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Shareholders' Rights & Shareholder Activism 2026

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Law and Practice

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Contents

1. Types of Company, Share Classes and Shareholdings P.233
1.1 Types of Company p.233
1.2 Types of Company Used by Foreign Investors p.233
1.3 Types or Classes of Shares and General Shareholders' Rights p.233
1.4 Variation of Shareholders' Rights p.233
1.5 Minimum Share Capital Requirements p.233
1.6 Minimum Number of Shareholders p.233
1.7 Shareholders' Agreements/Joint Venture Agreements p.234
1.8 Typical Provisions in Shareholders' Agreements/Joint Venture Agreements p.234

2. Shareholders' Meetings and Resolutions P.234
2.1 Types of Meeting, Notice and Calling a Meeting p.234
2.2 Procedure and Criteria for Calling a General Meeting p.235
2.3 Information and Documents Relating to the Meeting p.235
2.4 Format of Meeting p.235
2.5 Quorum, Voting Requirements and Proposal of Resolutions p.236
2.6 Types of Resolutions and Thresholds p.236
2.7 Shareholder Approval p.236
2.8 Voting Requirements p.237
2.9 Shareholders' Rights Relating to the Business of a Meeting p.237
2.10 Challenging a Resolution p.237
2.11 Institutional Shareholder Groups p.237
2.12 Holding Through a Nominee p.237
2.13 Written Resolutions p.237

3. Share Issues, Share Transfers and Disclosure of Shareholders' Interests P.238
3.1 Share Issues p.238
3.2 Share Transfers p.238
3.3 Security Over Shares p.238
3.4 Disclosure of Interests p.238

4. Cancellation and Buybacks of Shares P.239
4.1 Cancellation p.239
4.2 Buybacks p.239

5. Dividends P.239
5.1 Payments of Dividends p.239

6. Shareholders' Rights as Regards Directors and Auditors P.239
6.1 Rights to Appoint and Remove Directors p.239
6.2 Challenging a Decision Taken by Directors p.239
6.3 Rights to Appoint and Remove Auditors p.240

7. Corporate Governance Arrangements P.240
7.1 Duty to Report p.240

8. Controlling Company P.240
8.1 Duties of a Controlling Company p.240

9. Insolvency P.240
9.1 Rights of Shareholders of Insolvent Companies p.240

10. Shareholders' Remedies P.241
10.1 Remedies Against the Company p.241
10.2 Remedies Against the Directors p.241
10.3 Derivative Actions p.241

11. Shareholder Activism P.242
11.1 Legal and Regulatory Provisions p.242
11.2 Aims of Shareholder Activism p.242
11.3 Shareholder Activist Strategies p.242
11.4 Recent Trends p.242
11.5 Most Active Shareholder Groups p.243
11.6 Proportion of Activist Demands Met p.243
11.7 Company Prevention and Response to Activist Shareholders p.243

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1. Types of Company, Share Classes and Shareholdings

1.1 Types of Company

The principal types of companies in Singapore are private companies (exempt private company, private company limited by shares, unlimited private company and unlimited exempt private company) and public companies (either limited by shares, limited by guarantee, or unlimited). The private company limited by shares is most commonly used, particularly for business ventures, due to its flexibility and fewer regulatory requirements. These structures are incorporated under the Singapore Companies Act 1967 (CA). The distinction mainly lies in the restriction on share transfer and the maximum number of members, with private limited companies capped at 50 members. The choice of entity type impacts not only regulatory compliance but also shareholders' rights and corporate governance structures.

1.2 Types of Company Used by Foreign Investors

The nature of the business, industry and sector-specific requirements that a foreign investor is looking to invest into ultimately motivates the consideration of different corporate vehicles that would best serve those needs. In general, however, foreign investors typically set up private companies limited by shares, owing to the favourable regulatory environment and limited liability. There are no restrictions to a foreign investor retaining full ownership (at the shareholder level) of a private company limited by shares. Foreign individuals are also able to hold directorship in a private company limited by shares provided that at least one director is ordinarily resident in Singapore (typically satisfied by the appointment of a nominee director).

