

经贸英语系列教材

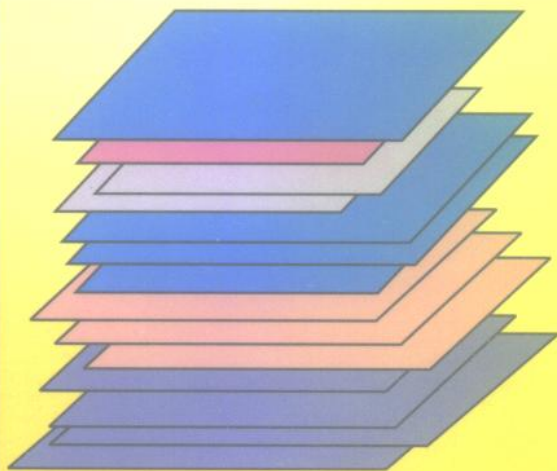
New Business English Series

# 国际商务英语

## 高级教程

王友明 主编

*An  
Advanced  
Course  
in English  
for  
International  
Business*



天津大学出版社

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# 国际商务英语高级教程

AN ADVANCED COURSE  
IN ENGLISH  
FOR  
INTERNATIONAL BUSINESS

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## 内 容 提 要

本书选材新、内容覆盖面广、信息量大、语言规范,其内容皆为当前国内外有关商务实践中备受关注的热点问题——发展中国家经济的迅猛发展面临的问题;跨国公司的外国直接投资和90年代的转移定价;国际企业管理;国际市场与营销、国际金融;欧洲经济,欧共体的统一市场、统一货币和技术转让等。全书共15课,为了便于教学和自学,还配有难点注释、填空练习、中英互译等内容。

本书是一本实用性较强的教材,可作为经贸院校本科高年级及硕士研究生、博士研究生教材,也可供非经贸、企业管理等专业的学生,对外经贸业务人员,三资企业及涉外企事业人员,教师及有关人员阅读及自学。

# 国际商务英语高级教程 AN ADVANCED COURSE IN ENGLISH FOR INTERNATIONAL BUSINESS

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# 前 言

随着我国对外经济贸易活动的蓬勃开展和对外开放政策的不断深入,以及经济法规与体制逐步与国际标准相接轨,我国经贸战线急需大量既全面了解和掌握国际商贸、企业管理、国际市场营销等专门知识,又通晓这些专业的英语专门知识的复合型涉外人才。为了满足对以上人才的需要,同时也为提高我国财经院校有关专业学生英语的基本技能的需求,我们编写了《国际商务英语高级教程》这本书。

本书主要包括:发展中国家经济的迅猛发展;国际金融、国际企业管理、国际市场与营销;跨国公司的外国直接投资和 90 年代的转移定价和技术转让;欧洲经济、欧共体的统一市场与统一货币等四大部分,共 15 课。

本书所选材料均为 90 年代中期以来出版的专著和文章。内容为当前国内外或有关专业所关注的热点问题。该教程有选材突出、内容新颖、语言规范、信息量大的特点。同时也注意了中国发展社会主义市场经济的特点。

国际经贸商务英语选读课和英语精读课不同,前者旨在提高学生阅读英语有关专业文章或文献的技能,扩大学习英语的视野与知识面,提高英语的表达能力,广泛接触英语表达的各种文体与风格、特点,从而更好地了解国外的经济特点、先进的经营管理手段及商务实践等。编著者希望本书在推动培养和造就适应本地经济建设和社会发展急需的专业技术人员中能起到积极作用。

为了便于教学和自学,本书配有注释、填空练习、中英互译、补充阅读以及练习答案等,以供参阅。

参加本书编写工作的有:王友明教授(负责全书课文、课文注

释、中英互译和全书的练习答案,以及最后的定稿工作);吴富敏(练习 I、II 及部分补充阅读);崔仲勤、纪昀、崔婕(部分课文素材、校阅全书初稿)。纪昀和崔仲勤承担了本书大部分的电脑打印工作,王文兵也提供了些资料。本书在编写过程中还得到了美籍教师 Mr. Benjamin Lyons 等大力支持,他们审阅了大部分书稿,并提出了宝贵意见,在此一并表示真诚的谢意。

由于水平所限,不妥之处敬请行家及读者指正。

编著者

1997 年夏

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# Lesson One

## TEXT

### **A Dragon Enters the Den of Capitalism<sup>1</sup>**

#### **The story behind the first Chinese company traded on the NYSE<sup>2</sup>**

In March 1993, the National People's Congress amended the Chinese constitution to define the nature of the Chinese economy as a "socialist market economy". This marked the culmination of 14 years of economic reforms in which China sought to spur its economy by encouraging private initiative through a greater market orientation.

