

## LEGISLATIVE COUNCIL BRIEF

Companies Ordinance (Cap. 622)

### Companies (Amendment) Bill 2024

## INTRODUCTION

At the meeting of the Executive Council on 18 November 2024, the Council **ADVISED** and the Chief Executive **ORDERED** that the Companies (Amendment) Bill 2024 (“the Bill”), at the **Annex**, should be introduced into the Legislative Council (“LegCo”).

2. The Bill amends the Companies Ordinance (Cap. 622) (“CO”) and the related Companies (Model Articles) Notice (Cap. 622 sub. leg. H) (“C(MA)N”) to enable listed companies incorporated in Hong Kong to hold shares bought back in treasury and dispose of them under certain restrictions, and promote paperless corporate communication<sup>1</sup> for both listed and unlisted Hong Kong companies.

## JUSTIFICATIONS

### Treasury Shares

#### *Strengthening Competitiveness*

3. Listed companies may buy back shares for a variety of reasons, such as to return cash to shareholders, adjust debt-to-equity ratio, increase earnings per share, facilitate the exit of shareholders, or signal to the market that their shares are undervalued. Establishing a regulatory and legal framework for treasury shares in Hong Kong will provide greater flexibility and efficiency for listed companies to adjust their share capital through holding, selling and transferring of shares bought back for specific purposes. This will also attract quality companies to incorporate their

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<sup>1</sup> “Corporate communication” means the sending or supplying any documents or information by a company to its shareholders or debenture holders.

holding entities and apply for listing in Hong Kong, thereby enhancing the competitiveness of Hong Kong as an international financial centre.

### *Listing Rules Amended in line with International Practice*

4. The Hong Kong Exchanges and Clearing Limited (“HKEX”) has reviewed the arrangements in other jurisdictions<sup>2</sup> with the result showing that companies incorporated in the Mainland and overseas jurisdictions, which account for more than 90% of the companies listed in Hong Kong, are allowed by local laws to hold shares bought back in treasury and to resell or transfer their treasury shares.

5. With majority support received through a public consultation conducted in October 2023, HKEX has amended its Listing Rules (“amended Listing Rules”) to –

- (a) remove the requirement to cancel shares bought back so that listed companies may hold them in treasury (“treasury shares”) subject to the laws of their places of incorporation and their constitutional documents, and
- (b) provide a framework to regulate the cancellation, resale as well as transfer of treasury shares on or off the exchange.

The amended Listing Rules came into effect on 11 June 2024, applicable to listed companies incorporated in or outside Hong Kong.

### *Need to Amend the Companies Ordinance*

6. The current section 269 of the CO requires Hong Kong incorporated (listed or unlisted) companies to cancel shares bought-back. This disallows Hong Kong incorporated listed companies to hold shares bought-back as treasury shares, while this is so permitted under the amended Listing Rules as mentioned above. There is therefore a need to enable Hong Kong incorporated listed companies to use the treasury shares regime under the amended Listing Rules (on a par with their Mainland or overseas incorporated peers), which will provide them with more flexibility to manage company capital under changing market circumstances.

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<sup>2</sup> Including the Mainland, Bermuda, the Cayman Islands, Canada, Singapore, the United Kingdom and the United States.

## *Investor Protection and Proposed Amendments to the Companies Ordinance*

7. The existing requirements in the CO were established as a general safeguard against the risk of market manipulation by listed companies repeatedly buying back and reselling their own shares on the market. It would also prevent insiders from trading the shares to benefit from non-public information about the buy-back and resale of the shares concerned. With the establishment and enhancement of the legal framework and enforcement regime under the Securities and Futures Ordinance (Cap. 571) (“SFO”) over the years, there are effective safeguards, as enforced by the Securities and Futures Commission (“SFC”), against stock market manipulation and insider dealing<sup>3</sup>, covering those involving a listed company dealing in its treasury shares.

8. The amended Listing Rules imposed restrictions on the sale and transfer of treasury shares<sup>4</sup> to safeguard against market misconduct, similar to those applicable to the allotment of new shares. This seeks to enhance the protection of minority shareholders against dilution of their shareholdings by a listed company’s arbitrary transfer of treasury shares.

9. Similar to the approach adopted in the amended Listing Rules, we propose to extend the approval requirements for the allotment of new shares in the CO<sup>5</sup> to the sale and transfer of treasury shares. The aim is to provide for a treasury share regime under the CO (operating in consistency with the amended Listing Rules) that will bring Hong Kong generally on a par with the jurisdictions where the vast majority of the

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<sup>3</sup> Parts XIII and XIV of the SFO provide civil and criminal provisions in relation to market misconduct including insider dealing, false trading, price rigging, disclosure of information about prohibited transactions, disclosure of false or misleading information inducing transactions, and stock market manipulation.

<sup>4</sup> Under the amended Listing Rules, there is a 30-day moratorium period to restrict (i) a resale of treasury shares (whether on or off exchange) after a share repurchase; and (ii) an on-exchange share repurchase after an on-exchange resale of treasury shares. In addition, the amended Listing Rules prohibit any on-exchange repurchase of shares by a listed company while there is undisclosed inside information or during the 30-day period preceding results announcement. The dealing restrictions are extended to on-exchange resale of treasury shares by a listed company under the amended Listing Rules. The 30-day moratorium restriction will not apply to an allotment of further securities or sale or transfer of treasury shares to existing shareholders under a capitalisation issue (e.g. bonus issues and scrip dividends), share grants under a share scheme and any issue of new shares or transfer of treasury shares upon vesting or exercise of share awards or options under the share scheme.

<sup>5</sup> Sections 140 and 141 of the CO stipulate that allotment of shares would require approval by shareholders (including minority shareholders) through a resolution.

existing listed companies in Hong Kong are incorporated.

10. The SFO and the amended Listing Rules will continue to provide the safeguards against market misconduct (including that arising from buybacks and disposal of treasury shares) as mentioned above.

### **Paperless Corporate Communication**

11. The Government is committed to providing a business friendly environment for companies to operate and enhancing Hong Kong's status as an international business and financial centre. Since 2010, relevant stipulations have been introduced under the CO to facilitate electronic communication with shareholders by companies. At present, under the CO, companies may, with shareholders' prior consent, communicate with shareholders by electronic means<sup>6</sup> or by making documents or information available on the company's website, etc. Relevant details are as follows.

