UNIVERSITI POLY-TECH MALAYSIA
UPTM

FINAL EXAMINATION

MASTER OF BUSINESS ADMINISTRATION (CORPORATE ADMINISTRATION & GOVERNANCE)

COURSE	:	CORPORATE LAW
COURSE CODE	:	LAW5183
DURATION	:	3 HOURS

INSTRUCTIONS TO CANDIDATES:

1. This question paper consists of **FIVE (5)** questions only.
2. Answer ALL questions in the Answer Booklet provided.
3. Please check to make sure that this examination pack consists of:
   i. The Question Paper
   ii. An Answer Booklet
4. Do not bring any materials into the examination hall, except the standard *Companies Act* book
5. Please write your answer using permanent ink.

MYKAD/ PASSPORT NO : ______________________

ID. NO. : ______________________

LECTURER : ______________________

SECTION : ______________________

DO NOT OPEN THIS QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO

This question paper consists of 6 printed pages including the front page

Answer ALL questions.

QUESTION 1

GreenPulse Sdn. Bhd. ("GreenPulse") provides engineering services for renewable energy projects. GreenPulse maintains an internal Delegation of Authority (DoA) requiring Board approval for any contract exceeding RM1 million.

A Business Development Manager (En. Anas) signs a RM4 million "Operations & Maintenance" agreement with EcoAssets Sdn. Bhd. ("EcoAssets") using GreenPulse's letterhead and official email signature.

EcoAssets had previously purchased smaller services from GreenPulse (each below RM200,000) negotiated through En. Anas, and GreenPulse consistently performed and paid invoices without dispute or objection.

This time, the Board refuses to honour the RM4 million contract, claiming (i) En. Anas had no actual authority, and (ii) EcoAssets should have demanded a Board resolution because the amount and duration are unusually large.

Required:

a. Analyse whether GreenPulse is bound by the RM4 million contract, applying corporate capacity, actual/implied authority, apparent authority, and third-party reliance/indoor management principles to the facts.

(10 marks)

b. Evaluate whether EcoAssets' reliance is legally reasonable in light of GreenPulse's defences, including whether the RM4 million value and 3-year term constitutes a 'red flag' requiring further verification of authority.

(6 marks)

c. Critique GreenPulse's internal contracting governance posture by identifying **TWO (2)** control weaknesses that increased apparent authority risk.

(4 marks)

Please cite relevant statutory provisions and cases (where applicable).

(Total: 20 marks)

QUESTION 2

On 2 January 2026, two promoters, Mr. Amir and Ms. Siti, sign a 3-year software license "for and on behalf of DataBridge Sdn. Bhd. (to be incorporated)". The license requires an upfront payment and monthly fees.

DataBridge is incorporated on 1 February 2026 and immediately uses the software. DataBridge pays the upfront amount and two months' fees (February and March 2026) but later stops paying from April 2026 and claims the licence is not binding because it was signed before incorporation.

Separately, on 10 February 2026, DataBridge (which has two directors) enters a loan agreement. The loan agreement is signed by one director only, without a common seal and without any second authorised signatory.

Required:

a. Analyse the legal consequences of the pre-incorporation software licence for:
   i. DataBridge after incorporation; and
   ii. Mr. Amir and Ms. Siti personally.

(10 marks)

b. Evaluate the legal significance of DataBridge's post-incorporation conduct (use of software and payments) on enforceability and risk allocation in this fact pattern.

(5 marks)

c. Recommend **TWO (2)** practical process steps to Mr. Amir and Ms. Siti to reduce legal uncertainty and strengthen enforceability for (i) pre-incorporation deals, and (ii) execution of company agreements (including the loan document).

(5 marks)

Please cite relevant statutory provisions and cases (where applicable).

(Total: 20 marks)

QUESTION 3

ApexRetail Sdn. Bhd. ("ApexRetail") reports profit in its FY2025 management accounts (profit after tax: RM2.0 million), but faces tight liquidity (cash at bank: RM150,000). Trade receivables are RM4.0 million, with 40% aged over 90 days. Trade payables to suppliers total RM2.2 million, and the company's overdraft facility is near its limit.

In November 2025, the directors approve and pay an interim dividend of RM1.2 million to "maintain investor confidence".

Two months later, the auditors propose material adjustments (including impairment of receivables of RM1.5 million) which significantly reduce profits. ApexRetail then struggles to pay suppliers and misses payment deadlines. A major supplier threatens legal action. A minority shareholder alleges the interim dividend was unlawful and seeks recovery and accountability.

Required:

a. Discuss the legal requirements governing declaration and payment of interim dividends by a private company, including profits and solvency-based discipline, and directors' duties in deciding and documenting the dividend.

(10 marks)

b. Evaluate potential legal exposures and recovery pathways if ApexRetail is unable to pay its debts, including whether recovery may be pursued against recipients of dividends and key hurdles/defences.

(6 marks)

c. Assess the evidence that should exist to support the board's dividend decision where management accounts differ from audited outcomes (e.g., cashflow forecasts, solvency support, sensitivity analysis, minutes, approvals, and red-flag triggers).

(4 marks)

Please cite relevant statutory provisions and cases (where applicable).

(Total: 20 marks)

QUESTION 4

NovaTech Manufacturing Berhad ("NovaTech") is an unlisted public company with accumulated losses. The board proposes to reduce share capital to improve its balance sheet presentation ahead of refinancing.

At the same time, NovaTech plans to raise funds through a private placement to an institutional investor. The investor proposes to invest RM5 million for a 25% equity stake and demands a board seat and preferential terms. Existing shareholders resist dilution and claim they were not properly consulted. Some shareholders have indicated they may challenge the proposals unless safeguards are implemented.

Required:

a. Evaluate the legal requirements relating to reduction of share capital under the Companies Act 2016, and recommend the most appropriate route for NovaTech in the circumstances.

(12 marks)
(Guide: 8 marks legal requirements; 4 marks recommendation & justification)

b. Discuss the validity of the proposed issuance of new shares to the investor and the key safeguards available to existing shareholders against dilution.

(8 marks)

Please cite relevant statutory provisions and cases (where applicable).

(Total: 20 marks)

QUESTION 5

Sunrise Trading Sdn. Bhd. ("Sunrise") borrows RM1.5 million from Bank A on 1 March 2026 and grants a charge over its receivables. The security document is labelled "fixed charge over book debts" and requires proceeds to be paid into Sunrise's operating account, which Sunrise can freely use for business expenses. Bank A registers the charge on 15 March 2026 (within the statutory registration period).

Later, on 1 June 2026, Sunrise borrows RM2 million from Bank B. Bank B's security states "fixed charge over all receivables and inventory," but Sunrise is permitted to sell inventory and use proceeds in the ordinary course without Bank B's consent. Bank B registers the charge on 25 July 2026 (after the statutory period) and does not obtain any court extension/rectification for late registration.

Sunrise defaults on 1 September 2026. Both banks claim priority over proceeds from receivables and inventory.

Required:

a. Analyse whether Bank A's and Bank B's securities are properly characterised as fixed or floating charges using factual indicators, and explain why classification is commercially critical.

(8 marks)

b. Evaluate claim priority between Bank A and Bank B over proceeds from receivables and inventory, taking into account charge classification and the effect of late registration without extension, including the legal consequences for Bank B.

(8 marks)

c. Recommend **TWO (2)** practical creditor-side steps a lender can take to strengthen enforceability, priority, and value-preservation upon default.

(4 marks)

Please cite relevant statutory provisions and cases (where applicable).

(Total: 20 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER