



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

PROFESSIONAL EXAMINATION

FINAL LEVEL

COMPANY & BUSINESS LAW

MARCH 2025

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.

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SECTION A COMPANY LAW

Question 1

Afiqah is a minority shareholder of Sapphire Technologies Dynamics Bhd ("Sapphire"), a technology company based in Shah Alam, Selangor. She holds 120,000 ordinary shares, which she inherited in 2019 from her late father. Despite being a shareholder for over five years, Afiqah has not actively engaged in any of the company's operations or attended annual general meetings (AGMs).

Recently, Sapphire announced a series of controversial decisions, including the approval of a substantial director's remuneration package, a proposed issuance of 500,000 ordinary shares to a related company controlled by one of the directors, and the disposal of a key subsidiary company, Emerald Software Sdn Bhd ("Emerald") slightly below the market price. Emerald generates 40% of Sapphire's revenue.

Afiqah is concerned that the directors may not be acting in the best interests of Sapphire and/or its subsidiaries. She has also heard rumors that the financial statements presented at the last AGM may not accurately reflect Sapphire's financial position. Moreover, she feels that the Board of Directors of Sapphire has not adequately communicated the reasons behind these major decisions to the shareholders.

Afiqah is unsure of her rights as a shareholder and how she can take action to address these issues.

Required:

Advise Afiqah on the legal rights available to her as a shareholder of Sapphire Technologies Dynamics Bhd under the Companies Act 2016.

[Total: 20 marks]

Question 2

Phoenix Sdn Bhd is a private company based in the industrial area of Ayer Keroh, Melaka and is involved in the manufacturing of semiconductor devices and electrical circuits. Its shares are owned equally by four directors: Aidan, Priya, Farah, and Daniel. The company recently secured a large contract with an American company and plans to expand its operations by issuing additional shares to raise funds for further development and marketing.

Farah, due to personal financial constraints, is unable to participate in the share purchase. She approaches the Board of Directors with a proposal for Phoenix Sdn Bhd to arrange a financial institution to provide her a loan, backed by a corporate guarantee from the company, to enable her to buy the shares.

Required:

With reference to the provisions of the Companies Act 2016, advise whether Phoenix Sdn Bhd is legally permitted to assist Farah by providing a corporate guarantee for her loan to purchase the company's shares.

[Total: 20 marks]

Question 3

MRB Holdings Berhad ("MRB") is involved in various businesses (construction, hospitality, shipping and logistics) through its subsidiaries, some of which are public companies and some private companies. MRB's directors are constantly involved in various company meetings (annual and general meetings) and passing of company resolutions in relation to the respective company businesses.

Required:

Under the Companies Act 2016, explain the key distinctions in how private companies and public companies conduct meetings and pass resolutions.

[Total: 20 marks]

SECTION B BUSINESS LAW

Question 4

Sarah, a 16-year-old minor, enters into a contract with a car dealership to purchase a vehicle worth RM20,000. The dealership is unaware of Sarah's age and proceeds with the transaction. After a few months, Sarah decides she no longer wants the car and seeks to avoid the contract on the grounds that she is a minor and lacks legal capacity to enter into the contract. The dealership argues that the contract is valid because it involves the sale of a car, which is a necessary item for Sarah's use.

Required:

Evaluate the legal issues surrounding Sarah's ability to avoid the contract based on her status as a minor. Discuss the enforceability of contracts entered into by minors. Illustrate your answer with relevant legal principles and case law.

[Total: 20 marks]

Question 5

Ahmad, a business owner in Malaysia, borrows RM 50,000 from Zuraida and issues her a promissory note in return. The promissory note specifies that Ahmad will repay the loan with interest of 5% annually in three equal instalments over a period of one year. After three months, Ahmad encounters financial difficulties and is unable to make the second payment. Zuraida decides to transfer the promissory note to her friend, Amir, in exchange for a discounted amount. Amir later presents the note to Ahmad, who refuses to pay, claiming that the note is invalid due to non-compliance with a legal requirement.

Required:

Examine the enforceability of the promissory note under Malaysian law. Discuss the legal principles governing negotiable instruments under the Bills of Exchange Act 1949 (BEA), including the rights of holders, transferability, and defences available to the drawer or maker of the instrument. Illustrate your answer with relevant case law and principles under Malaysian law.

[Total: 20 marks]

Question 6

Amira and Siti decide to form a **Limited Liability Partnership (LLP)** in Malaysia to start a consultancy business. They both agree to contribute equally to the capital of the business, with Amira providing a larger share of the expertise and Siti handling the administrative aspects. After a year of operations, the business faces financial difficulties and accrues significant debts. Amira is concerned that, as a partner in an LLP, she might be personally liable for the debts of the business. On the other hand, Siti believes that because the business is structured as an LLP, neither of them will be personally liable beyond their respective capital contributions.

Required:

Evaluate the liability of Amira and Siti as partners in the LLP. Discuss the legal framework governing Limited Liability Partnerships (LLPs) under Malaysian law, particularly the Limited Liability Partnerships Act 2012, and explain the nature of liability in LLPs. Illustrate your answer with relevant legal provisions and case law.

[Total: 20 marks]

(END OF QUESTION PAPER)