	<b>Communication in electronic form</b>	<b>Communication by means of website</b>
Existing consent requirements	<ul style="list-style-type: none"><li>• Prior express consent must be obtained from shareholders or debenture holders.</li></ul> <p>(c.f. section 831 of the CO)</p>	<ul style="list-style-type: none"><li>• Prior express consent or deemed consent<sup>7</sup> must be obtained from the shareholders or debenture holders.</li><li>• The company should notify its shareholders or debenture holders each time when any document or information is made available by the company on its website.</li></ul>

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<sup>6</sup> Communication by electronic means, such as by email, usually involves the communication between company and individual shareholders, such as requesting information from individual shareholders. The company may, with the consent of the shareholder and his/her email address, send the relevant documents to the shareholder by email instead of by post. As for communication uploaded to website, it is generally used when the company disseminates mass notification to all shareholders.

<sup>7</sup> Under section 833 of the CO, there is a deemed consent mechanism for electronic communication by means of website. A company may individually request shareholders or debenture holders to agree that documents or information may be supplied to them by means of website, and the request should clearly state that the shareholder or debenture holder is deemed to have consented to receiving communication by means of website if one fails to respond within 28 days of the company's request.

		<ul style="list-style-type: none"> <li>The notification above should be in the form of hard copy or electronic copy (with shareholders' or debenture holders' agreement obtained).</li> </ul> <p>(c.f. section 833 of the CO)</p>
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12. In addition, under section 837 of the CO, shareholders or debenture holders of a company may request the company to provide any document or information in the form of hard copy<sup>8</sup>.

### *International Practice*

13. At present, companies incorporated in the Mainland, Bermuda and the Cayman Islands, which accounted for more than 90% of companies listed on the Stock Exchange, allow companies to adopt the implied consent mechanism<sup>9</sup> for disseminating corporate communication by means of website. Furthermore, in the Mainland and Cayman Islands<sup>10</sup>, companies are not required to send a separate notification to shareholders each time when disseminating corporate communication by means of website.

## **PROPOSALS**

### **Treasury Shares**

14. We **propose** the CO should be amended to enable listed companies incorporated in Hong Kong, upon buy-back of their own shares,

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<sup>8</sup> Section 837 of the CO provides that a member or debenture holder of a company may, within 28 days after the date of receiving from the company a document or information, otherwise than in the form of hard copy, request the company to send or supply to the member or holder the document or information in the form of hard copy.

<sup>9</sup> According to the implied consent mechanism, companies may disseminate corporate communication via website if allowed by the company's constitutional document.

<sup>10</sup> No separate notification is required if it is agreeable to the company and its shareholders.

to hold those shares in their own names or through a nominee<sup>11</sup> as treasury shares. The existing provision providing that any shares bought back are to be regarded as cancelled would not apply in case a listed company buys back shares and holds them in treasury. Shares bought back that are not held as treasury shares would continue to be regarded as cancelled<sup>12</sup>. If the listed company is subsequently delisted, any treasury shares held by it are to be regarded as cancelled on the company being delisted.

15. We **propose** that treasury shares can be cancelled, transferred (whether or not for a consideration<sup>13</sup>), or sold<sup>14</sup> by the listed company on or off exchange to any person at any time, subject to the same approval requirements as applied to the allotment of new shares. In addition to the provisions in respect of allotment of shares in the CO and market misconduct in the SFO, other restrictions in relation to the sale and transfer of treasury shares mentioned in paragraph 8 above for providing additional safeguards to mitigate the risk of market misconduct will remain in the Listing Rules.

16. We **propose** that holding and cancellation of treasury shares would not affect the total amount of issued share capital of a listed company as share capital represents the total amount of money that a listed company raised by issuing shares to its shareholders. Same as allotment of new shares, the total amount of issued share capital of the listed company

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<sup>11</sup> For trading on the Stock Exchange, the shares of a listed company should be deposited with the Central Clearing and Settlement System ("CCASS") and the legal title of the shares are held by a common nominee (i.e. HKSCC Nominees Limited) which is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited ("HKSCCL"), a recognized clearing house within the meaning of section 1 of Part 1 of Schedule 1 to the SFO. Transactions are settled by effecting book-entries to the stock accounts with CCASS instead of transferring the legal title. To facilitate the trading of treasury shares on the Stock Exchange and settlement through the CCASS, the proposed amendment to the CO would enable treasury shares to be held by a listed company through a nominee which is a recognized clearing house (i.e. HKSCCL) or the subsidiary of such recognized clearing house (e.g. HKSCC Nominees Ltd).

<sup>12</sup> The decision whether to hold shares bought back in treasury would have been made at the time of buy-back. Listed companies are required by the Listing Rules to disclose in the next day disclosure return after each share bought back, among other things, whether the shares are cancelled following settlement of the buy-back or held as treasury shares. Once cancelled, the shares bought back could not be revived and changed to treasury shares. Also, companies (including listed companies) are required by section 270 of the CO to file a return with the Companies Registry within 15 days after the shares bought back are delivered. Under the proposed amendments, listed companies will be required to state the number of shares bought back and held as treasury shares in the return.

<sup>13</sup> An example of transfer of treasury shares without consideration is a transfer of treasury shares upon vesting of share awards under the employee share scheme.

<sup>14</sup> A sale and transfer of treasury shares by the listed company includes sale and transfer of treasury shares by its nominee.

would be increased if treasury shares are subsequently sold or transferred, entirely or partly, for a consideration<sup>15</sup>. Treasury shares are existing shares, and will remain as part of the issued shares of the listed company until they are cancelled.

17. We **propose** that a listed company holding treasury shares in its name or through its nominee must enter its name or the name of its nominee, in the register of members of the listed company. As the listed company or its nominee should not exercise any shareholder's rights or deal with corporate matters for the treasury shares it holds, despite the above entry of the names in the register of members, subject to certain exceptions, each of them should not be regarded as a member of the listed company concerned for the purposes of any other provisions under the CO or as a member, a shareholder or a contributory of the company for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32)<sup>16</sup> in relation to the treasury shares.

18. We **propose** that the rights attached to treasury shares, including but not limited to the right to attend and vote at general meetings and receive dividend, should be suspended. In the same vein, for corporate matters such as passing an ordinary<sup>17</sup> or a special resolution<sup>18</sup> of members, calling a general meeting<sup>19</sup>, making an application to court, etc.<sup>20</sup>, and exercising the right by minority shareholders to require an offer or to acquire shares<sup>21</sup> in a takeover offer, etc., treasury shares should be excluded from the number of the issued shares of the company when calculating in a takeover offer. Also, voting rights attached to treasury shares should also be excluded from the total voting rights of the company/holders of shares when calculating the relevant thresholds. However, the right to the allotment of bonus shares as fully paid shares in

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<sup>15</sup> Section 170(2)(a) of the CO regarding permitted alteration of share capital, with necessary modifications, applies in relation to the sale or transfer of treasury shares.

