

Re Aathar Ah Kong Andrew  
[2017] SGHCR 4

**Case Number** : Originating Summons (Bankruptcy) No 30 of 2016 (Summons Nos 4314 of 2016, 4441 of 2016, 4446 of 2016, 4448 of 2016, 4450 of 2016 and 4462 of 2016)

**Decision Date** : 03 April 2017

**Tribunal/Court** : High Court

**Coram** : Paul Tan AR

**Counsel Name(s)** : Aqbal Singh A/L Kuldip Singh and Ms Wong Yiping (Pinnacle Law LLC) for Applicant; Ho Seng Giap and Ng Sze Yen Charmaine (Tito Isaac & Co LLP) for CIMB Securities (Singapore) Pte Ltd in HC/SUM 4314/2016; Sean Lim Thian Siong and Mohamed Zikri Bin Mohamed Mumannil (Hin Tat Augustine & Partners) for Singapura Finance Ltd in HC/SUM 4441/2016; Lim Sock Ngee Phyllis (Fabian & Khoo) for Citibank Singapore Limited in HC/SUM 4446/2016; Chow Chao Wu Jansen and Soh Yu Xian, Priscilla (Rajah & Tann Singapore LLP) for Low See Ching in HC/SUM 4448/2016; Lim Ke Xiu (Harry Elias Partnership LLP) for KGI Fraser Securities Pte Ltd in HC/SUM 4450/2016; Sean La'Brooy and Jezer Goh (Colin Ng & Partners LLP) for Enterprise Fund II Ltd, Enterprise Fund III Ltd, Value Monetization III Ltd and VMF3 Ltd in HC/SUM 4446/2016. Lim Poh Choo (Alan Shankar & Lim LLC) for Yio Swee Khim as appointed Nominee

**Parties** : Aathar Ah Kong Andrew

*Insolvency Law – Bankruptcy – Voluntary Arrangement – Applicant’s duties – Nominee’s duties*

3 April 2017

**Paul Tan AR:**

**Introduction**

1 These were applications for the court to review the approval given at a creditors’ meeting to a voluntary arrangement proposed by the applicant debtor, Mr Aathar Ah Kong Andrew, and to make an order revoking the same. After hearing the parties, I allowed the applications and revoked the approval of the voluntary arrangement and ordered that no further meetings be held. Mr Aathar has appealed against my decision. I now set out my reasons.

**Background facts**

2 Originating Summons (Bankruptcy) 30 of 2016 (“OSB 30”), which was filed on 5 May 2016, was an application for an interim order under Part V of the Bankruptcy Act (Cap 20, 2009 Rev Ed) (“the Act”).

3 OSB 30 was heard on 24 May 2016. At that hearing, an interim order pursuant to s 45 of the Act was made and a nominee, Mr Yio Swee Khim (“the Nominee”), was appointed. The Nominee filed his report on 4 July 2016. The court ordered on 5 July 2017 that a creditor’s meeting be called by the Nominee.

4 A notice of meeting dated 11 July 2016 was sent to the creditors. Pursuant to the notice of meeting, a creditors’ meeting was held on 29 July 2016. However, the creditors present at the meeting raised substantial issues as to the source of Mr Aathar’s debts, which the Nominee could not

address. This resulted in the meeting being adjourned to 10 August 2016, to allow Mr Aathar an opportunity to address the issues.

5 At the creditors' meeting on 10 August 2016, a summary of the source of Mr Aathar's debts, prepared by Mr Aathar himself, was distributed to the creditors. I note that few details are provided in the summary, apart from very general descriptions as to how the debts purportedly arose. Approval for the voluntary arrangement proposed by Mr Aathar was given at the 10 August 2016 creditors' meeting by 83% of the creditors. I shall refer to the voluntary arrangement that was approved at that meeting as "the VA".

