CHRYSSES DEMETRIADES & CO. LLC

Advocates and Legal Consultants

Head Office

Fortuna Court, 284 Makarios III Avenue, 3105 Limassol

Postal Address: P.O. Box 50132, 3601 Limassol, Cyprus

Telephone: +357 25 800 000

Facsimile: +357 2558 7191 or +357 2558 7309

E-mail Address: commercial@demetriades.com

Website: http://www.demetriades.com

Company Registration № 242111

November 2008

Members Voluntary Liquidation of a Cypriot Company

All section references in this briefing are to the Companies Law, Cap. 113, unless otherwise stated.

Putting the Company into Liquidation

The Directors of the Company or, in the case of a company having more than two directors, the majority of the directors, must make a statutory declaration to the effect that they have made a full inquiry into the affairs of the Company, and that having so done they have formed the opinion that the Company will be able to pay its debts in full within such period not exceeding twelve months from the commencement of the winding up as may be specified in the declaration. This must be made within five weeks immediately preceding the date of the passing of the Special Resolution to voluntarily wind up the Company and be delivered to the Registrar of Companies for registration before that date and the Statement must embody a Statement of the Company's assets and liabilities as at the latest practicable date before the making of the Declaration (*Section 266 (1) and (2)*).

The Company must pass a Special Resolution in general meeting that it be wound up voluntarily (*Section 261(1)(b)*). The winding up is deemed to commence at that time (*Section 263*).

Notice of the resolution for voluntary winding up shall within 14 days after the passing of the resolution be advertised in the official gazette. (*Section 262 (1)*).

The Directors Statutory Declaration of Solvency must be sent to the Registrar of Companies for registration before the passing of the resolution for winding up. (*Section 266 (2)(a)*).

Conduct of Liquidation

The liquidator should be appointed by the Company in general meeting. On his appointment the Directors powers cease unless their continuance is sanctioned by the general meeting or by the liquidator (*Section 268 (1) and (2)*).

Within 14 days of his appointment the liquidator should:

- Publish a notice of his appointment in the Gazette; Form No. C.41 (*Section 288 (1)*).
- Deliver to the Registrar a note of his appointment form No.C.41 (*Section 288 (1)*).

The Company will cease business from the commencement of the winding up except in so far as required for its beneficial winding up (*Section 264*).

Provided that the corporate state and corporate powers of the Company shall notwithstanding anything to the contrary in its articles, continue until it is dissolved (*Section 264*).

No transfer of shares unless to or with the sanction of the liquidator or alterations in the members status may take place after the commencement of the winding up (*Section 265*).

If the winding up continues for more than one year, the liquidator must call a general meeting at the end of the first year (or within three months thereof) and lay before the meeting an account of his acts and dealings

and of the conduct of the winding up during the year (*Section 272*).

If the liquidator is of the view that the Company is unable to pay its debts in full, the procedure in Section 271 is to be followed and the winding up will be converted into a creditors voluntary winding up.

Where the whole or part of the business of the Company which is being wound up is to be transferred or sold to another company the liquidator may, with the sanction of Special Resolution of the Company receive in compensation or part compen-sation for a transferor sale, shares, policies or other like interests in the transferee company for distribution among the members of the transferor company (*Section 270*).

Where a member does not vote in favour of such a Special Resolution as is referred to in 2.7 above he may express his dissent from it in writing within 7 days after the passing of the Resolution, requiring the liquidator either to abstain from carrying up the Resolution into effect or to purchase his interest in the Company at a price, to be determined by agreement or by arbitration (*Section 270 (3)*).

Termination of Winding-up

As soon as the Company's affairs are fully wound up, the liquidator shall make up an account of the liquidation and call a general meeting of the company (*Section 273 (1)*).

The meeting should be called on at least one months notice by advertisement in the Gazette, specifying its time, place and object (*Section 273 (2)*).

The liquidator should lay his accounts before the meeting and give an explanation of them (*Section 273 (1)*). If this remuneration has not been decided upon by this time, it should be decided upon then (*Section 273 (1)*).

Within one week after the holding of the meeting the liquidator shall:

- Send to the Registrar of Companies a copy of the accounts, and
- Make a return to the Registrar of Companies notifying him of the holding of the meeting (or that the meeting was duly summoned but that no quorum was present) and of its date (*Section 273 (3)*).

The Company is deemed to be dissolved on the expiration of 3 months from the registration of the said return with the Registrar of Companies (*Section 373 (4)*).

For further information, please contact:

Chris Georghiades
Partner
chris@demetriades.com

Michaela Hadjihambi
Associate
michaela@demetriades.com

Disclaimer: This document is for general guidance only and does not constitute definitive advice. We do not accept any liability to anyone who relies on the contents of this document.

© Chrysses Demetriades & Co LLC 2009. All rights reserved. Extracts may be reproduced with our prior consent, provided that the source is acknowledged.