<sup>16</sup> For example, if the listed company's nominee holds ordinary shares of the listed company other than treasury shares, it will still be treated as a member of the company in relation to those ordinary shares.

<sup>17</sup> e.g. Section 563 of the CO.

<sup>18</sup> e.g. Section 564 of the CO.

<sup>19</sup> e.g. Section 566(2) of the CO.

<sup>20</sup> e.g. Sections 91(1)(a) and (3), 182(1) and (1A) of the CO.

<sup>21</sup> e.g. Sections 700(1)(b) and (2)(b) of the CO.

respect of treasury shares would not be affected<sup>22</sup>.

19. For transparency, we **propose** that the listed company should be required to file a return of particulars to the Companies Registry (“CR”) upon buy-back of shares (regardless of whether the shares are cancelled or held as treasury shares), and the sale or transfer, and cancellation of treasury shares.

## **Paperless Corporate Communication**

### *Implied consent mechanism for disseminating corporate communication by means of website*

20. We **propose** to allow both listed and unlisted companies incorporated in Hong Kong, to choose to adopt the implied consent mechanism for disseminating corporate communication by means of website, i.e. if their articles of association contain a provision that they may disseminate corporate communication by means of website, they may do so without having to seek prior consent from each shareholder or debenture holder.

### *Separate notification requirement for each corporate communication uploaded on website*

21. For listed companies adopting the implied consent mechanism for disseminating corporate communication by means of website, we **propose** to obviate the need for them to send a separate notification to shareholders or debenture holders whenever a new corporate communication is uploaded to their websites<sup>23</sup>.

22. For unlisted companies adopting the implied consent mechanism for disseminating corporate communication by means of website, we **propose** to require them to obtain a one-off prior express consent individually from each shareholder or debenture holder of the companies to obviate separate notification requirement.

### *Safeguards to protect interests of shareholders*

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<sup>22</sup> The bonus shares concerned would be regarded as being bought back by the listed company upon allotment. The listed company may hold these bonus shares as treasury shares, but if they are not held as treasury shares, they are to be regarded as cancelled on allotment.

<sup>23</sup> Shareholders and debenture holders may make use of the News Alert service on the HKEX’s website to receive instant notifications of listed companies’ information by emails or mobile alerts.



23. We **propose** to put in place sufficient safeguards in the CO to protect the interests of shareholders. Specifically, both listed and unlisted companies intending to adopt the implied consent mechanism will be required to send a one-off notification to each shareholder or debenture holder to inform them of the relevant arrangement for electronic dissemination of corporate communication by means of website. Shareholders or debenture holders in need may request free electronic copies of corporate communication. The arrangement will be the same as the existing arrangement for making requests for hard copy.

## **OTHER OPTIONS**

24. Amending the CO and the related C(MA)N is the only way to enable Hong Kong incorporated listed companies to hold shares bought-back in treasury and to dispose of them under certain restrictions, and to promote paperless corporate communication for Hong Kong listed and unlisted companies.

## **THE BILL**

25. The main provisions of the Bill are set out below –

- (a) **Clause 3** amends section 2 of the CO by adding the definition of *treasury shares*, and provides that treasury shares may be held by a listed company through its nominee;
- (b) **clause 4** amends section 91 of the CO to provide that treasury shares are to be excluded from the total number of issued shares of a listed company when calculating the 5% threshold in section 91(1)(a) and (3) of CO;
- (c) **clause 6** amends section 269 of the CO to provide that shares bought back and held as treasury shares by a listed company are not to be regarded as cancelled on buy-back, and whether or not shares bought back are to be held as treasury shares, the amount of share capital or profits of the company are to be reduced on buy-back of the shares by the total amount of the price paid by the company for the shares;
- (d) **clause 7** amends section 270 of the CO to provide that the number of shares bought back and held as treasury shares by a listed company must be included in a return that is required to be

delivered to the CR;

- (e) **clause 8** adds new Subdivision 8 (new sections 272A to 272I) to Division 4 of Part 5 of the CO to provide for matters concerning treasury shares as follows—
  - (i) new section 272A of the CO defines terms such as *delisted* and *nominee*;
  - (ii) the new section 272B of the CO provides that a listed company may hold shares bought back as treasury shares;
  - (iii) the new section 272C of the CO provides that a listed company or its nominee holding treasury shares must enter its name in the register of members of the company;
  - (iv) the new section 272D of the CO provides that a listed company may cancel, sell or transfer (whether or not for a consideration) any of its treasury shares;
  - (v) the new section 272E of the CO provides that if a listed company cancels any of its treasury shares, it must deliver a return in respect of the cancellation to the CR;
  - (vi) the new section 272F of the CO provides that if a listed company sells or transfers any of its treasury shares, it must deliver a return in respect of the sale or transfer to the CR;
  - (vii) the new section 272G of the CO provides that the sale or transfer of treasury shares by a listed company is subject to the same restrictions imposed on an allotment of shares in the company, and that a listed company may increase its share capital by the sale or transfer of its treasury shares;
  - (viii) the new section 272H of the CO provides that all rights attached to treasury shares are to be regarded as suspended, and any act done in purported exercise of the rights is void;
  - (ix) the new section 272I of the CO provides that bonus shares allotted in respect of treasury shares are to be regarded as shares bought back by the company;
- (f) **clause 11** amends the definition of *distribution* in section 290 of the CO to provide that distribution by way of a transfer of treasury shares as fully paid bonus shares cannot be treated as a distribution of a company's assets to its members;
- (g) **clauses 12, 13 and 16** amend sections 674, 689 and 707 of the CO respectively to exclude treasury shares from the part of shares that relates to offers regarding takeover or general offer;

- (h) **clauses 14 and 15** amend sections 700 and 704 of the CO respectively to exclude treasury shares in relation to the calculation of the 90% threshold in respect of a takeover offer;
- (i) **clause 17** amends section 718 of the CO to exclude treasury shares in relation to the calculation of the 90% threshold of a general offer;
- (j) **clause 20** adds new sections 833A, 833B and 833C to the CO as follows—
  - (i) the new section 833A of the CO provides for the mechanism that the consent of members or debenture holders of a company to receiving communication from the company by means of website is to be regarded as having been given if the articles of the company or the instrument creating the debenture contain a provision to the effect that documents or information generally may be so communicated by the company, and the company sends a one-off notification to them; and
  - (ii) the new section 833C of the CO provides for the right of the members or debenture holders of a company to request the company to provide any document or information in electronic form if the document or information has been made available on website by the company;
- (k) **clause 21** amends section 840 of the CO to exclude treasury shares from the 10% shareholding threshold in respect of a company for the purposes of an application to the Financial Secretary to investigate into the company's affairs; and
- (l) **clauses 23, 24 and 25** amend Schedules 1, 2 and 3 to the C(MA)N respectively to enable communication by or to a company in any way provided for in Part 18 of the CO by removing limitations in the model articles.

