

**CONSULTATION CONCLUSIONS ON  
REVISION  
OF THE SINGAPORE CODE ON  
TAKE-OVERS AND MERGERS**

**SECURITIES INDUSTRY COUNCIL**

Thursday, 24 January 2019

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## INTRODUCTION

On 19 July 2018, the Securities Industry Council (“SIC” or the “Council”) issued a consultation paper *Revision of the Singapore Code on Take-overs and Mergers* on proposed amendments to the Singapore Code on Take-overs and Mergers (the “Singapore Code”) to take into account the primary listing of companies with dual class share (“DCS”) structures on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

2 The consultation ended on 17 August 2018. Six respondents, who are listed at Annex 1, commented on the consultation questions posed in the consultation paper. The Council thanks all the respondents for their comments. The respondents mostly supported the proposals. In addition, some respondents made suggestions on technical details such as reference dates and the drafting of the proposed amendments. The Council has considered these suggestions and has made adjustments to the proposed amendments where appropriate. The final changes to the Singapore Code are set out in Annex 2.

3 The Monetary Authority of Singapore, on the advice of the Council, has made amendments to the Singapore Code which will come into effect on Friday, 25 January 2019.

## CHANGES CONSULTED ON

### 4 **Triggering a mandatory offer as a result of multiple voting shares (“MV Shares”) being converted to ordinary voting shares (“OV Shares”) or voting rights of MV shares being reduced**

4.1 A conversion of MV shares to OV shares (“Conversion”) or a reduction in the number of voting rights per MV share (“Reduction”) results in a lowering of the total number of voting rights of the company. This could in turn lead to a shareholder or group of shareholders acting in concert with each other (“Triggering Shareholder” or “Triggering Shareholders”) obtaining or consolidating effective control of the company, and triggering an obligation to make a general offer under Rule 14 of the Singapore Code.

4.2 The SIC consulted on proposed amendments to the Singapore Code to clarify the application of Rule 14 in the event of a Conversion or Reduction.

***Consultation (1): Should any increase in the percentage of voting rights held by a shareholder and persons acting in concert with him resulting from a Conversion or a Reduction be treated as an acquisition for the purpose of Rule 14?***

4.3 It was proposed that an increase in percentage of voting rights held by a shareholder and persons acting in concert with him as a result of a Conversion or Reduction would be regarded as an acquisition of voting rights by such shareholder and persons acting in concert with him for the purpose of Rule 14 of the Code. Accordingly, an obligation to make a general offer would be incurred by a shareholder if such an increase crossed the mandatory offer thresholds stipulated in Rule 14 of the Singapore Code.

#### **Public comments**

4.4 All respondents supported the proposal.

SIC's response

4.5 The Singapore Code will be amended as proposed.

***Consultation (2): Should the obligation incurred by a Triggering Shareholder who is independent of the event which led to the Conversion or the Reduction be waived?***

4.6 The SIC had proposed to waive the obligation of a Triggering Shareholder to make a general offer under Rule 14 of the Singapore Code if he was independent of the Conversion or the Reduction.

Public comments

4.7 All respondents who commented agreed with the proposal.

*Concept of "Independence"*

4.8 Three respondents sought more clarity on the circumstances where a Triggering Shareholder might be regarded as independent. One respondent suggested that a Triggering Shareholder should ordinarily be regarded as independent of the Conversion or the Reduction if he has not, whether directly or indirectly, caused, directed or influenced the event which resulted in the Conversion or the Reduction. Three respondents also sought clarification on whether a Triggering Shareholder, who is also part of the permitted holder group or the concert party group of a holder of MV shares whose MV shares are subject to the Conversion or Reduction, would be considered as being not independent of a Conversion or Reduction.

4.9 One respondent suggested that, instead of introducing a separate concept of independence, whether or not a Triggering Shareholder should be required to make a general offer under Rule 14 should depend on whether he is acting in concert with the person whose MV shares are the subject of the Conversion or Reduction.

4.10 Under the SGX-ST Listing Rules, any variation of voting rights must be approved by all shareholders<sup>1</sup>. One respondent asked whether a Triggering Shareholder who voted in favour of the Conversion or Reduction would be deemed not independent, and would accordingly, incur the obligation to make a general offer under Rule 14.

