



**FINAL EXAMINATION**

**COURSE NAME : INTRODUCTION TO COMPANY LAW**

**COURSE CODE : HLC2023**

**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 :** \_\_\_\_\_

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

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*This question paper consists of 09 printed pages including cover page.*

**MAR2024/B/HLC2023**

**PART A: MULTIPLE CHOICE**

*Answer ALL questions.*

1. **(1 point)**  
An application for the incorporation can be made to the\_\_\_\_\_ of a company.  
  
A. director  
B. Registrar  
C. secretary  
D. creditor
  
2. **(1 point)**  
What is the minimum number of members required to incorporate a company in Malaysia according to section 9 of the Companies Act 2016?  
  
A. One member  
B. Two members  
C. Three members  
D. Four members
  
3. **(1 point)**  
The process of registering a company name in Malaysia is governed by the Companies Commission of Malaysia Act 2001. Which of the following is **NOT TRUE** regarding the requirements for a company's name?  
  
A. A confirmation of the availability of the proposed name from the Registrar must be obtained.  
B. The name can be identical to an existing business entity's name under the registers kept pursuant to laws administered by the Companies Commission of Malaysia.  
C. The name must not be identical to a name that is being reserved under the Companies Act 2016.  
D. The name must not be a name of a kind that the Minister has directed the Registrar not to accept for registration.

4. **(1 point)**  
Which of the following provisions provide for the rules on adopting a company constitution?
- A. Section 30 of the Companies Act 2016
  - B. Section 31 of the Companies Act 2016
  - C. Section 32 of the Companies Act 2016
  - D. Section 33 of the Companies Act 2016
5. **(1 point)**  
Which of the following types of companies must have a company's constitution?
- A. A company limited by guarantee
  - B. A company limited by shares
  - C. An exempt private company
  - D. An unlimited company
6. **(1 point)**  
If a company has decided to adopt a constitution, the constitution adopted shall be binding on \_\_\_\_\_.
- A. the company, its directors, and members
  - B. the company, its members, and outsiders
  - C. the company and outsiders
  - D. the company, and its members
7. **(1 point)**  
The definition of a preference share can be seen under section \_\_\_\_\_ of the Companies Act 2016.
- A. 2 (1)
  - B. 4 (1)
  - C. 7 (1)
  - D. 8 (1)
8. **(1point)**  
Which of the following is **NOT TRUE** about the rights enjoyed by shareholders?
- A. To elect a chairman
  - B. To vote on resolutions at meetings of the company
  - C. To enjoy the profits of the company
  - D. To share in the surplus, if any, on liquidation

9. **(1point)**  
A share or other interest of a member in a company is regarded as personal property and transferrable according to section\_\_\_\_\_.
- A. 105 of the Companies Act 2016
  - B. 106 of the Companies Act 2016
  - C. 107 of the Companies Act 2016
  - D. 108 of the Companies Act 2016
10. **(1 point)**  
What types of companies is not required to hold an annual general meeting?
- A. Public company
  - B. Unlimited company
  - C. Private company
  - D. Company limited by guarantee
11. **(1 point)**  
Which of the following is the effect on companies that have gone through the amalgamation process?
- A. Shareholders in the existing company become shareholders in the new company.
  - B. The old companies cease to exist and a new entity is created.
  - C. The assets of the existing company will be transferred to a new company.
  - D. The company will become a subsidiary company.
12. **(1 point)**  
Which of the following is **NOT** one of the corporate rescue mechanisms?
- A. Receivership.
  - B. Judicial management.
  - C. A scheme of arrangement.
  - D. Reconstruction.

13. **(1 point)**  
A company winding up is also known as \_\_\_\_\_.  
  
A. takeover  
B. liquidation  
C. reconstruction  
D. amalgamation
14. **(1 point)**  
What is the minimum age of a director in Malaysia?  
  
A. 18 years old  
B. 21 years old  
C. 25 years old  
D. 27 years old
15. **(1 point)**  
A director of a private company may be removed by \_\_\_\_\_.  
  
A. passing a special resolution  
B. passing an ordinary resolution  
C. a letter of removal by the company's secretary  
D. a letter of removal by the company's shareholders

**PART B: TRUE / FALSE**

*State whether these statements are True or False.*

1. **(1 point)**  
A promoter may also undertake the running of the company in the early stages after its incorporation.
2. **(1 point)**  
A promoter may allow the interests of the company to come into conflict with the interests of others.
3. **(1 point)**  
A promoter is not allowed to derive a profit from the sale of his own property to the company unless all material facts are disclosed.
4. **(1 point)**  
The constitution of a company has no effect if it contravenes or is inconsistent with the provisions of the Companies Act 2016.
5. **(1 point)**  
At Common Law, a contract which is ultra vires is valid.
6. **(1 point)**  
The alteration of a constitution shall bind the company and its members.
7. **(1 point)**  
In Malaysia, companies can issue different types of shares, including ordinary shares and preference shares.
8. **(1 point)**  
An investor is one of the parties who may subscribe an ordinary share.
9. **(1 point)**  
Corporate voluntary arrangement is a procedure for a company to submit a proposal to its creditors for a voluntary arrangement to assist in restructuring its assets.
10. **(1 point)**  
Judicial management allows a distressed company or its creditors to apply for an order to place the company under the management of a qualified insolvency practitioner.
11. **(1 point)**  
There are three types of voluntary winding up.
12. **(1 point)**  
Winding up is a court-supervised process that allows the financially distressed company to restructure its debts under the supervision of the Judicial Manager.

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13. **(1 point)**  
A public company is required to lodge statutory declaration to the registrar before commencing its business. Therefore, failure to do so, a contributory may present a petition to wind up a company.
14. **(1 point)**  
The definition of a director includes a substitute director.
15. **(1 point)**  
The office of a director of a company shall be vacated if the person holding that office has become an unsound person.

**PART C: SHORT ANSWER**

*Answer ALL questions*

1. **(5 points)**  
Briefly explain the position of a pre-incorporation contract under the common law. Support your answer with any relevant cases.
2. **(5 points)**  
Briefly explain **TWO (2)** ways to lift the veil of incorporation.
3. **(5 points)**  
Briefly explain the principle stated in the following cases:
  - a) Macaura v Northern Assurance
  - b) Foss v Harbottle
4. **(5 points)**  
Che Man and Kris were both directors in Cuci Baju Sdn. Bhd. One day, Che Man decided to resign from Cuci Baju Sdn. Bhd., and planned to open his own company. Before he left Cuci Baju Sdn. Bhd, he promised not take away with him the customers of Cuci Baju Sdn. Bhd. when he left.  
After he left, he formed a company and 'stole' his previous company's customers. When sued for breach of contract, he claimed that it was the new company that stole the customers. By applying your knowledge in company law, discuss whether Kris can take a legal action against Che Man.
5. **(5 points)**  
Briefly explain **TWO (2)** effects where the constitution sets out the objects of a company.
6. **(5 points)**  
Briefly explain any **TWO (2)** characteristics of a preference share.
7. **(5 point)**  
Briefly explain the following:
  - a. Share buyback.
  - b. Transfer and restriction on transfer of shares.
8. **(5 points)**  
Briefly explain the following:
  - a. Resolutions for a private company.
  - b. Resolutions for a public company.



9. **(5 points)**  
Briefly explain any **TWO (2)** procedures involved in a creditors' voluntary winding up.
10. **(5 points)**  
Syarifah was removed from her position as a director in Menara Megah Sdn. Bhd. She received a 21 days' notice for a meeting to remove her as a director. She managed to make a written representation and was planning to read out her representation during the meeting. However, she was prevented from doing it. The resolution to remove her was passed without her being allowed to read her representation. By applying your knowledge in company law, briefly discuss the legality of this removal.

**END OF QUESTION PAPER**