## LEGISLATIVE TIMETABLE

26. The legislative timetable will be as follows—

Publication in the Gazette

22 November 2024

First Reading and commencement  
of Second Reading debate

4 December 2024

Resumption of Second Reading  
debate, committee stage and  
Third Reading

To be notified

## **IMPLICATIONS OF THE PROPOSAL**

27. The proposals is in conformity with the Basic Law, including the provisions concerning human rights. It will not affect the binding effect of the existing provisions of the CO. It has no financial, civil service, productivity, gender, family or sustainability implications. The economic and environmental implications are set out in paragraphs 28 and 29 below.

### *Economic Implications*

28. The proposal will provide greater flexibility for listed companies to manage their capital through share buy-backs and resales of treasury shares, as well as further facilitate companies communicate with shareholders electronically, thereby improving efficiency and cost effectiveness of companies. It will also put Hong Kong's capital market and business environment in a more competitive position, solidifying Hong Kong's standing as an international financial centre and a preferred destination for doing business.

### *Environmental Implications*

29. The proposal will help reduce paper consumption through introducing an implied consent mechanism for companies to disseminate corporate communications by means of website, and streamlining relevant notification requirements, thereby promoting an environmentally-friendly business environment in Hong Kong.

## **PUBLIC CONSULTATION**

### **Treasury Shares**

30. HKEX conducted a public consultation between October and December 2023 on removing the requirement in the Listing Rules to cancel repurchased shares so that listed companies may hold them in treasury, and

on adopting a framework to govern the resale as well as transfer of treasury shares on or off the exchange. The proposals received majority support. The amended Listing Rules took effect from 11 June 2024.

31. We consulted the LegCo Panel on Financial Affairs on 8 April 2024 regarding the necessary legislative amendments. We also consulted the Standing Committee on Company Law Reform (“SCCLR”) in June and September 2024 respectively. Panel Members and SCCLR Members were generally supportive of the proposals.

### **Paperless Corporate Communication**

32. From 27 November 2023 to 26 January 2024, the Financial Services and the Treasury Bureau (“FSTB”) conducted a public consultation and received a total of nine submissions from the community, including business chambers, professional bodies and public organisations. The FSTB also briefed the LegCo Panel on Financial Affairs on the legislative proposals, consulted the SCCLR, and organised a briefing session for seven industry organisations. The legislative proposals have received majority support from the community.

### **PUBLICITY**

33. We will issue a press release upon the gazettal of the Bill. A spokesperson will be available to answer media enquiries.

### **ENQUIRIES**

34. Enquiries on this brief can be directed to Mr Larry Chu, Principal Assistant Secretary for Financial Services and the Treasury (Financial Services)2, at 2810 2056 and Mr Kelvin Lo, Principal Assistant Secretary for Financial Services and the Treasury (Financial Services)6 at 2528 6384.

**Financial Services Branch**  
**Financial Services and the Treasury Bureau**  
**20 November 2024**

## Companies (Amendment) Bill 2024

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A BILL  
To

Amend the Companies Ordinance and its subsidiary legislation to provide for matters relating to treasury shares of listed companies; to modify requirements applicable to communications by means of website by companies; to remove limitations in the model articles that enable communication by or to a company in any way provided for in Part 18 of the Ordinance; and to make related amendments.

Enacted by the Legislative Council.

Part 1  
Preliminary

1. Short title and commencement

- (1) This Ordinance may be cited as the Companies (Amendment) Ordinance 2024.
- (2) This Ordinance comes into operation on the expiry of 3 months beginning on the day on which this Ordinance is published in the Gazette.

2. Enactments amended

The enactments specified in Parts 2 and 3 are amended as set out in those Parts.

Part 2  
Amendments to Companies Ordinance (Cap. 622)

3. Section 2 amended (interpretation)

- (1) Section 2(1)—

Add in alphabetical order

“*treasury shares* (庫存股份), in relation to a listed company, means shares of the company held by the company continuously—

- (a) under section 272B(1) since they were bought back; or
- (b) under section 272I(1) since they were regarded as having been bought back;”.

- (2) After section 2(1)—

Add

“(1A) In this Ordinance, a reference to holding treasury shares by a listed company includes holding treasury shares by the company otherwise than in the name of the company but through a nominee as defined by section 272A.”.

4. Section 91 amended (application to Court to cancel alteration)

After section 91(3)—

Add

“(3A) For the purposes of subsections (1)(a) and (3), any of the company’s issued shares held as treasury shares are to be disregarded.”.



**5. Part 5, Division 4, Subdivision 7 heading amended (general provisions)**

Part 5, Division 4, Subdivision 7, heading, after “Provisions”—

**Add****“on Share Redemptions and Buy-backs”.****6. Section 269 amended (effect of redemption or buy-back)**

(1) Section 269(1)—

**Repeal****“Shares”****Substitute****“Subject to Subdivision 8, shares”.**

(2) Section 269(2)—

**Repeal****“On”****Substitute****“Whether or not Subdivision 8 applies, on”.****7. Section 270 amended (return of share redemption or buy-back)**

(1) Section 270(2)(d)(i)—

**Repeal****“shares; and”****Substitute****“shares;”.**

(2) After section 270(2)(d)(ii)—

**Add****“(iii) if applicable, the number of shares—**

(A) bought back and held by the company under section 272B(1); or

(B) regarded as having been bought back and held by the company under section 272I(1); and”.

