(d) Bonus issue:

A bonus issue of two ordinary shares for every ordinary share held on 22 February 1982 was declared to those who were shareholders at 22 February 1982 and who had accepted the offer of the rights issue made on the same date. On that basis, the bonus issue of 2,000 ordinary shares of S\$5,000 each amounting to S\$10,000,000 was capitalised from the Capital Reserve Account.

7. Capital reserve

	Company S\$	Group S\$
Balance 1 July 1981	-	-
Surplus on revaluation of freehold land	17,173,197	17,173,197
Amount applied against bonus issue of ordinary shares (Note 6)	<u>(10,000,000)</u>	<u>(10,000,000)</u>
Balance at 31 March 1982	7,173,197	7,173,197
	-----	-----

8. Share premium account

Premium on uncalled rights issue at 31 March 1982 amounted to S\$25,000,000 and has not been included in the accounts. 3

EXHIBIT - Attachment M
Report and Accounts on CCC (Holdings) Ltd and
its Subsidiary in PC Appeal No.59 of 1984
1st July 1981 to 31st March 1982 (continued)

9. Capital commitments

Capital expenditure not provided for in the accounts is as follows:-

	Company	Group
	S\$	S\$
10 Commitments in respect of contracts for construction of building	SS\$18.2 million -----	SS\$18.2 million -----

10. Dividends

No dividend has been proposed or declared by the Company and its subsidiary since the relevant dates of their incorporation.

11. Significant subsequent events

20 (i) On 21 May 1982, the Company obtained a fourth loan of S\$5,000,000 from a finance company. The loan is secured by a further mortgage on freehold land and guaranteed up to 70% of loan value by three of the directors: 50% by Mr Huang Sheng Chang, 10% by Mr Ng Cheng Bok and 10% by Mr Derrick Chong.

(ii) On 1 September 1982, the following directors of the Company were charged under Section 366(1), Section 39(4) and Section 363(3) of the Companies Act, Chapter 185:

- (a) Mr Huang Sheng Chang
- (b) Mr Quek Leng Chye
- (c) Mr Gan Khai Choon
- (d) Mr Ng Cheng Bok
- (e) Mr Derrick Chong

EXHIBIT - Attachment M
 Report and Accounts on CCC (Holdings) Ltd and
 its Subsidiary in PC Appeal No.59 of 1984
 1st July 1981 to 31st March 1982 (continued)

12. Net tangible asset backing

(i) Calculation of net tangible asset backing based on the financial position of the Group at 31 March 1982:-

	S\$	
Net assets at 31 March 1982	22,142,677	
Less preliminary expenses	<u>(21,225)</u>	10
Net tangible assets at 31 March 1982	22,121,452	

Total number of ordinary shares of S\$5,000 each	3,000	

Net tangible asset backing for each ordinary share of S\$5,000 each	S\$7,374	

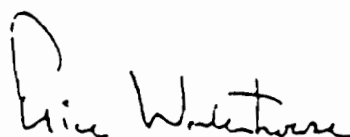
(ii) If the rights issue of 1,000 shares of S\$5,000 each were fully paid up, the calculation of net tangible asset backing is as follows:-

Net assets at 31 March 1982	22,142,677	20
Less preliminary expenses	<u>(21,225)</u>	
	22,121,452	

Add uncalled capital 1,000 shares of S\$5,000 each issued at a premium of S\$25,000 per share	30,000,000	
	<u>52,121,452</u>	

Total number of ordinary shares of S\$5,000 each	4,000	

Net tangible asset backing for each ordinary share of S\$5,000 each	S\$ 13,030	30



Price Waterhouse
 Public Accountants, Singapore

1984
11th February 1983 (continued)

our clients were appointed to the Board of Directors of CCC (Holdings) Ltd as the nominees of Queens Pte Ltd, a shareholder of CCC (Holdings) Ltd. Queens Pte Ltd had a beneficial interest in 30% of the equity of CCC (Holdings) Ltd. Our clients had no direct interest in CCC (Holdings) Ltd or in Queens Pte Ltd but Quek Leng Chye had a 1.1% interest in Hong Leong Holdings Ltd the parent company of Queens Pte Ltd, whilst Gan Khai Choon had a 0.4% interest in Hong Leong Holdings Ltd.

10

The offence committed by our clients was that they and the others as directors of CCC (Holdings) Ltd caused invitations to purchase shares in the said company to be made in such manner as amounted in law to an offer to the public to purchase the said shares. As this offer was made without a prospectus there was a breach of section 39(4) of the Companies Act.

20

The background leading to the charge could be traced to a joint venture by Huang Sheng Chang, Queens Pte Ltd, Ng Cheng Bok and Derrick Chong to form a prestigious club in Singapore. Towards this end they caused CCC (Holdings) Ltd to be incorporated and the club site was purchased in the name of the said company. Shook Lin & Bok a leading firm of solicitors in Singapore were consulted in the project and acted as the legal advisers of CCC (Holdings) Ltd. The scheme adopted by the directors was that every person who wished to be a member of the club should purchase a share in CCC (Holdings) Ltd.

30

In connection with the sale of such shares to potential club members they had been advised by Winston Chen, a senior partner of Shook Lin & Bok, that if invitations to purchase those shares were extended only to friends of the directors, such invitations would not in law involve any invitation to the public and consequently there would be no necessity for a prospectus to be issued. Our clients Quek Leng Chye and Gan Khai Choon accepted in good faith the advice of Winston Chen and acted upon it. The names of invitees supplied by our clients, were therefore those of their friends who approached them and expressed a desire to be members of the club.

40

After the invitation letters had been sent out, the directors of CCC (Holdings) Ltd learnt from Winston Chen that the Registrar of Companies had indicated to him that such invitations should not be sent out without a prospectus. Upon hearing this the

50

11th February 1983 (continued)

10 directors of CCC (Holdings) Ltd immediately agreed
not to issue any further invitation letters. They
also appointed Wardley's Ltd, a firm of merchant
bankers, to prepare a prospectus and refunded monies
received from persons who had responded to the
invitation letters already sent.

Winston Chen was also charged at the same time as our
clients with the offence of aiding our clients in
committing the said offence. He has pleaded guilty
and is also awaiting sentence. In mitigating for
him, his counsel has said that Winston Chen made an
error of law in advising that a prospectus was not
required.

20 The offence for which our clients were convicted is
one of strict liability. The fact that our clients
had consulted and acted upon the advice of a
reputable law firm did not accord to them any defence
in law. They were therefore advised by us to plead
guilty to the charge. There is no element of
dishonesty or moral turpitude in the offence they
committed.

30 Our clients being businessmen are directors of
numerous companies. As a result of the conviction
against them they are under section 130 of the
Companies Act precluded by law from being directors
of companies except by leave of court for a period of
5 years. They have asked us to promptly make an
application to court for such leave.

40 Pursuant to section 130(2) of the Companies Act we
now give you notice of our clients' intention of
making the application for leave of the court to
continue to be directors of the companies which are
named in the list enclosed. Please also be notified
that our clients' intended application will also seek
the permission of the court for each of them to
become and act as a director in any company in
Singapore from time to time.

Yours faithfully

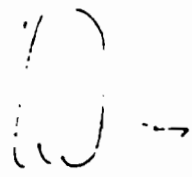

c.c. clients

EXHIBIT - QLC-4A.
LETTER FROM KHATTAR WONG AND PARTNERS
TO MINISTRY OF LAW IN PC APPEAL NO.59 OF 1984

KHATTAR, WONG & PARTNERS
Solicitors & Solicitors Notary Public and Commissioners for Courts

Sa: Pal Khattar
Dr David Wong Siong Yong
S Rajendran
Abdul Rashid
Rajan Menon
Lee Kim San
Kong Seng Chou

Assistants
L. S. Tan
Cheng See Hong
Deborah Barker
Wong Boon Teck
Carmine Chia
Simon Fung
Margaret Lee
Leong Sun Hoon

*11th Floor 110, Raffles Place
Singapore 110*

Telex RS 24896 KHA WONG
Tel 916844 (9 lines)
2232571

Your Ref.

Our Ref. SR.MS.9665.82

16 Feb 1983

The Honourable Mr E W Barker
The Minister of Law
Singapore

Dear Sir

QUEK LENG CHYE and GAN KHAI CHOON

Further to our letter to you dated 11 Feb 1983 we write to inform you that on the morning of 12 Feb 1983 the District Judge imposed a fine of S\$500.00 each on our clients Quek Leng Chye and Gan Khai Choon. In imposing the fine the learned District Judge said :

"I have considered at great length the circumstances leading to the commission of the present offences and the mitigating factors that were so ably urged on behalf of all the accused persons.

These cases are perhaps distinguished by the presence of a significant number of mitigating factors that cannot possibly be ignored by a court of law.

The accused are all first offenders, men of excellent repute and have readily pleaded guilty to the charges against them. I accept that these offences were committed without deliberation and without any element of dishonesty. More importantly, their infringements of the law have not resulted in any conceivable loss to the public.

.. /2

10 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.

It is equally clear that the first five offenders were led to the commission of these offences by their reliance upon the legal expertise of the 6th accused, and upon the opinion that he had succeeded in obtaining from the Asst Registrar of Companies that a prospectus was unnecessary.

20 In assessing the sentence of the first five accused, in particular, I have, inter alia, examined their relative roles in the enterprise, the degree of responsibility, the nature of their interests in this venture, the control they exercised in the affairs of CCC Holdings and the nature of the influence over their legal counsel."

The judge then went on to consider the role played by Winston Chen and then imposed the following sentences :

30 \$4,000.00 on the abetment charge against Winston Chen;
\$1,000.00 on each of the two charges against Huang Sheng Chang;
\$500.00 on each of the two charges against Derrick Chong;
\$500.00 each on the charge against our clients;
a 12 month conditional discharge against Ng Cheng Bok.

Yours faithfully

c.c. clients

EXHIBIT - CLC-7
WINSTON CHEN'S SUMMARY OF SCHEME
IN PC APPEAL NO.59 OF 1984

CYC/1473-4/SCH

November 14, 1981

Dear S.C.,

Re: City Country Club Pte. Ltd.

I forward herewith in quintuplicate Scheme as
advised by Stephen Oliver QC and steps to be taken.

I also confirm our meeting will be held on
Tuesday the 17th day of November, 1981 at 11.00 a.m.

Yours sincerely,

(Winston Chen)

Mr. S.C. Huang,
1-201, Merlin, Plaza,
Block E,
Beach Road,
Singapore 0718.

ADC

A. Scheme advised by Stephen Oliver QC is as follows:

1. City Country Club Private Limited ("CCC") procures the incorporation of a new company to carry on business as a proprietary club ("Club Company").

2. Club Company takes a lease of the land from CCC with lease to commence when the land has been developed and the Club Company started to trade.

3. Club Company would canvass club members. Members will be admitted on condition that they own share or shares in CCC.

4. CCC declares bonus shares to promoters.

5. Promoters will then transfer bonus shares to nominee company (preferably formed by third party) who will hold shares and proceeds on trust for the promoters as their trustee.

6. Nominee company then sells bonus shares to incoming members of the club.

B. The following, in order of priority, are the steps to be taken to implement the Scheme.

1. Existing capital to be changed to 1000 shares of \$5000 each and conversion of CCC into public company by

S.26 inter alia alteration of Articles and issue of statement
in lieu of Prospectus. Name of CCC is to be altered to X.

2. Bonus shares are then declared by X in favour
of promoters at 2 for 1 thus raising issued share capital
to \$15,000,000 comprised of 3,000 shares of \$5,000 each.

3. Simultaneous with 2 above incorporation of Club
Company a wholly owned subsidiary of X. Club company
then can be called "CCC".

4. Simultaneous with 2 above trust deed with
stockbrokers whereby stockbrokers agree to hold bonus
shares and sale proceeds on trust and to sell only to
qualifying members of club at not less than \$30,000 per
share and only when requested by authorised representative of
Promoters. Stockbrokers must be used to avoid any arguments
on infringement of Securities Industry Act. No nominee
company need be incorporated.

5. Promoters transfer bonus shares to Nominee company
under deed of trust.

6. Formation of club. Club rules will provide that:
(a) To become qualified member payment of \$500 to
be made.
(b) To become a full member applicant must own 1

- share of X within 2 weeks failing which
\$500 forfeited and shall cease to be a *qualified member*
(c) Club premises to be managed by Club Company.

10 7. When an applicant applies to be member of the
Club, he will be required to apply to stockbroker for
his own share in X and will be given a copy of the
Prospectus at the time when he applies to be a member.

8. If no exemption is obtained from the Registrar
of Companies prospectus on X is to be issued by stockbrokers
after registration.

9. Subject to confirmation from Registrar of Companies,
Prospectus:

- 20 (a) instead of containing a fixed price per share
of X merely invites probationary member to
make offer to purchase one share from stockbroker;
(b) need not contain statement that no share will be
allotted later than 6 months after the date of
issue of the Prospectus (a requirement of Section
39(1)(f)).

10. When club premises ready X grants to Club Company
a lease of not more than 7 years.

EXHIBIT - QLC-8
LETTER FROM WINSTON CHEN TO S.C.
HUANG IN PC APPEAL NO.59 OF 1984

CYC/1473-4/SCR

October 31, 1981

Dear S C.,

Re: City Country Club Pte. Ltd.

You will recollect my informing you that there was a difference of opinion in Shook Lin & Bok on whether a prospectus need be issued in the proposed scheme in view of the definition of the words "section of the public" contained in the Companies Act and that in view of such difference I have sought the opinion of an Australian Company Silk. 10

I now enclose herewith a copy of the Opinion of the Australian Silk and you will note therefrom that whether an offer of shares to members of a club can amount to an offer of shares to a section of the public (thus necessitating the issue of a prospectus) is a matter of degree depending upon: 20

- (a) the number of members of the club;
- (b) the ease by which the membership may be obtained;
- (c) the extent to which members of the club and the promoters had known each other, and
- (d) the extent to which the scheme being promoted relates to members of the club in that capacity as members of the club;
- (e) whether the offer to members of the proposed club will be to provide moneys for the club house. 30

In view of the uncertain position in law, I take the view 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.

...2/-

EXHIBIT - QLC-8
Letter from Winston Chen to
S.C. Huang in PC Appeal No.59
of 1984
31st October 1981 (continued)

10 There would be difficulty in obtaining the
exemption but the avenue ought to be explored and I
shall be obliged if you will kindly let me know whether
I may approach the Registrar of Companies detailing the
scheme and seek exemption.

20 In the event that such exemption cannot be
obtained, then I am afraid that prospectus will have to
be issued. The question then arises whether there is
anything in the Companies Act which prohibits the sale of
shares 6 months after the issue of the prospectus or which
requires the shares to be sold at a fixed price to every-
one. In my opinion the answers to both questions are in
the negative but it would be wise in due course to obtain
the concurrence of the Registrar of Companies on both points.

Regards

Yours sincerely,

(Winston Chen)

Mr. S.C. Huang,
1-201, Merlin Plaza,
Block E,
Beach Road,
Singapore 0718.

ADC

EXHIBIT -GKC -3
 LIST OF COMPANIES IN WHICH GAN KHAI
 CHOON WAS A DIRECTOR IN PC APPEAL
 NO.61 OF 1984

LIST OF COMPANIES IN WHICH MR. GAN KHAI CHOON IS A DIRECTOR

<u>Name of Company</u>	<u>Date of Incorporation</u>	<u>Registered Office</u>
Armidale 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
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
King's Hotel's Ltd	28th November 1967	Unit 1604, 16th Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104
PLS 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
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

COMPANIES IN WHICH GAN KHAI CHOON WAS A DIRECTOR - 8th MARCH 1983

<u>Date Appointed</u>	<u>Name of Company</u>	<u>Paid-up Capital</u>	<u>No. of Shareholders</u>	<u>No. of Directors</u>	<u>Nature of Business</u>	<u>Gan Khai Choon's Shareholdings</u>	<u>Director's Fees Received (1982)</u>
1. 12.11.82	Armidale Investment Pte. Ltd.	\$2	1	4	Investment Holding Co.	Nil	Nil
2. 08.08.74	Citimaac Pte. Ltd.	\$2,000,000	1 (City Developments Ltd)	2	Sale of Industrial & Construction Machineries	Nil	Nil
3. 16.12.80	Hong Leong Nominees (Pte) Ltd.	\$10,000	6	5	Acting as agents, Nominees, Managers, Attorneys, & Trustees	Nil	Nil
4. 28.02.79	Singapore Credit (Pte) Ltd,	\$400,000	1 (Singapore Finance Ltd)	3	Investment Dealing Co.	Nil	Nil
5. 01.03.79	**Singapore Finance Limited	\$30,000,000	2296	10 (incl. 1 Alternate)	Licensed Finance Co.	Nil	\$6,000
6. 30.06.78	**King's Hotel Ltd.	\$76,400,000	560	7	Hoteliers	Nil	\$5,000
7. 25.03.82	ELS Automation Pte. Ltd.	\$1,000,000	2	5	Computer Software Systems	Nil	Nil
8. 23.06.80	**Hong Leong Finance Limited	\$70,743,750	1993	15 (incl. 1 Alternate)	Licensed Finance Co.	110,000	\$10,000
9. 06.09.79	*CCC (Holdings) Ltd.	\$20,000,000	8	2	Establishment, maintenance and conduct of a club to provide recreational and sporting facilities to members	12 (nominee of Queens P/L)	Nil
10. 30.03.82	City Country Club Pte. Ltd.	\$2	1 (CCC (Holdings) Ltd)	2	Establishment, maintenance and conduct of a club to provide recreational and sporting facilities to members	Nil	Nil
11. 01.03.79	Singapore Nominees Pte Ltd	\$500	1 (Singapore Finance Ltd)	4	Nominee Services to the customers of the holding company	Nil	Nil

N.B. * Public Company
 ** Public Listed Company

EXHIBIT - GKC-6
 PARTICULARS OF COMPANIES IN WHICH
 GAN KHAI CHOON WAS A DIRECTOR IN
 PC APPEAL NO. 61 OF 1984

EXHIBIT - GKC-7
 FURTHER PARTICULARS OF COMPANIES IN
 WHICH GAN KHAI CHOON WAS A DIRECTOR IN
 PC APPEAL NO.61 OF 1984

NAME OF COMPANY	NO. OF SHARES ISSUED	PAR VALUE PER SHARE	HL GROUP'S INTEREST (%)	GKC'S POSITION AS AT 9.2.83	MANNER OF APPOINTMENT OF DIRECTORS
1. Armidale Investment Pte Ltd	2	\$1/-	100% (Oriental Credit Realty)	Director	1. see Foot Note (A)
2. Citinac Pte Ltd	2,000,000	\$1/-	100% (City Developments)	Director	- Do - (A)
3. Hong Leong Nominees (Pte) Ltd	10,000	\$1/-	(100% held by Quek Family)	Director	- Do - (A)
4. Singapore Credit (Pte) Ltd	300,000	\$1/-	100% (Singapore Finance)	Director	- Do - (A)
5. **Singapore Finance Ltd	30,000,000	\$1/-	75.0% (HL Finance) 0.2% (City Developments) 0.2% (City Dev. Realty Ltd)	Director Group General Manager	- Do - (A)
6. **King's Hotel Ltd	76,400,000	\$1/-	74.6% (City Developments)	Director	- Do - (A)
7. FLS Automation Pte Ltd	1,000,000	\$1/-	25% (Singapore Finance)	Director	- Do - (A)
8. **Hong Leong Finance Ltd	70,743,750	\$1/-	59.8% approx. HL Group of Companies)	Director Group General Manager	- Do - (A)
9. *C C C (Holdings) Ltd	4,000	\$5000/-	30% (Queens Pte Ltd)	Director	
10. City Country Club Pte Ltd	2	\$1/-		Director	
11. Singapore Nominees Pte Ltd	500	\$1/-	100% (Singapore Finance)	Director	- Do - (A)

FOOTNOTE

1. *Public Company
 **Public Listed Company

(A) Directors are to be elected by shareholders at AGM. The Board of Directors have power from time to time to appoint any person to be a Director to fill any casual vacancy or by way of addition. Any Director so appointed by the Board shall retire from office at the next AGM but shall be eligible for re-election.

This is the exhibit marked GKC-7 referred to in the affidavit of GAN KHAI CHOON dated 19/03/83 before me this 19th day of March 1983.

A Commissioner for Oaths.
 Mark Liew
 Singapore.

EXHIBIT - QLC-3
 LIST OF COMPANIES IN WHICH QUEK LENG
 CHYE WAS A DIRECTOR IN PC APPEAL NO.59
 OF 1984

LIST OF COMPANIES IN WHICH MR. QUEK LENG CHYE IS A DIRECTOR

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

This is the exhibit marked QLC-3 referred to in the affidavit of Quok Leng Chye sworn before me this 28th day of January 1984.

ed yfo chye Ring
 & Commissioner for Oaths

EXHIBIT - QLC-3

List of Companies in which Quek Leng
Chye was a Director in PC Appeal

No.59 of 1984 20th February 1983 (continued)

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

EXHIBIT - QLC-3

List of Companies in which Quek Leng Chye
was a Director in PC Appeal No.59 of 1984
28th February 1983 (continued)

27	Jingo 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
28	Orchid Inn Pte Ltd	11th December 1969	23rd Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104
29	Paradis Pte Ltd	20th March 1982	23rd Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104
30	Sai Chieu Investment Pte Limited	11th April 1972	23rd Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104
31	Singapore Credit (Private) Limited	13th October 1964	144 Robinson Road Singapore 0106
32	Singapore Finance Ltd	10th January 1961	144 Robinson Road Singapore 0104
33	Singapore Nominees Private Limited	7th May 1964	144 Robinson Road Singapore 0104
34	Singarab Construction Pte Ltd	13th June 1977	23rd Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104
35	Tripartite Developers Pte Limited	11th October 1968	23rd Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104
36	Union Investment Holding Private Ltd	7th January 1966	23rd Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104
37	Rheem (Far East) Pte Ltd	1st November 1946	31 Hill View Avenue, Singapore
38	Wheel-On Ready-Mix Co (Pte) Ltd	12th May 1970	02-17, Bylands Building, 135 Middle Road, Singapore 0718
39	Trade & Industrial Development (Pte) Ltd	24th June 1966	23rd Floor, Hong Leong Bldg, 16 Raffles Quay, Singapore 0104
40	CCC Holdings Ltd	11th August 1979	30 Stevens Road, Singapore 1025
41	City Country Club Pte Ltd	17th March 1982	30 Stevens Road, Singapore 1025

EXHIBIT - QLC-0

PARTICULARS OF COMPANIES IN WHICH QUEK LENG CHYE WAS A DIRECTOR IN PC APPEAL NO.59 OF 1984

COMPANIES IN WHICH QUEK LENG CHYE WAS A DIRECTOR - 8TH MARCH 1983								
DATE APPOINTED	NAME OF COMPANY	PAID UP CAPITAL	NUMBER OF SHAREHOLDERS	NUMBER OF DIRECTORS (Incl of alternate)	NATURE OF BUSINESS	QLC'S S/HOLDINGS	FEES REC'D (1982)	
7	03.06.1974	City Developments Ltd	104,161,000	7,183	10 (Incl of 1 alternate)	Property Developers and owners	NIL	\$2,000
2	12.10.1973	Elite Holdings Pte Ltd	4,000,000	(CDL) 1	3	Investment in property	NIL	NIL
3	26.09.1972	Carden Estates (Pte) Ltd	8,000,000	2	10	Property development & investment & holding of investments	NIL	NIL
4	11.10.1974	Gordon Properties P/L	2,000,000	2	3	Holding of investments	10,000	NIL
5	17.01.1980	Harbour View Hotel P/L	25,000,000	2	7 (Incl of 1 alternate)	Hoteller	NIL	NIL
6	27.07.1982	Hong Leong Corpn Ltd	85,000,000	(HLIH) 1	8	Investment holding, deal in cement	NIL	NIL
7	12.02.1974	Hong Leong Development P/L	2	2	3	Business of a property developer	1	NIL
8	30.06.1973	Hong Leong Finance Ltd	70,743,750	199	15 (Incl of 1 alternate)	Licensed Finance Co	172,500	\$6,000/- (1981)
9	12.12.1980	Hong Leong Foundation	-	10	7 (Governors)	Charitable Organisation	NIL	NIL
10	21.09.1969	Hong Leong Holdings Ltd	51,175,000	96	13	Property development, holding of properties for rent, holding of investment	516,000	\$2,000/- (1961)

- Public Company
- Public Listed Company

EXHIBIT - QLC-6
 Particulars of Companies in which Quek
 Leng Chye was a Director in PC Appeal
 No.59 of 1984
 8th March 1983 (continued)

COMPANIES IN WHICH QUEK LENG CHYE WAS A DIRECTOR - 8TH MARCH 1983

	DATE APPOINTED	NAME OF COMPANY	PAID UP CAPITAL S\$	NUMBER OF SHAREHOLDERS	NUMBER OF DIRECTORS	NATURE OF BUSINESS	QLC'S S/HOLDINGS	FEES REC'D (1982)
11	01.09.1969	Hong Leong Investment Holdings Pte Ltd	14,000,000	30	10	Investment holding Co	700,000	\$5,900/-
12	01.07.1971	Hong Leong Nominees (Pte) Ltd	10,000	6	5	Acting as Agents, Nominees, Managers, Attorneys & Trustees	NIL	NIL
13	26.05.1973	Hong Leong Properties Pte Ltd	5,900,000	2	3	Property investment holding	NIL	NIL
14	16.01.1980	Hong Leong Seatran Lines Pte Ltd	5,592,804	5	6	Owning & operating of ships, ship purchase, hire, construction & shipbrokers, managers of shipping property, carriers	NIL	NIL
15	Resigned 31.03.1979	Hong Villa Pte Ltd						
16	19.02.1979	Hotel Orchid Limited	2,000,000	13	3	Holding of Investments	NIL	NIL
17	24.11.1981	Hume Gas Cylinders P/L	4,000,000	(HL Corpn) 1	4	Manufacture & sale of L.P.G. cylinders	NIL	NIL
18	31.10.1981	Hume Industries (F.E) Limited	58,000,000	(HLH) 1	7 (incl of 1 alternate)	Manufacture of asbestos cement, concrete, steel plastics, rubber and fibreboard products, granite quarrying and bitumen premix for road surfacing	NIL	\$2,500
19	25.11.1981	Hume Industries (S) Ltd	20,000,000	(HLE) 1	8	Manufacture & sale of asbestos, cement, concrete, steel and plastic products	NIL	
20	01.02.1982	Humeview Pte Ltd	1,000,000	3	2	Property development	NIL	NIL

• - Public Company

EXHIBIT - QLC-6
 Particulars of Companies in which
 Quek Leng Chye was a Director in PC
 Appeal No.59 of 1984
 8th March 1983 (continued)

COMPANIES IN WHICH QUEK LENG CHYE WAS A DIRECTOR - 8TH MARCH 1983

<u>Date Appointed</u>	<u>Name of Company</u>	<u>Paid-Up Capital</u>	<u>No. of Shareholders</u>	<u>No. of Directors</u>	<u>Nature of Business</u>	<u>Quek Leng Chye's Shareholdings</u>	<u>Director's Fees Received (1982)</u>
21. 14.05.82	Intrepid Investments Pte. Ltd.	\$6,000,000	1 (Hong Leong Holdings Ltd)	5	Investment company	Nil	Nil
22. 07.05.70	Island Concrete (Pta) Ltd.	\$2,305,000	4	5	Manufacturing of ready-mix concrete products, holding of properties for rent, property development and holding of investments	Nil	Nil
23. 06.06.81	Island Holdings Pte. Ltd.	\$7,000,000	1 (Island Concrete (Pta) Ltd)	3	Holding properties for investment, share investments and trading in building materials	Nil	Nil
24. 25.01.71	** King's Hotel Ltd	\$76,400,000	560	7	Hotellers	Nil	\$2,000
25. 27.08.81	King's Tanglin Shopping Pte. Ltd.	\$200,000	1 (King's Hotel Ltd)	4	Activities relating to the development of a investment in Properties	Nil	Nil
26. 23.05.75	Kingston Property Maintenance Services Pte. Ltd.	\$230,000	3	3	Managing & maintenance of land, buildings & other properties	Nil	Nil
27. 25.05.74	Lingo Enterprises Ltd	HK\$8,000,000	2	5	Property Holding and Property Investment	1 (nominee of City Developments Ltd)	Nil
28. 02.01.70	Orchid Inn (Pte) Ltd	\$26,000,000	1 (King's)	6	Hotellers	Nil	Nil
29. 21.05.82	Paradis Pte. Ltd.	\$2	1 (Hong Leong Holdings Ltd)	5	Property Development	Nil	Nil
30. 11.04.72	Sai Chieu Land Investment Pte. Ltd	\$1,000,000	3	2	(Ceased operation in 1980)	Nil	Nil

N.B. * Public Company
 ** Public Listed Company

EXHIBIT - QLC-6
 Particulars of Companies in which
 Quek Leng Chye was a Director, in.
 PC Appeal No.59 of 1984
 8th March 1983 (continued)

COMPANIES IN WHICH QUEK LENG CHYE WAS A DIRECTOR - 8TH MARCH 1983

<u>Date Appointed</u>	<u>Name of Company</u>	<u>Paid-Up Capital</u>	<u>No. of Shareholders</u>	<u>No. of Directors</u>	<u>Nature of Business</u>	<u>Quek Leng Chye's Shareholdings</u>	<u>Director's Fees Received (1982)</u>
31. 01.03.79	Singapore Credit (Pte) Ltd	\$400,000	1 (Singapore Finance Ltd)	3	Investment Dealing Co.	Nil	Nil
32. 01.03.79	** Singapore Finance Limited	\$30,000,000	2296	10 (Incl. 1 Alternate)	Licensed Finance Co.	Nil	\$3,000 (1981)
33. 01.03.79	Singapore Nominees Pte. Ltd.	\$500	1 (Singapore Finance Ltd)	4	Nominee Services to the customers of the holdings company	Nil	Nil
34. 13.06.77	Singarab Construction Pte. Ltd.	\$100,000	1 (Song Leong Holdings Ltd)	2	Activities relating to building contractors and property owners	Nil	Nil
35. 21.02.73	Tripartite Developers Pte. Ltd.	\$12,600,000	3	2	Activities relating to land owners, the collection of ground rent and collection of royalties and removal of sand from company's property.	Nil	Nil

M.B. ** Public Listed Company

COMPANIES IN WHICH QUEK LENG CHYE WAS A DIRECTOR - 8TH MARCH 1983

DATE APPOINTED	NAME OF COMPANY	PAID UP CAPITAL S\$	NUMBER OF SHAREHOLDERS	NUMBER DIRECTORS	NATURE OF BUSINESS	QLC'S S/HOLDINGS	FEES REC'D(1982)
36 25.09.1972	Union Investment Holding Pte Ltd	30,000	(HLH) 1	6	Activities relating to property development, holding property for rent and the holding of investments.	NIL	NIL
37 27.11.1981	Rheem (Far East) P/L	33,000,000	2	9	Manufacture of metal containers	NIL	\$12,500
35 14.07.1972	Wheel-On Ready-Mix Co (Pte) Ltd	700,000	12	4	Manufacture of ready-mix concrete and allied products	NIL	\$3,600
30.01.1972	Trade & Industrial Development Pte Ltd	10,000,000	6	8	Property owners, developers and investment holding	2,000	NIL
40 06.09.1979	C C C (Holdings) Ltd	20,000,000	8	2	Establishment, maintenance and conduct of a club to provide recreational and sporting facilities to members.	12 (nominee of Queens P/L)	NIL
41 30.03.1982	City Country Club P/L	2	(CCC Holdings) 1	2	Establishment, maintenance and conduct of a club to provide recreational and sporting facilities to members.	NIL	NIL

EXHIBIT - QLC-6
Particulars of Companies in which
Quek Leng Chye was a Director in
PC Appeal No.59 of 1984
8th March 1983 (continued)

COMPANIES IN WHICH QUEK LENG CHYE WAS A DIRECTOR - 8TH MARCH 1983 (ADDITIONAL INFORMATION)

NAME OF COMPANY	NO. OF SHARES ISSUED	PAR VALUE PER SHARE	HL GROUP'S INTEREST (%)	QLC'S POSITION AS AT 9.2.83	MANNER OF APPOINTMENT OF DIRECTORS
1 •• City Developments Limited	266,332,136	50 cts	approx. 62.3% (HL Group Companies)	Director	See Foot Note (A)
2 Elite Holdings Pte Ltd	4,000,000	\$1/-	100% (CDL)	Director	- Do - (A)
3 Garden Estates (Pte) Ltd	8,000,000	\$1/-	25% (HLIH) 75% (H Realty)	Director	- Do - (B)
4 Gordon Properties Pte Ltd	20,000	\$100/-	(100% held by Quek Family)	Mng Director	- Do - (A)
5 Harbour View Hotel Pte Ltd	25,000,000	\$1/-	70% (HLH)	Mng Director	- Do - (A)
6 • Hong Leong Corporation Ltd	85,000,000	\$1/-	100% (HLIH)	Director	- Do - (A)
7 Hong Leong Development Pte Ltd	2	\$1/-	(100% held by Quek Family)	Mng Director	- Do - (A)
8 •• Hong Leong Finance Limited	70,743,750	\$1/-	approx. 59.8% (HL Group Companies)	Director	- Do - (A)
9 Hong Leong Foundation	N.A.	N.A.	N.A.	Governor	- Do - (C)
10 • Hong Leong Holdings Ltd	51,175,500	\$1/-	51.3% (HLIH)	Mng Director	- Do - (A)

FOOTNOTES

- - Public Company
 - - Public Listed Company
- (A) Directors are to be elected by shareholders at AGM. The Board of Directors have power from time to time to appoint any person to be a Director to fill any casual vacancy or by way of addition. Any Director so appointed by the Board shall retire from office at the next AGM but shall be eligible for re-election.
- (B) Directors are appointed by the company in general meeting. There is absent any provisions in the Articles of Association for the Board of Directors to appoint any director.
- (C) The First Chairman (Mr. Kwek Hong Png) has the exclusive power during his life-time to appoint any director but the number of Directors shall not be more than 8 at any time.

