Specimen Exam 1

Exam Name: Business Law - Malaysia (K3 MYS)
Time Allowed: 2 hours
Pass Mark: 50%
This exam contains:

50 questions, each worth 2 marks
100 marks in total

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Question 1

Within which of the following periods, after its creation, must a registrable charge be registered with the Companies Commission of Malaysia?

A 31 days
B 21 days
C 28 days
D 30 days

Question 2

Which of the following is NOT a situation where the veil of incorporation of a company may be lifted?

A Where the company was formed to perpetrate a fraud
B Where the number of members of a company falls below two
C Where fraudulent trading has occurred
D Where wrongful trading has occurred

Question 3

In relation to contract law, which of the following statements regarding an offer is CORRECT?

(1) An offer takes place when one party indicates to another their willingness to do something in return for the other party's reciprocal promise
(2) An offer can be made to the world at large
(3) An offer can be revoked at any time by the offeror

A 1 and 3 only
B 1, 2 and 3
C 2 and 3 only
D 1 and 2 only

Question 4

Which of the following contracts made without consideration is valid?

A Contracts of agency
B Contracts between persons in near relation to one another
C Contracts which are statute barred
D Contracts to compensate for future voluntary acts

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Question 5

Under the Capital Markets and Services Act 2007, which of the following describes an insider?

A Any person in possession of inside information
B Any person connected to the company
C Any director of the company
D Any officer of the company

Question 6

Which of the following is the effect of a contract entered into by a minor?

A It is void
B It is enforceable after the minor attains the age of majority
C It is voidable by the minor
D It is voidable by either party to the contract

Question 7

Which of the following aspects of English law may NOT be applied in Peninsular Malaysia by virtue of the Civil Law Act 1956?

A Common law
B Statutes of general application
C Commercial law
D Customary law

Question 8

Which of the following actions would likely constitute an offence under the Malaysian Anti-Corruption Commission Act 2009?

(1) A public officer asks a person for a gift in exchange for processing a permit
(2) A person offers a gift to a public officer to vote in their favour at a meeting but the officer declines
(3) A person offers a gift to a public officer to influence a decision, but the public body does not decide in the person's favour

A 1 only
B 1 and 2 only
C 2 and 3 only
D 1, 2 and 3

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Question 9

Which of the following classifications of law does the law on money laundering fall under?

(1) Public law
(2) Private law
(3) Private international law
(4) Public international law

A 1 only
B 1 and 4
C 2 and 3
D 2 and 4

Question 10

Sam, who has been working as a manager of Jack and Jill PLT for seven years, was recently demoted to the position of assistant manager at a lower salary. Not being able to withstand the embarrassment, he resigned.

On which of the following grounds may Sam sue his employer?

A Wrongful dismissal
B Unfair dismissal
C Summary dismissal
D Constructive dismissal

Question 11

ABC Enterprise, a creditor of Keluli Sdn Bhd, petitioned the court on 10 July for the winding up of Keluli Sdn Bhd on the grounds that it was unable to pay its debts. The petition was served on Keluli Sdn Bhd on 2 August. The case was heard by the court on 12 September and the order for the winding up of Keluli Sdn Bhd was made by the court on 3 October.

On which of the following dates is the winding up of Keluli Sdn Bhd deemed to have commenced?

A 10 July
B 2 August
C 12 September
D 3 October

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Question 12

In the context of the doctrine of binding judicial precedent, which of the following parts of a superior court's decision binds the lower courts?

A Ultimate judgment
B *Ratio decidendi*
C *Obiter dicta*
D *Per incuriam*

Question 13

In which of the following ways may a contract NOT be discharged?

A Performance
B Impossibility of performance
C Lapse of time
D Breach

Question 14

Which of the following circumstances does NOT permit a company to be voluntarily wound up?

A The period fixed for the duration of the company under its constitution has expired and the company has passed an ordinary resolution for its voluntary winding up
B The event, which under its constitution provides for the company to be dissolved, has occurred and the company has passed an ordinary resolution for its voluntary winding up
C The company has resolved by a special resolution to voluntarily wind up the company
D The board of directors has resolved to voluntarily wind up the company

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Question 15

In relation to an annual general meeting of a company, which of the following statements is NOT CORRECT?

A An annual general meeting must be held within 6 months of the company's financial year end and not more than 15 months after the last preceding annual general meeting
B All companies are required to hold an annual general meeting once in every calendar year
C Members of the company may apply to court for an order to call an annual general meeting
D The company's first annual general meeting must be held within 18 months after its incorporation

Question 16

Which of the following remedies is NOT available to a person who has been unjustifiably dismissed?

A Reinstatement
B Specific performance
C Re-employment
D Compensation

Question 17

Which of the following types of company CANNOT be formed in Malaysia?

A A private company limited by shares
B A private company limited by guarantee
C A public company limited by shares
D A public company limited by guarantee

Question 18

Which of the following is the consequence of a breach of a warranty in a contract?

