



جامعة السلطان الشريف علي الإسلامية
UNIVERSITI ISLAM SULTAN SHARIF ALI
SULTAN SHARIF ALI ISLAMIC UNIVERSITY

Faculty of Shariah and Law
Semester 2, 2015/2016 Academic Session

Final Examination Question Paper

Course Code : LB 3306
Course Name : Company Law II
Course Level : Bachelor of Laws (LL. B) & Bachelor of Shariah Laws (BSL)
Time : 3 hours

Reference allowed:
Company Act (Cap.39)

Note (s):

1. Answer any **FOUR** questions.
2. All answers, wherever relevant, must be supported by stator provisions and case law.

QUESTION 1 (15 Marks)

X Sdn Bhd is a company with share capital, which is divided into ordinary shares and preferential shares. Its articles of association provide that the preference shareholders of the company shall have priority as to return of capital in a winding up. The board of directors of the company found that the company's capital has lost in the business to the extent that it no longer reflects the amount shown in the Memorandum of Association.

- a) If capital has been lost, who will bear the loss – the ordinary shareholders or the preference shareholders?

(7 marks)

- b) Advise the board if the company can reduce its capital and if so, how to do it?

(8 marks)

QUESTION 2 (15 Marks)

Doremi, a shareholder in Heaven Sdn. Bhd., a small private limited company having only 7 shareholders, wanted to transfer his shares to his friend, Melody. However, last week the directors of the company informally indicated to him that they will not approve the transfer, relying on a clause in the articles of association which states:

"The directors may in their absolute and uncontrolled discretion refuse to register a transfer of shares."

- a) Whether it is legal for the company to restrict members' rights to transfer their shares?
- b) Whether there is any time limit within which shareholders have to be notified of the refusal to register the transfer?
- c) Whether it is possible to challenge the exercise of the discretion by the directors?

Advice Doremi

(5 marks each)

QUESTION 3 (15 Marks)

Discuss the followings:

- a) What is debenture?
- b) The differences between fixed charges and floating charges.
- c) "A debenture holder occupies a position mid-way between the members and the ordinary creditors. He does not have all the rights of members". Explain.

(5 marks each)

QUESTION 4 (15 Marks)

Big whale Bhd. ("Big whale") has a 10% shareholding in Small fish Sdn. Bhd. ("Small fish"). Apparently Big whale is not happy with the way Small fish's business is being run for the past few years. Big whale has decided to take over control of the management of Small fish.

- a) The differences between "compulsory takeover" and "partial takeover"; and

(7 marks)

- b) Permissible tactics that Small fish may use to defeat the takeover process.

(8 marks)

QUESTION 5 (15 Marks)

- a) Explain what is a prospectus and the requirements as to the issuance of a prospectus.

(7 marks)

- b) 'The failure to issue a prospectus when one is necessary may lead to prosecution of the corporation under the various sections which requires the

issuance of the same.'

Explain the above statement with reference to the liability of the company and its directors / persons who are responsible for the issuance of the prospectus in contravention with its requirements. Give examples from both the civil and criminal point of view.

(8 marks)

QUESTION 6 (15 Marks)

a) What do you understand by the term 'compulsory winding up' of a company? Under what circumstances will a court grant an order for compulsory winding up? Discuss

(8 marks)

b) Explain the powers and duties of a liquidator in voluntary winding up of a company.

(7 marks)

بالتوفيق والنجاح