EXHIBIT - QIC-9
FURTHER PARTICULARS OF COMPANIES
IN WHICH QUEK LENG CHYE WAS A DIRECTOR
IN PC APPEAL NO.59 OF 1984

COMPANIES IN WHICH QUEK LENG CHYE WAS A DIRECTOR - 8TH MARCH 1983 (ADDITIONAL INFORMATION)

	NAME OF COMPANY	NO. OF SHARES ISSUED	PAR VALUE PER SHARE	HL GROUP'S INTEREST (%)	QLC'S POSITION AS AT 9.2.83	MANNER OF APPOINTMENT OF DIRECTORS
11	Hong Leong Investment Holdings Pte Ltd	140,000	\$100/-	(100% held by Quek Family)	Director	See Foot Note (A)
12	Hong Leong Nominees (Pte) Limited	10,000	\$1/-	(100% held by Quek Family)	Director	- Do - (A)
13	Hong Leong Properties Pte Ltd	5,900,000	\$1/-	50.8% (HLH) 49.2% (HIFEL)	Mng Director	- Do - (A)
14	Hong Leong Seatran Lines Pte Ltd	5,592,804	\$1/-	51% (HLIH)	Director	- Do - (A)
15	Hong Villa Pte Limited					
16	• Hotel Orchid Limited	2,000,000	\$1/-	75% (HLH) 11.7% (H Realty)	Director	- Do - (A)
17	Hume Gas Cylinders Pte Ltd	4,000,000	\$1/-	100% (HL Corpn)	Director	- Do - (A)
18	• Hume Industries (F.E.) Limited	58,000,000	\$1/-	100% (HLH)	Director	- Do - (A)
19	• Hume Industries (S) Ltd	20,000,000	\$1/-	100% (HL Ent.)	Director	- Do - (A)
20	Humeview Pte Limited	1,000,000	\$1/-	100% (HIFEL)	Director	- Do - (A)

Public Company

EXHIBIT - QLC-9
Further Particulars of Companies
in which Quek Leng Chye was a Director
in PC Appeal No.59 of 1984
8th March 1983 (continued)

COMPANIES IN WHICH QUEK LENG CHYE WAS A DIRECTOR - 8TH MARCH 1983 (ADDITIONAL INFORMATION)

NAME OF COMPANY	NO. OF SHARES ISSUED	PAR VALUE PER SHARE	HL GROUP'S INTERESTS (%)	QLC'S POSITION AS AT 9.2.83	MANNER OF APPOINTMENT OF DIRECTORS
21. Intrepid Investments Pte Ltd	6,000,000	\$1/-	100% (HL Holdings)	Director	See Foot Note (D)
22. Island Concrete (Pte) Ltd	2,305,000	\$1/-	32.5% (HL Corporation) 24.4% (HL Holdings)	Director	- Do - (A)
23. Island Holdings Pte Ltd	7,000,000	\$1/-	100% (Island Concrete)	Director	- Do - (A)
24.**King's Hotel Ltd	76,400,000	\$1/-	74.6% (City Developments)	Director	- Do - (A)
25. King's Tanglin Shopping Pte Ltd	200,000	\$1/-	100% (Kings Hotel)	Director	- Do - (E)
26. Kingston Property Maintenance Services Pte Ltd	230,000	\$1/-	67.4% (HL Holdings) 16.3% (Garden Estate) 16.3% (Hong Realty)	Director Chairman	- Do - (A)
27. Lingo Enterprises Ltd	8,000,000	HK\$1/-	100% (City Developments)	Director	- Do - (A)
28. Orchid Inn (Pte) Ltd	26,000,000	\$1/-	100% (King's Hotel)	Director Chairman	- Do - (A)
29. Paradiz Pte Ltd	2	\$1/-	100% (HL Holdings)	Director	- Do - (D)
30. Sai Chieu Land Investment Pte Ltd	10,000	\$100/-	49% (HL Holdings) 26% (Garden Estate) 25% (Hong Realty)	Director	- Do - (A)
31. Singapore Credit (Pte) Ltd	300,000	\$1/-	100% (Singapore Finance)	Director	- Do - (A)
32.**Singapore Finance Limited	30,000,000	\$1/-	75% (HL Finance) 0.2% (City Developments) 0.2% (City Dev. Realty Ltd)	Director	- Do - (A)
33. Singapore Nominees Pte Ltd	500	\$1/-	100% (Singapore Finance)	Director	- Do - (A)
34. Singarab Construction Pte Ltd	100,000	\$1/-	100% (HL Holdings)	Director	- Do - (A)
35. Tripartite Developers Pte Ltd	12,600,000	\$1/-	33.3% (City Developments) 33.3% (HL Holdings) 33.3% (Trade & Industrial Dev.)	Director	- Do - (A)

FOOTNOTES (Cont'd)

** Public Listed Company

- (D) The Company was formed for carrying out URA Project. The manner for the appointment of Directors is the same as in (A) except that every appointment whether by election of shareholders or by the Board of Directors is subject to the prior written consent of the URA.
- (E) Directors are appointed by the Company in general meeting. Provisions in the Articles of Association only empower Board of Directors to appoint any person as a director to fill in casual vacancy but the Board has no power to appoint additional Directors. Any Director so appointed by the Board shall retire from the office at the next AGM but shall be eligible for re-election.

COMPANIES IN WHICH QUEK LENG CHYE WAS A DIRECTOR - 8TH MARCH 1983 (ADDITIONAL INFORMATION)

NAME OF COMPANY	NO. OF SHARES ISSUED	PAR VALUE PER SHARE	HL GROUP'S INTEREST (%)	QLC'S POSITION AS AT 9.2.83	MANNER OF APPOINTMENT OF DIRECTORS
36. Union Investment Holding Pte Ltd	30,000	\$100/-	100% (HL Holdings)	Director	See Foot Note (A)
37. Rheem (Far East) Pte Ltd	33,000,000	\$1/-	50% (HL Corporation)	Director	- Do - (F)
38. Wheel-On Ready-Mix Co (Pte) Ltd	700,000	\$1/-	7.9% (HL Holdings)	Director	- Do - (A)
39. Trade & Industrial Development Pte Ltd	10,000,000	\$1/-	4.3% (HL Corporation) 46.7% (HL Holdings)	Director	- Do - (A)
40. *C C C (Holdings) Ltd	4,000	\$5000/-	30% (Queens Pte Ltd)	Director	
41. City Country Club	2	\$1/-		Director	

FOOTNOTES (Cont'd)

*Public Company

(F) The shares of the company are divided into two classes, A shares and B shares. The holders of a majority of the A shares are entitled to nominate one-half of the Board of Directors and the holders of the B shares are entitled to nominate the other half of the Board. They are respectively entitled from time to time to fill any casual vacancies occurring in respect of their respective nominees.

EXHIBIT - CBK-1
PROSPECTUS IN RESPECT OF SINGAPORE
FINANCE LTD IN PC APPEAL NO.59 OF 1984

PROSPECTUS, 1ST JUNE 1984



SINGAPORE FINANCE LIMITED

(Incorporated in Singapore)

Issue of

7,500,000 shares of \$1.00 each

at \$4.50 per share

payable in full on application

This is the Exhibit marked "CBK-1"
referred to in the Affidavit of
Chiam Soon Keng sworn and
before me this 3rd day of
March 1983

Chmelis... ..
Commissioner for Oaths,
Attorney-General's Chambers,
Singapore.

Managed and Underwritten

by

MORGAN GRENFELL (ASIA) LIMITED

ATTENTION HERE
 AND INSTRUCTIONS ON THE REVERSE SIDE OF THIS APPLICATION FORM SHOULD BE READ CAREFULLY BEFORE
 FILING THE FORM. THE APPLICATION FORM CONSTITUTES PART OF THE PROSPECTUS DATED 1ST JUNE 1981.

SINGAPORE FINANCE LIMITED

(Incorporated in the Republic of Singapore
 hereinafter referred to as "the Company")

ISSUE OF 7,500,000 SHARES OF \$1.00 EACH
 AT \$4.50 PER SHARE PAYABLE IN FULL ON APPLICATION

APPLICATION FORM

TO: THE DIRECTORS
 SINGAPORE FINANCE LIMITED
 C/O MORGAN GRENFELL (ASIA) LIMITED
 TOWER 2801, DBS BUILDING
 6 SHENTON WAY
 SINGAPORE 0108

FOR OFFICIAL USE	
ALLOTMENT NO.	
NO. ALLOTTED	
CERT. NO.	
REMITTANCE \$	
ALLOTMENT \$	
REFUND \$	
CHEQUE NO.	

Gentlemen,

Number of Shares applied for (see note 6)	Amount of Remittance (see note 10)	Draft/POSB Cheque/Money Order Number (& Name of Bank)
	\$	

- In accordance with and subject to the terms of the Prospectus dated 1st June 1981 and the Company's Memorandum and Articles of Association, I/we hereby apply for the above-stated number of shares of \$1.00 each at \$4.50 per share. I/We herewith enclose a Banker's Draft/POSB Cheque/Cashier's, Money or Postal Order for the above-stated amount being payment in full for the number of shares applied for.
- I/We hereby undertake and agree to purchase and accept the number of shares applied for or any lesser number of shares that may be allotted to me/us in respect of this application. In the event that the Directors decide to allot any lesser number of such shares or not to allot any shares to me/us, I/we agree to accept that decision as final. If my/our application is successful, my/our signature(s) hereto shall signify my/our acceptance(s) of the number of shares that may be sold to me/us.
- I/We hereby request and authorise you to enter my/our name in the Register of Members of the Company as holder(s) of the shares allotted to me/us and send the relevant share certificate(s) to me/us and to return any application money or the balance thereof should this application be unsuccessful or accepted in part only, all by ordinary post at my/our risk to the address which appears on the self-addressed envelope marked (A) (see note 11).
- I declare that I am not under 21 years of age (for individuals only).
- (a) **Non-nominee Applicant**
 I/We declare that I/we am a/are (I am not a/are not) foreign person(s) as defined in note 9 on the reverse side. I/we declare that I/we am/are not applying for the said shares as nominee for any other person and this is the only application made by me/us.
 (b) **Nominee Applicant**
 I/we declare that the beneficial owner(s) of my/our shares is a/are (is not a/are not) foreign person(s) as defined in note 9 on the reverse side.

Date: _____ 1981

 Signature of Applicant

IF APPLICANT IS A CORPORATION

Signed by: _____
 Name Signature

Capacity in which official is signing (see note 7): _____ Affix Common Seal (see note 7)

PLEASE PRINT IN BLOCK LETTERS
 (TO BE COMPLETED BY APPLICANT)

SECTION A: ALL APPLICANTS (see note 8)

FULL NAME OF INDIVIDUAL/CORPORATE APPLICANT

*MR/MRS/MISS/MADAM/MESSRS _____
 (underline surname and print in correct order)

ADDRESS _____

*NATIONALITY/PLACE OF INCORPORATION _____

*IDENTITY CARD/PASSPORT NO. _____

SECTION B: NOMINEE APPLICANTS (see note 8)

FULL NAME OF BENEFICIAL OWNER

*MR/MRS/MISS/MADAM/MESSRS _____
 (underline surname and print in correct order)

ADDRESS _____

*NATIONALITY/PLACE OF INCORPORATION _____

NOTES AND INSTRUCTIONS FOR COMPLETION AND RETURN OF APPLICATION FORM

EXHIBIT
CBK-1
Prospectus
in respect
of Singapore
Finance Ltd.
in PC Appeal
No.59 of 1984
1st June 1981
(continued)

The Application List will open at 10 a.m. on 12th June 1981 and will remain open until 12 noon on the same day or for such further period or periods as the Directors of the Company may in their absolute discretion decide.

1. Your attention is drawn to the terms of the Prospectus of which this Application Form is part and especially to the particulars regarding application for shares set out on pages 6 to 7 of the Prospectus.
2. This Application Form must be completed in English. Please type or write clearly in ink using BLOCK LETTERS.
3. Applications will NOT be accepted from any person under the age of 21, sole-proprietorships, partnerships, chops or non-corporate bodies. Joint and multiple applications will not be accepted.
4. The existence of a Trust will not be recognised and therefore any application by a Trustee or Trustees must be made in his/her/their own name(s) and without qualification, or in the name(s) of a nominee(s) after complying with note 8 below.
5. All spaces EXCEPT those under the heading "For Official Use" must be completed and the words "Not Applicable" should be written in any space not applicable.
6. Applications must be made for lots of 1,000 shares or multiples of 1,000 shares. Share certificates will be issued in denominations of 1,000 shares.
7. Individuals, corporations and all other applicants must give their names in full. Applicants, other than individuals, completing this Form under the hand of an official must state the capacity in which that official signs. A corporation completing the Application Form is required to affix its Common Seal in accordance with the Memorandum and Articles of Association of the corporation. If an application by a corporate applicant is successful, a copy of its Memorandum and Articles of Association must be registered with the Company's Registrar.
8. (a) All individual and corporate applicants must complete Section A of the Application Form. Where applications are made by nominees, the particulars of all nominees must be disclosed in this section.
(b) All nominee applicants must disclose the particulars of their beneficial owners in Section B of the Application Form.
9. Applications cannot be accepted unless the declaration contained in either sub-paragraph (a) or (b) of paragraph 5 of the Application Form is completed. The Articles of Association of the Company define "foreign persons" as:
 - (a) All individuals who are not citizens or permanent residents of the Republic of Singapore or Malaysia.
 - (b) All corporations, wherever incorporated and all associations and partnerships of any kind whatsoever registered where less than 50 per cent of the beneficial interest in such corporation, association or partnership (as the case may be) is owned by citizens or permanent residents of the Republic of Singapore or Malaysia.
10. Each application must be accompanied by a remittance in Singapore currency for the full amount payable in respect of the number of shares applied for. Remittances may be in the form of Banker's Draft, POSB Cheque or Cashier's Order drawn on a bank in Singapore or a Money Order or Postal Order issued by a Post Office in Singapore. Each remittance should be made out in favour of "MORGAN GRENFELL (ASIA) LIMITED — SFL SHARE ISSUE ACCOUNT" and crossed "Account Payee Only" and have the NAME AND ADDRESS OF THE APPLICANT WRITTEN CLEARLY ON THE REVERSE SIDE. Applications accompanied by payments by PERSONAL CHEQUES, CASH or ANY OTHER MEANS MAY NOT BE ACCEPTED. For easy reference, see table below giving total cost per 1,000 shares and multiples thereof.
11. (a) Provided with each Application Form are two envelopes marked (A) and (B) respectively.
(b) The Application Form and the Banker's Draft/POSB Cheque/Cashier's, Money or Postal Order must be enclosed in the envelope marked (A).
(c) The applicant's NAME AND ADDRESS must be written in the appropriate spaces on the outside of the envelope marked (A).
(d) Envelope (A) must NOT be sealed.
(e) A ten cents (10 cts) Singapore postage stamp must be affixed by you on the envelope marked (A).
(f) Envelope (A) must then be inserted into the larger envelope marked (B). On envelope (B) in the special box provided, write the number of shares for which application is made.

Individuals, completing this Form under the hand of an official must state the capacity in which that official signs. A corporation completing the Application Form is required to affix its Common Seal in accordance with the Memorandum and Articles of Association of the corporation. If an application by a corporate applicant is successful, a copy of its Memorandum and Articles of Association must be registered with the Company's Registrar.

8. (a) All individual and corporate applicants must complete Section A of the Application Form. Where applications are made by nominees, the particulars of all nominees must be disclosed in this section.
- (b) All nominee applicants must disclose the particulars of their beneficial owners in Section B of the Application Form.
9. Applications cannot be accepted unless the declaration contained in either sub-paragraph (a) or (b) of paragraph 5 of the Application Form is completed. The Articles of Association of the Company define "foreign persons" as:
 - (a) All individuals who are not citizens or permanent residents of the Republic of Singapore or Malaysia.
 - (b) All corporations, wherever incorporated and all associations and partnerships of any kind whatsoever registered where less than 50 per cent of the beneficial interest in such corporation, association or partnership (as the case may be) is owned by citizens or permanent residents of the Republic of Singapore or Malaysia.
10. Each application must be accompanied by a remittance in Singapore currency for the full amount payable in respect of the number of shares applied for. Remittances may be in the form of Banker's Draft, POSB Cheque or Cashier's Order drawn on a bank in Singapore or a Money Order or Postal Order issued by a Post Office in Singapore. Each remittance should be made out in favour of "MORGAN GRENFELL (ASIA) LIMITED — SFL SHARE ISSUE ACCOUNT" and crossed "Account Payee Only" and have the NAME AND ADDRESS OF THE APPLICANT WRITTEN CLEARLY ON THE REVERSE SIDE. Applications accompanied by payments by PERSONAL CHEQUES, CASH or ANY OTHER MEANS MAY NOT BE ACCEPTED. For easy reference, see table below giving total cost per 1,000 shares and multiples thereof.
11. (a) Provided with each Application Form are two envelopes marked (A) and (B) respectively.
- (b) The Application Form and the Banker's Draft/POSB Cheque/Cashier's, Money or Postal Order must be enclosed in the envelope marked (A).
- (c) The applicant's NAME AND ADDRESS must be written in the appropriate spaces on the outside of the envelope marked (A).
- (d) Envelope (A) must NOT be sealed.
- (e) A ten cents (10 cts) Singapore postage stamp must be affixed by you on the envelope marked (A).
- (f) Envelope (A) must then be inserted into the larger envelope marked (B). On envelope (B) in the special box provided, write the number of shares for which application is made.
- (g) Thereafter the envelope marked (B) should be sealed and sent by ORDINARY POST OR DELIVERED BY HAND to Morgan Grenfell (Asia) Limited, Tower 2801, DBS Building, 6 Shenton Way, Singapore 0106, to arrive not later than 12 noon on 12th June 1981. Registered Post and Local Urgent Mail must NOT be used.
- (h) No receipt for acknowledgement will be issued for applications and remittances.
12. ONLY ONE APPLICATION should be enclosed in each envelope.
13. The Directors reserve the right to reject applications which do not strictly conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.

Number of Shares applied for	Cost of Shares at \$4.50 per share
	\$
1,000	4,500
2,000	9,000
3,000	13,500
4,000	18,000
5,000	22,500
6,000	27,000
7,000	31,500
8,000	36,000
9,000	40,500
10,000	45,000

This Prospectus is dated 1st June 1981.

A copy of this Prospectus has been lodged with and registered by the Registrar of Companies in Singapore, who takes no responsibility for its contents.

Application has been made to the Stock Exchange for permission to deal in and for quotation of all the Shares in the Company already issued as well as those Shares which are the subject of this Issue. Such permission will be granted when the Company has been admitted to the Official List of the Stock Exchange and after all the share certificates have been issued to successful applicants. Acceptance of applications will be conditional upon permission being granted to deal in and quotation of all of the issued Shares in the Company. Monies paid in respect of any application accepted will be returned if the said permission is not granted.

The Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions or reports expressed in this Prospectus. Admission to the Official List of the Stock Exchange is not to be taken as an indication of the merits of the Company or of the Shares.

This Prospectus includes information required by the Stock Exchange. The Directors of the Company individually and collectively accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which makes any statement in this Prospectus misleading.

No person has been authorised to give any information or to make any representation not contained in this Prospectus in connection with this Issue; any information or representation not contained herein may not be relied upon as having been authorised by the Company.

Copies of this Prospectus and the Application Forms may be obtained, on request, from:

- a. members of the Stock Exchange;
- b. members of The Association of Banks in Singapore;
- c. members of The Singapore Merchant Bankers' Association and
- d. Morgan Grenfell (Asia) Limited.

The Application List will open at 10 a.m. on 12th June 1981 and will remain open until 12 noon on the same day or for such further period or periods as the Directors of the Company may in their absolute discretion decide.

EXHIBIT
CBK-1

DIRECTORS

Name	Address	Description	Prospectus in respect of Singapore Finance Ltd in PC Appeal No.59 of 1984 1st June 1981 (continued)
Kwek Hong Png	301 Tanglin Road Singapore 1024	Chairman	
Kwek Hong Lye	7 Buckley Road Singapore 1130	Director	
Kwek Leng Beng	12 Tanglin Hill Singapore 1024	Managing Director	
Tan I Tong	14 Thiam Siew Avenue Singapore 1543	Director	
Wee Mon-Cheng	22 Cable Road Singapore 1024	Banker Director	
Quek Leng Chye	7 Buckley Road Singapore 1130	Director	
Gan Khai Choon	15 Tanglin Hill Singapore 1024	Director	
Ong Chay Tong	17 Nallur Road Singapore 1545	Banker Director	
Sim Miah Kian	18 Dalkeith Road Singapore 1129	Director	
Chng Gim Huat	8 Lornie Road Singapore 1129	Director	
Ng Sau Long alternate to Wee Mon-Cheng)	22 Cable Road Singapore 1024	Banker Director	

GENERAL MANAGER

Jeffrey Chan F.C.A., R.A.S. 16 Jalan Kampong Chantek
Singapore 2158

SECRETARIES

Chan Kin Kum P.A.C., F.A.S.A., C.P.A. (M) 153-B Cavenagh Court
Cavenagh Road
Singapore 0922

Mah Beng Guan P.A.S., F.C.C.A., C.P.A. (M) 59 Lorong K
Telok Kurau Road
Singapore 1542

Ten Seok Lee B. Com., R.A.S. 46 Jalan Gelenggang
Singapore 2057

Tan Sok Choo LL.B. (Hons.) 1192H New Upper Changi Road
Block 62
Singapore 1646

EXHIBIT
CBK-1
Prospectus
in respect
of Singapore
Finance Ltd
in PC Appeal
No.59 of 1984
1st June 1981
(continued)

AUDITORS AND REPORTING
ACCOUNTANTS

Peat, Marwick, Mitchell & Co.
Public Accountants, Singapore
20th Floor, Hong Leong Building
16 Raffles Quay
Singapore 0104

PRINCIPAL BANKERS

The Development Bank of Singapore Limited
DBS Building
6 Shenton Way
Singapore 0106

The Mitsui Bank Limited
Hong Leong Building
16 Raffles Quay
Singapore 0104

PROPERTY VALUERS

C.K.S. Auctioneers & Valuers (Pte.) Ltd.
12th Floor, Tat Lee Building
63 Market Street
Singapore 0104

HEAD OFFICE AND REGISTERED OFFICE

144 Robinson Road
Singapore 0104

BRANCH OFFICES

271 Selegie Road
Singapore 0718

351 Holland Drive
Block 45
Singapore 1027

83 Toa Payoh Central
Block 79
Singapore 1231

294 Lavender Street
Singapore 1233

15 Tanjong Katong Road
Ground Floor, Lion City Hotel
Singapore 1543

MANAGING UNDERWRITER AND
RECEIVING BANKERS

Morgan Grenfell (Asia) Limited
Tower 2801, DBS Building
6 Shenton Way
Singapore 0106

REGISTRARS

Securities Management Private Limited
1604 Hong Leong Building
16 Raffles Quay
Singapore 0104

SOLICITORS TO THIS ISSUE

T.Q. Lim & Co.
1203 Wing On Life Building
156 Cecil Street
Singapore 0106

451 Bedok North Street 1
Block 203
Singapore 1646

698 Upper Serangoon Road
Singapore 1953

246 Upper Thomson Road
Singapore 2057

951 Upper Bukit Timah Road
Singapore 2367

SINGAPORE FINANCE LIMITED

(Incorporated in Singapore)

Issue of
7,500,000 Shares of \$1.00 each
at \$4.50 per Share
payable in full on application

The Shares to be issued pursuant to this Prospectus will rank *pari passu* in all respects with the existing issued Shares in the Company.

SHARE CAPITAL

Authorised:	50,000,000 Shares of \$1.00 each	<u>\$50,000,000</u>
Issued and Fully Paid:	22,500,000 Shares of \$1.00 each	\$22,500,000
Subject of this Issue:	7,500,000 Shares of \$1.00 each	<u>\$ 7,500,000</u>
		<u>\$30,000,000</u>

PROCEDURE FOR APPLICATION AND ACCEPTANCE

Applications are invited for the 7,500,000 Shares of \$1.00 each at a price of \$4.50 per Share on the following conditions:

- a. Applications must be made on the Application Forms which constitute part of this Prospectus. Care must be taken to follow the instructions set out on the Application Forms. Applications which do not strictly conform to these instructions or which are illegible may be rejected.
- b. Multiple and joint applications and applications from partnerships or other non-corporate bodies will not be accepted.
- c. Applications must be made for lots of 1,000 Shares or multiples of 1,000 Shares.
- d. Each application must be accompanied by a remittance in Singapore currency for the full amount payable in the form of a Banker's Draft, POSB Cheque or Cashier's Order drawn on a bank in Singapore or a Money Order or Postal Order issued by a Post Office in Singapore and made out in favour of "Morgan Grenfell (Asia) Limited — SFL Share Issue Account" crossed "Account Payee Only" and endorsed on the reverse side with the name and address of the applicant. No receipt will be issued for the applications and remittances.

EXHIBIT - CBK-1
Prospectus in respect of
Singapore Finance Ltd. in
PC Appeal No.59 of 1984
1st June 1981 (continued)

- e. All completed Application Forms must be enclosed in the official envelopes provided and despatched by ORDINARY POST or delivered by hand to the following address:

Morgan Grenfell (Asia) Limited
Tower 2801, DBS Building
6 Shenton Way
Singapore 0106

so as to arrive not later than 12 noon on 12th June 1981.

The Directors of the Company reserve the right to refuse any application or to accept applications in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting the Shares in the Company to a reasonable number of applicants with a view to establishing an adequate market for the Shares in the Company. Where an application is refused or accepted in part only, the full amount or the balance of the application money, as the case may be, will be refunded to the applicant by ordinary post at his own risk on or before 3rd July 1981.

Share certificates will be forwarded by ordinary post to the successful applicants at their own risk within one month of the closing of this Issue. This will be the only acknowledgement of application monies received.

PURPOSES OF THIS ISSUE

The purposes of this Issue are:

- a. to enlarge the capital base of the Company so as to be in line with the increasing scale of operations of the Group;
- b. to provide members of the public and the management and staff of Hong Leong and Singapore Finance with an opportunity to participate in the equity of the Company and
- c. to enable the Company to be admitted to the Official List of the Stock Exchange.

ALLOTMENT

Of the 7,500,000 Shares to be issued, 750,000 Shares will be reserved for members of the staff of the Company and Hong Leong and those persons who have contributed to the success of the two companies. In the event that any of the Shares in the above reserved allotment are not taken up, they will be available to members of the public who have applied for Shares in respect of this Issue. The remaining 6,750,000 Shares will be for subscription by members of the public.

UNDERWRITING COMMISSION AND BROKERAGE

Pursuant to the Underwriting Agreement referred to on page 27 of this Prospectus, an underwriting commission of one and one eighth of one percent ($1\frac{1}{8}\%$) is payable by the Company to Morgan Grenfell.

Brokerage will be paid by the Company to members of the Stock Exchange, The Association of Banks in Singapore and The Singapore Merchant Bankers' Association at the rate of one per cent (1%) of the issue price of the Shares which are allotted in respect of applications made on Application Forms bearing their stamps.

