Study on the Characteristics, Problems and Countermeasures of Chinese Enterprises Cross-border M&A Strategy

Bo Xu¹
Zhixin Deng
Shanghai Institute of Foreign Trade

Bing Xia
ShenYin & WanGuo Securities Co., LTD

Qiong Liu
Shanghai Institute of Foreign Trade

Professor Wells (1986) indicated that there were several reasons for developing country implementing investment abroad strategy, such as invading trade barrier or seeking for lower cost. And government encouragement is also an important reason. According to the spirit of the 16th CPC Congress, the implementation strategy of investment abroad is a significant step in the new phase of China’s opening up to the outside world. The government will encourage and support all kinds of enterprises to

¹ Correspondence to:

Bo Xu
Shanghai Institute of Foreign Trade
P.R. China

Email: brianxu@sohu.com


- 1 -
invest abroad which have comparative advantages, so as to promote the product and service export of China and foster some excellent transnational corporations and famous brands. Based on the official statistics, by the end of 2002, there have been 6960 non-financial Chinese enterprises set up abroad in amount, with contractual value of $137.8 billion and actual utilized value of $93.4 billion. In 2002, the investment abroad increased significantly, with the number of newly invested non-financial Chinese enterprises reaching 350, the contractual value and actual utilized value reaching $14.46 billion and $93.4 billion, increasing by 12%, 48% and 25% respectively last year. (data resource: the White Paper of Chinese Foreign Trade and Economic Council 2002) It is evident that the strategy of investment abroad accelerates the development of China’s opening economy.

After the entry of WTO, China has faithfully honored its commitments and opened its market further. On the other hand, a lot of WTO members also open up to China and provide their trade investment convenience, which give good opportunities for Chinese enterprises to invest and operate abroad. With the healthy and rapid development of economy, China has acquired the ability to invest abroad and cultivated a number of enterprises owing technical and financial competence, familial with the rules of international operation and management and adaptive to the heated competition of the world market. By promoting the investment abroad of these enterprises, not only the China’s development space will be enlarged further, but also the economic cooperation and the multilateral trade relationship among China and other countries or areas will be improved greatly, which integrate China economy into the world.

The concept of the Chinese enterprises’ investment abroad strategy can be defined as a broad sense or a narrow sense(Li,2000;Lu,2001). In the broad sense, it means that the Chinese enterprises compete and cooperate in the international market so as to export China’s products, services, capital, technology, labor and management. In the


- 2 -
narrow sense, it means that the Chinese enterprises invest factories abroad and bring out all kinds of productive factors, in order to extend and rearrange their production ability abroad. The problems discussed in this paper are concerned with the cross-border M&A of the Chinese enterprises investment abroad strategy.

Analysis on the characteristics of Chinese Enterprises Cross-border M&A

The main characteristics of Chinese Enterprises Cross-border M&A were depicted in five respects followed:

- **Acquiring enterprises mainly distribute in the trades of petroleum, chemical, engineering, electrical appliance and information technology.**

  With respect to the kinds of business, the acquiring enterprises undertaking Cross-border M&A concentrate in such trades as petrochemical, engineering, telecommunication, and so on. In petrochemical industry, China National Offshore Oil, Sinopec and Petro China are the three main big enterprises undertaking cross-border M&A. As shown in table 1, China National Offshore Oil undertook 5 M&A during 15 months from January 2002, and Sinopec and Petro China finished 3 and 1 M&A respectively.

  China’s engineering industry has comparative advantages and considerable competitive power in the international market. Holly Group, Wanxiang Group, Shanghai Automobile Group and Shanghai Electric (Group) Corp. all undertake cross-border M&A in the industry. For example, Holly Group acquired 2 companies listed in Nasqac, PFSY and PACT, in March 2001; furthermore, it accomplished the acquisition of CDMA Mobile Communication Dep. of Philips Group located in California, America. Wanxiang Group acquired America UAI Co., Britain Bearing Co., America QAI Co., IPPD Co., BT Co. and Mike High-tech Co., totally 16 overseas corporations. In August 2002, Shanghai Electric (Group) Corp.
merged Japan AKIYAMA Printing Machinery Co. at the cost of $ 9 million. Shanghai Automobile Group acquired 10% stocks of Korea GM Automotive & Technology Co. at the cost of $ 5.97 million in October 2002.