*SIC's response*

4.11 The Singapore Code will be amended as proposed.

4.12 In relation to the concept of “independence”, the SIC notes that there are various scenarios in which a Triggering Shareholder could be regarded as being independent of the Conversion or Reduction. For example, in the case of a proposal to reduce the number of voting rights attached to an MV share, the Triggering Shareholder would be regarded as independent if he was not acting in concert with the person initiating the proposal. On the other hand, if a Conversion was triggered as a result of the demise of a holder of MV shares, the Triggering Shareholder would be independent even if he was acting in concert with the deceased holder of MV shares.

4.13 Whether or not a Triggering Shareholder is independent would, to a large extent, be dependent on the specific circumstances of the Conversion or Reduction. Hence, waiving the obligation to make a general offer on the basis of only whether the Triggering Shareholder is acting in concert with the person causing the Conversion or Reduction would be too narrow, and an over-simplification of the matter. At the same time, it is not practicable to define exhaustively what being independent is.

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<sup>1</sup> Voting is on a one vote per share basis for all shareholders.

4.14 The Triggering Shareholder should consult the SIC in all relevant cases, and explain why in the circumstances he should be regarded as independent and not be required to make a general offer.

4.15 We would however like to clarify that a Triggering Shareholder would not be deemed not independent of the Conversion or Reduction solely because he voted in favour of the Conversion or Reduction. This approach is consistent with the current approach in share buy-back cases where a shareholder, who is not acting in concert with the directors, but could cross the mandatory offer threshold as a result of the share buy-back is not required to abstain from voting on the resolution to authorise the share buy-back.

***Consultation (3): Should the Triggering Shareholder be permitted to (a) make a general offer under Rule 14 within 6 months, (b) reduce his aggregate voting rights to thresholds stipulated in Rule 14.1 within 6 months, or (c) seek a waiver from independent shareholders from the requirement to make a general offer within 3 months and, failing which, reduce his aggregate voting rights to the thresholds stipulated in Rule 14.1 within 6 months?***

4.16 The SIC sought views on whether certain options should be made available to a Triggering Shareholder who is not independent of the Conversion or Reduction. These included exempting the Triggering Shareholder from the requirement to make a general offer subject to the Triggering Shareholder obtaining a waiver from independent shareholders or reducing his aggregate voting rights to the thresholds stipulated in Rule 14.1 within 6 months.

*Public comments*

4.17 All 5 respondents who commented agreed with the options to be provided.

SIC's response

4.18 The proposal will be implemented with the addition of new Note 18 on Rule 14.1.

***Consultation (4): Do you have any comments on the proposed New Note 18 on Rule 14.1?***

Public comments

4.19 All respondents generally supported the introduction of the new Note 18 on Rule 14.1, with some suggestions and clarifications.

*Acquisition of voting rights by an independent Triggering Shareholder in the interim*

4.20 One respondent suggested that Note 18 on Rule 14.1 should clarify that the independent Triggering Shareholder should not acquire additional voting rights in the company before the date of the Conversion or the Reduction after becoming aware that the Conversion or the Reduction is imminent. This would reflect the intention set out in the consultation paper.

*Enhanced Voting Process for the Whitewash Resolution*

4.21 Another respondent asked whether the Enhanced Voting Process should apply to the voting on the Whitewash Resolution referred to in the proposed new Note 18 on Rule 14.1.

SIC's response

4.22 As set out in paragraph 10 of the consultation paper, the intention was for a Triggering Shareholder not to acquire additional voting rights in the company after becoming aware that the Conversion or the Reduction is imminent or exercise the voting rights in excess of the relevant mandatory offer thresholds under Rule 14.1 from the date of the Conversion or the



Reduction. We agree that this should be made clear and have amended new Note 18 on Rule 14.1 in this regard.

4.23 Under SGX's listing framework for DCS structures, the Enhanced Voting Process reduces the voting power of MV shares to one vote per share, putting MV shareholders on equal footing with OV shareholders. It is required in the voting to approve, amongst others, a variation of rights attached to MV shares and certain reserved matters to address the risk of expropriation. The intention is to protect OV shareholders.

4.24 In the case of a Whitewash Resolution, we are of the view that the existing requirement<sup>2</sup> that concert parties and parties not independent of the Triggering Shareholder have to abstain from voting on the Whitewash Resolution provides sufficient safeguard to OV shareholders. An MV shareholder who is not acting in concert with and independent of the Triggering Shareholder should be able to exercise his full voting power to decide if there should be an acquisition or consolidation of effective control in the DCS company by a third party. It is after all the intention that the MV shareholder should be able to protect himself from disruptions that could arise from this so that he can focus on the long-term goals of the DCS company.

