

IN THE STATE COURTS OF THE REPUBLIC OF SINGAPORE

[2026] SGECT 16

Employment Claims Tribunals – Claim No 10721 of 2026

Between

JGC

... Claimant

And

JGE

... Respondent

GROUND OF DECISION

[Employment Law – Benefits – Equity incentives]
[Employment Law – Dismissal without just cause or excuse]

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JGC

v

JGE

[2026] SGECT 16

Employment Claims Tribunals – Claim No 10721 of 2026
Tribunal Magistrate Kevin Ho Hin Tat
9, 18 September 2026

30 September 2026

Tribunal Magistrate Kevin Ho Hin Tat:

1 In this wrongful dismissal action, shortly after the claimant's employment was confirmed, and the respondent had obtained a relatively significant investment, the respondent dismissed the claimant. The claimant argued that she was wrongfully dismissed by the respondent, as the respondent wanted to deprive her of her entitlement to the respondent's shares. The respondent denied this, arguing that the underlying reasons for the claimant's dismissal were due to her poor performance (although no reason was cited in the notice of termination). I found that the claimant was wrongfully dismissed, and awarded the claimant the sum of \$15,000 for compensation for loss of income. The respondent has since filed an application for permission to appeal against my decision. These are the detailed grounds of my decision.

Background

2 The respondent was an early start-up company that was incorporated in October 2025.¹

3 The claimant joined the respondent as an intern on 4 December 2025. It is undisputed that the claimant was confirmed and converted to a full-time employee on 1 January 2026. This was an early completion of her three-month probation period, which was stipulated to end on 3 March 2026.

4 The employment contract between the parties is contained in an agreement dated 1 January 2026 (“Employment Agreement”).² Under the Employment Agreement, the Claimant was employed by the Respondent as a “Quant Researcher & Marketing (Full-Time)”, and was entitled to a monthly salary of \$5,000.

5 Pursuant to Clause 4 of the Employment Agreement, in recognition of the claimant’s “early and ongoing contributions to the [Respondent] as a co-founder-level contributor”, the claimant was entitled to an “equity interest” representing 2.25% of the respondent’s “share capital on a fully diluted basis” *following* the “completion of the [respondent’s] first bona fide external equity financing”. The shares, once issued and allotted, were subject to a vesting timeline of 48 months, with 25% vesting upon the claimant’s completion of 12 months of “continuous service” with the respondent, and the remaining 75% vesting in equal monthly instalments over the subsequent 36 months, “subject to the [claimant’s] continued service”.

¹ C01.

² C02.

6 On or about 20 January 2026, the respondent signed a term sheet with an investor, which in broad terms, entailed the subscription of new shares by the investor in the respondent, in exchange for funding (“Shares Subscription Agreement”).³

7 On 23 January 2026, the claimant was provided with a first draft of an employee share option plan (“ESOP”).⁴

8 On 29 January 2026, the respondent sent a letter of offer to the claimant to sign (“Replacement Agreement”).⁵ The letter was backdated to 1 January 2026, the start date of the claimant’s employment, and was intended to replace and supersede the terms of the original Employment Agreement. According to the respondent at the trial, this was part of a “broader restructuring” within the company. There were documented negotiations between the claimant and the Respondent’s managing director, Mr X, on the Replacement Agreement on 29 January 2026, before a revised draft of the Replacement Agreement was sent to the claimant on 30 January 2026.⁶ The revised draft of the Replacement Agreement sent on 30 January 2026 contained a provision in relation to equity-based compensation in Clause 9.1, which provided that any incentive that was structured as an equity-based compensation shall be granted pursuant to the respondent’s employee stock option plan, a reference to the ESOP.⁷ To avoid doubt, it was not suggested by the parties that Clause 9.1 was amended pursuant to the revised draft of the Replacement Agreement.

³ C03.

⁴ C05.

⁵ R13.

⁶ R05.

⁷ R13.

9 It is undisputed that on the morning of 30 January 2026, the respondent received \$200,000 as part of the first tranche of the investment under the Shares Subscription Agreement. In the afternoon on 30 January 2026, the claimant was provided with a revised draft of the ESOP, along with the Replacement Agreement. She refused to sign the documents. At the trial, the claimant’s position was that she had largely reached alignment with the respondent on the Replacement Agreement and was “happy” with it, save for the aspects relating to the ESOP. It was undisputed that the Replacement Agreement was to go hand in hand with the ESOP, with the latter annexed to the Replacement Agreement under Schedule 1.