6 Dissatisfied with the approval of the VA, the following creditors (collectively, "the Creditors") filed the applications that were before me:

- (a) CIMB Securities;
- (b) Singapura Finance;
- (c) Citibank Singapore;
- (d) Low See Ching;
- (e) KGI Fraser Securities; and
- (f) Enterprise Fund III Ltd, Enterprise Fund II Ltd, Value Monetization III Ltd and VMF3 Ltd.

The Creditors all sought the same relief in their applications, namely, for the court to review the approval of the VA given at the creditors' meeting and to revoke the same.

7 The Creditors' applications were made pursuant to s 54(1) of the Act which states:

**Review of meeting's decision**

**54.—(1)** Any debtor, nominee or person entitled to vote at a creditors' meeting summoned under section 50 may apply to the court for a review of the decision of the meeting on the ground that —

- (a) the voluntary arrangement approved by the meeting unfairly prejudices the interests of the debtor or any of the debtor's creditors; or
- (b) there has been some material irregularity at or in relation to the meeting.

8 Section 54(1) of the Act provides that a creditor may apply for the court to review the decision at the creditors' meeting on two grounds. The first ground is that the voluntary arrangement approved would result in unfair prejudice to the interests of the creditor. The second ground is that there is some material irregularity with regard to the meeting itself that occurred either at the meeting or in relation to it.

9 It is important to bear in mind the distinction between both grounds because, while the Creditors' applications themselves are unclear as to which limb is relied upon, it became evident from their submissions that the Creditors were relying on s 54(1)(b) of the Act. The exception was the application in Summons No 4462 of 2016 ("SUM 4462"), in which the applicant creditors (at [6(f)])

above) submitted that there was also unfair prejudice to Enterprise Fund III Ltd, VMF3 Ltd and Value Monetization Ltd (collectively, "the Excluded Creditors").

### **The parties' submissions**

10 The main complaint by the Creditors was twofold:

- (a) first, that Mr Aathar had not provided sufficient information regarding his liabilities and assets; and
- (b) secondly, that the Nominee had failed to properly adjudicate over whether the creditors listed by Mr Aathar in the VA should be allowed to vote and, if so, as to the appropriate weight that should be assigned to their votes.

A third complaint was raised by the applicant creditors in SUM 4462 based on the Nominee's refusal to allow the Excluded Creditors to vote during the creditors' meeting.

11 The Creditors' submissions with regard to the first complaint were that Mr Aathar had failed to provide full and candid disclosure in his statement of affairs ("SOA") because he had made numerous changes to the list of creditors annexed to the VA, whether by the introduction of additional creditors, or amendments to the amount of debts purportedly owed. Mr Aathar's position was that he was attempting to recall, to the best of his memory, the debts owed by him to his creditors. He was amending the list of creditors as his recollection improved.

12 In respect of the second complaint, the Creditors argued that the Nominee had essentially deferred entirely to Mr Aathar on the amount of debt each creditor was owed, and as to the creditors' entitlement to vote and the weightage of their vote. The Creditors argued that the Nominee had failed to scrutinise any of the debts listed by Mr Aathar in his SOA. Further, the Nominee had acted wrongly by allowing the contingent creditors to vote based on the full amount of their claim. The Creditors argue that this should not have been done because a contingent creditor should not be allowed to vote based on the full amount of his contingent claim as if it had actually been proven (see *Royal Bank of Scotland NV (formerly known as ABN Amro Bank NV) and others v TT International Ltd and another appeal* [2012] 2 SLR 213 ("*TT International*") at [172]). The Creditors said that both of these amounted to material irregularities in the procedure.

13 The Nominee deposed an affidavit in response stating that, as far as he was concerned, he was entitled to rely entirely on the SOA because Mr Aathar had made a statutory declaration that it was accurate, and the Creditors had not given him any reason to doubt the accuracy of the SOA. The Nominee also stated that he was not obliged to verify or obtain any documents in relation to the claims stated in the SOA.

