



FINAL EXAMINATION

COURSE NAME : COMPANY LAW

COURSE CODE : HLC2013

DURATION : 2 HOURS

INSTRUCTIONS TO CANDIDATES:

1. This question paper consists of **THREE (3)** parts : PART A (15 questions)
: PART B (15 questions)
: PART C (10 questions)
2. Answer ALL questions from PART A, PART B and PART C.
 - i. Answer PART A in the Objective Answer Sheet.
 - ii. Answer PART B in the True/False Answer Sheet.
 - iii. Answer PART C in the Answer Booklet provided.
3. Please check to make sure that this examination pack consists of:
 - i. The Question Paper
 - ii. An Answer Booklet
 - iii. An Objective Answer Sheet
 - iv. A True/False Answer Sheet
4. Do not bring any material into the examination hall unless permission is given by the invigilator.
5. Please write your answer using a ball-point pen.

MYKAD NO. : _____

I/D NO. : _____

LECTURER : _____

SECTION : _____

DO NOT OPEN THIS QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO

This question paper consists of 9 printed pages including the cover page.

MAR2024/A/HLC2013

PART A: MULTIPLE CHOICE

Answer ALL questions.

1. (1 point)

"Where the liability of members are limited to the amount (if any) of unpaid shares held."

The above statement refers to the definition of_____.

- A. a company limited by shares
- B. a company limited by guarantee
- C. a partnership
- D. an unlimited company

2. (1 point)

According to Section 19 of the Companies Act 2016, the issuance of _____ is conclusive evidence that the requirements of this Act have been complied with and that the company is duly registered under this Act.

- A. registration number
- B. notice of registration
- C. certificate of incorporation
- D. incorporation of a company

3. (1 point)

What is the type of duty owed by a promoter to the company that he promotes?

- A. Common law duty.
- B. Fiduciary duty.
- C. Statutory duty.
- D. Both common law and statutory duty.

4. (1 point)

In relation to Section 65(2) of the Companies Act 2016, 'ratification of a pre-incorporation contract means _____'.

- A. to write the pre-incorporation contract done by the company's promoter
- B. to reject the pre-incorporation contract done by the company's promoter
- C. to amend the pre-incorporation contract done by the company's promoter
- D. to approve or accept the pre-incorporation contract done by the company's promoter

5. **(1 point)**

What is the constitution of a company?

- A. A contract.
- B. Adoption of the constitution through a normal resolution.
- C. Known as MOA and AOA under the Companies Act 2016.
- D. A document specifies the rules governing the relationships and activities of the company, its directors and its shareholders.

6. **(1 point)**

Which of the following statements is **FALSE** regarding the constitution of a company?

- A. The constitution of a company is not required during incorporation.
- B. A company may adopt a constitution through a special resolution.
- C. It is compulsory for a company incorporated under the Companies Act 2016 to have a constitution.
- D. For a company that was incorporated under any laws prior to the Companies Act 2016, its memorandum and articles of association will be regarded as its constitution.

7. **(1 point)**

The doctrine of “separate legal entity” is also known as _____.

- A. a statutory exception
- B. a common law exception
- C. the veil of incorporation
- D. the effect of incorporation

8. **(1 point)**

Which of the following characteristics is related to the case of Salomon v Salomon Co. Ltd.?

- A. The company is a separate legal personality from its members.
- B. The company may own, hold, develop, or dispose of any property.
- C. The company has perpetual succession.
- D. The company can sue or be sued on its own.

9. **(1 point)**

Since the company does not have a physical or psychological existence, the court will have to look at the mind and will of the _____ who directs the company to determine whether the company had a guilty mind.

- A. employees
- B. controllers
- C. solicitors
- D. creditors

10. (1 point)

Which of the following describes the ways the doctrine of separate legal entity may be lifted?

- i. Statutory exceptions
- ii. Liability exceptions
- iii. Common law exceptions
- iv. Corporate exceptions

- A. i and ii
- B. i and iii
- C. ii and iii
- D. iii and iv

11. (1 point)

The court will treat the company and its members as one in the following circumstances, **EXCEPT** _____.

- A. where the company was a sham and used as a front to hide the true facts
- B. where the company is used as an agent or alter ego of its controllers
- C. where the company was unable to pay the company's debts and other liabilities
- D. companies associated as a group

12. (1 point)

Following are the duties of a company director **EXCEPT** _____.

- A. to be diligent
- B. to exercise his power for improper purpose
- C. to act in good faith
- D. to exercise reasonable care

13. (1 point)

"Individual appointed to attend a board meeting on behalf of the director of a company where the principal director is unable to attend."