10 According to the claimant, that very evening, on 30 January 2026, at about 7.38pm, the respondent issued the claimant a “notice of termination”.⁸ The respondent “forcibly cut off [her] system privileges, locked [her] email, and confiscated [her] keycard” by 8pm. This was not disputed by the respondent. At 11.08pm that night, Mr X sent to the claimant’s personal email address the written notice of termination, along with a payment slip showing the transfer of \$4,000 to the claimant’s bank account.⁹ For completeness, it was not clear if the 7.38pm “notice of termination” referred to by the claimant was in fact a written notice of termination, or if the claimant was simply referring to the fact that she had been informed by the respondent of its decision to terminate her, although nothing turns on this.

11 The written notice of termination stated that, pursuant to Clause 9 of the Employment Agreement, the respondent was providing 30 days’ written notice of termination of the claimant’s employment “without cause”, and her

⁸ C07.

⁹ C07.

employment would be terminated with effect from 28 February 2026, being the last day of her notice period.¹⁰ However, as mentioned above, the respondent's email containing the notice of termination also attached a "payment slip", with Mr X stating that this was for "payment in lieu of notice". Put simply, contrary to what was stated in the notice of termination, the respondent had effectively dismissed the claimant with salary in lieu of notice. It is undisputed that the claimant duly received the salary in lieu of notice. While the claimant also alluded at the trial to how she had tried to work even during the period in February 2026 after she was dismissed (and had sent emails to the respondent notifying them of the same), this was not relevant for purposes of the wrongful dismissal claim.

Parties' positions

12 The claimant alleged that she was wrongfully dismissed by the respondent on the basis that it was to "improperly deprive [her] of [her] vested contractual equity rights".¹¹ The claim was for \$20,000.

13 At the trial, the claimant provided the following breakdown for her claim: (a) \$10,000 in respect of the loss of income arising from her equity interest; and (b) \$10,000 in respect of the loss of income on account of the time she took to find new employment and for the alleged harm caused to her as she had "problems" sleeping and needed to rely on supplements to sleep. The claimant also confirmed her position that, while she viewed her losses as exceeding \$20,000, she was capping her claim to only \$20,000 in order to bring the claim within this tribunal's jurisdiction.

¹⁰ C06.

¹¹ C20 at [12].

14 The respondent's position was that its decision to dismiss the claimant was due to "ongoing concerns regarding the [claimant's] performance, communication, professionalism, and overall suitability for the role". The decision to dismiss the claimant was independent of the claimant's refusal to sign the Replacement Agreement (and the ESOP).¹²

15 For completeness, I note that there was no suggestion that the claimant was employed in a managerial or an executive position, such that the claimant would not be a relevant employee within the meaning of s 14(2A) of the Employment Act 1968 ("Employment Act"). This is because the claimant was dismissed less than six months after her employment, and s 14(2A)(a) only considers a managerial or an executive who is dismissed with notice or without notice but receives payment of salary in lieu of notice as a relevant employee if the employee has served the employer for at least six months in any position. While Clause 4 of the Employment Agreement alluded to the claimant's "early and ongoing contributions...as a co-founder level contributor", her position as a "Quant Researcher & Marketing (Full-Time)" along with her stated responsibilities do not suggest that she was employed in a manager or executive position.

16 The claimant did not call any other witnesses for the trial. The respondent's only witness for the trial was its Managing Director, Mr X. Mr X described himself as a "founder" of the company.

Issues

17 The key issues I had to decide were:

¹² R03 at 1.

- (a) whether the claimant was wrongfully dismissed; and
- (b) if so, what damages was the claimant entitled to.

Findings

The claimant was wrongfully dismissed

18 I begin by setting out the applicable legal principles.

19 Paragraph 7 of the Tripartite Guidelines on Wrongful Dismissal provides that as both employer and employee have a right to contractually terminate employment with notice, dismissals with notice are presumed not to be wrongful. Paragraph 9 of the Tripartite Guidelines on Wrongful Dismissal also provides that, where no reason is given for the dismissal, to succeed in claiming that a dismissal with notice is wrongful, an employee must substantiate a wrongful reason for the dismissal.

20 The respondent did not provide any reason in the notice of termination for the claimant's dismissal. Her dismissal was therefore presumed not to be wrongful.

21 Notwithstanding the presumption, on the evidence before me, I found that the claimant had proved that she was wrongfully dismissed by the respondent, *ie* that she was dismissed without just cause or excuse within the meaning of s 14(3)(a) of the Employment Act. This was for two main reasons: (a) there was sufficient evidence to suggest that the respondent had dismissed the claimant for a wrongful reason, *ie* her refusal to sign and accept the respondent's Replacement Agreement and ESOP; and (b) there was insufficient evidence to support the respondent's claim that it had dismissed the claimant on account of her alleged poor performance. I elaborate.