14 The Nominee stated at paragraph 4 of his affidavit that he understood his duties as a nominee were to:

- (a) prepare a report on the VA;
- (b) base his report on the SOA as verified by Mr Aathar;
- (c) call on Mr Aathar to provide further and better particulars in the event that he was unable to prepare the report based on the SOA and the VA;

- (d) decide whether the creditors should be summoned to consider the VA; and
- (e) supervise the implementation of the VA.

15 Interestingly, despite the Nominee deposing to and filing an affidavit in response to the present applications and his counsel attending the hearing before me, the Nominee's counsel said that she had no instructions to make any submissions during the hearing. Unsurprisingly, Mr Aathar adopted the Nominee's position that the Nominee was perfectly entitled to not scrutinise the SOA or seek more documents or verify any documents in relation to the claims.

16 In respect of the third complaint, the applicant creditors in SUM 4462 argued that the Nominee should have allowed the Excluded Creditors to vote during the creditors' meeting. They highlighted that under r 84(6) of the Bankruptcy Rules (Cap 20, R 1, 2006 Rev Ed) ("the Rules"), if the chairman of the creditors' meeting was in doubt as to whether a claim should be admitted or rejected, he should mark it as objected to and allow the creditor to vote. The Excluded Creditors submitted that the Nominee's failure as chairman of the creditors' meeting to allow the Excluded Creditors to vote was a material irregularity.

17 The Nominee's position stated in his chairman's report was that the Excluded Creditors were not in the list of creditors, and, hence, were not part of the VA. He was thus entitled to exclude them from voting. In his affidavit, the Nominee stated that he had asked Mr Aathar why the Excluded Creditors were excluded from the VA, and that Mr Aathar's counsel had responded in a letter dated 10 August 2016. The Nominee went on to state in his affidavit that it was not his duty to adjudicate over the proofs of debts filed by creditors who were not part of the VA. The Nominee says he was not in any doubt as to whether the Excluded Creditor's claims were to be admitted or rejected, because he believed Mr Aathar had excluded them for valid reasons. I note that the 10 August 2016 letter from Mr Aathar's counsel stated that he was disputing the Excluded Creditors' claims because they were based on a personal guarantee given to secure facilities extended to International Healthway Corporation Limited ("IHC") and IHC Medical, and that it was disputed as to whether there was any liability for any sums owed to IHC or IHC Medical.

18 Mr Aathar's position was that he was entitled to choose which creditors to include in the VA and there was no prejudice to the Excluded Creditors because, even if they were not included as part of the VA, they were entitled to apply for a bankruptcy order against him.

### **The issues**

19 Based on the submissions made to me, there were four issues to be decided:

- (a) First, what the extent of the applicant debtor's duties are when he sets out his assets and liabilities in his statement of affairs.
- (b) Second, what the extent of the nominee's duties are, both before and during the creditors' meeting.
- (c) Third, whether Mr Aathar and the Nominee had breached their respective duties.
- (d) If so, then, fourth, whether the breaches were material irregularities that justified the revocation of the approval given to the VA.

### **The extent of the applicant debtor's and the nominee's duties in relation to a voluntary**

## arrangement

20 In this section, I deal with the first two issues together.

21 Counsel informed me that there were no Singapore decisions on s 54(1) of the Act, or in respect of the first two issues. However, there are two useful English authorities that have considered such issues and interpreted s 262 of the UK Insolvency Act 1986 (c 45) (UK), which is largely similar to s 54 of the Act. It should be noted that the voluntary arrangement regime in the Act is based on the regime in the UK Insolvency Act 1986.

22 As explained by the then Minister for Law, Professor S Jayakumar, during the second reading of the Bankruptcy Bill 1994 (*Singapore Parliamentary Debates, Official Report* (25 August 1994) vol 63 at col 401):

The Bill introduces a voluntary arrangement scheme under which a nominee can be appointed under an interim order. Under the scheme, an insolvent debtor and his creditors can enter into a voluntary arrangement for the discharge of his debts. This scheme, which is modified from the equivalent United Kingdom insolvency legislation, hopefully will encourage debtors to settle their debts early so as to avoid bankruptcy. Its flexibility, as well as its lower costs as compared with bankruptcy administration, I think, will be attractive to both debtors and creditors.

