

## A Comparison of Takeovers of Hong Kong, Mainland China and Singapore listed Chinese Companies

	Red-chip Companies	A-share Companies	S-chip Companies
<b>Place of incorporation</b>	A company incorporated in a jurisdiction outside the PRC which is accepted for listing on the Hong Kong stock exchange	A company incorporated in the PRC whose shares are listed on either the Shanghai or Shenzhen stock exchange. A-shares are denominated in RMB	A company whether incorporated in Singapore or not whose shares are primarily listed on the Singapore Exchange Securities Trading Limited (" <b>SGX-ST</b> ") whether on the Mainboard or Catalist. S-chip companies have their business operations and assets primarily in the PRC.
<b>Key regulations</b>	Companies law of relevant jurisdiction  HK SFO  HK Takeover Code	PRC Foreign Strategic Investment Rules  PRC Takeover Rules  PRC Companies Law  PRC Securities Law	Singapore Companies Act  Singapore SFA  Singapore Takeover Code
<b>Squeeze-out</b>	<b>Takeover offer</b>  Acquiror will be entitled to squeeze out minority shareholders if it receives acceptances in respect of 90% of the "disinterested shares" within 4 months of the posting of the initial offer document  <b>Scheme of arrangement</b>  Binding on all shareholders if the scheme is approved by (i) a majority in number of the shareholders, present and voting at the court sanctioned	A-share companies are incorporated in the PRC and PRC law does not provide for compulsory acquisitions or squeeze-outs	<b>Takeover offer</b>  Acquiror will be entitled to squeeze out minority shareholders if it receives acceptances in respect of 90% of the shares to which the offer relates (other than those already held by, or by the nominee of, the acquiror or its related corporations as at the date of the offer) within 4 months of the posting of the initial offer document  <b>Scheme of arrangement</b>

**Key:**

<b>HK SFO</b>	Securities and Futures Ordinance (Cap 571)
<b>HK Takeover Code</b>	The Codes on Takeovers and Mergers and Share Repurchases
<b>Singapore Companies Act</b>	Companies Act (Cap 50) of Singapore
<b>Singapore SFA</b>	Securities and Futures Act (Cap 289) of Singapore
<b>Singapore Takeover Code</b>	The Singapore Code on Takeovers and Mergers

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	<p>meeting, such majority representing at least 75% of the votes attached to the "disinterested shares" cast at such shareholders meeting, AND (ii) not more than 10% of the votes attached to all "disinterested shares" have been cast against the scheme</p> <p>"Disinterested shares" means shares in the listed company not owned by the acquiror or persons acting in concert with it</p>		<p>Binding on all shareholders, including dissenting shareholders, if all shareholder and High Court approvals are obtained.</p> <p>Must be approved by a majority in number of shareholders, present and voting at the court sanctioned meeting, such majority representing at least 75% in value of the listed company shares held by the shareholders present and voting at such shareholders meeting</p>
<b>Public float</b>	<p>At least 25% of the issuer's issued shares must be in the hands of the public</p> <p>"Public" does not include connected persons of the listed company</p>	<p>At least 25% of the issuer's issued shares must be in the hands of the public (or at least 10% if the issued share capital of the issuer is over RMB400 million)</p> <p>"Public" does not include (i) shareholders holding 10% or more and persons acting in concert with such shareholders; and (ii) directors, supervisors and senior management of the listed company and their related parties</p>	<p>At least 10% of the issuer's issued shares must be in the hands of the public (which excludes, amongst others, directors and substantial shareholders of the listed company)</p>
<b>Delisting</b>	<p>If all minority shares are acquired by way of compulsory acquisition or a scheme of arrangement is approved, no approvals are required provided notice of the proposed withdrawal has been given by way of announcement and the intention to delist has been stated in the circular to shareholders</p> <p>A listed company may voluntarily make a delisting proposal to its shareholders. Any such proposal must be made in compliance with the Listing Rules which, in summary apply similar voting requirements to those that are relevant to a scheme of arrangement (controlling shareholders, directors and the chief executive officer and their respective associates must abstain from voting in favour of any such proposal at the relevant shareholder meeting) and all shareholders must be offered a reasonable alternative</p>	<p>Where a takeover offer is made and the minimum public float requirement cannot be satisfied after the takeover, the listed company may apply to the exchange for delisting</p> <p>Minority shareholders will continue to remain as there is no "squeeze out" mechanism</p>	<p>In a takeover situation, where the acquiror succeeds in garnering acceptances exceeding 90% of the listed company's shares, the SGX-ST will suspend trading of the listed company's shares at the close of the offer as it no longer satisfies the free float requirement (see above). In such event, there is no need to submit a delisting proposal as described below. Instead, the S-chip Company need only submit a delisting application to the SGX-ST.</p> <p>As an alternative to an offer or scheme of arrangement, an S-chip Company can be privatised by the listed company making a delisting proposal which involves:</p> <ul style="list-style-type: none"> <li>the approval of a delisting resolution by a majority of not less than 75%, and not voted against by 10% or more, in nominal value of the listed company shares</li> </ul>

	<b>Red-chip Companies</b>	<b>A-share Companies</b>	<b>S-chip Companies</b>
	(usually cash)		voted at the general meeting; and <ul style="list-style-type: none"> <li>an exit offer (normally in cash) by the acquiror for all the shares to be delisted</li> </ul>
<b>Mandatory offer</b>	<p>The obligation to make a mandatory offer will be triggered when either:</p> <ul style="list-style-type: none"> <li>the acquiror (together with concert parties) acquires 30% or more of the voting rights of a listed company; or</li> <li>the acquiror (together with concert parties) holds between 30% and 50% of the voting rights of a listed company and acquires more than 2% in any rolling 12 month period</li> </ul> <p>The offer must be in cash, or be accompanied by a cash alternative, and made to all shareholders for all outstanding share capital of the listed company</p>	<p>The obligation to make a mandatory offer will be triggered when either</p> <ul style="list-style-type: none"> <li>the acquiror acquires 30% or more of the shares in a listed company; or</li> <li>if the acquiror already holds 30% or more of the shares of a listed company and acquires further shares (the acquiror may apply for a waiver if it acquires less than 2% in any rolling 12 month period).</li> </ul> <p>The acquiror may choose to make a general offer to all shareholders for all outstanding shares in the listed company, or make a partial offer to all shareholders for a certain percentage (not less than 5%) of the outstanding shares in the listed company</p>	<p>The obligation to make a mandatory offer will be triggered when either:</p> <ul style="list-style-type: none"> <li>the acquiror (together with concert parties) acquires 30% or more of the voting rights of a listed company; or</li> <li>the acquiror (together with concert parties) holds between 30% and 50% of the voting rights of a listed company and acquires more than 1% in any rolling 6 month period</li> </ul> <p>The offer must be in cash, or be accompanied by a cash alternative, and made to all shareholders for all outstanding share capital of the listed company</p>
<b>Offer price</b>	Offer price should not be lower than the highest price paid by the acquiror or any person acting in concert with it for shares of that class of the target listed company during the offer period and within the 3 months period prior to the commencement of the offer period (or 6 months period in the case of a mandatory general offer)	Offer price should not be lower than the highest price paid by the acquiror for the same class of shares in the preceding 6 months If offer price is lower than 30 days historical trading average, the acquiror's financial adviser should give its opinion on whether the price is reasonable	Same as for Red-chip Companies
<b>Cash confirmation</b>	Acquiror's financial adviser will be required to confirm the financial resources available to satisfy the acquiror's obligations in respect of the offer	If the takeover consideration is cash, the acquiror must place a 20% deposit into an account specified by the PRC securities clearing house at the same time the announcement of the takeover is made	Where the offer is for cash or includes a cash element, the acquiror's financial adviser or another appropriate third party will need to be satisfied that the acquiror has sufficient resources to satisfy full acceptance of the offer before the offer is formally announced. The Securities Industry Council may require evidence of such confirmation. The provision of finance must not be subject to unacceptable conditions precedent or a material adverse

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			change condition.
<b>Disclosure obligations for stake building</b>	<ul style="list-style-type: none"> <li>• 5% or more of any class of voting shares - disclosure under Part XV of the HK SFO must be made within 3 business days of the transaction</li> <li>• Once the 5% threshold is surpassed, a further disclosure under the HK SFO has to be made each time a 1% change occurs</li> <li>• During an "offer period", any dealings in securities (which shall include securities in the acquiror if they are to be used as consideration for the offer) by the acquiror or the listed company, and by any of their "associates", must be publicly disclosed by 10 am on the business day following the transaction in accordance with Rule 22 of the HK Takeovers Code</li> <li>• If the listed company is the subject of rumour or speculation about a possible offer or there is an untoward movement in the listed company's share price, this may trigger an obligation to make an announcement</li> </ul>	<ul style="list-style-type: none"> <li>• Between 5% and below 20% - the acquiror must file a "short-form" disclosure report with the relevant stock exchange and make a public announcement within 3 days</li> <li>• Once the 5% threshold is surpassed, a further disclosure has to be made each time a 5% change occurs</li> <li>• Between 20% and below 30% - the acquiror must file a "long-form" disclosure report with the relevant stock exchange and make a public announcement within 3 days</li> <li>• 30% or more - the acquiror must make a mandatory general or partial offer</li> </ul>	<ul style="list-style-type: none"> <li>• 5% or more of any class of voting shares in a Singapore incorporated company – an acquiror must disclose holdings of voting rights to the listed company and the listed company must also notify the SGX-ST. Further, any subsequent changes in voting rights must be disclosed if the holding is reduced below 5% or increased or reduced through a whole percentage point</li> <li>• An acquiror, target or associate is also required to disclose any dealings in relevant securities during an offer period</li> <li>• Any dealing giving rise to rumour, speculation or an untoward movement in the listed company's share price (around 20%) may trigger an obligation to make an announcement</li> </ul>

**Contact details**

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