

## TSX woos firms with Chinese assets

Vancouver-based Spur Ventures is a recent addition to Toronto's list

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TSX Group is aiming to attract more companies with major Chinese assets, such as Vancouver-based Spur Ventures Inc., as it competes with other international stock exchanges for Chinese listings.

Spur Ventures, a phosphate mining company that recently graduated to the Toronto Stock Exchange from the second-tier TSX Venture, is one of about 80 so-called China-based listings currently trading on TSX's two stock exchanges. Those listings include companies that are either headquartered in China or, like Spur, have significant operations there.

As rivals such as the New York Stock Exchange, Nasdaq and the London Stock Exchange expand their presence in China, TSX is also making an aggressive push to increase its number of China-based listings.

"We are accelerating our business efforts as far as our international exposure is concerned," said Richard Nadeau, senior vice-president of the Toronto Stock Exchange.

Nadeau said the TSX has made five or six trips to China in the past three years, and is planning to return to the country next month with a team of Canadian law, accounting and investment banking professionals.

Since it already has a strong international reputation for energy and mining stocks, TSX is trying to carve its niche in China by targeting mining companies there.

Nadeau noted that about 60 per cent of the world's public mining firms are listed on the Toronto exchanges, giving the TSX an edge on its competition in the emerging Asian country.

"That's one point where we can really differentiate from the others," Nadeau said, adding that the team of professionals visiting China next month will also attend the China Mining Conference in Beijing.

"We have the expertise [in raising capital for mining firms]," Nadeau said. "We have the lawyers, accountants and investment bankers, given the commodity nature of the country here."

And given the explosion of exploration projects in Asia, China's mining sector represents "tremendous potential" for the TSX, he added.

TSX's reputation for attracting mining investors was a major reason Spur Ventures decided to go public on TSX Venture several years ago.



CREDIT: Ward Perrin, Vancouver Sun  
Michael Chen is the chief financial officer of Spur Ventures Inc., which is based in Vancouver but operates out of China.

"Venture is big for mining companies, so it was a good place for us," Spur's chief financial officer Michael Chen said, noting the company upgraded to Toronto's senior equity exchange in August.

Unlike most TSX-listed mining companies, Spur is not involved in the mining or exploration of minerals. Rather it mines phosphate deposits and operates a fertilizer project in China's Hubei province.

The bulk of the company's operations are in China, where 250 of its employees are based. But Chen said it also initially made sense for Spur to trade on a Canadian exchange since it is a Canadian company with a head office in Vancouver.

The Toronto Stock Exchange and TSX Venture aren't usually the first options for Chinese companies looking to go public, Chen said.

"Many Chinese companies' first choice is to go to the U.S. If they cannot meet the requirements, I think they try to come to Canada with the hope that they can someday be listed on U.S.," he said.

The New York Stock Exchange's list of 18 high-profile Chinese companies gives an indication the U.S. board's clout in China.

Companies, such as telecom giants China Mobile and China Unicom, as well as PetroChina Company, China Eastern Airlines and China Southern Airlines, are all traded on the NYSE.

Equity exchanges in Europe and Asia also vie for their share of companies operating in China.

As Spur's operations expand, Chen said that it, too, may look at offering its stock elsewhere, such as on the Shanghai or Hong Kong exchanges, where it can better attract Chinese investors.

At Vancouver's Mundoro Mining Inc., chief financial officer Teo Dechev welcomed the TSX Group's efforts to attract more China-based listings.

Mundoro Mining is a TSX-listed company that has a major gold exploration project in China.

Dechev said that having more Chinese-focused companies trading in Toronto will be good for companies like her own, as it will increase awareness amongst Canadian investors about what's going on in China.

Currently, she said, fund managers have limited knowledge of and interest in Chinese operations.

"There are certainly funds that have an Asian focus, and those funds are well-educated. But perhaps the more generalist type funds that have broader portfolios, [they] don't have as good an understanding of China," she said.

Ivy Chong, chief financial officer for Vancouver's Dynasty Gold Corp., agreed that greater investor awareness of China could help her Venture exchange-listed company, but warned there's also potential for harm.

With a huge number of firms in China that have dubious assets and titles, TSX must tread with caution, Chong said.

"They've got to be very careful what they bring on aboard," she said. "There is a huge opportunity...but if you don't capture the cream of the crop, you're not benefiting."

According to Nadeau, the TSX Group shares Chong's worries.

"We are very careful that we're dealing with the right companies. We're very conscious of that risk," he said.

At the same time, the TSX Group can't afford to move slowly, the Asia Pacific Foundation warned in a recent report.

The Vancouver-based think-tank noted that the TSX is "in danger of being out-hustled by its bigger rivals."

NYSE and Nasdaq are awaiting approval from Beijing to open offices in China, the report said.

Meanwhile, the London Stock Exchange opened an office in Hong Kong last year to lure junior companies onto its Alternative Investment Market (AIM).

Nadeau said TSX has no immediate plans to set up a permanent office in China.

Visits to promote the Canadian capital markets, such as the one planned next month, are producing the desired results, he said.

"It takes time to build relationships with China and now we're starting to see the positive outcomes," Nadeau said. "Our credibility is really starting to be recognized and it shows by number that are getting listed."

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#### CHINA LISTINGS

With the world's stock exchanges vying for Chinese listings, Canada isn't faring that badly.

80: Approximate number of companies based in China or with significant Chinese assets listed on the TSX and TSX Venture exchanges.

60%: Portion of the world's public mining firms listed with TSX.

18: Number of Chinese companies listed on the New York Stock Exchange.

48: Number of Chinese companies listed on the main London Stock Exchange and AIM.