

SINGAPORE COMPANY LAW. By DINYAR B. FRAMJEE, RAYMAN MOK YEOW
FAY, LUKE THOMAS AND BALBEER SINGH MANGAT. [Singapore;
F.M.T.S. Consultants (Singapore) Pte. Ltd. 1987. 31 +370 pp.¹
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THIS book is a manual on Singapore company law prepared specifically for the professional accountancy student. Unavoidably, through the constraints of length, it is only a summary of the subject and it purports to be no more. Nonetheless it may be of use to other students of company law and to company secretaries and anyone seeking basic information on the subject.

One of its strengths should be that it is reasonably cheaply produced by an offset process reproducing a word processor print-out and it is to be run off in small batches. Thus the authors intend to update it regularly incorporating any developments in the subject. Thus a supplement is promised to all buyers of the first edition, which will give an update on the Companies (Amendment) Act 1987 when enacted.

To digress a little, the four authors do not exactly claim authorship because the manual is based on a similar one produced by Chart Foulks Lynch P.L.C. whose material is acknowledged. It is therefore an adaptation of an English students' manual for use in Singapore.

¹ Pages as counted. The page numbers in the text have their own sequence.

Its format is conventional running from the types of companies and promoters, through memorandum and articles, to shares, debentures, directors, meetings, accounts and audit, and winding up. As would be expected the manual is fuller than usual on accounts and audit, a weak area in many company law texts. It also has useful summaries of The Singapore Code on Takeovers and Mergers and of the Stock Exchange of Singapore listing rules. It is up to date as of the beginning of 1987, including discussions of insider dealing under the Securities Industry Act 1986 and its regulations, and of the Stock Exchange of Singapore Dealing and Automated Quotation System (SESDAQ).

The manual includes at the chapter ends summaries of leading cases. It also includes revision material and sample examination questions and answers which will be invaluable to accounting students. As one would expect there is no table of cases or statutes, nor an index. While local cases are given a citation, English cases are followed only by their date.

The manual is therefore an English work updated by insertion of relevant local statutory and case law material. Unfortunately, cases from Australia, from where many of Singapore's more unusual statutory provisions are derived, are not referred to. However, a good effort has been made to insert local case law. Which cases to put in and which to leave out is always a difficult decision, especially where the local case merely applies existing principles without discussion and does not break new ground.

Almost more difficult is assessing the obsolescence of old English cases and ascertaining whether the statutory provisions to which they refer are materially similar to Singapore's legislation. For example the relevance of the important case of *Rolled Steel Products (Holdings) Ltd. v. British Steel Corporation*² to section 25,³ which validates *ultra vires* transactions in favour of third parties is not touched upon. On section 216 dealing with oppression and other grounds of action by minorities, while a number of English cases are cited, the leading Malaysian Privy Council case of *Re Kong Thai Sawmill (Miri) Sdn. Bhd.*⁴ is not. Though it is concluded at page 7306 that the Courts' interpretation of the section may limit its effectiveness, no mention is made of the fact that the Malaysian Courts have taken a liberal approach and have generally made orders in favour of the minority. In passing it is also worth noting that a book should attempt to connect associated areas of the subject with each other, as many areas of the subject interlink. For example the section on Remedies Against Directors at page 6404 makes no mention of either *Foss v. Harbottle*⁵ or section 216. At the very least, cross references to relevant page numbers would be instructive, even if no space is available for comment.

It also cannot have been easy for the authors to insert all the important statutory features of Singapore company law that distin-

² [1985] 3 All E.R. 52.

³ Companies Act. Cap. 50. Statutes of the Republic of Singapore, Rev. Ed. 1985.

⁴ [1978] 2 M.L.J. 227(P.C).

⁵ (1843) 2 Hare 461.

guish it from England's legislation. And no two writers will agree on what is important. However, in my view the discussion of directors' duties at common law, which is very brief, should also mention the statutory duties under section 157, breach of which is a crime. While the directors' obligation under section 161 to obtain the general meeting's approval of share issues is mentioned in the section on directors, it is not referred to in the material on issue of shares. The section on control of directors might also mention this and section 160, and in due course the new sections 160A and 160B relating to disposal and acquisition of property. These sections all limit directors' powers by requiring the approval of the general meeting. Singapore's unique provision, section 291 on provisional liquidators might also merit a mention. I am surprised also that the Companies Winding-Up Rules, an important source of the law in this area, is not highlighted at the beginning of the section on winding up.

Summarising some of the more difficult provisions of the Act is particularly troublesome. There is a tendency for books of this sort to do little more than selectively recite such provisions. I wonder therefore how helpful are the summaries for example of the sections on disqualification of directors and loans to connected persons. Lack of space of course inhibits fuller discussion. One wonders also whether the list of grounds for winding up at page 9101, which the authors conclude are largely insignificant, really should be included. Of the two grounds said to be important, even just and equitable winding up seems pretty unimportant in view of the extensive remedies available under section 215.

Writing a book such as this is like walking a tightrope. Leave it out and one is guilty of an omission. Put it in and one is confusing the reader with too much detail. Spell out the section in full and one is failing to analyse. Attempt to summarise and one may be guilty of inaccuracy or over-simplification. An example of the latter I think occurs in the discussion of priorities on winding up at page 9203, an important area for accountants. Our Australian based provisions are significantly different to the English ones. Thus the statement that preferential debts are payable out of assets subject to a floating charge is not quite correct. Under section 328(5) this only applies in respect of employees' preferential claims (except workmen's compensation) and does not apply to other preferential debts. A reference to section 226 which applies the same rules where the company is not in liquidation would be appropriate.

These comments do not detract significantly from the usefulness of the book. It is hoped that they may contribute to future editions, and they may already have done so. The general limitations of a book such as this are related to its strengths, namely that it is a summary and a manageable diet for non-law students. As the introductory section on reading guidance says, students' knowledge and understanding should be improved by wider reading beyond the confines of this book.

Finally, regarding the entrepreneurial efforts of the publishers in promoting professional training in Singapore, one must wish them every success with the book. It, and more extensive books are needed on this and other legal topics. The inexpensive 'alternative' format of publication one must applaud. In a small jurisdiction that can only

support small print-runs, a reasonable price and an up-to-date edition is more important than a glossy production.

If students will buy books, then publishers will produce them at accessible prices, as a small but adequate market does exist. This new book deserves to find that market.⁶

ANDREW HICKS

⁶ A second edition of the book has become available immediately prior to the printing of this Review.