



NASDAQ TO CLOSE ITS OFFICE IN CHINA.

442 words

24 May 2004

07:14

Interfax China Business News

English

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Shanghai. May 24. INTERFAX-CHINA - The **NASDAQ** Stock Exchange is planning to **close** its offices in China and will focus more on the U.S. market. Huang Huaguo, Chief Representative for **NASDAQ** in China, announced at the recent Beijing Capital Market Development Forum. **NASDAQ** set up its China **Office** five years ago to introduce listing rules and to support Chinese companies looking to list on that market. Although there having been a number of Chinese companies recently listing on the **NASDAQ**, including Ctrip, Linktone, Tom Online and Shanda, the exchange believes that **closing** its offices in China will not hinder Chinese companies seeking to gain access to US capital markets. "The **office** is just doing public relation work for **NASDAQ** and doesn't have much to do with the share offerings or listings of companies on the **NASDAQ**," SINA Chief Financial Officer Cao Guowei told Interfax in an interview. Cao added that sponsors and underwriters played a more important role in listing overseas.

Analysts, meanwhile, believe cost is likely the main reason **NASDAQ** has decided to **close** its China **office**. "**NASDAQ** has to pay for the staff and maintain the **office**. Although it has benefited from the **office**, the costs did not match the benefits," Pacific Epoch Analyst Paul Waide told Interfax. Moreover, other stock exchanges have also been increasing activity in China. Five foreign stock exchanges, in addition to **NASDAQ**, from Singapore, London, Hong Kong, Canada, and the New York Stock Exchange participated in the 7th China Beijing International High-tech Expo (CHITEC). Four of these exchanges held their own promotional sessions. In addition, Chinese authorities have also recently authorized the establishment of an SME exchange on the Shenzhen stock exchange. Waide, however, believed these events and the **closing** of **NASDAQ**'s China **office** were just coincidental. As China's economy has developed and more private companies have been founded, financing has become a major tool for companies to expand their businesses. The CHITEC has disclosed that 58% of high-tech enterprises in Beijing's **Zhongguancun** Hi-

tech Park, fondly known as China's Silicon Valley, are facing capital problems, with investment needs of more than RMB 100 bln (USD 12 bln). "Private and small firms were quite active during the CHITEC, as were some State-owned enterprises," Xu Gang, a CHITEC official, told Interfax. "At least 100 enterprises turned up at the CHITEC's special China Economic Summit." With the **closing** of its China branch, **NASDAQ** will only have offices in India outside the U.S. **NASDAQ** also previously established a Japanese branch in 2000, but **closed** it just two years later. - RC.

Document IFXCDB0020040524e05o001b9