The above definition refers to _____.

- A. a promoter
- B. an auditor
- C. a shadow director
- D. an alternate director

14. (1 point)

A company may be wound up by a court order based on a petition made by the following persons, **EXCEPT** _____.

- A. a liquidator
- B. any creditor
- C. any minister
- D. a contributory

15. (1 point)

"It is a process by which a company's assets are collected and realized, its debts paid, and the surplus if any, distributed among its members."

The above statement refers to the definition of _____.

- A. a company liquidation
- B. an incorporation of a company
- C. a procedure to appoint an auditor
- D. a company annual general meeting

PART B: TRUE / FALSE

Indicate whether these statements are True or False.

1. **(1 point)**
A public limited company has 'Berhad' (Bhd) at the end of its name.
2. **(1 point)**
A private company can have a maximum number of 100 members.
3. **(1 point)**
The date of incorporation of Makin Cantik Sdn. Bhd. which appears on the notice of registration is 28 April 2022. Haliza, the promoter for this company has conducted a transaction on behalf of the company on 27 April 2022. This pre-incorporation contract can be ratified by the company under the Companies Act 2016.
4. **(1 point)**
The constitution of a company may make modifications to the rights, powers, duties and obligations of the company's directors and its members only to the extent as are allowed by the Companies Act 2016.
5. **(1 point)**
It is compulsory for all companies to have a constitution.
6. **(1 point)**
Once a constitution has been adopted by a company, it must be lodged with the Registrar within 21 days of its adoption.
7. **(1 point)**
A Memorandum and Articles of Association of Companies will be invalid after the introduction of the Companies Act 2016.
8. **(1 point)**
A constitution adopted by a company will only bind the company and outsiders.
9. **(1 point)**
Once incorporated, the company may do any act that it may do or enter into transactions.
10. **(1 point)**
In certain situation, a holding company and its subsidiaries are treated as a single entity,
11. **(1 point)**
A member of a company can be sued personally for a contract drawn up under the company's name.
12. **(1 point)**
Once appointed, a company director is not allowed to resign from his office.

13. (1 point)

An auditor of a public company must only be appointed by the members of the public company in the annual general meeting (AGM).

14. (1 point)

The Central Bank of Malaysia may apply to wind up a company which has held a license under the Financial Services Act 2013.

15. (1 point)

The Registrar is not allowed to apply for the winding up of a company.

PART C: SHORT ANSWER

Answer ALL questions.

1. (5 points)

Briefly explain any **TWO (2)** characteristics of a company limited by guarantee.

2. (5 points)

Briefly explain any **TWO (2)** effects of a pre-incorporation contract on a company as mentioned under Section 65(1) of the Companies Act 2016.

3. (5 points)

Briefly explain **TWO (2)** effects if a company does not have a constitution.

4. (5 points)

Ramsay, an outsider, was appointed as the managing director of Ayam Crispy Sdn. Bhd. both by the constitution and also by a service contract. Later, the constitution was altered to remove Ramsay. Advise Ramsay on the validity of his removal.

5. (5 points)

Briefly explain the concept of:

- a. Perpetual succession
- b. The company can sue or be sued in its own name.

6. (5 points)

Nina and Najwa were the only shareholders and directors of Purnama Merindu Sdn. Bhd. (PMSB), a company that was formed in March 2019. In December 2020, Nina died as a result of Covid-19, leaving Najwa as the company's sole shareholder and director.

In February 2021, Najwa acting on behalf of PMSB, entered into a transaction with Syarikat Berjasa Bhd. (SBB). In May 2021 PMSB failed to carry out its part under the agreement causing SBB to suffer a loss of RM150,000.

By applying your legal knowledge, explain whether SBB can take legal action to recover its losses against Najwa personally.

7. (5 points)

State any **TWO (2)** circumstances that can lead to the vacation of the director as stated under Section 208 of the Companies Act 2016.

8. (5 points)

Tan Sri Mustafa Kamal is one of the directors of Megah Holding Berhad. He always secretly took commissions on every contract involving his company. By applying your legal knowledge, explain whether he has breached his duties as a director of the company.

9. (5 points)

Briefly explain **TWO (2)** circumstances in which the company may be wound up voluntarily.

10. (5 points)

Mujibur is the director of Sembuh Cepat Sdn. Bhd. The company produces Flueaway, a drug to cure influenza. However, it was found out that Sembuh Cepat Sdn. Bhd. had used illicit substances to produce the drug and among the regular buyers of his company are drug addicts and drug dealers. Explain whether the court may order the company to be wound up and the grounds for the winding up.

END OF QUESTION PAPER