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BVI Company Registration and Maintenance Guide (6)

Share Capital of Business Company

Power to Allot Shares

Subject to any limitations or provisions to the contrary in its memorandum or articles, the unissued shares and treasury shares of a company incorporated under IBC Act (International Business Companies Act 1984) shall be at the disposal of the directors who may, without limiting or affecting any rights previously conferred on the holders of any existing shares or class or series of shares, offer, allot, grant options over or otherwise dispose of shares to such persons, at such times and upon such terms as the company may, by resolution of directors, determine.

Shares to be Fully Paid

No share in a company incorporated under IBC Act may be issued until the consideration in respect of the share is fully paid, and when issued the share is for all purposes fully paid and non-assessable save that a share issued for a promissory note or other written obligation for payment of a debt may be issued subject to forfeiture in the manner prescribed in section below.

Considerations for Shares

Subject to any limitations or provisions to the contrary in its memorandum or articles each share in a company incorporated under IBC Act shall be issued for money, services rendered, personal property (including other shares, debt obligations or other securities in the company), an estate in real property, a promissory note or other binding obligation to contribute money or property, or any combination thereof.

Forfeiture of Shares

The memorandum or articles, or an agreement for the subscription of shares, of a company incorporated under IBC Act may contain provisions for the forfeiture of shares for which payment is not made pursuant to a promissory note or other written binding obligation for payment of a debt. Any provision in the memorandum or articles, or in an agreement for the subscription of shares of a company incorporated under IBC Act providing for the forfeiture of shares shall contain a requirement that written notice specifying a date for payment to be made be served on the member who defaults in making payment pursuant to a promissory note or other written binding obligation to pay a debt.

The written notice shall name a further date not earlier than the expiration of 14 days from the date of service of the notice on or before which the payment required by the notice is to be made and shall contain a statement that in the event of non-payment at or before the time named in the notice the shares, or any of them, in respect of which payment is not made will be liable to be forfeited.

Where a notice has been issued under this section and the requirements of the notice have not been complied with, the directors may, at any time before tender of payment, by resolution of directors forfeit and cancel the shares to which the notice relates. The company is under no obligation to refund any moneys to the member whose shares have been cancelled and that member shall be discharged from any further obligation to the company.

Amount of Consideration for Shares

Subject to any limitations or provisions to the contrary in its memorandum or articles, shares in a company incorporated under IBC Act may be issued for such amount as may be determined from time to time by the directors, except that in the case of shares with par value, the amount shall not be less than the par value; and, in the absence of fraud, the decision of the directors as to the value of the consideration received by the company in respect of the issue is conclusive, unless a question of law is involved.

A share issued by a company incorporated under IBC Act upon conversion of, or in exchange for, another share or a debt obligation or other security in the company, shall be treated for all purposes as having been issued for money equal to the consideration received or deemed to have been received by the company in respect of the other share, debt obligation or security.

Fractional Shares

Subject to any limitations or provisions to the contrary in its memorandum or articles, a company incorporated under IBC Act may issue fractions of a share and unless and to the extent otherwise provided in the memorandum or articles, a fractional share has the corresponding fractional liabilities, limitations, preferences, privileges, qualifications, restrictions, rights and other attributes of a whole share of the same class or series of shares.

Authorised Capital in Several Currencies

The authorised capital, if any, of a company incorporated under IBC Act may be stated in more than one currency in which case the par value of the shares, if any, shall be expressed in the same currencies.

Capital and Surplus Accounts

Upon the issue by a company incorporated under IBC Act of a share with par value, the consideration in respect of the share constitutes capital to the extent of the par value and the excess constitutes surplus.

Subject to any limitations or provisions to the contrary in its memorandum or articles, upon the issue by a company incorporated under IBC Act of a share without par value, the consideration in respect of the share constitutes capital to the extent designated by the directors and the excess constitutes surplus, except that the directors must designate as capital an amount of the consideration that is at least equal to the amount that the share is entitled to as a preference, if any, in the assets of the company upon liquidation of the company. Upon the disposition by a company incorporated under IBC Act of a treasury share, the consideration in respect of the share is added to surplus.

Dividend of Shares

A share issued as a dividend by a company incorporated under IBC Act shall be treated for all purposes as having been issued for money equal to the surplus that is transferred to capital upon the issue of the share. In the case of a dividend of authorised but unissued shares with par value, an amount equal to the aggregate par value of the shares shall be transferred from surplus to capital at the time of distribution.