23 I turn first to the case of *Andrew Fender v The Commissioners of Inland Revenue* [2003] EWHC 3543 (Ch) ("*Andrew Fender*"), in which the English High Court ordered that the approval given by the creditors to the voluntary arrangement proposed by the applicant debtor be revoked and that no further meeting should be called. The applicant creditor in *Andrew Fender* was the Commissioners of Inland Revenue ("CIR"). The nominee appointed was Mr Andrew Fender. CIR complained of two grounds of material irregularity. The actual grounds of the complaint are not entirely relevant.

24 The court after considering various English authorities, helpfully set out at [11] the following non-exhaustive list of principles that should guide the court in considering whether there was material irregularity in the matter:

(a) First, a debtor in putting forward a voluntary arrangement had to not only be honest but also take care to put all relevant facts before the creditors. This was to ensure that every proposal was characterised by completely transparency and good faith by the debtor.

(b) Secondly, the nominee had a duty to exercise his professional independent judgment when discharging his functions.

(c) Thirdly, the court had to take into account the context in which those functions were performed. A nominee was generally heavily reliant on the debtor for information, but where there were doubts as to the reliability or sufficiency of information provided, the nominee had to satisfy himself that he has received enough information of adequate quality for him to reach a fair provisional view as to whether a claim should be admitted.

(d) Fourthly, a material irregularity may occur in relation to the debtor's proposal, his statement of affairs or the preparation of the nominee's report or the nominee's chairmanship of the creditors' meeting;

(e) Fifthly, not every mistake or omission was sufficient to give rise to a material irregularity and an irregularity would be material if, objectively assessed, the irregularity would be likely to

have made a material difference to the way in which the creditors would have considered or assessed the terms of the proposed voluntary arrangement.

(f) Sixthly, although the chairman of a creditors' meeting would ordinarily be the nominee (and hence someone experienced in the insolvency procedure), he cannot be expected to resolve difficult disputes about debts.

25 In *Re a debtor (No 140 IO of 1995) sub nom Greystoke v Hamilton-Smith* [1996] 2 BCLC 429 ("*Greystoke*"), the court traced the development of the present voluntary arrangement regime where a nominee is appointed. The court noted that predecessor provisions in the UK Bankruptcy Act 1869 (UK), which contained the regime in force prior to the present, had fallen into disrepute because of several notorious cases. It was not uncommon under that regime for there to be collusive arrangements between creditors and the debtor or trustee to submit bogus or inflated claims (*Greystoke* at 432). Further, when that previous regime was considered for reform, it had been suggested that insolvency practitioners be given full details by the debtor of his financial position, and transactions supported by a statutory declaration as to the truth of the information provided. The court noted that the suggestion that there be full and candid disclosure by the debtor and the discharge of the relevant insolvency practitioner of the heavy responsibilities cast upon him were included in the statutory provisions that gave birth to the modern voluntary arrangement regime.

26 The court noted at 433d that in order for the nominee to form a view on a proposed voluntary arrangement, the nominee had to be supplied with a statement of affairs with particulars. The nominee was also entitled to call for further information and for access to the debtor's accounts and records. These same requirements can be seen in rr 75(3), 76 and 77 of the Rules.

27 The court then referred to a letter from the UK Department of Trade and Industry which highlighted that, in some cases, nominees had appeared to act like post-boxes for proposals and had not queried the information that was presented to the nominee. The letter stressed that ensuring that the proposal met the criteria set out in legislation was not in itself sufficient, and that nominees had to conclude that the proposal was fit to be put to creditors. The nominee had to use his professional judgment to decide whether the proposal was feasible. Importantly, the letter noted that it was anticipated and provided for in legislation that the nominee will need to examine the debtor's financial records in order to properly consider the proposal. The court then held (at 434i) that while Parliament was silent on the tests that a nominee should apply before concluding that a creditors' meeting should be called, the principles set out in the letter were a fair view in general terms of the responsibilities cast upon a nominee.

