FT FINANCIAL TIMES
World business newspaper

MARKETS WEEK WORLD

With three big foreign suitors, equity issuers in China can play the field FRANCESCO GUERRERA ON ASIA.

By FRANCESCO GUERRERA
749 words
23 October 2004
Financial Times
USA Ed1
Page 12
English
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Asian capital markets need people like Jeff Rigg. For those who have never been to Kansas City, Mr Rigg is the ingenious Chevrolet dealer who offered a free car to anyone who bought a sports-utility vehicle. This novel "bogof" scheme - buy one, get one free - cleared unwanted stock and undercut the competition.

Mr Rigg's tactics could rescue another industry where a posse of suppliers are chasing too few customers: the market for overseas listings by Chinese companies.

Next week the London Stock Exchange will open an office in Hong Kong. Its job: to increase the number of Chinese companies listed on the main board from the current, pathetically low, five. The Nasdaq is to appoint a representative in China to attract local hi-tech companies to the self-declared "stock market for the next 100 years". And on Monday the Tokyo bourse celebrated the pricing of the Dollars 51m initial public offering of Xinhua Finance - a unit of the official news agency that is the first listing since the Japanese exchange vowed last March to win more China business.

With such fierce competition, the bourses could do worse than offer a "bogof": "List one company and we will ensure a successful IPO for a loss-making affiliate at no extra cost."

So far, though, Riggonomics has failed to make an impact on the bourses' strategies. Instead, US and UK stock markets prefer to use dubious arguments to persuade the Chinese to come to them alongside Hong Kong, their traditional "home away from home" market.

The LSE is spinning a seemingly crafty line about being "friendlier" than the US markets. What this really means is that UK-listed companies do not have to put up with the costs and red tape imposed by the Sarbanes-Oxley Act - the US corporate governance rules passed after the Enron and WorldCom debacles. See European stocks column at: www.ft.com/europestocks

While true, and potentially appealing to corporate governance-challenged Chinese companies, this is a very dangerous argument.

Does the LSE really want to promote lax regulation as a competitive advantage over US rivals? The reputational risk to both the exchange and its listed companies is obvious.

This week people close to Air China, which is mulling an IPO in London rather than New York, were at pains to stress that choosing the UK capital would not mean the state-owned airline had something to hide from Messrs Sarbanes and Oxley.

The New York Stock Exchange and the Nasdaq, with more than 20 Chinese companies, have hidden behind a holier-than-thou attitude. As Gordon Patterson, managing director for Nasdaq Asia Pacific, puts it: "We will not relax our regulation to compete for new listings." In reality, the US exchanges are making a virtue out of necessity - they could not relax federal laws even if they wanted to.

As shown by the Air China case and a recent increase in the number of Chinese companies launching US private placings rather than IPOs, NYSE and Nasdaq may well lose rich business.

While the foreigners squabble, the Chinese are planning their own mess. Beijing officials are on a European roadshow for "**Finance Street**": a district of 4m sq m (or about 1,000 football pitches) complete with an equity market to rival the Shanghai bourse.

The move is baffling considering the authorities have still not dealt with the fraudulent practices, illiquid companies and insolvent brokers in the existing market. In a week when Chinese regulators classified half the country's securities houses as "risky" - underestimating the problem by about half - plans for yet another stock market are truly astonishing.

Even without a new exchange, Chinese companies wanting to list have plenty of choice. And if they play their cards right, they might even get a free Chevy from a desperate stock exchange.

* Compare and contrast. In Australia this week, independent directors of Axa Asia Pacific rejected a takeover bid by Axa, the French insurer, that already owns 52 per cent of the company. They felt the offer undervalued the company and did their duty.

In Hong Kong, only 22 per cent of senior executives surveyed by insurance group Jardine Lloyd Thompson said the mistreatment of minority shareholders was a problem. The corporate governance gulf between Asia and the Pacific is very wide.