CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2025 SEMESTER

COURSE CODE	:	**EIB20803**
COURSE NAME	:	**COMPANY LAW**
PROGRAMME NAME	:	**BACHELOR OF BUSINESS ADMINISTRATION (HONS) IN MANAGEMENT AND ENTREPRENEURSHIP**
DATE	:	**30 JUNE 2025**
TIME	:	**2.00 PM – 5.00 PM**
DURATION	:	**3 HOURS**

INSTRUCTIONS TO CANDIDATES

1. **Please CAREFULLY read the instructions given in the question paper.**
2. **This question paper has information printed on both sides of the paper.**
3. This question paper consists of **FIVE (5) Questions.**
4. Answer **FOUR (4)** questions **ONLY.**
5. Please write your answers on the answer booklet provided.
6. All questions must be answered in **English** (any other language is not allowed).
7. **This question paper must not be removed from the examination hall.**

THERE ARE FIVE (5) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

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SECTION A (Total: 100 marks)

INSTRUCTION: Answer only FOUR questions ONLY.

Please use the answer booklet provided.

Question 1

a) Upon successful incorporation, a company acquires several distinctive characteristics. Briefly describe each of the following characteristics and illustrate with examples where appropriate:

i. Can own properties

(5 marks)

ii. Perpetual succession

(5 marks)

b) Ahmad is the director and majority shareholder of Cengal Sdn Bhd. The remaining shares in the company are held equally by his two daughters. Recently, Cengal Sdn Bhd entered into a supply contract with Wood Enterprise, agreeing to deliver a large quantity of timber products. However, Cengal Sdn Bhd failed to fulfil its obligations under the contract, causing significant losses to Wood Enterprise. Feeling aggrieved, Wood Enterprise now seeks to take legal action against Ahmad personally, on the basis that he is not only the director, but also the majority shareholder and effectively the owner of Cengal Sdn Bhd. They argue that Ahmad should be held personally liable for the company's failure. Advise Wood Enterprise on whether they can successfully make Ahmad personally liable for the breach of contract committed by Cengal Sdn Bhd, in light of the principle of separate legal entity.

(15 marks)

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Question 2

a) Briefly explain the following terminology and doctrine:

i. Corporate constitution

(5 marks)

ii. Ultra vires doctrine

(5 marks)

b) Jernih Tenang Sdn Bhd is a private company limited by shares. According to its constitution, any cheques or contracts executed by the company must bear the signatures of four (4) directors. However, two (2) of the directors have become increasingly reluctant and unresponsive, causing delays in the company's operations. In response, the remaining active directors propose to amend the constitution to reduce the signing requirement from four (4) to only two (2) directors, enabling the company to function more efficiently. However, some shareholders have raised concerns about the validity of this proposed change. With reference to Section 36 of the Companies Act 2016, advise how Jernih Tenang Sdn Bhd can lawfully amend its constitution while minimising the risk of contravening statutory requirements.

(15 marks)

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Question 3

a) In relation to the topic of directorship, briefly explain the following concept and requirements:

i. Executive director

(5 marks)

ii. Section 196(1) and Section 196(2) of the Companies Act 2016

(5 marks)

b) Misha is a director of Veritas Sdn Bhd, a private company engaged in consultancy and project development. The board of directors of Veritas Sdn Bhd authorised Misha to represent the company in negotiating a major contract with Datuk Arman, a prominent businessman. However, during the course of negotiations, Misha failed to disclose key discussions to the board and, instead of finalising the deal on behalf of Veritas Sdn Bhd, she secretly entered into a similar agreement with Datuk Arman through her own newly incorporated company. Veritas Sdn Bhd later discovered the arrangement and claims that Misha has acted in breach of her duties as a director. Advise Veritas Sdn Bhd on whether Misha has breached her statutory and fiduciary duties under the Companies Act 2016.

(15 marks)

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Question 4

a) Share is one of the most important sources of capital of a company. In light of this premise, briefly describe the followings:

i. Ordinary share

(5 marks)

ii. Preference share

(5 marks)

b) Muthu is a shareholder of Jati Sdn Bhd, a private company limited by shares. He wishes to transfer all his shares to Budin, a long-time acquaintance. However, upon submitting the transfer request, the board of directors rejects it, claiming that Budin has a reputation for being difficult to work with and would not be a good fit for the company. Muthu challenges the refusal, pointing out that the company's constitution expressly states: *"The directors may only exercise their discretion to refuse a transfer of shares on the ground of bankruptcy."* Budin is not bankrupt and meets all legal and financial requirements for the transfer. Advise Muthu on whether the board's refusal to register the transfer of shares to Budin is valid under Malaysian company law.

(15 marks)

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Question 5

a) Briefly explain the term 'Winding up' and illustrate with an example.

(5 marks)

b) Pursuant to Section 465 of the Companies Act 2016, a company may be wound up by the court on the ground that it is 'just and equitable' to do so. With reference to decided cases, briefly discuss any four (4) situations that may justify such a winding-up order.

(20 marks)

END OF EXAMINATION QUESTIONS.

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