Global Public M&A Guide - Singapore

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*This content was last reviewed around January 2025.*

# Overview

## 1. Overview

[Last updated: 1 January 2025, unless otherwise noted]

Singapore's public takeover rules are modelled after those of the United Kingdom, Australia and Hong Kong, where the primary rules governing public takeover bids are found in a non-statutory code of conduct. The Singapore Code on Take-overs and Mergers ("**Code**") applies to takeovers and mergers of:

corporations, business trusts and real estate investment trusts with a primary listing of their equity securities and units on the SGX-ST; and

Singapore unlisted public companies and Singapore unlisted registered business trusts with more than 50 shareholders or unitholders, and with net tangible assets of S$5 million or more.

The Code applies whether the bidders are natural persons, corporations or unincorporated bodies, and whether they are resident in Singapore or not.

# General Legal Framework

## 2. General Legal Framework

[Last updated: 1 January 2025, unless otherwise noted]

**2.1 Main legal framework**

The main rules and principles of Singapore law relating to public takeover bids can be found in:

the Code;

the listing manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Listing Manual**");

the Companies Act 1967 of Singapore ("**Companies Act**"); and

the Securities and Futures Act 2001of Singapore ("**Securities and Futures Act**").

**2.2 Other rules and principles**

Aside from the main legal framework for public takeover bids in Singapore, there are a number of additional rules and principles that are to be taken into account when preparing or conducting a public takeover bid, such as:

The rules relating to the disclosure of significant shareholdings in listed companies (the so-called transparency rules). These rules are based on the Companies Act and the Securities and Futures Act. For further information, see 3.4 below.

The rules relating to insider dealing and market manipulation (the so-called market abuse rules). These rules are found in the Securities and Futures Act. For further information, see 3.3 below.

The rules relating to the public offer of securities and the admission of these securities to trading on a regulated market. These rules could be relevant if the consideration that is offered in the public takeover bid consists of securities. These rules are found in the Listing Manual.

The general rules on the supervision and control over the financial markets.

The rules and regulations regarding merger control. These rules and regulations are not further discussed herein.

**2.3 Supervision and enforcement by the Securities Industry Council**

Public takeover bids are subject to the supervision and control of the Securities Industry Council ("**SIC**"). The SIC administers and enforces the Code. The Code is issued by the Monetary Authority of Singapore ("**MAS**"), the paramount securities regulator in Singapore.

The SIC has a number of legal tools that it can use to supervise and enforce compliance with the Code, including private reprimands, public censures, depriving the offender of its ability to enjoy the facilities of the securities market and administrative fines. In addition, the SIC has the power to investigate any dealing in securities connected with a public takeover. If the SIC finds evidence to show that a criminal offence has taken place, whether under the Companies Act, the Securities and Futures Act or otherwise, it will refer the matter to the appropriate authorities.

The SIC also has the power to grant (in certain cases) exemptions from the rules that would otherwise apply to a public takeover bid.

**2.4 Foreign investments**

There are sector-specific regimes containing ownership and control provisions that cover investments including foreign investments. Additionally, under Section 125(1)(n) of the Insolvency, Restructuring and Dissolution Act 2018, the court may order the winding up of a company if it is used against Singapore's national security or interest.

The Significant Investments Review Act which came into force on 28 March 2024, is administered by the Office of Significant Investment Review, which is situated within the Ministry of Trade and Industry (MTI).

Additionally, the following sector-specific regimes contain ownership and control provisions:

|  |  |
| --- | --- |
| **Legislation** | **Brief description** |
| **Banking and finance** | |
| Banking Act 1970 administered by the Monetary Authority of Singapore (MAS)  Relevant provisions: Section 15A and Section 15B | The act provides for the licensing and regulation of the businesses of banks, merchant banks and related institutions, and the credit card and charge card business of banks, merchant banks and other institutions. Approval or notification will be required for substantial shareholders and controllers of banks incorporated in Singapore, merchant banks in Singapore and licensees of credit card and charge business. Approval will also be required for shareholders of merchant banks in Singapore. |
| Credit Bureau Act 2016 administered by the MAS  Relevant provisions: Section 40 | The act provides for the regulation of certain credit bureaus, the credit reporting business and certain members of these credit bureaus to whom the credit bureaus provide customer information, and for matters connected with any of these.  Approval will be required for substantial shareholders and controllers of licensed credit bureaus. Approval will also be required for any agreement or arrangement to act together with any person with respect to their interests in voting shares in a licensed credit bureau. |
| Financial Advisers Act 2001 administered by the MAS  Relevant provision: Section 65 | The act regulates financial advisers and their representatives and supervisors. Approval will be required for controllers of licensed financial advisers. |
| Finance Companies Act 1967 administered by the MAS  Relevant provision: Section 12 | The act licenses and controls finance companies. Approval will be required for substantial shareholders and controllers of finance companies incorporated in Singapore. |
| Financial Holding Companies Act 2013 administered by the MAS  Relevant provisions: Section 13, Section 14, Section 20 and Section 21 | The act regulates financial holding companies. Approval will be required for substantial shareholders and controllers of designated financial companies that are regulated under the act. |
| Financial Services and Markets Act 2022 administered by the MAS  Relevant provision: Section 149 | The act provides for a financial sector-wide regulation of financial services and markets, the exercise of control over and the resolution of financial institutions and their related entities, and the licensing and regulation of digital token service providers. Approval will be required prior to becoming a 20% controller of a licensed digital token service provider. |
| Insurance Act 1966 administered by the MAS  Relevant provisions: Section 26 and Section 27 | The act regulates insurance businesses in Singapore, insurers, insurance intermediaries and related institutions.  Approval will be required for substantial shareholders and controllers of licensed insurers incorporated in Singapore and for controllers of registered insurance brokers. Approval will also be required for any agreement or arrangement to act together with any person with respect to their interests in voting shares in a licensed insurer incorporated in Singapore. |
| Payment Services Act 2019 administered by the MAS  Relevant provisions: Section 28 and Section 59 | The act provides for the licensing and regulation of payment service providers and the oversight of payment systems. Approval will be required for controllers of licensees and operators of designated payment systems. Approval will also be required for any agreement or arrangement to act together with any person regarding their interests in voting shares in an operator of a designated payment system. |
| Securities and Futures Act 2001 administered by the MAS  Relevant provisions: Section 27, Section 46U, Section 70 and Section 81ZE | The act regulates activities and institutions in the securities and derivatives industry, financial benchmarks and clearing facilities.  Approval will be required for substantial shareholders and controllers of certain financial institutions that are approved, recognized or licensed under the act. |
| Trust Companies Act 2005 administered by the MAS  Relevant provision: Section 16 | The act provides for the licensing and regulation of trust companies.  Approval will be required for controllers of a licensed trust company incorporated in Singapore and notification will be required for controllers of a licensed trust company incorporated outside Singapore. |
| **Healthcare** | |
| Healthcare Services Act 2020 administered by the Ministry of Health (MOH) | The act was enacted to replace the Private Hospital and Medical Clinics Act in a move toward a services-based and premises-neutral approach to the regulation of Singapore's healthcare system. The main objectives are to better safeguard patient safety and welfare, and provide greater regulatory clarity for licensees, while enabling the development of new and innovative healthcare services in the changing healthcare environment.  Key ownership and control provisions include controls for both the licensee and key office holders, as follows:   1. Licensees must apply for a license to provide a licensable healthcare service, including the modes of service deliveries intended or any specified services, and pay for the licensing fee. A set of license conditions may be separately imposed, in addition to the general, advertising and service-specific regulations they have to comply with. Any modifications of the license or cessation of the services must be notified to the MOH within the prescribed time. The MOH may take regulatory actions against the licensees for contravening any requirements imposed under the act. 2. Licensee must notify the MOH on the appointment or subsequent changes to the roles of key office holders, including key appointment holders, principal officers and clinical governance officers (where appropriate). Such appointed personnel may be removed if they have been deemed unsuitable to act in that capacity in relation to the licensee or have not complied with any requirements imposed under the act. |
| **Information, communications and media** | |
| Info-communications Media Development Authority Act administered by the Ministry of Communication and Information (MCI) and the Infocomm Media Development Authority (IMDA)  Relevant provision: Section 65 | The act gives the IMDA the powers to issue directions and codes of practices on competition and consumer protection matters in the media industry. The act requires "regulated persons"\* to obtain the IMDA's approval to merge, consolidate with or be taken over by another regulated person or any other person carrying on any business connected to the provision of media services in Singapore.  \* This refers to newspaper companies or the proprietor of a newspaper, as defined in the Newspaper and Printing Presses Act, or broadcasting licensee, as defined in the Broadcasting Act. |
| Newspaper and Printing Presses Act 1974 administered by the MCI  Relevant provisions: Section 11 and Section 12 | The act regulates printing presses and newspaper companies in Singapore, and newspapers that are printed, published, sold or distributed in Singapore. Those who publish a newspaper once a week or more frequently are required to form a newspaper company, and such entities are subject to controls (including rules on shareholding limits).  All directors in the newspaper company must be Singaporean citizens and 1% or more of the issued and paid-up capital by the company must be management shares (MS). MS are only issued/transferred to Singaporean citizens or corporations subject to the minister's approval, and accord greater voting rights to MS holders only in resolutions relating to the appointment or dismissal of a director or any member of staff of a newspaper company.  The minister's approval must be given for any person to become a substantial shareholder, 12% controller or an indirect controller of a newspaper company. The minister may also direct or restrict the transfer or disposal of the shares held by the person in question if there is noncompliance with the relevant requirements and approvals pertaining to the control of the newspaper company. |
| Telecommunications Act 1999 administered by the MCI and the IMDA  Relevant provision: Section 38 | The act is the legislative framework that governs the regulation of Singapore's telecommunications sector. The act provides the IMDA the powers to grant licenses and issue directions, codes of practices and standards of performances to regulate telecommunications systems and services, and the conduct of telecommunications licensees, among others.  Designated telecommunication licensees (DTLs) are required to notify the IMDA of specified changes in ownership and control of DTLs. Further, the IMDA's approval must be given for any person to acquire specified levels of ownership or control in DTLs. DTLs are also required to seek the IMDA's approval for the appointment of key appointment holders, including the DTL's directors and chief executive officer. The IMDA may direct the DTL to remove such key appointment holders if they are appointed without the IMDA's approval or if conditions of approval are breached. |
| Broadcasting Act 1994 administered by the MCI and the IMDA  Relevant provisions: Section 35 and Section 36 | The act regulates dealing in, operation of and ownership in broadcasting services and broadcasting apparatus. It also regulates online communication services accessible by Singapore end users.  Specified changes in ownership and control of broadcasting companies that hold a relevant license are subject to the minister's approval, such as when individuals seek to be a substantial shareholder, 12% controller or an indirect controller of a broadcasting company that holds a relevant license.  Broadcasting companies that hold a relevant license are required to seek prior approval from the IMDA for the appointment of key appointment holders. |
| Postal Services Act 1999 administered by the IMDA  Relevant provision: Section 26B | The act governs the regulation of Singapore's postal sector and the nationwide public parcel locker network. Under the act, the IMDA has the powers to do the following, among others:   1. Grant or modify licenses and issue directions, codes of practice and standards of performance to regulate postal services and systems and the conduct of postal licensees 2. Appoint an operator and issue directions and codes of practice for, or in connection with, the installation, operation and maintenance of the public parcel locker network   Designated postal licensees (DPLs) are required to notify the IMDA of specified changes in ownership or control of DPLs. Further, the IMDA's approval must be given for any person to acquire specified levels of ownership or control in DPLs. DPLs are also required to seek the IMDA's approval for the appointment of key appointment holders, including the DPL's directors and chief executive officer. The IMDA may direct the DPL to remove such key appointment holders if they are appointed without the IMDA's approval. |
| **Public utilities** | |
| Public Utilities Act 2001 administered by the Public Utilities Board (PUB)  Relevant provision: Section 44F | The PUB, as the national water agency, manages Singapore's water supply, water catchment and used water in an integrated way. Part 4A of the act imposes legislative controls on designated parties (entities, business trusts or trusts) that are critical to water security.  Notification or approval obligations for specified changes in ownership and control of designated parties (entities, business trusts or trusts) and the acquisition as a going concern of (parts of) the designated party's business or undertaking, will be imposed on buyers of the designated parties. |
| Electricity Act 2001 administered by the MTI and the Energy Market Authority (EMA)  Relevant provision: Section 30B | The act creates a market framework for the electricity industry. It makes provision for the safety, technical and economic regulation of (i) the generation, transmission, supply and use of electricity and (ii) the other matters connected therewith.  Notification or approval obligations for specified changes in ownership and control of designated licensees and the acquisition as a going concern of (parts of) the designated licensee's business or undertaking, will be imposed on buyers and the designated licensees. Designated licensees will also be required to seek approval for the appointment of key officers. |
| Gas Act 2001 administered by the MTI and the EMA  Relevant provision: Section 63B | The act creates a market framework for the gas industry. It makes provision for the safety, technical and economic regulation of (i) the transportation and sale of gas and (ii) the other matters connected therewith.  Notification or approval obligations for specified changes in ownership and control of designated licensees and the acquisition as a going concern of (parts of) the designated licensee's business or undertaking, will be imposed on buyers and the designated licensees. Designated licensees will also be required to seek approval for the appointment of key officers. |
| **Security and emergency services** | |
| Police Force Act 2004 administered by the Ministry of Home Affairs  Relevant provision: Section 88 | The act governs the organization, discipline and related matters of the Singapore Police Force and Auxiliary Police Forces (APFs). The act also regulates the employers of APFs.  Prior approval or notification for specified changes in ownership and control, and acquisition as a going concern of the business or undertaking of an employer of an APF are imposed on buyers, sellers and the employer. The employer of an APF is also required to seek prior approval for the appointment of any person as its chief executive officer, chair and directors. Such persons may be removed if they have been appointed without approval or if conditions of approvals are breached. |
| **Transport** | |
| Maritime Port Authority of Singapore Act 1996 administered by the Maritime Port Authority (MPA)  Relevant provision: Section 86F | The act provides for the functions, duties and powers of the MPA, including the licensing and regulation of marine and port facilities and services.  There are notification or approval obligations for specified changes in ownership and control of designated entities. There may be other ownership and control provisions in the license conditions for MPA licensees. |
| Civil Aviation Authority of Singapore Act 2009 administered by the Civil Aviation Authority of Singapore (CAAS)  Relevant provision: Section 57 | The act provides for the functions, duties and powers of the CAAS, including the licensing of airport operators and the regulation of airport development and operations.  There are approval obligations for specified changes in ownership and control of the airport licensee and for the acquisition as a going concern of the business of an airport licensee (or any part thereof) conducted pursuant to its license for an airport. The airport licensee must also not appoint key officers without the prior approval of the CAAS. Such officers may be removed if they have been appointed without approval. |
| Rapid Transit System Act 1995 administered by the Land Transport Authority (LTA)  Relevant provision: Section 18A | The act provides for the planning, construction, operation and maintenance of rapid transit systems.  A rail licensee must not appoint, reappoint or remove key officers without the approval of the LTA. Such officers may be removed or reinstated if they have been appointed or removed (as the case may be) without approval. There may be other ownership and control provisions in the license conditions for LTA licensees. |
| Bus Services Industry Act 2017 administered by the LTA  Relevant provision: Section 19  Note: The Ministry of Transport has also introduced the Transport Sector (Critical Firms) Bill on 3 April 2024 which will amend the Bus Services Industry Act 2017 to introduce provisions in relation to the control of designated entities. | The act provides for the regulation and provision of public bus services and the operation of bus interchanges and bus depots.  A bus licensee must not appoint, reappoint or remove key officers without the approval of the LTA. Such officers may be removed or reinstated if they have been appointed or removed (as the case may be) without approval. There may be other ownership and control provisions in the license conditions for LTA licensees. |
| Transport Sector (Critical Firms) Act 2024 | There are notification and approval obligations for change in shareholding/management and other supervisory controls for designated transport entities under the:   * Bus Services Industry Act 2015 * Civil Aviation Authority of Singapore Act 2009 * Maritime and Port Authority of Singapore Act 1996 * Rapid Transit Systems Act 1995 |

**2.5 General principles**

The following general principles apply to public takeovers in Singapore. These are based on the Code:

persons engaged in public takeovers must observe both the spirit and the precise wording of the general principles and rules. Moreover, the general principles and the spirit of the Code will apply in areas not explicitly covered by any rule;

while the boards of a bidder and a target company and their respective advisers and associates have a primary duty to act in the best interests of their respective shareholders, the general principles and rules will inevitably impinge on the freedom of action of boards and persons involved in public takeovers. They must therefore accept that there are limitations on the manner in which those interests can be pursued in public takeovers;

a bidder must treat all shareholders of the same class in a target company equally;

rights of control must be exercised in good faith and oppression of the minority is wholly unacceptable;

where effective control of a company is acquired or consolidated by a person, or persons acting in concert, a general offer to all other shareholders is normally required;

a bidder should announce an offer only after the most careful consideration. Before taking any action which may lead to an obligation to make a general offer, a person and their financial advisers should be satisfied that he can and will continue to be able to implement the offer in full;

if the board of a target company has received a *bona fide* offer or has reason to believe that a *bona fide* offer is imminent, it must not, without the approval of its shareholders in general meeting, take any action on the affairs of the target company that could effectively result in any *bona fide* offer being frustrated or the shareholders being denied an opportunity to decide on its merits;

a target company board which receives an offer or is approached with a view to an offer being made, should, in the interests of its shareholders, seek competent independent advice;

in the course of a public takeover, or when such transaction is in contemplation, the bidder, the target company and their respective advisers must not give information to some shareholders that is not made available to all shareholders. This principle does not apply to the provision of information in confidence by the target company to a *bona fide* potential bidder or vice versa;

shareholders should be given sufficient information, advice and time to enable them to reach an informed decision on an offer. No relevant information should be withheld from them;

any document or advertisement addressed to shareholders containing information, opinions or recommendations from the board of a bidder or target company or its advisers, should, as with a prospectus, meet the highest standards of care and accuracy. Profit forecasts require special care;

all parties to a public takeover should make full and prompt disclosure of all relevant information and use every endeavor to prevent the creation of a false market in the shares of a bidder or target company. Parties to such transactions must take care not to make statements which may mislead shareholders or the market; and

directors of a bidder or a target company should, in advising their shareholders, have regard to the interests of shareholders as a whole, and not to their own interests or those derived from personal or family relationships. Shareholders of companies which are effectively controlled by their directors must accept that the attitude of their board on any offer will be decisive. There may be good reasons for the board rejecting an offer or preferring the lower of two offers. The board must carefully examine its reasons for doing so and be prepared to explain its decision to shareholders.

# Before a Public Takeover Bid

## 3. Before a Public Takeover Bid

[Last updated: 1 January 2025, unless otherwise noted]

**3.1 Shareholding rights and powers**

The table below provides an overview of the different rights and powers that are attached to different levels of shareholding within a Singapore listed company:

|  |  |
| --- | --- |
| **Shareholding** | **Rights** |
| One share | * The right to attend and vote at general shareholders' meetings. * The right to obtain a copy of the documentation submitted to general shareholders' meetings. * The right to submit questions to the directors and statutory auditors at general shareholders' meetings (either orally at the meeting, or in writing prior to the meeting). * The right to request the nullity of decisions of general shareholders' meetings for irregularities as to form, process or other reasons (as provided for in section 216 of the Companies Act). * The right to request to bring an action on behalf of the company or intervene in an action to which the company is a party (as provided for in section 216A of the Companies Act). * The right to receive dividends. |
| 5% | * The right to put additional items on the agenda of a general shareholders' meeting and to table draft resolutions for items on the agenda. * The right to call for a poll vote on a resolution. * The right to require directors' salaries and other benefits to be disclosed. |
| 10% | * The right to request the board of directors to convene a general shareholders' meeting. |
| More than 25% of the total number of shares held by independent shareholders (i.e., shareholders other than the bidder and its concert parties) (at a general shareholders' meeting) | * The ability to block a delisting proposal at a general shareholders' meeting. |
| More than 25% (at a general shareholders' meeting) | The ability at a general shareholders' meeting to block:   * any changes to the constitution, capital reductions, share buy-backs and dissolution of the company; * the modification or disapplication (limitation or cancellation) of the preferential subscription right of existing shareholders in case of share issues in cash, or issues of convertible bonds or warrants; * the giving of financial assistance by a public company to purchase its shares or shares of its holding company; and * certain methods of takeovers, i.e., amalgamations and schemes of arrangements. |
| More than 50% (at a general shareholders' meeting) | The ability at a general shareholders' meeting:   * to approve capital increases; * to approve a disposal of the whole or substantially the whole of the company's property; * to appoint and dismiss directors and to approve the remuneration and, as relevant, severance package of directors; * to approve certain aspects of the remuneration and severance package of executive management; * to appoint and dismiss statutory auditors and to approve their remuneration; * to approve the annual financial statements (including the remuneration report of the remuneration committee of the board of directors); * to approve dividend payments; and * to take decisions for which no special majority is required. |
| 90% | The right to force all other shareholders to sell their shares (a "**squeeze-out**") following a takeover bid if (i) the takeover bid is made by way of a general offer or other scheme or contract, and (ii) the bidder, , its related corporations, their respective nominees and certain associated persons (see 7.1 for further information) do not own any shares in the target company as of the date of the offer or proposal. |

**3.2 Restrictions and careful planning**

Singapore law contains a number of rules that already apply before a public takeover bid is announced. These rules impose restrictions and hurdles in relation to prior stake building by a bidder, announcements of a potential takeover bid by a bidder or a target company, and prior due diligence by a potential bidder. The main restrictions and hurdles have been summarized below. Some careful planning is therefore necessary if a potential bidder or target company intends to start up a process that is to lead towards a public takeover bid.

**3.3 Insider dealing and market abuse**

Before, during and after a takeover bid, the normal rules regarding insider dealing and market abuse remain applicable. The relevant provisions in the Securities and Futures Act prohibit an individual in possession of non-public material price-sensitive information from (a) communicating the information to a third party who is likely to deal in the securities or (b) dealing in the securities.

The rules include, amongst other things, that manipulation of the target company's stock price, e.g., by creating misleading rumors, is prohibited. In addition, the rules on the prohibition of insider trading prevent a bidder that has inside information regarding a target company (other than in relation to the actual takeover bid) from launching a takeover bid.

For further information on the rules on insider dealing and market abuse, see 6.1 below.

**3.4 Disclosure of shareholdings**

The rules regarding the disclosure of shareholdings and transparency apply before, during and after a public takeover bid.

Pursuant to these rules, if a potential bidder starts building up a stake in the target company, it will be obliged to announce its stake if the voting rights attached to its stake have passed an applicable threshold. The relevant disclosure threshold in Singapore is 5%.

When determining whether a threshold has been passed, a potential bidder must also take into account the voting securities held by the parties with whom it acts in concert or may be deemed to act in concert (see 3.9 below). These include its affiliates, financial or professional advisers and directors. The parties could also include existing shareholders of the target company with whom the potential bidder has entered into specific arrangements such as call option agreements or voting undertakings.

**3.5 Disclosures by the target company**

The target company must continue to comply with the general rules regarding disclosure and transparency. These rules include that a company must immediately announce all inside information. For further information on inside information, see 6.1 below. The facts surrounding the preparation of a (potential) public takeover bid may constitute inside information. If so, the target company must announce this. However, the board of the target company can delay the announcement if a reasonable person would not expect the information to be disclosed and (a) the information concerns an incomplete proposal or negotiation or (b) the information comprises matters of supposition or is insufficiently definite to warrant disclosure. However, a delay of the announcement is only permitted provided that the non-disclosure does not entail the risk of the public being misled, and that the company can keep the relevant information confidential. Where the target company is the subject of rumors or speculation about a possible bid, or where there is significant movement in its share price or share turnover, the target company must immediately make an announcement.

**3.6 Announcements of a public takeover bid**

Prior to the public announcement of a (potential) takeover bid by the bidder or the target company, no one is permitted to announce the launching of a public takeover bid.

Following an approach to the target company's board, the target company must make an announcement once it receives notification of a firm intention to make an offer. As soon as the public takeover bid is announced, it can normally no longer be withdrawn (except in certain circumstances).

If there are rumors or leaks that a (potential) bidder intends to launch a public takeover bid, or there are undue movements in the target company's share price or trading volume, and there are reasonable grounds for concluding that it is the potential bidder's actions (whether through purchase of the target company's shares or otherwise) which have directly contributed to the situation, the bidder or the target company (depending on whether or not an approach has been made to the target company) must make a holding announcement to clarify the situation. See 3.7 for further details.

**3.7 Early disclosures – Put-up or shut-up**

Early disclosure – Where there is a leak regarding information relating to a potential bid, or where there are undue movements in the target company's share price or trading volume, a holding announcement is required to be made, regardless of whether or not there is a firm intention to make an offer. In addition, the target company could request that the SIC imposes a deadline by which the potential bidder must clarify its intention as to whether or not it is making an offer. This type of disclosure may be considered when the bid is hostile or where there is prolonged uncertainty as to whether or not a bid is forthcoming, but an announcement is nevertheless appropriate.

Put-up or shut-up – Under the Code, there are no formal sanction mechanisms for the SIC to force a bidder to make an announcement to clarify whether or not it intends to carry out a public takeover bid. However, in the case of a competitive bid situation, a potential competing bidder must clarify its intention by the 53rd day from the date the first bidder dispatches its offer document (in the case of a general offer), or no later than the seventh day prior to the date of the general shareholders' meeting to approve the scheme of arrangement or amalgamation.

**3.8 Due diligence**

The Listing Manual generally prohibits selective disclosure in order to prevent insider dealing and market abuse, but allows selective disclosure to be made on an exceptional basis for limited purposes, such as for purposes of facilitating the target company's business or corporate objectives. Appropriate confidentiality restraints (such as the use of confidentiality undertakings and stand-still agreements) must be put in place and disclosure should only be made on a need-to-know basis.

A concern for the parties involved during the due diligence process prior to commencement of the offer is the risk of inside information being disclosed in the process, which would result in the target and the bidder running afoul of the insider dealing and market abuse rules. As a result, care needs to be taken to ensure that the information provided by a target company to a bidder during due diligence does not include materially price-sensitive information. When an offer or a potential offer has been announced, the Code requires the target company to provide, at a competing bidder's request, the information provided to the other competing bidder(s).

In the absence of the target company providing confidential information to the potential bidder, the bidder will only have access to publicly-available information of the target company. In the case of a Singapore listed target company, this would include the following information available from the Accounting and Corporate Regulatory Authority and/or the target company's corporate announcements page on the SGX-ST:

its constitution;

annual audited financial statements;

half-yearly or quarterly financial results;

shareholder circulars and prospectuses;

public announcements pursuant to its disclosure obligations under the Listing Manual, for the last 5 years;

substantial shareholding notifications; and

annual reports.

**3.9 Acting in concert**

For the purpose of the Singapore takeover rules, persons are "acting in concert" if they collaborate with the bidder, the target company or with any other person on the basis of an express or silent, oral or written, agreement aimed at acquiring or consolidating effective control over the target company.

Persons that are affiliates of each other are presumed to be acting in concert unless the contrary is established.

The concept of persons acting in concert is very broad and, in practice, many issues can arise to determine whether persons act or do not act in concert. This is especially relevant in relation to mandatory general offers. If one or more persons in a group of persons acting in concert acquire voting securities as a result of which the group in the aggregate would pass the 30% threshold, the members of the group will have a joint obligation to carry out a mandatory general offer, even though the individual group members do not pass the 30% threshold.

If persons acting in concert with the bidder possess confidential price-sensitive information, they are prohibited from dealing in the target company's securities during the time when there is reason to suppose that an approach, an offer or a revised offer is contemplated and the announcement of such approach, offer or revised offer. Such restriction does not apply where such dealings are excluded from the proposed offer or where there are no-profit arrangements in place.

If the bidder, the target or any of the persons acting in concert with them deal in the securities of the target company or securities of the bidder (in the case of a securities exchange offer), they are required to publicly disclose such dealings before the commencement of the offer period, if a potential offer has been the subject of an announcement that talks are taking place (whether or not the potential bidder has been named) or if a potential bidder has announced that it is considering making an offer.