1.3 Types or Classes of Shares and General Shareholders' Rights

A company can issue different classes of shares (eg, preference, ordinary shares, cumulative, non-cumulative, redeemable, or convertible, etc), ascribing different rights for different classes of shareholders. Such differentiation may be expressed in terms of voting rights (or the complete lack thereof), rights to dividends, and/or rights to surplus capital on a winding-up. Key shareholder rights include the right to vote at general meetings and the right to receive declared dividends; however, the right to vote remains the most fundamental as this underpins the shareholders' control over major corporate decisions. Such rights attaching to shares are most typically set out in a shareholders' agreement, the company's constitution, and in statute – ie, the Companies Act 1967 (CA).

1.4 Variation of Shareholders' Rights

If a company has classes of shares and wants to vary the rights of one class, Section 74 of the CA provides protection for minority shareholders. Section 74 makes clear that even if the requisite resolutions are passed by the majority members of that particular class of shareholder, the holders of not less in the aggregate than 5% of the total number of issued shares of that particular class may apply to the court to have the variation or abrogation cancelled, and, if any such application is made, the variation or abrogation does not have effect until confirmed by the court.

1.5 Minimum Share Capital Requirements

Singapore does not prescribe a minimum share capital requirement for private or public companies limited by shares. Companies may be incorporated with a paid-up capital as low as SGD1. This flexibility reduces barriers to entry for start-ups and smaller enterprises, and supports Singapore's reputation as a business-friendly jurisdiction.

1.6 Minimum Number of Shareholders

A company limited by shares must have at least one shareholder at incorporation who may be an individual or a corporation. There is no statutory requirement for shareholders to be resident in Singapore, which further encourages foreign investment and ease of business. The absence of residency requirements distinguishes Singapore from other jurisdictions and is intended to promote openness in company ownership. Occasionally, financial institutions or banks may require a shareholder to be resident in Singapore. This is, however, a matter relating to the terms of the loan rather than a legal requirement for a shareholder to be resident in Singapore.

1.7 Shareholders' Agreements/Joint Venture Agreements

Shareholders' agreements and joint venture agreements are commonly used for private companies. In fact, the lack of such agreements typically results in parties ending up in long-drawn-out disagreements and incurring substantial legal fees to resolve the dispute. This may be mitigated or avoided if the parties execute their foundational documents governing their rights and obligations vis-à-vis the entity. It is mandatory for every company in Singapore to have its constitution prepared for its incorporation. However, while the constitution constitutes a contract between the shareholders of the company inter se, it may not be enough to govern the relationship between shareholders.

The High Court, in *BTY v BUA and other matters* [2018] SGHC 213, makes clear the foundational differences between a shareholders' agreement and a constitution. A shareholders' agreement is a private contract. "It derives its contractual force purely from the private law of obligations. The law of contract, which is a branch of the law of obligations, provides that the coincidence of offer, acceptance… and consideration gives rise to obligations which are legally binding. At common law, nobody who is not a party to the contract can be bound by its provisions or can claim any rights under its provisions".

On the other hand, a constitution "derives its contractual force from company law, not private law. Section 39 (1) of the [CA] provides that the constitution of a company binds the company and its members as if the constitution had been signed and sealed by each member and contained covenants on the part of each member to observe its provisions. The constitution is therefore a deemed contract which binds immediately by force of statute upon and by virtue of registration. As such, it binds without any need for offer, acceptance or consideration".

A shareholders' agreement or joint venture agreement is still recommended.

1.8 Typical Provisions in Shareholders' Agreements/Joint Venture Agreements

Such agreements typically include provisions for pre-emption rights, tag-along and drag-along rights, restrictions on share transfers, board appointment rights, and mechanisms for resolving deadlocks. The scope and extent of powers reserved for shareholders' approval in general meetings are also increasingly addressed in shareholder agreements.

A shareholders' agreement is enforceable as a private contract between the parties. It is not a public document and does not bind the company per se unless the company is a party in its own name. The provisions in a shareholders' agreement are generally enforced through contractual remedies under common law. In appropriate cases, additional remedies under Section 216 of the CA may also be available.

It should also be noted that "[a]ny obligation which a company or a shareholder undertakes privately in a shareholders' agreement which is contrary to a mandatory provision of company law must yield to company law". In other words, if there are inconsistencies between the terms of a shareholders' agreement and the constitution, the constitution will prevail.

In an increasingly sophisticated entrepreneurial and investment landscape, it is important to avoid relying on boilerplate provisions in either the constitution or the shareholders' agreement. These agreements should instead be carefully negotiated and tailored to the parties' commercial objectives, governance objectives, exit strategies and dispute-resolution mechanisms to establish an effective framework for business continuity.

