

Sisters lose suit against sisters over firms worth \$120m

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Two sisters failed in a court stand-off with their two other sisters to wind up companies worth more than \$120 million that the quartet had inherited from their late father.

The High Court dismissed the applications of Ms Blossom Tan and sister Ivy against their eldest and youngest siblings Doreen and Julie, finding they were “entirely unreasonable” and “created their own obstacles” in seeking to exit from the four companies.

Judicial Commissioner Mavis Chionh held that Blossom and Ivy failed to satisfy the test for ordering a winding-up under section 254(1)(i) of the Companies Act.

“There was also no basis for me to make any order under section 254(2A) of the Companies Act for the buyout of their shares,” she said in a 162-page judgment last week.

All four sisters inherited shares in four companies set up by their businessman father Tan Hock Chong, who died in June 2003.

The “autocratic” dad had seven children, including two sons, but bequeathed shares in the companies only to the four women, suggesting he did not intend to run the enterprise as a family business to be passed down to successive generations, the judge noted.

Three of the companies held properties, including 56 units in a mixed commercial and residential development in River Valley Road and 38 units of a commercial mixed-development building in Outram Road.

Doreen and Julie, defended by lawyers led by Mr Sim Chong as briefed by lawyer Ranjit Singh, opposed Blossom and Ivy’s court moves filed through lawyers Foo Maw Shen and Mark Seah.

Judicial Commissioner Chionh found the four women were “warring siblings” who did not team up to grow the companies and whose relationships were not based on mutual trust and confidence despite being family members.

Blossom and Ivy’s case was that there was an unwritten, common understanding among the four of them that each was entitled to participate equally in the management of the companies. They claimed Doreen and Julie breached this legitimate expectation and they felt trapped in the companies.

But the siblings’ conduct did not conform to a shared understanding of an equal right to take part in the companies’ management, the judge said.

The dispute turned on five issues, said Judicial Commissioner Chionh.

One was whether the companies were a quasi-partnership or like one that is run on a relationship of mutual trust and confidence among the sisters.

Two, whether their relationships had irretrievably broken down.

The remaining three issues were whether: the management of the companies was deadlocked; Blossom and Ivy were trapped in the companies; and it would be just and equitable in the circumstances to wind up the companies.

The judge found the four women had agreed on the buyout purchase price for each pair of sisters.

It came to \$63,150,836.39, based on each side owning 50 per cent of the companies.

They also agreed on all other terms, except for the five issues.

"Having examined the evidence and considered the parties' testimony at trial, I concluded that Blossom and Ivy were entirely unreasonable in insisting on having their way on these outstanding five issues," said the judge, citing examples.

She said giving the go-ahead for a buyout would depend on the inability to exit and not on the impasse among shareholders.

Blossom and Ivy blocked their own exit from the companies by their own "unreasonable and often spiteful behaviour".

"On the basis of the evidence before me, I did not find Blossom's and Ivy's contentions to be made out," said Judicial Commissioner Chionh, dismissing the suit with costs.

Blossom and Ivy are appealing against the decision.