A key reason for the change was to attract foreign investment. As the 1980s got under way, foreign investment primarily took the form of Sino-foreign joint ventures and wholly foreign-owned enterprises in China.

In the middle of that decade, though, China began to experiment with an alternative route to so-called privatization—state enterprises started issuing stock. Initially, stocks were issued only privately to employees, with no structured forum for secondary transfers. In 1990 and 1991, Shanghai and Shenzhen (across the border from Hong Kong) each established a securities exchange to allow listing and trading of such stocks. These are currently the two officially sanctioned stock exchanges in China.

In order to attract foreign investment through these emerging markets, in 1992 Chinese companies began to issue "B shares", which are reserved for foreign investors as distinguished from "A shares", which are available only to Chinese investors. Both A and



B shares are denominated in RMB, the Chinese currency. B shares are paid for in US or Hong Kong dollars while A shares are paid for in RMB. Holders of A and B shares have substantially the same rights.

The international investment community responded enthusiastically to the introduction of B shares. In the first half of 1992, in addition to avid purchasing by individual investors, some 20 China funds were established, and the first B shares issues were over-subscribed many times. The initial enthusiasm as seen in the B-share prices on the Shanghai and Shenzhen exchanges began to subside, however, in the latter half of 1992.

The Chinese securities markets have tended to be inhibited by several factors. China is in the process of developing national corporate and securities laws. Much of the corporate and securities activities have so far been conducted according to local rules or provisional guidelines. In May 1993, the State Council published interim regulations for issuing and trading of stocks to regulate the issuing and trading of A shares within China. Regulations regarding B shares and overseas offerings are still to come. As a consequence, international investors in the Chinese securities markets are uncertain about their rights and protections. Also the regulatory structure is still in its developmental stage. The State Council Securities Policy Commission and its implementing organ, the China Securities Supervision and Administration Committee, were established only in October 1992.

In addition, the exchanges themselves are relatively new and their market procedures are still being perfected. With only 22 B-share stocks currently in trading, low liquidity has led to price volatility. Moreover, financial statements<sup>3</sup> of Chinese companies are

often prepared according to standards not familiar to international investors.

So, the scope of disclosure<sup>4</sup> is generally less than is customary for international markets.

In order to tap into international capital resources more effectively, Chinese companies have begun to explore equity issues<sup>5</sup> in international capital markets<sup>6</sup>. The first China-based company to list its stock on the New York Stock Exchange is Brilliance China Automotive Holdings Ltd<sup>7</sup>.

Brilliance is a Bermuda holding company established and controlled by the Chinese Financial Education Development Foundation, an affiliate of the People's Bank of China. Its sole subsidiary, Shenyang Jinbei Passenger Vehicle Manufacturing Co. Ltd., manufactures and sells minibuses in China.

Shenyang Automotive's minibus business was formerly a division of Jinbei Automobile Share Holdings Co. Ltd., which itself has taken innovative steps in the capital markets. Jinbei became a stock company in 1984 when the Shenyang city government consolidated numerous motor-vehicle-related businesses in Shenyang into one to create one of the 50 largest industrial enterprises in China. Its controlling shareholder is the city of Shenyang.

After first issuing stock privately to its employees, in 1992 Jinbei listed its A shares on the Shanghai Securities Exchange.

Brilliance did an initial public offering in New York as opposed to issuing B shares in China in part because a New York offering is a more effective means of reaching international investors. B shares are issued according to a prospectus published in a Chinese newspaper at least seven days prior to the offering. The disclosure in such prospectuses is modest in comparison with standards prescribed by

the US Securities and Exchange Commission (SEC)<sup>8</sup>. Also, financial information for B-share issues need not be presented according to Generally Accepted Accounting Principles (GAAP) in the United States. Accordingly, international investors generally prefer to purchase shares in SEC-registered offerings because they are better informed of the risks involved in an investment. Thus, a key task in the Brilliance transaction was in compliance with the SEC's stringent legal and financial disclosure requirements.

The Chinese parties determined that the minibus business formerly conducted by Jinbei would be the economic basis for the offering. Like most Chinese state enterprises, Jinbei was a combination business and welfare enterprise. It not only produced and sold automotive products, but also provided employees with welfare services such as housing, board, medical care, child care, recreation and pensions. Shenyang Automotive absorbed the minibus portion of the business without taking on the employee's welfare obligations of Jinbei.

