



CHARTERED TAX INSTITUTE OF MALAYSIA (225750 T)
(Institut Percukaian Malaysia)
Registration Number: 199101015438 (225750-T)

PROFESSIONAL EXAMINATION

FINAL LEVEL

COMPANY & BUSINESS LAW

JUNE 2022

Student
Registration No.

Date

Desk No.

Examination Centre

Time allowed: 3 hours

INSTRUCTIONS TO CANDIDATES

1. This paper consists of **TWO** sections, **SECTION A** contains **THREE** questions and **SECTION B** contains **THREE** sections.
2. Answer **FIVE** questions. **TWO** questions from each section and **ONE** from either section.
3. Each answer should begin on a separate answer template.

DO NOT TURN OVER THIS PAGE UNTIL INSTRUCTED BY THE INVIGILATOR

SECTION A COMPANY LAW

Question 1

Maxem Berhad, a pharmaceutical company based in Bayan Lepas Free Trade Zone, Penang has decided to build another factory in Kulim, Kedah as part of its expansion plan owing to a great surge in demand for medical supplies.

The company's paid up capital is currently represented by ordinary and preference shares issued to its shareholders sometime in 2010. The company does not wish to raise capital through bank borrowings, as it has plans to list the company in Bursa Malaysia in the near future.

Under the circumstances, the company has decided to issue further ordinary shares and preference shares to the public to fund its expansion plan to build the said factory in Kulim, Kedah.

Required:

With reference to the Companies Act 2016, advise the Board on the issues and/or matters that they would need to take into consideration or comply with in relation to the issuance of the said ordinary and preference shares.

[Total: 20 marks]

Question 2

Under the Companies Act 2016, state the key differences on the procedures for conducting various company meetings and passing of resolutions for private and public companies.

[Total: 20 marks]

Question 3

Gerba Sdn Bhd ("GSB"), is involved in the business of creating softwares for online marketing and has been doing very well in view of the great surge in businesses going online to market their products and services. The company was incorporated in 2017. The shareholders of the company are Kamaruddin, Ratna, Hisham, Samuel and Chew Seng. Each one of them owns equal shares in the company. They are also the directors of the company. Kamaruddin, Ratna and Samuel are non-executive directors and Hisham and Chew Seng are the executive directors.

In reality, the company was fully run and managed by Hisham and Chew Seng being the executive directors. The other directors had never queried or checked on the company's day to day operations or for that matter checked on the financial statements, as the company has been paying out consistently about 15 to 20% dividends annually for the past few years.

However, lately Kamaruddin, Ratna and Samuel realised that the company could have easily paid out a dividend of at least 30% based on their net profit figures. Furthermore, as executive directors, Hisham and Chew Seng were enjoying great benefits in terms of a company car, entertainment, utility, travel allowances and many other expenses fully taken care of by the company.

Kamaruddin, Ratna and Samuel have decided to remove Hisham and Chew Seng as directors and appoint two new directors instead. Hisham and Chew Seng are to be appointed as Chief Executive Officer and Chief Operations Manager respectively to oversee the running of the company and report

to the new directors concerned. This would basically mean that Kamaruddin, Ratna and Samuel would lose many of their benefits and entitlements as executive directors of the company.

Required:

With reference to the Companies Act 2016, state the position of the law in relation to appointment and removal of directors.

[Total: 20 marks]

SECTION B BUSINESS LAW

Question 4

Adrian, Kenny and Andrew are partners in AKA Enterprise. Adrian has the intention to retire as a partner.

Required:

Advise him on the legal requirements and the mode of providing notice of dissolution of partnership to both the previous customers and the new customers of AKA Enterprise.

[Total: 20 marks]

Question 5

ABC Sdn Bhd and Mr Yap entered into a contract.

Required:

Explain to Mr Yap the applicable law in awarding damages for loss or damage in the event ABC Sdn Bhd breaches the contract concerned.

[Total: 20 marks]

Question 6

(a) What is the statutory definition of a 'cheque'? (10 marks)

(b) Mr Lim opened a current account with ABC Bank Berhad on 1 December 2020. Some time last week, he issued a cheque to his daughter May Ling, for the sum of RM3000/-. Today May Ling informs her father that she has lost the cheque. Mr Lim wants to stop payment of the said cheque and he calls the Bank.

Required:

Advise him whether this is effective.

(10 marks)

[Total: 20 marks]

(END OF QUESTION PAPER)