In the case of a dividend of authorised but unissued shares without par value, the amount designated by the directors shall be transferred from surplus to capital at the time of the distribution, except that the directors must designate as capital an amount that is at least equal to the amount that the shares are entitled to as a preference, if any, in the assets of the company upon liquidation of the company. A division of the issued and outstanding shares of a class or series of shares into a larger number of shares of the same class or series having a proportionally smaller par value does not constitute a dividend of shares.

Increase or Reduction of Authorised Capital

Subject to any limitations or provisions to the contrary in its memorandum or articles, a company incorporated under IBC Act may amend its memorandum to increase or reduce its authorised capital, and in connection therewith, the company may increase or reduce the number or shares which the company may issue; increase or reduce the par value of any of its shares.

Where a company reduces its authorised capital, then, for purposes of computing the capital of the company, any capital that immediately before the reduction was represented by shares but immediately following the reduction is no longer represented by shares shall be deemed to be capital transferred from surplus to capital. A company shall, in writing, inform the Registrar of any increase or decrease of its authorised capital.

Division and Combination

A company incorporated under IBC Act may amend its memorandum to divide the shares, including issued shares, of a class or series into a larger number of shares of the same class or series; or to combine the shares, including issued shares, of a class or series into a smaller number of shares of the same class or series. Where shares are divided or combined, the aggregate par value of the new shares must be equal to the aggregate par value of the original shares.

Character of a Share

Shares of a company incorporated under IBC Act are personal property and are not of the nature of real property.

Share Certificates

A company incorporated under IBC Act must state in its articles whether or not certificates in respect of its shares shall be issued. If a company incorporated under IBC Act issues certificates in respect of its shares, the certificates must be signed by two directors or two officers of the company, or by one director and one officer; or must be under the common seal of the company, with or without the signature of any director or officer of the company; and the articles may provide for the signatures or common seal to be facsimiles. A certificate specifying a share held by a member of the company is prima facie evidence of the title of the member to the share specified therein.

Share Register

A company incorporated under IBC Act shall cause to be kept one or more registers to be known as share registers containing the names and addresses of the persons who hold registered shares in the company; the number of each class and series of registered shares held by each person; the date on which the name of each person was entered in the share register; the date on which any person ceased to be a member. In the case of shares issued to bearer, the total number of each class and series of shares issued to bearer; and with respect to each certificate for shares issued to bearer the identifying number of the certificate; the number of each class or series of shares issued to bearer specified therein; and the date of issue of the certificate.

But the company may delete from the register information relating to persons who are no longer members or information relating to shares issued to bearer that have been cancelled. The share register may be in any such form as the directors may approve but if it is in electronic or other data storage form, the company must be able to produce legible evidence of its contents. The share register is prima facie evidence of any matters directed or authorised by IBC Act to be contained therein. A company that wilfully contravenes this section is liable to a penalty of US\$25.00 for each day or part thereof during which the contravention continues, and a director who knowingly permits the contravention is liable to a like penalty.

Transfer of Registered Shares

Subject to any limitations or provisions to the contrary in its memorandum or articles, registered shares of a company incorporated under IBC Act may be transferred by a written instrument of transfer signed by the transferor and containing the name and address of the transferee. A company shall not be required to treat a transferee of a registered share in the company as a member until the transferee's name has been entered in the share register. Subject to any limitations or provisions to the contrary in its memorandum or articles, a company incorporated under IBC Act must, on the application of the transferor or transferee of a registered share in the company, enter in its share register the name of the transferee of the share.

A transfer of registered shares of a deceased, incompetent or bankrupt member of a company incorporated under IBC Act made by his personal representative, guardian or trustee, as the case may be, or a transfer of registered shares owned by a person as a result of a transfer from a member by operation of law, is of the same validity as if the personal representative, guardian, trustee or transferee had been the registered holder of the shares at the time of the execution of the instrument of transfer.

Ready to register your BVI business company? Please click the links below to view the step by step registration procedures and costs:

[British Virgin Islands Business Company \(Tailor-made\) Registration Fees, Registration Procedures and Annual Maintenance Costs](#)

[British Virgin Islands Shelf Business Company Registration Fees, Registration Procedures and Annual Maintenance Costs](#)

If you wish to obtain more information or assistance, please visit our official website at www.kaizencpa.com or contact us through the following means:

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