IN THE GENERAL DIVISION OF
THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

[2025] SGHC 120

Originating Application No 449 of 2025

In the matter of the Companies Act 1967

And

In the matter of Section 210 of the Companies Act 1967

And

In the matter of CKR Paints & Coating Specialist Pte. Ltd.

Between

CKR Paints & Coating Specialist Pte. Ltd.

… *Applicant*

And

(1) Maybank Singapore Limited
(2) United Overseas Bank Limited
(3) Oversea-Chinese Banking Corporation Limited
(4) DBS Bank Ltd.
(5) Housing and Development Board
(6) Cast Laboratories Pte Ltd

… *Non-parties*

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GROUNDS OF DECISION

[Companies — Schemes of arrangement — Leave to convene creditors' meeting — Section 210(1) Companies Act 1967 (2020 Rev Ed)]

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Re CKR Paints & Coating Specialist Pte Ltd (Maybank Singapore Ltd and others, non-parties)

[2025] SGHC 120

General Division of the High Court — Originating Application No 449 of 2025
Philip Jeyaretnam J
29 May 2025

1 July 2025

Philip Jeyaretnam J:

Introduction

1 HC/OA 449/2025 ("OA 449") was the application of CKR Paints & Coating Specialist Pte. Ltd. ("CKR Paints") for leave to convene a creditors' meeting for the purpose of considering a proposed scheme of arrangement (the "Scheme"), pursuant to s 210(1) of the Companies Act 1967 (2020 Rev Ed) ("CA").

2 The application was opposed by Maybank Singapore Limited ("Maybank"), United Overseas Bank Limited ("UOB") and DBS Bank Ltd ("DBS"), who were major creditors of CKR Paints. Oversea-Chinese Banking Corporation Limited ("OCBC") and Cast Laboratories Pte Ltd attended the hearing but took no position. The Housing and Development Board ("HDB") did not support and took no position on the application, but disputed the

allegation that it caused the financial demise of CKR Paints by its termination of a contract, which it said was with a different company.[1]

3 CKR Paints was one of a group of companies (collectively, the "CKR Group"). I have outlined the history of the CKR Group's restructuring efforts in Re *Nagarani d/o Karuppiah (Maybank Singapore Ltd and others, non-parties) and another matter* [2025] SGHC 115 at [8]–[11] and do not repeat it here.

4 In respect of OA 449, CKR Paints' Scheme proposed a one-time payment of S$2.44m to be distributed to all its creditors on a pro-rata basis within 30 days of the court's approval of the Scheme, in exchange for a full discharge of its debts.[2] The funds would be sourced from an investor, who would be entitled to a share of CKR Paints' profits.[3]

5 I dismissed the application and in view of the appeal filed against my decision now provide the grounds for my decision.

Parties' cases

The applicant's case

6 Counsel for CKR Paints submitted that the proposed Scheme was viable and workable, that it was beneficial to the creditors, and that it had a realistic path to being approved by the creditors.[4] Alternatively, CKR Paints was open

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1 Minutes of hearing on 29 May 2025 ("29 May Minutes") p 3.

2 Chinnakaruppan Kalaiyarasan's 1st Affidavit filed 2 May 2025 ("CK1") para 17.

3 CK1 para 18.

4 Applicant's Written Submissions dated 26 May 2025 ("AWS") paras 31, 34 and 36.

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to counter-proposals, which could be made at the meeting, and would be preferable to CKR Paints going insolvent.[5]

7 Counsel for CKR Paints submitted that the interests of the creditors would not be prejudiced by the convening of the meeting. The creditors no longer had any security besides the personal guarantees of the two individuals who were founders and shareholders of the CKR Group companies, and those individuals had no significant assets, thus all the creditors of CKR Paints were essentially in one class.[6]

8 Additionally, counsel for CKR Paints submitted that the Scheme was sufficiently detailed and addressed the concerns of the creditors.[7]

9 Finally, counsel for CKR Paints submitted that OA 449 was not an abuse of process, nor was it frivolous or vexatious.[8]

The non-parties' cases

10 Counsel for Maybank and UOB submitted that OA 449 should be dismissed because:

(a) There was no realistic prospect of the proposed Scheme receiving the requisite approval from creditors.[9]

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5 AWS paras 31 and 36.

6 AWS paras 37–41.

7 AWS paras 46–49, 66–68.

8 AWS paras 44–45, 56–62.

9 Maybank's Written Submissions dated 26 May 2025 ("Maybank WS") para 13; UOB's Skeletal Submissions dated 26 May 2025 ("UOB WS") para 11.