In household electronic appliance business, TCL acquired the brand and part of assets of German Schneider Co. in October 2002, Haier merged Italy Mynigity Refrigerator Firm in June 2001, and Midea purchased Microwave Oven Parts Firm of Japan Sanyo Electric Co. in October 2001.

Cross-border M&A in telecommunication trade took place in China Netcom, China Electronics, BOE Tech. Group Co. and East Communication Corp. By acquiring the foreign advanced technology, they entered the upriver taches of the industry value chain, expanded their business domain and improved their core competition. For example, China Netcom merged Asia Globe Crossing at the price of 80 million US Dollars in November 2002; China Electronics accomplished the acquisition of France LE MANS Mobile R&D center of Philips in September 2002; BOE Tech. Group Co. acquired Korea HYDIS TFT-LCD Project at the cost of $ 380 million in February 2003; and East Communication Corp. paid $ 4.347 million for merging America Interwave Telecommunication Co. in August 2002.

Besides petrochemical, engineering and household electronic appliance industry, the textile, construction, communication and media trade also practiced cross-border M&A. Haixin Group Co. paid $ 25 million for acquisition of America GLENOIT Co.’ textile market net and the usage of 46 brands in June 2002. In 2001, Shanghai Construction Group signed contract with Bright Ever Group, the chief stockholder of Hong Kong Construction (HKC), for getting 19% of HKC stocks from it; then got 5% of newly issued HKC stocks, so as to become the main stockholder of HKC. In January 2003, Xinhua Financial Network Ltd. merged Asia Finance Of Agence France-Presse.

Main type: Horizontal M&A

From the relationship between the industries of acquiring and acquired companies, M&A can be classified into horizontal, vertical and conglomerate M&A. Horizontal M&A means M&A in the same industry among the companies which have the same or similar products, technologies and markets. Horizontal M&A is essentially the concentration of assets in the same industry and a shortcut of extending scale and market and improving competitive power and payoff ability. Vertical M&A means M&A among companies whose processes of production or operation are very close-related, so as to merge into a vertical integration. Conglomerate M&A refers to merge of companies with different products and markets, as well as no special technology relationships.

Horizontal M&A was the main characteristic of the Fifth M&A Wave which happened in the western developed countries from 1990s. The western countries undertaking horizontal M&A aimed at encouraging international companies to implement cross-border M&A strategy so as to expand their competitive advantages around the worldwide.

Horizontal M&A was also an important characteristic of the Chinese enterprises cross-border M&A which emerged in the 21th century. China National Offshore Oil Corp. acquired part of rights and interests of the five oil fields in Indonesia from Spanish Repsol-YPF, BP’s Indonesian Tangguh Liquefied Natural Gas Project, Australian Northwest Continental Shelf Natural Gas Project and 8.33% stock in Caspian Krakul Oil & Gas of BP. Prtro. Sinopec merged assets of Arabian Bay Natural Gas and Tunisia Oil & Gas, North-African Oil & Gas and 8.33% stock in Caspian Krakul Oil & Gas of BP. Prtro. China purchased Indonesian Oil & Gas Assets of Indonesian Devon Energy Corp. TCL acquired the brand and part of assets of German Schneider. Haier bought Italy Mynigity Refrigerator Firm. Midea merged Microwave Oven Parts Firm of Japan Sanyo Electric Co., and so on.

All of these happened within the same industry of international market.

The horizontal M&A predicts that the goal for the Chinese enterprises cross-border M&A is very explicit. Their primary motive is to access foreign resources, market, brand, fund or technology. For example, Holley Group bought CDMA Mobile Comm. Dep. of Philips in order to explore the CDMA market in China and provide key chips and comprehensive technology solution to the Chinese mobile phone manufacturers (Wang J. J, Gou L.). America INTERWAVE Telecommunication is a company producing GSM/GPRS network machines and providing system resolution plans and wireless wide-tape products. East Communication Corp. merged it to make use of the advanced technology in such sectors as wireless communication and wireless wide-tape, then promote its research and development ability (Zhen).

