



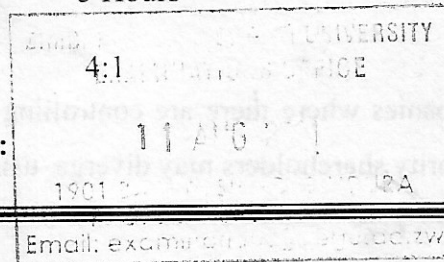
ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTING

DEPARTMENT OF BUSINESS ADMINISTRATION AND MANAGEMENT

EXAMINATION PAPER

COURSE CODE : CBM402
COURSE TITLE : CORPORATE GOVERNANCE
SPECIAL REQUIREMENTS :
DURATION : 3 Hours
LEVEL :
DATE :



INSTRUCTIONS TO CANDIDATES:

- 1 No cell phones are allowed in the examination venue.
- 2 Question one is compulsory
- 3 Answer any **THREE (3)** questions from section B.
- 4 Begin each question on a new page.
- 5 The number of marks for each question or part question is shown in brackets []

SECTION A: ANSWER ALL QUESTIONS IN THIS SECTION

QUESTION 1

CASE STUDY

The Capital Reduction Exercise

On 19 August 2011, Munux investment embarked on a capital reduction exercise to cancel out all remaining shares held by minority shareholders. Munux investment would pay each investor S\$1.30 per share, which represents an increase of 56.6 per cent on the exit offer in 2009. MUNOS LOGISTICS had indicated that the S\$1.30 offer is 15 per cent above its fair market value⁴³. The rationale behind the exercise was to reduce administrative burdens. Additionally, the company reaffirmed that there are no plans for the redevelopment of Munux investment Plaza, and the buyout had no hidden agenda. However, only 39 per cent of the minority shareholders in attendance agreed to the price for the share buyback, far below the 75 per cent required. Some minority shareholders cited the undervaluation of the Munux Plaza property as the reason for rejecting the offer⁴⁴. Munux investment would have to do more to convince these shareholders for the buyout to succeed.

a). In cases of companies where there are controlling shareholders, explain why the interest of controlling and minority shareholders may diverge, using the CK Tang case as an example.

[15 marks]

b) Should independent directors be primarily concerned with the interests of the minority shareholders?

[10 marks]

SECTION B: ANSWER ANY THREE QUESTIONS.

Question 2

4. What is the purpose of corporate governance and why is it important to a company

[25 marks]

Question 3

a) Discuss a company of your choice in relation to its major stakeholder [10 marks]

b) Evaluate the ethical conducts of each of the stakeholders above [15 marks]

Question 4

Discuss the applicability of a stakeholder theory to a company of your choice. [25 marks]

Question 5

Examine the impact of corporate governance to National Railways of Zimbabwe as a company.

[25 marks]