22 The undisputed sequence of events leading up to the claimant's termination suggested strongly that the claimant was dismissed on account of her refusal to sign and accept the respondent's Replacement Agreement and ESOP. The claimant was dismissed, or minimally informed of the decision to dismiss her on 30 January 2026 at 7.38pm (see [10] above), just *hours* after she had refused to sign the documents which were presented to her at 1.13pm that very same day.¹³ The claimant's refusal to sign the documents was significant because the claimant's entitlement to her equity interest would have been compromised under the Replacement Agreement and ESOP.

23 Under Clause 4 of the Employment Agreement, the claimant was "entitled" to the "equity interest" once the company's first external equity financing was "completed". The only condition the claimant had to satisfy thereafter was that she was to remain in "continuous service" with the respondent, with the shares to be fully vested across a total of 48 months. Against this, the letter of offer at Annex A to the ESOP stated that the Claimant's entitlement to the options under the ESOP was *subject* to key performance indicators, comprising: (a) "User / Leads Growth" which refers to growing the "number of new users, signups, or leads month-over-month"; (b) "Cost Efficiency" which refers to improving or maintaining "Cost Per Lead (CPL) / Cost Per Acquisition (CPA)"; and (c) "Revenue / Pipeline Contribution" which refers to contributing "measurable revenue or qualified pipeline through marketing activities".

24 From an objective standpoint, it was evident that insofar as the claimant's equity interest was concerned, having the ESOP replace the claimant's rights under the Employment Agreement was more beneficial to the

¹³ C20 at [8] – [9].

respondent's interests, and conversely, detrimental to that of the claimant's. The claimant's right to the options under the ESOP would have been subject to the key performance indicators, which appeared to be vague and unclear, without any quantifiable measure. In short, the respondent was asking the claimant to exchange a contractual *entitlement* to the respondent's shares for a conditional right, that was almost akin to a performance bonus contingent on key performance indicators being achieved.

25 A reasonable inference could therefore be drawn that the claimant's dismissal, which came swiftly after the claimant's refusal to sign the Replacement Agreement and ESOP, was motivated by the claimant's refusal to do so.

26 I was fortified in my conclusion by the fact that the respondent had engaged in discussions and negotiations with the claimant on the Replacement Agreement and the ESOP in the period leading up to her dismissal, which was difficult to square with its decision to terminate the claimant on grounds of alleged poor performance. The first draft of the ESOP was sent to the Claimant on 23 January 2026. The claimant testified that she had a discussion with the Respondent's management on 28 January 2026 on the ESOP terms, before a revised draft was sent to her on 30 January 2026. At the same time, there were ongoing discussions regarding the replacement Agreement from 29 January 2026.

27 If the respondent truly intended to dismiss the claimant for poor performance, I do not see why the respondent would have seen fit to engage in negotiations with the claimant on the Replacement Agreement and the ESOP. At the trial, when I posed this issue to Mr X, his response was that the decision to dismiss the claimant for poor performance was only made on 30 January 2026

after discussions with the other members of his team that day. The respondent did not choose to call any of these other members of Mr X's team as witnesses. In any event, I did not find this explanation to be persuasive. It was far too convenient for the purported decision to be made on 30 January 2026, the same day that the claimant refused to sign the Replacement Agreement and ESOP. It was also at odds with the respondent's overall conduct in the negotiation discussions regarding the Replacement Agreement and ESOP, and Mr X's evidence that by the middle of January 2026, he had already "formed concerns about [the claimant's] work performance and whether she was suitable for the role".¹⁴ Put simply, it made little sense for the respondent to engage in such negotiations and discussions if it had truly intended to dismiss the claimant for poor performance.

28 Moreover, while the burden of proof was on the claimant to prove wrongful dismissal, there was insufficient evidence to support the respondent's claim that its underlying reason (even if not articulated in its notice of termination) for dismissing the claimant was on account of her alleged poor performance. Mr X confirmed on the stand that the respondent's purported decision to dismiss her on poor performance grounds was not documented anywhere. Further, there was little to no concrete contemporaneous evidence of the respondent's alleged concerns on her work performance.

29 I accepted that there were communication records tendered by the Respondent where it could be seen that the claimant was being asked to follow up on certain tasks or requests, and records where it was noted that the claimant did not update a group chat (with Mr X in) before making a submission to an

¹⁴ R09 at [6].

external party.¹⁵ The respondent also took issue with the claimant's provision of her personal email address for external communications. However, there was no objective evidence that these matters were taken into account as grounds for her dismissal. It was also difficult to see how these matters could have been of sufficient gravity to motivate the respondent's dismissal of the claimant. Moreover, it was undisputed that the claimant's probation period was shortened significantly, which suggests that the respondent did not have any performance issues with the claimant at the time. It is therefore hard to understand how her performance (which must have been good enough for probation to have been abridged) could have deteriorated so rapidly within a short span of a month.

