exchange's trading floor and with a financial institution that best meets their needs. King said discussions are now taking place to expand the training programme to the Czech and Slovak exchanges.

King said the ME has been able to create a unique niche for itself because it has the long history and strong regulatory system that appeals to foreign exchanges without being too big or sophisticated.

Another way in which the ties between exchanges in China, Hong Kong and Canada are becoming stronger is the listing of Chinese and Hong Kong stocks on Canadian exchanges, particularly Vancouver and Toronto.

In December, PIC Pacrim International Corp. became the first Hong Kong-based company to become a direct listing on the VSE. Previously, a number of Asian firms had achieved listings on the VSE through backdoor listings.

PIC Pacrim offers clients in Hong Kong and China a complete range of immigration and investment advisory services through offices in Hong Kong, China and Canada.

The company's listing in Vancouver was an important step for Asian firms and the VSE because it demonstrated the VSE's ability and unique role as a market for venture capital. While PIC Pacrim could have qualified for a listing in Hong Kong, John Henderson said it decided to list in Vancouver because it provided a high profile and the ability to list just two per cent as opposed to a minimum of 25 per cent in Hong Kong.

Henderson believes this listing could be a sign of things to come because an increasing number of Asian firms are looking for venture capital and the international exposure to reach investors in the United States and Canada.

If this development continues, Vancouver could have a lucrative link with China's economic development because many Chinese cities and towns, which lack the resources to build infrastructure such as highways, need capital and could do it by listing on the VSE.

TSE gets a piece of the action

The Toronto Stock Exchange has also gained a piece of the action with the listing in December of South China Industries (Canada), which owns 80 per cent of Guilin Tire, the largest tire manufacturer in Guangxi province. It was the first mainland company to list on the TSE.

Electronic investments

Mark Scott, vice-president and director of corporate finance, Asia with ScotiaMcLeod Inc., said Toronto was an attractive market to list South China because of the strong interest from North American investors, including wealthy Chinese-Canadians living in Canada. South China's appeal with investors was evident by the keen interest shown during presentations in Toronto, Montreal and Vancouver. While some institutional investors were a little skeptical initially, the issue easily raised C$100 million.

ScotiaMcLeod is also involved as the co-lead underwriter of Noble China, which issued C$70 million of special warrants to purchase 60 per cent of Pabst Blue Ribbon (Zhaoqing) Co., which has been making beer in China since 1990 under license from San Antonio-based Pabst Blue Ribbon.

Toronto's mainland portfolio will expand again when Wardley China Investment Trust raises C$100 million to $125 million through an initial public offering. Scott said Toronto has now emerged as a legitimate rival to New York, which has listed three mainland stocks - Brilliance China Automotive, Ek Chor Motorcycle and China Tire Holdings since October, 1992.

Dougal Macdonald, a managing partner with Canadian law firm Osler Renault Ladner, said the TSE had become a viable alternative because many Asian firms could not meet Hong Kong's listing requirements, which include a market capitalization of at least HK$100 million and three years of operations.

Macdonald said the unification and flotation of China's official currency, the yuan, on January 1, 1994 was a significant step for the listing of Chinese stocks in Canada because it will take a lot of the risk out of investing in these companies.

ScotiaMcLeod is among an active group of full-service Canadian investment firms battling to do business in Hong Kong, particularly the promotion and sale of Canadian stocks and bonds to Asian clients looking for regional diversification. Among the other well-known Canadian firms with offices in Hong Kong are RBC Dominion Securities (Asia) Ltd. and Richardson Greenshields of Canada (Pacific) Ltd.

RBC Dominion vice-president and director Michael Choa said while the 27.3 per cent gain last year by Toronto Stock Exchange did not come anywhere near the 115 per cent jump posted by the Hong Kong exchange, it did attract a growing amount of attention from Asian investors, who like the fact Canada offers them exposure to the natural resources which is not available in Hong Kong.

"Basically, they're looking for diversification, but I suppose in general, a lot of Hong Kong investors have a long love story with Canada because they are immigrants or have a Canadian passport and they have an awareness of Canada," he said. "There is increased activity simply because the market has been better and Canada is a good warrant on various sectors such as gold."

Choa said it is easy to open a trading account with a Canadian investment house. Investors simply provide information about their investment goals and receive reports about the Canadian economy and particular stocks on a regular basis. ◆