Global Public M&A Guide - Singapore

Squeeze-out of Minority Shareholders after Completion of the Takeover

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

[Last updated: 1 June 2022, 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 (other than those already held by the bidder, its related corporations or their respective nominees 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 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Where a general offer has been announced or posted but is withdrawn or lapses, the bidder and its concert parties are prohibited, within a period of 12 months from the date such offer is withdrawn or lapses, from either announcing an offer or possible offer for the target company or acquiring any voting rights of the target company if the bidder or its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.

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