30 The respondent also relied on two alleged grounds of poor performance which related to events *after* the claimant's dismissal, and which could not have been relied on by the respondent at the time in dismissing the claimant:¹⁶

(a) The respondent's complaint that the claimant had misrepresented herself as a co-founder of the respondent (when she was not) was not relevant, as the alleged misrepresentation took place only after the claimant's dismissal.

(b) While there was a chat message from the respondent's consultant, in the context of a grant application, questioning whether certain figures provided by the claimant were realistic, the message was only sent on 1 February 2026, after the claimant's dismissal on 30 January 2026. There was no objective evidence to substantiate Mr X's testimony that the concerns were already present before 1 February 2026. In any event, there was insufficient evidence to understand the full

¹⁵ R04 at 1 – 3.

¹⁶ R04.

context as to whether the incident was indeed a proper reflection of poor performance, as the claimant could well have her own reasons for deriving those figures.

31 In sum, looking at the matter in totality, I found that there was sufficient evidence to suggest that the respondent had dismissed the claimant because of the claimant's refusal to sign the Replacement Agreement and ESOP, in circumstances where signing the Replacement Agreement and ESOP and giving up her rights under the Employment Agreement would have a detrimental effect on her entitlement to her equity interest. This was done in bad faith, and amounted to a wrongful reason for the claimant's dismissal. I rejected the respondent's alleged grounds of poor performance. In the circumstances, I found that the claimant had proved that she was wrongfully dismissed by the respondent.

32 I turn to consider the issue of compensation.

Compensation to be awarded for the claimant's wrongful dismissal

33 Paragraph 1 read with paragraph 2 of the Second Schedule to the Employment Claims Regulations 2017 ("ECR") provides that the amount of compensation to be awarded in a wrongful dismissal dispute is to consist of: compensation for the claimant's loss of income (which must not exceed 3 months' of the claimant's gross rate of pay); and compensation for harm caused, to be determined in accordance with paragraphs 3 to 7 of the ECR.

34 In terms of loss of income, I start with the claim for \$10,000 on account of the loss of her equity interest. I note parenthetically that I have adopted the term "equity interest" from the language of the Employment Agreement, and it is not intended to be a legal term of art. The term "equity interest", in the context

of the Employment Agreement, refers to her entitlement to an equity interest representing 2.25% of the respondent's share capital, prior to the issuance and allotment of the shares which would take place upon completion of the "first external equity financing".

35 As a preliminary point, and for good measure, I considered whether the claim for loss of income could encompass such an equity interest, even though the respondent did not argue otherwise. The ECR does not contain any definition of "loss of income".

36 Section 14(2)(b) is the operative provision dealing with wrongful dismissal under Employment Act that provides that the employee can seek "compensation" as a remedy where he has filed a claim under the Employment Claims Act 2016 ("ECA"). Section 14(3)(b) of the Employment Act provides that the Employment Claims Tribunal may, despite any rule of law or agreement to the contrary, in a claim for compensation, direct the employer to pay, as compensation to the employee, "an amount of wages determined by the Tribunal". "Wages" is defined under s 2 of the Employment Act as "salary". "Salary" in turn is defined under s 2 as "all remuneration including allowances payable to an employee in respect of work done under his or her contract of service", to the exclusion of certain categories which are not relevant for present purposes. A plain reading of this definition of "salary" would cover equity incentives such as shares or share options, as these contractual benefits are typically intended to incentivise the employee to remain in employment and work for the employer. They therefore constitute remuneration in respect of work done under the contract of service, albeit in a deferred form.

37 The meaning of "wages" under s 14 of the Employment Act should be read in a harmonious fashion with the definition of "income" under the ECR,

for reasons that will be evident shortly. Indeed, the meaning of “wages” (and “salary”) under the Employment Act is generally consistent with the plain meaning of “income”. *Black’s Law Dictionary* (Bryan A Garner gen ed) (Thomson Reuters, 10th Ed, 2014) defines “income” as the “money or other form of payment that one receives...periodically, from employment, business, investments, royalties, gifts, and the like” (at 641).