Purchases of securities in the target company by persons acting in concert with the bidder within the period between three to six months prior to the commencement of a general offer may affect the price payable by the bidder to the target shareholders. Please see 4 below for more details.

# Effecting a Takeover

## 4. Effecting a Takeover

[Last updated: 1 January 2025, unless otherwise noted]

A public takeover bid in Singapore can take one of the following forms:

a voluntary general offer in which a bidder voluntarily makes an offer for all the voting securities issued by the target company (and securities issued by the target company conferring the right to acquire voting securities of the target company);

a mandatory general offer, which a bidder is required to make if, as a result of an acquisition of securities, it crosses (alone or in concert with others) a threshold of at least 30% of the voting securities of the target company, or where it already holds 30%-50% of the voting securities of the target company (alone or in concert with others), acquires 1% of the voting securities of the target company within a rolling six-month period;

a scheme of arrangement under section 210 of the Companies Act, in which the bidder enters into an implementation agreement with the target company to acquire all the voting securities issued by the target company, either by cancelling the existing securities of the target company with new securities issued to the bidder, or transferring the securities of the target company to the bidder;

an amalgamation under sections 215A to 215J of the Companies Act, in which the bidder enters into an amalgamation proposal with the target company, and the target company is merged with the bidder, with the bidder (or a special purpose vehicle) as the surviving entity; and

a voluntary delisting whereby an exit offer is made by the target company or majority holders to buy out the minority holders in the target company.

**4.1 Voluntary general offer**

A voluntary general offer must be conditional upon the bidder acquiring at least 50% of the target company's voting securities.

The bidder is free to make the voluntary general offer subject to a higher minimum acceptance threshold, and other sufficiently objective conditions, subject to prior approval by the SIC. Prior approval by the SIC is not required in the case of customary conditions such as merger control clearance, approval of security holders for new issuances of securities and approval from the SGX-ST for listing.

The bidder is, in principle, free to determine the price and the form of consideration offered to the target shareholders (absent any pre-existing controlling interest in the target), subject to the following:

The offered price may be paid in cash, securities or a combination of both, unless the bidder or a person acting in concert with it had acquired more than 10% of the voting rights in the target company for cash within the six-month period prior to making its offer, in which case the offer must be made for cash or a cash alternative.

The offered price must not be less than the highest price paid by the bidder or persons acting in concert with it during the offer period (starting on the date of the takeover announcement) or within the three months prior to the commencement of the offer period.

If, during the offer period, the bidder or persons acting in concert with the bidder acquire or commit to acquire securities to which the offer relates at a higher price, then the offered price must be raised to that higher price.

If the target company has different categories of securities, comparable offers must be made for each class of securities, subject to prior consultation with the SIC.

**4.2 Mandatory general offer**

A mandatory general offer is triggered as soon as:

a person or group of persons acting in concert (or persons acting for their account), as a result of an acquisition of voting securities of the target company, directly or indirectly holds more than 30% of the voting securities of the target company; or

where a person or group of persons acting in concert (or persons acting for their account) already hold, directly or indirectly, between 30% to 50% of the voting securities of the target company and acquires 1% of the voting securities of the target company within a rolling six-month period.

The mandatory general offer must be made conditional upon the bidder acquiring at least 50% of the target company's voting securities. Save for merger control clearance (if required), no other conditions are allowed and a mandatory general offer cannot be subject to a higher minimum acceptance threshold.

The main exceptions to the mandatory general offer obligation include situations where:

the stake of more than 30% is acquired as a result of acceptances under a voluntary general offer;

the stake is acquired from another member of the concert party group, provided that the leader of the concert party group or the largest individual shareholding does not change, and the price paid for the shares is not at a significant premium;

the stake in the target company is acquired indirectly through obtaining control over an intermediate holding company that holds more than 30% in the target company, i.e., an indirect acquisition, and the target company does not contribute significantly to the assets, market capitalization, sales or earnings of the intermediate holding company;

the stake is acquired pursuant to a subscription of new shares, i.e., a rights offering or issue of new securities as consideration for an acquisition, and the waiver of the requirement to make a mandatory general offer is obtained through an independent vote of the holders of securities in the target company in compliance with the whitewash procedure under the Code;

the stake is acquired within the framework of a corporate restructuring, i.e., a *pro rata* distribution of voting securities in a downstream company to the upstream company's shareholders, and approval is obtained from the independent holders of securities in the target company in compliance with the whitewash procedure under the Code; and

in the case of companies with a dual class share structure with a separate class of shares that carry multiple votes, there occurs a voluntary conversion or automatic conversion of multiple voting shares into ordinary shares which carry one vote each or a reduction in the number of votes attached to each multiple voting share, which results in an increase in the percentage of voting rights of a shareholder and persons acting in concert with them, and such shareholder is independent of the conversion or reduction. Where such shareholder is not independent, the waiver of the requirement to make a mandatory general offer may be obtained through an independent vote of the holders of securities in the target company in compliance with the whitewash procedure under the Code. A mandatory general offer is also not required if the shareholder and/or their concert parties dispose within six months (or such longer period of time as the SIC may allow in exceptional circumstances) of the date of the conversion or reduction such number of shares as is necessary to reduce their aggregate voting rights in the target company to a level which is below the mandatory general offer thresholds.

The SIC should nonetheless be consulted in all the above cases.

The offer consideration payable by the bidder in a mandatory general offer must meet the following criteria:

The offered price must be paid in cash or accompanied by a cash alternative.

The offered price must not be less than the highest price paid by the bidder or persons acting in concert with it during the offer period (starting on the date of the takeover announcement) or within the six months prior to the commencement of the offer period.

If, during the offer period, the bidder or persons acting in concert with the bidder acquire or commit to acquire securities to which the offer relates at a higher price, then the offered price must be raised to that higher price.

If the target company has different classes of securities, comparable offers must be made for each class of securities, subject to prior consultation with the SIC.

in the case of companies with a dual class share structure, the offer price will be the highest price that the bidder and/or its concert parties have paid for voting rights in the target company in the six months prior to the earlier of the date of the announcement of the conversion or reduction, or the date of the conversion or the reduction. If the bidder and its concert parties did not acquire shares in the target company in the six months prior to such date, the SIC will generally require the offer price to be the simple average of the daily volume weighted average traded prices of the target company on either the latest 20 trading days or whatever number of trading days there were within the 30 calendar days prior to the earlier of the date of the announcement of the conversion or the reduction, or the date of the conversion or the reduction. The SIC, however, reserves the right to disregard any inexplicably high or low traded prices during the said 30 calendar days when computing the offer price.

**4.3 Scheme of arrangement**

Although the provisions of the Code apply to schemes of arrangement, it is usual for the bidder to obtain from the SIC exemptions from compliance with certain provisions of the Code, e.g., provisions relating to the takeover timetable and type of consideration required, etc.

Under section 210 of the Companies Act, a scheme of arrangement must be conditional upon the approval from a majority in number of holders representing at least 75% of the voting securities of the target company or the class of voting securities present and voting.

The following stages are involved in effecting a public takeover by way of a scheme of arrangement:

the target company applies to the court to convene the requisite meetings of the classes of holders;

the relevant classes of holders hold meetings to approve the scheme of arrangement; and

the target company applies for the court's sanction if the holders of all the classes approve the scheme of arrangement by the requisite majorities.

Once the scheme of arrangement is approved and sanctioned by the court, all the holders of securities of the target company are bound by the scheme, including those who voted against it.

**4.4 Amalgamation**

Although the provisions of the Code apply to amalgamations, the bidder may obtain from the SIC exemptions from compliance with certain provisions of the Code, e.g., provisions relating to the offer timetable.

An amalgamation under sections 215A to 215J of the Companies Act must be conditional upon the approval of the holders of securities of each of the bidder and the target company representing at least 75% of the voting securities of each company present and voting.

The boards of the bidder and the target company are also required to make solvency statements, in relation to their own companies and also in relation to the amalgamated company.

If a bidder wishes to achieve full control over the target company, the bidder should designate the bidder or a special purpose vehicle as the surviving entity. If the consideration is in the form of cash and accepted, the minority holders of securities of the target company would be cashed out. If the consideration is in the form of securities in the amalgamated company, there would likely be a dilution in the aggregate holdings of the minority holders.

The amalgamation process under sections 215A to 215J of the Companies Act is yet to be used in a public takeover bid.

**4.5 Voluntary delisting**

A voluntary delisting under Rule 1307 of the Listing Manual must be conditional upon the approval by a majority representing at least 75% of the total voting securities of the target company (excluding treasury shares and subsidiary holdings) held by holders present and voting. The bidder and parties acting in concert with it must abstain from voting on the resolution.

The exit offer must include a cash alternative as the default alternative

The target company must appoint an independent financial adviser to advise on the exit offer and the independent financial adviser must opine that the exit offer is fair and reasonable.

An exit offer under Rule 1309 of the Listing Manual is an offer that falls within the ambit of the Code. However, the SIC would normally waive compliance with certain provisions under the Code, subject to conditions.

# Timeline

## 5. Timeline

[Last updated: 1 January 2025, unless otherwise noted]

As a general rule, the takeover bid process for a mandatory general offer is similar to the process that applies to a voluntary general offer, with certain exceptions.

The table below contains a summarized overview of the main steps of a typical voluntary general offer process under the Code.

|  |
| --- |
| **Step** |
| 1. Preparatory stage:   * Preparation of the bid by the bidder (study, due diligence, financing and draft announcement). * The bidder approaches the target and/or its key shareholders. * Negotiations with the target and/or its key shareholders. |
| 2. "D" Day (Launching of the bid) – The bidder announces a firm intention to make the offer to the public and the target company. As of that moment, the bid is public, the bidder can no longer withdraw the bid (except in certain limited circumstances such as in the event of a counter-bid or non-fulfilment of a condition) and the powers of the board of the target company are limited. |
| 3. D + 14 to 21 days ("**T**") – The bidder must post its offer document ("**Offer Document**") not earlier than 14 days but not later than 21 days from the offer announcement date. In the case of a pre-conditional voluntary offer, the bidder may be permitted to post the offer document on a date earlier than 14 days from the offer announcement date. |
| 4. T + 14 days – Within 14 days of the posting of the offer document, the board of the target company must send a circular to its shareholders setting out its views on the bid. The circular will contain the opinion of an independent financial adviser, appointed to advise the independent directors of the target company on the offer. |
| 5. T + 28 days – The offer must remain open for at least 28 days after the date on which the offer document is posted ("**First Closing Date**").  The offer may be extended beyond the First Closing Date subject to the following:   * once the offer becomes unconditional as to acceptances, the offer must be extended for at least 14 days from the date on which it would have closed; * the bidder is not allowed to extend the closing date if it has expressly stated that it will not extend the closing date; * if the offer is revised, it must be kept open for at least 14 days from the date of revision; * the offer cannot be extended beyond the 60th day from the posting of the offer document, unless the offer turns or is declared unconditional as to acceptances by then; * in the case of a competitive bid situation, the timetable will be adjusted with respect to the dispatch of the offer document of the latest competing bidder. |
| 6. First dealing day after the First Closing Date (and all subsequent closing dates or when the offer becomes unconditional as to acceptances) – Announcement of acceptance levels. |
| 7. T + 39 days – The target will not be able to announce material information, such as trading results, profit or dividend forecasts, asset valuations or major transactions after the 39th day following the posting of the Offer Document, except with the consent of the SIC. |
| 8. T + 42 days – If the offer is not yet unconditional as to acceptances, accepting shareholders may withdraw their acceptances. |
| 9. T + 46 days – The last day for the bidder to revise its offer. |
| 10. T + 53 days – In a competing bid situation, the last day for a potential competing bidder to confirm its intention to make an offer for the target company. |
| 11. T + 60 days – The last day for the offer to be kept open or declared unconditional as to acceptances, which cannot be extended unless the SIC consents or a competitive bid situation arises. |
| 12. T + 74 days ("**X**") – The final closing date of the offer, where the offer becomes unconditional as to acceptances on T + 60. |
| 13. X + 7 business days – Last date for payment of the offer consideration by the bidder (within seven business days of the offer becoming unconditional in all respects or the bidder receiving valid acceptances where such acceptances were tendered after the offer has become or been declared unconditional in all respects). |
| 14. Squeeze-out or sell-out if the bidder acquired 90% of the shares:   * Squeeze-out – within a term of two months after the 90% threshold is met. * Sell-out – within a term of three months following the receipt of notice from the bidder that it holds 90% of the voting securities. |
| 15. Delisting of the target company – Usually occurs after completion of squeeze-out or sell-out. |

Set out below are overviews of the main steps for (i) a voluntary general offer process and (ii) a scheme of arrangement, in Singapore. For a scheme of arrangement, there is no prescribed timeline other than the takeover timetable in the Code for which an exemption is usually obtained. The timeline will be dictated by the parties and the court's availability.

**5.1 Indicative timeline of a voluntary general offer process**

Click here to view diagram for Singapore [here](https://resourcehub.bakermckenzie.com/en/-/media/global-public-ma-handbook/files/2020-version/timeline_singapore_1.pdf) and [here](https://resourcehub.bakermckenzie.com/en/-/media/global-public-ma-handbook/files/2020-version/timeline_singapore_2.pdf).

# Takeover Tactics

## 6. Takeover Tactics

[Last updated: 1 January 2025, unless otherwise noted]

**6.1 Inside information**

A person who is in possession of "inside information" that relates to any securities listed on the SGX-ST is prohibited from (a) dealing in those securities and (b) communicating (directly or indirectly) the inside information to another person if it knows or ought reasonably to know that the other person would or would be likely to deal in those securities or procure a third person to deal in those securities.

"*Inside information*" means information that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities.

"*Dealing*" in securities means subscribing for, purchasing or selling, or entering into an agreement to subscribe for, purchase or sell, the securities, or procuring another person to do any of the foregoing.

This difficulty generally arises when a bidder is given the opportunity to conduct due diligence on the target company before a (potential) takeover bid is made (see 3.8 above for further details). In the event that inside information is unearthed during due diligence, the same inside information should be disclosed to the public before a takeover bid is made. This will often be a difficult exercise, and a large gray area will exist as to whether or not certain information constitutes inside information.