A The contract becomes void
B The contract becomes voidable
C The contract is valid but the party in breach is liable to pay damages to the other party
D The party in breach cannot enforce the contract

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Question 19

Which of the following procedures is a company required to carry out to effect a reduction of its capital?

(1) Obtain approval from the Companies Commission of Malaysia
(2) Pass a special resolution and obtain confirmation by the court
(3) Pass a special resolution supported by a solvency statement

A 1, 2 or 3
B 1 and 2 only
C 2 or 3 only
D 1 and 3 only

Question 20

Dream Sdn Bhd is facing severe financial difficulties. Its board of directors wishes to utilise a corporate restructuring mechanism under the Companies Act 2016 to financially rehabilitate the company without obtaining a prior order of the court. The board of directors are also hoping for a moratorium to protect the company from legal actions during the restructuring process.

Which of the following mechanisms may be suitable for Dream Sdn Bhd?

(1) Scheme of arrangement
(2) Judicial management
(3) Corporate voluntary arrangement

A 1 only
B 1 and 2
C 3 only
D 2 and 3

Question 21

Which of the following statement explains the effect of the postal rule for acceptance in contract law?

A Communication is complete when it reaches the party to whom it is addressed
B Acceptance is complete as against the offeror as soon as it is posted
C Revocation of an acceptance is complete as against the acceptor at the time it is received by the offeror
D Revocation of an offer is complete as against the acceptor at the time it is posted

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Question 22

Susan, a former chief executive officer of RST Bhd, frequently attends RST Bhd's board of directors' meetings. She influences discussions and instructs the board on their decision making. The board highly value Susan's views and always follows her instructions.

What type of director is Susan?

A A *de facto* director
B A *de jure* director
C An alternate director
D A shadow director

Question 23

In relation to company directors, which of the following statements is NOT TRUE?

A A director may resign from their office by giving a written notice to the company at its registered office
B An undischarged bankrupt may hold office as a director if they obtain the approval of the court or Director General of Insolvency
C Every director of a company must ordinarily reside in Malaysia by having a place of residence in Malaysia
D A person can be appointed as both a director and a secretary in the company

Question 24

In relation to contract law, which of the following is NOT an equitable remedy for breach of contract?

A Specific performance
B Damages
C Injunction
D Rescission

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Question 25

Siti recently found RM100,000 deposited into her bank savings account. Without investigating the source of the funds, she withdrew the money and used it to buy a property. It was later discovered that the money was derived by illegal means.

Which of the following offences might Siti have committed?

A Fraudulent trading
B Wrongful trading
C Money laundering
D Corruption

Question 26

Rita, who was appointed as Eric's agent for the purchase of a house, had, without Eric's authority, contracted for the purchase of a vintage car on his behalf. Nevertheless, Eric agreed to accept the contract.

Which of the following types of agency arises between Eric and Rita with respect to this contract?

A Express agency
B Implied agency
C Agency by ratification
D Agency by necessity

Question 27

Which of the following statements concerning directors' duties is NOT CORRECT?

A Directors are prohibited from obtaining any undisclosed benefit from their position as a director
B Directors are required to exercise diligence and skill in the performance of their duties
C Directors are under a duty to protect the interests of the company's major shareholders
D Directors must disclose to the board of directors any material interest they may have in any proposed contracts of the company

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Question 28

Which of the following constitutes the offence of money laundering in Malaysia?

(1) Acquiring proceeds of an unlawful activity
(2) Removing from Malaysia, proceeds of an unlawful activity
(3) Engaging indirectly in a transaction which involves proceeds of an unlawful activity

A 1 and 2 only
B 2 and 3 only
C 1 only
D 1, 2 and 3

Question 29

In relation to contract law, in which of the following circumstances can consent be said to be NOT freely given?

(1) When it is caused by mistake
(2) When it is caused by negligence
(3) When it is caused by fraud

A 1, 2 and 3
B 2 and 3 only
C 1 and 3 only
D 2 only

Question 30

In which of the following ways may a conventional partnership be dissolved?

(1) By court order
(2) By expiration of time
(3) By illegality

A 1, 2 and 3
B 1 and 3 only
C 2 and 3 only
D 1 and 2 only

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Question 31

Which of the following actions constitutes an offence under the Computer Crimes Act 1997?

(1) Knowingly causing a computer to perform any function with intent to secure unauthorised access to a program or data held in any computer

(2) Knowingly performing an act which will cause modification of the contents of any computer

(3) Communicating indirectly a code, password or other means of access to a computer to an unauthorised person

A 1 and 2 only
B 1, 2 and 3
C 1 and 3 only
D 2 and 3 only

Question 32

Which of the following is the MAXIMUM wage period permitted by the Employment Act 1955, under a contract of service?

A 2 weeks
B 4 weeks
C 1 month
D 2 months

Question 33

Which of the following is NOT a test used in determining whether an employer-employee relationship exists between two parties?

A Integration test
B Control test
C Master-servant test
D Mutuality of obligations test

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Question 34

Which of the following actions does NOT constitute an offence under the Capital Markets and Services Act 2007?