**8. Part 5, Division 4, Subdivision 8 added**

After section 272—

**Add****“Subdivision 8—Treasury Shares****272A. Interpretation**

In this Subdivision—

***delisted*** (終止上市), in relation to a listed company, means the company ceases to have any of its shares listed on a recognized stock market;***nominee*** (代名人) means—

(a) a recognized clearing house as defined by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571); or

(b) a subsidiary of a recognized clearing house mentioned in paragraph (a).

**272B. Listed companies, on buying back their own shares, may hold them as treasury shares**

(1) A listed company that buys back its own shares under this Division may hold the shares.

(2) If a listed company holding treasury shares is delisted, all its treasury shares are to be regarded as cancelled on the company being delisted.

**272C. Names of listed companies or nominees holding treasury shares must be entered in registers of members of companies**

- (1) A listed company holding treasury shares must—
- (a) if the treasury shares are held in the name of the company—enter its name in the register of members of the company in accordance with section 627; or
  - (b) if the treasury shares are held through a nominee—enter the nominee's name in the register of members of the company in accordance with section 627.
- (2) Despite subsection (1), the listed company or the nominee (as the case requires) is not to be regarded, in respect of the treasury shares, as—
- (a) a member of the company for the purposes of this Ordinance (except section 2 of Schedule 6); or
  - (b) a member, shareholder or contributory of the company for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32).

**Note—**

Please also see section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) for the definitions of *member* and *contributory*.

**272D. Cancellation, sale or transfer of treasury shares**

A listed company holding treasury shares—

- (a) may at any time cancel any of its treasury shares; and

- (b) may at any time sell or transfer (whether or not for a consideration) any of its treasury shares to any person.

**272E. Return of cancellation of treasury shares**

- (1) This section applies if—
- (a) a listed company cancels any of its treasury shares under section 272D(a); or
  - (b) a listed company is delisted and the treasury shares held by it are regarded as cancelled under section 272B(2).
- (2) The company must deliver a return of the cancellation to the Registrar for registration within 15 days after—
- (a) for subsection (1)(a)—the date on which the shares are cancelled, whether or not the company is subsequently delisted; or
  - (b) for subsection (1)(b)—the date on which the shares are regarded as cancelled.
- (3) The return—
- (a) must be in the specified form;
  - (b) must state, for the treasury shares of each class cancelled or regarded as cancelled—
    - (i) the total number of the shares; and
    - (ii) the date on which the shares are cancelled or regarded as cancelled (as the case may be); and
  - (c) must include a statement of capital, as at the time immediately after the treasury shares are cancelled or regarded as cancelled (as the case may be), that complies with section 201.

- (4) The particulars of treasury shares cancelled, or regarded as cancelled, on different dates may be included in a single return.
- (5) If a company contravenes subsection (2), the company, and every responsible person of the company, commit an offence, and each is liable on conviction—
  - (a) to a fine at level 6; and
  - (b) for a continuing offence—to a further fine of \$2,000 for each day during which the offence continues.

**272F. Return of sale or transfer of treasury shares**

- (1) If a listed company sells or transfers any of its treasury shares under section 272D(b), the company (whether or not it is subsequently delisted) must deliver a return of the sale or transfer to the Registrar for registration within 15 days after the date of the sale or transfer.
- (2) The return—
  - (a) must be in the specified form;
  - (b) must state, for the treasury shares of each class sold or transferred (whether or not for a consideration)—
    - (i) the total number of the shares; and
    - (ii) the date of the sale or transfer;
  - (c) for treasury shares that are sold or transferred for a consideration (whether wholly or partly cash consideration or non-cash consideration)—
    - (i) must state the amount paid, or for non-cash consideration, regarded as paid, to the company for each share; and
    - (ii) if the consideration is wholly or partly non-cash, must state the particulars of—

- (A) the contract for the sale and purchase in respect of which the shares are sold or transferred; or
- (B) the contract for the services or other non-cash consideration in respect of which the shares are sold or transferred; and
- (d) must include a statement of capital, as at the time immediately after the sale or transfer of the treasury shares, that complies with section 201.
- (3) The particulars of treasury shares sold or transferred on different dates may be included in a single return.
- (4) If a company contravenes subsection (1), the company, and every responsible person of the company, commit an offence, and each is liable on conviction—
  - (a) to a fine at level 6; and
  - (b) for a continuing offence—to a further fine of \$2,000 for each day during which the offence continues.
- (5) If a company fails to deliver a return within the period specified in subsection (1) (*specified period*), the Court may, on application by the company or a responsible person of the company, extend the specified period by a period determined by the Court.
- (6) However, the Court may extend the specified period only if it is satisfied that—
  - (a) the failure to deliver the return was accidental or due to inadvertence; or
  - (b) it is just and equitable to extend the period.
- (7) If the Court extends the specified period—

- (a) any liability already incurred by the company or a responsible person of the company for an offence under subsection (4) is extinguished; and
- (b) subsection (1) has effect as if the reference to 15 days were a reference to the extended period.

**272G. Sections 140, 141 and 170(2)(a) apply to sale or transfer of treasury shares**

If a listed company sells or transfers any of its treasury shares under section 272D(b), sections 140, 141 and 170(2)(a) apply in relation to the sale or transfer of the treasury shares as if it were an allotment of shares in the company.

**272H. Rights attached to treasury shares suspended**

- (1) All rights attached to treasury shares are to be regarded as suspended, and any act done in purported exercise of the rights is void.

**Note—**

The rights to be regarded as suspended include—

- (a) the right to attend or vote at any of the company's meetings (including a general meeting under section 566(2) and a meeting under section 670);
  - (b) the right to receive any dividends purported to be paid for those shares; and
  - (c) the right to receive any distribution of the company's assets in the form of cash or otherwise (including any distribution of assets to members on a winding up) in respect of those shares.
- (2) In particular, treasury shares are not to be counted towards the total voting rights in respect of shares or any class of shares of a listed company under this Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32).

- (3) Nothing in this section prevents an allotment of shares as fully paid bonus shares in respect of treasury shares.

**272I. Bonus shares allotted in respect of treasury shares to be regarded as shares bought back under this Division**

- (1) If a listed company allots, in respect of its treasury shares, any shares in the company as fully paid bonus shares, those bonus shares—
  - (a) are to be regarded as being bought back under this Division by the company on their allotment; and
  - (b) may be held by the company.
- (2) Bonus shares under subsection (1) that are not held by the company are to be regarded as cancelled on allotment and sections 269 and 270 apply in respect of the shares.”.

