

Singapore Company Capital Reduction Procedures and Fees

Unless otherwise indicated, the company mentioned in this quotation refers to a private company limited by shares incorporated in accordance with the Singapore Companies Act. The procedures and fees stated in this quotation applies to reduction of capital for private companies which are solvent and that court approval is not required.

Our fee for handling the reduction of capital by the court-free method for a Singapore private company is USD3,450. Our fee covers the preparation of all documents needed to effect the reduction of capital, publication of notice in respect of the capital reduction and filing of return with the Accounting and Corporate Regulatory Authority (ACRA) and payment of official filing fee.

In order to process the reduction of capital with the court-free method, all shareholders must agree to the reduction, the company must be solvent and each of the board members must issue a statement of solvency to indicate that they have reasonable grounds to believe that the company is able to pay its debts.

For the purpose of reduction of capital, client will need to prepare and deliver to us a set of the corporate documents, a copy of the latest Bizfile, and a copy of financial statements prepared within 3 months.

Normally, the procedures for reduction of capital in a Singapore company can be completed around 8 weeks including a notice period of 6 weeks, from the date we receive the materials required and also on the assumption that there is no objection to the reduction raised by any third party.

Our fee stated in this quotation is for general reference only and may be subject to change from time to time.

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1. Capital Reduction Services and Fee

Our fee for handling the reduction of capital in a Singapore private company by the court-free method is SGD3,500. Our fee covers the following services:

- (1) Answering questions raised by client in respect of capital reduction in a Singapore company;
- (2) Review of constitution and making sure that the proposed reduction is within the power of the company;
- (3) Review of register of member and making sure that the number of members/shareholders will not fall below the minimum number requirement;
- (4) Review of the latest financial statements (within three months) and making sure that the company is solvent and it able to pay its debts as and when they fall due within 12 months after the proposed reduction;
- (5) Providing suggestion as to the maximum amount or advising whether the intended amount of reduction is allowed based on the latest financial statements;
- (6) Discussing and fixing with the management of the company on the amount of capital to be reduced (Reducing a member's liability to pay the amount of unpaid capital on his shares, cancelling any paid-up capital which is lost or returning to shareholders any paid-up capital which is in excess of the needs of the company);
- (7) Preparation of resolution of directors and members and other required documents;
- (8) Publication of notice of capital reduction with ACRA;
- (9) Filing of capital reduction documents with ACRA (after publication period);
- (10) Updating Register of Members and delivery of new share certificate(s) to the member(s).

Note:

- (1) Our fee quoted above is inclusive of all official filing fee;
- (2) Our above quoted fee doesn't include delivery charge.

2. Payment Terms and Method

Upon receipt of your confirmation of engagement, we will issue and send an invoice together with the wiring instructions to you for your settlement. When you arrange the payment, please put our invoice number of account number in the message section and then send email a copy of the remittance receipt to us for our records. 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, HKD check, TT and credit card through Paypal. An extra handling fee of 5% will be charged if paid by Paypal.

3. Conditions for Capital Reduction

If a Singapore 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) 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 20 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) Notice of capital reduction must be published in Bizfile maintained by ACRA.

4. Materials Required for the Reduction of Capital

For the purpose of processing the reduction of capital by the court-free method, we will need to be provided with the following materials:

- (1) Copy of the latest Bizfile;
- (2) Copy of the Constitution;
- (3) Copy of the registers of directors and of shareholders;
- (4) The proposed amount to be reduced;
- (5) Copy of financial statements made up to a date which is within 3 months of the proposed reduction;
- (6) The original share certificate(s).

If Kaizen is the company secretary of your Singapore company, then you are only required to provide items (4) to (6). In the case that Kaizen is also engaged for accounting services, then you will only need to provide item (5).

5. Share Capital Reduction Procedures and Time Frame

The whole process for reduction of capital, with the court-free method, could be completed around 8 weeks, including 6 week notice period for the public notice, assuming there is no objection to the reduction. The following table shows the timeline of the reduction process.

Step	Description	Day
1	Client confirms with Kaizen of the engagement; Kaizen issues and send its invoice to client.	1
2	Client email all materials required to Kaizen and at the same time, arranges settlement of Kaizen's invoice	Client's schedule
3	Kaizen reviews all corporate documents and the management accounts and advise client on the maximum amount that can be reduced or confirms with client of the proposed amount of reduction.	1
4	Kaizen prepares relevant documents for the proposed reduction and deliver them to client for signing	1
5	Client signs the share capital reduction documents and return to us by courier	Client's schedule
6	Kaizen arranges the publication of notice of approval of reduction of capital with ACRA	42
7	Kaizen files share capital reduction documents with ACRA (after publication period).	1
8	Kaizen delivers reduction documents to client.	1
9	Client arranges return of capital to shareholders	Client's schedule
		Total: 8 weeks

6. Materials Returned after Completion

- (1) A resolution of directors and members of reduction of capital;
- (2) Copy of solvency statement filed with the Company Registry reduction of capital;
- (3) Copy of documents filed with ACRA in respect of the reduction of capital;
- (4) Share certificates;
- (5) An updated register of members;
- (6) An updated register of registrable persons.

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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