A Sale of securities of a company which involves a change in the beneficial ownership of the securities
B Sale of the securities of a company to lower their price with the intent to induce other people to dispose of the company's securities
C Making a misleading statement in a material particular which is likely to raise the market price of the securities of a company
D Carrying out transactions using a device to maintain the market price of the securities of a company

Question 35

Which of the following is NOT a mandatory requirement to qualify for appointment as a company secretary under the Companies Act 2016?

A They must hold a practicing certificate issued by the Registrar of Companies
B They must be a member of a professional body
C They must have attained the age of 18 years
D They must be a citizen or permanent resident of Malaysia

Question 36

Which of the following describes the effect of the constitution of a company?

A The provisions in the constitution are regarded as the terms of a contract between the company and its officers
B The provisions in the constitution are regarded as contractually binding between the company and its members and may be enforced by the company against the members and vice versa
C The constitution is a guide for the directors of the company to ensure its objects are effectively implemented
D The constitution contains the relevant rules and regulations for the running of the company, and all its provisions can be enforced against the company or its members by any person affected by its breach

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Question 37

In relation to the Trademarks Act 2019, which of the following is NOT a remedy for infringement of a registered trademark in Malaysia?

A Injunction
B Rescission
C Seizure of goods
D Account of profits

Question 38

Which of the following is NOT a requirement which must be satisfied before a company can purchase its own shares?

A The purchase of shares must be authorised by the company's constitution
B The company must be a company whose shares are listed on a stock exchange
C The purchase of shares must be approved by a special resolution
D A majority of the directors must have made a declaration that the purchase will not result in the company being insolvent

Question 39

Which of the following describes a patent?

A A legal and exclusive right granted to an inventor for new inventions or processes
B A symbol that distinguishes goods and services
C A unique and decorative pattern or shape of an article
D An innovative product's unique visual appearance or design

Question 40

Joanna is the managing director of Bakewell Sdn Bhd, a company which sells baking equipment. Bakewell Sdn Bhd is experiencing financial difficulties and cash flow problems. Joanna has ordered RM150,000 worth of goods on credit from Suri Sdn Bhd. Joanna is doubtful as to whether Bakewell Sdn Bhd will be able to pay for the goods, but she is hoping that Bakewell Sdn Bhd's financial situation will improve.

Which of the following offences has Joanna potentially committed under the Companies Act 2016?

A Unfair trading
B Unlawful trading
C Dishonest trading
D Wrongful trading

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Question 41

In which of the following ways may the constitution of a company be altered?

A By a special resolution
B By a special resolution of the board of directors
C By a special resolution with special notice
D By a special resolution with confirmation by the court

Question 42

Which of the following amounts to a criminal offence by a private company under the Companies Act 2016?

A Failure to maintain a register of substantial shareholders
B Failure to maintain a register of beneficial owners
C Offering shares without a prospectus or statement in lieu of prospectus
D Passing a members' resolution without holding a meeting

Question 43

Which of the following types of companies requires a written constitution to be submitted to the Companies Commission of Malaysia as part of its incorporation procedure?

A Unlimited companies
B Companies limited by shares
C Companies limited by guarantee
D All companies

Question 44

Which of the following is NOT a source of Malaysian law?

A State Constitution
B State legislation
C Delegated legislation
D Administrative orders

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Question 45

Cindy gave Baloo a loan of RM 100. Cindy's mother, Annie, wishes to sue Baloo to recover the loan.

For which of the following reasons will Annie be UNSUCCESSFUL?

A Insufficiency of consideration
B Lack of privity of contract
C Lack of intention to create legal relations
D Lack of capacity

Question 46

Which of the following statements explains the difference between a term of a contract and a representation?

A A term is part of a contract, whereas a representation is just a written statement
B A term is an important clause in a contract, whereas a representation is not
C A term is a clause in a contract the breach of which results in breach of contract, whereas a representation is a clause in a contract the breach of which will make the contract voidable
D A term is a clause in a contract the non-compliance of which will entitle the innocent party to claim for damages, whereas a representation is not part of the contract

Question 47

Which of the following statements concerning company charges is NOT CORRECT?

A When the company is wound up, a floating charge crystallises and becomes a fixed charge
B The company can deal with the assets under a floating charge including selling and charging them to maintain the company as a going concern
C The floating charge over the assets crystallises and becomes a fixed charge when a creditor commences execution proceedings against the charged assets
D The company cannot dispose of the assets secured under a fixed charge without the prior consent of the chargee

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Question 48

What is the number of days of paid paternity leave a married male employee is entitled to under the Employment Act 1955?

A 3
B 7
C 10
D 5

Question 49

Which of the following statements about a limited liability partnership is NOT CORRECT?

A It can sue and be sued in the name of all or any of its partners
B It can have an unlimited number of partners
C It has a legal personality of its own
D Partners are not personally liable for the debts of the firm

Question 50

If rights attached to shares in any class of shares in a company are varied, what percentage of shareholders with voting rights of that class may apply to the court to have the variation disallowed?

A 5%
B 10%
C 30%
D 50%

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