



UNIVERSITI TUN HUSSEIN ONN MALAYSIA

**FINAL EXAMINATION
(ONLINE)
SEMESTER II
SESSION 2020/2021**

COURSE NAME : BUSINESS LAW
COURSE CODE : MPA 10803
PROGRAMME CODE : MPA
EXAMINATION DATE : JULY 2021
DURATION : 3 HOURS
INSTRUCTION : ANSWER ALL QUESTIONS
OPEN BOOK EXAMINATION

THIS QUESTION PAPER CONSISTS OF **THREE (3)** PAGES

- Q1** (a) Presuming that you are in charge to set up a business legal entity to a one group of foreign investor in Malaysia.

Propose with **THREE (3)** justifications the best form of business organization based on the liability with reference to the Partnership Act 1961 (Revised 1974) and Company Act 2016.

(15 marks)

- (b) The principle of corporate veil was tested and established by the decision in the House of Lords in *Salomon v. Salomon & Co* [1897]. However, in several cases the court will exercise its inherent jurisdiction lifting or piercing the corporate veil when it appears of “doing justice”.

Outline this doctrine with reference to decided cases in Malaysia.

(15 marks)

- (c) Although the company is still solvent, the board of directors of Lazeeza Sdn. Bhd. has decided to cease its operation by closing down the company. Among of the reasons given is that a majority of the directors has chosen to take early retirement.

Justify the most suitable type of liquidation process for this company.

(10 marks)

- Q2** (a) Datuk Az and Bell were partners in a partnership dealing with the supply of sugar known as A&B Enterprise (“the partnership”). Datuk Az was a sleeping partner. A clause in the partnership agreement particularly in Clause 5 of the partnership agreement provides that the partnership shall carry on any lawful business by lawful means. Mr. Con stole a container consisting of 250 bags of sugar by hijacking the lorry belonging to Rugi-Rugi Company Limited. Bell in good faith bought the stolen sugar for the partnership at a 40% discount. Later on, Mr. Con was apprehended and an action brought against Datuk Az and Bell for the recovery of the price of stolen sugar. Datuk Az contended that Bell alone should have been liable for the transaction. One week after, Azmin son of Datuk Az joined the partnership due to the poor health condition of Datuk Az.

Datuk Az came to see you and sought your advice.

Analyse the position of the law of:

- (i) Datuk Az if a criminal charge brought against his firm.

(5 marks)

- (ii) Bell for purchasing the stolen sugar.

(5 marks)

(iii) Azmin as a newly joined partner of A&B Enterprise. (5 marks)

(iv) The validity of the partnership in the event that Clause 5 does not exist at the time of formation of the partnership. (5 marks)

(b) Azman and Ah Seng are partners in A&AS Enterprise (the firm). The firm facing financial problem to pay the firm's supplier resulting Azman borrow RM35,000-00 (the loan) from Madam Z. Azman gave her a receipt in the name of the partnership. The loan was disbursed into the firm's account and immediately thereafter utilized by the firm to pay off some of its debt to supplier. After a year, the firm failed to pay the loan and Madam Z initiated an action to recover the loan. Ah Seng contended that Azman was not authorized by the firm to borrow the money.

Analyse the liability of the firm with regards to the loan. (15 marks)

Q3 (a) In the case of *Puncak Niaga (M) Sdn. Bhd. v. NZ Wheels Sdn. Bhd.* [2012] 1 MLJ 27, The Court of Appeal held that "and, notwithstanding that the plaintiff appellant's relief against the first defendant respondent was made pursuant to the provisions of the Consumer Protection Act 1999, we were satisfied that the plaintiff appellant had established through affidavit evidence that the Mercedes Benz motor car was not in fact and in law of acceptable quality".

Discuss the decision of the Court of Appeal in the above case. (10 marks)

(b) One day, Mr. A bought a bottle of carbonated drink (the drink) from Nyaman Mart. Mr. A give the drink to Mr. B. After drinking the drink, Mr. B become suffered from diarrhea. Based on an investigation, it is discovered that the illness was due to a decomposed insect in the bottle.

Prepare a legal advice to Mr. B according to the relevant legal provision and tort law. (15 marks)

- END OF QUESTION -