4.25 Taking into account the foregoing, the amendments to the new Note 18 on Rule 14.1 are as follows. Additional amendments have also been made to streamline the drafting (marked with an asterisk [\*]):

*"18. Conversion of multiple voting shares to ordinary voting shares or reduction of voting rights of multiple voting shares*  
*When there is a conversion of multiple voting shares to ordinary voting shares (the "Conversion") or a reduction in the*

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<sup>2</sup> Appendix 1 of the Singapore Code.

voting rights attached to each multiple voting share (the "Reduction"), any resulting increase in the percentage of voting rights held by a shareholder and persons acting in concert with him will be treated as an acquisition for the purpose of Rule 14. Consequently, a shareholder or group of shareholders acting in concert could obtain or consolidate effective control of the company and become obliged to make an offer under Rule 14. For the purposes of this Rule, the Council will not normally require such shareholder and his concert parties to make a general offer for the company as required under Rule 14 if the shareholder **(i)** is independent of the Conversion or the Reduction; **(ii) has not acquired any additional voting rights in the company from the date he becomes aware that the Conversion or the Reduction is imminent; and (iii) has not exercised his voting rights in excess of the relevant mandatory offer threshold under Rule 14.1 from the date of the Conversion or the Reduction.** The Council should be consulted in all relevant cases.

If such shareholder is not independent of the Conversion or the Reduction, he and his concert parties who acquire or consolidate effective control in the company arising from the Conversion or the Reduction must:-

- (a) make a general offer for the company as required under Rule 14. Such offer must be announced within 6 months (or such longer period of time as the Council may allow under paragraph (b) below) after the date of the Conversion or the Reduction.

*The shareholder and/or his concert parties must announce immediately a general offer for the company as required under Rule 14 if they:-*

- (i) after becoming aware that the Conversion or the Reduction is imminent, acquire before or after the date of the Conversion or the Reduction additional voting rights in the company; or*
- (ii) after the date of the Conversion or the Reduction, exercise the voting rights attached to such number of shares which is above the thresholds stipulated in Rule 14.1,*

*without first disposing of the required number of shares as per paragraph (b) below or obtaining a Whitewash waiver as per paragraph (c) below;*

- (b) dispose within 6 months (or such longer period of time as the Council may allow where exceptional circumstances warrant such extension of time) of the date of the Conversion or the Reduction such number of shares as is necessary to reduce their aggregate voting rights in the company to a level which is within the thresholds stipulated in Rule 14.1.*

*The shareholder and/or his concert parties must announce immediately a general offer for the company as required under Rule 14 if they have not obtained a Whitewash waiver as per paragraph (c) below and they:-*

- (i) *after becoming aware that the Conversion or the Reduction is imminent, acquire before or after the date of the Conversion or the Reduction additional voting rights in the company;*
  - (ii) *after the date of the Conversion or the Reduction, exercise the voting rights attached to such number of shares which is above the thresholds stipulated in Rule 14.1; or*
  - (iii) *fail to divest such number of shares which is above the thresholds stipulated in Rule 14.1 within 6 months (or such longer period of time as the Council may allow) of the date of the Conversion or the Reduction; or*
- (c) *obtain the approval of the independent shareholders of the company for a Whitewash Resolution (see Note 1 of Notes on Dispensation from Rule 14 and Appendix 1 “Whitewash Guidance Note”) to waive the requirement for the shareholder to make a general offer for the company. Such Whitewash waiver by the shareholder may be obtained either before or after the date of the Conversion or the Reduction.*

*If the Whitewash waiver by independent shareholders is sought before the date of the Conversion or the Reduction, any exemption from the requirement to make an offer under Rule 14 granted by the Council will be subject to the following conditions:-*

- (i) *the Whitewash Resolution to be approved by a ~~majority of~~ independent shareholders present and voting at a shareholders meeting ~~on poll~~ [\*];*
- ~~(ii) the circular to shareholders for the shareholders meeting contains advice to the effect that by voting for the Whitewash Resolution, shareholders are waiving their right to a general offer at the required price by the shareholder and his concert parties who would acquire or consolidate effective control in the company after the Conversion or the Reduction; and the names of the shareholder and his concert parties, as well as their voting rights in the company at the time of the resolution (where applicable) and after the Conversion or the Reduction, to be disclosed in the same circular; and [\*]~~

Disqualifying transactions

- (iii) *the shareholder and his concert parties who could become obliged to make an offer for the company as a result of the Conversion or the Reduction not to have acquired and not to acquire any shares in the company during the period between when they become aware that the Conversion or the Reduction is imminent, and the date on which the shareholders approve the Whitewash Resolution. The shareholder and/or his concert parties must announce immediately a general offer for the*

company as required under Rule 14 if this condition is not met.