38 The plain meaning of “wages” and “income” is supported by the legislative purpose. To set the context briefly, the Employment Claims Tribunals were first empowered to adjudicate in wrongful dismissal disputes pursuant to the Employment (Amendment) Act 2018) (“EAA”), which was passed in November 2018 and took effect in April 2019. Section 3 of the EAA effected the amendments to s 14(3)(b) of the Employment Act dealing with compensation for a wrongful dismissal claim (see [36] above), and s 26 of the EAA brought about the consequential and related amendments to the ECA.

39 During the Second Reading of the Employment (Amendment) Bill, the then Minister for Manpower, Mrs Josephine Teo (“Minister Teo”) in explaining that the amendments were to shift the adjudication of wrongful dismissal cases from the Ministry of Manpower to the Employment Claims Tribunals, stated that the Employment Claims Tribunals would, as per the “current practice”, “take into account factors *beyond just the wages* or maternity benefits owed to the employee, in determining the amount of compensation” [emphasis added]. In explaining the first set of amendments under the Employment (Amendment) Bill, to extend the “core provisions” to all employees, the Minister noted that this would include “other protections” such as “protection against wrongful dismissal” (*Singapore Parliamentary Debates, Official Report* (20 November 2018), Vol 94, Mrs Josephine Teo, Minister for Manpower). The purpose of the wrongful dismissal provision is therefore for employee *protection*.

40 Prior to the passing of the EAA, Minister Teo was asked in March 2018 on whether the ECT would be able to “recognise damages that go beyond the notice period”. Minister Teo replied as follows (*Singapore Parliamentary Debates, Official Report* (19 March 2018), vol 94, Mrs Josephine Teo, Second Minister for Manpower):

As to what the compensation should include, it is up to the ECT to assess and that will also depend on what was presented to the Tribunal by the claimant *in terms of the range of losses suffered*.

[emphasis added]

41 In the same Parliamentary exchange, a similar question was again posed to Minister Teo on whether the ECT would recognise “damages that go beyond the notice period”, which the Minister replied as follows: “[i]t will depend on the claims of losses, in this case, that the employee puts up, and then the ECT will have to assess. I think it is very hard to say in the absence of facts of the case”.

42 The key point that can be gleaned from the above Parliamentary material is that it was Parliament’s intention to vest a discretion to the ECT to assess, based on the available evidence and facts as well as claims mounted by the claimants, the “*range of losses*” [emphasis added] that were suffered by the claimants, which would go beyond the payment for notice period. This fact-centric analysis is also underpinned by the legislative intention behind the wrongful dismissal provision, which is to provide for employee protection.

43 Based on the general principles of the law, the object of an award of compensatory damages is, as far as reasonable, to put the claimant in the position as if the wrong had not occurred: James Edelman, *McGregor on Damages* (Sweet & Maxwell, 21st Ed, 2021) (“*McGregor*”) at para 2.001. On

this reasoning, if the wrong committed had the effect of depriving the employee of his or her equity incentives that the employee would otherwise have enjoyed, the compensatory damages should, as far as reasonable, remedy that wrong.

44 Further, it has been suggested that loss of income should be read as “compensating for earnings foregone because the employee was dismissed without just cause or excuse”, and this is not confined to contract’s notice entitlement, and it is not exhausted by salary in lieu of notice (*JGP v JCQ* [2026] SGECT 1 (“*JGP*”) at [A.154]). In that case, after finding that the employee in question was wrongfully dismissed, the Tribunal Magistrate considered whether to award the employee her performance bonus. On the facts, the Tribunal Magistrate was not satisfied that the employee had an accrued contractual entitlement, such that the alleged performance bonus entitlement could not be added to her “loss of income”. Pertinently however, the Tribunal Magistrate stated that a “prior-year bonus can, in principle, form part of the compensable loss of income...” (*JGP* at [111]). While the present case does not involve a bonus, *JGP* supports the proposition that loss of income can encompass such deferred contractual benefits which are not limited to salary, that are targeted at incentivising the employee to work.

45 Having regard to the above, the interpretation that “loss of income” should cover equity incentives is supported by its plain meaning, and in accordance with legislative purpose (*Tan Cheng Bock v Attorney-General* [2017] 2 SLR 850 at [37]), principle and precedent.

46 Having established that loss of income would encompass equity incentives, I turn to consider whether to award the claimant the loss of her equity interest under the Employment Agreement. In this regard, I consider two sub-issues: (a) whether the claimant should be awarded compensation for the equity

interest which she was not entitled to as of the date of her dismissal; and (b) if so, whether the claimant should be awarded compensation for the full 2.25% equity interest, for which the shares once issued and allotted, would vest over a four-year period.