INFORMATION ON SINGAPORE FINANCE LIMITED

HISTORY AND BUSINESS

The Company was incorporated on 10th January, 1961, as a private limited company with an authorised capital of \$1,000,000 divided into 10,000 shares of \$100.00 each. On 31st March, 1964, the authorised capital of the Company was increased to \$50,000,000 and all the Company's shares of \$100.00 each were sub-divided into 100 shares of \$1.00 each, resulting in the Company having an authorised capital of \$50,000,000 divided into 50,000,000 shares of \$1.00 each. The Company was converted into a public company on 2nd September, 1964, and became a subsidiary of Hong Leong on 19th February, 1979. Since 30th April, 1975, the issued and paid-up capital of the Company has been 12,000,000 shares of \$1.00 each. On 22nd May, 1981, the Board of Directors of the Company approved the capitalisation of part of the reserves by the issue of 10,500,000 new shares of \$1.00 each, credited as fully paid, to its parent company, thereby raising the issued and paid-up capital of the Company to 22,500,000 shares of \$1.00 each. As at the date of this Prospectus all the issued shares in the Company are held by Hong Leong. Following this issue, Hong Leong will hold 75 per cent of the enlarged issued capital of the Company.

The principal activities of the Company are to accept deposits from the public and, to use these deposits together with its own capital resources in the provision of finance, including hire purchase, leasing, factoring, mortgages and other secured loans in the commercial, industrial and consumer sectors. The Company was the first finance company in Singapore to set up a factoring department to provide its customers with both domestic and export factoring services. It has established branch offices spread throughout Singapore to serve its customers. The addresses of the Company's head office and its nine branch offices are shown on page 5 of this Prospectus. In addition, the Company has been granted approval by The Monetary Authority of Singapore to open another three branch offices.

SUBSIDIARY COMPANIES

The Company has the following wholly-owned subsidiaries, all of which are private companies:

- a. Singapore Credit (Private) Limited
- b. Singapore Nominees Private Limited
- c. Helpful Realty Sendirian Berhad

Singapore Credit (Private) Limited was incorporated in Singapore on 13th October, 1964, with an authorised capital of \$50,000,000 divided into 50,000,000 shares of \$1.00 each. To-date, the issued and paid-up capital of this subsidiary is \$400,000. This subsidiary is essentially an investment dealing company.

Singapore Nominees Private Limited was incorporated in Singapore on 7th May, 1964, as a nominee company to hold securities registered in its name on behalf of and for the account of its clients. This subsidiary has an authorised capital of \$5,000 divided into 500 shares of \$10.00 each and an issued and paid-up capital of \$500.

Helpful Realty Sendirian Berhad was incorporated in Malaysia on 12th April, 1967, with an authorised capital of M\$1,000,000 divided into 1,000,000 shares of M\$1.00 each. The issued and paid-up capital currently stands at M\$500,000. This subsidiary owns properties sited at Johore Bahru, Malaysia.

EXHIBIT - CBK-1
 Prospectus in respect of
 Singapore Finance Ltd. in
 PC Appeal No.59 of 1984
 1st June 1981 (continued)

PROPERTIES

The Group owns the following properties in Singapore and Johore with an aggregate net book value of \$10,016,870 as at 31st December, 1980.

<u>Location</u>	<u>Description</u>	<u>Area</u>	<u>Title</u>	<u>Net Book Value</u> \$'000
<u>Singapore</u>				
144 Robinson Road on Lots 105-26 and 105-27 of Town Sub-division II	Land has a 7-storey office building	422.3 sq m (4,546.0 sq ft)	Freehold	5,608
294 A/B Lavender Street on Lot No. 433 of Town Sub-division XVII	Land has a 3-storey office building	284.9 sq m (3,065.0 sq ft)	Freehold	179
466 to 488 (even) North Bridge Road on Lot No. 377-2 of Town Subdivision XII	Land with written permission for the construction of a 6-storey shopping complex (see note below)	1,461.9 sq m (15,736.0 sq ft)	999-year Leasehold commencing from 25-1-1827	2,485
Units 01-111 to 01-114 and Units 02-112 to 02-114 in City Plaza	2 shops, one on Ground and the other on the Mezzanine floor of City Plaza	170.1 sq m (1,830.0 sq ft) 135.7 sq m (1,460.0 sq ft)	Freehold	1,436
496 North Bridge Road on Lots 394-2, 395-2 and 395-7 of Town Subdivision XII	3 pieces of land adjacent to each other with an old pre-war shophouse	136.0 sq m (1,464.0 sq ft) 19.6 sq m (211.0 sq ft) 44.8 sq m (482.0 sq ft)	999-year Leasehold commencing from 25-1-1827	75
<u>Johore Bahru</u>				
Lots 5070 and 5071 Mukim of Plentong	2 vacant pieces of land	12,540.0 sq m (134,981.0 sq ft)	Freehold	234
		15,215.3 sq m (163,775.0 sq ft)		<u>10,017</u>

Note:

Written permission has been obtained for the construction of a six-storey shopping Complex, having in aggregate approximately 4,692.06 square metres (50,505 square feet) of net rentable area including a finance company branch office on the ground floor, and sixteen car parking bays in the basement. Since 31st December, 1980, an additional amount of about \$1.1 million has been incurred and charged to land cost. The cost of development and related expenses including notional interest is estimated at \$11 million.

C.K.S. Auctioneers & Valuers (Pte.) Ltd. have estimated the aggregate market value of the above properties to be \$40,798,000. Their valuation report is set out on pages 20 to 21 of this Prospectus.

EXHIBIT - CBK-1
Prospectus in respect of
Singapore Finance Ltd. in
PC Appeal No.59 of 1984
1st June 1981 (continued)

INVESTMENTS

The Group has an investment portfolio consisting of Singapore Government Securities, quoted and unquoted shares with a net book value of \$991,000, \$1,160,355 and \$927,375 respectively on 31st December, 1980. The market value of the quoted shares is estimated at approximately \$1.9 million based on last transacted prices as at 31st December, 1980. The unquoted shares of the Company include a 15 per cent interest in the issued share capital of Commercial Discount Company Limited of \$5,000,000. The Company is one of the founder shareholders of Commercial Discount Company Limited, one of the four discount houses in Singapore.

MANAGEMENT AND STAFF

The policies of the Company are formulated by the Board of Directors who have considerable knowledge and extensive experience in the business of finance, properties, hotels, industry and commerce. The Chairman of the Board is Mr Kwek Hong Png, founder of the Hong Leong Group.

Following Singapore Finance becoming a subsidiary of Hong Leong, the staff of Singapore Finance have extended their full cooperation to the senior officers seconded from Hong Leong, thus making it possible for a swift and smooth transition. The daily operations of the Company are under the supervision of the Managing Director, Mr Kwek Leng Beng, a Director, Mr Gan Khai Choon, and the General Manager, Mr Jeffrey Chan, who are assisted by a team of experienced executives.

Mr Kwek Leng Beng, the Managing Director of Hong Leong since 1968, has played a major role in the substantial growth, both organic and external, of Hong Leong. Mr Kwek sits on the Small Industries Advisory Committee of the Economic Development Board of Singapore and represents Singapore Finance on the Board of Commercial Discount Company Limited.

Mr Gan Khai Choon has been with Hong Leong since 1974. Prior to joining Hong Leong, he was a Branch Manager with one of the leading banks in Malaysia.

Mr Jeffrey Chan, formerly the Financial Controller of Hong Leong, was appointed General Manager of Singapore Finance on 1st November 1980.

FINANCIAL INFORMATION

The following table sets out certain key figures based on the Consolidated Audited Accounts of the Group and demonstrates its growth over the last five financial periods:

	<u>30-4-77</u>	<u>30-4-78</u>	<u>30-4-79</u>	<u>31-12-79</u>	<u>31-12-80</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Assets	115,410	121,398	127,660	147,271	204,259
Loans and Advances, Hire Purchase and Block Discount	71,862	72,188	76,892	122,038	156,763
Deposits and Savings Accounts	87,314	92,902	97,543	110,932	152,160
Shareholders' Funds	20,010	21,712	22,355	25,451	29,222
Profits before Taxation and Extraordinary Items	2,151	1,406	936	1,851*	7,335

Notes.

The profits before tax for the financial periods ended 30th April, 1977, 1978 and 1979 have been adjusted so that they are computed in accordance with consistent accounting policies adopted by the Company after it became a subsidiary of Hong Leong.

* For the eight months ended 31st December 1979.

When Singapore Finance became a subsidiary of Hong Leong, its financial year end was changed from 30th April to 31st December in line with that of Hong Leong. As a subsidiary of Hong Leong, Singapore Finance has performed creditably with its pre-tax profit of \$1,851,378 for the eight months ended 31st December, 1979, increasing to \$7,334,577 for the year ended 31st December, 1980.

The Directors of the Company, having reviewed the financial projections, are of the view that, in the absence of any unforeseen adverse factors, the Group should achieve a profit before taxation in excess of \$9,000,000 for the year ending 31st December, 1981, which would then enable them to recommend the payment of a gross dividend of 12 cents per Share less income tax on the enlarged issued capital.

EXHIBIT - CBK-1
Prospectus in respect of
Singapore Finance Ltd in
PC Appeal No.59 of 1984
1st June 1981 (continued)

DIRECTORS' REPORT

(Prepared for inclusion in this Prospectus)

22nd May, 1981

The Shareholders
Singapore Finance Limited
Singapore

Dear Sir/Madam

On behalf of the Directors of the Company, I report that, having made due enquiry to the interval between 31st December, 1980, the date to which the last audited accounts have been made up, and 22nd May, 1981, the date not earlier than fourteen (14) days before the issue of this Prospectus:

- a. the business of the Company and its subsidiaries has, in the opinion of the Directors, been satisfactorily maintained;
- b. no circumstances have arisen since the last Annual General Meeting of the Company which would adversely affect the trading or the value of the assets of the Company or any of its subsidiaries;
- c. the current assets of the Company and of its subsidiaries appear in the books at values which are believed to be realisable in the ordinary course of business;
- d. no contingent liabilities have arisen by reason of any guarantee given by the Company or any of its subsidiaries other than in the ordinary course of business;
- e. save as disclosed in this Prospectus, since the last annual report there have been no changes in the published reserves or any unusual factors affecting the profit of the Company and its subsidiaries.

KWEK HONG PNG
Chairman
Singapore Finance Limited

EXHIBIT - CBK-1
 Prospectus in respect of
 Singapore Finance Ltd. in
 PC Appeal No.59 of 1984
 1st June 1981 (continued)

ACCOUNTANTS' REPORT

22nd May, 1981

The Directors
 Singapore Finance Limited
 144 Robinson Road
 Singapore 0106

Gentlemen

This report has been prepared for inclusion in the Prospectus to be dated 1st June, 1981 in connection with the Public Issue of 7,500,000 shares of \$1.00 each in Singapore Finance Limited at a price of \$4.50 per share.

The Company was incorporated on 10th January, 1961 as a private limited company. On 2nd September, 1964, the Company was converted into a public company and became a subsidiary of Hong Leong Finance Limited on 19th February, 1979. The wholly-owned subsidiaries of the Company are:

Singapore Credit (Private) Limited
 Singapore Nominees Private Limited
 Helpful Realty Sendirian Berhad (formerly known as Helpful Finance Sendirian Berhad)

We have acted as auditors of Singapore Finance Limited and its subsidiaries ("the Group") commencing from the financial period ended 31st December, 1979. The accounts for the financial years ended 30th April, 1977 to 30th April, 1979 covered by this report were audited by another firm of accountants.

1. PROFITS

The profits of the Company and the Group for the five financial periods covered by this report are as follows:-

	30th April 1977	Year Ended 30th April 1978	30th April 1979	First Months Ended 31st December 1979	Year Ended 31st December 1980
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>The Company</u>					
Profit before taxation	2,112	1,283	628	1,235	7,004
After charging:-					
Director's emoluments	365	396	354	15	70
Bad and doubtful debts	945	1,608	671	925	501
And after crediting:-					
Profit on sale of quoted investments	—	7	37	39	789
Taxation	890	539	315	510	2,890
Profit after taxation	1,222	744	313	725	4,114
Extraordinary items	568	445	(171)	2,229	—
Profit after taxation and extraordinary items	\$1,790	\$1,189	\$ 142	\$2,954	\$4,114

EXHIBIT - CBK-1
 Prospectus in respect of
 Singapore Finance Ltd. in
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 1st June 1981 (continued)

	30th April 1977	Year Ended 30th April 1978	30th April 1979	Eight Months Ended 31st December 1979	Year Ended 31st December 1980
	\$'000	\$'000	\$'000	\$'000	\$'000
The Group					
Profit before taxation	2,151	1,406	936	1,851	7,365
After charging:-					
Directors' emoluments	365	396	354	15	70
Bad and doubtful debts	945	1,608	671	925	501
And after crediting:-					
Profit on sale of quoted investments		7	39	613	1,098
Taxation	922	582	432	756	3,021
Profit after taxation	1,229	824	504	1,095	4,314
Extraordinary items	568	445	(171)	2,229	—
Profit after taxation and extraordinary items	\$1,797	\$1,269	\$ 333	\$3,324	\$4,314

- i) The profits before taxation as set out above are stated:-
- after making such adjustments as in our opinion are appropriate. The profits before taxation for the financial years ended 30th April 1977, 30th April 1978 and 30th April 1979 have been adjusted so that they are computed in accordance with consistent accounting policies adopted by the Company after it became a subsidiary of Hong Leong Finance Limited.
 - after charging all expenses of working and management including depreciation of fixed assets, bad and doubtful debts and directors' emoluments.
- ii) The taxation charges have been adjusted to account for the effects of:-
- the change in accounting policies referred to in i) a. above
 - material reversible timing differences in the accounting and taxation treatment of certain items, principally depreciation and certain provisions and accruals.
- In addition, all material over/under provisions for taxation have been adjusted to the relevant periods concerned.
- iii) The extraordinary items were in respect of surpluses arising from the disposal and compulsory acquisition of properties owned by the Company and expenses incurred relating to the takeover of the Company in February 1979.

2. STATEMENT OF NET ASSETS

The assets and liabilities of the Company and the Group shown in the audited accounts as at 31st December 1980 are set out in Appendix I.

EXHIBIT - CBK-1
Prospectus in respect of
Singapore Finance Ltd in
PC Appeal No.59 of 1984
1st June 1981 (continued)

3. DIVIDENDS

Dividends declared or proposed by the Company for the five financial periods covered by this report are as follows:-

	<u>Issued Share Capital</u> \$'000	<u>Rate of Dividend (Gross)</u> %	<u>Gross Amount of Dividend</u> \$'000
Year Ended 30th April 1977	12,000	12	1,440
Year Ended 30th April 1978	12,000	9	1,080
Year Ended 30th April 1979	12,000	NIL	NIL
Eight months ended 31st December 1979	12,000	6	720
Year Ended 31st December 1980	12,000	12	1,440

4. NET TANGIBLE ASSETS BACKING

The net tangible assets backing for each \$1 share as shown below is based on the audited accounts of the Group at 31st December, 1980, adjusted to take account of the following:-

- (i) The proceeds and estimated expenses in connection with the issue of the 7,500,000 shares, the subject of this Prospectus.
- (ii) The issue of 10,500,000 shares of \$1 each credited as fully paid by the capitalisation of part of the reserves as approved by the Board of Directors on 22nd May, 1981.

a. <u>Net Assets</u>	<u>\$</u>
Net tangible assets at 31st December 1980	29,222,000
Issue of 7,500,000 shares at \$4.50 per share	33,750,000
	<u>62,972,000</u>
Estimated expenses	(1,080,000)
	<u>61,892,000</u>
b. <u>Shares in Issue</u>	<u>Shares</u>
Number of shares of \$1 each at 31st December 1980	12,000,000
Capitalisation issue of 10,500,000 shares of \$1 each	10,500,000
Issue of 7,500,000 shares of \$1 each	7,500,000
	<u>30,000,000</u>
Net tangible assets backing for each share of \$1 each based on the net assets including the properties at their net book value	<u>\$2.06</u>

5. GENERAL

No audited accounts have been prepared for any period subsequent to 31st December 1980.

Yours faithfully

PEAT, MARWICK, MITCHELL & CO.
Public Accountants, Singapore

EXHIBIT - CBK-1
 Prospectus in respect of
 Singapore Finance Ltd in
 PC Appeal No.59 of 1984
 1st June 1981 (continued)

APPENDIX I

STATEMENT OF NET ASSETS

The net assets of the Company and the Group at 31st December 1980 are as follows:-

	Note	The Company \$'000	The Group \$'000
Fixed Assets:			
Investments	3	10,670	10,904
Subsidiary companies	4	1,754	1,918
	5	900	—
Current Assets:			
Statutory deposit with the Monetary Authority of Singapore		8,953	8,953
Hire Purchase and leasing receivables	6	72,382	72,382
Loans, advances and factoring receivables	7	84,381	84,381
Quoted Investments	8	1,019	1,160
Debtors, deposits and prepayments		1,256	1,257
Cash on deposit, at banks and in hand		22,528	22,017
		190,519	190,750
Current Liabilities:			
Deposits and Savings accounts		152,160	152,160
Provision for agents and hirer's rebates		1,668	1,668
Trade creditors, factoring current accounts, accrued interest and expenses		16,227	16,355
Other creditors		115	123
Amount owing to holding company	9	5	5
Amount owing to subsidiary companies		1,901	—
Provision for taxation		2,709	3,055
Proposed dividend (net)		864	864
		175,649	174,230
Net current assets		14,870	16,520
Net assets		28,194	29,342
Representing:			
Share Capital:			
Authorised — Shares of \$1 each		50,000	50,000
Issued and fully paid — Shares of \$1 each		12,000	12,000
Capital reserve — share premium account		2,126	2,126
Statutory reserve	10	6,507	6,507
General reserve		2,000	2,000
Unappropriated profit		5,441	6,589
Total share capital and reserves		28,074	29,222
Deferred Taxation		120	120
		28,194	29,342
Acceptances, guarantees and other obligations on behalf of customers per contra	11	687	687

EXHIBIT - CBK-1
Prospectus in respect of
Singapore Finance Ltd in
PC Appeal No.59 of 1984
1st June 1981 (continued)

NOTES TO THE STATEMENT OF NET ASSETS

1. PRINCIPAL ACTIVITY

The principal activity of the company is that relating to financing business, whilst the activities of the subsidiaries are those relating to investment trading, property development and provision of nominee services.

2. ACCOUNTING POLICIES

(a) Accounting Convention

The accounts are drawn up in accordance with the historical cost convention supplemented by the revaluation of certain freehold and leasehold land and buildings

(b) Basis of Consolidation

The consolidated balance sheet and profit and loss account include the accounts of the company and its subsidiaries made up to the end of the financial year.

(c) Currency Translation

Foreign currency assets and liabilities of the Group are expressed in Singapore dollars at rates of exchange closely approximate to those ruling at the balance sheet date and profit and loss account items, where applicable, are translated at rates closely approximate to those ruling on transaction dates. Any difference arising on translation is reflected in the profit and loss account for the year.

(d) Income Earned on Instalment Credit Agreements

In the case of such business where the charges are added to the principal financed at the commencement of the period, the general principle adopted for crediting income to profit and loss is to spread the income over the period in which the repayments are due using the following bases for the various categories of financing business:-

i) Hire Purchase and Leasing

Term charges on hire purchase and leasing transactions are spread equally over the period of the agreements. The balance of such term charges at the financial year end is carried forward as unearned charges.

ii) Loans

Interest is charged principally on an annual rest basis.

(e) Depreciation

No depreciation is provided in respect of freehold and 999-year leasehold land.

Other assets are depreciated on a straight line basis so as to write off their cost over their estimated useful lives, as follows:-

Buildings	2% per annum
Office equipment, fixtures and fittings	15% to 33½% per annum
Motor vehicles	20% per annum

(f) Deferred Taxation

Deferred taxation in respect of material reversible timing differences in the accounting and taxation treatment of certain items, principally depreciation and certain provisions and accruals, is calculated at the current rate of tax.

(g) Investments

Quoted investments held as current assets are stated at the lower of cost and market value, determined on an individual basis.

Trade investments, including quoted and unquoted shares held on a long-term basis are stated at cost. Provision for any permanent diminution in the value of these investments would be made if the directors considered that their value had permanently fallen below their cost. Any surplus or loss arising on realisation is credited or debited to the profit and loss account and subsequently transferred to capital reserve.

EXHIBIT - CBK-1
 Prospectus in respect of
 Singapore Finance Ltd in
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 1st June 1981 (continued)

(h) **Provision for Doubtful Debts**

All known bad debts are written off and specific provision is made for accounts which are considered doubtful. In addition, an amount is set aside as a general provision for doubtful debts to cover losses which, although not separately identified, can be present in any portfolio of advances.

3. **FIXED ASSETS**

<u>The Company</u>	<u>Cost or Valuation</u> \$'000	<u>Accumulated Depreciation</u> \$'000	<u>Net Book Value</u> \$'000
Freehold land:			
At cost	2,474	—	2,474
At valuation	82	—	82
Freehold buildings:			
At cost	4,663	93	4,570
At valuation	122	26	96
Leasehold land:			
At cost	2,188	—	2,188
At valuation	372	—	372
Office equipment, fixtures and fittings:			
At cost	1,340	591	749
Motor vehicles			
At cost	201	62	139
	<u>\$11,442</u>	<u>\$772</u>	<u>\$10,670</u>
 <u>The Group</u>			
Freehold land:			
At cost	2,708	—	2,708
At valuation	82	—	82
Freehold buildings:			
At cost	4,663	93	4,570
At valuation	122	26	96
Leasehold land:			
At cost	2,188	—	2,188
At valuation	372	—	372
Office equipment, fixtures and fittings:			
At cost	1,340	591	749
Motor vehicles:			
At cost	201	62	139
	<u>\$11,676</u>	<u>\$772</u>	<u>\$10,904</u>

Freehold properties and long leasehold land were stated at valuation were arrived at by an independent professional valuer on 9th September 1968.

4. **INVESTMENTS**

	<u>The Company</u> \$'000	<u>The Group</u> \$'000
Unquoted shares at cost	787	1,006
Singapore Government Securities — (Market value \$991,000)	<u>991</u>	<u>991</u>
	1,778	1,997
Less:		
Provision for diminution in value	<u>24</u>	<u>79</u>
	<u>\$1,754</u>	<u>\$1,918</u>

There is a contingent commitment for uncalled capital amounting to \$146,000 in respect of partly paid unquoted shares owned by a subsidiary company.

1

EXHIBIT - CBK-1
Prospectus in respect of
Singapore Finance Ltd in
PC Appeal No.59 of 1984
1st June 1981 (continued)

5 WHOLLY-OWNED SUBSIDIARIES

<u>Name of Company</u>	<u>Country of Incorporation</u>
Singapore Credit (Private) Limited	Singapore
Singapore Nominees Private Limited	Singapore
Helpful Realty Sendirian Berhad (formerly known as Helpful Finance Sendirian Berhad)	Malaysia

6 HIRE PURCHASE AND LEASING RECEIVABLES

	<u>The Company</u>	<u>The Group</u>
	\$'000	\$'000
Hire purchase and leasing receivables	87,937	87,937
Less:		
Unearned charges	<u>13,055</u>	<u>13,055</u>
	74,882	74,882
Less:		
Provision for doubtful debts	<u>2,500</u>	<u>2,500</u>
	<u>\$72,382</u>	<u>\$72,382</u>

7. LOANS, ADVANCES AND FACTORING RECEIVABLES

Loans, advances and factoring receivables	87,978	87,978
Less:		
Unearned interest	<u>1,437</u>	<u>1,437</u>
	86,541	86,541
Less:		
Provision for doubtful debts	<u>2,160</u>	<u>2,160</u>
	<u>\$84,381</u>	<u>\$84,381</u>

8. QUOTED INVESTMENTS

Shares —		
At lower of cost and market value	<u>\$ 1,019</u>	<u>\$ 1,160</u>
Market value	<u>\$ 1,446</u>	<u>\$ 1,900</u>

9. HOLDING COMPANY

The company is a subsidiary of Hong Leong Finance Limited, a company incorporated in the Republic of Singapore.

10. STATUTORY RESERVE

This is maintained in compliance with the provisions of Section 13 of the Finance Companies Act Cap. 191.

EXHIBIT - CBK-1
 Prospectus in respect of
 Singapore Finance Ltd
 in PC Appeal No.59 of
 1984
 1st June 1981 (continued)

11. ACCEPTANCES, GUARANTEES AND OTHER OBLIGATIONS ON BEHALF OF CUSTOMERS
 PER CONTRA

These are commitments entered into by the company on behalf of customers for which customers have corresponding obligations under their contracts with the company and the group and are in respect of the following:-

	<u>The Company</u>	<u>The Group</u>
	\$'000	\$'000
Letters of credit	475	475
Guarantees	212	212
	<u>\$687</u>	<u>\$687</u>

12. CAPITAL COMMITMENTS

Contracted for but not provided in the accounts	<u>\$20</u>	<u>\$20</u>
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EXHIBIT I- CBK-1
 Prospectus in respect of
 Singapore Finance Ltd in
 PC Appeal No.59 of 1984
 1st June 1981 (continued)

VALUERS' REPORT

22nd May, 1981

The Directors
 Singapore Finance Limited
 144 Robinson Road
 Singapore 0106

Gentlemen

This report has been prepared for inclusion in the Prospectus dated 1st June, 1981 in connection with the Public Issue of 7,500,000 Shares of \$1.00 each in Singapore Finance Limited at a price \$4.50 per share. Having inspected the properties mentioned hereunder, we submit the following summary of the properties valued and their present-day market values:

	<u>Present-day Market Value</u> \$'000
Properties owned by Singapore Finance Limited	
Singapore	
1. No. 144 Robinson Road on Lots 105-26 and 105-27 T.S. II	20,610
Land has a freehold title, area of 422.3 sq. m. (4,546 sq. ft.) and a seven-storey office building with a total office area of about 2,128 sq. m. (22,900 sq. ft.)	
2. 294 A/B Lavender Street on Lot 433 T.S. XVII	919
Land has a freehold title, area of 284.9 sq. m. (3,065 sq. ft.) and a substantially renovated three-storey office building (from a two-storey pre-war structure) with a floor area of approximately 606 sq. m. (6,516 sq. ft.)	
3. 466 to 488 (even) North Bridge Road on Lot 377-2 T.S. XII	14,162
Land has a 999-year leasehold title and an area of 1,461.9 sq. m. (15,736 sq. ft.). Written permission had been obtained on 3rd October 1980 for the construction of a six-storey shopping complex with a basement level. According to the building plans, the building will have a net rentable area of approximately 4,692.06 sq. m. (50,505 sq. ft.) and sixteen car parking bays.	
4. Units 01-111 to 01-114 and Units 02-112 to 02-114 in City Plaza	4,608
Land on which City Plaza is erected has freehold title. It is assumed that freehold strata certificates of titles will be issued for the subject shop units. Units 01-111 to 01-114 are four adjoining shop units located on the ground floor with a combined floor area of 170.1 sq. m. (1,830 sq. ft.). Units 02-112 to 02-114 are three adjoining units located in the Mezzanine floor with a combined floor area of 135.7 sq. m. (1,460 sq. ft.)	
5. 496 North Bridge Road on Lots 394-2, 395-2 and 395-7 of T.S. XII	151
All three lots of land have 999-year leasehold titles commencing from 25th January, 1827, and an aggregate area of 200.4 sq. m. (2,157 sq. ft.). The building on the land is an old pre-war shophouse of partly four and partly three storeys.	
Balance carried forward	<u>40,450</u>

1

EXHIBIT - CBK-1
Prospectus in respect of
Singapore Finance Ltd in
PC Appeal No.59 of 1984
1st June 1981 (continued)

	<u>Present-day Market Value</u> \$'000
Balance brought forward	40,450
Property owned by Helpful Realty Sendirian Berhad	
Johore	
5 Lots 5070 and 5071 Mukim of Plentong	348
Both plots of land have freehold titles, combined area of 12,540 sq. m. (134,981 sq. ft.), and located off Jalan Pandan about 8 km from the Johore Bahru town centre. Both lots are zoned residential.	
	<u>40,798</u>

We are of the opinion that the aggregate present-day market value of the above properties is \$40,798,000 (Dollars Forty Million Seven Hundred and Ninety-Eight Thousand Only).

Yours faithfully

C. K. S. AUCTIONEERS & VALUERS (PTE) LIMITED

EXHIBIT - CBK-1
 Prospectus in respect of
 Singapore Finance Ltd in
 PC Appeal No.59 of 1984 1st June 1981 (cont'd)
GENERAL AND STATUTORY INFORMATION

1. RELATED COMPANIES

The names of all corporations which, by virtue of Section 6 of the Companies Act, Cap. 185, are deemed to be related to the Company are as follows:

<u>Company Name</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>
<u> Holding Company </u>		
Hong Leong Finance Limited	Singapore	Finance company
<u> Subsidiary Companies of Hong Leong Finance Limited </u>		
Oriental Credit and Realty (Pte.) Limited	Singapore	Investment trading and property development
Anson Trading (Private) Limited	Singapore	Investment company
<u> Subsidiary Companies of Singapore Finance Limited </u>		
Singapore Credit (Private) Limited	Singapore	Investment dealing company
Singapore Nominees Private Limited	Singapore	Nominee services
Helpful Realty Sendirian Berhad	Malaysia	Investment company

2. SHARE CAPITAL

- a. There is only one class of shares in the Company. There are no founder, management or deferred shares.
- b. The movements in the issued share capital of the Company since 31st December 1978 have been as follows:

<u>Date</u>		<u>Number of Shares of \$1.00 each fully paid</u>
31st December 1978	Shares in issue	12,000,000
22nd May 1981	Bonus Issue of 7 for 8	10,500,000
		<u>22,500,000</u>

- c. All the above Shares in the Company are owned by Hong Leong.
- d. Save as disclosed in this Prospectus, no shares in or debentures of the Company have been issued or agreed to be issued within the two years preceding the date of this Prospectus.
- e. Except for those disclosed in this Prospectus, no option has been granted to any person to subscribe for shares in or debentures of the Company.

3. PROFIT FORECAST

The forecast of the consolidated profit before taxation of the Group for the year to 31st December, 1981 (as mentioned in the last paragraph on page 10 of this Prospectus) is made by and is the sole responsibility of the Directors of Singapore Finance and is based on the following assumptions:

a. Accounting Policies

The profit forecast has been prepared on a basis consistent with the accounting policies normally adopted by the Group on the assumption that no material changes would be made to the accounting policies adopted by the Group in preparing its financial statements.

b. Structure and Principal Activities

The structure and principal activities of the Group would remain unchanged for the year ending 31st December, 1981 as compared with 1980. There would be no major acquisitions or disposals of properties or investments during the year ending 31st December, 1981.

EXHIBIT - CBK-1
Prospectus in respect of
Singapore Finance Ltd in
PC Appeal No.59 of 1984
1st June 1981 (continued)

c. Share Capital

The issued and paid up capital of the Company would be increased from \$12 million to \$30 million as disclosed in this Prospectus.

