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Singapore Medical Association Pte Ltd

A New Beginning

On 15 March 2000, the Singapore Medical Association was successfully incorporated as a private company under The Companies Act in Singapore. It was a gratifying moment for the team involved, including myself, because of the ups and downs experienced during the past one year, relating to the process of incorporating the company and the struggles with the regulatory agencies along the way. I am now writing this on behalf of the team and the Council, to share with you the experiences of a difficult year.

As early as Dec 1998, the 39th Council felt that SMA should incorporate a private limited company in order to help streamline its activities, to be commercially viable and to prepare for the future. The company incorporated would be involved in publication, organisation of courses, property ownership and other activities deemed fit by the SMA Council. This follows the successful model of foreign medical associations, such as the British Medical Association and the Australian Medical Association. In the first two months of 1999 before the AGM, opinions from the Registry of Society (ROS), SMA's legal advisors and auditor were sought regarding the requirements for the formation of such an incorporated company. SMA was advised by both its legal advisors and auditor on the

necessary constitutional amendments required to facilitate the setting up the private limited company, and for the property to be purchased by the incorporated company. With hindsight, we noticed that the ROS was silent in its reply to the SMA on this matter.

At the AGM held in April 1999, despite the lively debate on the incorporation of the company, the necessary constitutional amendments were passed by the house as most members felt that this was important and good for the future of the SMA. The incoming 40th SMA council was thus given the mandate to incorporate a private limited company and to purchase a property for the SMA. Little did the team know the regulatory hurdles it would face as it sought to incorporate the company in the months ahead.

In May 1999, an application was submitted to the Registry of Companies and Businesses (RCB) to incorporate the company under the proposed name of "Singapore Medical Association Pte Ltd"

(SMAPL). We were surprised the name was rejected by EDB. We were informed that "EDB is of the view that as the company is not held by the Singapore Government, an alternative name without 'Singapore' should be used." (!) This was our first taste of bureaucracy in action. We appealed by highlighting the fact that there are some 400 registered companies in Singapore, which have the word "Singapore" in their names, many of which are not companies held by the Singapore Government. Fortunately EDB saw our point, and eventually approved the name "Singapore Medical Association Pte Ltd" for the proposed company.

In the meantime, the committee proceeded with the search for a suitable property to purchase. We identified a freehold building along South Bridge Road that was ideal (due to its location, ample parking sites and leasability). It was also within the budget approved by the AGM. However as ROS had not approved the constitutional amendments as passed in the AGM, we had to forgo

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the purchase of the property. We could have bought the property under three Trustees, but the Association would have to incur additional cost for transferring the property's title from the Trustees to the incorporated company, at a later date.

We sensed that something was not right when our constitutional amendments for the incorporation were formally rejected by the ROS in June 1999, even though they were approved by the members at the AGM. The ROS had a right to reject any constitutional amendments that it deemed unfit for any society, but the lack of a written explanation for the rejection puzzled us. Only in ROS's reply to our first appeal several weeks later, did we realize that what we had embarked on, was in ROS's opinion "without precedent". Later we were informed that SMA was the first society attempting to incorporate a private limited company, although this is not specifically forbidden under the Societies Act. From July till November 1999, multiple requests for a meeting between both parties, to try to understand and resolve the outstanding issues were turned down by ROS. By November 1999, the team was feeling desperate as the extension provided by RCB to incorporate SMAPL had lapsed and we did not know if ROS would ever approve the constitutional amendments necessary to do so. The team even considered other alternatives, e.g. of incorporating SMAPL under a Trustee Company, or even dissolving SMA itself as a registered society, and re-incorporating SMAPL to start everything new (we realised that the latter option is almost an impossible task, as this requires 3/5 approval from a postal vote), none of which were practical.

In desperation the team managed to obtain the cooperation of one of its members, Dr Tan Cheng Bock, who, sought clarification from ROS on behalf of the Association on the matter. We had to endure a long wait over the Millennium for the reply, but we were very pleased when ROS finally approved SMA's constitutional amendments in Jan 2000.

The incorporation process then proceeded quickly so that everything

could be settled before the end of the current Council's term in April 2000. At its Meeting on 26 Jan 2000 and at the Extraordinary Council Meeting on 1 Feb 2000, the Council had lengthy discussion and debates on the incorporation process, shareholding of SMAPL, appointment of trustees and the directors of SMAPL. With the advice of our legal advisor, Mr Lek Siang Pheng and our auditor, Mr Richard Chan, the Council decided unanimously on the following actions :

- i) to recommend Dr Kwa Soon Bee, Dr Robert Loh Choo Kiat and Dr Tan Cheng Bock as the three SMA Trustees to hold shares in SMAPL for the benefit of SMA, in accordance with Article XIII Section 2, for a term of 5 years;
- ii) that the board of directors of SMAPL shall comprise of 6 directors, 3 of whom shall be SMA Executive Committee Members of the SMA Council and the other 3 shall be SMA Members who shall be recommended for appointment by the SMA Council;

iii) to propose the following as first directors for the incorporation of SMAPL:

Non-Executive Directors

(SMA Executive Committee Members)

- A/Prof Goh Lee Gan (President)
- Dr Wong Chiang Yin (Hon Secretary)
- Dr Yue Wai Mun (Hon Treasurer)

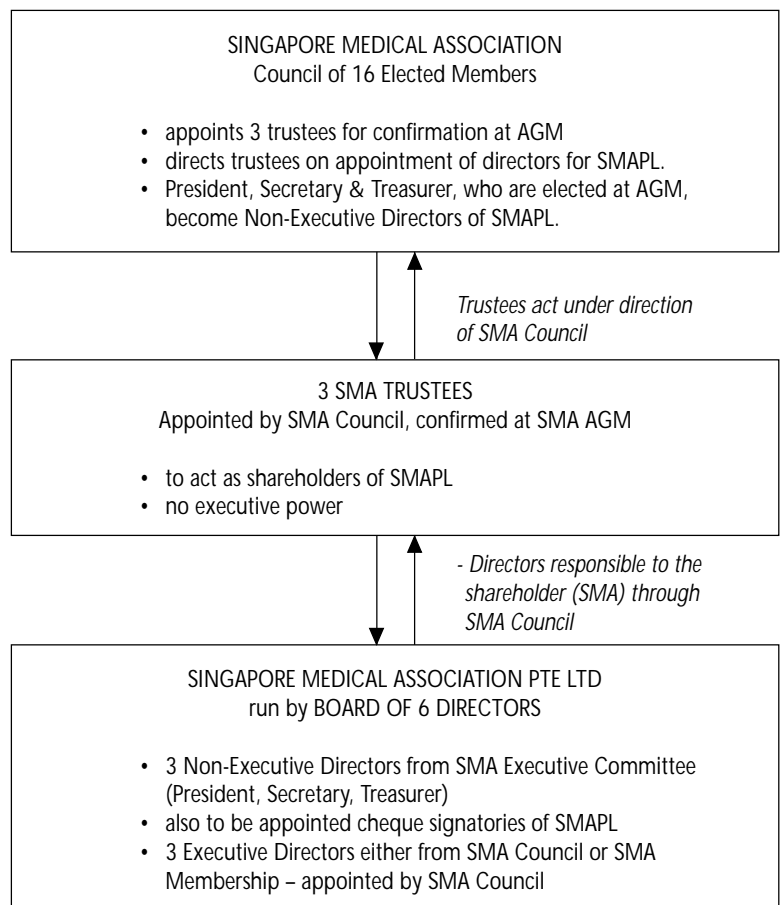
Executive Directors

(SMA Members)

- Dr Lim Teck Beng
- Dr Tan Sze Wee
- Dr Ivor Thevathasan

A circular was sent to the general membership regarding the nomination of the trustees and directors. A diagram illustrating the relationship between SMA and SMAPL was included to aid understanding of this process (Annex A). By the closing date of 23 Feb 2000, no objection was received.

ANNEX A
RELATIONSHIP BETWEEN SINGAPORE MEDICAL ASSOCIATION (SMA) &
SINGAPORE MEDICAL ASSOCIATION PRIVATE LIMITED (SMAPL)



The three Trustees have since accepted SMA Council's nomination and with the advice of our legal advisor, a Trust Deed was prepared for execution by each of the Trustees (Annex B). The SMA Council decided that the company shall have a share capital of \$200,000 divided into ordinary shares of \$1.00 each, and that the shares to be held in trust by the three trustees would be as follows :

Dr Kwa Soon Bee	66,667 shares
Dr Robert Loh Choo Kiat	66,667 shares
Dr Tan Cheng Bock	66,666 shares
	<u>200,000 shares</u>

The idea of Executive and Non-executive Directors were mooted towards the end of the deliberation process in the drafting of the Memorandum and Articles of the Association of SMAPL. The system of appointing of directors is as follows :

- Executive Directors – Of the 6 directors, 3 executive directors will be from the

SMA membership and each shall hold office for a 3-year term;

- Non-Executive Directors – The 3 non-executive directors shall be the office-bearers of the current SMA Council, namely the President/Honorary Secretary and Honorary Treasurer. They will be directors for the duration of their term of office, that is one year per term.

The different roles of the executive and non-executive directors follows common management practice. The executive directors will be involved in the day-to-day running of the company. They are the operational people. The non-executive directors play a strategic role in that they set the direction, and monitor the running of the company by defining goals, endpoints, and set indicators. They leave the three executive directors to perform their duties and would ordinarily not be involved in operational matters.

The final copy of the Memorandum

and Articles of Association of SMAPL was completed on 9 March 2000 and submitted to RCB. On 15 March 2000, the Singapore Medical Association was incorporated as a private company under The Companies Act in Singapore. The Memorandum and Articles of Association and the Trust Deeds executed by the SMA Trustees are available for inspection at the SMA Secretariat.