The claimant should be awarded compensation for the equity interest as the respondent had dismissed her in order to deprive her of her entitlement to it

47 On sub-issue (a), to recapitulate, Clause 4 of the Employment Agreement stated that the claimant “shall be entitled” to the equity interest “following the *completion* of the [respondent’s] first bona fide external equity financing” [emphasis added]. The first injection of funds under the Shares Subscription Agreement was on 30 January 2026, the date of the claimant’s dismissal. The remaining tranches under the Shares Subscription Agreement were still outstanding. Accordingly, contrary to the claimant’s position,¹⁷ on an objective interpretation of Clause 4, it cannot be said that the respondent’s “first bona fide external equity financing” had been *completed* simply by virtue of the first injection of funds on 30 January 2026. That said, the second tranche of investment under the Shares Subscription Agreement was contingent on satisfaction of certain milestones within a relatively short span of six months from the first tranche. There was no suggestion that the Shares Subscription Agreement was not likely to be completed. The claimant’s wrongful dismissal, which was conducted in bad faith, had the direct consequence (and purpose) of depriving the claimant her entitlement to the equity interest. I therefore found that the claimant should be awarded for her loss of the equity interest under the Employment Agreement, which had a direct causal link to her wrongful dismissal.

¹⁷ C20 at [7].

48 To be complete, while not raised by the respondent, the law on bonus payments was inapplicable here. While it has been held that bonuses can only be claimed if they are a contractual entitlement (see eg, *Latham Scott v Credit Suisse First Boston* [2000] 2 SLR(R) 30 (“*Latham*”)), the equity interest involved here was not of a similar nature to the bonus in *Latham*’s case where the granting and quantum of the bonus was “entirely at the discretion of the employer” (at [72]). Instead, Clause 4 made it clear that the Claimant was *entitled* to the equity interest after completion of the external equity financing. This was not a case where the employee was seeking to recover a discretionary benefit that was unrelated to the circumstances of the employee’s wrongful dismissal. Instead, it concerned an employer who sought to deprive the employee of her entitlement to her equity interest. She refused, and was dismissed for that. The claimant’s loss of the entitlement to her equity was therefore the very consequence that the employer’s wrongful conduct brought about, and the compensation must reflect that.

The claimant should only be awarded compensation for her equity interest in respect of the first tranche of shares

49 Turning to sub-issue (b), I acknowledge that the claimant being early on in her employment with the Respondent, with the shares – once issued and allotted to the Claimant after the equity financing was completed – due to vest fully only over a four-year period did give me some pause. For the first tranche, only 25% of the Claimant’s shares would vest after the first year of continuous service. The remaining 75% would vest in equal monthly instalments over the subsequent 36 months. It would be problematic and far too speculative for me to award the claimant the full value of the 2.25% equity interest. Instead, I only awarded the claimant compensation for equity interest in relation to the first

tranche, *ie* 25% of the shares that would vest after the first year of continuous service, amounting to 0.56% equity interest (rounded down) in the respondent.

50 In deciding to award compensation for the equity interest in respect of the first tranche of shares, I placed considerable emphasis on the fact that, unlike a typical equity incentive plan, where an employee's entitlement to equity remains contingent on the satisfaction of certain conditions and circumstances, and where "bad leaver" or "good leaver" clauses are not uncommon, Clause 4 of the Employment Agreement stated that once the shares had been issued and allotted to the claimant following the completion of the external equity financing, the only remaining condition was that she was to remain in the respondent's "continued service". It also appeared that this was intentional, as Clause 4 made it clear that this right was in recognition of the claimant's "early and ongoing contributions to the [Respondent] as a co-founder-level contributor". Against this particular context, in my judgment, the respondent should not be allowed to benefit from its own wrongdoing. To not recognise the claimant's loss of her equity interest here would essentially allow the respondent to profit from its wrongdoing – it pays the claimant a modest sum for salary in lieu of notice in exchange for taking back 2.25% of the claimant's equity interest in circumstances where it had just obtained a significant investment that would invariably increase the value of the shares. Further, there was also no suggestion of the presence of any other factor (apart from the baseless allegations of poor performance) that would have affected her employment prospects or continued ability to be employed by the respondent.

Valuation of the claimant's equity interest

51 I turn to consider the issue of how the claimant's 0.56% equity interest should be assessed. I begin with the claimant's method of valuation. The

claimant claimed that her 2.25% equity interest was worth a sum of \$112,500 based on the Shares Subscription Agreement. Pursuant to the Shares Subscription Agreement, the investor had agreed to invest a sum of \$1,000,000 into the respondent, for a total of 20% of the respondent's shareholding (post-transaction), across different tranches. The claimant therefore valued her 2.25% shareholding by calculating her proportionate share of the \$1,000,000 investment based on her 2.25% stake relative to the investor's 20% stake, which yielded a figure of \$112,500.

