



CHARTERED TAX INSTITUTE OF MALAYSIA
(Institut Percukaian Malaysia)
Registration Number: 199101015438 (225750-T)

PROFESSIONAL EXAMINATION

FINAL LEVEL

COMPANY & BUSINESS LAW

SEPTEMBER 2024

Student
Registration No.

Date

Desk No.

Examination Centre

Time allowed: 3 hours

INSTRUCTIONS TO CANDIDATES

1. This paper consists of **TWO** sections. **SECTION A** contains **THREE** questions and **SECTION B** contains **THREE** questions.
2. Answer **FIVE** questions. **TWO** questions from each section and **ONE** from either section.
3. Each answer should begin on a separate answer template.

DO NOT TURN OVER THIS PAGE UNTIL INSTRUCTED BY THE INVIGILATOR

SECTION A COMPANY LAW

Jefferson Bhd was formed in 2020, and its core business is manufacturing wooden pallets. Its shareholders are Amran, Rizaki, Mahmud, and Jefri, who own equal shares and are the company's directors. The company has a Constitution that clearly provides that the company's sole business shall be manufacturing pallets and no other business unless the Constitution is duly amended with the consent of all four(4) shareholders.

On 5th June 2024, Amran and Rizaki, on behalf of Jefferson Berhad, entered into a contract to purchase a factory from Xenon Woodbox Sdn Bhd ("Xenon"), involved in manufacturing wooden cardboard boxes. They felt it was in line with the Constitution, similar to the wooden pallet manufacturing business. Amran and Rizaki are also the shareholders and directors of Xenon. Amran and Rizaki intend to purchase the factory at an inflated price, as Xenon has huge financial debts and may soon be wound up by its creditors. Through the purchase money, they intend to settle Xenon's debts.

With reference to the facts above, answer Questions 1, 2, and 3 below:

Question 1

- (a) **What is a Constitution, and what is its significance concerning the Companies Act 2016?**
(10 marks)
- (b) **Explain the doctrine of ultra vires under the common law and the Companies Act 2016.**
(10 marks)

[Total: 20 marks]

Question 2

- (a) **Amran and Rizaki intend to call a shareholders' meeting to approve the factory purchase by Jefferson Bhd from Xenon Woodbox Sdn Bhd. Advise whether Amran and Rizaki have a right to call a meeting of shareholders and the procedure for calling the same under the circumstances.**
(12 marks)
- (b) **What are the rights of Amran and Rizaki if Mahmud and Jefri, as directors, refuse to call a meeting of the members?**
(8 marks)

[Total: 20 marks]

Question 3

With reference to the common law and the Companies Act 2016, advise Mahmud and Jefri on the various breaches of directors' duties by Amran and Rizaki.

[Total: 20 marks]

**SECTION B
BUSINESS LAW**

Question 4

Suria contracted to sell an antique piano worth RM6000.00 to Roslan for RM2000.00 only.

When Roslan paid Suria, Suria claimed that the market value of the said piano is RM6000.00 and that is what Roslan should pay her. Suria further contended that the contract is void since the price is not in accordance with market value. Roslan, on the other hand, persists that the contract is valid.

Required:

Advise the parties.

[Total: 20 marks]

Question 5

Poh Seng, a 14-year-old male, wants to know whether he can enter into commercial contracts.

Required:

Please advise him on whether he may do so. In addition, please also let him know the types of contracts he can legally enter into.

[Total: 20 marks]

Question 6

Mary approached Tan Boon Ming (TBM) and wanted to purchase a new refrigerator and microwave oven for her new apartment. However, she did not have enough money, and the TBM staff suggested that she enter a hire purchase agreement (HPA) with Crono Finance (CF).

Mary agreed and signed the HPA. The HPA was for both the refrigerator & the microwave oven. However, there was no indication of the amount monthly, the charges, or the number of installments she had to pay in total.

When she asked the CF, she was told that all these details would be filled in later, that for now, she had to sign the agreement, and that she would be given a copy later.

It has been over two months since she signed the agreement, and she has yet to receive a copy. Instead, CF insists that Mary pay the first monthly installment of RM400.00.

Required:

Mary is unsure of the validity of this agreement and seeks your advice.

[Total: 20 marks]

(END OF QUESTION PAPER)