If the Whitewash waiver by the independent shareholders is sought after the Conversion or the Reduction, any exemption from the requirement to make an offer under Rule 14 granted by the Council will be subject to the following conditions:-

(i) the Whitewash Resolution to be approved by independent shareholders at a shareholders meeting to be held as soon as practicable, but in any case not later than 3 months after the date of the Conversion or the Reduction;

~~(ii) the circular to shareholders for the shareholders meeting contains advice to the effect that by voting for the Whitewash Resolution, shareholders are waiving their right to a general offer at the required price by the shareholder and his concert parties who would acquire or consolidate effective control in the company after the Conversion or the Reduction; and the names of the shareholder and his concert parties, as well as their voting rights in the company at the time of the resolution, to be disclosed in the same circular;~~

[\*]

Disqualifying transactions

(iii) the shareholder and his concert parties who could become obliged to make an offer for the company

as a result of the Conversion or the Reduction not to have acquired and not to acquire~~;~~

~~• any shares in the company during the period between when they become aware that the Conversion or the Reduction is imminent and the date of the Conversion or the Reduction; and/or [\*]~~

• any shares in the company during the period between when they become aware that the Conversion or the Reduction is imminent and the date on which independent shareholders approve the Whitewash Resolution.

The shareholder and/or his concert parties must announce immediately a general offer for the company as required under Rule 14 if this condition is not met; and

(iv) the shareholder and/or his concert parties not to exercise the voting rights attached to such number of their shares which is above the thresholds specified in Rule 14.1 during the period between the date of the Conversion or the Reduction and the date the independent shareholders approve the Whitewash Resolution. The shareholder and/or his concert parties must announce immediately a general offer for the company as required under Rule 14 if this condition is not met.

*Regardless of whether the Whitewash waiver by shareholders is sought before or after the Conversion or the Reduction, if such Whitewash waiver is not approved by shareholders but the Conversion or the Reduction has taken place, the shareholder and/or his concert parties must make a general offer for the company as required by Rule 14 or reduce their aggregate voting rights in the company by such amount and within such time period as per paragraph (b) above.”*

**Consultation (5): Do you have any comments on the proposed New Note 8 on Rule 14.3?**

4.26 The SIC sought comments on the new Note 8 on Rule 14.3 to set out how the minimum offer price for OV shares for the offer to be made by a Triggering Shareholder should be determined in the event that the Triggering Shareholder had not purchased any shares in the past 6 months.

Public comments

4.27 Two respondents commented that the traded prices referenced in the calculation of the minimum offer price in the new Note 8 on Rule 14.3 should be pegged to the earlier of (a) the date of initial announcement of the Conversion or the Reduction or (b) the date of the Conversion or the Reduction. In the case where there is an announcement of a proposed Conversion or Reduction, trading in the shares of the company following such announcement would have included trades done in speculation that a general offer would be made as a result of the Conversion or the Reduction. Hence, such traded prices would not be representative of the market price of the company in normal circumstances and should not be taken into account for the purposes of determining the minimum offer price.

SIC's response



4.28 We agree with the feedback and will amend the new Note 8 on Rule 14.3 as suggested. To be consistent, we have also amended the Note such that the 6-month reference period for the highest price paid for shares in the company ends on the earlier of (a) the date of initial announcement of the Conversion or the Reduction or (b) the date of the Conversion or the Reduction.

4.29 The new Note 8 on Rule 14.3 will be amended as follows:

“8. Conversion of multiple voting shares to ordinary voting shares or reduction of voting rights of multiple voting shares

*The offer price will be the highest price that the offeror and/or its concert parties have paid for voting rights in the company in the 6 months prior to **the earlier of** the date of **the announcement of** the conversion of multiple voting shares to ordinary voting shares (the “Conversion”) or a reduction in the voting rights attached to each multiple voting share (the “Reduction”), **or the date of the Conversion or the Reduction**. If the offeror and its concert parties did not acquire shares in the company in the 6 months 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 Council will generally require the offer price to be the simple average of the daily volume weighted average traded prices of the 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 Council, however, reserves the right to disregard any inexplicably high or low traded prices during the said 30 calendar days when computing the offer price.”*

5 **Comparable offers for share classes that only differ in voting rights**

5.1 Under Rule 18 of the Code, when an offer is made for one class of voting shares, comparable offers are required to be made for all other classes of voting shares. In this regard, the SIC proposed that Note 1 on Rule 18 be amended to state that where traded prices were not available for all the classes of equity shares (e.g. for MV and OV shares), and the classes of equity shares differed only in their voting rights, the SIC would normally accept the ratio of the offer values for the classes of equity shares to be equal to one. In all other cases, the ratio of the offer values must be justified to the SIC in advance and the SIC would have regard to all relevant circumstances.

***Consultation (6): Should the ratio of offer values between MV shares and OV shares be one for the purposes of Rule 18?***

***Consultation (7): Do you have any comments on the proposed amendments to Note 1 on Rule 18?***

**Public's comments**

5.2 All respondents that commented agreed with the proposed approach and the proposed amendments to Note 1 on Rule 18.

**SIC's response**

5.3 The SIC will amend Note 1 on Rule 18 as proposed in the consultation paper.

## **ANNEX 1: LIST OF RESPONDENTS**

1. Allen & Gledhill LLP
2. DBS Bank Ltd
3. Schroder Investment Management (Singapore) Ltd
4. ShookLin & Bok LLP
5. Singapore Exchange Limited
6. WongPartnership LLP

## ANNEX 2: FINAL AMENDMENTS TO THE SINGAPORE CODE

### New Note 18 on Rule 14.1

*“18. Conversion of multiple voting shares to ordinary voting shares or reduction of voting rights of multiple voting shares*

*When there is a conversion of multiple voting shares to ordinary voting shares (the “Conversion”) or a reduction in the voting rights attached to each multiple voting share (the “Reduction”), any resulting increase in the percentage of voting rights held by a shareholder and persons acting in concert with him will be treated as an acquisition for the purpose of Rule 14. Consequently, a shareholder or group of shareholders acting in concert could obtain or consolidate effective control of the company and become obliged to make an offer under Rule 14. For the purposes of this Rule, the Council will not normally require such shareholder and his concert parties to make a general offer for the company as required under Rule 14 if the shareholder (i) is independent of the Conversion or the Reduction; (ii) has not acquired any additional voting rights in the company from the date he becomes aware that the Conversion or the Reduction is imminent; and (iii) has not exercised his voting rights in excess of the relevant mandatory offer threshold under Rule 14.1 from the date of the Conversion or the Reduction. The Council should be consulted in all relevant cases.*

*If such shareholder is not independent of the Conversion or the Reduction, he and his concert parties who acquire or*

*consolidate effective control in the company arising from the Conversion or the Reduction must:-*

- (a) make a general offer for the company as required under Rule 14. Such offer must be announced within 6 months (or such longer period of time as the Council may allow under paragraph (b) below) after the date of the Conversion or the Reduction.*

*The shareholder and/or his concert parties must announce immediately a general offer for the company as required under Rule 14 if they:-*

- (i) after becoming aware that the Conversion or the Reduction is imminent, acquire before or after the date of the Conversion or the Reduction additional voting rights in the company; or*
- (ii) after the date of the Conversion or the Reduction, exercise the voting rights attached to such number of shares which is above the thresholds stipulated in Rule 14.1,*

*without first disposing of the required number of shares as per paragraph (b) below or obtaining a Whitewash waiver as per paragraph (c) below;*

- (b) dispose within 6 months (or such longer period of time as the Council may allow where exceptional circumstances warrant such extension of time) of the date of the Conversion or the Reduction such number of*

*shares as is necessary to reduce their aggregate voting rights in the company to a level which is within the thresholds stipulated in Rule 14.1.*

*The shareholder and/or his concert parties must announce immediately a general offer for the company as required under Rule 14 if they have not obtained a Whitewash waiver as per paragraph (c) below and they:-*

- (i) after becoming aware that the Conversion or the Reduction is imminent, acquire before or after the date of the Conversion or the Reduction additional voting rights in the company;*
  - (ii) after the date of the Conversion or the Reduction, exercise the voting rights attached to such number of shares which is above the thresholds stipulated in Rule 14.1; or*
  - (iii) fail to divest such number of shares which is above the thresholds stipulated in Rule 14.1 within 6 months (or such longer period of time as the Council may allow) of the date of the Conversion or the Reduction; or*
- (c) obtain the approval of the independent shareholders of the company for a Whitewash Resolution (see Note 1 of Notes on Dispensation from Rule 14 and Appendix 1 “Whitewash Guidance Note”) to waive the requirement for the shareholder to make a general offer for the company. Such Whitewash waiver by the shareholder*

*may be obtained either before or after the date of the Conversion or the Reduction.*

*If the Whitewash waiver by independent shareholders is sought before the date of the Conversion or the Reduction, any exemption from the requirement to make an offer under Rule 14 granted by the Council will be subject to the following conditions:-*

- (i) the Whitewash Resolution to be approved by independent shareholders present and voting at a shareholders meeting;*

*Disqualifying transactions*

- (ii) the shareholder and his concert parties who could become obliged to make an offer for the company as a result of the Conversion or the Reduction not to have acquired and not to acquire any shares in the company during the period between when they become aware that the Conversion or the Reduction is imminent, and the date on which the shareholders approve the Whitewash Resolution. The shareholder and/or his concert parties must announce immediately a general offer for the company as required under Rule 14 if this condition is not met.*

*If the Whitewash waiver by the independent shareholders is sought after the Conversion or the Reduction, any exemption from the requirement to make an offer under Rule 14 granted by the Council will be subject to the following conditions:-*

- (i) *the Whitewash Resolution to be approved by independent shareholders at a shareholders meeting to be held as soon as practicable, but in any case not later than 3 months after the date of the Conversion or the Reduction;*

*Disqualifying transactions*

- (ii) *the shareholder and his concert parties who could become obliged to make an offer for the company as a result of the Conversion or the Reduction not to have acquired and not to acquire any shares in the company during the period between when they become aware that the Conversion or the Reduction is imminent and the date on which independent shareholders approve the Whitewash Resolution.*

*The shareholder and/or his concert parties must announce immediately a general offer for the company as required under Rule 14 if this condition is not met; and*

- (iii) *the shareholder and/or his concert parties not to exercise the voting rights attached to such number of their shares which is above the thresholds specified in Rule 14.1 during the period between the date of the Conversion or the Reduction and the date the independent shareholders approve the Whitewash Resolution. The shareholder and/or his concert parties must announce*



*immediately a general offer for the company as required under Rule 14 if this condition is not met.*

*Regardless of whether the Whitewash waiver by shareholders is sought before or after the Conversion or the Reduction, if such Whitewash waiver is not approved by shareholders but the Conversion or the Reduction has taken place, the shareholder and/or his concert parties must make a general offer for the company as required by Rule 14 or reduce their aggregate voting rights in the company by such amount and within such time period as per paragraph (b) above.”*

### **New Note 8 on Rule 14.3**

**“8. Conversion of multiple voting shares to ordinary voting shares or reduction of voting rights of multiple voting shares**

*The offer price will be the highest price that the offeror and/or its concert parties have paid for voting rights in the company in the 6 months prior to the earlier of the date of the announcement of the conversion of multiple voting shares to ordinary voting shares (the “Conversion”) or a reduction in the voting rights attached to each multiple voting share (the “Reduction”), or the date of the Conversion or the Reduction. If the offeror and its concert parties did not acquire shares in the company in the 6 months 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 Council will generally require the offer price to be the simple average of the daily volume weighted average traded prices of the 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 Council, however, reserves the right to disregard any inexplicably high or low traded prices during the said 30 calendar days when computing the offer price.”*

### **Amended Note 1 on Rule 18**

*“1. Ratio of offer values*

*In the case of offers involving two or more classes of equity share capital, the ratio of the offer values must be justified to the Council in advance. Where the offers relate to equity shares that are listed, the Council will normally accept the ratio of the offer values to be equal to the ratio of the simple average of daily volume weighted average traded prices of the equity shares over the course of 6 months (3 months in the case of voluntary offers) preceding the commencement of the offer period. Where traded prices are not available for all the classes of equity shares, and the classes of equity shares differ only in their voting rights, the Council will normally accept the ratio of the offer values to be equal to one. In all other cases, the ratio of the offer values must be justified to the Council in advance and the Council will have regard to all relevant circumstances.”*