The cash proceeds from this Issue of \$32,670,000 (net of estimated expenses) would be received in June, 1981.

d. Volume of Business

The volume of business in 1981 is assumed to increase gradually throughout the year taking into consideration the pattern of growth experienced by the Company in the past and the estimated future trend for the industry as a whole.

e. Income

Interest spread would be maintained at a level not materially different from that for 1980.

Income from non-lending business, would be maintained at levels similar to those for 1980.

f. Expenditure and Charges

Staff and related expenses, establishment, administration and general expenses are based on actual expenses incurred for 1980 after making adjustments as considered appropriate to account for cost inflation and other factors.

No exceptional circumstances would arise in 1981 that would require an abnormal provision to be made.

The following are copies of letters received by the Directors of Singapore Finance relating to the profit forecast for the year to 31st December, 1981:

a. From Peat, Marwick, Mitchell & Co. (Singapore Finance's Auditors)

22nd May, 1981

20th Floor, Hong Leong Building,
16 Raffles Quay
Singapore 0104

The Directors
Singapore Finance Limited
144 Robinson Road
Singapore 0106

Gentlemen

We have reviewed the accounting bases and calculations in respect of the forecast of consolidated profit before taxation for Singapore Finance Limited and its subsidiaries ("the Group") for which the Directors are solely responsible for the year to 31st December 1981 as set out in the last paragraph on page 10 of the Prospectus to be dated 1st June 1981.

In our opinion, the forecast so far as the accounting bases and calculations are concerned has been properly compiled on the basis of the assumptions made by the Board as set out above and is presented on a basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully

PEAT, MARWICK, MITCHELL & CO.
Public Accountants, Singapore

EXHIBIT - CBK-1
 Prospectus in respect of
 Singapore Finance Ltd in
 PC Appeal No.59 of 1984
 1st June 1981 (continued)

b. From Morgan Grenfell (Asia) Limited

22nd May, 1981

Tower 2801 DBS Building
 6 Shenton Way
 Singapore 0106

The Directors
 Singapore Finance Limited
 144 Robinson Road
 Singapore 0106

Dear Sirs

We have discussed the forecast of consolidated profit before taxation of your Company for the year to 31st December, 1981 (for which the Directors are solely responsible) with you and with Peat, Marwick, Mitchell & Co., your Company's auditors. In our opinion the forecast of consolidated profit before taxation has been made after due and careful enquiry.

Yours faithfully
 for MORGAN GRENFELL (ASIA) LIMITED

GEORGE THIA PENG HEOK
 Director

4. DETAILS OF THIS ISSUE

- a. No shares will be allotted on the basis of this Prospectus later than six months after the date of issue of this Prospectus.
- b. The time of opening of the Subscription List is 10 a.m. on 12th June 1981 and will close at 12 noon on the same day.
- c. The amount payable on application and allotment is \$4.50 per Share.
- d. The estimated amount of the expenses of this Issue including brokerage and underwriting commission payable by the Company is \$1,080,000.
- e. The minimum amount which, in the opinion of the Directors, must be raised by this Issue in order to provide the sums required to be provided in respect of each of the following is \$33,750,000:

	\$
i the purchase price of any property purchased or to be purchased	—
ii share issue expenses	1,080,000
iii the repayment of any money borrowed by the Company in respect of any of the foregoing matters	—
iv working capital	32,670,000
	<u>33,750,000</u>

The amount which is to be provided in respect of the aforesaid matters otherwise than out of the proceeds of this Issue is nil.

EXHIBIT - CBK-1.
Prospectus in respect of
Singapore Finance Ltd in
PC Appeal No.59 of 1984
1st June 1981 (continued)

5. DIRECTORS

There is no shareholding qualification for Directors.

The provisions in the Articles as to the remuneration of the Directors are as follows:

- Article 86 The remuneration of the Directors shall from time to time be determined by an Ordinary Resolution of the Company, and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that in the latter event any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. Such remuneration shall so far as non-executive directors are concerned be by way of a fixed sum and not by way of a commission on or percentage of profits or turnover.
- Article 87 Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting.
- Article 88 No Director shall be allotted shares as part of an issue of shares to employees unless he has been appointed to an executive office with the Company and unless prior to such allotment the members in general meeting have approved of the same.
- Article 89 The Directors may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors, or of any committee of the Directors, or General Meetings, or otherwise in or about the business of the Company.
- Article 90 Any Director, who is appointed to any executive office or who serves on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, percentage of profits or otherwise (but not a commission on or percentage of turnover) as the Directors may determine.
- Article 91
- a The Directors may pay pensions or allowances (either revocable or irrevocable and either subject or not subject to any terms or conditions) to any Executive Director (as hereinafter defined) on or at any time after his retirement from his office or employment under the Company or under any associated company or on or after his death to his widow or other dependants.
 - b The Directors shall also have power and shall be deemed always to have had power to establish and maintain and to concur with associated companies in establishing and maintaining any schemes or funds for providing pensions, sickness or compassionate allowance, life assurances or other benefits for staff (including any Director for the time being holding any executive office or any office of profit) or employees of the Company or of any such associated company and for the widows or other dependants of such persons and to make contributions out of the Company's moneys for any such schemes or funds.
 - c In this Article the expression "Executive Director" shall mean and include any Director including a Managing Director who has been or is engaged substantially whole-time in the business of the Company or any associated company in any executive office or any office of profit or partly in one or partly in another; and the expression "associated company" shall include any company which is the holding company of the Company or a subsidiary of the Company or of any such holding company or which in the opinion of the Directors can properly be regarded as being connected with the Company or with any such company as aforesaid.

J
EXHIBIT - CBK-1
Prospectus in respect of
Singapore Finance Ltd in
PC Appeal No.59 of 1984
1st June 1981 (continued)

- Article 92 A Director may hold any other office or place of profit under the Company (other than the office of Auditor) and he or any firm of which he is a member may act in a professional capacity for the Company in conjunction with his office of his office of Director, for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by his office from contracting with the Company, nor shall any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract, or arrangement by reason of such Director holding that office, or of the fiduciary relation thereby established, provided that such disclosure is made as is required by Article 93 of these Articles.
- Article 93 A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as a vendor, purchaser, shareholder or otherwise, and unless otherwise agreed shall not be accountable for any remuneration or otherwise benefits received by him as a director or officer of, or by virtue of his interest in, such other company.
- Article 94 The Directors may from time to time appoint one or more of their body to be Managing Director or Managing Directors or Deputy or Assistant Managing Director for such period not exceeding five years and on such terms as they think fit. A Director so appointed shall not while holding that office be subject to retirement by rotation or taken into account in determining the rotation of retirement of Directors, but without prejudice to any claim he may have for damages for breach of any contract of service between him and the Company, his appointment shall be subject to determination *ipso facto* if he ceases from any cause to be a Director, or if the Directors resolve that his term of office be determined.
- Article 95 A Director holding any such office as aforesaid shall receive such remuneration as the Directors may determine but shall not under any circumstance be remunerated by a commission on or a percentage of turnover.
- Article 104 Any Director who is absent from or about to leave Singapore may at any time appoint any person approved by a majority of his co-Directors to act as his alternate and may at any time remove any alternate Director so appointed by him. Any fee paid by the Company to the alternate shall be deducted from the remuneration of the Director who has appointed the alternate. The alternate Director so appointed shall be subject to the provisions of these presents with regard to Directors. An alternate Director shall (subject to his giving to the Company an address within Singapore at which notices may be served upon him) be entitled to receive notices of all meetings of the Directors, and to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present, and generally at such meeting to perform all the functions of his appointor as a Director in the absence of such appointor. An alternate Director shall *ipso facto* cease to be an alternate Director if his appointor ceases to be a Director of any reason, except retirement by rotation and immediate re-election. All appointments and removal of alternate Directors shall be effected by writing under the hand of the Director making or revoking such appointment left at the office.

EXHIBIT - CBK-1
Prospectus in respect of
Singapore Finance Ltd. in
PC Appeal No.59 of 1984
1st June 1981 (continued)

6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the date of this Prospectus, none of the Directors own any Shares in the Company.

The Directors' interests in Hong Leong, as at 30th April, 1981 as recorded in the Register of Directors were as follows:

	Number of shares of \$1.00 each in Hong Leong as at 30th April 1981	
<u>Directors</u>	<u>Shareholdings registered in the name of Directors</u>	<u>Shareholdings in which Directors are deemed to have an interest</u>
Kwek Hong Png	160,500	177,000
Kwek Hong Lye	30,000	165,000
Kwek Leng Beng	1,029,000	2,093,238
Tan I Tong	9,700	—
Wee Mon-Cheng	350,000	—
Quek Leng Chye	172,500	1,937,038
Gan Khai Choon	110,000	170,250
Ong Chay Tong	—	241,100
Sim Miah Kian	89,900	948,800
Chng Gim Huat	245,000	2,992,500
Ng Sau Long (alternate to Wee Mon-Cheng)	45,937	—

7. MATERIAL CONTRACTS

The date of, parties to, and general nature of every material contract, not being a contract entered into in the ordinary course of the business carried on or intended to be carried on by the Company or a contract entered into more than two years before the date of this Prospectus are as follows:

- a. An agreement dated 29th May, 1981 between the Company and Morgan Grenfell whereby Morgan Grenfell agreed to manage and underwrite this Issue.
- b. An agreement dated 15th October 1980 between the Company and Hong Leong Company Private Limited whereby the Company purchased Nos. 144, 144A, 144B and 144C Robinson Road, Singapore, for \$5,500,000.
- c. An agreement dated 25th March 1980 between the Company and Sheikh Abdullah bin Abubakar whereby the Company purchased No. 496, North Bridge Road, Singapore, for \$75,000.
- d. An agreement dated 8th November 1979 between the Company and Golden Development Private Limited whereby Golden Development Private Limited purchased Lots 175-1, 176-1, 177-11 and 177-12 of Town Subdivision I for \$6,300,101.18.

8. LITIGATION

The Group is not engaged in any litigation as plaintiff or defendant and the Directors have no knowledge of any proceedings pending or threatened against the Group which litigation or proceeding might materially affect the position of the Group.

9. DIRECTORS' RESPONSIBILITY

This Prospectus has been seen and approved by the Directors of the Company and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

10. CONSENTS

Peat, Marwick, Mitchell & Co. have given and have not withdrawn their written consent to the issue of this Prospectus with their reports in the form and context in which they are included.

C.K.S. Auctioneers & Valuers (Pte.) Ltd. have given and have not withdrawn their written consent to the issue of this Prospectus with their report in the form and context in which it is included.

T. Q. Lim & Co., Securities Management Private Limited, The Development Bank of Singapore Limited, The Mitsui Bank Limited and Morgan Grenfell have given and have not withdrawn their written consent to the issue of this Prospectus with their names and addresses in the form and context in which they are included.

EXHIBIT - CBK-1
 Prospectus in respect of
 Singapore Finance Ltd in
 PC Appeal No.59 of 1984
 1st June 1981 (continued)

11. GENERAL

- a. Except for those disclosed herein, no commission for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of the Company has been paid within the two preceding years, or is payable to any director, promoter or expert or proposed director.
- b. No amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any promoter.
- c. Save as disclosed in this Prospectus the Group has no outstanding contracts for the purchase or acquisition of property and does not propose to purchase or acquire any property out of the proceeds of this issue.
- d. The Articles provide that the beneficial ownership of the issued share capital of the Company by foreign persons should not exceed 20 per cent. Due consideration will be given to this restriction in allocating Shares which are the subject of this Issue.

12. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 144 Robinson Road, Singapore 0106, during usual business hours for a period of six months from the date of this Prospectus:

- a. Memorandum and Articles of Association of the Company
- b. The material contracts listed under item 7 above
- c. The Reports of the Directors, Accountants and Valuers as set out on pages 11 to 21 of this Prospectus.
- d. The Annual Report and Accounts of the Company for the periods ended 31st December, 1979 and 31st December, 1980.
- e. Letters of Consent listed under item 10 above.


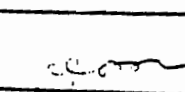
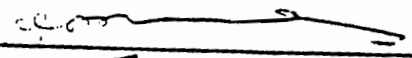
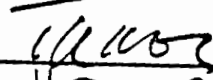
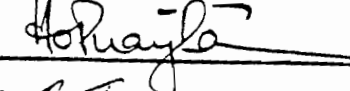
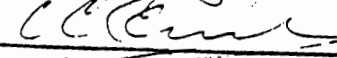
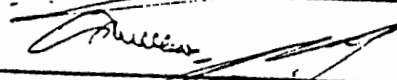

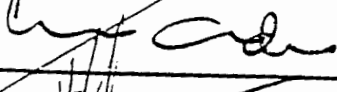


Kwek Hong Png	
Kwek Hong Lye	
Kwek Leng Beng	
Tan I Tong	
Wee Mon-Cheng	
Quek Leng Chye	
Gan Khai Shoon	
Ong Chay Tong	
Sim Miah Kian	
Chng Gim Huat	
Ng Sau Long (Alternate to Wee Mon-Cheng)	

EXHIBIT - CKK-1
 RESOLUTION PASSED BY HONG LEONG
 HOLDINGS LIMITED IN PC APPEAL
 NO.59 OF 1984

RESOLUTION

We, the undersigned, being all the Directors for the time being of HONG LEONG HOLDINGS LIMITED, pursuant to Article 124 of the Company's Articles of Association, hereby resolve:

The Directors note that Mr. Quek Leng Chye has resigned from the Board with effect from 9 February 1983 as he has to do so in consequence of his being convicted of an offence under Section 39(4) of the Companies Act.

10


The Directors further note that the offence arose out of the failure to issue a prospectus in relation to the sale of shares in CCC Holdings Ltd and understand the circumstances in which the said Mr. Quek Leng Chye committed the offence without deliberation and without any element of dishonesty on his part, but had acted on the professional advice of the CCC Holdings Ltd.'s lawyers.

Noting that he has applied to the Court for leave to be a director of this Company and noting the benefit to the Company in having his continued services on the Board, the Directors hereby express their intention to re-appoint him to the Board should the Court grant leave to him to be a director of this Company.


20

Dated this 12th day of March 1983

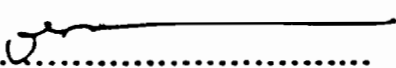
DIRECTORS



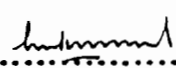
 KWOK WONG PING



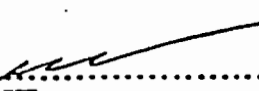
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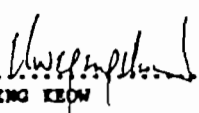
 KWOK LENG BENG



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 KWOK LENG KEE



 KWOK LENG KEOW

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 QUOK LENG CHAN



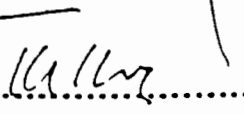
 CHOW CHIOCK HOCK



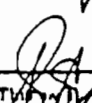
 SOH KIM KANG



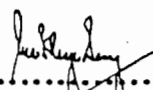
 SORY CHUN HENG



 TAN I TONG



 RONALD SYM



 LEE KHEK SENG

This exhibit marked "CKK-1" is a true and correct copy of the resolution of the Board of Directors of Hong Leong Holdings Limited, as passed on the 12th day of March 1983.

sd. S K Isaac
 A Commissioner for Oaths

EXHIBIT - CKK-2
RESOLUTION PASSED BY HONG LEONG
CORPORATION LIMITED IN PC APPEAL
NO.59 OF 1984

RESOLUTION

We, the undersigned, being all the Directors for the time being of HONG LEONG CORPORATION LIMITED, pursuant to Article 110 of the Company's Articles of Association, hereby resolve:

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The Directors note that Mr. Quek Leng Chye has resigned from the Board with effect from 9 February 1983 as he has to do so in consequence of his being convicted of an offence under Section 39(4) of the Companies Act.

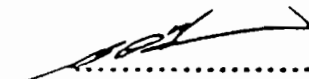
The Directors further note that the offence arose out of the failure to issue a prospectus in relation to the sale of shares in CCC Holdings Ltd and understand the circumstances in which the said Mr. Quek Leng Chye committed the offence without deliberation and without any element of dishonesty on his part, but had acted on the professional advice of the CCC Holdings Ltd.'s lawyers.


20


Noting that he has applied to the Court for leave to be a director of this Company and noting the benefit to the Company in having his continued services on the Board, the Directors hereby express their intention to re-appoint him to the Board should the Court grant leave to him to be a director of this Company.

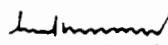
Dated this 12th day of March 1983

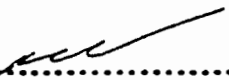
DIRECTORS

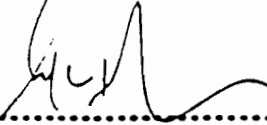

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KWOK HONG PING

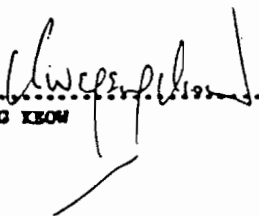

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KWOK HONG LYK

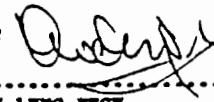

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KWOK LENG MENG


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KWOK LENG JOO


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KWOK LENG KEE


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KWOK LENG HOE


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KWOK LEONG KEOW


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KWOK LENG PECK

/JA.

EXHIBIT - CKK-3
RESOLUTION PASSED BY CITY DEVELOPMENTS
LIMITED IN PC APPEAL NO.59 of 1984

RESOLUTION

We, the undersigned, being all the Directors for the time being of CITY DEVELOPMENTS LIMITED, pursuant to Article 96(a) of the Company's Articles of Association, hereby resolve:

The Directors note that Mr. Quak Leng Chye has resigned from the Board with effect from 9 February 1983 as he has to do so in consequence of his being convicted of an offence under Section 39(4) of the Companies Act.

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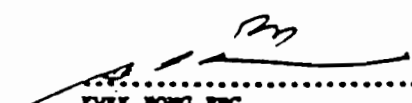
The Directors further note that the offence arose out of the failure to issue a prospectus in relation to the sale of shares in CCC Holdings Ltd and understand the circumstances in which the said Mr. Quak Leng Chye committed the offence without deliberation and without any element of dishonesty on his part, but had acted on the professional advice of the CCC Holdings Ltd.'s lawyers.


Noting that he has applied to the Court for leave to be a director of this Company and noting the benefit to the Company in having his continued services on the Board, the Directors hereby express their intantion to re-appoint him to the Board should the Court grant leave to him to be a director of this Company.


20


Dated this 12th day of March 1983


DIRECTORS


.....
KWOK HONG PING

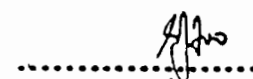

.....
KWOK HONG LYK

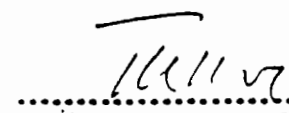

.....
KWOK LENG BING

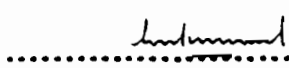

.....
SIM NIAN KIAN


.....
CHOW CHLOK HOCK


.....
TAN MOON SEANG


.....
I. MURAKAMI (OR ALTERNATE
FOO SEE JUAN)


.....
TAN Y TONG


.....
KWOK LENG JOO

/JA.

RESOLUTION

We, the undersigned, being all the Directors for the time being of HONG LEONG FINANCE LIMITED, pursuant to Article 108 of the Company's Articles of Association, hereby resolve:

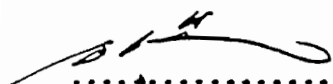
The Directors note that Mr. Gan Khai Choos has resigned from the Board with effect from 9 February 1983 as he has to do so in consequence of his being convicted of an offence under Section 39(4) of the Companies Act.


The Directors further note that the offence arose out of the failure to issue a prospectus in relation to the sale of shares in CCC Holdings Ltd and understand the circumstances in which the said Mr. Gan Khai Choos committed the offence without deliberation and without any element of dishonesty on his part, but had acted on the professional advice of the CCC Holdings Ltd.'s lawyers.

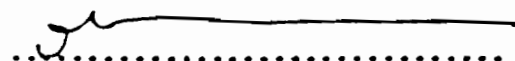
Noting that he has applied to the Court for leave to be a director of this Company and noting the benefit to the Company in having his continued services both as a Director and as group General Manager when the Company is now in the course of rapid expansion, the Directors hereby express their intention to re-appoint him to the Board should the Court grant leave to him to be a Director of this Company.

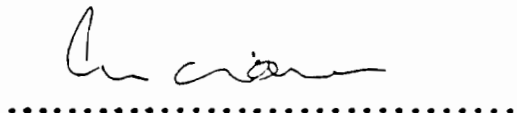
Dated this 12th day of March 1983

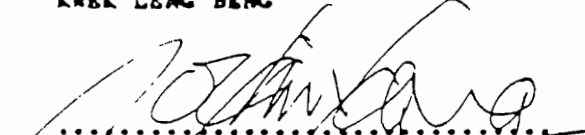
DIRECTORS


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KWOK HONG PING


.....
KWOK HONG LYE


.....
KWOK LENG BENG

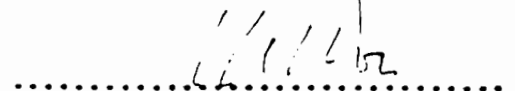

.....
SIM MIAH KIAN



.....
SOH KIM KANG

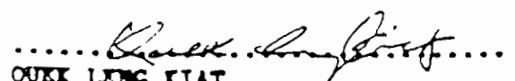

.....
ONG CHAY TONG

.....
CHONG GIM HUAT


.....
QUEK LENG CHAN

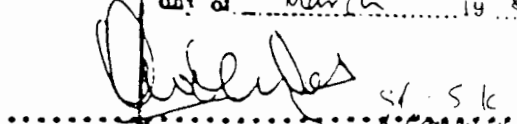

.....
TAN I TONG


.....
WEE MON-CHENG (OR ALTERNATE
NG SAU LONG)


.....
QUEK LENG KIAT

.....
KWOK LENG JOO


.....
KWOK LENG KEE


.....
KWOK LENG PECK

This is the exhibit marked "CKC-3"
relating to the statement of Chan (C.K.) Kum
dated 16th
of March 1983
S. S. K. Isaac
Company Secretary for Outho.
Singapore.

EXHIBIT - CKK-4
RESOLUTION PASSED BY SINGAPORE FINANCE
LIMITED IN PC APPEAL NO.59 of 1984

RESOLUTION

We, the undersigned, being all the Directors for the time being of SINGAPORE FINANCE LIMITED, pursuant to Article 112 of the Company's Articles of Association, hereby resolve:

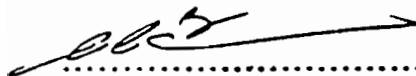
The Directors note that Mr. Quek Leng Chye has resigned from the Board with effect from 9 February 1983 as he has to do so in consequence of his being convicted of an offence under Section 39(4) of the Companies Act. 10


The Directors further note that the offence arose out of the failure to issue a prospectus in relation to the sale of shares in CCC Holdings Ltd and understand the circumstances in which the said Mr. Quek Leng Chye committed the offence without deliberation and without any element of dishonesty on his part, but had acted on the professional advice of the CCC Holdings Ltd.'s lawyers.

Noting that he has applied to the Court for leave to be a director of this Company and noting the benefit to the Company in having his continued services on the Board, the Directors hereby express their intention to re-appoint him to the Board should the Court grant leave to him to be a director of this Company. 20

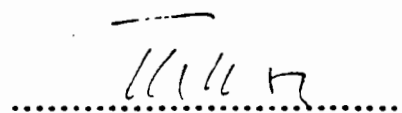
Dated this 12th day of March 1983

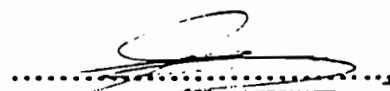
DIRECTORS


.....
KWEK HONG PING

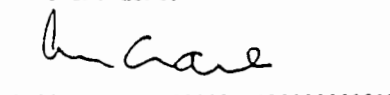

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KWEK HONG LYK



.....
KWEK LENG BENG

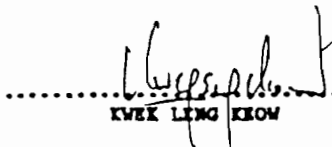

.....
TAN I TONG


.....
WEE MON-CHENG (OR ALTERNATE
NG SAU LONG)


.....
ONG CHAY TONG


.....
SIM NIAN KIAN


.....
CHENG GEM HUAT


.....
KWEK LENG KIEW

/JA.

EXHIBIT - CKK-5
RESOLUTION PASSED BY KIND'S HOTEL
LIMITED IN PC APPEAL NO.59 of 1984

RESOLUTION

We, the undersigned, being all the Directors for the time being of
KING'S HOTEL LIMITED, pursuant to Article 108 of the Company's Articles of
Association, hereby resolves:

10

The Directors note that Messrs. Quek Leng Chye and Gan Khai Choon
have resigned from the Board with effect from 9 February 1983 as
they had to do so in consequence of their being convicted of an
offence under Section 39(4) of the Companies Act.

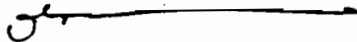
The Directors further note that the offence arose out of the
failure to issue a prospectus in relation to the sale of shares
in CCC Holdings Ltd and understand the circumstances in which the
said Messrs. Quek Leng Chye and Gan Khai Choon committed the
offence without deliberation and without any element of
dishonesty on their part, but had acted on the professional
advice of the CCC Holdings Ltd.'s lawyers.

20

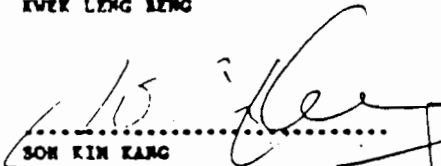
Noting that they have applied to the Court for leave to be
directors of this Company and noting the benefit to the Company
in having the continued services of both of them on the Board,
the Directors hereby express their intention to re-appoint them
to the Board should the Court grant leave to them to be directors
of this Company.

Dated this 12th day of March 1983

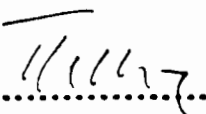
DIRECTORS

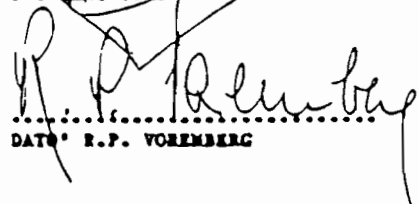

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KWOK LENG BENG

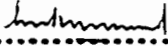

.....
SIM NIAN KIAN


.....
SOH KIM KANG


.....
ONG CHAY TONG


.....
TAN I TONG


.....
DATU R.P. VORENBERG


.....
KWOK LENG JOO

/JA.

EXHIBIT - CKK-6
RESOLUTION PASSED BY HOTEL ORCHID
LIMITED IN PC APPEAL NO.59 of 1984

RESOLUTION

We, the undersigned, being all the Directors for the time being of HOTEL ORCHID LIMITED, pursuant to Article 108 of the Company's Articles of Association, hereby resolve:

The Directors note that Mr. Quek Leng Chye has resigned from the Board with effect from 9 February 1983 as he has to do so in consequence of his being convicted of an offence under Section 39(4) of the Companies Act. 10

The Directors further note that the offence arose out of the failure to issue a prospectus in relation to the sale of shares in CCC Holdings Ltd and understand the circumstances in which the said Mr. Quek Leng Chye committed the offence without deliberation and without any element of dishonesty on his part, but had acted on the professional advice of the CCC Holdings Ltd.'s lawyers.

Noting that he has applied to the Court for leave to be a director of this Company and noting the benefit to the Company in having his continued services on the Board, the Directors hereby express their intention to re-appoint him to the Board should the Court grant leave to him to be a director of this Company. 20

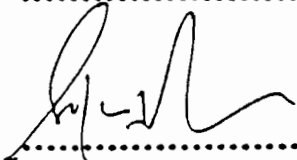
Dated this 12th day of March 1983

DIRECTORS

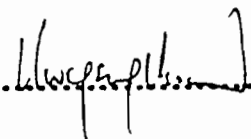
1. KWEK LENG JOO


.....

2. KWEK LENG HOE


.....

3. KWEK LENG KEOW


.....

/JA

EXHIBIT - CKK-7
RESOLUTION PASSED BY HUME INDUSTRIES
(SINGAPORE) LTD IN PC APPEAL NO.59
of 1984

RESOLUTION

We, the undersigned, being all the Directors for the time being of HUME INDUSTRIES (SINGAPORE) LIMITED, pursuant to Article 115 of the Company's Articles of Association, hereby resolve:

10

The Directors note that Mr. Quek Leng Chye has resigned from the Board with effect from 9 February 1983 as he has to do so in consequence of his being convicted of an offence under Section 39(4) of the Companies Act.

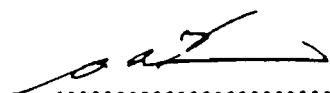
The Directors further note that the offence arose out of the failure to issue a prospectus in relation to the sale of shares in CCC Holdings Ltd and understand the circumstances in which the said Mr. Quek Leng Chye committed the offence without deliberation and without any element of dishonesty on his part, but had acted on the professional advice of the CCC Holdings Ltd.'s lawyers.

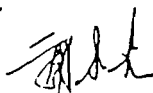
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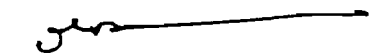
Noting that he has applied to the Court for leave to be a director of this Company and noting the benefit to the Company in having his continued services on the Board, the Directors hereby express their intention to re-appoint him to the Board should the Court grant leave to him to be a director of this Company.

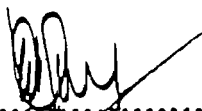
Dated this 12th day of March 1983

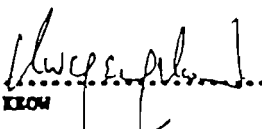
DIRECTORS

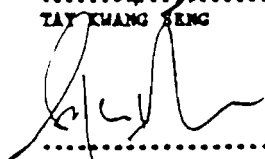

.....
KWOK HONG PING


.....
KWOK HONG LYE

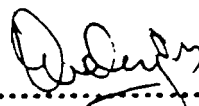

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KWOK LENG BENG


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TAY KWANG BENG


.....
KWOK LENG KIEW


.....
KWOK LENG HOE


.....
COH SIANG HOCK


.....
KWOK LENG PECK

/JA.

EXHIBIT
CHC-1
Statement
under S120 of
CPC given by
Chan Hoo-Chow
in PC Appeal
No.59 of 1984
17th December
1982

EXHIBIT - CHC-1

STATEMENT UNDER S120 OF CPC GIVEN
BY CHAN HOO-CHOW IN PC APPEAL NO.
59 OF 1984

IP No.....
Report No.....

