





WHAT'S INSIDE **THIS ISSUE:**

WRONGFUL OCCUPATION OF PREMISES AND A CLAIM FOR MARKET RENTAL

CITIZENSHIP TO ILLEGITIMATE CHILD - DENIED

THE IMPACT OF **TERMINATION ON** LIQUIDATED DAMAGES

EXTENSION OF TIME GRANTED BY MINISTER IS VALID

INSIDE OUT

10

- 3

- 6

- 13

- 16

A MONTHLY NEWSLETTER BY HHQ & HLP

Note from the Editorial Team

Dear Readers,

The 31st of August is a very special day for Malaysians. It is the day we celebrate our independence as a nation and it also represents the opportunity we have been given to govern the country according to our vision, hopes and dreams as a sovereign nation.

This year, as we celebrate Malaysia's 64th year of independence, we must remind ourselves that independence comes with responsibility, and in conjunction with this special day, we as individuals must fulfil our responsibilities to keep our nation safe and growing.

In this edition of Empower, we have numerous interesting articles covering many recent legal developments in Malaysia and elsewhere.

Our first article is in respect of a recent Court of Appeal decision (*SSN Medical Products Sdn Bhd v Chin Hin Helmet Sdn Bhd*) delivered in April this year which concerns the issue of wrongful occupation of premises and how a claim for market rental would be determined in a situation where part of the subject premises is an illegal structure under the Street, Drainage and Building Act 1974 and the Uniform Building By-Laws 1984.

The second article concerns a very important Federal Court decision (*CTEB & Anor v Ketua Pengarah Pendaftaran Negara, Malaysia & Ors*) delivered in May this year and it is in respect of whether an illegitimate child born outside Malaysia to a Malaysia biological father and a non-Malaysian mother, is entitled to become a citizen by operation of law pursuant to Article 14 of the Federal Constitution.

The third article covers the recent United Kingdom Supreme Court decision in *Triple Point Technology Inc v PTT Public Company Ltd* on the issue of the impact of termination on liquidated damages and this decision is expected to be of much relevance to the Malaysian construction industry.

Finally, our last article takes a look at the July 2021 Court of Appeal decision in *Bludream City Development Sdn Bhd v Alvin Leong Wai Kuan & 14 Ors and Other Appeals* which concerns the issue of the validity of an extension of time to deliver vacant possession granted by the Minister.

Do take a peek at our Inside Out section as well where we share a variety of our favourite inspiring quotes that we have derived from our Book Club sessions.

We hope that you enjoy reading this edition of Empower and we wish all of you a Happy Malaysia Independence Day!



Halim Hong & Quek and Harold & Lam Partnership.

It is distributed for free and can be read on HHQ's or HLP's website at **https://hhq.com.my/** or **https://hlplawyers.com/**

All articles in this publication are intended to provide a summary or review of the subject matter and are not intended to be nor should it be relied upon as a substitution for legal or any professional advice.

Contact Us



KUALA LUMPUR OFFICE OFFICE SUITE 19-21-1, LEVEL 21, WISMA UOA CENTRE, 19, JALAN PINANG, 50450 KUALA LUMPUR T: +603 2710 3818 F: +603 2710 3820 (Corporate & Real Estate) +603 2710 3821 (Dispute Resolution)

E: hhqkl@hhq.com.my

PENANG OFFICE

C-11-2, LORONG BAYAN INDAH 3, BAY AVENUE, 11900 BAYAN LEPAS, PULAU PINANG T: +604 640 6818 T: +604 640 6817 F: +604 640 6819 E: hhgpenang@hhg.com.my

JOHOR OFFICE

A-2-23 & A-3-23, BLOCK A, PUSAT KOMERSIAL BAYU TASIK, PERSIARAN SOUTHKEY 1, 80150 JOHOR BAHRU, JOHOR T: +607 300 8101 T: +607 289 7366 F: +607 300 8100 E: hhq@hhqjb.com.my