28 The court held (at 435b) that where the fullness and candour of the debtor's information had been called into question, the minimum expected of a nominee was to take such steps as to satisfy himself with regard to three factors:

(a) First, that the debtor's true position as to his assets and liabilities did not appear in any material respect differ substantially from that which was been represented to the creditors.

(b) Secondly, to be satisfied that the debtor's proposal had a real prospect of being implemented.

(c) Thirdly, that the information available to the nominee would allow him to avoid any prospective unfairness.

I note that the court in *Greystoke* was primarily concerned with whether a nominee should call a

creditors' meeting based on the proposed voluntary arrangement. But the decision nonetheless sets out principles applicable to a nominee's general duties and also highlighted that material irregularity may arise in relation to the preparation of the nominee's report.

29 From the two English decisions, there are several principles on the duties of the debtor and nominee in a voluntary arrangement that can be distilled.

30 First, there is a duty of full and candid disclosure on the debtor and the debtor needs not only to be honest, but also has to provide all relevant facts to the creditors. This duty of full and candid disclosure can be further broken down into two subsidiary requirements: the requirement to ensure that the debtor's proposal was completely transparent to the creditors; and the requirement to provide the nominee with sufficient information for him to exercise his professional judgment. In respect of the latter, the nominee is heavily dependent on the debtor for information and the debtor has to provide the nominee with all the information required for the nominee to properly assess whether a creditors' meeting should be called and to ascertain whether certain claims should or should not be admitted for the purposes of voting in a creditors' meeting.

31 Secondly, a nominee is not merely a post-box or, for that matter, a rubber stamp for a proposed voluntary arrangement. It is necessary for the nominee to exercise his professional judgment and to cast a critical eye over the debtor's proposal and his statement of affairs, to ensure that his actual assets and liabilities are not materially different from what the debtor had represented to the creditors.

32 In that respect it was anticipated and provided for in legislation that the nominee will need to examine the debtor's financial records in order to properly consider the proposal. It is clear that the nominee has to act independently and form his independent decision and view. He cannot simply take the information and reasons provided by the debtor at face value. Especially in cases where doubt has been cast on the fullness and candour of the debtor's information, the nominee must ensure that he has sufficient information to determine that the debtor's actual position accords with what he represents.

### **Whether Mr Aathar and the Nominee had breached their respective duties**

33 Turning to the third issue, on the evidence before me, it appeared that Mr Aathar had provided very little information as to whether the debts that he says he owes are *bona fide*. While I note that in his affidavit in response he said that there were supporting documents evidencing the debts owed, there was no documentary evidence exhibited at all. All that was placed before the court was his self-serving and bare assertions.

34 I also note that at paragraph 33 of his affidavit, Mr Aathar stated that the SOA reflected the list of creditors and their claims against him after he had gone through the process of checking and verifying the claims. However, when Mr Aathar addressed the basis of claims by several individual creditors from Indonesia, there was very little provided by way of detail. While he says that the debts arise from his defaulting on agreements to procure shares in IHC at stipulated prices, no agreements were exhibited. He did not disclose when such agreements were made, who were the parties to the agreement or what were the terms of the agreements were. I note in this respect that the total debt owing to these seven individuals was said to be \$7,013,500.

35 More interestingly, Mr Aathar said that he had obtained loans to the sum of approximately \$25,000,000 from Mr Fan Kow Hin. He claimed he had records of cheques to show the loan monies extended to him, and an agreement between them in relation to the loans extended. However, none

of these cheques nor this agreement was exhibited in his affidavit. Similarly, in respect of three other creditors, Mr John Tan, Mr Joseph Wong and Mr Gabriel Teo, Mr Aathar asserted that he had obtained loans from them and that there were records of correspondence between him and Mr Tan and Mr Wong evidencing the loans taken. He also stated that there were records of a cashier's order in the sum of \$70,000 procured by Mr Teo for Mr Aathar's benefit. However, again none of the purported evidence was exhibited by Mr Aathar in his affidavit.

