



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

Faculty of Shariah and Law
Semester II, 2017/2018 Academic Session
Final Examination Question Paper

Course Code : LB3306

Course Name : Company Law II

**Course Level : Bachelor of Laws (LL.B) & Bachelor of
Shariah Law (BSL)**

Time : 3 hours

Reference Allowed -Companies Act (CAP 39)

Note:

1. Answer any four of the following questions.
2. All answers, wherever relevant, must be supported by statutory provisions and case law.

QUESTION 1 (15 Marks)

Beta Sdn. Bhd. has an authorised, issued and paid up share capital of BND1 million made up of 700,000 one-dollar ordinary shares and 300,000 one-dollar preference shares. The articles of association of the company gives the preference shareholders a right to a fixed dividend of 10% per annum, a general voting right of one vote per share and a priority as to return of capital.

Ali, Beng and Chandran are the directors of the company. Ali is also its managing director. The directors have found that preference shareholders have a tendency to oppose proposals which the ordinary shareholders were in favour of and this has led to several special resolutions not being able to be passed.

Ali is rather concerned about this and is considering either increasing the share capital of the company by issuing more ordinary shares or reducing the voting power of the preference shareholders. He is also considering the option of getting rid of the preference shareholders by paying them off and cancelling their shares.

Advice Ali, Beng and Chandran in relation to:

- (a) The procedure to effect an increase of the company's authorised share capital?
(3 marks)
- (b) The legal obstacles that may hinder the directors from proceeding to issue new ordinary shares?
(4 marks)
- (c) If the company passes a special resolution altering the articles of association to restrict the voting power of the preference shareholders to matters affecting their rights only, would they (preference shareholders) be able to challenge the validity of the alteration?
(5marks)
- (d) Possibility of company reducing its share capital by BND300, 000 by paying back the preference shareholders in full?
(3 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 following topics:

- (a) What is debenture?
- (b) The difference between fixed charges and floating charges.
- (c) Whether such charges need to be registered under the Companies Act, and if so, the time period within which it must be so registered.

(5 marks each)

QUESTION 4 (15 Marks)

Write a short note on any three (3) of these terms.

- (a) Authorised capital
- (b) Issued capital
- (c) Crystallisation
- (d) Issue of shares at a premium

(5 marks each)

QUESTION 5 (15 Marks)

- (a). Explain the reasons why a company would resort to take over, merger or a reconstruction.
- (b). Highlight the advantages of instituting a scheme of arrangement.
- (c). Enumerate the powers and duties of a liquidator in compulsory winding up of a Company.
- (5 marks each)

QUESTION 6 (15 Marks)

- (a). Define winding up of a company.
- (4 marks)
- (b) What are the various modes of winding up of a Company? Distinguish them from one another.
- (7marks)
- (c)What does “compulsory liquidation” mean for a creditor of the company?
- (4 marks)

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