

The Takeovers Code and Takeover Offers

The Offer Period



The Takeovers Code applies to **Code Companies** – these are New Zealand registered companies that have:

- listed shares trading on the NZX, or
- 50 or more Shareholders and 50 or more Parcels of shares

How long does a Takeover Offer run for?

When a person makes a Takeover Offer for the shares of a Code Company (called a “target company” during a takeover) the Takeovers Code has to be complied with.

The offer has to be made to all Shareholders in the target company and has to be on exactly the same terms for all Shareholders.

The Takeovers Code has rules about the period of time that a Takeover Offer can remain open.

The offer period must be for a minimum of 30 days and a maximum of 90 days. In some circumstances the offer period can be extended to up to a total of 150 days. As long as the offer period does not go beyond the maximum number of days, the Offeror can extend the offer period as often as it wishes.

Shareholders can accept the Takeover Offer at any time up to the close of the offer period, or reject the Takeover Offer (by doing nothing).

How does this affect you?

The rules about the time periods for Takeover Offers mean that you do not need to make a hasty decision. You should wait until you receive the advice booklet from the target company, called a “target company statement”. You should read that advice before you make a decision to accept or reject the Takeover Offer.

You do not have to accept a Takeover Offer.

If you do accept the offer, you will get paid and the Offeror will get your shares in the target company ONLY if the takeover succeeds. If the takeover fails, the Offeror cannot take up ANY shares and every Shareholder stays at the same shareholding level they had before the Takeover Offer was made.

How will you decide? Who will advise you?

You will receive advice to help you decide what to do:

- The directors of the target company will make a recommendation to Shareholders about whether to accept or reject the Takeover Offer.
- You will also receive advice from an independent adviser about the merits of the Takeover Offer. That adviser will have been approved by the Takeovers Panel as being independent from the company and independent from the person who wants to increase their shareholding.

This Fact-Sheet explains the Takeovers Code in a simplified way. It should not be relied upon as providing a legal explanation. It does not give financial advice. Investors should not rely on it for understanding all of their rights and obligations under the Takeovers Code. Investors should take their own legal and financial advice from a qualified professional.



TAKEOVERS PANEL