**9. Part 5, Division 4, Subdivision 9 heading added**

Before section 273—

**Add**

**“Subdivision 9—Modification of this Division by Regulations”.**

**10. Section 277 amended (general exceptions)**

Section 277(b), after “shares”—

**Add**

**“(including a transfer of treasury shares as bonus shares)”.**

**11. Section 290 amended (interpretation)**

Section 290(1), definition of *distribution*, after paragraph (a)—

**Add**

“(ab) a transfer of treasury shares as fully paid bonus shares;”.

**12. Section 674 amended (provision supplementary to section 673(1): agreement to arrangement or compromise)**

- (1) Section 674(6), definition of *shares*, after “means shares”—

**Add**

“, other than specified treasury shares,”.

- (2) Section 674(10)—

**Repeal**

everything after “to which”

**Substitute**

“it relates—

- (a) shares that will be allotted after the date of the offer but before a date specified in the offer; and
- (b) all or any specified treasury shares that are sold or transferred under section 272D(b) before a date specified in the offer.”.

- (3) After section 674(11)—

**Add**

“(12) In subsections (6) and (10)—

*specified treasury shares* (指明庫存股份) means shares—

- (a) that are treasury shares held by the company on the date of the offer; or
- (b) that become treasury shares held by the company after the date of the offer but before a date specified in the offer.”.

**13. Section 689 amended (takeover offer)**

- (1) Section 689(2), definition of *shares*, after “means shares”—

**Add**

“, other than specified treasury shares,”.

- (2) Section 689(6)—

**Repeal**

everything after “to which”

**Substitute**

“it relates—

- (a) shares that will be allotted after the date of the offer but before a date specified in the offer; and
- (b) all or any specified treasury shares that are sold or transferred under section 272D(b) before a date specified in the offer.”.

- (3) After section 689(6)—

**Add**

“(7) In subsections (2) and (6)—

*specified treasury shares* (指明庫存股份) means shares—

- (a) that are treasury shares held by the company on the date of the offer; or
- (b) that become treasury shares held by the company after the date of the offer but before a date specified in the offer.”.

**14. Section 700 amended (offeror may be required to buy out minority shareholders)**

- (1) Section 700(1)(b), after “number of the shares in the company”—

**Add**

“(excluding treasury shares)”.

- (2) Section 700(2)(b), after “number of the shares of that class”—  
**Add**  
 “(excluding treasury shares)”.

**15. Section 704 amended (shareholder to be regarded as not having exercised right to be bought out in certain circumstances)**

- (1) Section 704(2)(a), after “number of the shares in the company”—  
**Add**  
 “(excluding treasury shares)”.
- (2) Section 704(2)(b), after “number of the shares of that class”—  
**Add**  
 “(excluding treasury shares)”.

**16. Section 707 amended (general offer)**

- (1) Section 707(2), definition of *shares*, after “means shares”—  
**Add**  
 “, other than specified treasury shares,”.
- (2) Section 707(6)—  
**Repeal**  
 everything after “to which”  
**Substitute**  
 “it relates—
- (a) shares that will be allotted after the date of the offer but before a date specified in the offer; and
  - (b) all or any specified treasury shares that are sold or transferred under section 272D(b) before a date specified in the offer.”.

- (3) After section 707(6)—  
**Add**

“(7) In subsections (2) and (6)—  
*specified treasury shares* (指明庫存股份) means shares—

- (a) that are treasury shares held by the repurchasing company on the date of the offer; or
- (b) that become treasury shares held by the repurchasing company after the date of the offer but before a date specified in the offer.”.

**17. Section 718 amended (repurchasing company may be required to buy out minority)**

- (1) Section 718(2)(b), after “number of the shares in the repurchasing company”—  
**Add**  
 “(excluding treasury shares)”.
- (2) Section 718(3)(b), after “number of the shares of that class”—  
**Add**  
 “(excluding treasury shares)”.
- (3) Section 718(6), after “is a reference to”—  
**Add**  
 “any of the following shares (excluding treasury shares)”.
- (4) Section 718(6)(b)—  
**Repeal**  
 “acquire; or”  
**Substitute**  
 “acquire;”.

**18. Section 822 amended (minimum period specified for purposes of sections 828(3), 831(4) and 833(6))**

- (1) Section 822, heading—

**Repeal**

“and 833(6)”

**Substitute**

“, 833(6) and 833A(10)”.

- (2) Section 822(1)—

**Repeal**

“and 833(6)”

**Substitute**

“, 833(6) and 833A(10)”.

**19. Section 833 amended (communication by means of website)**

- (1) Section 833(3)(a)(i), after “subsection (4) or (5)”—

**Add**

“or section 833A(2) or (4)”.

- (2) Section 833(3)(c)—

**Repeal**

“subsection (10)”

**Substitute**

“section 833B(1)”.

- (3) Section 833(3)(d)(ii)—

**Repeal**

everything after “beginning on”

**Substitute**

“—

- (A) the date on which the notification under paragraph (c) is sent to that other person; or

- (B) if paragraph (c) does not apply because of section 833B(1)—the date on which the document or information is first made available on the website.”.

- (4) Section 833(4)—

**Repeal**

“subsection (11)”

**Substitute**

“section 833B(2)”.

- (5) Section 833(4)(a), Chinese text—

**Repeal**

“該公司可如此向其成員送交或提供一般文件或資料”

**Substitute**

“該公司一般而言可如此向其成員送交或提供文件或資料”.

- (6) Section 833(4)(b)—

**Repeal**

“subsection (10)”

**Substitute**

“section 833B(1)”.

- (7) Section 833(4)(b), Chinese text—

**Repeal**

“該公司可如此向該人送交或提供一般文件或資料，或”

**Substitute**

“該公司一般而言可如此向該人送交或提供文件或資料，或可如此向該人”.

