**266A. Meaning of *unfair preference***

(1) A company gives an unfair preference to a person if—

(a) that person is—

(i) one of the company's creditors; or

(ii) a surety or guarantor for any of the company's debts or other liabilities; and

(b) the company does anything or suffers anything to be done which has the effect of putting that person into a position which, in the event of the company going into insolvent liquidation, will be better than the position that person would have been in if that thing had not been done.

(2) For the purposes of subsection (1)(b), a company goes into insolvent liquidation if it goes into liquidation at a time when its assets are insufficient for the payment of its debts and other liabilities and the expenses of the winding up.

(3) The fact that something has been done pursuant to the order of any court does not, without more, prevent the doing or suffering of that thing from constituting the giving of an unfair preference.

*(Replaced 14 of 2016 s. 89)*