

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

[2024] SGHC 127

Originating Application No 410 of 2024

In the matter of Part 7 of the Insolvency,
Restructuring and Dissolution Act 2018

And

In the matter of Sections 107(3)(a) and
111(3)(a) of the Insolvency, Restructuring
and Dissolution Act 2018

And

In the matter of Bravo Building
Construction Pte Ltd (under judicial
management)

Between

Wong Joo Wan (in his capacity as the
judicial manager of Bravo Building
Construction Pte Ltd (under judicial
management))

... Applicant

And

Bravo Building Construction Pte Ltd
(under judicial management)

... Respondent

EX TEMPORE JUDGMENT

[Insolvency Law — Judicial management — Extension of time]
[Insolvency Law — Judicial management — Whether judicial management order should be extended]
[Insolvency Law — Judicial management — Whether time to put forward statement of proposals should be extended]
[Companies — Receiver and manager — Judicial management order — Whether judicial management order should be extended]

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Wong Joo Wan (in his capacity as judicial manager of Bravo Building Construction Pte Ltd (under judicial management))

v

Bravo Building Construction Pte Ltd (under judicial management)

[2024] SGHC 127

General Division of the High Court — Originating Application No 410 of 2024

Goh Yihan J
10 May 2024

13 May 2024

Goh Yihan J:

1 This is an application by Mr Wong Joo Wan (the “applicant”), who is the judicial manager of Bravo Building Construction Pte Ltd (“Bravo”), for three primary orders in respect of his judicial management. These orders are that: (a) the applicant be given an extension of 60 days from 7 May 2024 to put forward a Statement of Proposals (“SOP”), (b) the judicial management of Bravo be extended for 60 days from 5 August 2024, and (c) the applicant’s appointment as the judicial manager of Bravo be extended for 60 days from 5 August 2024. The applicant had sought an urgent hearing in respect of these orders because he had to put forward the SOP to the creditors by 7 May 2024 pursuant to s 107(1) of the Insolvency, Restructuring and Dissolution Act 2018 (2020 Rev Ed) (“IRDA”).

2 While Bravo’s known creditors take no position on the applicant’s application, I still need to be independently satisfied that the orders sought should be granted. Having considered the matter, I allow the applicant 60 days from 7 May 2024 to put forward a SOP. However, I do not allow the other orders sought by the applicant. Since this concerns a point of practice, I provide these brief reasons for my decision.

Background facts

3 I begin with the background facts as put forth by the applicant. On 8 January 2024, Bravo was placed under interim judicial management under a different interim judicial manager. On 7 February 2024, Bravo was placed under judicial management with the applicant appointed as the judicial manager.

4 The applicant then reviewed Bravo’s books and records. According to him, he discovered that Bravo’s main assets are two properties located in Geylang (the “Properties”). The Properties are mortgaged to Aik Chuan Investment Pte Ltd (“Aik Chuan”).

5 On 7 March 2024, the solicitors for Supreme Hospitality Pte Ltd (“Supreme”) and Mr Lawrence Leow Chin Hin (“Mr Leow”), who are both creditors of Bravo, wrote to the applicant. They enquired whether the completion of the sale and purchase of the Properties was to proceed on 28 March 2024. The applicant claims that this was the first time he heard of this matter.

6 Having reviewed the documents, the applicant observed that Bravo had issued an Option to Purchase (“OTP”) dated 14 July 2023 to Supreme for the sale and purchase of the Properties. The sale price was stated to be \$8m. In

particular, recital A(d) of the OTP provides that the sale and purchase of the Properties is subject to, among other things, “written evidence satisfactory to [Supreme] that 80% of the Sale Price [*ie*, \$6.4m] ... is sufficient to discharge and fully repay the existing mortgagee, [Aik Chuan]”.

7 On 28 July 2023, Supreme exercised the OTP. It paid \$1m to a third party, 1 Alpha Capital Pte Ltd. Further, \$2,312,000 was paid to and/or set-off for the benefit of third parties. This reduced the balance sale consideration to be \$4,688,000.

