

Insolvency Law / Winding up

Public listed company under compulsory liquidation – Request for disclosure of documents in relation to company's trade dealings under section 285 Singapore Companies Act – Whether appellants compelled to provide such documents

PricewaterhouseCoopers LLP and others v Celestial Nutrifooods Ltd (in compulsory liquidation)

[2015] SGCA 20, Court of Appeal, Singapore

Facts The appellants are PricewaterhouseCoopers ("PwC") and two of its audit partners, who were auditors of Celestial Nutrifooods Limited ("Celestial") (now in compulsory liquidation). The respondent is Celestial's liquidator. The respondent applied in the High Court to compel the appellants to disclose documents relating to Celestial's trade dealings,¹ on the basis that such documents are fundamental for a proper analysis of Celestial's consolidated financial statements and year-end balances which would enable the respondent to reconstruct Celestial's financial records and investigate the suspicious transactions that were identified. The High Court granted the respondent's application and issued a disclosure order. The appellants appealed to the Court of Appeal. Although leave to appeal was filed, the appellants subsequently contended that appeal is as of right and that leave was not required. Even though leave was not granted, the appeal was brought to the Court of Appeal.

Issues The issues before the Court of Appeal were (1) whether the Court of Appeal had the relevant jurisdiction to hear the present appeal in lieu of the absence of leave to appeal; and (2) whether the trial judge erred in granting the disclosure order.

Held The Court of Appeal dismissed the appeal and held that while a disclosure order does not determine the substantive rights of the parties as it merely compels the disclosure of documents or relevant persons to be orally examined, such order is peripheral to the main action in determining the outcome. Therefore, the present appeal filed by the appellants is not properly brought as leave was not first obtained. In relation to the disclosure order granted by the trial judge, the Court of Appeal held that the trial judge did not err in granting the disclosure order, and stated that the respondent has successfully shown a reasonable belief that the appellants were able to assist him, and that the documents sought were reasonably required. It was further held that a disclosure order in this case was necessary to help the respondent in investigating the suspicious transactions identified and determine the reason for Celestial's demise.

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¹ Section 285 of the Singapore Companies Act provides for the power to summon persons connected with the company to disclose information or provide relevant documents.