Shenyang Automotive was organized in 1992 as a Sino-foreign equity joint venture enterprise. Under Chinese law, interests in such an enterprise are not freely transferable, meaning a holding company was needed. In the absence of corporate and securities laws in China that would, for example, prescribe procedures for issuing securities and define shareholder rights, the parties determined that it would be preferable to incorporating Brilliance in a jurisdiction with a common law system familiar to Western investors.

Bermuda was chosen as the incorporation site because it was a common law jurisdiction that imposed minimum tax burdens on the company. US counsel assisted the company in devising a workable structure for the offering, and coordinated with local counsel in

China and Bermuda to ensure that proper procedures were followed.

The toughest task faced by Brilliance was presenting audited financial statements<sup>9</sup> to fit GAAP and SEC requirements. The SEC's regulations required Brilliance to furnish audited balance sheets for the two preceding fiscal years and audited statements of income, cash flows and changes in shareholder's equity for the three preceding fiscal years.

When a new corporate entity conducts the business of its predecessor, as in the case of Shenyang Automotive, the SEC requires financial statements to cover the accounts of the earlier company. The registration process thus required a thorough accounting of Jinbei's minibus manufacturing, assembly and marketing activities from 1989 through 1991.

These requirements posed a formidable challenge because accounting for Jinbei and Shenyang Automotive had been done based on Chinese rules that were significantly different from US GAAP. Chinese enterprises typically use a fund-accounting system. Financial records tend to focus on the use of funds received from the state and emphasized assets, costs, production output and cash flows, with less emphasis on profits, sales and inventory.

Brilliance hired Arthur Andersen & Co. to reconcile Chinese enterprise accounting with US GAAP and to prepare the financial statements for Brilliance as required by the SEC. From March to July in 1992, Arthur Andersen sent a team of 30 auditors to Shenyang to review the books and records of Shenyang Automotive and Jinbei. Detailed financial records kept by Jinbei and Shenyang Automotive led to a successful audit.

Shenyang Automotive's financial statements had been prepared in accordance with the accounting principles established by China's

Ministry of Finance for Sino-foreign joint venture enterprises. In order to conform Chinese accounting to GAAP, significant adjustments were made to: write off obsolete inventory; reflect a shorter depreciation schedule for property, plant and equipment; capitalize interest charges for construction-in-progress borrowings<sup>10</sup> (which had been substantial for the enterprise during the three preceding years) and disallow asset values in excess of historical cost<sup>11</sup>.

In order to compile information required for the SEC registration statement, a team of lawyers, accountants and underwriters' representatives undertook extensive review of the business of the company and its subsidiaries. In the process, the company's US counsel worked closely with local Chinese counsel to understand the legal framework in which Shenyang Automotive operated and to comply with required procedures under Chinese law. Legal counsel for the company and for the underwriters reviewed industry information as well as company documents, including corporate records, contracts, licenses and approvals, leases and market studies. In the long and highly complicated process, the Chinese language abilities of the US lawyers involved proved invaluable. Almost all of the documents of Shenyang Automotive and the vast majority of industry information were in Chinese. Although in the Brilliance transaction many of the documents were translated in China, it was essential that the US lawyers conducting the due diligence review be able to assess directly the meaning and reach of the documents in question.

In addition, it was important in the Brilliance transaction, as it is in others of its type, that the lawyers be able to verify that translations of documents submitted to regulatory agencies in the United States as well as in China properly reflected the original-language

version.

Before the SEC received the Brilliance registration statement and prospectus<sup>12</sup>, it had reviewed several registration statements for US investment firms seeking to set up China funds. Accordingly, the SEC was familiar with many aspects of the China market. The Brilliance registration statement set forth certain background information regarding Chinese enterprise ownership reform and China's automotive industry, providing potential investors with a framework for understanding Shenyang Automotive's operations.

The SEC reviewed the prospectus for purposes of disclosure, strictly following the requirements set forth in relevant laws and regulations for business, legal and financial disclosure<sup>13</sup>. Simultaneously, the New York Stock Exchange analyzed the Brilliance prospectus and charter documents in compliance with the Exchange's listing requirements<sup>14</sup>.

After the SEC declared the Brilliance registration statement effective, on Oct. 9, 1992, 5 million shares of Brilliance stock began trading on the New York Stock Exchange.

Since the ground-breaking Brilliance transaction<sup>15</sup>, Chinese companies have shown great enthusiasm for raising capital in international markets. In February 1993, Denway Investment Ltd. offered its shares publicly in Hong Kong using a similar holding-company structure as Brilliance. Denway's principal asset is its interest in the Guangzhou Peugeot Automobile joint venture<sup>16</sup>. Denway's shares were oversubscribed 659 times.