2. Shareholders' Meetings and Resolutions

2.1 Types of Meeting, Notice and Calling a Meeting

All Singapore companies (except for exempt private companies under certain circumstances) are required to hold an annual general meeting (AGM), unless dispensed with under the CA. Notices must be given – usually at least 14 days for ordinary busi-

ness. The company's constitution may allow a shorter notice period with unanimous consent. AGMs typically address approval of accounts, appointment or re-election of directors and auditors, and declaration of dividends. Extraordinary general meetings may be called as required to consider matters beyond the AGM's remit, following the procedures provided under statute and the company's constitution.

Shareholders who hold ordinary shares generally have the right to attend and vote at any general meeting. It is also significant to point out that a mere equitable or beneficial interest in shares would ordinarily not entitle one to such rights. General meetings are meetings convened for the shareholders and the two most common illustrations of the same are annual general meetings (or AGMs), which a company must convene after the end of each financial year, and extraordinary general meetings, which can be requisitioned by shareholders holding not less than 10% of the total number of paid-up shares or by directors of the company (if permitted under the company's constitution).

Sections 184B and 184F of the CA permit only shareholders of private companies and unlisted public companies to pass resolutions in writing, subject to strict compliance with various prescribed requirements. Failure to comply with those requirements may render any resolutions so passed invalid.

General meetings may also be conducted virtually, provided that the company's constitution permits this. Virtual meetings have increasingly been adopted, with AGMs being conducted across jurisdictions. Indeed, it may be argued that holding general meetings virtually has the potential to encourage and increase shareholder participation.

2.2 Procedure and Criteria for Calling a General Meeting

Shareholders holding not less than 10% of the total number of paid-up shares or, in the case of a company not having a share capital, of members representing not less than 10% of the total voting rights of all members having at that date a right to vote at general meetings, can requisition for extraordinary general meetings (or EOGM) to be convened. As for the agenda that can be tabled for such an EOGM and put to a vote against the wishes of the board, this would depend on the companies' constitution, the shareholders' agreement (if any) and the CA.

Upon receipt of a valid requisition, the directors must convene the meeting within 21 days. If the directors fail to do so, the requisitionists themselves may convene the meeting as provided for under the CA.

2.3 Information and Documents Relating to the Meeting

All shareholders are entitled to receive notice of general meetings.

Directors must lay before the company at its AGM the financial statements for the financial year in respect of which the AGM is held. For a parent company, consolidated financial statements for the group and a balance sheet for the parent company must be presented. The financial statements must comply with the prescribed accounting standards and give a true and fair view of the company's financial position and performance.

Shareholders have statutory rights to obtain copies of financial statements and constitutional documents, and to inspect certain registers maintained by the company, including the following:

- The register of members contains details of the company's members and their shareholdings. Shareholders have the right to inspect this register free of charge.
- The register of directors' shareholdings records the shareholdings of directors.
- The register of substantial shareholders contains information on substantial shareholders and is open for inspection by members without charge.
- The register of debenture holders can be inspected by shareholders, except when it is duly closed in accordance with the company's constitution.
- The register of charges contains the details of charges created by the company that are available for inspection.

2.4 Format of Meeting

Shareholders' meetings may be conducted virtually or remotely as permitted under the Companies, Business

Trusts and Other Bodies (Miscellaneous Amendments) Act 2023.

Virtual meetings have increasingly been adopted, with AGMs being conducted across jurisdictions. Indeed, it may be argued that holding general meetings virtually has the potential to encourage and increase shareholder participation, given the increasing number of foreign members.

2.5 Quorum, Voting Requirements and Proposal of Resolutions

The CA prescribes that two members present (in person or by proxy) constitute a quorum unless otherwise stated in the company's constitution and unless the company has only one member. The constitution may specify a higher or lower quorum.

The constitution may require the quorum to be present only at the commencement of the meeting, rather than throughout its duration. If so, the meeting may proceed even if the number of members present falls below the quorum after the meeting has started.

The absence of a quorum is treated as a procedural irregularity under Singapore law. A meeting or its proceedings are not automatically invalidated due to the lack of a quorum. The court may declare the meeting or its proceedings invalid only if it is of the opinion that the irregularity has caused or may cause substantial injustice that cannot be remedied by any order of the court.