52 The respondent disagreed with the claimant's method of valuation. At the trial, Mr X said that the investment amount under the Shares Subscription Agreement was not to be taken as the final valuation of the shares. When asked how the respondent would value the shares, Mr X candidly admitted that "[t]o be honest, I have no idea". He then later suggested that the respondent's shareholding should be valued by using its paid-up capital. Based on the respondent's ACRA Business Profile document, its paid-up capital was \$225,000 (in respect of 225,000 shares).¹⁸ The claimant's 2.25% shareholding would therefore amount to \$5,062.50. This was drastically lower than the value based on the claimant's method.

53 Both methods of valuation advanced by the parties were unsatisfactory. The claimant relied solely on the investment amount in the Shares Subscription, but this private agreement did not necessarily reflect the fair market value of the shares. I took reference from the approach adopted by the Court of Appeal in *JTrust Asia Pte Ltd v Group Lease Holdings Pte Ltd* [2021] 1 SLR 1298. There, the court examined the value of certain shares in a private company in the context of considering whether the respondents should have to file a fresh

¹⁸ C01.

affidavit to disclose their assets for the purpose of complying with the *Mareva* injunction. It was argued by the 1st respondent that the shares should be valued at the price that it paid for, on the basis that this was a conservative valuation as the shares had been sold at much higher prices in recent transactions. The appellant argued that the recent transactions, based on the limited information known, were sold to existing members via private transactions. The Court of Appeal accepted the appellant's expert opinion that the transaction price of shares in a private company *vis-à-vis* private transactions with existing members was not a good reflection of the value of the shares, unless it could be shown that those transactions were conducted at arm's length with adequate independent valuation. There was no evidence before the court as to how the sale price(s) in those private transactions were reached, and whether they were determined at arm's length (at [40]).

54 Similarly, the Court of Appeal in *Abhilash s/o Kunchian Krishnan v Yeo Hock Huat and another* [2019] 1 SLR 873 ("*Abhilash*") (in the context of a dispute on valuation of shares in a private company for a minority oppression suit) observed that evidence of a third-party offer to acquire shares is relevant, but the appropriate weight to be ascribed to such offers has to be determined on the facts of each case, looking at the terms and nature of the offer. A distinction had to be drawn between what a genuine purchaser is willing to pay, and what the specific offeror was prepared to pay. In the Court of Appeal's view, the latter might be indicative of the former, while the former is a "conceptual approach to determining fair market value based on objective data before the court together with appropriate input from expert witnesses" (*Abhilash* at [74]).

55 In the present case, there was little to no evidence on the context and surrounding circumstances to determine the true nature of the Shares Subscription Agreement. It is true that there was no suggestion that the

transaction was *not* conducted at arm's length. That said, there was also no indication that the agreed investment price was arrived at by reference to any independent or objective assessment of the respondent's value.

56 The respondent's method of valuation was, with respect, even more unreliable. The paid-up capital simply reflected the amount of capital subscribed by the company's shareholders, which had little to no nexus to the value of the underlying business, particularly in circumstances when the company was a start-up, which had just procured a significant investment.

57 The difficulty was compounded by the fact that the valuation of shares that are not publicly traded is typically undertaken with reference to expert evidence, and various factors, such as the company's viability, market availability for the shares and the difficulty of selling the shares as a result of transfer restrictions (if any) have to be considered (*XIK v XIL* [2025] SGHCF at [8] in the context of a family court matter concerning the division of matrimonial assets which included shares). There was no such expert evidence before me, which posed a significant handicap to the assessment of damages.

58 Yet, where it is clear that some substantial loss has been incurred, the fact that an assessment is difficult because of the nature of the damage is no reason for awarding no damages or merely nominal damages: *McGregor* at para 10.002. Indeed, this was the "flexible" approach adopted by the Court of Appeal in *Robertson Quay Investment Pte Ltd v Steen Consultants* [2008] 2 SLR(R) 623 (at [27] – [31]), where it stated that, depending on the circumstances of the case and the nature of the damages claimed, in some cases, absolute certainty and precision is impossible to achieve, and the court must, in the words of the English High Court in *Biggin & Co Ltd v Permanite, Ltd* [1951] 1 KB 422 at 438), "do the best it can". Such principles are particularly apposite in the context

of tribunals proceedings, including the Employment Claims Tribunals, where self-represented parties conduct the proceedings without the benefit of legal representation, and there may be legitimate practical limitations in evidence-gathering, including where expert evidence is concerned. While the claimant is not relieved of the burden of proving the loss simply because of the nature of the tribunal proceedings, the “flexible” approach permits the Employment Claims Tribunal to make the soundest assessment of damages based on the available evidence before it, with an aim to arrive at a proportionate, fair and practical outcome.

