Moral Education (ME) in Malaysia has undergone numerous changes and face lifts but still there are complaints about the subject and the latest was how students themselves voiced their opinions that ME is of no use to them. However due to policy and the fact that the subject complements Islamic Studies confirms that the subject is going to be in existence. To date, the Moral Education syllabus has been revised once in Malaysia, in the year 2000, but it lacks attention to a student perceptive when being redesigned or evaluated. This paper looks into alternatives of teaching ME using real-life moral dilemmas and how the use of Vygotsky’s principle on Zone of Proximal Development (ZPD) encourages peer collaboration in adolescents in resolving their real-life moral dilemmas. By applying Vygotsky’s Zone of Proximal Development (ZPD), the paper aims to include the perception of students facilitated by adults and peers to open up an alternative dimension in the teaching and learning of the subject. Vygotsky’s approach of using the notion of the Zone of Proximal Development (ZPD) is utilized with adjustment and adaptations to the sociocultural setting in Malaysia.