Statement of Chan Hoo-Chow Aliases Charles
Father's Name..... Age 35 yrs Male
Employment Businessman
Nationality and dialect PR Cantonese Identity Card 10
No.4130782/F
Address 33-B Balmoral Park Telephone No.
2350452/0
Language spoken English 2501148/R

Interpreted by
Recorded by Henry Soh Rank Insp. Time 11.25 am
Date 17.12.82

I administer the following warning to the
witness:

"I am conducting a Police investigation 20
into an offence of Sec.366 Cap.185 alleged to
have been committed in 1982 at in Singapore
You are bound to state truly the facts and
circumstances with which you are acquainted
concerning the case save only that you may decline
to make with regard to any fact or circumstance
a statement which would have a tendency to
expose you to a criminal charge or to a penalty
of forfeiture."

Signed (Illegible) 30

Question:- What do you know about the facts of
this case?

Answer: I am the Managing Director and General
Manager of Ms Larry Jewelry (S) Pte Ltd
at G-10 Orchard Towers, Singapore 0922.
2. Sometime in the beginning of this year,
1982, I heard from some of my friends that
the Huang family is setting up a club known
as the City Country Club. It is around 40
that period when Mrs S C Huang came to my
shop to do some shopping that I enquire from
her as to whether or not I could join the
said City Country Club. Mrs S C Huang
told me that I could, however, I have to
to wait until they have sorted out the way in
which membership can be accepted. I agreed

and waited.

EXHIBIT
CHC-1
Statement
under S120
of CPC given
by Chan
Hoo-Chow in
PC Appeal
No.59 of
1984
17th December
1982

10 3. Sometime on or about the 27 Apr 82
I received a letter of Invitation dated 27
Apr 82 from the City Country Club and signed
by Mr S C Huang inviting me to join the said
City Country Club. Together with the
Invitation Letter was a brochure, a rule book
and an Information Sheet. I went through
the letter of invitation and the enclosures
and subsequently I filled in my particulars
in the Information Sheet. I did not send in
the Information Sheet and left it aside until
quite sometime, maybe a week or two later,
when I received a telephone call from Mrs
S C Huang asking me whether or not I have
submitted my Application Form. After that
call, I made a search and found the Information
Sheet. Immediately I went up to the office
of Mr S C Huang and I personally handed over
20 the Information Sheet together with my cheque
for \$2,000/- to Mr S C Huang himself for
enrolment as a member of the City Country Club.

(continued)

30 4. After I have submitted my Information
Sheet to Mr S C Huang I subsequently received
another letter from the City Country Club
dated 7 May 82 informing me that I am a
Qualified Person under Rule 9 of the Rules
of the Club and that I must within a period of
one month purchase one share of the Ms CCC
(Holdings) Ltd from a list of two brokers,
namely Ms Lim & Tan (Pte) and Ms Ong & Co.Ltd.
Upon receipt of the said letter, I contacted
the stock broker at Ms Lim & Tan and spoke to
a lady, her name I am unable to recall, who
told me that I must pay S\$30,000/- per share.
I asked her the reason for quoting that price
and compared it to the Rule Book which said that
one share is valued \$5,000/-. According to the
lady, she informed me that the \$5,000/- as
40 quoted in the rule book was the par value of
the share. The exact price per share which I
have to pay is \$30,000/-. I put down the phone
after hearing that to consider whether or not,
I should buy the share.

50 5. I also wish to state that after the
telephone call with the stock broker at Ms Lim
& Tan, I contacted Mrs S C Huang to enquire why
the share costs \$30,000/- instead of \$5,000/-.
She told me, after consulting her husband,
that he (meaning Mr S C Huang) had never thought
of selling the share at \$5,000/- each as all
along, he was thinking of selling it at \$30,000/-

EXHIBIT
CHC-1
Statement
under S120
of CPC given
by Chan
Hoo-Chow in
PC Appeal
No.59 of
1984
17th December
1982

(continued)

per share. After she had told me the price,
I put down the phone.

6. A few days later, I contacted the stock
broker at Ms Lim & Tan again as I have decided
to purchase the one share in Ms CCC Holdings
Ltd. However, I was advised by them to hold
on as there are some investigation going on
and that I will be informed accordingly by the
people concerned in due course.

7. Subsequently on or about 12 May 82 I
received two letters from Ms Shook Lin & Bok,
and together with one of the letters, I
received my refund of \$2,000/-.

10

8. I am now shown two documents by Insp.
Henry Coh. They are Letter of Invitation from
City Country Club dated 27 Apr 82 and the
Information Sheet submitted by me dated 21
Apr 82.

Q: Which document did you received first?

A: I received the Letter of Invitation
dated 27 Apr 82 together with a blank
Information Sheet on or about 27 Apr 82.

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Q: How did you manage to date the
Information Sheet as 21 Apr 82 when
you said that you only received the
blank Information Sheet on or about
27 Apr 82?

A: I think I have wrongly filled in the
date.

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Q: Did anyone give you a blank Information
Sheet prior to you receiving the Letter
of Invitation on or about 27 Apr 82?

A: No. It only came with the Letter of
Invitation.

Q: How long do you know the Huang family?

A: About seven years already.

Q: Do you know any other Directors of the
City Country Club?

A: No.

40

Q: Do you know the number of shares that
will be sold?

A: No.

Q: Do you know the price of each share?

A: At first, I understand from the rule
book that it was \$5,000/- but
subsequently when I contacted the Stock
Broker, I was told that it was \$30,000/-
and this was confirmed by Mrs S C Huang

Q: Did anyone informed you how they derived at S\$30,000/- per share?

A: No.

Q: Do you know the asset backing of each share?

A: No.

Q: Would you buy the share if you knew that the asset backing of each share is worth less than \$13,000/-?

A: No.

Q: Do you know whose share in Ms CCC (Holdings) Ltd you are buying?

A: No.

Q: Do you know whether you are buying the bonus or the right issue share?

A: No.

Q: Do you know that the club would be run on a proprietary basis?

A: No.

Q: Did anyone tell you that the price of each share will go up?

A: No.

I have read my statement and I made the necessary corrections

Sd:

Charles Chan Hoo Chow

Recorded by me

Sd:

Insp. Henry Soh

All statements and further statements are to be timed and dated. Witnesses will be re-warned immediately prior to the recording of further statements. Statements and further statements will be signed by the Recording Officer or Interpreter. Statements of witnesses must be signed by witnesses as per Sec.120(3) C.P.C.

EXHIBIT
CHC-1
Statement
under S120
of CPC given
by Chan
Hoo-Chow in
PC Appeal
No.59 of 1984
17th December
1982

(continued)

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20

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EXHIBIT

EXHIBIT - CME-1

CME-1

Statement under S120 given by Mdm Chiu Miauw Eng in PC Appeal No.59 of 1984 27th July 1982

STATEMENT UNDER S120 OF CPC GIVEN BY MDM CHIU MIAUW ENG IN PC APPEAL NO.59 OF 1984

IP No.....

Report No.....

Statement of Chiu Miauw Eng Aliases
Father's Name Age 54 yrs Female
Employment Housewife
Nationality and dialect SC/Teochew
Identity Card No. 0573207/G
Address 28 Vanda Drive (1128) Telephone No. 668547/R
Language spoken Mandarin
Interpreted by Miss Mabel Ang
Recorded by Henry Soh Rank Insp.
Time 12.40 pm Date 27.7.82

10

I administer the following warning to the witness:

"I am conducting a Police investigation into an offence of Sec.363 Cap.185 alleged to have been committed in 1982 in Singapore. You are bound to state truly the facts and circumstances with which you are acquainted concerning the case save only that you may decline to make with regard to any fact or circumstance a statement which would have a tendency to expose you to a criminal charge or to a penalty or forfeiture."

20

Sd: M.E.Lim Signed: Illegible Examining Officer

30

Question: What do you know about the facts of this case?

Answer: I am a Housewife residing at the above address with my family. Sometime in Mar 82, my husband LIM Tew Say returned from Jakarta, Indonesia and told me that our friend, Yaptng Chuan - an Indonesian Chinese, wanted to introduce me to join a club in Singapore. I agreed to join the club but at that point of time, I was not told which club it was or the name of the club. Sometime in Apr 82, I cannot remember exactly, I received two Invitation Letters from City Country Club signed by S C Huang

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addressed to me personally and one to my son, LIM Chiang. On receipt of the Invitation Letter, I asked my daughter to fill in the Information Sheet for me and subsequently I sent the Information Sheet together with my personal cheque for \$4000/- drawn on the Lee Wah Bank, Supreme House Branch to the City Country Club. At this stage, I wish to say that I paid \$4000/- because I was paying for two persons, ie myself and my son, Lim Chiang. After the payment of \$4000/- to the City Country Club, I received two letters of acknowledgement from them. The other letter was addressed to my son, Lim Chiang. In the letter sent to me, it was said that I was a qualified person and that I am to buy one share in the Ms CCC (H) Ltd. However, I did not pay up the \$30,000/- for the share because before I even pay up the \$30,000/- I received a refund of \$2,000/- together with a lawyer letter. My son also received a similar refund as well as the lawyer letter. At this stage, I wish to say that I was handling the application for my son, Lim Chiang, as well because he was away in Indonesia doing business. Furthermore, I wanted to join the club because I wanted my family members and my friends to make use of the club facilities.

EXHIBIT
CME-1
Statement
under S120
given by
Mdm Chiu
Miauw Eng
in PC Appeal
No.59 of
1984
27th July
1982

(continued)

Q: From the list of Directors of Ms City Country Club, do you know any of the directors?

A: No I do not know any of them.

Q: From the list of invitees shown to you, do you anyone in that list?

A: I know Jimmy Budiman, William Budiman, Goh Chong Liang and Tom Tan as we are family friends.

Q: Do you know the number of shares that will be sold?

A: I do not know.

Q: Do you know the price of each share?

A: The price of \$30,000/- per share was told by my husband to me when he first mentioned the subject of joining the club to me.

Q: Did anyone tell you how they derived at the price of \$30,000/- of one share?

A: No.

EXHIBIT - FCH-1

STATEMENT UNDER S120 OF CPC
GIVEN BY JOHN FOO CHEE HENG
IN FC APPEAL NO.59 OF 1984

EXHIBIT
FCH-1
Statement
under S120
of CPC
given by
John Foo
Chee Heng
in FC Appeal
No.59 of
1984
10th September
1982

IP No.....

Report No.....

Statement of FOO Chee Heng Aliases John
Father's Name Age 39 Male
Employment Stock Broker
10 Nationality and dialect SC Hainanese
Identity Card No. 0587263/D
Address 319-P Bukit Timah Rd Telephone No.
2530503/R
2210488/O
Language spoken English Interpreted by
Recorded by Henry Soh Rank Insp.
Time 9.20 am Date 10.9.82

I administer the following warning to
the witness:

20 "I am conducting a Police investigation
into an offence of Sec.363 Cap.185 alleged to
have been committed in 1982 in Singapore.
You are bound to state truly the facts and
circumstances with which you are acquainted
concerning the case save only that you may
decline to make with regard to any fact or
circumstance a statement which would have a
tendency to expose you to a criminal charge
or to a penalty or forfeiture."

30 Sd: Signed Illegible
Examining Officer

Question: What do you know about the facts of
this case?

Answer: I am a Director of Ms Associated
Asian Securities (Pte) located 22nd floor,
CPF Building, Robinson Road, Singapore
0306.

40 2 Sometime in the first week of Apr 82
I received an Invitation Letter from the
City Country Club signed by S C Huang
inviting me to join the City Country Club.
Together with the Invitation Letter was
a Preamble and the brochure of the club.
Upon receipt of the Invitation Letter, I

EXHIBIT
FCH-1
Statement
under S120
of CPC given
by John Foo
Chee Heng
in PC Appeal
No.59 of
1984
10th September
1982

(continued)

read the content of the letter and subsequently filled in my particulars in the Information Sheet and together with my cheque for \$2,000/- I forwarded them to the City Country Club. After forwarding the application, I left Singapore for Taipei, Taiwan. Upon my return I received a letter of acknowledgement dated 12 Apr 82 from the City Country Club. After receiving the Acknowledgement letter, I went through the Preamble and when I was informed that I have to pay a sum of \$30,000/- instead of \$5,000/- which was stated in the Preamble. Accordingly I wrote to the City Country Club informing the Preamble mentioned a share of \$5,000/- but there was no mention of a premium of \$25,000/- then. As I have to pay \$30,000/- for the one share, I was withdrawing from the application and I requested for the refund of my \$2,000/-. Subsequently they refunded me my \$2,000/-.

10

20

3 Q: From the list of directors shown to you, do you know any of the directors?

A: From the list of directors, I know only Quek Leng Chye and Derrick Chong.

Q: From the list of invitees shown to you, do you know any of them?

A: I know Advani, Paul Abishegaden, Alex Amos, Boon Suan Lee, Cheong Wing, Gregory Chniah, Chua Boon Unu, Tommy Chua, Alan Charton, Winston Chen, Chua Ting Hee, Kum Lal, Foo See Juan, Goh Geok Khim, Goh Kian Chee, Goh Tiow Seng, Tony Ho, Khoo Boon Hoe, Henry Kwek, Dr Lau Yu Dong, C P Lee, Tommie Lien, C T Lim, Lim Ho Kee, Lee Hock Lay, Sonny Lien, Lim Kiat Seng, Loh Siew Hock, Lauw Yang Choon, S T Loh, S Y Loh, Allan Ng Poh Meng, Ong Tjin An, Sam Han Tat, Tan Keng Siong, Tan Chee Chye, George Teo, Patrick Teo, Tjio Kay Leon, Allan Yeo, Michael Yeo.

30

40

Q: Do you know the number of shares that will be sold?

A: No I do not know

Q: Do you know the price of each share that will be sold?

A: I do not know specifically what was the price per share.

Q: Did anyone tell you that the price per share was \$30,000/-?

50

A: No.

	Q: Do you know the asset backing of each share?.	EXHIBIT
	A: No	FCH-1
	Q: Do you know whose share in Ms CCC (Holdings) Ltd, you are buying?	Statement
	A: I do not know.	under S120
	Q: Do you know whether you are buying the rights issue or the bonus issue share?	of CPC given
	A: No I do not know.	by John Foo
	Q: Do you know the par value of each share?	Chee Heng
10	A: Yes, after I have read the Preamble which says that the par value of one share is \$5000/-	in PC Appeal
	Q: Would you buy the share if you knew that the asset backing of each share is worth less than \$15,000/-?	No.59 of
	A: No.	1984
	Q: Do you know that the club would be run on a proprietary basis?	10th September
20	A: Yes.	1982
	Q: Did anyone tell you that the price of each share will be going up?	(continued)
	A: No.	
	Q: Why did you withdraw from your application?	
	A: I withdrew because I realised I had to pay \$25,000/- premium of the one share which I am supposed to buy and that from the content of the Preamble, the club was leased from Ms CCC (Holdings) Ltd for 10 yrs only.	
30	Q: Earlier, you said you would not buy the share if you knew that the asset backing of one share is worth less than \$15,000/-. Why?	
	A: My explanation is the same as above.	
40	I have read my statement and I have made the necessary corrections.	Recorded by me
	Sd: John Foo	Sd: Henry Soh
	(John Foo)	Insp Henry Soh

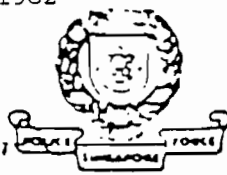
All statements and further statements are to be timed and dated. Witnesses will be re-warned

EXHIBIT
FCH-1
Statement
under S120
of CPC given
by John Foo
Chee Heng
in PC Appeal
No.59 of
1984
10th September
1982

immediately prior to the recording of
further statements. Statements and further
statements will be signed by the Recording
Officer or Interpreter. Statements of
witnesses must be signed by witnesses as per
Sec.120(3) C.P.C.

(continued)

Katherine Tang
27th July
1983
Chelbester



Witness A

Page

IP No

Report No

Statement of Mdm Katherine Tang Aliases Father's Name

Age ...49 yrs... M/F ...female..... EmploymentHousewife.....

Nationality and dialectSC Teochew..... Identity Card No. 0307958/I

Address/Addresses ...21-D Chatsworth Court.... Telephone No: .2353556/R.....

Language spokenEnglish..... Interpreted by

Recorded byHenry Soh..... RankINSP..... Time10.50 am. Date 3.8.82.....

I administer the following warning to the witness:

"I am conducting a Police investigation into an offence of Sec 363 Cap 185 alleged to have been committed on in 1982 at in Singapore. You are bound to state truly the facts and circumstances with which you are acquainted concerning the case save only that you may decline to make with regard to any fact or circumstance a statement which would have a tendency to expose you to a criminal charge or to a penalty or forfeiture."

Katherine Tang

Signed
Examining Officer.

Question: -What do you know about the facts of this case?

Answer:

I am a Housewife residing at the above address,

Sometime in the first week of Apr 82 I received an Invitation Letter from the City Country Club signed by SC Huang inviting me to join the City Country Club. Together with the invitation letter was a Preamble and a brochure of the said club. Upon receipt of the said Invitation Letter, I took sometime to fill in the Information Sheet and to send it together with my personal cheque for \$2000/- to the City Country Club. Sometime in the middle of May 82 I received my refund of \$2,000/- together with a lawyer letter informing me that they are withdrawing the invitation extended to me.

Q: From the list of directors shown to you, do you know any of the director in that list?

A: From the list, I know Derrick Chong as he was the Manager of the American Club of which I am also a member. Apart from Derrick Chong, I know Ng Cheng Bok socially while the rest are not known to me.

Q: From the list of invitees shown to you, do you know anyone in that list?

A: Apart from my sister Janet Liook and my two brothers Tang Wee Cheng and Wee Sun, I do not know the rest.

All statements and further statements are to be timed and dated. Witnesses will be re-warned immediately prior to the recording of further statements. Statements and further statements will be signed by the Recording Officer or Interpreter. Statements of witnesses must be signed by witnesses as per Sec. 120 (3) CPC.

Statement of Katherine Tang

- Q : Do you know the number of shares that will be sold ?
A : No
Q : Do you what is the price per share ?
A : \$30,000/- per share and I came to know of it reading the newspaper.
Q : Did anyone tell you how they derived at the price of \$30,000/- per share ?
A : No
Q : Would you buy the share if you knew that the price per share was worth between \$12,000 to \$15,000/- ?
A : No
Q : Do you know the par value of each share ?
A : No
Q : Do you know whose share you are buying Ms CCC (H) Ltd?
A : No
Q : Do you know whether you are buying the rights issue or the bonus issue share ?
A : No
Q : Do you know that the club would be run on a proprietary basis ?
A : No
Q : Did anyone tell you that the price of the share which you are buying would be going up ?
A : No

I have read my statement and I made the necessary corrections.


Ms Katherine Tang

Recorded by me,


Insp Henry Soh

Statement under S120 of CPC given by
Jonn Loh Jwee Siam in PC Appeal No 59 of 1984

29th July 1982

Witness A

Page



IP No.
Report No.
Commissioner for Oaths,
Attorney-General's Chambers,
Singapore.

Statement of Loh Jwee Siam Aliases Johnny Father's Name
Age 53 yrs M ale Employment Property Consultant
Nationality and dialect SC Teochew Identity Card No. 0353174/J
Address/Addresses 111-E Emerald Hill Rd Telephone No: 7376452/R 2216226/0
Language spoken English Interpreted by
Recorded by Henry Soh Rank Insp Time 2.40 pm Date 29.7.82

I administer the following warning to the witness:

"I am conducting a Police investigation into an offence of Sec 363 Cap 185 alleged to
have been committed on in 1982 at in Singapore You are bound
(Place)
to state truly the facts and circumstances with which you are acquainted concerning the case save only that you
may decline to make with regard to any fact or circumstance a statement which would have a tendency to expose
you to a criminal charge or to a penalty or forfeiture."

Signed
Examining Officer.

Question: -What do you know about the facts of this case?

Answer: I am the sole proprietor of Ms Johnny Loh Associates at
No 57-G, 7th floor, Anson Centre, Singapore 0207.
2 Sometime in the first week of Apr 82, I received an Invitation
Letter from City Country Club signed by SC Huang inviting me to join the
City Country Club, Together with the invitation letter was a Preamble and a
5. brochure of the said club. On receipt of the said Invitation Letter, I
contacted Derrick Chong, who is known to me as we are in the same Rotary
Club, to find out what the entrance fee would be. If I can remember, he told
me that the amount has not been fixed as yet and that I will be informed later.
10. However, I was never officially informed by him after my telephone call to
him. I waited for Derrick Chong's reply until I received a larger letter from
Ms Shook Lin & Bok informing me that the Invitation to join the Club was
withdrawn.
3 Q : After receiving the letter, why did you not respond
to the Invitation Letter signed by SC Huang ?
15. A : I did not respond because the amount for the entrance fee
was not mentioned anywhere and that is why I called Derrick
to ascertain the entrance fee.
Q : Apart from Derrick Chong, do you personally know any
other Director from the list of Directors shown to you ?

All statements and further statements are to be timed and dated. Witnesses will be re-warned immediately
prior to the recording of further statements. Statements and further statements will be signed by the Recording
Officer or Interpreter. Statements of witnesses must be signed by witnesses as per Sec. 120 (3). C.P.C.

Statement under S120 of CPC given by Jonn Loh Jwee Siam in PC Appeal No 59 of 1984 (Contd.)
29th July 1982

Q : From the list of invitees shown to you, do you know anyone in that list ?

A : From the list shown to me, I would say that most of the Rotary Club members are known to me and apart from the Rotary Club members I do not know anyone else personally.

25.

Q : Do you know the amount/shares which will be sold ? /of

A : No

Q : Do you know the price of each share ?

A : No *Yes*

30.

Q : Do you know whose share in Ms CCC (H) Ltd you are buying ?

A : No

Q : Do you know whether you are buying the rights issue or the bonus issue share ?

A : No

35.

Q : Do you know the par value of each share ?

A : No

Q : Do you know the asset backing of each share ?

A : No

40.

Q : Would you buy the share in Ms CCC(H) Ltd if you knew that the price per share is worth less than \$30,000/- ?

A : No

Q : Do you know that the club will be run on a proprietary basis ?

A : No

Q : What else do you know about the Invitation Letter ?

45.

A : Many of the Rotarians have been invited to join. In personal opinion is that there is insufficient information disclosed in the letter, preamble or brochure for me to make a decision as to whether or not to join the club.

I have read mt statement and I have made the necessary corrections

Recorded by me,

50.

Jonn Loh Jwee
LOH JWEE SIAM

D/Insp Henry Soh
D/Insp Henry Soh

55.

Statement under S120 of CPC given by Vincent Lam Thay Ngian in PC Appeal No 59 of 1984

18th October 1982

Witness A

Page



IP No. Feb 1983

Report No. Commissioner for Oaths, Attorney-General's Chambers, Singapore.

Statement of Lam Thay Ngian Aliases Vincent Father's Name

Age 33 yrs M male Employment Businessman

Nationality and dialect SC Khok Identity Card No. 0224817/D

Address/Addresses G2211 Laguna Park 1544 Telephone No: 444413/R 2550477/0

Language spoken English Interpreted by

Recorded by Henry Soh Rank Insp Time 9.10 am Date 18.12.82

I administer the following warning to the witness:

"I am conducting a Police investigation into an offence of Sec 306 Cap 185 alleged to have been committed on in 1982 at in Singapore (Place). You are bound to state truly the facts and circumstances with which you are acquainted concerning the case save only that you may decline to make with regard to any fact or circumstance a statement which would have a tendency to expose you to a criminal charge or to a penalty or forfeiture."

Signed Examining Officer.

Question: - What do you know about the facts of this case?

Answer: I am a Director of Ms Promet Private Limited at No 21 Pandan Road, Jurong Industrial Estate, Singapore 2260. There are 6 directors in my company and amongst them, one is ONG Tian Khian.

2 Sometime in Apr 1982 I read in the Business Times of 5 Apr 82 on an article regarding a Country Club being formed by a group of prominent businessmen. The Country Club was known as the City Country Club. On or around that period I was aware that there was an appreciation for membership fees in private clubs. When I read about the City Country Club, I thought that I could made an investment by joining the club as well as enjoying the facilities which the said club could provide. The subject of joining this was discussed as/when the subject was brought up. I had spoken about this club with ONG Tian Khian, my other director, as well as our close friend, TAN Wah Thong of Ms Baker Marine Pte Ltd. It was Tan Wah Thong who informed the two of us that he has been invited to join the City Country Club and that he knew Derrick Chong. At this stage I wish to state that TAN Wah Thong is one who is our very close friend as well as our business associate. The two of us, ie ONG Tian Khian and myself, did ask Tan Wah Thong to make arrangement for the two of us to join the club through his friend Derrick Chong. This was sometime in Apr 1982.

2 On or about 6 May 1982, as arranged through Ong Tian Khian, Tan Wah

All statements and further statements are to be timed and dated. Witnesses will be re-warned immediately prior to the recording of further statements. Statements and further statements will be signed by the Recording Officer.

EXHIBIT LTN-1

Statement under S120 of CPC given by Vincent
Lam Thay Ngian in PC Appeal No 59 of 1984 (Contd.)

18th October 1982

Statement of Vincent Lam

Thong and myself, we met at the City Country Club site at Stevens Road before lunch. I am unable to say who arrived there first but when the three of us met, we went into the office of Derrick Chong and there I was introduced to Derrick Chong by Tan Wah Thong. Ong Tian Khiam was also introduced to Derrick Chong by Tan Wah Thong. Derrick Chong was introduced to us as the General Manager of the City Country Club. We sat down and Derrick Chong told us about the club and the facilities which it could offer. He also told us that it would cost about \$32,000/- to join the club and that the membership of the club was transferable and that the club member would also be shareholders in the Ms CCC (Holdings) Ltd. After he has explained the club and its facilities, he handed to the two of us, a rule Book of the club and a Brochure. After going through the rule book and the brochure, the two of us told Derrick Chong that we wanted to join the club and he then handed to us, two copies of blank Information Sheets of the City Country Club. I took one of them and filled in my particulars while Ong Tian Khiam took the other and filled in his particulars. When I have completed filing the Information Sheet in Derrick Chong's office, I handed the completed Information Sheet together with my personal cheque for S\$2,000/- drawn on the Chase Manhattan Bank, Jurong Branch, to Derrick Chong. Ong Tian Khiam did likewise but he made use of my cheque to pay for his entrance fees of \$2,000/-. Ong Tian Khiam used my cheque because he did not carry his cheque on that day. After that, the three of us left the City Country Club for the Civil Services Club at Mindef for lunch.

4 A few days later after I have handed the Information Sheet and my cheque to Derrick Chong, I received a letter from the City Country Club dated 7 May 82 informing me that I have become a Qualified Person and that within a period of one month I must purchase one share in Ms CCC (Holdings) Ltd. from one of the two firms named in an attached list, i.e. Ms Ong & Co. and Ms Lim & Tan (Pte).

5 Before I could contact either of the broking firms, I received a letter from Ms Shook Line & Bok together with a refund of \$2,000/-. Briefly, the lawyer's letter informed me that there was some matter to be clarified before I am re-invited.

5 I am now shown a letter dated 27th Apr 82 addressed to me by the City Country Club and signed by Chairman Mr S C Huang. I wish to state that I received this letter after I met and was introduced to Derrick Chong on or about 6 May 82 together with Ong Tian Khiam and Tan Wah Thong.

Statement under S120 of CPC given by Vincent Lam Thay Ngian in PC Appeal to No 59 of 1984 (Contd.)
18th October 1982

Statement of Vincent Lam

I said
I ~~am sure~~ of this because before I was introduced to Derrick Chong did not receive any correspondence from the City Country Club.

6

Q : From the list of directors shown to you, do you know any of the directors ?

A : I do not know any of them personally except Derrick Chong who was introduced to me by Tan Wah Thong on or about 6 May 82 at the City, Country Club.

Q : From the list of invitees shown to you, do you know any of the invitees ?

A : I know John Foo, Tony Ho, Tan Wah Tong,

Q : Do you know the number of shares that will be sold ?

A : No

Q : Do you know the price of each share ?

A : Yes, \$30,000/- per share as told by Derrick Chong

Q : Do you know the asset backing of each share ?

A : No

Q : Would you buy the share if you knew that the asset backing of each share is worth less than \$13,000/- ?

A : No

Q : Do you know whose share in Ms CCC (Holdings) Ltd ^{you are buying?}

A : No

Q : Do you know whether you are buying the rights issue or the bonus issue share ?

A : No

Q : Do you know that the club would be run on a proprietary basis ?

A : No

I wish to state that the first and last time I saw Derrick Chong was at the City Country Club on or about 6 May 82. I have never received any call from him until about ten days ago from ~~today~~, when Derrick Chong called me personally and told me that his lawyer would like to talk to me. I told him to ask his lawyer to call me before coming to see me. After ~~recently~~ Derrick Chong's call, I was told by Ong Tian Khiam that a lawyer CHOC had arranged to see both of us within the ten days. ^{and the date is 14th Dec. 1982} ~~I wish to state that the exact dates will be given later by me.~~

8

On or about 14 Dec 82 at about 3.00 pm a lawyer, Choo Han Teck, of Ms Murphy & Dunbar, interviewed me and Ong Tian Khiam. The interview

EXHIBIT LTN-1

Statement under S120 of CPC given by Vincent Lam Thay Ngian in PC Appeal to No 59 of 1984 (Contd.)
18th October 1982

Statement of Vincent Lam

In Ong Tian Khiam's room lasted about half an hour. During the interview I had to leave the room and return again as I had to answer calls. The interview, in short, was how we came to join the club. After the interview the lawyer told me that he will be sending us a statement for review and I did not sign any document at all.

9 On 17 Dec 82 I received a statement from Lawyer Choo Han Teck and I have not read it as yet.

I have read my statement and I have made the necessary corrections

Recorded by me,

Insp Henry Soh

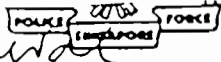
(VINCENT LAM THAY NGIAN)

Statement under S120 of CPC given by Ricky Ng Khim Guan
in PC Appeal No 59 of 1984
6th August 1984

Witness A

Page

Chmelchostwa
Commissioner for Oaths,
At Singapore Police Chambers



IP No.
Report No.

Statement of Ng Zhim Guan Aliases Ricky Father's Name
Age 34 yrs M/F Male Employment Businessman
Nationality and dialect SC Hokkien Identity Card No. 1072798/G
Address/Addresses 14C Paterson Tower Telephone No: 7334815/R 7378644/o
Language spoken English Interpreted by
Recorded by Henry Soh Rank Insp Time 4.10 pm Date 6.8.82

I administer the following warning to the witness:

"I am conducting a Police investigation into an offence of Sec 363 Cap 185 alleged to
have been committed on in 1982 at in Singapore You are bound
(Place)
to state truly the facts and circumstances with which you are acquainted concerning the case save only that you
may decline to make with regard to any fact or circumstance a statement which would have a tendency to expose
you to a criminal charge or to a penalty or forfeiture."

Maag

Signed
Examining Officer.

