

Significant Litigation Success in a High-Profile Shareholders Dispute for AGPLAW



We are pleased to announce a landmark interim injunction victory in a high-profile case concerning the shareholder structure of a Cyprus company valued at over half a billion USD.

This triumph features AGPLAW's expertise in complex corporate disputes and reinforces our position as a leader in corporate law and disputes.

The case involved our clients, holding a majority stake of 58% in the Cyprus company, and the other shareholder holding 42%. Despite a Shareholders Agreement ("SHA") under UK law, including provisions for share transfers within a group without triggering pre-emption rights, a critical gap in the adherence process rendered the deed invalid under the Law of Property (Miscellaneous Provisions) Act 1989. Consequently, the 42% shareholder's transfer was deemed illegal due to the deed of adherence's failure to meet specific statutory requirements for witnessing and attestation.

Represented by managing partner Angelos Paphitis, partner Maria Constantinou and Elias Economou senior associate, our team argued that due to the deed's invalidity, the Cyprus courts held jurisdiction to rectify the shareholders register of the Cyprus company, despite the SHA stipulating dispute resolution under LCIA rules.

This strategic legal plan was decisive, as it acknowledged that while the LCIA could adjudicate on the dispute, it could not directly effect changes to the Cypriot company's register, thus necessitating the intervention of the Cyprus courts.



Simultaneously with the legal action, we applied and successfully obtained an ex-parte interim injunction. The Cyprus court granted the injunction, prohibiting any actions recognizing the defendant as a shareholder and preventing any corporate record alterations until further court directives. This decision is important, preventing unauthorized modifications to the company's shareholder and director registers, which could have had significant repercussions on the company's governance and operational integrity.

Understanding the aforementioned Legal Instruments:

- **Rectification of a Cyprus Company's Members Register:** This process involves correcting the company's official records, usually to address inaccuracies or unauthorized changes in shareholder or director registers.
- **Ex-parte Interim Injunction:** An ex-parte interim injunction is a temporary court order issued without notifying the other party. It is often used in urgent cases to prevent immediate harm or injustice until a full hearing can be conducted. This powerful legal tool ensures that the status quo is maintained, preventing potential damage or unfair advantage resulting from the disputed actions.

This case highlights the critical importance of adhering to legal formalities in shareholding arrangements and the role correcting applying the law and courts in rectifying company records to uphold shareholder rights. The court's decision not only serves justice but also ensures the stability and integrity of the Cyprus company's governance structure.

At AGPLAW we are proud of this achievement and remain committed to delivering exceptional services for our clients' interests.

For all enquiries, please contact our team of experts at agp@agplaw.com

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