- Petrochemical M&A Costs Most Among All

In terms of the cost of the cross-border M&A, the petrochemical industry spends the most. Most of the funds for the cross-border M&A are provided by the China National Offshore Oil Corp., Sinopec and Petro China.

China National Offshore Oil Corp. paid $ 585 million for part of equities of five oil and gas assets in Indonesia from Spanish Repsol-YPF in January 2002, and paid ¥ 7800 million for BP’s Indonesian Tangguh Liquefied Natural Gas Project in July 2002. In March 2003, China National Offshore Oil Corp. and Sinopec cost $ 615 million for 8.33% stock in Caspian KrakulOil & Gas of BP respectively.

According to the statistics of Ministry of Commerce of China, the cross-border M&A investment by China enterprises accumulated to $ 1200 million in 2001, while the amount paid by China National Offshore Oil Corp. and Sinopec for 8.33% stock in Caspian KrakulOil & Gas of BP in March 2003 already reached the...

- **Strategic M&A**

There are several motives of China enterprises undertaking Cross-border M&A:

- **Getting resources.** China relatively lacks the natural resources such as metal minerals, petroleum and forest. To meet the need of resources for production, China enterprises can get suppllication by M&A so as to ensure the need of backward producers. China National Offshore Oil Corp., Sinopec and Petro China acquired foreign oil and gas assets to ensure the energy resources supply for the backward producers of these great organic enterprises (Chen J. M. 2003).

- **Acquiring technology.** Research and development of key technology not only needs the large amount of money and labor, but also takes great risk, so cross-border M&A sometimes become a short-cut to acquire advanced technology. In August 2002, Shanghai Electric (Group) Corp (Yu M. 2002), spent $ 9 million to buy all assets and technology of Japan AKIYAMA Offset Printing Machinery, so as to acquire the advanced AKIYAMA double-side multi-color print machine. It is noted that the offset printing technique of AKIYAMA is relatively more advanced 7 to 8 years than the technique in China.

- **Access market.** By M&A, acquiring enterprises can make use of the marketing process and long-building credit of the acquired company, so as to take the aimed market quickly and introduce other related products into the market easily. Shanghai Haixin Group Co., Ltd. cost $ 25 million to acquire American GLENOIT Co.’ Textile Market Net and Usage of 46 Brand, so as to narrow the technologic gap between the international advanced technique. By M&A, Haixin Group Co., Ltd. expanded their plush production capacity over 20 million m2, a quarter of world total production, and become the No. 1 of world instead of in Asia. Moreover,

---

M&A give Haixin Group a chance of accessing North-American market, so as to having a platform of information and marketing to North-American and Canada market, 60% of the total world dressing market. In 2001, Shanghai Construction Group paid HK$ 200 million for 24% stock in Hong Kong Construction Co. and became its shareholder, so as to getting the qualification to bid for Hong Kong government construction project, a passport to marching in Hong Kong construction market.

- Sharing bands. By M&A, enterprises not only acquired various tangible assets, but also sharing intangible assets of acquired company. Brand is one of important intangible assets. In October 2002, TCL acquired German Schneider (Zhen 2003), with its production equipment, R&D, marketing process, inventory, and several famous brands such as SCHNEIDER and DUAL.

In western countries’ fifth M&A Wave, most enterprises undertook horizontal M&A to expand scale and reduce production cost, so as to achieve the strategic goal of promoting competitive advantages. In the fifth M&A Wave, characterized by M&A in same industry, enterprises shift the emphasis from the “big scale and whole types” to key business, and concentrated in developing advantageous business (Cooke, Terence E.1986). Comparing with foreign enterprises’ strategic M&A aimed to expand scale, reduce cost and improve competitive advantage, China cross-border M&A also take the horizontal M&A method, while it different in aiming to acquire the relatively weak links in industrial chain such as resources, technology, market and brands. After all, no matter foreign strategic M&A or China cross-border M&A, their fundamental goal is to increase market share.