Where the quorum requirement is designed to protect the representation of different stakeholders (for example, in joint ventures or quasi-partnerships), a breach of such a requirement will prima facie result in substantial injustice, and the court is more likely to invalidate the meeting or its resolutions.

2.6 Types of Resolutions and Thresholds

Ordinary resolutions are generally passed by a simple majority, while special resolutions require at least 75% approval in attendance. Statute or the company's constitution prescribes the form of resolution for certain types of matters. Typically, routine business is dealt with by ordinary resolution, while changes to the constitution, alteration of share capital, and a voluntary winding-up require special resolutions.

2.7 Shareholder Approval

Shareholder approval is typically required for significant transactions such as amendment of the constitution, changing company name or structure, appointment/removal of auditors and directors, and approval of major acquisitions or disposals, shares buybacks, and the winding-up of a company.

The following matters must be approved by the shareholders through an ordinary resolution (ie, a simple majority):

- altering the share capital (eg, increasing share capital, consolidation, division, subdivision, cancellation or redenomination of shares);
- issuing debentures;
- dispensing with annual general meetings (for private companies);
- appointing and removing auditors;
- appointing an audit committee;
- re-appointing an auditor;
- removing an auditor from office;
- appointing and removing directors;
- approving long-term service contracts for directors;
- approving a director's conflict of interest (for certain private companies);
- approving substantial property transactions with directors;
- approving loans, quasi-loans, or credit transactions to directors;
- authorising financial assistance for acquisition of shares (public companies or subsidiaries of public companies);
- approving terms of contract for off-market share buyback (equal access scheme);
- authorising the company to make an on-market buyback of shares;
- power of directors to allot shares (unless already authorised by the constitution); and
- agreeing to send or supply documents or information to members by making them available on a website.

The following matters require approval by a special resolution (at least 75% majority):

- amending the company's constitution;
- amending entrenching provisions of the constitution;
- changing the company's name;
- changing company type (eg, from unlimited to limited, public to private, or vice versa);
- altering any restriction on the right to transfer shares in a private company;
- issuing shares in a public company that confer special, limited, or no voting rights;
- converting one class of shares into another (public companies, if permitted by constitution);
- reducing share capital (subject to solvency and publicity requirements);
- determining that any portion of a limited company's share capital shall not be capable of being called up except in winding-up;
- providing financial assistance for acquisition of shares (public companies or subsidiaries of public companies);
- authorising selective off-market acquisition of own shares;
- authorising contingent purchase contract to acquire own shares;
- authorising payment of interest out of capital for certain share issues;
- re-registering a company (eg, from guarantee with share capital to shares, or vice versa);
- short form amalgamation of companies; and
- other constitutional changes as specified in the CA.

2.8 Voting Requirements

Shareholders may vote by show of hands or on a poll; voting by hand gives each member one vote, while a vote by poll accords a shareholder voting power according to his/her shareholding. Proxy voting is permitted, and subject to the constitution, electronic voting may also be enabled – particularly in the context of remote meetings. Weighted voting rights are permissible if expressly provided for in the constitution.

2.9 Shareholders' Rights Relating to the Business of a Meeting

Shareholders have the right to propose resolutions, provided procedural requirements such as giving due notice of the proposed resolution. The board must include valid resolutions proposed by shareholders in the notice of meeting.

As to what is valid, shareholders can only propose resolutions that pertain to matters or decisions reserved for shareholders. Management decisions and the power to run the company's day-to-day operations reside with the directors.

2.10 Challenging a Resolution

A shareholder may challenge the validity of a resolution on grounds of procedural irregularity, lack of proper notice or ultra vires acts. The CA and the constitution define specific criteria and timelines for challenge. The court may, if satisfied, set aside or declare the resolution void.

2.11 Institutional Shareholder Groups

Institutional and significant shareholders may influence corporate governance via informal engagements, voting strategies, or public statements. Such activism can result in regular dialogue with the board, suggestions for strategic direction, or even requisitioned meetings when consensus is not achieved.

2.12 Holding Through a Nominee

Shareholders holding their shares through nominees are entitled, subject to authorisation from the nominee, to receive meeting information and voting instructions. The underlying shareholder may instruct the nominee as to voting preferences, thereby ensuring the preservation of beneficial ownership rights.

2.13 Written Resolutions

Shareholders of a private company or an unlisted public company in Singapore may pass resolutions by written means without holding a physical meeting under Section 184A of the CA. This provision expressly permits such companies to pass any resolution by written means, subject to the requirements set out in Sections 184A to 184F of the CA.

Sections 184A to 184F provide that a private company or an unlisted public company in Singapore may pass resolutions by written means if the company's constitution does not prohibit it and all constitutional conditions are met. The process requires either the directors to circulate the resolution to all voting members or a requisition by members holding at least 5% of voting rights, with the text of the resolution sent to all eligible members. Ordinary resolutions require a

simple majority, while special resolutions require at least 75% approval, unless the constitution specifies a higher threshold. Members representing at least 5% of voting rights may, within seven days of circulation, require the resolution to be decided at a general meeting instead, rendering any written resolution invalid if such notice is given. The company must notify all members within 15 days of a resolution being passed by written means and must record the resolution and members' agreements in the minute book.

Only private companies and unlisted public companies may use the written resolution procedure. Listed companies are excluded, even if their constitution purports to allow it.

Written resolutions cannot be used for resolutions mentioned in Section 175A(1)(a) (such as dispensing with the holding of annual general meetings), or for resolutions requiring special notice (such as removal of a director or auditor before the end of their term).

3. Share Issues, Share Transfers and Disclosure of Shareholders' Interests

3.1 Share Issues

Unless provided for in the company's constitution and/or shareholders' agreement, shareholders do not automatically have pre-emptive rights to acquire newly issued shares. Such pre-emptive rights are typically crucial to prevent share dilution.

Section 161 of the CA makes clear that the board cannot, "without the prior approval of the company in general meeting", issue any new shares. Any new share issued in breach of Section 161 is void and directors may incur personal liability to make compensation under Section 161 (7).

For listed companies, the SGX Listing Rules also make clear that the company must obtain the prior approval of shareholders in a general meeting to issue shares or convertible securities or grant options carrying rights to subscribe for shares in the company.

3.2 Share Transfers

A transfer of shares is generally free unless restricted by the constitution or the shareholders' agreement. Section 18 (1)(a) of the CA, for instance, mandates restrictions on share transfers for private companies to be worded into its constitution. Common restrictions come in the form of pre-emption rights, requisite board approval for the transfer of shares, drag-along and tag-along rights. The company must register share transfers in accordance with constitutional and statutory procedures.

3.3 Security Over Shares

Shares are personal property (a chose in action) and may be pledged by shareholders as security subject to any restrictions in the constitution or shareholders' agreement. Security interests must be properly documented and may need to be registered with the company.

3.4 Disclosure of Interests

For companies listed on the Singapore Exchange (SGX-ST) and foreign companies with a primary listing in Singapore, the disclosure requirements for substantial shareholders (persons holding 5% or more of voting shares) are governed by Part VII of the Securities and Futures Act 2001 (SFA). Substantial shareholders must notify the corporation when they acquire an interest in 5% or more of any class of voting shares, whenever their interests cross a whole percentage number above 5%, or when their interests fall below 5%. Both the seller and purchaser must file notices upon the sale or purchase of substantial stakes. The register is kept at the registered office for inspection. Failure to comply attracts significant penalties.

Private companies (unless exempt) must also maintain a register of registrable controllers (ie, beneficial owners) and, from 5 December 2022, a register of nominee shareholders containing prescribed particulars of nominators. These registers are not available for public inspection and may only be disclosed to the Registrar, the Monetary Authority of Singapore (MAS), or a public agency. This regime is designed to ensure transparency of beneficial ownership and combat misuse of corporate vehicles.

4. Cancellation and Buybacks of Shares

4.1 Cancellation

Shares may be cancelled if purchased in a buyback, redeemed in accordance with redemption rights, or as part of a capital reduction. Such actions must comply with statutory and constitutional requirements.

4.2 Buybacks

Companies may buy back their own shares subject to compliance with restrictions in the CA and their constitution. Procedures include obtaining shareholder approval and ensuring that the purchase is funded from distributable reserves, so as not to prejudice the interests of creditors.

5. Dividends

5.1 Payments of Dividends

Section 403 of the CA stipulates that no dividend is payable to the shareholders of any company except out of profits. The provision codifies the capital maintenance rule prohibiting the distribution of capital by way of dividends to members, thereby protecting the interests of creditors by ensuring that only profits, not capital, are distributed as dividends.

Any director who wilfully pays or permits to be paid any dividend in contravention of Section 403 is guilty of an offence and is liable on conviction to a fine or term of imprisonment.

6. Shareholders' Rights as Regards Directors and Auditors

6.1 Rights to Appoint and Remove Directors

Section 152 of the CA sets out the procedures and requirements for both public and private companies regarding the removal of directors before the expiration of their period of office.

Where public companies are concerned, a director may be removed by ordinary resolution of the shareholders, even if the company's constitution or any agreement with the director states otherwise. Special notice is required for any resolution to remove a director or to appoint someone in their place at the same meeting. The person proposing the resolution must give the company at least 28 days' notice before the meeting.

A private company may also remove a director by ordinary resolution before the expiration of their period of office, notwithstanding anything to the contrary in any agreement between the company and the director. This right is subject to any provision to the contrary in the company's constitution. Therefore, the constitution may restrict or modify the statutory right of removal. Unlike public companies, there is no statutory requirement for special notice unless provided for in the constitution.

Section 149B of the CA provides that, unless the constitution otherwise provides, a company may appoint a director by ordinary resolution passed at a general meeting.

6.2 Challenging a Decision Taken by Directors

Shareholders may challenge the directors' acts and/or decisions that are ultra vires the company's constitution, oppressive and/or prejudicial to a shareholder's interests, and/or constitute a breach of their directors' duties.

Depending on the nature of the complaint made by the shareholder, the criteria to challenge such acts and/or decisions by the directors vary.

For instance, where it is alleged that directors have breached their directors' duties, Section 216A of the CA provides shareholders with an avenue to commence a derivative action to (i) overcome an unwilling/uncooperative board of directors; (ii) step into the shoes of the company; and (iii) right a corporate wrong committed against the company (not a wrong suffered in the shareholder's personal capacity). Section 216A is not available only to shareholders but is much broader in its application and is accessible to "any other person who, in the discretion of the Court, is a proper person to make an application".

That said, in Singapore, the courts accepts that "[i]t is the role of the marketplace and not the function of

the court to punish and censure directors who have in good faith, made incorrect commercial decisions... Bona fide entrepreneurs and honest commercial men should not fear that business failure entails legal liability… Undue legal interference will dampen, if not stifle, the appetite for commercial risk and entrepreneurship".

Under Section 216 of the CA, any shareholder who lacks practical control over the company's affairs may also apply to the court for remedies (for a personal wrong suffered) if the company's affairs are being conducted or the directors' powers are being exercised in a manner that is oppressive, in disregard of the shareholder's interests, unfairly discriminatory, or otherwise prejudicial to the shareholder.

6.3 Rights to Appoint and Remove Auditors

Shareholders approve the appointment or removal of auditors through ordinary resolution, which is typically resolved at an AGM or such other meeting convened for the purpose.

7. Corporate Governance Arrangements

7.1 Duty to Report

For public companies, the SGX Listing Rules specifically require that the annual report must contain a description of the company's corporate governance practices, with explicit reference to the principles of the Singapore Code of Corporate Governance (the "Code"). Where the company deviates from any guideline of the Code, it must disclose the deviation and provide an appropriate explanation in the annual report. This reporting is mandatory under Mainboard Rules, Rule 710 and Catalist Rules, Rule 710.

Directors of Singapore private companies are not required by statute or regulation to specifically report to shareholders on corporate governance arrangements, unless the company adopts such a practice voluntarily or it is contractually required under the company's constitution or shareholders' agreement. The primary reporting obligations for private company directors are those set out in the CA in relation to financial statements and general director duties, but these do not mandate disclosure of corporate governance structures or practices to shareholders.

8. Controlling Company

8.1 Duties of a Controlling Company

A controlling company generally does not owe direct duties to shareholders of its subsidiaries.

With the above in mind, under Section 216 of the CA, the courts have recognised that unfair or oppressive acts may arise where the business of related companies is conducted in a manner that, taken together, negatively affects the rights or interests of shareholders in a way that departs from standards of fair dealing and fair play. While the doctrine of separate legal entities is respected, the Singapore courts may look at the affairs of related companies and consider the realities of control, especially if the management of a subsidiary directly affects or impacts the holding company in which relief is sought. In such cases, the conduct is assessed holistically to determine whether, cumulatively or in totality, it amounts to oppression of a shareholder, provided there is a tangible connection between the acts complained of in the group companies and the interests of the affected member in the relevant company.

9. Insolvency

9.1 Rights of Shareholders of Insolvent Companies

Shareholders maintain limited rights in meetings and remedies for unfair prejudice. However, when the company is insolvent, creditors' interests come to the fore.

A specific right that a shareholder loses when a Singapore company becomes insolvent is the right to receive any payment on their shares (whether by way of dividend or capital distribution) unless there is a surplus after all creditors' claims are satisfied. When a company is insolvent, the interests of creditors take priority over those of shareholders, and shareholders are only entitled to payment upon liquidation if there is

a surplus remaining after all debts and liabilities have been paid in full.

When a company is insolvent, directors have a fiduciary duty to act in the best interests of the company, which at that stage means that the interests of the creditors become the dominant consideration. This is because, in insolvency, the creditors are the primary economic stakeholders. As the company's assets effectively represent the only pool from which creditors will recover their debts, directors must ensure that those assets are preserved and not dissipated or exploited for the directors' or shareholders' benefit to the prejudice of creditors' interests.

10. Shareholders' Remedies

10.1 Remedies Against the Company

Shareholders have statutory remedies against a company in Singapore under the CA and the Insolvency, Restructuring and Dissolution Act 2018. These include seeking remedy for oppression/unfair prejudice, the ability to petition for a just and equitable winding-up of the company, and other rights depending on the procedural status of the company (in liquidation, judicial management, or otherwise).

10.2 Remedies Against the Directors

Shareholders may challenge a director's act/decision that is ultra vires the company's constitution, oppressive and/or prejudicial to the shareholder's interests, and/or constitute a breach of their directors' duties.

Depending on the nature of the complaint made by the shareholder, the criteria to challenge such act/decision by the directors vary.

For instance, where it is alleged that directors have breached their directors' duties, Section 216A of the CA provides shareholders with the ability to commence a derivative action to (i) overcome an unwilling/uncooperative board of directors; (ii) step into the shoes of the company; and (iii) right a corporate wrong committed against the company (not a wrong suffered in the shareholder's personal capacity). Section 216A, however, is not available only to shareholders but is much broader in its application and is accessible to "any other person who, in the discretion of the Court, is a proper person to make an application".

That said, in Singapore, the courts accept that "[i]t is the role of the marketplace and not the function of the court to punish and censure directors who have in good faith, made incorrect commercial decisions... Bona fide entrepreneurs and honest commercial men should not fear that business failure entails legal liability… Undue legal interference will dampen, if not stifle, the appetite for commercial risk and entrepreneurship".

Under Section 216 of the CA, any shareholder who lacks practical control over the company's affairs may also apply to the court to put to an end such prejudice (for a personal wrong suffered) if the company's affairs are being conducted or the directors' powers are being exercised in a manner that is oppressive, in disregard of the shareholder's interests, unfairly discriminatory, or otherwise prejudicial to the shareholder.

10.3 Derivative Actions

Where it is alleged that directors have breached their directors' duties, Section 216A of the CA provides shareholders with the ability to commence a derivative action to (i) overcome an unwilling/uncooperative board of directors; (ii) step into the shoes of the company; and (iii) right a corporate wrong committed against the company (not a wrong suffered in the shareholder's personal capacity).

Before a shareholder can pursue an action under Section 216A of the CA, the shareholder must apply for leave to commence that derivative action in the name and on behalf of a company and satisfy three main elements:

- 14 days' notice has been given to the directors of the company of the intention to apply for such leave if the directors do not act (unless the court dispenses with this for reasons of expediency).
- The complainant is acting in good faith in seeking leave.
- It appears prima facie to be in the interests of the company that the proposed action or proceedings be brought, prosecuted, defended or discontinued.

The proposed action must have a reasonable basis and disclose an arguable or legitimate claim. However, it need not be shown at this stage that the action is likely to succeed; it is sufficient that the claim has a reasonable semblance of merit such that, if established, the company stands to gain substantially.

Section 216A is not available only to shareholders but is much broader in its application and is accessible to "any other person who, in the discretion of the Court, is a proper person to make an application".

11. Shareholder Activism

11.1 Legal and Regulatory Provisions

In Singapore, the CA is the principal piece of legislation governing the rights and obligations of shareholders in Singapore. It codifies a wide range of shareholder rights, including the right to call meetings, propose resolutions, participate in general meetings, vote, inspect the register of members, access information, and bring claims for protection as minority shareholders or on behalf of the company (regarding derivative actions, see **10.3 Derivative Actions**).

Also, under Section 216 of the CA, any shareholder who lacks practical control over the company's affairs may also apply to the court to put to an end such prejudice (for a personal wrong suffered) if the company's affairs are being conducted or the directors' powers are being exercised in a manner that is oppressive, in disregard of the shareholder's interests, unfairly discriminatory, or otherwise prejudicial to the shareholder.

11.2 Aims of Shareholder Activism

Activist shareholders in Singapore typically pursue diverse aims, which include seeking changes in corporate governance (such as proposing changes to the board composition, board representation, and remuneration policies), increasing the company's share price to realise a profit, advocating for greater returns on value through mechanisms like share buybacks or dividend distributions, demanding operational or strategic reforms, pushing for company reorganisations and spin-offs of profitable business divisions, as well as furthering environmental, social, and governance (ESG) objectives, such as climate change and ethical agendas. The overarching goal is often to enhance company value or address issues perceived to affect shareholder interests, with motivations varying from short-term profit to longer-term strategic improvement.

11.3 Shareholder Activist Strategies

There is no "common" strategy per se employed by activist shareholders. Much depends on the particular interest(s) being highlighted by that particular activist shareholder and the shareholder/board composition (and power equilibrium) of the company in question.

What typically would be involved in any such activist strategies are elements of stakebuilding strategies where activist shareholders may begin by acquiring a direct or indirect stake in the company as would be necessary to exercise specific legal rights or to attain blocking or voting thresholds at meetings. Such stake-building strategies are often accompanied by attempts to influence or pressure the board by removing, replacing or adding directors, sometimes even seeking wholesale changes in management, or seeking to prevent the reappointment of existing directors.

Fundamentally, such strategies may be pursued because a shareholder's right to vote is a proprietary right that attaches to share ownership and is exercised qua member. The exercise of that right does not attract fiduciary obligations to the company, meaning that a shareholder may vote in their own interests.

11.4 Recent Trends

Shareholder activism in Singapore has increasingly extended across sectors and, in recent times, has become more prevalent among technology start-ups. Activists tend to focus on companies perceived to be vulnerable from a corporate governance perspective, or those with substantial cash reserves, debt capacity, or a history of underperformance relative to their peers. Both large-cap and mid-cap companies may attract activist intervention, although even a relatively small shareholding in a company with a large market capitalisation may be sufficient to attract the board's attention, particularly where the activist seeks to influence key issues or garner broader shareholder support.

There has also been a marked increase in activist agendas driven by ESG considerations. Such actions may include proposals relating to climate issues, board composition or sustainability disclosures. A notable global example is ExxonMobil, where activist shareholders campaigned for changes to the company's climate-related governance.

11.5 Most Active Shareholder Groups

Traditionally, shareholder activism was largely associated with institutional investors or those motivated by extracting value from companies, such as private equity investors. In particular, private equity funds and hedge funds have become significant participants in activism, often with strategies focused on increasing the share price or pursuing reforms for short-term gain as well as long-term value creation. Hedge funds are specifically identified as a more aggressive and speculative type of shareholder activist, employing high-conviction, concentrated tactics to influence management and company strategy. In contrast to institutional investors who may adopt a more passive approach, hedge funds often seek direct participation in decision-making and are prepared to launch public campaigns or request board representation to drive changes in governance or operations.

11.6 Proportion of Activist Demands Met

There is no applicable information in this jurisdiction.

11.7 Company Prevention and Response to Activist Shareholders

Companies should engage with their shareholders and encourage active participation from shareholders. Such engagements are typically between the board and shareholders and commonly occur at annual general meetings a company must convene after the end of each financial year, and at extraordinary general meetings that can be requisitioned by the shareholders. Shareholder engagement, however, ought to be regular and continuous. The MAS Code prescribes that "[t]he company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company".

A company should ensure it does not merely say the right things but take active steps for proper governance. The company should adhere to best practices under the Singapore Code of Corporate Governance, including effective board composition with adequate numbers of independent directors and strong internal control frameworks. Diligent compliance with company constitution and all applicable legal and regulatory requirements is critical. This engenders trust from its stakeholders, which in turn ensures business continuity.