In June and July of that year, two other companies whose operations are based in China, Ek Chor China Motorcycle Co. Ltd. and China Tire Holdings Ltd.<sup>17</sup> also offered their stock publicly in the United States and listed them for trading on the New York

Stock Exchange.

Ek Chor produces motorcycles and automotive components through four Sino-foreign joint venture companies in Shanghai, Luoyang and Zhanjiang, China. Its motorcycle ventures produced about 15 percent of all cycles produced in China last year. China Tire produces tires through two Sino-foreign joint venture companies in Hangzhou and Taiyuan, China.

Since July, several of the nine large Chinese companies approved by the Chinese government to seek listings on the Hong Kong Stock Exchange have done so. These include Shanghai Petrochemical Co. Ltd. , the largest petrochemical company in China; Tsingtao Brewery Co. Ltd. , the maker of Tsingtao beer; Guangzhou Shipyard International Co. Ltd. , a builder of military as well as commercial vessels; and Beilen Printing Machinery Holdings Ltd. , the largest manufacturer of offset presses in China.

These are industrial giants restructured from large state enterprises. A class of their stock, so called "H shares" has been or is in the process of being listed on the Hong Kong Stock Exchange. In addition, Shanghai Petrochemical is also traded on the NYSE in the form of American Depositary Receipts<sup>18</sup>, a surrogate security representing the H shares. And the H shares in the securities market remain fairly firm<sup>19</sup> in the earning reporting period.

While the Chinese securities markets and regulations are still in their formative stage, the Chinese government has sought to assert more centralized control over securities activities of Chinese companies. In December 1992, the State Council issued a notice outlining restrictions and procedures applicable to domestic and foreign securities offerings by Chinese companies.

Apart from clarifying the authority delegated to the securities

regulatory commissions, the State Council notice imposes an approval requirement designed to manage the total number of public offerings by Chinese companies and to coordinate the allocation of such opportunities among various regions of the country. In the meantime, work on a Securities Law continues.

As China's securities markets and regulations develop, state enterprises in China will have a clearer sense of the options available to them to pursue private capital. Those that resort to the capital markets in China or abroad will have clear procedural guidance and safeguards. Moreover, obtaining equity financing from the capital markets further promotes the market reform of these enterprises.

International securities activities by Chinese companies, whether through the Chinese or international capital markets will mark a further integration of the Chinese economy with the rest of the world in late 1990s. American lawyers have long been a part of international corporate finance, and can play a valuable role in bringing about both a sound securities framework in China and in assisting Chinese companies to obtain financing in the international market.

## NOTES

1. This article represents Brilliance China Automotive Holdings Limited in its IPO, which was the first NYSE listing of China-based company. So as counsel to the issuer or the underwriter, the author has participated in the IPO in the United States and NYSE listing of two other China-related companies, Ek Chor China Motorcycle Co. Ltd. and China Tire Holdings Ltd.
2. NYSE; New York Stock Exchange, the oldest (1792) and



largest stock exchange in the United States, located at 11 Wall Street in New York City; also known as Big Board and The Exchange. The common stocks of more than 1600 companies are traded on the NYSE, and each company must meet the Exchange's stringent listing requirements. Bonds, preferred stocks, warrants, options, and rights are also traded on the NYSE. 纽约证券交易所,为美国最大的证券交易所。

3. financial statements: (Brit. E) 财务报告书,(企业的)财务报表 [指公司在年度股东大会前向股东提出的财务状况报告,相当于“财务状况表”(financial position statements);也指个人或企业的财务报表,为资产负债表、收益表及其它各种附表的总称]
4. disclosure;

- 1) An explanation attached to a financial statement, or embodied in report (say; an auditor's);

containing a fact, or detail required in the interpretation of the report or statement, revealing of relevant financial information 解释、公布、表述、揭示有关财务事项的公告(往往指在财务报表或审计师报告中反映的事实)

the *disclosure* of the financial statement 财务报表的公布

*disclosure* of details of manufacturing costs 公布详尽的制造成本表

The scope of *disclosure* is generally less than is customary for international markets. (控股公司)财务状况表述范围通常较国际市场惯例窄。

- 2) act of telling details: 披露细节,透露

The *disclosure* of the turnover bid raised the price of the shares. 兼并出价详情的披露,使股票价格上涨。

5. equity issues: 发行证券,发行股票

equity (the part of a company's money that is raised by selling