Question:—What do you know about the facts of this case?

Answer: I am the Managing Director of Ms Ny Teow Yhee & Sons Pte
Ltd at No 37 Somerset Road, Singapore 0923.

2 Sometime in Apr 82 the second wife of Derrick Chong met
my wife and she told my wife that Derrick Chong is having a new club
and that he will be inviting me to join the club. As for me personally,
5 I know Derrick Chong through his wife sometime ago, about ten years ago,
but we have no dealings. Sometime in Apr 82, in the first week, I received
an Invitation Letter from the City Country Club signed by SC Eugene inviting
me to join the City Country Club. Together with the invitation letter was
10 a preamble and a brochure of the said club. Upon receipt of the said
invitation I filled in the Information Sheet and together with my personal
cheque for \$2,000/- I submitted my application to the City Country Club.
Subsequently I received an acknowledgement letter from the City Country
Club informing me that I have become a Qualified Person and that I must
15 within a period of one month buy one share in the Ms CCC(E) Ltd. However,
before I could purchase the one share, I received a lawyer letter from Ms
Shook Lin & Bok informing me that they are withdrawing the invitation
extended to me earlier and together with this lawyer letter was a refund
of \$2,000/-.

Q: From the list of 7 directors shown to you, do you

All statements and further statements are to be timed and dated. Witnesses will be re-warned immediately
prior to the recording of further statements. Statements and further statements will be signed by the Recording
Officer or Interpreter. Statements of witnesses must be signed by witnesses as per Sec. 120 (3), C.P.C.

Statement under S120 of CPC given by Ricky Ng Khim Guan
in PC Appeal No 59 of 1984 (Contd.)
6th August 1984

Q : know any of the director in that list ?

A : I know Derrick Chong only. As for SC Huang and Quak Long
Chye I know them casually. The rest are not known to me.

Q : From the list of invitees shown to you, do you know anyone
in that list ?

A : I know only Chew Beng Hin.

Q : Do you know the number of shares that will be sold ?

A : No

Q : Do you know the price of each share ?

A : I was told by my wife that the price per share was \$30,000/-.
This price was told to my wife by Mrs Derrick Chong.

Q : Do you know how they derived at the price of \$30,000/- per share

A : No

Q : Do you know the par value of each share ?

A : No

Q : Would you buy the share if you know that the price of each
share is worth between \$12,000/- to \$15,000/- ?

A : No I would not buy.

Q : Do you know whose share you are buying in Ks CCC (F) Ltd ?

A : No

Q : Do you know whether you are buying the rights issue or
the bonus issue share ?

A : No

Q : Do you know that the club would be run on a proprietary basis ?

A : No

Q : Did anyone tell you that the price of the share which you are buying
will be going up ?

A : Mrs Derrick Chong informed my wife that the price of the share
appreciate in time to come but did not say how much.

I have read my statement and I have the
necessary corrections

Recorded by me,

(Ricky Ng Khim Guan)

Insp Henry Soh

Statement under S120 of CPC given by Raj Sachdev
 in PC Appeal No 59 of 1984
 4th August 1982

Witness A

Page

IP No. Feb 10 83
 Report No. Chandeshwar
 Statement of Raj Sachdev Aliases Father's Name
 Age 62 yrs M ale Employment Businessman
 Nationality and dialect SC Punjabi Identity Card No. 0316146/A
 Address/Addresses 348 Pasir Panjang Rd Telephone No: 7753833/R 3366120/0
 Language spoken English Interpreted by
 Recorded by Henry Soh Rank Insp Time 11.55 am Date 4.8.82

I administer the following warning to the witness:

"I am conducting a Police investigation into an offence of Sec. 363 Cap. 185 alleged to have been committed on in 1982 at in Singapore You are bound to state truly the facts and circumstances with which you are acquainted concerning the case save only that you may decline to make with regard to any fact or circumstance a statement which would have a tendency to expose you to a criminal charge or to a penalty or forfeiture."

Signed
 Examining Officer.

Question: —What do you know about the facts of this case?

Answer: I am the Managing Director of Ms M D Raj & Co Pte Ltd at No 73 High Street, Singapore 0617.

2 Sometime in the end of Mar 82 I met Derrick Chong at Pattaya, Thailand, and he informed me that he will be sending me an Invitation to join his new club, ie the City Country Club. I agreed. Subsequently in the first week of Apr 82, I received an Invitation Letter from the City Country Club signed by SC Huang inviting me to join the said City Country Club. Together with the invitation letter was a Preamble and a brochure of the club. However as I was away from Singapore, I directed my son to submit the application to be a member of the said club on my behalf. Subsequently on the first week of May 82 I returned to Singapore. When I returned I was told by my son that I have to pay one share priced at \$30,000/- before I can be a member of City Country Club. Before I could send in my money to buy the share in Ms CCC(H) Ltd, I received a telephone call from a lady from Ms Lim & T (Pte) informing me not to send any money as they are clarifying some matter before they resume accepting money for the share of Ms CCC(H) Ltd. On or about the same period, I received a lawyer's letter together with my refund of \$2,000/- informing me that they are withdrawing their invitation letter extended to me to join the City Country Club.

3 Q : From the list of 7 directors shown to you, do you know

All statements and further statements are to be timed and dated. Witnesses will be re-warned immediately prior to the recording of further statements. Statements and further statements will be signed by the Recording Officer or Interpreter. Statements of witnesses must be signed by witnesses as per Sec. 120 (3), C.P.C.

Statement under S120 of CPC given by Raj Sachdev
in PC Appeal No 59 of 1984 (Contd.)
4th August 1982

Q : any other director apart from Derrick Chong ?

A : Apart from Derrick Chong, I know Ng Cheng Bok.

Q : From the list of invitees shown to you, do you know anyone in that list ?

25. A : I know Lawyer Advani, Paul Abishiganden, Harold Chan, Dadi Balsara, M K Chanrai, M T Chanrai, Lupu Craiu, Vincent Chen, Kumar Lul, Richard, Eu, Dennis Hangchi, Gaminji Korala, Tommy Lien, Lim Lee King, Lee Hock LayR J Logoraj, J K Medora, Bobby Macatangay, E E Molwani, B P Kelzani, Rewa Kirpuri, 30. R Patel, Harold Shaw, Shaw Vee Meng, Akira Sano, Tan Peng Gee, P C Tan, Tay Teck Eng, D K Verma, Albert Wee, Athit Wasnatachat, H K Yeo.

Q : Do you know the number of shares that will be sold ?

A : No

75. Q : Do you know the price of each share ?

A : I was told by my son that the price per share was \$30,000/-

Q : Did anyone tell you how they derived at the price of \$30,000/- per share ?

A : No

Q : Would you buy the share if you knew that the price per share was worth about \$12,000/- to \$15,000/- ?

A : No I would not.

Q : Do you know the par value of each share ?

A : No

Q : Do you know whose share in Ms CCC (H) Ltd you are buying ?

A : Yes I am buying the club's share.

Q : Do you know whether you are buying the rights issue or the bonus issue share ?

A : No I do not know.

50. Q : Do you know that the club would be run on a proprietary basis ?

A : No

Q : Did anyone tell you that the price of the share which you are buying will be going up ?

A : Yes, Derrick Chong told me that the share price will go but he did not mention the amount or price.

55.

I have read my statement and I have made the necessary corrections.

Recorded by me,

Raj Sachdev

Eric Henry Soh

Statement under S120 of CPC given by Tan Beng Chuan in PC Appeal No 59 of 1984
15th September 1982

Witness A

Page

IP No. Feb 1983

Report No. Commissioner for Oaths, Attorney-General's Chambers

Statement of Tan Beng Chuan Aliases Father's Name

Age 35 yrs M/F ale Employment Businessman

Nationality and dialect SC Hokkien Identity Card No. 1138819/A

Address/Addresses A203 Farrer Court Telephone No: 4757953/R 2228811/0

Language spoken English Interpreted by

Recorded by Henry Soh Rank Insp Time 2.20 pm Date 15.9.82

I administer the following warning to the witness:

Sec 363 Cap 185

"I am conducting a Police investigation into an offence of alleged to have been committed on in 1982 at in Singapore You are bound to state truly the facts and circumstances with which you are acquainted concerning the case save only that you may decline to make with regard to any fact or circumstance a statement which would have a tendency to expose you to a criminal charge or to a penalty or forfeiture."

Signed Examining Officer.

Question: -What do you know about the facts of this case?

Answer: I am a ~~Director~~ ^{Manager} of Ms Prima Limited at 201 Keppel Road, Singapore.


2 Sometime in the first week of Apr 82 I received an Invitation Letter from the City Country Club signed by S C Huang inviting me to join the City Country Club. Together with the Invitation Letter was a Preamble and a brochure of the said club. I read the contents of the letter, preamble and the brochure and subsequently I filled in my particulars in the Information Sheet and sent it together with a cash cheque for \$2,000/- to the City Country Club. Following this, I received another letter from the City Country Club informing me that I have become a qualified person and that I must within the period of one month purchase one share in Ms CCC (Holdings) Ltd. When I received this second letter from City Country Club, I contacted Ms Lim & Tan and spoke to Mrs Esther Seet who informed me that the price per share was \$30,000/- and not \$5,000/- On hearing this, I contacted Derrick Chong and he confirmed that the price per share is \$30,000/-. I then told him that I wanted to withdraw my application and he agreed to it. I wanted to withdraw when I heard that it was \$30,000/- because I felt

All statements and further statements are to be timed and dated. Witnesses will be re-warned immediately prior to the recording of further statements. Statements and further statements will be signed by the Recording Officer or Interpreter. Statements of witnesses must be signed by witnesses as per Sec. 120 (3). C.P.C.

Statement under S120 of CPC given by Tan Beng Chuan in PC Appeal No 59 of 1984 (Contd.) 15th September 1982
Statement of Tan Beng Chuan

that the price was a bit too expensive. Subsequently they refunded my \$2,000/- to me.

3 Q : From the list of directors shown to you, do you know any of them ?

 A : I know Gan Khai Choon and Derrick Chong.

Q : From the list of invitees shown to you, do you know any of them ?

A : I know Boon Suan Lee, Henry Kwek, Ng Cheong Ling

Q : Do you know the number of shares that will be sold ?

A : No

Q : Do you know the price of each share ?

A : At first, I thought it was \$5,000/- but when I contacted Mrs Esther Seet of Ms Lim & Tan, she told me that it was \$30,000/-. This was confirmed by Derrick Chong when I spoke to him subsequently.

Q : Do you know the asset backing of each share ?

A : No

Q : Would you buy the share if you knew that the asset backing of each share is worth less than \$15,000/- ?

A : No because it is too expensive.

Q : Do you know whose share in the Ms CCC (Holdings) Ltd you are buying ?

A : No

Q : Do you know whether you are buying the rights issue or the bonus issue share ?

A : No

Q : Do you know that the club would be run on a proprietary basis ?

A : No

Q : Did anyone tell you that the price of the share will be going up ?

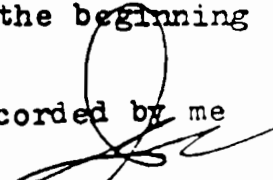
A : No

Q : Why did you not respond to the invitation ?

A : I have explained the reason in the beginning of the interview.

I have read my statement and I made the necessary corrections

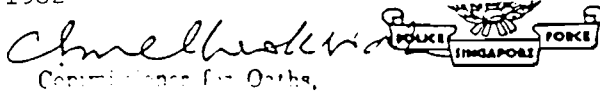
Recorded by me



Statement under S120 of CPC given by Christopher Tan Cheng Poh in PC Appeal No 59 of 1984 26th July 1982

Witness A

Page



IP No. Report No.

Statement of Tan Cheng Poh Aliases Christopher Father's Name ... Age 34 M/F male Employment Manager Nationality and dialect SC Hokkien Identity Card No. 0574182/C Address/Addresses 5A-Jalan Sindor(2880) Telephone No: 2983522/0 Language spoken English Interpreted by ... Recorded by Henry Soh Rank Insp Time 11.35 pm Date 26.7.82

I administer the following warning to the witness:

"I am conducting a Police investigation into an offence of Sec 363 Cap 185 alleged to have been committed on in 1982 at in Singapore. You are bound to state truly the facts and circumstances with which you are acquainted concerning the case save only that you may decline to make with regard to any fact or circumstance a statement which would have a tendency to expose you to a criminal charge or to a penalty or forfeiture."

Signed ... Examining Officer.

Question:—What do you know about the facts of this case?

Answer: I am the Manager of Ms Electronic Components of General Electric (USA) Pte Ltd of No 201-B Boon Keng Road, Singapore 1233. I am in the Social Committee of the Singapore Institute of Personnel Management together with one Sylvia CHECK. Sylvia CHECK is the Administrative Manager of City Country Club. Sometime in mid-Mar 82 I realised that Sylvia CHECK was working in City Country Club and as I wanted to join a Club for business contacts and a place to bring my overseas guest to, I made enquiries from Sylvia CHECK. As I do not know any of the Directors of the said City Country Club, I asked Sylvia CHECK to introduce me to one of them and also to send me an Invitation to join the Club. Sylvia CHECK obliged by sending me an Invitation Letter signed by one S C Huang. When I received that letter signed by SC Huang, I contacted Sylvia CHECK and and told her that I still do not know any of the Directors as yet. To this, she informed me that I must personally go down to their office at No 30 Stevens Road where she will intrdduce her General Manager, Mr Derrick Chong, go me. I agreed. On 17 Apr 82 at about 10.30 am to 11.00 am I drove to No 30 Stevens Road and as arranged between Sylvia CHECK and myself, I was introduced to Derrick Chong. When I was introduced to Derrick Chong on that day I told him of my intention to join the club and he agreed. I also paid a sum of \$2000/- by way of a DES Toa Payoh Branch cheque to City Country Club

All statements and further statements are to be timed and dated. Witnesses will be re-warned immediately prior to the recording of further statements. Statements and further statements will be signed by the Recording Officer or Interpreter. Statements of witnesses must be signed by witnesses as per Sec. 120 (3). C.P.C.

20.
25.
30.
35.
40.
45.
50.
55.

✓ my membership fees. I left the office after that.

3

Q : From the Directors List shown to you, do you know any other Directors ?

A : Apart from Terric Chong, NO.

Q : From the list of invitees shown to you, do you know any of them ?

A : I know John Holm (boss of an affiliated company) and Richard Kulle (my boss) The rest I do not know.

Q : Do you know the number of shares that will be sold ?

A : I do not know.

✓ Q : Do you know what price the share will be sold ?

A : \$30,000/- per share.

Q : Do you know whose share you are buying ?

A : I do not know. As far as I know, I am buying a club's s

Q : Do you know whether you are buying the rights issue or the bonus issue share ?

A : I do not know.

Q : Do you know the asset backing of each share which you are buying ?

A : I do not know.

Q : Would you still buy the share if you know that the price of each share is/less than \$30,000/- /worth ?

? A : If I had known that the share is worth less than \$30,000 I definitely will not buy the share.

Q : Do you know the par value of each share ?

A : \$5,000/- per share but when I asked Sylvia Cheok why I had to pay \$30,000/- for a share whose par value is \$5,000/- Sylvia Cheok told me that the price had gone up to \$30,000/-

Q : Any further explanation offered by her ?

A : I was told by her that she overheard her directors discuss that the value of each share would go up to about \$40,000 to \$45,000/- per share. In fact, she asked me to buy the share earlier as the price would go up.

Q : Did she said when the price would go up ?

A : No

Q : Would you know that the club will be run on a propriet basis ?

A : I do not know.

Q : Are you sure that you receive the Invitation Letter signed by SC Huang first before you were subsequently introduced to Derrick Chong by Sylvia Cheok ?

Handwritten signature

EXHIBIT TCP 1

Statement under S120 of CPC given by Christopher
Tan Cheng Poh in PC Appeal No 59 of 1984 (Contd.)
26th July 1982

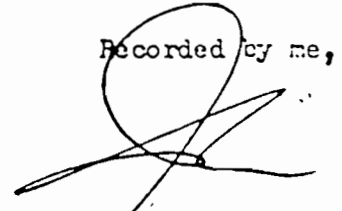
Statement of Christopher Tan Cheng Poh

A : I am sure that I received the Invitation Letter first
before I was introduced to Derrick Chong.

I have read my statement and I have made
the necessary corrections.


Tan Cheng Poh

Recorded by me,


D/Insp Henry Soh

Transcript of Speech by Chandra Monan, the District Judge in PC Appeal No 59 of 1984
2nd March 1983

(Not a judgment)
HS 4"

Henry Sih Hoy Tok
March 83
Chined... ..

PUBLIC PROSECUTOR vs (1) HUANG SHENG CHANG
(2) QUEK LENG CHEE
(3) GAN KEAI CHOON
(4) NG CHENG BOK
(5) DERRICK CHONG SOON CHOY
(6) WINSTON CHUNG YING CHEN

I have considered at great length the circumstances leading to the commission of the present offences and the mitigating factors that were so ably urged on behalf of all the accused persons.

These cases are perhaps distinguished by the presence of a significant number of mitigating factors that cannot possibly be ignored by a court of law.

The accused are all first offenders, men of excellent repute and have readily pleaded guilty to the charges against them. I accept that these offences were committed without deliberation and without any element of dishonesty. More importantly, their infringements of the law have not resulted in any conceivable loss to the public.

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.

It is equally clear that the first five offenders were led to the commission of these offences by their reliance upon the legal expertise of the 6th accused (Winston Chung Ying Chen), and upon the opinion that he had succeeded in obtaining from the Asst Registrar of Companies that a prospectus was unnecessary.

In assessing the sentence of the first five accused, in particular, I have, inter alia, examined their relative roles in the enterprise, the degree of responsibility, the nature of their interests in this venture, the control they exercised in the affairs of CCC Holdings and the nature of the influence over their legal counsel.

Although the 4th accused (Ng Cheng Bok) has been mentioned the least in the mitigation pleas, he has the most merit in earning the leniency of the court. I am convinced that compared to the other accused persons, his culpability has been minimal. It would therefore be undesirable to tar him with the same brush.

The 6th accused (Winston Chen) must accept absolute responsibility for the present predicament that he and the other accused persons now find themselves in.

I am, however, anxious to emphasise in this court that if the 6th accused (Winston Chen) is punished, it is certainly not because his view of the law proved erroneous. It would be more appropriate to say of him, not that he did not appreciate the law, but that he tenaciously refused to appreciate the law. He was therefore bent on pursuing a course of conduct that would have almost certainly led him and others to breaches of the Companies Act, which in fact it did.

It is plain that as early as November 1980, the 6th accused (Winston Chen) was made aware that the proposed scheme for the sale of shares in the City Country Club faced an obvious prospectus problem. This was the only significant legal problem in the entire scheme and was apparent even to the merchant bankers, Wardley Ltd. The accused's own record of a meeting of directors in May 1981 reveals a discussion of the prospectus problem.

On 9th September 1981, the accused received the second opinion of John Oliver, Q.C. It is obvious from the proposal of the Q.C. that the issuance of a prospectus was imperative. The accused appears to have appreciated this because at another meeting between the directors and the tax consultants, on 18th September 1981, he explained the problems regarding the prospectus and clearly saw his task as working out the "prospectus problem".

In the following month, on 19th October 1981, the accused further sought and obtained an opinion from another Q.C., David Bennet. Bennet's clear view, after an analysis of the law, was that an offer of the sale of shares to a private club with a large membership would constitute an offer to a "section of the public", within the Australian equivalent of section 4(6) of our Companies Act. Therefore, the issuance of a prospectus would again have become necessary.

Although it has now been suggested that the accused did not agree with Bennet, Q.C., his note to the 1st accused (Euang Seng Chang) on 31st October 1981 does not support that at all. On the contrary, the accused submitted a copy of Bennet's opinion and with the view that "it would be preferable to have a prospectus issued unless exemption is obtained from the Registrar of Companies".

The only reasonable conclusion from the facts is that the accused was, even as late as October 1981, obsessed with demonstrating to the other defendants that he was indeed capable of finding a solution to the prospectus problem. It is this obsession, perhaps, that led him to advise his clients that section 39A of the Companies Act granted the Registrar of Companies powers to exempt a company from issuing a prospectus. That is patently an impossible view to take on any reading of

section 39A. There is always a danger when any person insists that the law must always accommodate his solutions.

About two weeks later, in mid-November 1981, the accused found a final solution to his prospectus problem. It took the form of Lee Theng Kiat, a relatively junior Asst Registrar of Companies.

It is important, finally, to consider the circumstances that led the Asst Registrar to conclude that no prospectus was needed for the City Country Club.

In the afternoon of 17th November 1981, the accused met the Asst Registrar informally in his firm and discussed the issue. The accused subsequently wrote to him on 2nd December 1981 but without giving details of the legal problems that had troubled him or without any reference to the opinion of David Bennet, Q.C. Instead, he rather cleverly (or so he thought) referred the Asst Registrar only to a passage in Palmer's Company Precedents (17th Edition) which, as Bennet Q.C. had been careful to point out to him, contained a rather dubious proposition of law.

Mr Du Cann, Q.C., has submitted to me that the accused was under no obligation to disclose to the Registrar, Q.C. Bennet's view or any opposite legal view. But in my judgment,

Transcript of Speech by Chandra Moḡan, the
District Judge in PC Appeal No 59 of 1984 (Contd.)
2nd March 1983

he was certainly not entitled to mislead the Asst Registrar in the manner that he did. The Asst Registrar was entitled to expect complete candour at least for the reason that the initial approaches to him were made by the accused on a personal basis.

In the result, it took the Asst Registrar just five weeks to respond to a problem which had vexed, among others, two Queen's Counsel, a merchant banker and some of the best brains at Shook, Lin & Bok for almost two years.

The compelling conclusion is that the accused's conduct in this regard has been far from honourable.

Apart from these reservations, I accept the mitigation plea that Mr Du Cann has made on behalf of the 6th accused (Winston Chen). He has said everything he possibly could have said and has said so, admirably.

The sentence of the court is as follows:

1st Accused (Huang Sheng Chang) - Fined \$2,000 on each of the two charges.

2nd Accused (Quek Leng Chye) - Fined \$500.

Transcript of Speech by Chandra Monan, the
District Judge in PC Appeal No 59 of 1984 (Contd.)
2nd March 1983

3rd Accused (Gan Khai Choon) - Fined \$500.

4th Accused (Ng Cheng Bok) - 12 months Conditional Discharge.

5th Accused (Derrick Chong Soon Choy) - Fined \$500 on each of
the two charges.

6th Accused (Winston Chung Ying Chen) - Fined \$4,000, in default,
6 months' imprisonment.

S. CHANDRA MOHAN
DISTRICT JUDGE
SUBORDINATE COURTS

Transcribed by me and
certified to be a true copy



COURT CLERK
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SUBORDINATE COURTS

EXHIBIT

Charge in DAC Summons 4399/82 under Section 366(1)
read with Section 366(2) of the Companies Act in
PC Appeal No 59 of 1984
1st September 1982

DAC 4399/82

THE CRIMINAL PROCEDURE CODE (CHAPTER 113),
SECTION 157 - 159

CHARGE

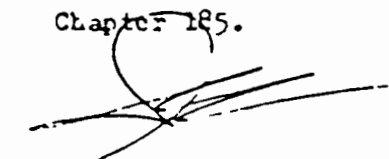
1st Charge

- You, (1) Huang Sheng Chang, M/62 yrs
IC No 2083446/C
- (2) Winston Chung Ying Chen, M/41 yrs
IC No 0514599/F
- (3) Quek Leng Chye, M/37 yrs
IC No 1141338/B
- (4) Gan Khai Choon, M/36 yrs
IC No 1681456 (FOM)
- (5) Ng Cheng Bok, M/54 yrs
IC No 0377492/I
- (6) Derrick Chong Seon Choy, M/47 yrs
IC No 4002118 (FOM)

are charged that you between May 1981 and April 1982
conspired with one another to induce other persons to
enter into agreements for acquiring shares in C.C.C.
(Holdings) Ltd by the dishonest concealment of the
following material facts :-

- (1) the extent of the Directors' interest
in the said Company; and
- (2) the assets and liabilities of the
said Company,

and pursuant to such a conspiracy an attempt was made
to induce one Alan Charton to agree to acquire one
share in C.C.C. (Holdings) Ltd and you have thereby
committed an offence punishable under Section 366(1)
read with Section 366(2) of the Companies Act,
Chapter 185.



HENRY SOH (S/INSF)
COMMERCIAL CRIME DIVISION
CRIMINAL INVESTIGATION DEPT
SINGAPORE

1 SEP 82

CRIMINAL INVESTIGATION DEPT
SINGAPORE

EXHIBIT

Charge in DAC Summons 4400/82 under Section 366 (1)
read with Section 366(2) of the Companies Act in
PC Appeal No 59 of 1984
1st September 1982

DAC ~~4400/82~~

THE CRIMINAL PROCEDURE CODE (CHAPTER 113),
SECTION 157 - 159

CHARGE

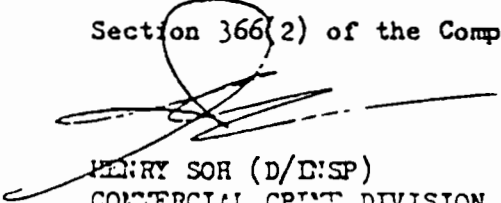
2nd Charge

- You, (1) Huang Sheng Chang, M/62 yrs
IC No 2083446/C
- (2) Winston Chung Ying Chen, M/41 yrs
IC No 0514599/F
- (3) Quek Leng Chye, M/37 yrs
IC No 1141338/B
- (4) Gan Khai Choon, M/36 yrs
IC No 1681456 (FOM)
- (5) Ng Cheng Bok, M/54 yrs
IC No 0377492/I
- (6) Derrick Chong Soon Choy, M/47 yrs
IC No 4002118 (FOM)

are charged that you between May 1981 and April 1982
conspired with one another to induce other persons to
enter into agreements for acquiring shares in C.C.C.
(Holdings) Ltd by the dishonest concealment of the
following material facts :-

- (1) the extent of the Directors' interest
in the said Company; and
- (2) the assets and liabilities of the
said Company,

and pursuant to such a conspiracy an attempt was made
to induce one John Sam to agree to acquire one share
in C.C.C. (Holdings) Ltd and you have thereby committed
an offence punishable under Section 366(1) read with
Section 366(2) of the Companies Act, Chapter 185.


HENRY SOH (D/D:SP)
COMMERCIAL CRIME DIVISION
CRIMINAL INVESTIGATION DEPT
SINGAPORE

1 SEP 82

250

7 SEP 1982

CHRISTINE

Statement of case Magistrates Court, Appeal, PC Appeal No 59 of 1984
21st March 1983

IN THE SUPREME COURT OF THE REPUBLIC OF SINGAPORE

In the matter of

PUBLIC PROSECUTOR

Appellants).

against

1. HUANG SHENG CHANG
2. CHEK LENG CHYE
3. GAN KHAI CHOON
4. NG CHENG BOK
5. DERRICK CHONG

Respondent(s).

APPEAL under the provisions of Chapter XXVIII of the Criminal Procedure Code.

At a District Court No. 10 held in Singapore before
~~Magistrate~~

S. GRANDRA LOMAT

Esquire, a District Judge for the Republic of
~~Magistrate~~

respondents
Singapore the abovenamed ~~respondents~~ ^{were} charged as follows: —

DAC No. 4401/82:

- They, (1) Huang Sheng Chang
(2) Chek Leng Chye
(3) Gan Khai Choon
(4) Ng Cheng Bok
(5) Derrick Chong

being directors of C.C.C. (Holdings) Ltd. were charged that they, in the month of April, 1982 and in the first two weeks of May of that year, caused documents to be sent out offering for sale shares in C.C.C. (Holdings) Ltd to the public and these documents were deemed to be prospectuses issued by the company by virtue of section 43 of the Companies Act, Chapter 185, and the documents did not comply with the requirements of the Companies Act and had thereby committed an offence punishable under Section 39(4) read with Section 43 of that Act.

DAC No 4402/82:

- They, (1) Huang Sheng Chang
(2) Chek Leng Chye
(3) Gan Khai Choon
(4) Ng Cheng Bok
(5) Derrick Chong.

that they, in the month of April, 1982 and in the first two weeks of May of that year, in the furtherance of the common intention of all 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 Companies Act, Chapter 185, and had thereby committed an offence punishable under Section 363(5) of that Act read with Section 34 of the Penal Code, Chapter 103.

Statement of case Magistrates Court, Appeal, PC Appeal No 59 of 1984 (Contd.)
21st March 1983

Mr. Tan Teow Yeow assisted by Mr. Pong Fook Jen for Prosecution

Mr. George Carman QC, assisted by Mr. Choo Han Teck for accused Huang Sheng Chan

Mr. S. Rajendran for accused persons Quek Leng Chee and Gan Khai Choon

Mr. H.E.Cashin assisted by Dr. Myint Soe for accused persons Ng Cheng Bok and
Derrick Cheng.

The case was called for hearing on the 9.2.1983, 10.2.1983, 11.2.1983
and 12.2.1983

and the said respondents were convicted and sentenced as follows:-

Huang Sheng Chang:- (DAC 4401/82 and DAC 4402/82)
Fined \$1,000/- on each charge.

Quek Leng Chee:- (DAC 4401/82: Fined \$500/-)
DAC 4402/82 - taken into consideration.

Gan Khai Choons:- (DAC 4401/82: Fined \$500/-)
DAC 4402/82 - taken into consideration.

Ng Cheng Bok:- (DAC 4401/82: 12 months' Conditional Discharge.)
DAC 4402/82 - taken into consideration.

Derrick Cheng:- (DAC 4401/82 and DAC 4402/82)
Fined \$500/- on each charge.

Notice of Appeal was lodged on the 16th day of February, 1983.

A signed copy of the Record of the Proceedings and of the Grounds of
Decision were served on Deputy Public Prosecutor the appellant on the 10th
day of March, 1983.

Petition of Appeal was lodged on the 18th day of March, 1983.

The Respondents have paid the fine.

The annexed copies of the record of proceedings in the case, the
Notice of Appeal and of the Petition of Appeal are therefore transmitted to
the Supreme Court in accordance with the provisions of section 239 of the
Criminal Procedure Code.

Dated this 21st day of March, 1983.



S. Mohan
DISTRICT JUDGE

EXHIBIT: Record of Proceedings in Criminal Appeal No. 31
of 1983 from Magistrates Court in PC Appeal No. 59
of 1984

Notice of Appeal by Public Prosecutor in Magistrates Court,
Appeal, No. 59 of 1984 - 16th February 1983

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Magistrate's Appeal No. 31 of 1983
Subordinate Court No. 10
Case No. DAC 4401 and 4402 of 1983

Public Prosecutor Appellant

and

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

To:

The Honourable the Justices
of the High Court in Singapore

NOTICE OF APPEAL

The Deputy Public Prosecutor of Singapore hereby
gives notice of appeal against the sentences imposed by
the Learned District Judge in Court No. 10 on the 12th
day of February, 1983 in the abovementioned cases.

