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## Procedures and Fees for Reduction of Capital in a Hong Kong Company

*Unless otherwise indicated, the private company mentioned anywhere in this quotation refers to a private company limited by shares incorporated in accordance with the Hong Kong Companies Ordinance. The procedures and fees stated in this quotation applies to reduction of capital that does not require the approval of a Hong Kong court.*

Our service fees for handling the reduction of capital by court free method for a Hong Kong private company is USD3,200. Our fees cover the preparation of minutes of reduction of capital, publish the public notice on one specified English and one specified Chinese newspaper and the Government Gazette and filing of return with the Hong Kong Companies Registry.

For the purpose of reduction of capital, the required documents and materials include the number of shares and amount to be decreased and the updated company accounts.

Normally, the procedures for reduction of capital in a Hong Kong company can be completed around 6-8 weeks.

## 1. Our Service Fees for Processing Reduction of Capital

Our fees for handling the reduction of capital in a Hong Kong private company is USD3,200. Our fees cover the following services:

- (1) Reviewing the Articles of Association and making sure that the proposed reduction is within the power of the company;
- (2) Reviewing the register of member and confirm the number of shareholders will not fall below the minimum number requirement;
- (3) Preparation of Resolution of Directors and Members;
- (4) Preparation specific form of reduction of capital documents and file to the Companies Registry;
- (5) Publish the public notice on one specified English and one specified Chinese newspaper and the Government Gazette;
- (6) Updating Register of Members.

Note: Our above quoted fees don't include delivery charge and other out-of-pocket expenses.

## 2. Payment Term and Method

Upon receipt of your order, we will issue and send an invoice together with the transfer instructions to you for your settlement. Because of the nature of service, we require full payment in advance. And once the service is commenced, no refund of service fee will be made.

We accept cash, SGD check, TT and credit card through Paypal. Please click [here](#) for payment methods. An extra handling fee of 5% will be charged if paid by Paypal.

## 3. Conditions for Capital Reduction

If a company wishes to reduce its capital through the court-free process, it needs to meet all the requirements listed below:

- (1) the proposed capital reduction must be approved by the directors and shareholders of the company;
- (2) each director must sign a solvency statement:
  - (a) immediately after the transaction there will be no ground on which the company could be found to be unable to pay its debts; and
  - (b) one of the following:
    - (i) if it is intended to commence the winding up of the company within 12 months after the date of the reduction of share capital, the company will be able to pay its debts in full within 12 months after the commencement of the winding up; or
    - (ii) in other cases, the company will be able to pay its debts as they become due during the period of 12 months immediately following the date of the reduction of share capital.
- (3) within 15 days of the date of the solvency statement, the shareholders of the company must pass a special resolution approving the reduction of share capital:

- (4) certain public notices must be published in the Government Gazette, in one specified Chinese newspaper and in one specified English newspaper; and certain forms (including the solvency statements in specified Form) must be filed with the Companies Registry.

#### **4. Materials Required for the Reduction of Capital**

- (1) A copy of the Articles of Association;
- (2) A copy of the latest Annual Return and its subsequent changes documents;
- (3) Number of shares and amount to be reduced;
- (4) The updated company accounts, either the audited financial statement or management account.

If Kaizen acts as Company Secretary of your Hong Kong Company, then client is only required to provide items (3) to (4).

#### **5. Time Frame**

Normally, the whole process for reduction of capital could be completed around 6-8 weeks, including one month notice period for the public notice.

#### **6. Materials Returned after Completion**

The following materials will be returned to client after the process for reduction of capital is completed:

- (1) A resolution of directors and members of reduction of capital
- (2) A copy of solvency statement filed with the Company Registry reduction of capital
- (3) A copy of documents filed with the Company Registry in respect of the reduction of capital
- (4) An updated register of members

#### **References:**

[Procedures and Fees for Increase of Capital of a Hong Kong Company]

<https://www.kaizencpa.com/Services/info/id/23.html>

*If you wish to obtain more information or assistance, please visit our official website at [www.kaizencpa.com](http://www.kaizencpa.com) or contact us through the following and talk to our professionals:*

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