國立中央大學九十三學年度碩士在職專班入學試題卷

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1.請簡述此新聞之內容(100 字內)（50%）

China Spurs Banking Cleanup

Bad-Debt Agencies Receive Broader Role, but Changes Might Reduce Foreign Help

By Karen Richardson

Hong Kong

IN A BID TO speed up China's mammoth bad-debt cleanup, Beijing has approved changes to help commercialize its four asset-management companies that are charged with disposing of the bad loans of the most debt-laden Chinese banks.

The changes, which China's Parliament endorsed last week, assign a wider role to the asset-management companies as banks attempt to deal with an estimated $500 billion in bad loans and get listed overseas by 2006. The measures should help the banks clean up their balance sheets more swiftly by shifting more bad loans from them to the asset-management companies, or AMCs, analysts and foreign investors say. But the changes could also thwart the fledgling process of bad-loan sales to foreign investors—a key method of jettisoning bad debts from the financial system and helping to sustain economic growth, they say.

"It solves a short-term problem with a long-term problem," said Jack Rodman, head of the China corporate-recovery practice at Ernst & Young in Beijing. "In every market we've ever been to, there's never been a sustained economic recovery until the market has opened up to foreigners to buy the bad assets. Otherwise, it just stays within the system."

The changes set targets on how much cash the AMCs should recover from their portfolios, and also set a limit on their expenses, though specific levels weren't disclosed. The changes also enhance existing performance-based bonus systems.

The changes also promise to extend the initial 10-year lifespans of the AMCs if they hit their targets. Beijing created the entities in 1998 as liquidators for China's four biggest commercial banks, transferring to them $170 billion in bad loans in exchange for bonds. The AMCs—**Huarong Asset Management, Cinda Asset Management, Orient Asset Management** and **Great Wall Asset Management**—are supposed to repay the bonds and interest with the cash they recover.

But the AMCs have lost momentum in recovering debts and making interest payments, partly because they are trying to resolve more difficult cases left in their portfolios. So far, the AMCs have only disposed of about 30% of the total loans in their portfolios, causing some executives to worry that Beijing's support will fade.

"The government has set high targets for the AMCs, and we'll be working very hard to achieve them in the next two or three years," said an executive at an AMC in Beijing.

But the latest changes also raise the prospect that the AMCs themselves will seek to supplant the role that foreign investors have played in turning around their loans. The changes enable the AMCs to act like investment banks, with the right to spend capital on improving existing bad assets and buying additional bad loans—initially from other AMCs and, eventually, directly from the banks. That would put them in competition with foreign investors who had been planning to do the same thing.

Foreign interest in China's bad-loan market has been intense. Western investment banks such as **Citigroup** Inc. and **Goldman Sachs Group** Inc., as well as private-equity firms such as **Colony Capital LLC, Lone Star Funds** and **General Electric** Co.'s GE Capital Corp., have set up teams of distressed-debt specialists and raised hundreds of millions of dollars to invest in the market.

Yet foreigners have only invested about $200 million directly into Chinese distressed debt since 1998. Just one of the AMCs, Huarong Asset Management, has auctioned some of its debts to foreign investors as planned, and none has announced auction plans for this year. A two-year-old debt-sale agreement between **Morgan Stanley** and **China Construction Bank** appears to be stalled.

If the AMCs now enter the bad-loan market themselves, buying bad loans from one another or directly from the banks, and seeking to dispose of them, foreign investors may have difficulty competing.

"If the AMCs become competitive bidders, they'll just pick and choose the best loans and foreign investors won't be left with as much opportunity," said Arthur Lau, a China bank analyst at Fitch Ratings in Hong Kong.