- 8 -
Acquired companies centralized in advanced countries or areas with adjusted or droop economy

The aimed areas of China cross-border M&A are those advanced countries or areas but now in depression such as America, Europe, Japan, Korea and Hong Kong SER of China. Entering 21th century, world seems under economic recession, stock index drooping in America, Japan and Europe and consistently lowering interest rate in international finance market, all these are favorable conditions for China enterprises undertaking low cost cross-border M&A. Wanxiang Group acquired America UAI company, which stock price decreased 90%, from $ 12 in 1996 to $ 1.3 in 2001. And it’s said by Chuquan Li, CEO of Shenzhen Mingda Automobile Co., that the acquired America Fareast Co. was a company in IT business and listed in Nasdaq in 1996. With the drooping index of IT companies in Nasdaq, the stock price of America Fareast Co. also drop from the highest $ 2 to the lowest $ 0.16, so the total 40 million stock only sold out 5 million. Mingda Group began the M&A negotiation with America Fareast Co. from 2000 and brought 28 million stock, 70% shares, and became shareholder at last. While the information and the M&A is spreading in the market, the stock price increased steadily to $ 2.7 in the last week before name change. With the name changed, company decided to expand the capital stock from 40 million to 200 million and sold out 30 million stock at $ 2 per share, financing $ 60 million total.
Analysis on Problems Faced by Chinese Enterprises in Implementing Cross-border M&A Strategy

Cases of cross-border M&A are not very common and the overall M&A amounts is not high while Chinese enterprises implementing cross-border operations strategy, which is related to the internal and external environment faced by Chinese enterprises.

As far as external macro-environment is concerned, there exist some problems as follows:

- **Policy support is not enough**
  It has been a long time Chinese Foreign Trade and Economic Council places work emphasis on attracting foreign capitals and formulating a serial of preferable policies. Though there are many principal regulations in policy documents that encourage cross-border operations, few of them come true to the enterprises and the support scope is limited. Additionally, there is no specific industrial policy and professional guidance regarding cross-border investments. Randomness of objectives is very common in investment abroad. Thus influence directly the overall efficiency of Chinese enterprises’ cross-border investments.

- **The laws and regulations of cross-border M&A are lack**
  Presently, we are in shortage of complete and applicable laws and regulations to regulate Chinese enterprises’ cross-border operations. In the field of domestic M&A, laws and regulations are still undergoing a perfection process, not to say those related to cross-border M&A.

- **There exist difficulties in financing and utilizing foreign exchanges of Chinese enterprises**
  According to the questionnaire investigation made by related bureau aimed at 100 key enterprises in 1999-2000, the difficulties faced by Chinese enterprises in

cross-border operations among which the financing difficulty and over-strict foreign exchanges restriction rank first and third, making up 28.5% and 16.5% respectively (data resources: The White Paper of Chinese Foreign Trade and Economic Council 2001, The Financial Press of China, 2001,9 version, page 110). The present finance and credit system has so many restrictions on Chinese enterprises’ raising money and financing. Take loaning for instance, it will be subject to the limitation stipulated by domestic loaning guarantee quota, especially foreign currency loaning will be under the limitation of specified foreign exchange quota, which makes some enterprises lose good opportunities to cross-border operate. In the aspect of financing abroad, though some enterprises are already qualified for listing and issuing bonds in foreign capital market, many M&A chances are missed due to the limitation in quotas and approval.

