

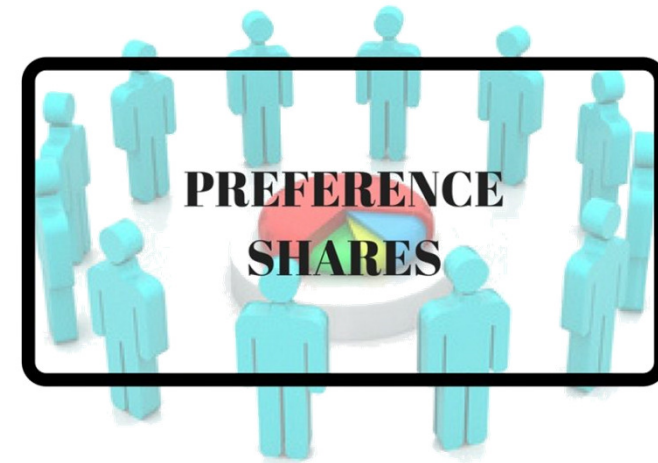
193/2020

CCS Insights

优先股的赎回

Redemption Of Preference Share

Feel the CCS & Co Difference



赎回的方法总共有三种

Redemption may take one of Three (3) ways



- If it is authorized by its constitution, a company may issue preference shares which is liable or at the option of the company are to be liable, to be redeemed in accordance with the constitution.
- A company can redeem redeemable shares:
 - out of profits;
 - from the proceeds of a new issue of shares; or
 - out of capital.



以利润赎回

Redemption out of the profits



- The expression “out of the profits of the company which would otherwise be available for dividend means” that a company may use its accumulated profit for redemption of preference shares.
- So, any account in which profits earned by the company is kept may be used.
- However the companies proposing to redeem out of its profits are required to transfer a sum equal to the amount of the shares redeemed into the share capital amounts of the company out of profits which would otherwise have been available for dividend.

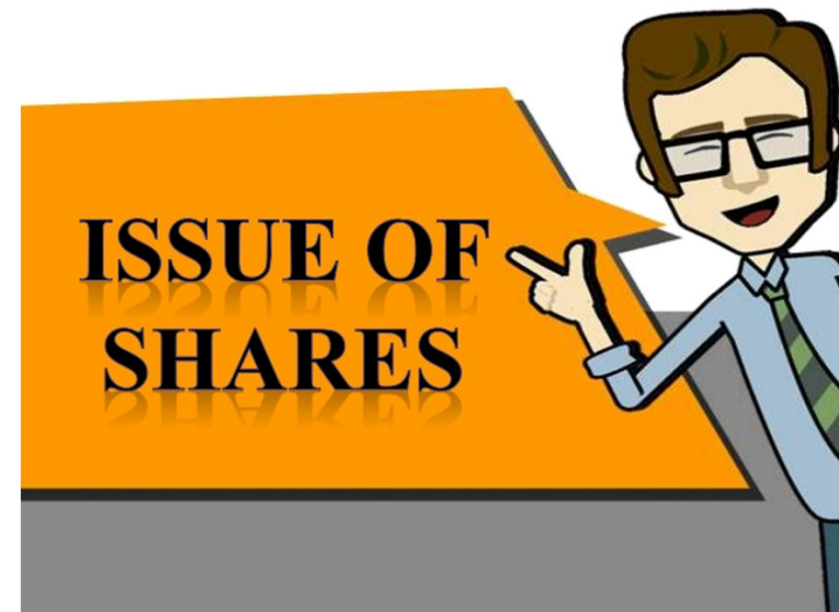


配发新股赎回

Redemption out of proceeds of a fresh issue of shares



- A company may also decide to redeem its preference shares, through “proceeds of a fresh issue of shares made for the purposes of such redemption”.
- The company proposing such manner of redemption, issues shares equal to the face value of the redeemable preference shares, which is to be redeemed.
- In such a case, the fresh issue of shares shall replace the redeemable preference share in the balance sheet.



从公司资本中赎回

Redemption out of Capital of the Company



- If the redemption of shares is from the capital of the company, it will be subject to the following:
 - a) all the directors have made a solvency statement under Section 113 of the CA 2016 in relation to the redemption; and
 - b) the company has lodged a copy of the solvency statement with the Registrar.

从公司资本中赎回

Redemption out of Capital of the Company



- It appears that the redemption out of a fresh issue of shares would be preferable than redemption out of capital of the company due to:
 - Requirement of a solvency statement; and
 - The liability attached therewith
- Directors have to inquire into the Company's state of affairs and to take into account all the liabilities, including contingent liabilities, when making a solvency statement.



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