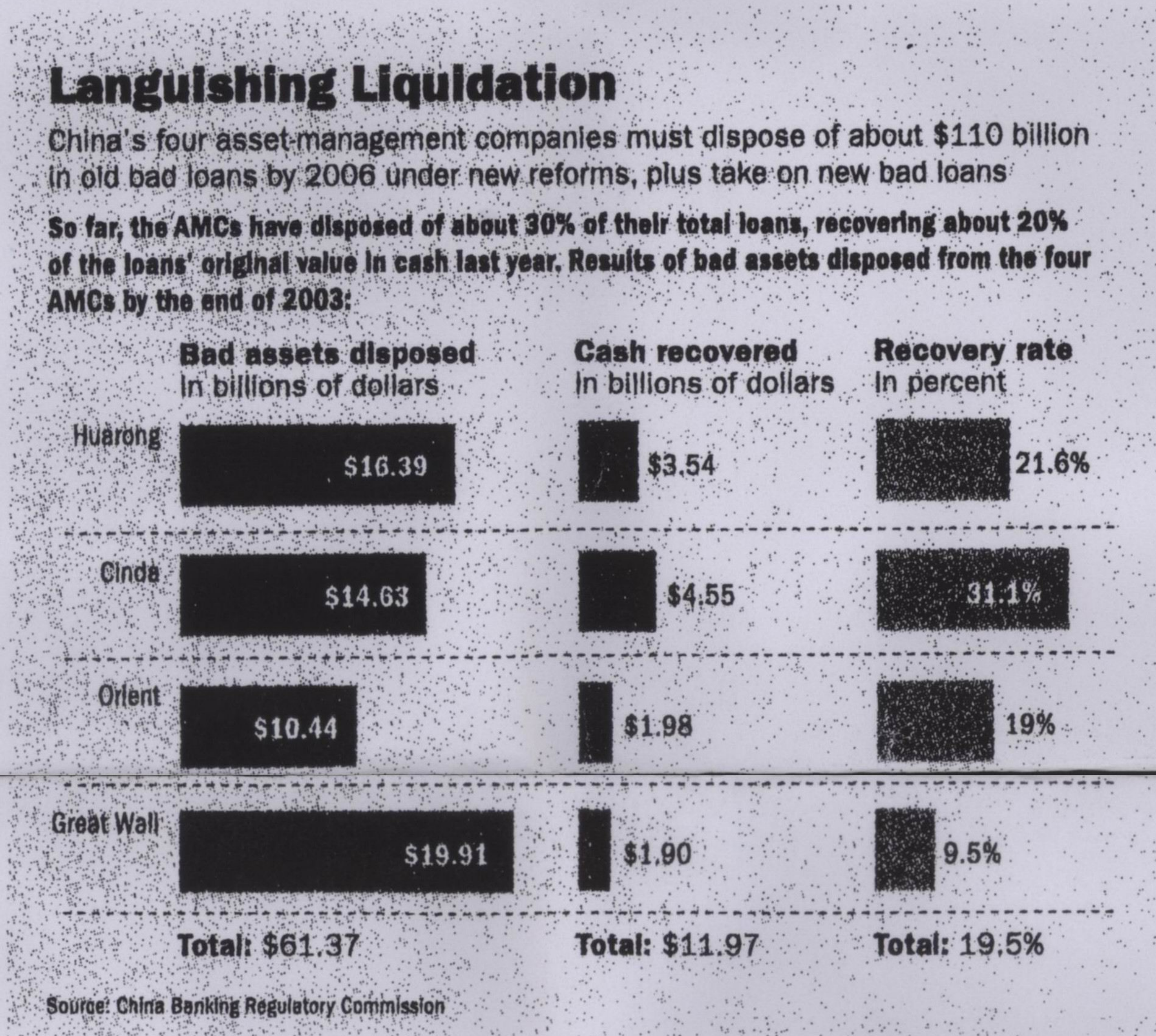
That could be a blow to China's financial system over the longer term. When foreign investors buy distressed debts, their new capital removes the risk of owning empty factories, dilapidated buildings and failing state-owned enterprises from the Chinese financial system. While the foreign investors negotiate discounted payments with borrowers or in some cases foreclose on the borrowers and sell the collateral, Chinese banks can focus on making more profitable loans, feeding steadier economic growth.

It isn't clear where the Chinese agencies would obtain the capital to make such investments. "The AMCs are basically insolvent and don't have enough capital," says Wei Yen, head of China financial-institutions research at Moody's Investors Service Inc.

Some executives at the agencies expressed hope that they could entice foreigners to put in capital as passive investors. "The AMCs can provide local expertise, debt-servicing and due-diligence capabilities, and the foreigners can provide capital," said an AMC executive in Beijing.

Foreign investors say that isn't likely to appeal to them. Management control is typically a key objective for foreign investors in China for all types of joint ventures, particularly those involving delicate financial operations. And lately, given the lack of progress, some foreigners waiting to invest in Chinese distressed debt are starting to lose patience with the China market.

"My hope is that these [overhaul] programs don't raise more concern among foreign investors to the extent that they consider leaving the market," said Michael Harris, head of the China corporate-recovery practice for PricewaterhouseCoopers in Beijing. "It's usually very hard to entice them back."



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2.請簡論未來兩岸金融市場之競爭與合作。(50%)