

BVI companies can be listed on the Hong Kong Stock Exchange

On December 15, 2009, the Hong Kong Stock Exchange (“HKSE”) announced its decision to allow companies incorporated in the British Virgin Islands (“BVI”) to list on the HKSE. This is welcomed news for the BVI whose BVI business companies form a significant percentage of offshore based companies doing business in Asia. The list of acceptable overseas jurisdictions in which Hong Kong listed companies may be incorporated (other than People's Republic of China, Bermuda and Cayman Islands) currently include: Australia, BVI, Canada (British Columbia), Canada (Ontario), Cyprus, Germany, Jersey, Luxembourg, Singapore and the United Kingdom.

In arriving at the decision, the HKSE noted that the BVI like the Cayman Islands has a common law system based on the English model; that English common law and equitable principles form part of the substantive laws of the BVI; and that the BVI courts will look to English decisions for guidance in interpreting these principles.

It was also noted that BVI incorporated companies were listed on major stock exchanges, including the New York Stock Exchange, Nasdaq, Frankfurt Stock Exchange, AIM market of the London Stock Exchange, the Toronto Stock Exchange and the Singapore Stock Exchange.

Since BVI companies are allowed to list on the HKSE, it is expected that the use of a HKSE listing as an exit option for private equity investors with investments in China using BVI companies is likely to increase.

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