- **The approval procedures of foreign investment are complex**

The administrative management of foreign investment in China is featured with “too many departments, complex procedures, low efficiency and long periods”. Chinese enterprises cross-border operations must acquire approvals from three administrative departments: Economic and Trade Dept, Foreign Trade and Economic Dept, Foreign Exchange Management Bureau, in different administrative grades of municipal, province, state. Totally, there are nine gateways. It will take a long time to complete the procedures of every gateway. This frustrates the enterprises’ enthusiasm in large extent, delays business opportunities and increase investment risks. The government should simplify the approval procedures, improve the approval management system and go further step to let go foreign investment privileges. Within the credit quota limitation of I&E bank and state foreign investment policy, it is suitable that the quota is decided by bank and enterprise and is registered in related departments.

● There is short of cross-border investment insurance system

During the process of cross-border operations, Chinese enterprises are confronted with state risk, political risk and proprietor’s repayment risk and the like. These risks are too much for an individual enterprise. Due to the vacancy of cross-border investment insurance system in China, sufficient protections cannot be provided against the risks encountered by cross-border investors. Those enterprises that invest in the countries with high political risk would not get any compensation after suffering big economic loss. The present situation of Chinese enterprises is that they cannot get insurance at risky places and can get insurance at places without risks. Chinese Export Credit Insurance Company should play its functions as a policy institution to undertake the risks that the enterprises themselves cannot bear by means of implementing industrial policy and financial policy.

Seen from the enterprises themselves, there are some weaknesses:

● The enterprises are lack of the ability to arrange and integrate the global resources efficiently

Chinese enterprises’ cross-border M&A strategies don’t mainly aim at enlarging their production scale, lowering operation cost and realizing the leading position in the same profession. The main intention is to strengthen the weak segment of domestic industrial chain such as resources, technology and markets etc. It is required for Chinese enterprises to be armed with the arrangement and integration ability of visible and invisible assets from the angle of global integration. However, such ability is exactly the weakness of Chinese enterprises.

● Talents of cross-border M&A and management are seriously in shortage

If Chinese enterprises want to succeed in cross-border M&A strategy, specialized talents who are familiar with international political, economic, social and cultural environment and are proficient in laws and regulations of host country is necessary.

Besides, the talents should have stronger negotiation ability, are good at seizing the opportunities as well as they are able to implement the strategies beneficial to the development of enterprises and engage in integration and management after M&A. At present, Chinese enterprises mostly employ the medium institutions to handle M&A business, but post-M&A management and control couldn’t be implemented by medium institutions.

Analysis on countermeasures faced by Chinese enterprises in implementing the cross-border M&A strategy

Though it has not been a long time since Chinese enterprises implemented cross-border M&A and there still exist many problems in internal and external environments, undeniably, it is the mature time for the enterprises to implement it. In order to be successful, effective measures must be taken by the enterprises to overcome different disadvantages in external and internal environments in cross-border M&A. The specific countermeasures are as follows:

- **The government should develop a good macro economic environment to encourage cross-border operations**

  Because Chinese enterprises’ cross-border M&A operations are still at an early stage and lacking of international competitive power, it is not only an internal business of the enterprises but also an important national policy. Since the 1990s, M&A has become a major way of FDI instead of Greenfield investment, so the government should stand ready to seize this opportunity and take effective measures to encourage and protect Chinese cross-border M&A operations. At the present time, Chinese government should concentrate on the following items: to amend the actual policies and regulations; to call off the unfavorable restrictions to cross-border M&A operations; to put forward feasible polices and measures in financing, foreign exchange management, revenue, approval procedures, etc.

  Moreover, the government should also endeavor to improve and strengthen the
ability to serve the enterprises, such as offering training operation directions and providing financial supports to the enterprises by using an information service system. In the aspect of governmental management, a specialized department that takes charge of FDI and cross-border M&A operation should be set up as soon as possible, which will implement macro coordination and integrated management for the enterprises’ M&A operations. Legislations such as, Law of Investment, Law of Foreign Investment Insurance, should also be established as soon as possible to regulate Chinese cross-border M&A operations.

- **Loosen the restrictions to foreign exchange remitting**

The enterprises that on a large scale both have multinational management experience and can balance their own foreign exchange in B-share market should be given the right of foreign exchange remitting. Under the guidance of cross-border M&A strategy, Shanghai has already partly released the restrictions to foreign investment repurchase; cancelled the foreign investment risks censors, encouraging enterprises to invest abroad (Chen R. 2003).