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(b) CKR Paints had not disclosed material information. CKR Paints had not provided an explanatory statement, liquidation analysis, or adequate financial disclosure, and the term sheet was riddled with inaccuracies.[10] It had not disclosed that this was the second attempt to convene a creditors' meeting in eight months on worse terms than the first attempt.[11] It had not disclosed how creditors were to be classed.[12]

11 Counsel for Maybank and UOB also submitted that OA 449 was an abuse of process. It was not a genuine attempt to propose a scheme of arrangement, but was filed to delay or stave off the bankruptcy of the director of CKR Paints, Chinnakaruppan Kalaiyarasan ("Mr Arasan"), and his wife, Nagarani d/o Karuppiah ("Mdm Nagarani").[13] Mr Arasan and Mdm Nagarani were the personal guarantors of the debts CKR Contract Services Pte Ltd owed to Maybank, while CKR Paints was the corporate guarantor of the same debt.[14] It was submitted that CKR Paints had failed to make full and frank disclosure of, amongst other things, its relations with the proposed funder, whether there were related party creditors, and whether preferential payments and disposals had been made.[15]

The applicable principles

12 Section 210(1) of the CA provides that:

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10 Maybank WS para 16–21; UOB WS paras 25–26, 30.

11 Maybank WS para 22.

12 UOB WS para 22.

13 Maybank WS para 24; UOB WS para 29.

14 Maybank WS para 25.

15 UOB WS para 32.

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> (1) Where a compromise or an arrangement is proposed between —
>
> (*a*) a company and its creditors or any class of them;
>
> (*b*) a company and its members or any class of them; or
>
> (*c*) a company and holders of units of shares of the company or any class of them,
>
> the Court may, on the application in a summary way of any person referred to in subsection (2), order a meeting of the creditors, the members of the company, the holders of units of shares of the company, or a class of such persons, to be summoned in such manner as the Court directs.

13 The applicable principles underlying the court's decision on whether to grant leave to convene a creditors' meeting under s 210(1) are well-established, and were summarised by the Court of Appeal in *Pathfinder Strategic Credit LP and another v Empire Capital Resources Pte Ltd and another appeal* [2019] 2 SLR 77 ("*Pathfinder*") at [29]:

> (a) At the leave stage, the company should present a restructuring proposal "not necessarily ready for presenting to the creditors to be voted upon but with sufficient particulars to enable the court to assess that it is feasible and merits due consideration by the creditors when it is eventually placed before them in detailed form" (*Re Kuala Lumpur Industries Bhd* [1990] 2 MLJ 180 at 182).
>
> (b) Issues that will be considered at the leave stage generally relate to the court's jurisdiction (see *The 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 1*") at [57]–[67]). However, other matters that will lead the court to subsequently refuse to sanction a scheme should also be brought to the court's attention (see *Re T&N Ltd and others (No 3)* [2007] 1 BCLC 563 ("*T&N 3*") at [19]). Therefore, issues that should be raised and considered at the leave stage include:
>
> (i) Classification of creditors, and in this regard, "[a]ny issues in relation to a possible need for separate meetings for different classes of creditors ought to be unambiguously brought to the attention of the court" (*TT 1* at [62]).

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(ii) Whether there is a realistic prospect of the proposed scheme receiving the requisite approval of the creditors, as the court "should not act in vain in granting the application for meetings to be convened" (*TT 1* at [64]).

(iii) Any allegation of an abuse of process by the applicant-company: "…given the inherent jurisdiction of the court to ensure that its processes are not improperly invoked, an order under s 210(1) would be refused if it is shown that the application amounts to an abuse of process" (*Re Punj Lloyd Pte Ltd and another matter* [2015] SGHC 321 at [26]).

(c) Importantly, the company bears a duty of disclosure at the leave stage, in that, amongst other things, it must "unreservedly disclose all material information" to assist the court in determining how the creditors' meeting is to be conducted (*TT 1* at [62]).

(d) Other aspects of the court's inquiry at the leave stage include:

(i) that the court should generally not consider the merits and reasonableness of the proposed scheme, as these are issues that should be left for the creditors to decide (*TT 1* at [63]); and

(ii) that as time is ordinarily of the essence in restructuring matters, the leave application "should be heard on an expedited basis" (*TT 1* at [62]).

Decision

14 I found it inappropriate to grant CKR Paints leave to convene a creditors' meeting for the following reasons.

15 As a preliminary matter, while the proposed Scheme may perhaps not have been sufficiently detailed so as to be ready for presenting to the creditors to be voted upon, its basic contours were sufficiently simple and clear (see above at [4]) so as to enable the court to assess its feasibility, and I proceeded to do so.