- (8) Section 833(4)(c)—  
**Repeal**  
 “subsection (10)”  
**Substitute**  
 “section 833B(1)”.
- (9) Section 833(5)—  
**Repeal**  
 “subsection (11)”  
**Substitute**  
 “section 833B(2)”.
- (10) Section 833(5)(a), Chinese text—  
**Repeal**  
 everything after “表明”  
**Substitute**  
 “該公司一般而言可如此向相應債權證持有人送交或提供文件或資料，或相應債權證持有人已按照該文書的條文議決，該公司一般而言可如此向該等相應債權證持有人送交或提供文件或資料；”.
- (11) Section 833(5)(b)—  
**Repeal**  
 “subsection (10)”  
**Substitute**  
 “section 833B(1)”.
- (12) Section 833(5)(b), Chinese text—  
**Repeal**  
 “該公司可如此向該人送交或提供一般文件或資料，或”  
**Substitute**

- “該公司一般而言可如此向該人送交或提供文件或資料，或可如此向該人”.
- (13) Section 833(5)(c)—  
**Repeal**  
 “subsection (10)”  
**Substitute**  
 “section 833B(1)”.
- (14) Section 833—  
**Repeal subsections (10) and (11).**
- 20. Sections 833A, 833B and 833C added**  
 After section 833—  
**Add**
- “833A. Communication by means of website regarded, on one-off notification, as having been agreed to**
- (1) Subsection (2)—
- applies for the purposes of section 833(3)(a)(i); and
  - applies if the person referred to in section 833(3)(a)(i) is a member of the company referred to in that section.
- (2) Subject to section 833B(2), the person is to be regarded as having agreed that the document or information (referred to in section 833(3)(a)(i)) may be sent or supplied by the company to the person by making it available on a website if—
- the articles of the company contain a provision to the effect that documents or information generally may be so sent or supplied by the company to its members; and



- (b) subject to section 833B(1), the company has individually sent to the person a one-off notification that complies with subsection (5) and (if applicable) subsection (6).
- (3) Subsection (4)—
  - (a) applies for the purposes of section 833(3)(a)(i); and
  - (b) applies if the person referred to in section 833(3)(a)(i) is a debenture holder of the company referred to in that section.
- (4) Subject to section 833B(2), the person is to be regarded as having agreed that the document or information (referred to in section 833(3)(a)(i)) may be sent or supplied by the company to the person by making it available on a website if—
  - (a) the instrument creating the debenture contains a provision to the effect, or the equivalent debenture holders (as defined by section 833(13)) have resolved in accordance with the provisions of that instrument, that documents or information generally may be so sent or supplied by the company to those holders; and
  - (b) subject to section 833B(1), the company has individually sent to the person a one-off notification that complies with subsection (5) and (if applicable) subsection (6).
- (5) The one-off notification specified for the purposes of subsections (2)(b) and (4)(b) must contain the following matters—
  - (a) the arrangements under which documents or information generally may be sent or supplied by the company to its members or debenture holders (as the

- case requires) by making them available on a website;
- (b) the address of the website;
- (c) the place on the website where those documents or information may be accessed;
- (d) how to access those documents or information;
- (e) a statement of—
  - (i) the person's right to request documents or information to be sent or supplied in electronic form under section 833C; and
  - (ii) the person's right to request documents or information to be sent or supplied in hard copy form under section 837.
- (6) Also, the one-off notification must contain an invitation specified in subsection (7) if the person—
  - (a) has not agreed generally that any document or information may be sent or supplied in electronic form by the company to the person for the purposes of section 831(3)(a);
  - (b) has agreed generally that any document or information may be sent or supplied in electronic form by the company to the person for the purposes of section 831(3)(a) but the agreement has been revoked under section 831(4); or
  - (c) has not specified an address to which any document or information may be sent or supplied by electronic means to the person for the purposes of section 831(3)(b)(i).
- (7) The invitation specified for the purposes of subsection (6) is an invitation to the person—

- (a) to agree generally that any document or information may be sent or supplied in electronic form by the company to the person for the purposes of section 831(3)(a); and
  - (b) to specify an address to which any document or information may be sent or supplied by electronic means to the person for the purposes of section 831(3)(b)(i).
- (8) Subsection (9) applies if an agreement is regarded under subsection (2) or (4) as having been given by the person.
- (9) Section 833(3)(c) does not apply in relation to the person if—
- (a) the company is a listed company; or
  - (b) where the company is an unlisted company—
    - (i) the person has agreed that the document or information may be sent or supplied by the company to the person by making it available on a website without any notification under section 833(3)(c); and
    - (ii) the person has not revoked the agreement.
- (10) The person has not revoked the agreement for the purposes of subsection (9)(b)(ii) unless the person has given the company a notice of revocation of not less than the period specified in section 822.

**833B. Cases where notifications and requests not required, and communication by means of website not regarded as having been agreed to, for purposes of sections 833 and 833A**

- (1) Sections 833(3)(c), (4)(b) and (c) and (5)(b) and (c) and 833A(2)(b) and (4)(b) do not apply in relation to the person referred to in section 833(3)(a)(i) if—

- (a) the person—
    - (i) where the person is not a company—
      - (A) has not agreed that the document or information may be sent or supplied to the person in electronic form for the purposes of section 831(3)(a)(i); or
      - (B) has not specified an address to which the document or information may be sent or supplied to the person for the purposes of section 831(3)(b)(i)(A); or
    - (ii) where the person is a company—
      - (A) has not so agreed;
      - (B) has not specified such an address; or
      - (C) is not regarded under this Ordinance as having so agreed or is not regarded under this Ordinance as having specified such an address; and
  - (b) any document or information has been sent or supplied, in hard copy form, by the company to the person by post to an address specified for the purposes of section 832(2)(b), and it has been returned by the post office as undeliverable at the address.
- (2) For the purposes of sections 833(4) and (5) and 833A(2) and (4), the person is not to be regarded as having agreed that the document or information may be sent or supplied by the company to the person by making it available on a website if—
- (a) in the case of section 833(4), except where section 833(4)(b) does not apply because of subsection (1),

- it is proved that the person has not received the request under section 833(4)(b);
- (b) in the case of section 833(5), except where section 833(5)(b) does not apply because of subsection (1), it is proved that the person has not received the request under section 833(5)(b);
  - (c) in the case of section 833A(2), except where section 833A(2)(b) does not apply because of subsection (1), it is proved that the person has not received the one-off notification under section 833A(2)(b); and
  - (d) in the case of section 833A(4), except where section 833A(4)(b) does not apply because of subsection (1), it is proved that the person has not received the one-off notification under section 833A(4)(b).

**833C. Communication by means of website: right to request document or information in electronic form**

- (1) This section applies if—
  - (a) a document or information is sent or supplied by a company to a person for the purposes of an applicable provision by making it available on a website; and
  - (b) the person is a member or debenture holder of the company.
- (2) The person may request the company to send or supply the document or information in electronic form to an address specified by the person in the request if the request is made within 28 days after the date the document or information is regarded under section 833(12)(b) as having been received by the person.