36 I have highlighted at [33] above that Mr Aathar deposed in his affidavit that he had produced a list of creditors after verifying the claims. If that were the case and he had such supporting documents, it would have been easy for Mr Aathar to produce those documents for the court and the Creditors to show that these debts were indeed *bona fide*. This was not done.

37 This pattern repeated itself in respect of several other Indonesian companies which Mr Aathar claimed were contingent creditors. I would highlight that the common factor amongst these creditors is that they were creditors which had indicated that they were taking part in the VA simply to vote but were not claiming any right to distribution.

38 Given the above, my view was that Mr Aathar had failed to provide a full and candid picture as to his liabilities. Based on the evidence before me it was difficult for me to ascertain whether *prima facie* Mr Aathar owed these creditors any debt much less debts of such great amounts.

39 Mr Aathar's refusal to provide a clear picture as to his debts was compounded by the Nominee's insistence that he (the Nominee) was perfectly entitled to rely on the SOA because Mr Aathar had sworn a statutory declaration as to its truthfulness. This would have amounted to a breach of the Nominee's duties. The Nominee's position, taken to its logical conclusion, was in effect that he was a post-box or rubber stamp accepting Mr Aathar's information at face value without having to cast a critical eye over it.

40 This is all the more troubling because the Nominee, as chairman of the creditors' meeting, is empowered by r 84(4) of the Rules to admit or reject a creditor's claim for the purposes of his entitlement to vote. The importance of this was highlighted in *TT International* at [177] where the Court of Appeal held that:

177 The importance of maintaining the integrity of the process in which proofs of debt are properly admitted or rejected for the purpose of voting for or against a scheme of arrangement cannot be overstated. Indeed, it is the only mechanism which protects minority dissenting creditors from having an unhappy compromise that severely prejudices their rights foisted upon them ... it is clear from its subtext that a scheme must be grounded on the principles of transparency and objectivity, implemented by an independent and impartial proposed scheme manager.

41 Given that the court has not been given any evidence in the present applications of the huge debts owing to the individual and corporate Indonesian creditors, as well as the debts owing to Mr Fan, Mr Tan, Mr Wong and Mr Teo, one has to wonder how the Nominee reached the conclusion that their claims should be admitted and that they should be allowed to vote for the full amount of their claim.

42 I was greatly troubled by Mr Aathar's lack of candour, which was compounded by the Nominee's refusal to cast even a critical glance at the information provided to him. If this were allowed to pass muster, it would not be long until we see the type of cases that caused the previous regime under the UK Bankruptcy Act 1869 to fall into disrepute, where collusive arrangements between creditors

and the debtor or trustee to submit bogus or inflated claims were common.

43 Turning to the Creditors' complaint that the Nominee had allowed the contingent creditors to vote based on the full amount of their debts, and had failed to apply any discount, this would be consistent with the Nominee's failure to cast a critical eye over the SOA. In fact, in order for the Nominee to calculate the appropriate discount based on the Court of Appeal's decision in *TT International* at [172], the Nominee would have had to consider the chance of the liability crystallising and thereafter, to apply the appropriate discount. However, this appears not to have been done.

44 I note that in response to the Excluded Creditors, the Nominee took the position that simply because they were not included in the list of creditors, the Excluded Creditors could not take part. The Nominee went so far as to state in his affidavit that it was not his duty to adjudicate the proofs of debts from creditors who were not part of the VA. However, I note that s 50 of the Act, which deals with the summoning of the creditors' meeting, provides that the nominee *shall* summon to the meeting all the debtor's creditors whose claims and addresses he is aware. Section 50 of the Act is reinforced by r 81(2) of the Rules which provides that the notices calling for the meeting shall be sent by the nominee "to all creditors specified in the debtor's statement of affairs, *and every other creditor of whom the nominee is otherwise aware*" [emphasis added].