**6.2 In the event of a public takeover bid**

In the event of a (potential) public takeover bid, the Singapore takeover bid rules provide that there must be absolute secrecy before an announcement of a takeover bid. For a partial takeover bid, no announcement can be made unless it is made with the prior approval of the SIC. In addition, before an approach has been made to the target company, if the target company is the subject of rumor or speculation about a possible bid, or if there is undue movement in its share price or a significant increase in the volume of share turnover, and there are reasonable grounds for concluding that it is the potential bidder's actions (whether through purchase of the offeree company's shares or otherwise) which have directly contributed to the situation, the potential bidder must make an announcement. Following an approach to the target company, if the target company is the subject of rumors or speculation about a possible bid, or if there is undue movement in its share price or a significant increase in the volume of share turnover, the target company must make an announcement, whether or not there is a firm intention to make an offer.

**6.3 Insider dealing and market abuse**

The basic legal framework regarding insider dealing and market abuse under Singapore law is set forth in the Securities and Futures Act.

In principle, the rules on insider dealing and market abuse remain applicable before, during and after a public takeover bid, albeit that during a takeover bid additional disclosures and restrictions apply in relation to trading in listed securities. See 3.3 and 6.1 for more information.

**6.4 Stakebuilding**

Although stakebuilding is possible, a potential bidder should be aware that it will incur an obligation to publicly disclose its interests in the target when it holds 5% or more of the voting shares (and each change in percentage level thereafter). In addition, a mandatory general offer is triggered if a potential bidder acquires 30% or more of the voting rights of the target company. This obliges the potential bidder to make an offer for all the remaining securities at the highest price paid by it within six months of a mandatory general offer. Conversely, for a voluntary general offer, the potential bidder's minimum bid price is the highest price paid by it within three months of a voluntary general offer. In addition, a stakebuilding exercise will make it more difficult for a potential bidder to invoke the squeeze-out mechanism of minority shareholders, as shares acquired during stakebuilding before the launch of the takeover bid cannot be taken into account when determining if the squeeze-out threshold of 90% is met.

**6.5 Irrevocable undertakings**

Arrangements by way of irrevocable undertakings to sell shares are not uncommon in Singapore. Under this arrangement, a potential bidder is assured that it will receive a certain level of acceptances for its bid. Typically, a potential bidder will seek to receive undertakings in respect of just over 50% of the total voting rights of the target company.

**6.6 Break fees**

Break fee arrangements are uncommon in Singapore. Nonetheless, as a general rule under the Code, the break fee must be minimal (normally no more than 1% of the value of the target company, calculated by reference to the bid price). Furthermore, the target company and its financial adviser are required to make full disclosures to the SIC. In this regard, certain capital maintenance issues will have to be addressed, as a Singapore public company is prohibited from giving any financial assistance for the purpose of, or in connection with, the acquisition by any person of shares in the public company.

**6.7 Common anti-takeover defense mechanisms**

The table below contains a summarized overview of the mechanisms that can be used by a target company as a defense against a takeover bid. These take into account the restrictions that apply to the board and general shareholders' meeting of the target company pending a takeover bid.

|  |  |
| --- | --- |
| **Mechanism** | **Assessment and considerations** |
| **1. Capital increase (poison pill)**  Capital increase by the board without preferential subscription rights of the shareholders. | * In the course of a takeover bid, or even before the date of the takeover bid, if the board of the target company has reason to believe that a *bona fide* takeover bid is imminent, the board of the target company may not issue any shares, grant any options in respect of unissued shares or create, issue or permit the creation or issuance of any securities carrying rights of conversion into or subscription for shares of the target company. * Exceptions:   Pursuant to a contract entered into earlier; or  Approval of shareholders holding more than 50% of the total voting rights at a general meeting is obtained. The notice convening such meeting must include information about the bid or anticipated bid. |
| **2. Share buyback**  Share buyback "with a view to avoiding imminent and serious harm" to the company. | * In the course of a takeover bid, or even before the date of the takeover bid, if the board of the target company has reason to believe that a *bona fide* takeover bid is imminent, the board of the target company may not cause the target company or any subsidiary or associated company to purchase or redeem any shares in the target company or provide financial assistance for any such purchase. * Exceptions:   Pursuant to a contract entered into earlier; or  Approval of shareholders holding more than 50% of the total voting rights at a general meeting is obtained. The notice convening such meeting must include information about the bid or anticipated bid. |
| **3. Sale of crown jewels**  An arrangement affecting the assets of, or creating a liability for, the company, which is triggered by a change in control or the launch of a takeover bid. | * In the course of takeover bid, or even before the date of the bid, if the board of the target company has reason to believe that a *bona fide* takeover bid is imminent, the board of the target company may not sell, dispose of or acquire, or agree to sell, dispose of or acquire, assets of a material amount. * Exceptions:   Pursuant to a contract entered into earlier; or  Approval of shareholders holding more than 50% of the total voting rights at a general meeting is obtained. The notice convening such meeting must include information about the bid or anticipated bid. |
| **4. Warrants on new shares**  Warrants are issued prior to the takeover bid in favor of "friendly person(s)" (without preferential subscription rights of the shareholders) who can exercise the warrants at their option and subscribe for new shares. | * See item 1 above. |
| **5. Cross shareholdings**  Acquisition of more than 10% of voting rights in the potential bidder (or its subsidiaries) prohibits a bidder from acquiring more than 10% of shares in a target. | * Subject to the Rule 5 general prohibition under the Code, which provides that in the course of a takeover bid, or even before the date of the takeover bid, if the board of the target company has reason to believe that a *bona fide* takeover bid is imminent, the board must not take any action on the affairs of the target company that could effectively result in any *bona fide* bid being frustrated or the shareholders being denied an opportunity to decide on its merits. * Exceptions:   Pursuant to a contract entered into earlier; or  Approval of shareholders holding more than 50% of the total voting rights at a general meeting is obtained. The notice convening such meeting must include information about the bid or anticipated bid. |
| **6. Frustrating actions**  Actions such as significant acquisitions, disposals, changes in indebtedness, etc. | * Only pursuant to a contract entered into before the date of the takeover bid and before the board of the target company has reason to believe that a *bona fide* takeover bid is imminent. * Other transactions require the approval of shareholders holding more than 50% of the total voting rights at a general meeting. The notice convening such meeting must include information about the bid or anticipated bid. |
| **7. Shareholders' agreements**  Shareholders undertake to (consult with a view to) vote their shares in accordance with terms agreed among them. | * The shareholders could be considered as "acting in concert". If so, disclosure obligations apply and (a) if they hold less than 30% of voting rights, an obligation to make a takeover bid would arise if any member of that group acquired further shares so that the group's aggregate holdings of voting rights reached 30% or more, or (b) if they hold between 30% to 50% of voting rights, an obligation to make a takeover bid would arise if any member of that group acquired shares which would result in aggregate acquisitions by the group amounting to more than 1% of the voting rights in any six-month period. |
| **8. Limitation of voting rights**  Clause in the articles of association providing for a proportional restriction of voting rights (applying to all shareholders equally). | * Subject to the Rule 5 general prohibition under the Code, which provides that in the course of a takeover bid, or even before the date of the takeover bid, if the board of the target company has reason to believe that a *bona fide* takeover bid is imminent, the board must not take any action on the affairs of the target company that could effectively result in any *bona fide* takeover bid being frustrated or the shareholders being denied an opportunity to decide on its merits. * A possible exception is if the approval of shareholders holding more than 75% of the total voting rights at a general meeting is obtained for the amendment to the constitution of the target company, with the notice convening such meeting to include information about the bid or anticipated bid. However, the curtailment of voting rights could be in contravention of paragraph 8(a) of Appendix 2.2 of the Listing Manual. |
| **9. Veto rights for certain shareholders**  Clauses providing for nomination rights by a reference shareholder or similar governance mechanisms. | * Subject to the Rule 5 general prohibition under the Code, which provides that in the course of a takeover bid, or even before the date of the takeover bid, if the board of the target company has reason to believe that a *bona fide* takeover bid is imminent, the board must not take any action on the affairs of the target company that could effectively result in any *bona fide* takeover bid being frustrated or the shareholders being denied an opportunity to decide on its merits. * Exceptions:   Pursuant to a contract entered into earlier; or  Approval of shareholders holding more than 75% of the total voting rights at a general meeting is obtained for the amendment to the constitution of the target company. The notice convening such meeting must include information about the bid or anticipated bid. |
| **10. Limitations on share transfers**  Board approval or pre-emptive restriction clauses in the articles of association or in agreements between shareholders. | * A listed target company must ensure that, in its constitution, there shall be no restriction on the transfer of fully paid securities except where required by law or the Listing Manual. * Private arrangements between shareholders to limit share transfers are still possible. * Shareholders could be considered as "acting in concert". If so, see "Shareholders' agreements" above. |

# Squeeze-out of Minority Shareholders after Completion of the Takeover

## 7. Squeeze-out of Minority Shareholders after Completion of the Takeover

[Last updated: 1 January 2025, unless otherwise noted]

**7.1 Squeeze-out**

If, following the takeover bid, the bidder receives acceptances of not less than 90% of the total number of issued shares (subject to the shareholder exclusions set out below as at the date of the takeover bid and excluding any shares held as treasury shares), the bidder can compulsorily acquire the shares of the remaining shareholders. The following shareholders are excluded from the calculation of the 90% threshold:

the bidder, its related corporations or their respective nominees;

a person under the influence of the bidder (i.e. who is accustomed or is under an obligation whether formal or informal to act in accordance with the directions, instructions or wishes of the bidder) in respect of the target company);

the bidder's close relatives, i.e., spouse, children, including adopted children and step-children, parents and siblings;

a person who influences the bidder (i.e. whose directions, instructions or wishes the bidder is accustomed or is under an obligation whether formal or informal to act in accordance with), in respect of the target company; and

a body corporate controlled by the bidder or a person described in (b), (c) or (d). "Control' is defined to mean the ability or right to exercise not less than 50% of the voting power in the body corporate, or the ability to influence the body corporate or a majority of the body corporate's directors.

The remaining shareholders are entitled, within one month from the date on which notice is given by the bidder, to apply to court to have the acquisition stopped. However, this is uncommon in practice, as the burden of proof is on the remaining shareholder to show that the proposed acquisition is unfair or not made *bona fide*. If no application is made, the bidder will be bound to acquire those shares.

**7.2 Sell-out**

If the takeover bid results in the bidder or its nominees holding 90% or more of the total number of issued shares of the target company (including any shares held as treasury shares, which are treated as having been acquired by the bidder), the shareholders who have not accepted the offer have a right to require the bidder to acquire their shares on the same terms as those offered under the offer. A remaining shareholder may exercise its sell-out rights within three months of the bidder giving notice of it reaching the 90% threshold.

**7.3 Restrictions on acquiring securities after the takeover bid period**

Where a general offer has been announced or posted but is withdrawn or lapses, the bidder and its concert parties are prohibited, within a period of 12 months from the date such offer is withdrawn or lapses, from either announcing an offer or possible offer for the target company or acquiring any voting rights of the target company if the bidder or its concert parties would thereby become obliged under the Code to make a mandatory general offer.

In addition, neither the bidder nor its concert parties may, within six months of the closure of any previous offer made by it which became or was declared unconditional in all respects, make a second offer to, or acquire any securities from, any shareholder in the target company on terms better than those made available under the previous offer.

# Delisting

## 8. Delisting

[Last updated: 1 January 2025, unless otherwise noted]

Following a mandatory or voluntary general offer, if the bidder exercises its squeeze-out rights to achieve 100% ownership of the target company, an application is made by the listed target company to the SGX-ST for confirmation of delisting.

If the bidder is unable to exercise its squeeze-out rights but the percentage of the total number of issued shares (excluding treasury shares) held in public hands nevertheless falls below 10%, the listed target company must announce that fact as soon as practicable and the SGX-ST will at the close of the offer suspend the trading of all the shares. The SGX-ST may allow the listed target company a period of three months (or a longer period if the SGX-ST agrees) to raise the percentage of shares in public hands to at least 10%, failing which the listed target company may be delisted from the SGX-ST.

The target company may also choose to apply to the SGX-ST for a voluntary delisting, which is subject to the target company holding a general meeting to seek shareholder approval for the delisting, and an exit offer (which must be opined upon as fair and reasonable by an independent financial adviser) must be made. The resolution to delist must be approved by a majority of at least 75% of the total number of issued shares (excluding treasury shares and subsidiary holdings) held by the shareholders present and voting on a poll. The bidder and parties acting in concert with it must abstain from voting on the delisting resolution. See 4 for more details.

In addition to the above, a delisting can be effected through the following mechanisms:

A scheme of arrangement under section 210 of the Companies Act, which provides for an acquisition of the securities of the target company on an 'all or nothing' basis. If the scheme is successful in obtaining the requisite majority approval of the different classes of holders, then the bidder can acquire all the shares of the target company, including dissenting shareholders' shares. This would result in a delisting of the target company. See 4 for more details.

An amalgamation under sections 215A to 215J of the Companies Act, whereby the target company is amalgamated with the bidder, with the bidder or special purpose vehicle remaining as the surviving entity. As the target company ceases to exist, it would result in a delisting of the target company. See 4 for more details.

A selective capital reduction under section 78G of the Companies Act, where all the shares held by the minority shareholders will be cancelled, with a sum constituting part of the total paid-up share capital of the target company being cancelled and returned to the minority shareholders. However, this exercise requires (a) a special resolution to be passed at a general meeting on a poll, i.e., approval of at least 75% of all shares voted by shareholders present and voting on a poll at the general meeting, with the bidder and its concert parties to abstain from voting; and (b) the approval and confirmation by the High Court.

Separately, after delisting, if the target company is incorporated in Singapore and has no more than 50 shareholders, a special resolution may be passed to privatize the target company.

# Contacts

## Contacts within Baker McKenzie

Min-tze Lean in the Singapore office is the most appropriate contact within Baker & McKenzie.Wong & Leow\* for inquiries about public M&A in Singapore.

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