- (3) The company must, in accordance with a request made under subsection (2), send or supply the document or information in electronic form to the person free of charge—
  - (a) within 21 days after the date of receiving the request; or
  - (b) if the document or information requires an action to be taken by the person—within 7 days after the date of receiving the request.
- (4) Subsection (3) does not apply if the person has not specified an address in the request under subsection (2).
- (5) If a company contravenes subsection (3), the company, and every responsible person of the company, commit an offence, and each is liable on conviction to a fine at level 3.”.

**21. Section 840 amended (appointment of inspector on application by company or members)**

Section 840(2)(a)(ii), after “issued”—

**Add**

“(excluding treasury shares)”.

**22. Schedule 6 amended (information to be contained in annual return and documents by which annual return must be accompanied)**

Schedule 6—

**Repeal**

“[ss.”

**Substitute**

“[ss. 272C,”.

### Part 3

#### Amendments to Companies (Model Articles) Notice (Cap. 622 sub. leg. H)

**23. Schedule 1 amended (model articles for public companies limited by shares)**

Schedule 1, article 100(1)—

**Repeal**

“under these articles”.

**24. Schedule 2 amended (model articles for private companies limited by shares)**

Schedule 2, article 80(1)—

**Repeal**

“under these articles”.

**25. Schedule 3 amended (model articles for companies limited by guarantee)**

Schedule 3, article 54(1)—

**Repeal**

“under these articles”.

### Explanatory Memorandum

The main object of this Bill is to amend the Companies Ordinance (Cap. 622) (*principal Ordinance*) and the Companies (Model Articles) Notice (Cap. 622 sub. leg. H) (*Cap. 622H*) to enable listed companies to hold shares bought back as treasury shares and dispose of them subject to certain restrictions and in accordance with certain requirements, and promote corporate communications by means of website by companies.

2. Clause 1 sets out the short title and provides for commencement.

#### Clauses 3 to 17, 21 and 22—Treasury Shares

3. Clause 3 amends section 2 of the principal Ordinance by adding a new definition of *treasury shares*, and provides that treasury shares may be held by a listed company through its nominee.
4. Clause 4 amends section 91 of the principal Ordinance to provide that treasury shares are to be disregarded from the total number of issued shares of a listed company when calculating the 5% threshold in section 91(1)(a) and (3) of the principal Ordinance.
5. Clause 6 amends section 269 of the principal Ordinance to provide that—
  - (a) shares bought back and held as treasury shares by a listed company are not to be regarded as cancelled on buy-back; and
  - (b) whether or not shares bought back are to be held as treasury shares, the amount of share capital or profits of the company are to be reduced on buy-back of the shares by the total amount of the price paid by the company for the shares.

6. Clause 7 amends section 270 of the principal Ordinance to provide that the number of shares bought back and held as treasury shares by a listed company must be stated in a return that is required to be delivered to the Registrar of Companies (*Registrar*).
7. Clause 8 adds a new Subdivision 8 (new sections 272A to 272I) to Division 4 of Part 5 of the principal Ordinance to provide for matters concerning treasury shares as follows—
  - (a) the new section 272A defines *delisted* and *nominee*;
  - (b) the new section 272B provides that a listed company may hold shares bought back as treasury shares;
  - (c) the new section 272C provides that a listed company or its nominee, holding treasury shares must enter its name in the register of members of the company;
  - (d) the new section 272D provides that a listed company may cancel, sell or transfer (whether or not for a consideration) any of its treasury shares;
  - (e) the new section 272E provides that if a listed company cancels any of its treasury shares, it must deliver a return in respect of the cancellation to the Registrar;
  - (f) the new section 272F provides that if a listed company sells or transfers any of its treasury shares, it must deliver a return in respect of the sale or transfer to the Registrar;
  - (g) the new section 272G provides that the sale or transfer of treasury shares by a listed company is subject to the same restrictions imposed on an allotment of shares in the company, and that a listed company may increase its share capital by the sale or transfer of its treasury shares;
  - (h) the new section 272H provides that all rights attached to treasury shares are to be regarded as suspended, and any act done in purported exercise of the rights is void;

- (i) the new section 272I provides that bonus shares allotted in respect of treasury shares are to be regarded as shares bought back by the company.
8. Clause 11 amends the definition of *distribution* in section 290 of the principal Ordinance to provide that distribution by way of a transfer of treasury shares as fully paid bonus shares cannot be treated as a distribution of a company's assets to its members.
9. Clauses 12, 13 and 16 amend sections 674, 689 and 707 of the principal Ordinance respectively to exclude treasury shares from the part of shares that relates to offers regarding takeover or general offer.
10. Clauses 14 and 15 amend sections 700 and 704 of the principal Ordinance respectively to exclude treasury shares in relation to the calculation of the 90% threshold in respect of a takeover offer.
11. Clause 17 amends section 718 of the principal Ordinance to exclude treasury shares in relation to the calculation of the 90% threshold in respect of a general offer.
12. Clause 21 amends section 840 of the principal Ordinance to exclude treasury shares from the 10% shareholding threshold in respect of a company for the purpose of an application to the Financial Secretary to investigate into the company's affairs.

**Clauses 18 to 20 and 23 to 25—Promotion of Communications by Means of Website**

13. Clause 18 amends section 822 of the principal Ordinance to provide for the minimum period specified for the purpose of revoking an agreement not to receive a notification under section 833(3)(c) of the principal Ordinance given by a member or debenture holder of an unlisted company who is regarded as having agreed to receive communication by means of website under the new section 833A of the principal Ordinance.

14. Clause 20 adds new sections 833A, 833B and 833C to the principal Ordinance as follows—
  - (a) the new section 833A provides for the mechanism that the agreement of members or debenture holders of a company to the communication by the company by means of website is to be regarded as having been given if the articles of the company or the instrument creating the debenture contain a provision to the effect that documents or information generally may be so communicated by the company, and the company sends a one-off notification to them;
  - (b) the new section 833B provides for the cases where certain notifications and requests are not required for the purposes of section 833 and the new section 833A of the principal Ordinance;
  - (c) the new section 833C provides for the right of the members or debenture holders of a company to request the company to send or supply to them any document or information in electronic form if the document or information has been made available on website by the company.
15. Clauses 23, 24 and 25 amend Schedules 1, 2 and 3 to Cap. 622H respectively to remove limitations in the model articles that enable communication by or to a company in any way provided for in Part 18 of the principal Ordinance.