- **Establish a cross-border investment insurance system**

Being not familiar with foreign investment environments and the rules of competition, most Chinese enterprises are confronting with operation risk, business risk, conversion risk and political risk. It is required that both the enterprises and the government take precautionary measures. In addition, the government should also establish the nation-wide foreign investment insurance organization, which provides political and economic insurance to Chinese foreign investment enterprises.

- **Accelerate the speed of cultivating the talents on M&A and management**

In order to alleviate the tension lack of professional talents and implement cross-border M&A operation, associating with the universities, the government

---

should focus on the talents training program. Since 2002, Shanghai Economic and Trade Dept has begun to cooperate with Fudan University and Tongji University in launching a training course. Aiming at improving the managerial level of many large enterprises, this training course invites many famous experts to deliver speeches. The subjects of this training course include foreign investment management, foreign enterprise finance management and the operation of foreign enterprises. So far, two terms of trainees have already finished the course successfully.

- **Chinese enterprises should put more efforts into investigation and research on the international M&A market**

A major obstacle of cross-border M&A for Chinese enterprises is their lower ability to investigate and research on the international market. Most foreign investors always spend much time and money making investigation and research which is done by themselves or by some agency organizations on Chinese markets before they invest in China, so Chinese enterprises should choose their own M&A targets not only according to their strategic goal but also to the investigation. The enterprises should make a comprehensive analysis of the interior conditions of the target enterprise before it make a M&A decision, including management, financial affairs, market, human resources, intellectual property, technology and interior enterprise culture, etc. However, the present research strength of many Chinese enterprises is not powerful enough to do research on the international and local country markets, so these enterprises should learn to cooperate with agency organizations. But at present there is a problem with some Chinese enterprises that they think they can do everything by themselves, in fact, there is still much information they don’t know. If the enterprises want to make everything clear all by themselves, the cost will be very high. But if they consign the matter to some agency organization, the cost will be reduced much and they will get more professional information. As for the pricing and negotiation of a M&A business,

for instance, with the help of the impersonal, accurate and sufficient information, the prudent investigation would better be provided by some investment bank or other agency organizations so that the enterprises will know the proper price range and make a good comparison on the filtered M&A targets.

- **The issue of integration and management after the M&A operation should be handled seriously**

According to some data, about 60% of M&A cases are not successful. Among which, roughly 50% of failures are caused by bad treatment to enterprise culture, mechanism of choosing and using personnel (Deepak K. Datta, 1991). Therefore, Chinese enterprises should pay enough attention to the issue of integration and management after the M&A operation. After the purchase of foreign enterprises, Chinese enterprises should consider whether their own management model, operating ideal and enterprise culture would help to the development of the target enterprise in the future. Suppose the target enterprise is good at that model, ideal and culture, its own management system should be kept. Major efforts should be put on management control. Even if there are various problems with the target enterprise, the integration should be dealt with carefully in case there would be problems of enterprise culture and personnel. As for employment of personnel, local managers and executives with enterprises in international markets or in the Asia-Pacific region should have priorities, for they are not only familiar with the local markets but also with the domestic enterprise culture and operating method.
### Table 1: Part of Chinese Enterprises Cross-border M&A