By Authority of the Attorney-General as Public
Prosecutor.

DATED this 16th day of February, 1983.

FONG KWOH JEN
DEPUTY PUBLIC PROSECUTOR
SINGAPORE

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

EXHIBIT: Record of Proceedings in Criminal Appeal No.31 of 1983
from Magistrates Court in PC Appeal No 59 of 1984

Petition of Appeal by Public Prosecutor in Magistrates Court,
Appeal, PC Appeal No 59 of 1984

18th March 1983
IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Magistrate's Appeal No. 31 of 1983
Subordinate Court No. 10
Case Nos: DAC 4401 and 4402 of 1982

Between

Public Prosecutor .. Appellant

And

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

PETITION OF APPEAL

The Honourable the Justices of
the High Court, Singapore

The Petition of the Public
Prosecutor of the Republic of
Singapore.

SHEWETH as follows :-

On the 9th day of February, 1983, the Respondents,
Huang Sheng Chang, Quek Leng Chye, Gan Khai Choon, Ng
Cheng Bok and Derrick Chong were charged before the
learned District Judge of Court No. 10 at the Subordinate
Courts, Singapore, as follows :-

"DAC 4401/82

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

being directors of CCC (Holdings) Ltd,
are charged that you, in the month of
April 1982 and in the first two weeks of
May of that year, caused documents to be
sent out offering for sale shares in CCC

Petition of Appeal by Public Prosecutor in Magistrates Court,
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- 2 -

(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, and you have thereby committed an offence punishable under section 39(4) read with section 43 of that Act."

2. At the same time, the 1st and 5th Respondents were also charged as follows :-

"DAC 4402/82

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

are charged that you, in the month of April 1982 and in the first two weeks of May of that year, in the furtherance of the common intention of you all, made offers to members of the public to purchase shares in CCC (Holdings) Ltd in contravention of section 363(3) of the Companies Act, Chapter 185, and you have thereby committed an offence punishable under section 363(5) of that Act read with section 34 of the Penal Code, Chapter 103."

3. All the five Respondents pleaded guilty to the charge in DAC 4401/82. In addition to this charge, the 1st and 5th Respondents also pleaded guilty to the charge in DAC 4402 of 1982. They were all convicted accordingly. After hearing the facts of the cases presented by the prosecution and the mitigations by the respective counsel on behalf of all the five Respondents, the learned District Judge, on 12th February, 1983, imposed the following sentences:-

1st Respondent - Fined \$1,000/- on each charge.
2nd Respondent - Fined \$500.
3rd Respondent - Fined \$500.
4th Respondent - 12 months conditional discharge.
5th Respondent - Fined \$500 on each charge.

Petition of Appeal by Public Prosecutor in Magistrates Court,
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- } -

In sentencing the 2nd, 3rd and 4th Respondents, the learned District Judge took into consideration the charge in DAC 4402/82.

4. Your Petitioner is dissatisfied with the said sentences imposed by the learned District Judge for the following reasons:-

(1) That the learned District Judge erred in fact in:-

(a) not taking into consideration in assessing sentence the fact that the scheme devised by the Directors of C.C.C. (Holdings) Ltd was one calculated to reap huge profits from members of the public.

(b) not taking into account in assessing sentence the fact that the Directors were all along aware of the need to issue a prospectus and had refused to issue one.

(c) failing to consider the fact that the Directors had the intention to expel the club in 10 to 20 years time.

(d) that the 6th Accused was merely the representative in interest of the Directors in his attempt to overcome the prospectus problem.

EXHIBIT: Record of Proceedings in Criminal Appeal No.31 of 1983
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(2) That the learned District Judge
erred in law in:-

(a) placing undue reliance in
assessing sentence the fact that the
Directors had filed a statement in
lieu of prospectus with the Registry
of Companies without realising:-

(i) that a statement in lieu of
prospectus contains information
far less than that of a
prospectus.

(ii) that a statement in lieu of
prospectus does not contain the
most essential information
needed by a prospective buyer
i.e. the assets and liabilities
of the Company.

(iii) that the statement in lieu
of prospectus in this case was
not filed for the purpose of
informing the prospective buyers
but was a necessary step to be
taken when a private company was
converted into a public company.

(iv) and appreciating the
difference between the filing of
a document with the Registry and
the issuing of a prospectus.

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(b) concluding that prospective buyers of club shares would not be interested in the assets and liabilities of the Company.

(c) failing to appreciate the burden placed on promoters of the company by law to disclose information to prospective buyers of shares.

(3) That the sentences imposed on the respondents are manifestly inadequate having regard to all the circumstances of the case.

5. Your Petitioner therefore prays that such judgement of order may be reversed or annulled and that such order may be made thereon as justice may require.

6. By Authority of the Attorney-General as Public Prosecutor.

DATED this 18th day of March, 1983.

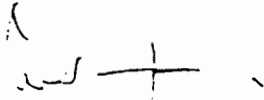

TAN TEOW YEOW
DEPUTY PUBLIC PROSECUTOR
SINGAPORE

EXHIBIT: Record of Proceedings in Criminal Appeal No. 31 of 1983
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Notes of Evidence in joint trial of the Criminal Charges
PC Appeal No 59 of 1984
9th March 1983

Wednesday, 9th February 1983
In Open Court
Before me
Sd: S CHANDRA MOHAN
District Judge
Subordinate Courts
Singapore

DAC 4399/82
DAC 4400/82

PP vs HUANG SHENG CHANG
WINSTON CHUNG YING CHEN
QUEK LENG CHYE
GAN KHAI CHOON
NG CHENG BOK
DERRICK CHONG SOON CHOY

- Section 366(1)
r/w Section 366(2)
Chapter 185
(2 counts)

DAC 4401/82
DAC 4402/82

PP vs (1) HUANG SHENG CHANG (m/62)
(2) QUEK LENG CHYE (m/37)
(3) GAN KHAI CHOON (m/36)
(4) NG CHENG BOK (m/54)
(5) DERRICK CHONG SOON CHOY (m/47)

- (1) Section 39(4)
r/w Section 43
Chapter 185
(1 count)

(2) Section 363(5)
Chapter 185
r/w Section 34
Penal Code
Chapter 103
(1 count)

DAC 4402A/82

PP vs (6) WINSTON CHUNG YING CHEN (m/41)

- Section 39(4)
Chapter 185
r/w Section 109
Penal Code
Chapter 103

EXHIBIT: Record of Proceedings in Criminal Appeal No.31 of 1983
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Notes of Evidence in joint trial of the Criminal Charges
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DPP Mr Tan Teow Yeow, assisted by Mr Fong Kwok Jen,
for Prosecution

Mr George Carman, QC, assisted by Mr Choo Han Teck,
for 1st Accused

Mr S Rajendran for 2nd and 3rd Accused

Mr H E Cashin, assisted by Dr Myint Soe,
for 4th and 5th Accused

Mr Du Cann, QC, assisted by Mr Michael Hwang,
for 6th Accused

P.1 to P.4 - Charges in DAC 4399/82 to DAC 4402/82

Amended 3rd and 4th charges tendered and marked - P.3A and P.4A

Additional charge (5th charge) tendered against 6th accused

5th charge (DAC 4402A/82) marked - P.5

On application of Dy Public Prosecutor, 1st and 2nd charges
stood down against all accused.

4th charge against 2nd to 4th accused stood down.

1st Accused:

Amended 3rd and 4th charges read, explained and understood

Pleads guilty to both charges

Understands nature and consequences of plea

2nd, 3rd and 4th Accused:

Amended 3rd charge read, explained and understood

All plead guilty

Understand nature and consequences of plea

EXHIBIT: Record of Proceedings in Criminal Appeal No.31 of 1983
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Notes of Evidence in joint trial of the Criminal Charges
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5th Accused:

Amended 3rd and 4th charges read, explained and understood
Pleads guilty to both charges
Understands nature and consequences of plea

6th Accused:

5th charge read, explained and understood
Pleads guilty
Understands nature and consequences of plea

Facts as per statement produced and marked - P.6
P.6 read out
2nd, 3rd and 6th accused admit all facts without qualification

Court:

2nd, 3rd and 6th accused found guilty of respective charges
against them and accordingly convicted.

1st, 4th and 5th accused do not admit paragraph 42 of the
statement of facts (P.6) in respect of section 39(5) of the
Companies Act.

Carman, QC:

Cashin and I are of the same view. Case of our clients
falls under section 39(5) of the Companies Act which does not affect
their liability but only the sentence that the court may impose on
these three accused.

Criminal statute to be construed strictly. Section 39 to
be compared with section 47 of the Companies Act. Any person who is
party to untrue statement can be absolved from guilt as opposed to
liability for punishment by words in parenthesis. Section 39(4)
continued, on the other hand, and lays down the consequences.
Section 39(5) continued in the same way.

Notes of Evidence in joint trial of the Criminal Charges
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Parliament has expressly given judge an unfettered discretion to look into circumstances of case.

Liabile to be excused from punishment but not guilty in section 39(5). Section 47 shows that that ought to be the interpretation.

Court:

If you are right that court may make a finding of guilt under section 39 but has no power to impose punishment, what is to be done with your clients?

Carman, QC:

Court would enter finding of guilt but order no punishment. Court may be more familiar with other orders that it is empowered to make.

Word "liability" is used in other sections to refer to civil liability.

Cashin:

In section 39(5), the guilt part is not qualified but the liability part is.

Section 8(1) of the Probation of Offenders Act may be invoked to give accused persons an absolute discharge.

Court:

Do I need section 39(5) in order to do that?

Cashin:

No. But the same things in section 39(5) need not be brought up.

Notes of Evidence in joint trial of the Criminal Charges
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DPP Tan:

Section 39(5) provides statutory defences. "Liability" cannot be confined. Court has power to make order for absolute discharge without reference to section 39(5) as court has already indicated.

Court:

Case adjourned for further hearing at 2.30 pm
Bail extended

Intld: S C M

Hearing resumes at 2.30 pm

Court:

Of course, I agree with Mr Carman that a criminal statute ought to be strictly construed. But even more compelling is the principle that the provisions of a statute ought not be so interpreted as to render them absurd.

Subsection 4 of section 39 of the Companies Act makes the non-compliance of any of the requirements of the Companies Act, governing the issuance of prospectuses, by the director of a corporation, an offence, and prescribes a penalty. To reduce the harshness of the strict liability created by subsection 4, subsection 5 of section 39 proceeds to set out three specific circumstances, the presence of any one of which, in my view, affords a complete defence for non-compliance.

That is clear by the very nature of the circumstances set out in section 39(5)(a), (b) and (c). These circumstances - lack of knowledge of a matter not disclosed in a prospectus, an honest mistake of fact and a non-compliance of such a kind which could be considered immaterial or reasonably excused, emphasise the creation of defences and not the mere presence of mitigating factors. Indeed, there is no

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reason why these special circumstances should mitigate only the offences under section 39(4) of the Companies Act.

With respect to both Mr Carman and Mr Cashin, if I were to accept their submissions that an accused person, although able to avail himself of the circumstances in section 39(5) would be guilty of an offence, I would be left with no provisions in the Companies Act to deal with their clients, despite having found them guilty.

It is then suggested that the remedy is the granting of an absolute discharge under the provisions of section 8(1) of the Probation of Offenders Act. Section 8(1) of the Probation of Offenders Act is couched in such wide terms that it does not need the aid of section 39(5) of the Companies Act before it is invoked. Therefore, to accept the submission before me would render section 39(5) of the Companies Act completely superfluous. I do not think that the legislature intended that that subsection of the Companies Act should be condemned to such a fate.

In the result, if the 1st, 4th and 5th accused qualify their admission of the facts by not accepting that their case does not fall within section 39(5) of the Companies Act, their pleas will be rejected and their trial will be ordered to proceed.

Carman, QC:

My instructions are that my clients wish to withdraw the qualification.

Cashin:

I have similar instructions.

1st, 4th and 5th accused now admit all facts without qualification.

All three accused guilty and convicted.

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DPP Tan:

May I apply for 4th amended charge to be taken into consideration against 2nd, 3rd and 4th accused.

All three accused consent.

Admit charge.

Previous Conviction: Nothing known

Carman, QC, in mitigation for 1st accused:

Case has been subject of much rumour and speculation.
Time has come to ventilate full facts in open court.

Unique to have five businessmen of excellent character charged for breaches of Companies Act for failing to issue prospectus where they took legal advice from a solicitor of excellent character and relied on that advice. They were also told that a responsible public servant, the Registrar of Companies, had said it was not needed. Yet they fell foul of the law. Unique and unprecedented circumstances. Court ought to scrutinise facts as to why they were charged and pleaded guilty.

Statement of facts admirable. But it can only be a summary of what in reality is a complex commercial narrative extending over five years. Would like to add to statement of facts to put matter in correct perspective.

Character and reputation of 1st accused.

1st accused is a man of hitherto excellent character. Born 63 years ago. Graduate of Nanyang University in 1944. Married with two children. Son working with him. Daughter working in a merchant bank. Family of high reputation. Came to Singapore in 1948.

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Director of 19 companies, 3 public companies. Has served on the Singapore Tourist Promotion Board, Skills Development Fund Council, National Crime Prevention Council and National Productivity Board's Sub-Committee. President of Singapore Hotel & Restaurant Association, Asian Hotel & Restaurant Association, Asia and Australasia Hotel & Restaurant Association.

Accused has lived and worked successfully for 25 years. He is a figure of commercial prominence, integrity and repute who has given much to public service in Singapore. His career in public service is something a citizen would be proud of.

(List of companies 1st accused associated with
tendered and marked - D.1)

Admitted

Intld: S C M

Accused is a most unlikely man to willingly and intentionally break the law. Broke law without intending to do so.

Circumstances of offence:

Shook Lin & Bok were corporate lawyers. 6th accused was regarded by 1st accused as a solicitor of highest integrity and an honourable man. 1st accused still so regards him.

The other accused persons were regarded as men of total integrity and honesty. I do not undermine that in my submissions.

In 1976, 5th accused was the manager of the American Club. He had conceived idea of opening a new prestigious club in Singapore. Land at a prime site was available. Owned by City Development in the Hong Leong group. 5th accused opened negotiations with them.

In 1977, we were negotiating for sale of land. 5th accused approached 1st accused who had experience in hotel industry.

Notes of Evidence in joint trial of the Criminal Charges
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(Supplementary Bundle I, page 4, letter dated
7/2/77 to Chairman, Hong Leong group, referred to)

Pages 5 and 6 - these show how negotiations went along in
1977. At one stage 5th accused was negotiating privately with
Hong Leong group. Land was initially bought for \$8.5 million
financed by Hong Leong group by mortgages. Interests paid amounted
to \$6 million by end of year.

(Page 3, Bundle I)

5th accused chose Shook Lin & Bok to advise him

(Page 10, Agreed Bundle I)

Solicitors for 5th accused then became solicitors for 1st
accused. Hong Leong group had their own solicitors acting for them
on the joint venture agreement on 21/8/79.

1st accused was to take 30%, Hong Leong group 30% and 5th
accused to be given 10% equity because of work he had done and was
to do. 4th accused was to hold beneficially some 10%.

Hong Leong group accused persons are highly experienced
businessmen coming from public company which had 30% equity and
financed project. They were joint signatories on bank account.

1st accused was experienced, negotiated capital and was
able to look after scheme. 5th accused was intended to be manager
of club. He could not have any final say.

It is sorry to see 4th accused here. He was a friend of
1st accused, vice-chairman of Diners Club and would rely on any
suggestion that 1st accused used to make.

From 1979, time of joint agreement, 6th accused, a corporate
lawyer without experience in these matters, tried his conscientious
best. Attendance notes show his diligence. Anxious to give best
advice to clients.

Notes of Evidence in joint trial of the Criminal Charges
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Advice was taken from a collection of professionals which could not be rivalled in Singapore - Westley of Wardley, Coopers & Lybrand, Peat Marwick & Mitchell, Goh & Tan, Steven Oliver QC, Bennett QC, senior partners of Shook Lin & Bok.

What more could a businessman do then go to Shook Lin & Bok, see them to take professional advice and be aware that advice is taken, pay for the advice and act on it?

Prolonged debate as to whether in respect of the CCC there ought to be a sale of membership or sale of equity or shares in company which owned club. Parties were vacillating as to which was best way to conduct the scheme.

(Attachment A of P.6 referred to)

In 1980, 1st accused realised there may or may not be serious problems with regard to a prospectus.

"Offer" may include an invitation to treat under Companies Act. Term "member of public" or "public" also caused problem. Many cases were considered. Question of degree

Why was everyone anxious not to produce a prospectus? It was not to conceal anything. Invitees included 1st accused's closest friends and associates and prominent citizens. Real reason was it would have taken considerable time and new prospectuses may have had to be produced from time to time.

Scheme to do away with prospectus and to file a statement in lieu of prospectus explored.

Another irony in the case is that the prospective promoters were all people capable of finding out information they wanted.

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Notes of Evidence in joint trial of the Criminal Charges
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Filed were a statement in lieu of a prospectus and accounts. Statutory forms under Companies Act. Section 24 of Companies Act. Taken collectively, these statements would have provided most information in a prospectus.

Invitees were friends of directors. 1st accused invited his daughter, dentist and hotel executives in which he was director. 2nd accused invited his daughter too. Lawyers and professional men were invited.

Commercial reality is that there was no loss by any investor, invitee or member of the public. Every dollar has been returned in full. Had the scheme proceeded, the investors would have made profit.

In November 1981, 6th accused, still trying to find a legal solution, thought section 39A of Companies Act was a section empowering Registrar of Companies to grant an exemption to a company from necessity of a prospectus and was thinking of obtaining an exemption.

2nd accused suggested that Registrar of Companies be approached to be asked if a prospectus was needed. 6th accused wrote to Registrar of Companies. There were meetings. The Registrar replied.

It is easy to be wise after the event and to criticise others. Registrar's office advised that a prospectus was not needed.

1st accused is not a lawyer and was not to know that Registrar of Companies was given all facts or made necessary inquiries to make a proper decision.

From point of view of first five accused, their anxiety was relieved when they learnt that the Registrar of Companies, no less, had said a prospectus was not needed. And that is the advice 6th accused, their solicitor gave.

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Notes of Evidence in joint trial of the Criminal Charges
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From the point of view of businesses, Registrar's letter was the green light. All other documents were filed.

In March/April 1982, all accused believed that their problem had been solved. Letters of invitation were then drafted. Each accused drew up a list of invitees. Monitoring of legal position for the invitations was done by 6th accused.

On 30/3/82, there was a meeting.

(Agreed Bundle - Volume IV, page 406)

Private club had become a public company because there were then more than 50 shareholders. Rights and bonus shares were issued. Done to increase equity. Done on professional advice. 2,000 shares retained by promoters. 50% of equity with invitees. Directors had to fund millions of dollars to meet rights issue.

Accused were themselves committing themselves for immense sums of money. For 1st accused it was millions of dollars. \$60 million had already been borrowed.

(Agreed Bundle - Volume IV, pages 406 and 407)

Public company which owned club was to lease it to management company. Invitees were to buy shares in public company which owned equity.

(Agreed Bundle - Volume V, page 409)

Lee & Lee were giving legal advice to the stockbrokers, Lim & Tan. Would accused have intentionally flouted law?

Every possible step by accused to comply with the laws and not to offend them. Would they appoint stockbrokers whom they know would be taking professional advice from a respected law firm?

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Thereafter, a series of letters to invitees were drafted by the 5th accused. 6th accused and his assistant tried drafts. 6th accused confirmed the draft. He ought perhaps to feel he should have done a better job.

1st accused invited about 48 or 49 invitees. It included stockbrokers, bankers, two senior government officials, co-directors of Diners Club, Orchard Motel and his own dentist, doctor and lawyer. If he had thought he was breaking the law by sending the letters, these would be last persons he would invite.

5th accused's list included a Senior Dy Public Prosecutor and lawyers. 4th accused's list included the Diners Club lawyer. 2nd accused invited Hong Leong's lawyers.

List of invitees emphasises what I have said. They asked to be asked. No one needed to be persuaded to join. They solicited invitations and wanted to join.

They paid \$30,000 per share and \$60,000 for corporate membership. Rules made it clear that it was no wasy club to get in. Club directors could veto applicants. For \$30,000 invitee was getting equity participation, a possible premier club at prime site. Member could get transferable membership. History of clubs in Singapore shows what that means.

Since 1982, costs of land have gone up but not construction costs. Here invitees were getting value for money and the professional invitees knew that. Rumours outside the court must therefore be scorched.

When the letters went out, Registrar of Companies changed his views. Surprise of 6th accused. Registrar of Companies said state of law was uncertain at the time. Eventually he took a position in April 1983. Prospectuses were needed only for future invitations.

Notes of Evidence in joint trial of the Criminal Charges
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At once all five accused took position that Registrar of Companies wishes must be complied with. 1st accused instructed Wardley & Company to prepare the prospectus and Freshfields were retained to advise. They still are working on that.

On 10/5/82 police raided premises, took away documents and prosecution followed.

My narrative is documented in notes kept by Shook Lin & Bok. These are in the agreed bundles before court. Compelling inferences from the narrative:

- (1) Only fair conclusion from events, from 1979 to 1982, is that all accused persons have endeavoured to comply with the law.
- (2) In their endeavours they took skilled professional advice where possible.
- (3) Accused persons believed they were complying with the law strengthened by view of Registrar of Companies.
- (4) No one suffered loss of single dollar.
- (5) Had scheme proceeded, investors would have obtained good commercial bargain and hence those in high positions were anxious to join
- (6) Justice demands that 1st accused's reputation remains untarnished.

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Notes of Evidence in joint trial of the Criminal Charges
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Analysis of charges

3rd and 4th charges have a distinction without a difference.
4th accused a sleeping partner.

Public need to be protected. Hence need for strict liability offence. Law in respect of prospectuses is absolute as it protects public.

No suggestion in these charges or in statement of facts that any of accused is guilty of dishonesty. Because of strict liability, accused were advised accordingly.

"Offer", under Companies Act, includes offer to treat. In respect of "public", it is a question of degree. About 1% or 2% who were not friends of the directors. Perhaps 5th accused was a little careless on this.

If this case had been fought, strict liability would have been proven. Prospectus was necessary.

If my submissions are well founded, 1st accused, at 63 and with his reputation, has suffered for months anxiety and public humiliation. Case has been subject of rumours and speculation. I have tried to put record straight.

1st accused should leave court in such a way that public would know that he endeavoured to comply with the law.

Apart from punishment, under section 130 of the Companies Act, we would have to apply to the High Court to obtain leave for accused persons to continue to manage their companies and remain as directors.

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Penalty on 1st accused should be wholly nominal. Expresses
regret that unwillingly he has broken law.

I thank court for the patience with which it has given me
a hearing.

Court:

Case adjourned for further hearing
at 10 am tomorrow. Bail extended.

Sd: S C M

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9th March 1983

Thursday, 10th February 1983
In Open Court
Before me
Sd: S CHANDRA MOHAN
District Judge

DAC 4399/82

DAC 4400/82

DAC 4401/82

DAC 4402/82

DAC 4402A/82

Part-heard from 9/2/83

Parties as before

Rajendran in mitigation for 2nd and 3rd accused:

I would like to draw court's attention to how Hong Leong came to be a participant in the club project, role of two accused persons on the Board of CCC (Holdings) Ltd and role of 6th accused.

Mr Carman, QC, has spoken of attributes of 1st and 5th accused. They were known to Hong Leong and it was because of their talents and reputation that Hong Leong agreed to take a minority interest when approached by 1st accused.

Hong Leong had no experience in running clubs and without expertise and experience of 1st and 5th accused, would not have entered into this venture.

In fact, in the early stages Hong Leong had doubts if venture would attract sufficient members to be commercially viable. 1st and 5th accused persuaded Hong Leong group that it would be so.

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2nd accused was appointed to supervise. 3rd accused only came into the picture in September 1979 when Queen's Pto Ltd appointed them to be their representative.

1st accused took 30% of equity but indeed was beneficially interested in more than 30%. He had two-thirds of interests of 4th accused, controlling 50%. In addition, 4th accused came into venture because he was invited into venture and left matter to 1st accused.

It was because 1st accused had major share in company that Hong Leong decided to come into the picture.

2nd and 3rd accused were content to be guided by 1st and 5th accused as to the manner in which club was to be structured. Attended meetings only when invited and expected the other two accused to do what was necessary, including the obtaining of proper advice.

Except for two meetings, all meetings attended by my clients were at the office of Shook Lin & Bok. Record of meetings available.

Between July and September 1979, there were frequent meetings. 2nd accused attended some of those meetings with his solicitor. 3rd accused did not attend meetings.

Between 1979 and 1980, there were only five meetings to which my clients were invited. 2nd accused attended all and 3rd accused attended four of them.

Only physical aspects of club and facilities were discussed at these meetings.

Notes of Evidence in joint trial of the Criminal Charges
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9th March 1983

According to my clients, only in September 1981 was there serious discussions as to equity of company.

(Page 7 of statement of facts referred to)

From 1/3/82 to 31/3/82, my clients attended four meetings. 1st and 5th accused were involved in numerous meetings.

Clear at meeting on 28/5/81 that 1st and 6th accused discussed prospectus and tax problems. For 1½ years the debate on prospectus had gone on.

From para 12 of statement of facts, it is clear that from September 1980 a prospectus was needed and Wardley had been consulted. Clients were not aware of that. Only on 18/9/81 were my clients aware of the problem (para 14 of statement of facts).

6th accused had taken advice from Bennett, QC. Clients were not aware of this.

Clients played a secondary role as representatives of Hong Leong. They, of course, participated in affairs of CCC (Holdings). At the meetings they attended, they were active participants. Rights issue was arrived at, for example, when 2nd accused asked about funds.

(Page 329, Agreed Bundle Volume IV)

Clear from this note of minutes, 2nd accused was concerned that when shares were sold they ought to be unencumbered. It was Peter Chi of Peat Marwick & Mitchell who was finally able to suggest the solution of a rights issue.

Rights issues were given at 30% to shareholders, the same price for invitees.

EXHIBIT: Record of Proceedings in Criminal Appeal No.31 of 1983
from Magistrates Court in PC Appeal No 59 of 1984

Notes of Evidence in joint trial of the Criminal Charges
PC Appeal No 59 of 1984 (Contd:)
9th March 1983

3rd accused at this meeting was only concerned that all rights issue may not be picked up and suggested the link between bonus and rights issue. \$10 million has been called up on the rights issue and my clients have paid up in full.

Clients first knew of short term lease when they received 6th accused's note of Oliver QC's scheme on 17/11/81.

(Page 230, Agreed Bundle Volume III referred to)

3rd accused raised this question on 17/11/81. Reason was explained to him in terms of flexibility of rentals to obtain funds to run club.

Clients accepted scheme that club members were to hold shares in the company.

When letters of invitation were drafted and sent out, 6th accused noticed that the letters had reference to shares being priced at \$30,000.

(Letter dated 31/3/82 produced and identified. Marked - D.2)

Admitted

Intld: S C M

6th accused wanted to delete price of \$30,000 as he did not want D.2 to be turned to an offer. Clients did not understand this. They responded by saying that the reference of \$5,000 of value of shares should not also be stated to avoid confusion. 6th accused agreed to delete all references to price.

(Attachment L(i) in statement of facts referred to)

Clients accepted 6th accused's advice on this.

EXHIBIT: Record of Proceedings in Criminal Appeal No.31 of 1983
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9th March 1983

6th accused is senior partner of Shook Lin & Bok, a leading law firm in Singapore. He came in first as solicitor of 1st accused. Queen's Pte Ltd had used another solicitor first but after signing of joint venture agreement, 6th accused continued to be solicitor of 1st accused and, although there was no formal resolution, became de facto solicitor of the club.

Our clients had no objections. They were impressed by the diligence and enthusiasm of 6th accused. They had highest respect for his professional integrity and ability, and on legal matters relied on him.

Whether a prospectus was needed or not was a question of law on which my clients relied on 6th accused. Only during a meeting in September 1981 were they aware of the problem. My clients were content to accept 6th accused's advice.

2nd accused remembers on 17/11/81 there was a discussion of the prospectus problem. 3rd accused was not present. Clients then were not aware of facts in paras 15, 16 and 17 of statement of facts - of 6th accused seeking Queen's Counsel's opinion. They became aware of it only after police investigations commenced.

In respect of matters in paras 15 to 17, my clients had then no knowledge.

On 17/11/81, difficulties, if a prospectus was required, was discussed. Clients had read Oliver QC's opinion. Queen's Counsel had suggested prospectus be issued.

6th accused told meeting on 17/11/81 that there were differences of opinion among partners in his firm as to need for prospectus and would be seeing Registrar of Companies.

Notes of Evidence in joint trial of the Criminal Charges
PC Appeal No 59 of 1984 (Contd.)
9th March 1983

If there were technical problems, the logical thing to do would be to ask Registrar of Companies for guidance.

My clients heard no further until meeting of 2/2/82 when 6th accused told them that Registrar of Companies had given written confirmation that a prospectus was not required. 6th accused then suggested that it may be in order to consider invitees to issue invitations.

Clients accepted in good faith 6th accused's confirmation that a prospectus was not required. 6th accused cautioned against advertisement and suggested they should only invite friends. Clients carried out advice to the letter. They invited only friends who approached them and asked to be considered as members.

(Para 32 of statement of facts)

2nd accused had 10 persons on his list and 3rd accused had 23 persons. Had they canvassed for members their lists would certainly have been larger. They also had no reason to think other directors were not following 6th accused's advice.

Offences committed in honest belief that what they were doing was within the law. They were following advice of 6th accused. And because they followed that advice, they are now before this court.

If 6th accused had advised that a prospectus needed to be issued, our clients would have readily complied. Upon being told later by 6th accused that the Registrar of Companies had instructed that a prospectus be issued, our clients readily agreed to do that.

Our clients are the only directors with no financial stake in CCC (Holdings). They are nominees of Queen's Pte Ltd.

Notes of Evidence in joint trial of the Criminal Charges
PC Appeal No 59 of 1984 (Contd.)
9th March 1983

The charge and statement of facts do not suggest any elements of dishonesty or moral turpitude on their part.

Perhaps, in recognition of secondary role played by my clients, prosecution has decided to proceed only on 3rd charge against them. They regret commission of offence and ask court to bear in mind the mitigating factors in assessing sentence.

Cashin in mitigation for 4th and 5th accused

All five accused acted honourably and on advice. 6th accused advised as ably as he could on advice by Queen's Counsel and others.

5th accused is perturbed by course of prosecution in that he and 1st accused had two charges against them. Prosecution appears to believe in different degrees of culpability.

