



Tonga

COMPANIES ACT

Chapter 17.03

2020 Revised Edition



COMPANIES ACT

Arrangement of Sections

Section

PART I - PRELIMINARY	21
1 Short title and commencement.....	21
2 Interpretation.....	21
3 Public notice	26
4 Meaning of “solvency test”.....	26
5 Meaning of “Holding company” and “subsidiary”	27
6 Extended meaning of “subsidiary”	28
7 “Control” defined.....	28
8 Certain matters to be disregarded	28
9 Meaning of “balance date”	29
10 Meaning of “financial statements”	29
11 Meaning of “group financial statements”	30
12 Act binds the Crown	31
PART II - INCORPORATION	31
ESSENTIAL REQUIREMENTS	31
13 Essential requirements	31
14 <i>Repealed by Act 24 of 2001</i>	31
METHOD OF INCORPORATION	31
15 Right to apply for registration.....	31
16 Application for registration.....	31
16A Signed Consent	32
17 Registration.....	32
18 Certificate of Incorporation.....	32

SEPARATE LEGAL PERSONALITY	32
19 Separate legal personality.....	32
PART III - CAPACITY, POWERS AND VALIDITY OF ACTIONS	33
20 Capacity and powers	33
VALIDITY OF ACTIONS.....	33
21 Validity of actions	33
22 Dealings between company and other persons.....	33
23 No constructive notice.....	34
PART IV - COMPANY NAMES	35
24 Name to be reserved.....	35
25 Name of company if liability of shareholders limited.....	35
26 Application for reservation of name.....	35
27 Change of name.....	35
28 Direction to change name.....	36
29 Use of company name	36
PART V - COMPANY CONSTITUTION	37
30 Every company to have constitution	37
31 Relationship between Act and constitution	37
32 Standard constitution.....	38
33 Form of constitution.....	38
34 Contents of constitution	38
35 Effect of constitution	38
36 Alteration of constitution	39
37 Consolidated constitution.....	39
38 Court may alter constitution	40
PART VI - SHARES	40
39 Legal nature of shares	40
40 Rights and powers attaching to shares	40
41 Types of shares.....	41
42 No nominal value	41
43 Transferability of shares.....	41
44 Contracts for issue of Shares	41
ISSUE OF SHARES.....	42
45 Issue of shares on registration and amalgamation.....	42
46 Issue of other shares	42
47 Notice of share issue	42
48 Shareholder approval for issue of shares.....	42
49 Pre-emptive rights	43
50 Consideration for issue of shares.....	43

50A	Consideration for issue of shares on registration	43
51	Consideration to be decided by Board	43
52	Exceptions to section 51	45
53	Consideration in relation to issue of options and convertible securities	45
54	Consent to issue of shares	46
55	Time of issue of shares	47
DISTRIBUTIONS TO SHAREHOLDERS		47
56	Board may authorise distributions	47
57	Dividends	47
58	Shares in lieu of dividends	48
59	Shareholder Discounts	48
60	Recovery of distributions	49
61	Reduction of shareholder's liability to treated as a distribution	50
COMPANY MAY ACQUIRE ITS OWN SHARES		51
62	Company may acquire its own shares	51
63	Acquisition of company's own shares	51
64	Board may make offer to acquire shares	51
65	Special offers to acquire shares	53
66	Disclosure document	54
67	Cancellation of shares repurchased	54
68	Enforceability of contract to repurchase shares	54
REDEMPTION OF SHARES		54
69	Meaning of "redeemable"	54
70	Redemption at option of company	55
71	Company shall satisfy solvency test	56
72	Special redemption of shares	56
73	Disclosure document	57
74	Cancellation of shares redeemed	57
75	Redemption as option of shareholder	57
76	Redemption on fixed date	58
ASSISTANCE BY A COMPANY IN THE PURCHASE OF ITS OWN SHARES		58
77	Financial assistance	58
78	Company shall satisfy solvency test	59
79	Special financial assistance	60
80	Disclosure document	61
81	Financial assistance not exceeding five percent of shareholders' funds	61
82	Enforceability of transactions	62
CROSS-HOLDINGS		62
83	Subsidiary may not hold shares in holding company	62
STATEMENT OF SHAREHOLDER RIGHTS		63