45 Despite the express wording in s 50 and r 81(2), the Nominee turned a blind eye to the Excluded Creditors and excluded them from the creditors' meeting simply on the basis that they were not on the list of creditors prepared by Mr Aathar. The Nominee had improperly exercised his discretion and, more importantly, derogated from his duty, by simply adopting Mr Aathar's position without applying his mind to the matter.

46 Further, the Nominee was simply content to accept Mr Aathar's reasons for excluding the Excluded Creditors as valid, even though, based on the reasons stated in the letter dated 10 August 2016 from Mr Aathar's counsel, the Excluded Creditors would be contingent creditors not unlike the Indonesian contingent creditors that Mr Aathar had listed.

47 Mr Aathar's counsel argued that the Excluded Creditors were not prejudiced because they were still free to apply for bankruptcy against him. However, I do not see how this argument furthers Mr Aathar's position. If that were the case, then it would be pointless and a waste of time to implement a voluntary arrangement. One has to remember that the very purpose of the voluntary arrangement framework is to help debtors to avoid bankruptcy by coming to an agreement with his creditors. I note that s 45 of the Act provides that the proposal is made to the debtor's creditors and not just a class of creditors unlike in s 210 of the Companies Act (Cap 50, 2006 Rev Ed) which expressly provides that a company may propose a compromise or arrangement between it and its creditors *or any class of them*. The purpose of a voluntary arrangement is to provide a mechanism to help the debtor avoid bankruptcy. I do not think a debtor who genuinely seeks to propose a voluntary arrangement should be allowed to pick and choose which creditors to include.

48 My view was that the Nominee had acted wrongfully by refusing to allow the Excluded Creditors from taking part in the Creditors' meeting simply because Mr Aathar was disputing their debt. It does not appear that the Nominee applied his mind to adjudicating the Excluded Creditors' claims. Instead, he simply accepted Mr Aathar's reasons adopted Mr Aathar's position.

### **Whether the breaches were material irregularities that justified the revocation of the approval given to the VA**

49 I note that the English High Court in *Andrew Fender* held that material irregularity could occur in

relation to the debtor's proposal, his statement of affairs or the preparation of the nominee's report or the nominee's chairmanship of the creditors' meeting. My view was that Mr Aathar's lack of candour in his SOA, the Nominee's insistence on relying solely on the SOA, and his failure to scrutinize the same were material irregularities in relation to the creditors' meeting. This is especially because those two elements are crucial in ensuring that *the integrity of the process in which proofs of debt are properly admitted or rejected for the purpose of voting for or against a scheme of arrangement*.

50 My view was that the breaches that I have set out earlier were material breaches because they would have affected Mr Aathar's creditors and the decisions that they would have made.

51 In respect of the Nominee's allowing the contingent creditors to vote for the full amount of their claim, and his exclusion of the Excluded Creditor's claims based solely on Mr Aathar's say so, those are material irregularities at the creditors' meeting. I note that in the English High Court in *Re a Debtor (No 222 of 1990), ex p Bank of Ireland* [1992] BCLC 137 held (at 145) that the making of a wrong decision – whether to exclude or prohibit a vote – gave rise to a material irregularity.

## **Conclusion**

52 Given the above, and especially in the light of Mr Aathar and the Nominee's conduct, I was of the view that the approval given at the Creditors' meeting on 10 August 2016 ought to be revoked, and that no further meeting ought to be sanctioned. I therefore ordered accordingly on all six summonses.

53 After I gave my brief oral grounds, I heard the parties on costs and ordered that Mr Aathar pay costs of \$8,000 plus reasonable disbursements, to be taxed if not agreed, to each set of applicant creditors. While the grounds and submissions made in each application overlapped, I noted that the applications raised novel points of law that did not appear to have been dealt with by the Singapore court in any reported decision.