



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

**Faculty of Shariah and Law**  
**Semester II, 2020/2021 Academic Session**  
**Final Examination**

**Examination Questions Paper**

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

**Reference allowed**  
**Company Act (CAP39)**

**Note (s):**

1. Answer any **four (4)** questions
2. All answers, wherever relevant, must supported by statutory provisions and case law.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

**QUESTION 1 (15 Marks)**

1. Long Sdn Bhd (“the company”) obtained a loan from Bank Kaya Berhad and the loan was secured by a floating charge over all the assets of Long Sdn Bhd. However, neither Long Sdn Bhd nor Bank Kaya Berhad registered the charge.

Six months later, Long Sdn Bhd obtained another loan from Bank Raya Berhad and the loan was secured by the creation of a floating charge over “the whole of the company’s assets and undertaking”. Bank Raya Berhad was not aware of the existence of the charge in favour of Bank Kaya Berhad because the company search conducted did not show any encumbrance. The charge created in favour of Bank Raya Berhad was duly registered with the Companies Commission of Malaysia. Sometime later, Long Sdn Bhd went into liquidation.

Advise the liquidator as to the following:

- (a) whether Bank Kaya Berhad’s charge was enforceable? (7.5 marks)

- (b) the priority of the charges. (7.5 marks)

**QUESTION 2 (15 Marks)**

- a. “Shares are freely transferable unless restrictions are imposed by the memorandum or articles. The right to transfer shares may also be restricted by agreement. In the case of a private company, the transfer of shares must be restricted in some way. This is commonly done by giving discretion to the directors to refuse to register a transfer, or by stipulating to whom shares may be transferred, or by giving to the existing members a right to have any shares offered to them first before they can be transferred (‘pre-emptive rights’).

-Walter Woon, Company Law, Second Edition at p 473

Discuss the above.

(10 marks)

- b. Two months later, Red and Purple went to the company to check on the status of the transfer since neither of them received any news from the company regarding the same. At the company, they were informed that the transfer was refused. No reason was given to such refusal. However, to their surprise, when Red requested for the return of the share certificate, they were informed that the share certificate was cancelled as the shares had been successfully transferred to another person, Brown. Red denied that he had ever executed a transfer of his shares to Brown. Advise Red.

(5 marks)

### QUESTION 3 (15 Marks)

- a. What are the formalities which must be observed by a company before offering debenture to the public?
- (7 marks)
- b. A debenture holder occupies a position mid-way between the members and the ordinary creditors. He does not have all the rights of members but has more rights than ordinary secured or unsecured creditors". Explain.
- (8 marks)

### QUESTION 4 (15 Marks)

- a. What are the differences between "a moratorium scheme of arrangement" and "a compromise scheme"? Discuss elaborately.
- (7 marks)
- b. Briefly describe the concepts of "reconstruction" and "amalgamation". What are the differences between these two?

(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. Write a short note on any two (2) of these terms.
- a. Authorised capital (4 marks)
- b. Crystallisation (4 marks)
- c. Issue of shares at a premium (4 marks)
- d. How a liquidator distributes the property of the company which is wound up (4 marks)

**QUESTION 6 (15 Marks)**

- a. Describe the circumstances for winding up of a company on 'Just and equitable grounds'. (5 marks)
- b. To what extent liquidation of a company affects the status and powers of a receiver and manager of the company? (5 marks)
- c. "A common feature of both voluntary and compulsory winding up is the appointment of a liquidator. It is the liquidator's function to carry out the winding up process, which leads to the eventual dissolution of the company." Discuss (5 marks)