<table>
<thead>
<tr>
<th>Acquiring Corp.</th>
<th>Time</th>
<th>Overseas Venture</th>
<th>Cost</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>China National Offshore Oil Corp.</td>
<td>Jan. 2002</td>
<td>Part of equities of five oil and gas assets in Indonesia from Spanish Repsol-YPF</td>
<td>$ 585 mil.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Jul. 2002</td>
<td>BP’s Indonesian Tangguh Liquefied Natural Gas Project</td>
<td>¥ 7800 mil.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Aug. 2002</td>
<td>Australian Northwest Continental Shelf Natural Gas Project</td>
<td>$ 320 mil.</td>
<td>Petrochemical</td>
</tr>
<tr>
<td></td>
<td>Sep. 2002</td>
<td>12.5% stock in Dongu Natural Gas Project of Indonesian Devon Energy Corp.</td>
<td>$ 216 mil.</td>
<td>Petrochemical</td>
</tr>
<tr>
<td></td>
<td>Mar. 2003</td>
<td>8.33% stock in Caspian Krakul油田 of BP</td>
<td>$ 615 mil.</td>
<td>Petrochemical</td>
</tr>
<tr>
<td>Sinopec</td>
<td>Jan. 2002</td>
<td>Assets of Arabian Bay Natural Gas and Tunisia Oil &amp; Gas</td>
<td>$ 215 mil.</td>
<td>Petrochemical</td>
</tr>
<tr>
<td></td>
<td>Mar. 2003</td>
<td>8.33% stock in Caspian Krakul Oil &amp; Gas of BP</td>
<td>$ 615 Mil.</td>
<td>Petrochemical</td>
</tr>
<tr>
<td>Prtro. China</td>
<td>Apr. 2002</td>
<td>Indonesian Oil &amp; Gas Assets of Indonesian Devon Energy Corp.</td>
<td>$ 216 mil.</td>
<td>Petrochemical</td>
</tr>
<tr>
<td>China Netcom</td>
<td>Nov. 2002</td>
<td>Asia Global Crossing</td>
<td>$ 80 Mil.</td>
<td>Telecommunication</td>
</tr>
<tr>
<td>TCL</td>
<td>Oct. 2002</td>
<td>Brand and part of assets of German Schneider</td>
<td>Eu. 8.2 mil.</td>
<td>Household Electronic Appliance</td>
</tr>
<tr>
<td>Haier</td>
<td>Jun. 2001</td>
<td>Italy Mynigity Refrigerator Firm</td>
<td>&amp; 7 mil.</td>
<td>Household Electronic Appliance</td>
</tr>
</tbody>
</table>


- 17 -
<table>
<thead>
<tr>
<th>Acquiring Corp.</th>
<th>Time</th>
<th>Overseas Venture</th>
<th>Cost</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holley Group</td>
<td>Mar. 2001</td>
<td>America Pacific System Control Technology Corp. &amp; Pacific Commercial Net Corp.</td>
<td>——</td>
<td>Machine tools &amp; Machinery</td>
</tr>
<tr>
<td>China Electronics</td>
<td>Sep. 2002</td>
<td>France LE MANS Mobile R&amp;D center of Philips</td>
<td>——</td>
<td>Telecommunication</td>
</tr>
<tr>
<td>East Communication Corp.</td>
<td>Aug. 2002</td>
<td>America INTERWAVE Telecommunication Corp.</td>
<td>$ 4.347 mil.</td>
<td>Telecommunication</td>
</tr>
<tr>
<td>Shanghai Automobile Group</td>
<td>Oct. 2002</td>
<td>10% stock in Korea GM Daewoo Automotive &amp; Technology Co.</td>
<td>$ 5.97 mil.</td>
<td>Machine tools &amp; Machinery</td>
</tr>
<tr>
<td>Midea</td>
<td>Oct. 2001</td>
<td>Microwave Oven Parts Firm of Japan Sanyo Electric Co.</td>
<td>——</td>
<td>Household Electronic Appliance</td>
</tr>
<tr>
<td>Shanghai Construction Group</td>
<td>2001</td>
<td>19% stock in Hong Kong Construction Co., 5% stock in IPO</td>
<td>HK$ 200 mil.</td>
<td>Construction</td>
</tr>
<tr>
<td>Shenzhen Mingda Automobile</td>
<td>Aug. 2001</td>
<td>America Fareast Co.</td>
<td>——</td>
<td>Machine tools &amp; Machinery</td>
</tr>
</tbody>
</table>

References


Chen R. 2003. Foreign exchange restrict has been broadened. Foreign Business Monthly, 2:82-83


Zhang X.M. 2001-7-19, Shanghai Construction Group & Hong Kong Construction (HKC), People Daily (1)