

HANDBOOK OF SINGAPORE-MALAYSIAN CORPORATE FINANCE. By TAN
CHWEE HUAT AND KWAN KUEN CHOR. [Singapore: Butterworths.
1989. xii + 355 pp. Softcover. S\$85.00.]

THE book is divided into 18 chapters that range from the cost of funding all the way to export credit finance.

The first chapter covers the very basics of finance *e.g.* the measurement of the cost of capital and capital structure.

The second provides a brief look at the financial institutions in Singapore and Malaysia. The various financial markets are then considered, namely the Stock Exchanges, the foreign exchange market and the Kuala Lumpur Commodity Exchange.

The classic dilemma of a finance manager is whether to raise capital by debt or finance. This book, however, ignores the raising of capital

through debentures although there are some which are quoted on the Stock Exchange. If the use of debt as a means of finance is considered insignificant in Singapore, then this much should be stated. The reasons for this occurrence should then be examined.

Fluctuating interest rates and exchange rates are often the bane of any financial manager. Two chapters are devoted to this topic.

Three chapters then follow, the first dealing with the role of the Singapore and Malaysian Stock Exchanges, the second with the raising of equity capital, and the third with unit trusts.

Mergers and acquisitions are covered next. The economic reasons and the regulatory framework are both well covered. The various forms of finance are examined. Leasing is increasing in importance at present. This aspect is therefore covered in two parts, the first dealing with the mechanism, the other dealing specifically with the Singapore leasing industry.

Factoring and Accounts receivable financing have a chapter to themselves. There are some interesting diagrams showing the mechanics of such financing. The international aspects of financing are examined from two aspects, first as regards the raising of capital from foreign markets, the second, the raising of finance for international trade and export credit. In the former chapter, the recent innovation and the use of currency and interest rate swaps are discussed, but only very briefly.

Two chapters cover the foreign exchange and the SIMEX markets. The latter is particularly interesting but concentrates on the institutional framework. A following chapter covers the mechanics of options trading.

The chapter on venture capital is interesting. It deals briefly with the development of the venture capital industry in the United States. An explanation of the venture capital process then follows. An account of the industry in Singapore concludes the chapter.

Taxation aspects of finance cannot be left entirely to the tax accountant and every finance manager should understand at least the more important aspects of this area. There is thus a chapter on this area. One minor omission is the lack of coverage on the determining of the source of income where there are cross-border transactions, which is quite common in financial transactions. The source of income is highly important for it is the deciding factor whether the income is subject to Singapore tax.

Unlike the Handbook Of United Kingdom Corporate Finance, which mentions mathematical formulae but does not generally specify them, this book does go into details, e.g. Black-Scholes valuation for options is discussed only briefly in the prior book but the full formula is stated here. The use of complicated mathematical formulae might put off the less numerate reader, but this book is still quite readable. The numerophobic reader can always skim over the more mathematical parts of the book without losing too much in the process.

All in all, in spite of its faults (of which only its lack of a detailed discussion on the debt-equity issue being significant), this book is highly useful to the corporate lawyer attempting to learn the basics of corporate finance.

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