Difference is not as suggested by prosecution or Rajendran.

1st accused was aware of corporate set ups. It is, however, wrong to suggest that 2nd and 3rd accused were led by the nose.

Hong Leong group is known for the giant it is. 2nd and 3rd accused are both men of expertise. 1st and 2nd accused were signatories to bank account and chairmanship was to rotate. Absurd to say that 5th accused was in the driver's seat.

When 5th accused was in American Club, the American Club was interested in looking for other premises. It was offered the Stevens Road site by City Development of which 2nd accused is a director. That deal fell through.

EXHIBIT: Record of Proceedings in Criminal Appeal No.31 of 1983
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Notes of Evidence in joint trial of the Criminal Charges
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5th accused was intrigued by the idea of a club. He finally approached 1st accused and then the Hong Leong group.

(Supplementary Bundle I, pages 1, 2 and 8)

This letter in early 1977 shows that Hong Leong group was interested in the club very early.

(Supplementary Bundle I, pages 16 and 23).

Is it not clear who is taking the lead?

2nd accused was intimately concerned with project as clear also from letter dated 15/2/79.

(Supplementary Bundle I, page 23)

Were they relying upon 5th accused?

5th accused was a go-between between 1st and 2nd accused and Hong Leong were equally interested in this. There was a time, only for a few months, when they were not interested.

Loans by Hong Leong were 4% above prime. They stood to gain. 5th accused was given 10% of interest. He was a runner. He sent every letter to the directors.

1st accused and 6th accused met frequently. When it came to business of physical arrangements for the club, 5th accused was called in. Every important decision, with perhaps one exception, was made by all directors.

(Page 18, statement of facts,

Page 533, Agreed Bundle Volume V referred to)

The value of the share was not \$13,000 as suggested. It was not tied to any asset value. No invitee could have believed he was investing for a monetary reward. They were requiring a club

Notes of Evidence in joint trial of the Criminal Charges
PC Appeal No 59 of 1984 (Contd:)
9th March 1983

and its facilities in the city. They knew it was transferable. Price of shares would, therefore, have been immaterial.

Prospectus was irrelevant in this case. No one would have even looked at it. Anyone with a share in equity of club, given the price of land in Singapore and with a transferable membership, would have benefited. Court is aware of price at which memberships are being transferred in Singapore.

None of the accused persons had intention to withhold information to invitees. Thought never crossed their minds.

5th accused was a Rotary Club member, manager of American Club, and was expected to produce largest share of the list. ~~21%~~ of invitations were those whom directors did not know. Not all could be attributable to them.

5th accused sought advice of 6th accused as to meaning of a "friend" for purpose of sending out invitations. No attempt made to cast a wide net and bring in gullible invitees. 5th accused was perhaps not as diligent to vet the list of invitees.

Scheme turned on integrity and standing of first three accused and reliance upon 6th accused. They knew standing of Shook Lin & Bok. They all held him in the highest regard.

It is inconceivable that a person like 5th accused, who had been given 10%, would have any clout. He was only a club manager. He had very little to do with policy or formation of companies.

4th accused is the least culpable. Carman, QC, has said it is unfortunate he is in the dock. He held on to 1st accused's "coat-tails". He found that lucrative. He attended very few meetings and never gave a single opinion. He did not understand opinions of others.

EXHIBIT: Record of Proceedings in Criminal Appeal No.31 of 1983
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Notes of Evidence in joint trial of the Criminal Charges
PC Appeal No 59 of 1984 (Contd.)
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4th accused played no real part. Unfortunate he was charged as there were other directors who were not charged. May I ask for an absolute discharge for 4th accused.

I would ask court to do same for 5th accused. He was involved in running club. If he is culpable, may I ask for a minimal sentence or nominal fine.

This is really an unfortunate breach of a strict liability offence under Companies Act. They took advice of 6th accused. He advised wrongly. Mens rea absent.

(Cashin stopped from mitigating for 6th accused who is well represented by Du Cann, QC, or from giving "evidence" from the bar table as to character of 6th accused)

Court: Adjourned for further hearing
at 2.30 pm. Bail extended.

Intld: S C M

Hearing resumes at 2.30 pm

D.W.1: HOWARD EDMUND CASHIN - sworn speaking in English

Pier, end of road - Lim Chu Kang Road.
Advocate and solicitor.

I first met 6th accused about 20 years ago when he joined Murphy & Dunbar as an assistant. He ran our office in Malacca. He was in the firm for about 2 years.

EXHIBIT: Record of Proceedings in Criminal Appeal No.31 of 1983
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I got to know him well as a lawyer and friend during those 2 years and can say he is a man of highest integrity.

He left us and joined Shook Lin & Bok about year 1967. We continued to keep in touch. Our firm has regarded him as a man of the highest integrity. I am proud to call him a friend.

Cross-examination: Nil

Stands down

Intld: S C M

Du Cann, QC, in mitigation for 6th accused

Accused is 42 years old. Qualified in April 1965. Spent 2 years with Murphy & Dunbar and was later invited, in 1968, to join Shook Lin & Bok. In 1970, he was made a limited partner and a full partner in 1973.

He has since been primarily concerned with litigation in finance, banking, building contracts and accident and insurance work. His non-litigation work, including company work, largely confined to sale and purchase agreements from shares and formation of companies.

Accused had never undertaken work concerning a prospectus before. He could not be referred to as a "corporate lawyer" in a full sense. Nor had he done any club work before. Inexperienced in that field as well.

Connection with 1st accused goes back to 1971, when newly qualified he undertook debt collecting for a company of which 1st accused was managing director. As the years went by, he became familiar with width of interest of 1st accused and his financial standing. Nothing arose to cause him to doubt ability or determination of 1st accused.

Notes of Evidence in joint trial of the Criminal Charges
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Accused was not initially concerned with the formation of the company in early stages. He became acquainted with 2nd and 3rd accused as representatives of Hong Leong group.

About 1st to 5th accused, there was nothing in course of development of this matter and nothing now which in our view casts any reflection on honour or standing of any of them.

Meticulous attention for detail of accused shown in attendance notes he kept.

Accused did not deal with every aspect of company's affairs, particularly when he was out of the country. He does not seek to shift responsibility for matter to anyone else.

Financial affairs or arrangements of company were not all known to him. He was not privy to all their decisions. Accused has no financial interest in the company or land or club. He had no personal interest to protect.

(P.6, page 5, referred to)

Accused was acting as solicitor upon instructions of the client which he had to follow. He faithfully followed that duty.

In July 1979, Oliver QC's first opinion (Bundle I, page 37) was obtained. Para 10 of statement of facts reveals second advice (Bundle II, page 167). That para of statement of facts is out of chronological order. Oliver QC's second advice dated 9/9/81. Para 10 should be after para 13 to maintain chronology in the statement of facts.

There were vacillating views. Accused had no considerable interest in one view or other. Price paid is price to get into club.

EXHIBIT: Record of Proceedings in Criminal Appeal No.31 of 1983
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Notes of Evidence in joint trial of the Criminal Charges
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Sale of shares has attractive features Ensures personal attachment to club and gives equity in holding company. Gave every member ability to assess financial standing of company but gave voice to make known the views of members as different from a proprietary club. Nor is value affected whatever route, whether by sale of membership or shares, is chosen.

No local authorities on relevant sections of Companies Act. There are Australian and United Kingdom Acts. Judicial approach has differed. Australian cases, rather strangely, have not been cited in United Kingdom. Some books do not refer to matter at all.

6th accused did not have a copy of Westley's letter at the time. Not until 24/7/82.

Section 39(1)(f) - 6-month rule, and section 48(8) of Companies Act may have caused delay. If shares had been issued in batches, there would have been a problem. Not possible to have 2,500 members at one swoop but to build up membership gradually.

Price of shares may also have varied. Prospectus requires price to be stated and hence a concept of fluctuating price not possible.

"Attachment B" about prospectus problem was a record of what 1st accused was told. Not an analysis by 6th accused. He was asked to think of a scheme within one week.

(Statement of S J L Oliver produced and identified without objections.
Markod - D.3)

Admitted

Intld: S C M

Notes of Evidence in joint trial of the Criminal Charges
PC Appeal No 59 of 1984 (Contd.);
9th March 1983

6th accused went to Kuala Lumpur in October 1981 in connection with litigation there in another case. Gave Bennet, QC, oral instructions on interpretation of section 4(6) of Companies Act. He wanted to read cases cited and make up his own mind. Before he could do that, he wrote letter of 31/10/81. These cases were also taken by the police during the raid.

(Agreed Bundle Volume III, page 212)

Letter at page 212 was sent to 1st accused. He was in fact accused's client. It was due to misreading section 39A of Companies Act at the early stage.

(Agreed Bundle Volume III, page 227)

He enclosed five copies of Oliver QC's opinion for everyone.

(Agreed Bundle Volume III, page 230)

They show that prospectus may be necessary if no exemption is obtained.. Summary in page 230 was sent on 14/11/81 and considered on 17/11/81 at a meeting (para 18 of statement of facts).

(Agreed Bundle Volume III, page 240)

One of the directors suggested he take the matter up with Asst Registrar of Companies. Copy of letter to Registrar of Companies was sent to others.

Court: Why meet Lee Theng Kiat, the
Asst Registrar of Companies
and not the Registrar himself?
Du Cann, QC: I understand the Asst Registrar
was coming into the office as
he was having lunch with a
colleague and accused took the
opportunity to see him on this
matter.

Notes of Evidence in joint trial of the Criminal Charges
PC Appeal No 59 of 1984 (Contd.)
9th March 1983

Accused collected cases in Bennett QC's opinion and some text books, including 17th Edition of Palmer's Company Precedents.

(Page 3 of Attachment D referred to)

Accused wondered if that view was correct. He looked at 16th Edition (1951) of Palmer. Alteration in United Kingdom Act was incidentally done in 1947 and not 1948. 17th Edition is dated 1956. Because this para was not in the 16th Edition, accused concluded Bennett was wrong.

To the Registrar of Companies, accused enclosed pages 58 and 59 of 17th Edition which contain the para referred to in statement of facts. He concluded that pages 58 and 59 had been deloted. There was, in fact, the same passage elsewhere and accused was wrong.

Bennett's opinion was based on view that members of a private club were a "section of the public". Bennett was dealing with an existing club and not an actual scheme.

Accused concluded that the invitations were not a sale to members of public as invitations were being given individually to selected friends and capable of acceptance only by individuals. Acceptor was qualified member of club and had within 28 days to apply to buy a share. This 2-stage purchase affected the issue.

Accused thought he was justified in the view that no prospectus was required. It was a mistake of law. No obligation to disclose Bennett's view in the circumstances. No breach of spirit or letter of any canon of professional ethics.

EXHIBIT: Record of Proceedings in Criminal Appeal No. 31 of 1983
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Notes of Evidence in joint trial of the Criminal Charges
PC Appeal No. 59 of 1984 (Contd.)

Court: But he was dealing with the
Asst Registrar of Companies,
a lawyer. Was he not obliged
to disclose the legal problem
and the full opinion of
Bennett, QC, from which he had
taken the quotation from Palmer
for the attention of the Asst
Registrar?

Du Cann, QC: No.

Court: Was it not clear from the views
of the two Queen's Counsel and
even of Westley of Wardley that
a prospectus was needed?

Du Cann, QC: Westley did not state that.

No attempt made to hide behind Registrar.

Accused was wrong about members of club not being a
section of the public or of Palmer. Accused has accepted advice
given. He fully and frankly admits his error of law.

Breach of law arose from error of law. Accused deeply
repents offence. Accused advised all directors not to advertise.
Acceptability was emphasized.

Around 22/2/82 accused returned from London with a high
fever. He did not attend meeting of 22/2/82. An associate
attended but 1st accused insisted he should attend.

(Agreed Bundle Volume IV, page 329)

Bonus issue was to pay for the rights issue when called
to protect interest of company and shareholders.

On 30/3/82 accused saw the list of invitees and was
impressed. There were amendments made by accused to the letter
of invitation. He amended the letter in rather undesirable
circumstances.

EXHIBIT: Record of Proceedings in Criminal Appeal No.31 of 1983
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Notes of Evidence in joint trial of the Criminal Charges
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Accused did not see articles in the Straits Times, Business Times or New Nation on 5/4 or 6/4 until his attention was drawn to them. Until these inquiries began, the net asset value was not known to him.

Invitees should have examined the records of company, statement in lieu of prospectus, accounts and statutory forms.

(Agreed Bundle Volume IV, pages 350 and 351)

Incentive was to join the club and not an investment in ordinary terms. Court is not dealing with a case where advantage was sought to be taken of unskilled minds. There has been no damage in any real sense to commercial status of Singapore.

Accused persons are true losers in this case. Costs in financial terms and emotional terms are great. Case has drained 6th accused's vigour and vitality. Humiliating to be in the dock. Damage to accused physically and may indeed go beyond that. It may be permanent.

Future of club has been marred. All accused persons took action when question of legality arose and that deserves highest commendation.

On 27/4/82 the question of the legality of their actions arose. They immediately decided to stop invitations and second list and directors authorised 6th accused to write to Registrar of Companies, copied to Attorney-General, setting out position. On 29/4/82 the question was raised by the stockbrokers. On 30/4/82 their solicitors informed him of infringement of Companies Act. On 3/5/82 directors met. Directors present decided to comply with wishes of Registrar of Companies if prospectus was needed.

EXHIBIT: Record of Proceedings in Criminal Appeal No.31 of 1983
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Notes of Evidence in joint trial of the Criminal Charges
PC Appeal No 59 of 1984 (Contd.)

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Steps were taken to return the money, before police arrived, to all those who had subscribed. No loss. All accused persons complied with what was required of them. On 11/5/82 5th accused gave access to police to documents.

On 12/5, Inspector Soh telephoned accused asking for information as to club. Accused's clients instructed him to provide information. They co-operated fully with police. Books were handed over on 31/5 and on 12/6, when police called on Shook Lin & Bok, 6th accused gave access to all books.

In July, he made statements to police. When abroad he learnt of arrest of other accused persons and returned at once.

Substantial mitigation in this case. Accused had no interest. On 30/3/82 only was he considered an invitee.

It has been a long nine months since this matter arose. He has had the support of his partners which continues.

Accused's sense of responsibility in this narrative has been demonstrated. Shown to court, partners, clients and public at large.

I have not been influenced in the preparation of his plea in mitigation in touching on facts. His plea, has been frank and full.

DPP Tan: I would like to correct some inaccuracies in the mitigation pleas.

Court: Case adjourned for further hearing at 10 am tomorrow.
Bail extended.

END OF M

EXHIBIT: Record of Proceedings in Criminal Appeal No.31 of 1983
from Magistrates Court in PC Appeal No 59 of 1984

Notes of Evidence in joint trial of the Criminal Charges
PC Appeal No 59 of 1984 (Contd.)
9th March 1983

Friday, 11th February 1983
In Open Court
Before me
Sd: S CHANDRA MOHAN
District Judge

DAC 4399/82

DAC 4400/82

DAC 4401/82

DAC 4402/82

DAC 4402A/82

Part-heard from 10/2/83

Parties as before

DPP Tan:

Net asset value of shares is only \$7,374. \$13,000
would have been correct if all 330 million of rights
issue had been paid up. \$20 million still unpaid
(para 40 of statement of facts).

Statement in lieu of prospectus was filed on 8/3/82.

(Agreed Bundle Volume IV, page 350)

Page 351 was for a subsidiary company

(Statutory forms referred to at page 350 tendered)

Accounts not disclosed. Net tangible assets of
company not disclosed.

Statement in lieu of prospectus does not reach a
prospective buyer but prospectus does. There are
categories of purchasers who need such information
before they make a decision.

EXHIBIT: Record of Proceedings in Criminal Appeal No.31 of 1983
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Notes of Evidence in joint trial of the Criminal Charges
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Carman, QC:

I wish to point out to court that there was a scheme
to have a call on rights issue of \$20 million by
30/6/83 (tenders schedule).

Court:

Sentence postponed until 10 am tomorrow.
Bail extended

Sd: S C M

EXHIBIT: Record of Proceedings in Criminal Appeal No.31 of 1983
from Magistrates Court in PC Appeal No 59 of 1984

Notes of Evidence in joint trial of the Criminal Charges
PC Appeal No 59 of 1984 (Contd.)
9th March 1983

Saturday, 12th February 1983
In Open Court
Before me
Sd: S CHANDRA MOHAN
District Judge

DAC 4399/82
DAC 4400/82
DAC 4401/82
DAC 4402/82
DAC 4402A/82

Part-heard from 11/2/83

Parties as before

Court:

1st Accused (DAC 4401/82 and DAC 4402/82)
- Fined \$1,000 on each charge

2nd Accused (DAC 4401/82)
- Fined \$500

3rd Accused (DAC 4401/82)
- Fined \$500

4th accused (DAC 4401/82)
- 12 months Conditional Discharge

5th Accused (DAC 4401/82 and DAC 4402/82)
- Fined \$500 on each charge

6th Accused (DAC 4402A/82)
- Fined \$4,000 in default,
6 months imprisonment

11.11.83

EXHIBIT: Record of Proceedings in Criminal Appeal No.31 of 1983
from Magistrates Court in PC Appeal No 59 of 1984

Notes of Evidence in joint trial of the Criminal Charges
PC Appeal No 59 of 1984 (Contd.)
9th March 1983

DPP Tan:

May I withdraw the two charges which have
been stood down against all accused persons.

Court:

In respect of both these charges (DAC 4399/82
and DAC 4400/82), all accused persons are
granted a discharge amounting to an acquittal

Sd: S CHANDRA MOHAN



[Handwritten signature]
District Judge

EXHIBIT: Record of Proceedings in Criminal Appeal No.31 of 1983
from Magistrates Court in PC Appeal No 59 of 1984

Ground of Decision of District Judge Mr S Chandra Mohan,
PC Appeal No 59 of 1984
5th March 1983

SUBORDINATE COURTS
SINGAPORE

MAGISTRATE'S APPEAL No 31 OF 1983
COURT No 10 IN DAC 4401 & 4402 OF 1982

PUBLIC PROSECUTOR vs {1) HUANG SHENG CHANG
{2) QUEK LENG CHYE
{3) GAN KHAI CHOON
{4) NG CHENG BOK
{5) DERRICK CHONG SOON CHOY

GROUNDS OF DECISION

The respondents were convicted, on their pleas of guilty,
of the following charge:

DAC 4401/82

You, (1) Huang Shong Chang
(2) Quek Leng Chye
(3) Gan Khai Choon
(4) Ng Chong Bok
(5) Derrick Chong

being directors of CCC (Holdings) Ltd, are charged that you, in the month of April 1982 and in the first two weeks of May of that year, 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 section 43 of the Companies Act, Chapter 185, and the documents do not comply with the requirements of the Companies Act, and you have thereby committed an offence punishable under section 39(4) read with section 43 of that Act.

The case against the respondents on this charge was that they had issued to members of the public, letters of invitation to purchase shares in the City Country Club. These letters, which

EXHIBIT: Record of Proceedings in Criminal Appeal No.31 of 1983
from Magistrates Court in PC Appeal No 59 of 1984

Ground of Decision of District Judge Mr S Chandra Mohan,
PC Appeal No 59 of 1984 (Contd.)
5th March 1983

are deemed to be prospectuses under section 43 of the Companies Act, did not comply with the requirements of the Companies Act as to the issuance of prospectuses.

The respondents' solicitor, Winston Chung Ying Chen, was convicted, on his plea of guilty, of abetting all the respondents ~~in the commission of this offence. He was fined \$4,000.~~ Winston Chen is, however, not a respondent in these proceedings as no appeal against his sentence was lodged.

The 1st respondent, Huang Sheng Chang, and the 5th respondent, Derrick Chong Soon Choy, were also convicted on their pleas of guilty of another charge under section 365 of the Companies Act:

DAC 4402/82

You, (1) Huang Sheng Chang
(2) Quek Leng Chyo
(3) Gan Khai Choon
(4) Ng Cheng Bok
(5) Derrick Chong

are charged that you, in the month of April 1982 and in the first two weeks of May of that year, in the furtherance of the common intention of you all, made offers to members of the public to purchase shares in CCC (Holdings) Ltd in contravention of section 363(3) of the Companies Act, Chapter 185, and you have thereby committed an offence punishable under section 363(5) of that Act read with section 34 of the Penal Code, Chapter 103.

The same charge was, for purpose of sentence, taken into consideration as against the 2nd (Quek Leng Chyo), 3rd (Gan Khai Choon) and 4th (Ng Cheng Bok) respondents.

EXHIBIT: Record of Proceedings in Criminal Appeal No.31 of 1983
from Magistrates Court in PC Appeal No 59 of 1984

Ground of Decision of District Judge Mr S Chandra Mohan,
PC Appeal No 59 of 1984 (Contd.)
5th March 1983

The 1st respondent Huang was fined \$1,000 on each charge. The 2nd respondent Quek and the 3rd respondent Gan were fined \$500 each. The 4th respondent Ng was granted a conditional discharge for 12 months and the 5th respondent Chong was fined \$500 on each of the two charges against him.

~~-----~~ The statement of facts (exhibit P.6) tendered by the prosecution and all the pleas of mitigation made on behalf of the respondents, contain an exhaustive recital of the facts of the case.

The penalty prescribed by section 39(4) of the Companies Act, under which the respondents were convicted on the first charge, is a term of imprisonment not exceeding 2 years or a fine not exceeding \$5,000.

The second charge on which the 1st and 5th respondents were convicted, and which was taken into consideration against the remaining respondents, was under section 363(5) of the Companies Act which prescribes punishment of imprisonment for a term not exceeding 6 months or a fine not exceeding \$1,000 or both. This is the penalty for making an offer to sell shares to members of the public in circumstances not permitted by section 363 of the Companies Act.

EXHIBIT: Record of Proceedings in Criminal Appeal No.31 of 1983
from Magistrates Court in PC Appeal No 59 of 1984

Ground of Decision of District Judge Mr S Chandra Mohan,
PC Appeal No 59 of 1984 (Contd:)
5th March 1983

In assessing sentence, I was conscious that sections 39 and 363 of the Companies Act create strict liability offences as they seek to protect certain public interests. Although no prospectuses were issued, the respondents had caused to be issued a statement in lieu of a prospectus and had also filed the statutory forms required under the Companies Act.

~~In addition to the penalties imposed by this court,~~ the respondents have been punished by the anxiety and anguish that must have followed their arrest and prosecution, with the almost unusual glare of publicity that this case received. In addition, each respondent is barred by section 130 of the Companies Act, without leave of the High Court, from being a director or promoter of a company or from being directly or indirectly concerned, or from taking part in the management of a company for five years. That will, by itself, cause some hardship and embarrassment to the respondents who are all businessmen.

In determining the sentences of the respondents and of their solicitor, the 6th accused, I examined the degree of each accused person's culpability for the infringements of the Companies Act for which they were prosecuted. It is, therefore, important to consider the reasons for the sentences imposed on each of the six accused persons who were convicted in this case, although the 6th accused is not a respondent in the present proceedings.

The considerations which influenced me in assessing sentence are, in my view, adequately contained in observations that I made before passing sentence upon the respondents. For purposes of this judgment, I wish to do no more than repeat them:

EXHIBIT: Record of Proceedings in Criminal Appeal No.31 of 1983
from Magistrates Court in PC Appeal No 59 of 1984

Ground of Decision of District Judge Mr S Chandra Mohan,
PC Appeal No 59 of 1984 (Contd.)
5th March 1983

" I have considered at great length the circumstances leading to the commission of the present offences and the mitigating factors that were so ably urged on behalf of all the accused persons.

These cases are perhaps distinguished by the presence of a significant number of mitigating factors that cannot possibly be ignored by a court of law.

The accused are all first offenders, men of excellent repute and have readily pleaded guilty to the charges against them. I accept that these offences were committed without deliberation and without any element of dishonesty. More importantly, their infringements of the law have not resulted in any conceivable loss to the public.

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.

It is equally clear that the first five offenders were led to the commission of these offences by their reliance upon the legal expertise of the 6th accused (Winston Chung Ying Chen), and upon the opinion that he had succeeded in obtaining from the Asst Registrar of Companies that a prospectus was unnecessary.

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PC Appeal No 59 of 1984 (Contd.)
5th March 1983

In assessing the sentence of the first five accused, in particular, I have, inter alia, examined their relative roles in the enterprise, the degree of responsibility, the nature of their interests in this venture, the control they exercised in the affairs of CCC (Holdings) and the nature of the influence over their legal counsel.

Although the 4th accused (Ng Cheng Bok) has been mentioned the least in the mitigation pleas, he has the most merit in earning the leniency of the court. I am convinced that compared to the other accused persons, his culpability has been minimal. It would therefore be undesirable to tar him with the same brush.

The 6th accused (Winston Chen) must accept absolute responsibility for the present predicament that he and the other accused persons now find themselves in.

I am, however, anxious to emphasise in this court that if the 6th accused (Winston Chen) is punished, it is certainly not because his view of the law proved erroneous. It would be more appropriate to say of him, not that he did not appreciate the law, but that he tenaciously refused to appreciate the law. He was therefore bent on pursuing a course of conduct that would have almost certainly led him and others to breaches of the Companies Act, which in fact it did.

EXHIBIT: Record of Proceedings in Criminal Appeal No.31 of 1983
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Ground of Decision of District Judge Mr S Chandra Mohan,
PC Appeal No 59 of 1984 (Contd.)
5th March 1983

It is plain that as early as November 1980, the 6th accused (Winston Chen) was made aware that the proposed scheme for the sale of shares in the City Country Club faced an obvious prospectus problem. This was the only significant legal problem in the entire scheme and was apparent even to the merchant bankers, Wardley Ltd. The accused's own record of a meeting of directors in May 1981 reveals a discussion of the prospectus problem.

On 9th September 1981, the accused received the second opinion of John Oliver, QC. It is obvious from the proposal of the QC that the issuance of a prospectus was imperative. The accused appears to have appreciated this because at another meeting between the directors and the tax consultants, on 18th September 1981, he explained the problems regarding the prospectus and clearly saw his task as working out the "prospectus problem".

In the following month, on 19th October 1981, the accused further sought and obtained an opinion from another QC, David Bennett. Bennett's clear view, after an analysis of the law, was that an offer of the sale of shares to a private club with a large membership would constitute an offer to a "section of the public", within the Australian equivalent of section 4(6) of our Companies Act. Therefore, the issuance of a prospectus would again have become necessary.

EXHIBIT: Record of Proceedings in Criminal Appeal No.31 of 1983
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Ground of Decision of District Judge Mr S Chandra Mohan,
PC Appeal No 59 of 1984 (Contd.)
5th March 1983

Although it has now been suggested that the accused did not agree with Bennett, QC, his note to the 1st accused (Huang Sheng Chang) on 31st October 1981 does not support that at all. On the contrary, the accused submitted a copy of Bennett's opinion and with the view that "it would be preferable to have a prospectus issued unless exemption is obtained from the Registrar of Companies"

The only reasonable conclusion from the facts is that the accused was, even as late as October 1981, obsessed with demonstrating to the other defendants that he was indeed capable of finding a solution to the prospectus problem. It is this obsession, perhaps, that led him to advise his clients that section 39A of the Companies Act granted the Registrar of Companies powers to exempt a company from issuing a prospectus. That is patently an impossible view to take on any reading of section 39A. There is always a danger when any person insists that the law must always accommodate his solutions

About two weeks later, in mid-November 1981, the accused found a final solution to his prospectus problem. It took the form of Loe Theng Kiat, a relatively junior Asst Registrar of Companies.

It is important, finally, to consider the circumstances that led the Asst Registrar to conclude that no prospectus was needed for the City Country Club.

EXHIBIT: Record of Proceedings in Criminal Appeal No.31 of 1983
from Magistrates Court in PC Appeal No 59 of 1984

Ground of Decision of District Judge Mr S Chandra Mohan,
PC Appeal No 59 of 1984 (Contd:)
5th March 1983

In the afternoon of 17th November 1981, the accused (Chen) met the Asst Registrar informally in his firm and discussed the issue. The accused subsequently wrote to him on 2nd December 1981 but without giving details of the legal problems that had troubled him or without any reference to the opinion of David Bennett, QC. Instead, he rather cleverly (or so he thought) referred the Asst Registrar only to a passage in Palmer's Company Precedents (17th Edition) which, as Bennett, QC, had been careful to point out to him, contained a rather dubious proposition of law.

Mr Du Cann, QC, has submitted to me that the accused was under no obligation to disclose to the Registrar, QC Bennett's view or any opposite legal view. But in my judgment, he was certainly not entitled to mislead the Asst Registrar in the manner that he did. The Asst Registrar was entitled to expect complete candour at least for the reason that the initial approaches to him were made by the accused on a personal basis.

In the result, it took the Asst Registrar just five weeks to respond to a problem which had vexed among others, two Queen's Counsel, a merchant banker and some of the best brains at Shook Lin & Bok for almost two years.

The compelling conclusion is that the accused's conduct in this regard has been far from honourable.

EXHIBIT: Record of Proceedings in Criminal Appeal No.31 of 1983
from Magistrates Court in PC Appeal No 59 of 1984

Ground of Decision of District Judge Mr S Chandra Mohan,
PC Appeal No 59 of 1984 (Contd.)
5th March 1983

Apart from these reservations, I accept the mitigation plea that Mr Du Cann has made on behalf of the 6th accused (Winston Chen). He has said everything he possibly could have said and has said so, admirably.

The sentence of the court is as follows:

1st Accused (Huang Sheng Chang) - Fined \$1,000 on each of the two charges

2nd Accused (Quek Long Chye) - Fined \$500

3rd Accused (Gan Khai Choon) - Fined \$500

4th Accused (Ng Cheng Bok) - 12 months Conditional Discharge

5th Accused (Derrick Chong Soon Choy) - Fined \$500 on each of the two charges

6th Accused (Winston Chung Ying Chen) - Fined \$4,000, in default, 6 months' imprisonment. "

Dated this 5th day of March 1983.



S. Chandra Mohan
S. CHANDRA MOHAN
DISTRICT JUDGE

/cc

No. 59, 60, 61 and 62 of 1984
IN THE JUDICIAL COMMITTEE OF THE PRIVY COUNCIL

O N A P P E A L
FROM THE COURT OF APPEAL IN SINGAPORE

B E T W E E N:-

QUEK LENG CHYE Appellant
- and -
THE ATTORNEY GENERAL Respondent

B E T W E E N:-

QUEK LENG CHYE Appellant
- and -
THE ATTORNEY GENERAL Respondent

B E T W E E N:-

GAN KHAI CHOON Appellant
- and -
THE ATTORNEY GENERAL Respondent

B E T W E E N:-

GAN KHAI CHOON Appellant
- and -
THE ATTORNEY GENERAL Respondent

RECORD OF PROCEEDINGS
EXHIBITS - PART II

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