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16 Fundamentally, I found that there was no realistic prospect of the proposed Scheme being approved by the creditors. To obtain approval, the Scheme had to be supported by a majority in number representing three-quarters in value of the creditors who vote (s 210(3AB) of the CA). At the hearing, Maybank's counsel indicated that some recovery had taken place and the amount owed to Maybank was about $47m as at 28 May 2025.[16] Meanwhile, UOB held about S$765,019.05 of CKR Paint's debts as at 20 May 2025.[17] DBS had also filed a winding up application against CKR Paints with a debt value of about S$1,431,007.86.[18] Based on these latest available figures, Maybank, UOB and DBS held about 93% in debt value amongst CKR Paints' creditors.[19] As counsel for Maybank and DBS rightly noted, even if the debt to Maybank was fully extinguished, UOB and DBS would hold about 40% in debt value amongst CKR Paints' creditors.[20] This alone would have been more than enough to block the proposed Scheme, even if all other creditors were in favour of it.

17 CKR Paints took the view that the proposed Scheme was superior to a previous proposed scheme in HC/OA 1002/2024 (the "Previous Scheme") in so far as it involved a one-time payout not dependent on any external factors, and said that the Scheme would be advantageous to creditors compared to insolvency.[21] While it was not for me to consider the merits of the Scheme at the leave stage (*The Royal Bank of Scotland NV (formerly known as ABN Amro Bank NV) and others v TT International Ltd and another appeal* [2012] 2 SLR

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16 29 May Minutes p 2.

17 Peter Lim Kim Yong's 1st Affidavit filed 20 May 2025 ("PLKY1") para 7.

18 UOB WS para 10.

19 See CK1 p 16.

20 29 May Minutes p 2.

21 AWS paras 16, 34.

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213 at [63])), I note that the creditors disagreed with CKR Paints. Maybank took the view that the proposed Scheme offered worse terms than the Previous Scheme.[22] The Previous Scheme had been withdrawn by CKR Paints precisely because it was clear that, in its words, "[i]n light of the position taken by Maybank Singapore Limited, who is a major creditor, it is clear that the scheme of arrangement will not be approved by the requisite statutory majority".[23] On 10 March 2025, the court had also dismissed CKR Paints' application for another moratorium, noting that the restructuring attempts had gone on for long enough and the major creditors were objecting to the proposed scheme.[24] There had been nothing since then to suggest that the present or any future proposal was more likely to succeed and that leave should be granted for CKR Paints to convene a creditors' meeting.

18 Although I accepted CKR Paints' submission that it was not necessary for it to show that it had the votes at the time of the application for leave,[25] it had to at least show that it had a reasonable prospect of successfully obtaining approval. It was not able to do so in the face of such staunch and longstanding opposition. It had not, in fact, been able to do so since its financial difficulties first arose almost two years ago in July 2023, despite the benefit of a moratorium lasting more than one and a half years.[26] In the above circumstances, it would not be fair to make the order sought by CKR Paints merely on the remote possibility of the creditors' positions changing.

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22 Maybank WS para 22.

23 Tan Eng Eng's 1st Affidavit dated 20 May 2025 ("TEE1") para 12(d).

24 TEE1 para 12(f).

25 29 May Minutes p 3.

26 CK1 paras 7(c)–8.

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19 Finally, in so far as Maybank and UOB argued that OA 449 was an abuse of process because it was intended to stave off the bankruptcies of Mr Arasan and Mdm Nagarani, I declined to make any such finding. The threshold for a finding of abuse of process is necessarily a high one, particularly in the context of scheme applications where regard must be had to the inherently dynamic nature of the restructuring process (*Pathfinder* at [94]). Counsel for CKR Paints confirmed that it was not part of the proposed Scheme that Mr Arasan and Mdm Nagarani that their personal guarantees would be released.[27] It was not clear to me that OA 449 was not a *bona fide* attempt at restructuring, even if it was an unrealistic one. It was, in any event, not necessary to make a finding of abuse of process to dispose of the matter.

Conclusion

20 For the above reasons, I dismissed OA 449.

21 Maybank, UOB, DBS and OCBC indicated they would seek costs under the usual banking documentation. I made no order as to costs in respect of HDB.

Philip Jeyaretnam
Judge of the High Court

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[27] 29 May Minutes p 2.

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Ashok Kumar Rai (Carinhill Law LLC) for the applicant;
Koh Kia Jeng, Toh Cher Han and Teo Hui Xian Astrid (Dentons Rodyk & Davidson LLP) for the first non-party (Maybank Singapore Limited);
Jo Tay Yu Xi and Tan Yen Jee (Allen & Gledhill LLP) for the second non-party (United Overseas Bank Limited);
Ng Huan Yong (Advent Law Corporation for the third non-party (Oversea-Chinese Banking Corporation Limited);
Ng Yeow Khoon (Shook Lin & Bok LLP) for the fourth non-party (DBS Bank Ltd.);
Peh Aik Hin, Chia Su Min Rebecca and Lim Jie Hao Sampson (Allen & Gledhill LLP) for the fifth non-party (Housing and Development Board);
Tan Bee Yong as the representative of the sixth non-party (Cast Laboratories Pte Ltd).

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