Final Examination
Semester 3 / Year 2011

COURSE : COMPANY LAW
COURSE CODE : LAWS 3013
TIME : 2 ½ HOURS
DEPARTMENT : MANAGEMENT; ACCOUNTING AND FINANCE
LECTURER : LEE CHUIN BEE

Student’s ID : 
Batch No. : 

Notes to candidates:
1) The question paper consists of 2 pages and 6 questions.
2) Student is required to answer 4 questions.
3) Return the question paper with your answer booklet.
COMPANY LAW

Question 1

(a) Define the term of “Promoter”

(b) What is a pre-incorporation contract? To what extent can a promoter be held liable on a pre-incorporation contract?

Question 2

Eric, Kevin and David want to set up a company to be known as Super Nice Sdn Bhd. You are their close friend and since you are working in a financial institution, they seek your advice on the following matters:

(a) The effect of incorporation of a company;

(b) The types of companies and their nature (characteristics)

Question 3

Top Studio Sdn Bhd, a company in the entertainment industry, was offered a series of short films made by Michael. Alan, a director of Top Studio Sdn Bhd, has recommended the board of directors to reject the offer on the grounds that the films would not be profitable to Top Studio Sdn Bhd.

After the board had rejected Michael’s offer, Michael approached Alan personally and persuaded Alan to buy films on his account. Alan did so and shortly afterwards sold the films at a substantial profit to an American television company.

The other directors of Top Studio Sdn Bhd are proposing to claim the profits which Alan made from the films. Alan has evidence to show that Michael would not have sold his films to Top Studio Sdn Bhd in any event because Michael has discovered that Top Studio Sdn Bhd was dealing in obscene films.

Advise Alan whether Top Studio Sdn Bhd will be able to claim the profit from him.
Question 4

Mary, a director of XYZ Sdn Bhd has altered the Article of Association so that Ahmad, a minority shareholder could purchase the share of the company. Mary has also altered the object of the company so that the company can enter contracts with a foreign company. Vellu, a majority shareholder objects to the alteration and says that the alteration was invalid.

Advise Mary in the above situation.  
(25 marks)

Question 5

Vivian, a preference shareholder of ABC Sdn Bhd, is entitled to a dividend of 10% of the company. The company has been suffering losses and the company has passed a resolution in a general meeting to reduce the dividend from 10% to 5%.

Vivian wants your advice on the following matters:

(a) What are the rights of a preference shareholder?  
(10 marks)

(b) Can the company vary the dividend to be given to her in the above situation?  
(15 marks)

Question 6

(a) What are the duties of a director of a company?  
(12 ½ marks)

(b) Please explain the Indoor Management Rule.  
(12 ½ marks)