

**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 material into the examination hall.
5. Please write your answer using permanent ink.

MYKAD/ PASSPORT NO : _____

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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

UrbanBuild Sdn. Bhd. ("UrbanBuild") undertakes large-scale property development projects. Its constitution requires prior Board approval for contracts exceeding RM1.5 million outside its development mandate. Mr. Zafri, General Manager — Operations (not a director), signs a RM5 million interior fit-out contract with DesignMax Sdn. Bhd. ("DesignMax") using UrbanBuild's official letterhead and corporate email.

DesignMax had executed multiple smaller fit-out orders through Mr. Zafri over 24 months (each below RM400,000), all accepted and paid without objection. The Board refuses to honour the contract, claiming:

- (i) Mr. Zafri had no actual authority to enter contracts of that value; and
- (ii) DesignMax should have insisted on a Board resolution given the contract value and scope of work.

Required:

- (a) Analyse whether UrbanBuild is bound by the RM5 million contract, applying the following: -
 - i. corporate capacity;
 - ii. actual/implied authority;
 - iii. apparent authority; and
 - iv. third-party reliance/indoor management principles.

(10 marks)
- (b) Evaluate whether DesignMax's reliance is legally reasonable in light of UrbanBuild's defences, including whether the RM5 million value and scope of work constitute a 'red flag' requiring further verification of authority.

(6 marks)
- (c) Critique UrbanBuild's internal contracting governance 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 10 January 2026, two promoters, Mr. Ridhwan and Ms. Farah, sign a 3-year cleaning services contract "for and on behalf of CleanPro Sdn. Bhd. (to be incorporated)". CleanPro Sdn. Bhd. ("CleanPro") is incorporated on 15 February 2026.

CleanPro immediately uses the cleaning services from the date of incorporation and pays for February and March 2026. In April 2026, CleanPro ceases payment and claims the contract is not binding because it was signed before incorporation. The cleaning services provider demands payment and threatens legal proceedings.

Separately, on 20 February 2026, CleanPro (which has three directors) enters into an office lease. The lease is signed by one director only, without a common seal and without a second authorised signatory. CleanPro later disputes whether the office lease was validly executed.

Required:

- (a) Analyse the legal consequences of the pre-incorporation cleaning services contract for:
 - i. CleanPro after incorporation; and
 - ii. Mr. Ridhwan and Ms. Farah personally.

(10 marks)
- (b) Evaluate the legal significance of CleanPro's post-incorporation conduct (use of services and payments for February and March 2026) on enforceability and risk allocation in this fact pattern.

(4 marks)
- (c) Recommend **TWO (2)** practical process steps to Mr. Ridhwan and Ms. Farah to reduce legal uncertainty and strengthen enforceability for pre-incorporation deals and execution of company agreements (including the office lease).

(6 marks)

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

(Total: 20 marks)

CONFIDENTIAL**Question 3**

MegaFarm Sdn. Bhd. ("MegaFarm") reports profit after tax of RM1.8 million in its FY2025 management accounts. However, the company has cash at bank of only RM90,000, trade receivables of RM3.5 million (60% aged over 90 days), trade payables of RM1.6 million, and an overdraft facility that is near its limit.

In December 2025, the directors approve and pay a final dividend of RM1.0 million to "demonstrate financial health to a prospective strategic investor".

Three months later, MegaFarm is unable to service its bank term loan. Syarikat Bestari Jaya Sdn. Bhd., a key supplier, files a winding-up petition on grounds of inability to pay debts. Ms. Aishah Ramsi, a minority shareholder holding 12% of MegaFarm's shares, seeks to challenge the dividend and hold the directors accountable.

Required:

- (a) Discuss whether the final dividend declared by MegaFarm is lawful and meets the legal requirements governing declaration and payment of dividends by a private company. Include in your discussion profit and solvency-based discipline, and directors' duties. (12 marks)
- (b) MegaFarm is unable to service its bank term loan and fails to meet the solvency requirement. Advise Syarikat Bestari Jaya Sdn. Bhd. on the recovery mechanisms that they can pursue against the dividend recipients and directors of the company. (8 marks)

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

(Total: 20 marks)

Question 4

PrimeCore Sdn. Bhd. ("PrimeCore") is a private company in logistics and transportation. Over the past two financial years, rising fuel costs and supply chain disruptions eroded margins and resulted in accumulated losses of RM6 million.

Following a strategic review, the Board resolves to undertake a major restructuring ahead of a planned refinancing. As part of this, the Board proposes to reduce its share capital by way of a solvency statement under the Companies Act 2016 to eliminate the accumulated losses.

Concurrently, to fund expansion into new regional corridors and strengthen its fleet capabilities, the Board proposes to issue new shares to a strategic partner willing to invest RM2 million. The strategic partner has requested preferential terms in the shareholders' agreement.

Dato' Razif and Pn. Norhaslinda, who together hold 30% of PrimeCore's issued share capital, object on grounds of dilution and lack of proper consultation. They are concerned the proposed placement would dilute their combined shareholding, weakening their influence over key business decisions, and have indicated they may challenge the proposals unless adequate safeguards are implemented.

Required:

- (a) Evaluate whether the proposed reduction of share capital by solvency statement is valid, given that two existing shareholders may challenge the proposal. Include in your discussion the legal requirements relating to a reduction of share capital under the Companies Act 2016.

(12 marks)

- (b) Discuss the validity of the proposed issuance of new shares to the strategic partner and the key requirements available that safeguard Dato' Razif and Pn. Norhaslinda against dilution and loss of control.

(8 marks)

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

(Total: 20 marks)

Question 5

Horizon Logistics Sdn. Bhd. ("Horizon") borrows RM1.8 million from Bank X on 1 March 2026 and grants Bank X a "fixed charge over all motor vehicles." However, Horizon is expressly permitted to sell and replace trucks in the ordinary course of fleet renewal without Bank X's prior consent, and to use the sale proceeds in its general operating account. Bank X registers the charge on 10 March 2026 (within the statutory period).

On 1 June 2026, Horizon borrows RM2.5 million from Bank Y. Bank Y's security is described as a "fixed charge over all trade receivables." The charge agreement requires all collections to be paid into a dedicated blocked account controlled by Bank Y; Horizon cannot operate this account or withdraw any funds without Bank Y's prior written approval. Bank Y registers the charge on 20 July 2026 (outside the statutory period) and does not obtain any court extension or rectification order. Horizon defaults on 1 September 2026. Both banks claim priority over the charged asset proceeds.

Required:

- (a) Analyse whether Bank X's and Bank Y's securities are properly characterised as fixed charges according to factual indicators, and explain why the classification is commercially critical. (10 marks)
- (b) In the event of default payment, evaluate the legal consequences of late registration by Bank Y. Discuss the effect of late registration on claim priority over the asset proceeds between Bank X and Bank Y. (10 marks)

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

(Total: 20 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER