



Enforcing Minority Shareholder Rights in Asia: A Comparative Guide to Unfair Prejudice

With typical corporate structures in Asia spread around jurisdictions in the region, offshore and elsewhere, minority shareholders face hurdles when trying to defend their rights from unfair prejudice by the majority. Our Claim Monetization team lays out a guide on the key features of the remedies available that minority shareholders should know about as they design a strategy in five key jurisdictions.

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Minority shareholders may feel that their rights have been unfairly prejudiced by the majority and that they have been shut out of the company that they partly own. The situation may be complicated by the multi-jurisdictional nature of the structure that holds their interests: a typical structure in Asia might involve, for example, a Cayman Islands company listed in Hong Kong, with equity holding structures in BVI incorporated, and the company's operations and assets spread across several other jurisdictions.

In such a situation, it is imperative that minority shareholders understand their available rights and remedies in each of the relevant jurisdictions so that they can devise and deploy an effective cross-border strategy to enforce their rights. Although there may be common themes across the jurisdictions involved, there will be differences in law and practice which will require steps taken in each jurisdiction to be carefully coordinated and aligned with the wider objectives and strategy.

Each case is unique and requires tailored advice. However, in this alert our global Claim Monetization team has laid out the basic parameters across five key jurisdictions where an unfair prejudice remedy is available as one of the strategic weapons in the armory.

Unfair Prejudice: An Overview

An aggrieved minority shareholder may apply for remedies if the affairs of the company have been conducted in a way that is prejudicial either to the interests of the members in general or one or more members. The available remedies are wide ranging and typically include an order that one shareholder buy out the other or for the regulation of the affairs of the company to redress the prejudice.

About Kobre & Kim's Claim Monetization and Dilution Offering

Kobre & Kim is a conflict-free Am Law 200 law firm focused on disputes and investigations, often involving fraud and misconduct.

As our firm avoids ongoing client relationships with common industry participants and instead focuses on special-situation engagements, our Claim Monetization and Dilution team can offer the most aggressive, creative and independent advocacy even in cases involving numerous, overlapping institutional stakeholders' interests.

We also have significant experience in corporate governance matters, having led and defended initiatives on the formation and conduct of special investigative committees; organization of steering committees of equity holders to remove incumbent directors outside a regularly formulated election; the serving of statutory notices and pursuit of emergency actions relating to books and records access and related asset-freeze applications; applications for involuntary receiverships and liquidations; and other special strategies to place our clients in a position of strength to negotiate a satisfactory resolution.