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INSIGHTS

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Can the Chairman of a Shareholders' Meeting Refuse to Count a Registered Member's Votes Because of the Member's Obligations to a Third Party or a Risk of Regulatory Penalties?

Castel, Romy Ingrid and others v Investment Beverage Business Management Pte Ltd and others [2026] SGHC 237

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About

What happens when the chairman simply refuses to count the votes of a registered shareholder because of arrangements made behind the share register?

In Castel, Romy Ingrid and others v Investment Beverage Business Management Pte Ltd and others [2026] SGHC 237, the chairman of a licensed fund management company disregarded the votes of a shareholder holding 24.33% of its shares, relying on a family arrangement and on statements made to the Monetary Authority of Singapore ("MAS"). The High Court held that he had no power to do so.

In this article, our directors explain the decision and what it means for shareholders and directors in contests for control.

AT A GLANCE

- **Court:** General Division of the High Court (Philip Jeyaretnam J); grounds of decision issued on 20 November 2026. An appeal has been filed by two of the defendant directors.
- **Issue:** whether a chairman may refuse to count a registered member's votes because of (a) her contractual obligations to a third party, or (b) a risk of regulatory penalties for the company.
- **Key holdings:** a member's right to vote is personal and may be enforced directly, without a derivative action; private arrangements between a shareholder and a third party do not bind the company; and a chairman's powers are limited, "not dictatorial".
- **Outcome:** the shareholders' application was allowed and the directors' counterclaim dismissed; indemnity costs of S$300,000 against the two directors who alleged forgery.

BACKGROUND

Investment Beverage Business Management Pte Ltd ("IBBM") is a Singapore fund management company holding a licence under the Securities and Futures Act 2001 ("SFA"). It is the investment arm of the Castel group, founded by Mr Castel in 1949.

In 2024, Mr Castel transferred his IBBM shares to his daughter, Ms Castel. Under a family deed, voting rights were to return to Mr Castel during his lifetime. In seeking MAS approval for the transfer under s 97A of the SFA, IBBM told MAS that Ms Castel was not seeking managerial control and would not exercise voting rights until her father's death. MAS approved the transfer without conditions.

Mr Castel later gave Ms Castel a general power of attorney. At two extraordinary general meetings in early 2026, Ms Castel and two other shareholders, together holding 72.33%, sought to remove the chairman, Mr Bær, and another director, and to appoint new directors. Mr Bær refused to count Ms Castel's votes and declined to put his own replacement as chairman to a vote. Two parallel meetings followed, and IBBM announced that no resolution had passed.

The shareholders applied to court. Mr Bær and the other director counterclaimed, alleging among other things that the power of attorney was forged.

THE RIGHT TO VOTE IS A PERSONAL RIGHT

The defendants argued that the shareholders' complaint was a wrong to the company and should have been brought as a derivative action. The court disagreed. Under the rule in Foss v Harbottle the company is the proper claimant for wrongs done to it, but a member may sue to enforce a personal right. The right to have one's votes counted is a personal right.

PRIVATE ARRANGEMENTS DO NOT BIND THE COMPANY

The vote attaching to shares comes from ss 64(1) and 180(2) of the Companies Act 1967 and may be altered only by written law or the constitution. Nothing in either took away Ms Castel's vote.

- **The family deed:** its restrictions on voting operated only between Ms Castel and her father. The deed excluded third-party rights, and IBBM had no collateral promise from Ms Castel.
- **The usufruct:** a civil-law instrument giving Ms Castel "bare ownership". The court held it was not the operative instrument and that Singapore courts should not enforce a concept with no common law equivalent.
- **The power of attorney:** after hearing cross-examination, the court found the power of attorney genuine and a valid basis for Ms Castel to exercise the voting rights.

REGULATORY RISK DŒS NOT EXPAND THE CHAIRMAN'S POWERS

The defendants argued that counting Ms Castel's votes would expose IBBM to penalties under the SFA, given what had been said to MAS. The court rejected this. MAS imposed no condition on its approval, and any condition carrying penalties "would need to be expressly stated". There was no evidence that the statements to MAS were untrue when made, and Ms Castel herself made no promise to MAS.

More fundamentally, shareholders may vote as they see fit. The court held that a chairman's powers are limited and "not dictatorial", and that a chairman who is also a director may not use the chair to advance his own agenda as a director, particularly on board appointments and removals. Even if regulatory risk existed, refusing to count votes on that basis was beyond the chairman's powers.

AN UNWILLING CHAIRMAN CAN BE REPLACED

IBBM's constitution allowed the meeting to choose another chairman where the chairman "is unwilling to act". The court held that refusing to count votes and refusing to put his own removal to a vote meant that Mr Bær was unwilling to act, so the proviso was validly invoked.

COSTS

The two directors who alleged forgery were ordered to pay indemnity costs of S$300,000, because an unfounded and serious allegation had prolonged the matter. A third director who moved from neutrality to opposing the shareholders paid standard costs of S$90,000.

PRACTICAL TAKEAWAYS

- **For shareholders:** if your votes are disregarded at a general meeting, you can sue in your own name to enforce your right to vote. Keep a clear record of the votes cast and of how the chair conducted the meeting.
- **For chairmen and boards:** the chair runs the meeting but dœs not decide who may vote. Doubts about a member's private arrangements or regulatory exposure are not grounds to disregard registered votes.
- **For families and investors:** voting arrangements behind the register, such as family deeds, powers of attorney and foreign-law instruments, generally bind only the parties to them. If the company is meant to be bound, build the arrangement into the constitution or a shareholders' agreement to which the company is party.

- **For regulated companies:** statements made to a regulator in an approval application do not by themselves restrict a shareholder's vote. If restrictions are intended, they should be express.

CONCLUSION

The decision reinforces a basic principle of company law: the right to vote belongs to the registered member, and a chairman cannot take it away on the strength of arrangements the company is not party to. The decision is under appeal, and we will follow the outcome closely.

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