The team has since stepped up its search for a property to be purchased under SMAPL. We have found a freehold property (a five-storey shophouse) that is suitable. We'll inform the members when the deal is finalised. ■

Dr Tan Sze Wee on behalf of Taskforce Team on SMA Pte Ltd and Property.

Chairman	: Dr Lim Teck Beng
Vice-Chairman	: Dr Tan Sze Wee
Ex-Officio	: A/Prof Goh Lee Gan
Members	: Dr Wong Chiang Yin
Administrative	: Ms Chua Gek Eng
Secretary	: Ms Tan Hwee Ping

ANNEX B TRUST DEED

THIS DECLARATION OF TRUST is made on this _____ day of _____ 2000 by Dr _____, holder of NRIC No. _____, of _____, for the benefit of the members of the Singapore Medical Association.

WHEREAS:

- (1) The Singapore Medical Association is desirous of incorporating a company known as Singapore Medical Association Pte Ltd.
- (2) The shares of Singapore Medical Association Pte Ltd are to be held by trustees appointed by the Singapore Medical Association.
- (3) Dr _____, holder of NRIC No. _____, has been recommended by the Singapore Medical Association Council to hold upon trust, certain of the shares of Singapore Medical Association Pte Ltd for the benefit of the members of the Singapore Medical Association.

NOW THIS DEED WITNESSES as follows:

1. **Definitions and interpretation**
 - 1.1 "SMA" means the Singapore Medical Association
 - 1.2 "SMAC" means the Singapore Medical Association Council
 - 1.3 "SMAPL" means Singapore Medical Association Pte Ltd
 - 1.4 "the Trustee" means the person referred to in Recital (3) above, and/or any other person or persons to whom the duties and powers of the Trustee are validly delegated under this deed.
2. **Declaration of Trust**
 - 2.1 The Trustee declares that he holds the shares in SMAPL upon trust for all the members of the SMA absolutely.
 - 2.2 The Trustee declares that should he become entitled to take or subscribe for any new shares in SMAPL, that he shall hold the said new shares upon trust for all the members of the SMA absolutely. Should the entitlement to take or subscribe for the new shares not be exercised, the Trustee declares that the said entitlement shall be held upon trust for all the members of the SMA absolutely.
 - 2.3 The Trustee declares that any dividends declared by SMAPL shall be held upon trust for all the members of the SMA absolutely.
 - 2.4 The Trustee or his legal personal representative(s) or his successor in title shall forthwith transfer the shares in SMAPL held by the Trustee to such other person as determined by the SMAC without any payment by the SMA.
 - 2.5 The Trustee shall not transfer the shares in SMAPL held by the Trustee to any of the other two trustees appointed by the SMA or to any other person without the prior written approval of the SMA.

3. **Duties and Powers of the Trustee**

- 3.1 The Trustee shall, together with the other two trustees appointed by the SMA, appoint such persons as nominated in writing by the SMAC as the executive directors of SMAPL. Provided always that the trustees may refuse to appoint a nominee as an executive director of SMAPL only if at least 2 of the 3 trustees agree to such refusal and such refusal (with reasons for such refusal) is notified in writing to the SMAC within thirty (30) days of the nomination in writing by the SMAC.
- 3.2 The Trustee shall not act as a director of SMAPL.
- 3.3 The Trustee shall not be bound or required to interfere in the management or conduct of affairs or business of SMAPL, and so long as the Trustee has no notice of any act of dishonesty, fraud, misappropriation of monies, wilful default or gross negligence on the part of the directors of SMAPL, the Trustee shall be at liberty to leave the conduct of its business wholly to such directors. The Trustee is to inform the SMAC without delay if he has notice of any such act of dishonesty, fraud, misappropriation of monies, wilful default or gross negligence.
- 3.4 The Trustee shall not delegate any of his duties or powers to any person or persons without the prior written consent of the SMAC.
- 3.5 The duties or powers of the trustees shall be exercised jointly by all 3 trustees. If any of the trustees disagrees or differs from the others as to the exercise of any of their duties or powers, such powers shall become exercisable by a majority of the trustees. The trustees shall keep records in writing of the exercise of such duties or powers and shall without delay inform the SMAC in writing.
- 3.6 The Trustee shall have such further duties and powers as may be directed or granted in writing from time to time by the SMAC in accordance with the provisions of the SMA Constitution.

4. **Remuneration**

- 4.1 Except as may be provided under any written law, the Trustee shall not be entitled to any remuneration.

5. **Reimbursement**

- 5.1 The Trustee shall be entitled to reimbursement for all expenses incurred in the proper execution of his duties or exercise of his powers.

6. **Liability of the Trustee**

- 6.1 The Trustee shall not be liable for any losses unless the said losses are caused by the dishonesty or fraud or wilful default of the Trustee or wrongful refusal by the Trustee to follow the direction of the SMAC.

IN WITNESS WHEREOF this Trust Deed has been executed on the day and year first above written.

SIGNED, SEALED and DELIVERED

by the abovenamed Dr _____

In the presence of: _____