59 While I was constrained by the lack of evidence, including expert evidence before me, I could not ignore the fact that the claimant was deprived of the opportunity to vest her shares in the company, which appeared to be a relatively promising one as it was able to secure investment of a million dollars in January 2026, just months after its incorporation in October 2025. The claimant’s equity interest was also not insignificant. In my judgment, the claimant was entitled to some monetary relief for this loss of income. Between the two methods of valuation, while neither was ideal, I leaned more towards the claimant’s method as it was a closer proxy to the fair market value of the shares. At bottom, there was no suggestion that the transaction was not negotiated at arm’s length. The agreed investment price therefore provided at least some objective basis for inferring a value that a willing third-party placed on the respondent’s equity at the time. Doing the best I could on the available evidence, between the methods of valuation put forth by the parties, I adopted the claimant’s method.

60 According to the Shares Subscription Agreement, the post-transaction shareholding was as follows: “Founders & Designated Management” would

hold 80% (from original 100%) shareholding, while the investor would hold the remaining 20%. Two points should be made.

(a) First, pursuant to Clause 4 of the Employment Agreement, the claimant's 2.25% equity interest was on a "fully diluted basis" *post* equity financing.

(b) Second, the investor was essentially investing \$1,000,000 in exchange for 20% of the respondent's shareholding across the two tranches. This 20% included the incentive shares that would be transferred or issued to the investor (on condition that it successfully raises capital subsequently within the time frame), as that was part of the overall package deal between the parties.

61 The figures suggest that the value of the company, in the investor's eyes, was approximately \$5 million. The claimant's shares subject of the 2.25% equity interest, once issued and fully vested at the end of the four-year period, would therefore amount to \$112,500 in value, as she contended.

62 As mentioned above, I limited the claimant's compensation to only the first tranche of her issued shares, *ie* 25% of her 2.25% shareholding. Based on the post-transaction value of the company at \$5 million, the claimant's shareholding would have a value of \$28,125. I noted that the timelines for the first and second tranches under the Subscription Agreement were broadly within the same time frame of the first tranche of vesting of the claimant's shares.

63 Para 2 of the Second Schedule of the ECR limits the amount of compensation to be awarded for loss of income to not more than three months of the claimant's gross rate of pay. As the claimant's monthly gross rate of pay was \$5,000, the maximum amount of compensation I could award for loss of

income was capped at \$15,000. Accordingly, I awarded the claimant \$15,000 on account of the loss of her equity interest, notwithstanding her claim breakdown articulated at the trial where \$10,000 was allocated to the loss of her equity interest (see [13] above). The claimant's position at the trial was clear that she had valued her loss of equity interest at \$112,500. The respondent would not have suffered any material prejudice in this regard.

64 While not argued by the respondent, I would briefly note that I did not consider that it was too remote to award the claimant loss of income for the equity interest based on the investment in the Shares Subscription Agreement. The Employment Agreement expressly contemplated such an investment, as it provided that the claimant's entitlement to her equity interest was following the completion of the "first bona fide external equity financing".

65 As I had already awarded the claimant the maximum amount of compensation for loss of income, I did not need to deal with her remaining claim for loss of income for the period in which she was unemployed from end February 2026 to May 2026.

66 As for harm, there was no objective evidence before me to show any form of psychiatric or emotional harm suffered by the claimant. For good measure, I had considered whether to award any compensation for harm on the basis that the respondent had made a false accusation or allegation against the claimant, which is an aggravating factor recognised under para 4(a)(ii) of the Second Schedule to the ECR. The operative language is that the false accusation or allegation must have been "used as a ground for the claimant's dismissal". The respondent did not purport to dismiss the claimant for poor performance, as it did not provide any reason for the claimant's dismissal in the notice of termination. I therefore did not award any compensation in this regard. There

was no evidence of any other aggravating factor that would warrant an award of damages for harm caused under paras 3 and 4 of the Second Schedule to the ECR.

Decision

67 For the reasons above, I awarded the claimant the sum of \$15,000 for her wrongful dismissal. I ordered the respondent to pay the claimant \$15,000 by 25 September 2026, failing which the claimant could enforce the order accordingly. As the claimant did not seek any costs and disbursements, I made no order on both.



Kevin Ho Hin Tat
Tribunal Magistrate

The claimant in person;
The respondent in person.
