

Chapter 21

Sovereign Controlled Commercial Companies: Premium listing

21.10 Transactions with related parties: certificates representing shares

Transactions with related parties

- 21.10.1** **R** A *listed company* must comply with ■ LR 11 (Related party transactions: Premium listing) subject to the modifications and additional requirements in ■ LR 21.10.2R to ■ LR 21.10.8G.
- 21.10.2** **R** For the purposes of ■ LR 21.10.1R:
- (1) in ■ LR 11 references to a *listed company* must be read as references to the *issuer of the equity shares* which the certificates represent; and
 - (2) in ■ LR 11.1.4AR the reference to the *company* must be read as a reference to the *issuer of the equity shares* which the certificates represent.
- 21.10.3** **G** For the purposes of ■ LR 21.10.1R, a *listed company* that is required under ■ LR 11.1.7CR to send a supplementary *circular* should have regard to the *guidance* in ■ LR 21.9.5G.
- 21.10.4** **R** In the case of a *related party* which is a *sovereign controlling shareholder* or an *associate of a sovereign controlling shareholder*:
- (1) the following provisions do not apply:
 - (a) ■ LR 11.1.1AR to ■ LR 11.1.1ER;
 - (b) ■ LR 11.1.7R(2) to ■ LR 11.1.7R(4);
 - (c) ■ LR 11.1.7CR and ■ LR 11.1.8G;
 - (d) ■ LR 11.1.10R(2)(b); and
 - (e) ■ LR 11.1.11R(3)(a);
 - (2) the following provisions are modified as follows:
 - (a) ■ LR 11.1.7AR must be read as if the words “after obtaining shareholder approval but” are omitted;
 - (b) ■ LR 11.1.9G must be read as follows:
 - (i) the reference to ■ LR 11.1.7R must be read as a reference to ■ LR 11.1.7R as modified by ■ LR 21.10.4R(1); and
 - (ii) as if the words “and ■ LR 11.1.8G” are omitted;

- (c) ■ LR 11.1.11R(1) must be read as if the words “and the transactions or arrangements have not been approved by shareholders” are replaced by “and ■ LR 11.1.11R(2) as modified by ■ LR 21.10.4R(2)(d) has not been complied with in relation to these transactions or arrangements”; and
- (d) ■ LR 11.1.11R(2) must be read as follows:
 - (i) as if the first sentence is omitted and replaced by the following sentence “If any *percentage ratio* is 5% or more for the aggregated transactions or arrangements, the *listed company* must comply with ■ LR 11.1.7R as modified by ■ LR 21.10.4R(1) in respect of the latest transaction or arrangement, and details of each of the transactions or arrangements being aggregated must be included in the notification required by ■ LR 11.1.7R(1).”; and
 - (ii) as if the “Note” is omitted.

21.10.5 R The requirement in ■ LR 8.2.3R to obtain the guidance of a sponsor does not apply where a *listed company* is proposing to enter into a transaction which is, or may be, a *related party transaction* and the *related party* concerned is a *sovereign controlling shareholder* or an associate of a *sovereign controlling shareholder*, unless the *related party transaction* is, or may be, a purchase by the *listed company* of its own *equity securities* or *preference shares*.

21.10.6 G Where a purchase by a *listed company* of its own *equity securities* or *preference shares* is to be made from a *related party* which is a *sovereign controlling shareholder* or an associate of a *sovereign controlling shareholder*, the *listed company* should note ■ LR 12.3.2R.

Additional requirements

21.10.7 G A *listed company* is required under ■ LR 21.8.13R(3) to ensure that any *circular* which is sent to shareholders pursuant to ■ LR 11.1.7R(2) or ■ LR 11.1.8G(2) is sent to holders of its *certificates representing shares* at the same time as the *circular* is despatched to shareholders.

21.10.8 G For the purposes of obtaining the shareholder approval required by ■ LR 11.1.7R(3) (and any shareholder approval required under ■ LR 11.1.7AR), a *listed company* is required under ■ LR 21.8.13R to ensure that the holders of its *certificates representing shares* are able to exercise the votes attaching to the *equity shares* which the certificates represent on any shareholder vote.