8 Between 9 and 14 March 2024, the applicant exchanged emails with Aik Chuan’s solicitors. The applicant’s understanding is that Aik Chuan was not informed of the purported sale of the Properties until 7 February 2024. Further, 80% of the Sale Price was not enough to discharge and fully repay Bravo’s debts owed to Aik Chuan. Finally, Aik Chuan was concerned with the payments and set-offs to the third parties mentioned above.

9 Aik Chuan thereafter gave the applicant its consent to conduct a sale of the Properties by way of a closed tender. However, on 16 April 2024, the solicitors for Supreme and Mr Leow demanded that Bravo and the applicant proceed with the completion under the OTP.

10 Apart from the purported sale of the Properties, the applicant also received a letter dated 18 April 2024 from a potential white knight investor who may support a scheme of arrangement to restructure Bravo’s liabilities. The potential investor stated that it was prepared to do so by injecting \$3.5m for payment to Bravo’s creditors.

11 In light of the facts above, the applicant submits that he requires more time to (a) resolve the issues surrounding the Properties, especially since there appears to be different versions of facts on the matter, and (b) engage with the potential white knight investor on a scheme of arrangement.

The applicable law

12 The applicable legal principles can be stated briefly.

13 First, as the High Court stated in *PT Bank Negara Indonesia (Persero) TBK, Singapore Branch v Farooq Ahmad Mann (in his capacity as judicial manager) and another and other matters* [2024] 3 SLR 1199 at [59], s 107 of the IRDA sets out the requirement for a judicial manager to put forward his SOP within 90 days after a company is put under judicial management. More specifically, s 107(3)(a) provides that “a judicial manager may obtain an extension of the period specified in subsection (1) or (2) ... by making an application at any time to the Court”. This extension should be allowed where there is good reason (see the English High Court decision of *Re Bulb Energy Ltd* [2021] EWHC 3680 (Ch) (“*Re Bulb Energy Ltd*”) at [47]). For instance, in *Re Bulb Energy Ltd*, the court (at [47]) raised the example of “when an administrator can point to events in complex inter-company and international seismic insolvencies to argue that he had good reason not to file the statement of proposals within the eight-week period”.

14 Second, as the High Court stated in *Farooq Ahmad Mann (in his capacity as judicial manager) v Golden Mountain Textile and Trading Pte Ltd (in judicial management)* [2024] SGHC 48 (“*Farooq Ahmad Mann*”) at [10], a judicial management order should only be extended if it would achieve one or more purposes of judicial management. Further, the court stated (at [14]) that,

in deciding whether to grant an extension to a judicial management order under s 111(3)(a) read with s 111(4) of the IRDA, a court should consider the entire circumstances of the case, guided by the following list of questions adapted from the English cases:

- (a) Why has the judicial management not yet been completed?
- (b) Is any other alternative insolvency regime more suitable?
- (c) Is the extension sought likely to achieve the purpose of judicial management?
- (d) How would the creditors' interests be affected by, and what are the creditors' views regarding, the extension sought?
- (e) If an extension is appropriate, for how long should it be granted?

15 I have set out the two sets of applicable legal principles to show that there is a marked distinction between the test for deciding whether to extend the time for a judicial manager to put forward the SOP, and the test for deciding whether to extend a judicial management order (and correspondingly, the term of the judicial manager). Indeed, it is trite that, pursuant to s 108(1) of the IRDA, a meeting of creditors must decide whether to approve the judicial manager's proposals set out in the SOP. Further, pursuant to s 108(5), if the meeting of creditors has declined to approve the judicial manager's proposals, the court may, among other things, discharge the company from judicial management.

16 Seen in this way, the purpose of a SOP is really to set out "the proposed strategy for achieving one or more of the purposes of judicial management mentioned in section 89 [of the IRDA]" (see Harold Foo and Beverly Wee, *Annotated Guide to the Singapore Insolvency Legislation: Corporate*

Insolvency (Academy Publishing, 2023) at para 09.273). The SOP precedes the actual work done to achieve one or more of the purposes of judicial management. Thus, the reasons for extending the time period to put forward a SOP may not be relevant for extending a judicial management order.

17 Further, that an extension of time to put forward a SOP should be treated differently from an extension of a judicial management order can also be seen from the differences in the relevant statutory provisions. Thus, whereas s 107(3) provides that a judicial manager may seek an extension of time to put forward a SOP either by applying to court or by obtaining the approval of a majority in number and value of the creditors with some elaboration in s 107(4), s 111 provides much more elaboration on how a judicial manager may seek an extension of a judicial management order. For example, s 111(6) provides that any creditor, who is dissatisfied with an extension of the judicial management order under s 111(3)(b) (that is, by obtaining the approval of a majority in number and value of the creditors), may apply to court for an order to terminate or reduce the period of such extension. This shows that the judicial scrutiny of an application to extend a judicial management order is stricter than that of an application to extend the time to put forward a SOP. This necessarily means that it is seldom appropriate to consider an extension of time to put forward a SOP concurrently with an extension of a judicial management order, especially when there is no SOP to begin with.

18 However, all that said, it is not impossible for an extension of time to put forward a SOP to be granted *together* with an extension of a judicial management order. That happened in *Farooq Ahmad Mann*. In that case, there had been an existing SOP put forward to the creditors, and the judicial manager needed time to put forward a *revised* SOP which was likely to be accepted by

the creditors, especially the majority creditor, whose support was instrumental. In those circumstances, the revised SOP, assessed considering the original SOP, was sufficient to convince the court that one or more of the purposes of judicial management would be achieved. It is quite different here where there is no SOP to begin with.

My decision: only an extension of time to put forward the SOP is allowed

An extension of time to put forward the SOP is allowed

19 Coming to the present facts, I allow the applicant 60 days from 7 May 2024 to put forward a SOP. I am persuaded that there are good reasons to extend the timeline stipulated in ss 107(1) and (2) of the IRDA for the applicant to put forward a SOP because of the conflicting facts surrounding the Properties concerned, as well as the emergence of the potential white knight investor. The applicant legitimately requires more time to look into, especially the sale of the Properties, before he is in a position to put forward a strategy for achieving one or more of the purposes of judicial management.

The other orders sought are not allowed as it is unclear if an extension will lead to the achievement of one or more purposes of judicial management

20 However, I do not allow the other orders sought by the applicant. This is because, as I have set out above, the test for extension of a judicial management order depends centrally on whether one or more of the purposes of judicial management can be achieved. In this regard, the applicant's reasons for an extension of time to put forward the SOP are predicated on him finding out more information that will affect his strategy for achieving one or more of the purposes of judicial management. Since it is presently unclear what that strategy is, it is premature to allow a corresponding extension of the judicial management

order. Without a strategy on *how* one or more of the purposes of judicial management is to be achieved, there is simply no evidence on whether those purposes *would be* achieved. Indeed, it may well be that the SOP is rejected at the creditors' meeting, rendering judicial management inappropriate.

21 The applicant says that he has sought the orders to extend the judicial management order and his term as judicial manager in this application to save the costs of seeking these orders in a separate application. I understand this. But I cannot agree with this reason based on the facts of the present case. Fundamentally, this is because reasons of costs (and convenience) cannot satisfy the substantive requirements why a court might allow an extension of a judicial management order. This is especially important given that judicial management interferes with the ordinary remedies and rights of creditors, including those who may not be presently known. This is precisely why strict timelines are laid down (see *Re V McGeown Wholesale Wines and Spirits Ltd's (in administration) Application* [1997] NIJB 190 at 192). This is also why there is a duty on the judicial manager to apply to discharge a company from judicial management if it appears, for example, that none of the purposes of judicial management can be achieved (see s 112(1) of the IRDA).

22 More specifically, in this case, the judicial management order would only expire on 4 August 2024, which is a month after the new deadline by which the applicant is to put forward the SOP. While a month is relatively short in practice, it remains that the applicant still has time to effect the judicial management and assess whether he needs more time then. Moreover, the applicant can put forward the SOP sooner and hence have more time to effect the strategy within. It must also be remembered that in the usual course of events, a judicial manager has 90 days after a company's entry into judicial

management to put forward the SOP (see s 107(2) of the IRDA), and a 180-day period of judicial management (see s 111 of the IRDA). This means that a judicial manager ordinarily has about 90 days to put into effect the strategy adopted in the SOP, which is also not an inordinately long time. Indeed, as I have said, this is a different case from *Farooq Ahmad Mann*, where there was a pre-existing SOP from which the prospective success of the judicial management could be assessed. Also, in that case, the majority creditor, whose support was instrumental to the approval of the SOP, indicated its support should the amendments to the SOP be passed.

23 Finally, I am concerned by how the applicant has informed Bravo’s creditors of the present application. In this regard, the applicant sent a circular to Bravo’s creditors on 3 May 2024 to inform them that he is unable to put forward the SOP by 7 May 2024. The circular informed the creditors that the applicant had filed an application on 30 April 2024 “seeking an extension of time until 6 July 2024 to lay a copy of the SOP before a meeting of the Company’s creditors pursuant to Section 107 of the IRDA”. Notably, the circular says nothing about the applicant’s intention (and reasons) to seek an extension of the judicial management order (as well as his own term as judicial manager). While the circular refers to a Dropbox link that contains the summons for this application (which would have set out the other extensions sought), that is insufficient to keep the creditors informed of all the extensions being sought.

24 The applicant then sent a further circular to Bravo’s creditors on 7 May 2024, which sought the creditors’ input on this application by 9 May 2024, 10am. Leaving aside the short timeframe which the applicant gave the creditors to respond, this circular again makes no mention that the applicant is seeking extensions to the judicial management order and his own term as judicial

manager. While this circular refers to a Dropbox link that contains the applicant's submissions and bundle of authorities (which would have set out the other extensions sought), it is not satisfactory that the applicant has not set out these other extensions sought in the main body of either circular sent to the creditors about this application. I am therefore concerned that Bravo's creditors have not had proper notice of the applicant's intention (and reasons) to seek an extension of the judicial management order (as well as his own term as judicial manager).

25 More broadly, the manner in which the applicant presented this application in the circulars sent to Bravo's creditors shows that his focus is really on the extension of time to put forward the SOP. Indeed, the applicant made hardly any submission on why the other orders should be granted save to rely on the same reasons in relation to the SOP. Fundamentally, extensions of time in respect of a judicial management order cannot be granted "by the way" in an application primarily focused on an extension of time to put forward the SOP. This is especially so where there are no independent reasons to support the extension of a judicial management order.

26 In sum, the applicant will need to take it one step at a time and keep Bravo's creditors properly informed at every step. He will have to take out a separate application for an extension of the judicial management order (and his term as a judicial manager) if it turns out to be necessary at a later stage. There is simply nothing on the record that supports an extension of the judicial management order, and it would not be correct to allow such an extension now.

Conclusion

27 For the reasons above, I allow the applicant 60 days from 7 May 2024 to put forward a SOP. I do not, however, allow the other orders sought by the applicant. The applicant shall have liberty to reapply for the other orders. The costs of and occasioned by this application shall be paid out of the assets of the respondent.

Goh Yihan
Judge of the High Court

Sim Chong and Chen Sixue (Sim Chong LLP) for the applicant;
Lim Wei Ming Keith (Quahe Woo & Palmer LLC) for the non-party
Aik Chuan Investment Pte Ltd;
Leong Lijie and Kristi Hwang Li Ting for the non-parties Supreme
Hospitality Pte Ltd and Lawrence Leow Chin Hin;
The respondent absent and unrepresented.