HAROLD & LAM PARTNERSHIP

KUALA LUMPUR OFFICE

SUITE 32-5, 32ND FLOOR, OVAL TOWER DAMANSARA, NO. 685, JALAN DAMANSARA, 60000 KUALA LUMPUR T: +603 7732 8862 F: +603 7732 8812 E: hlp@hlplawyers.com

> FREE Publication Printing Permit: PP19508/08/2019(035103)

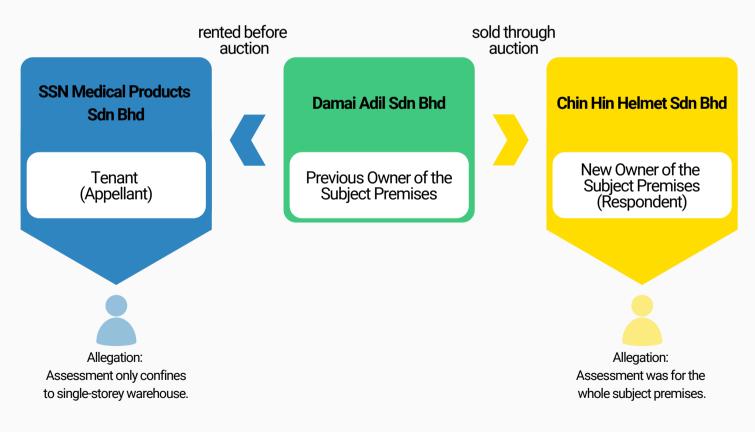
THE COURT OF APPEAL'S DECISION ON THE MARKET RENTAL OF AN ILLEGAL STRUCTURE IN SSN MEDICAL PRODUCTS SDN BHD v CHIN HIN HELMET SDN BHD

WRITTEN BY LIM YOKE WAH

- 1) This case concerns the claim for the market rental of a five-storey office building with no Certificate of Fitness for Occupation ("CF") issued.
- The Court of Appeal in SSN Medical Products Sdn Bhd v. Chin Hin Helmet Sdn Bhd [2021]
 7 CLJ 51 held that Chin Hin Helmet should not be allowed to claim for the market rental for the entire subject premises as part of it contained an illegal structure under the Street, Drainage and Building Act 1974 ("Act") and the Uniform Building By-Laws 1984 ("UBBL").

BRIEF FACTS

3) The dispute arose from the assessment of damages on the value of market rental of the subject premises, which comprises of a single storey warehouse with the Certificate of Fitness for Occupation ("CF") issued and a five-storey building with no CF issued.



THE PARTIES

THE FACTS LEADING UP TO THE DISPUTE

- 4) Chin Hin Helmet bought the subject premises through a public auction, but they were already being occupied by SSN Medical Products under a tenancy agreement with Damai Adil, the previous owner. SSN Medical Products was ordered by the High Court to deliver vacant possession of the subject premises to Chin Hin Helmet and damages to be assessed up to the date of the delivery of vacant possession.
- 5) Majlis Bandaraya Petaling Jaya confirmed that there was no issuance of CF and no approved plan for the five-storey office building. As for the single-storey warehouse, a "Sijil Perakuan Selesai Tambah Binaan" that is equivalent to CF was issued.
- 6) SSN Medical Products was not aware that the five-storey building had no CF when entering into the tenancy agreement.
- 7) Chin Hin Helmet alleged that the CF issued is referring to the subject premises, making no distinction between the single-storey warehouse and five-storey office building.

DECISION OF THE HIGH COURT

- 8) The High Court rejected the argument on illegality concerning the part of the building with no CF and allowed the Chin Hin Helmet's claim for the market rental for the entire subject premises.
- 9) The High Court relied heavily on the court decisions of **Othman Ali (supra) and Amm Joy** (suing as Chairman Committee Members of Wat Boonyaram)(supra) and was of the view that the user principle applied in this case as SSN Medical Product has benefited from using the subject premises as their factory.

COURT OF APPEAL ANALYSIS AND DECISIONS

10) S.24 of the Contracts Act 1950 ("Contract Act")

The consideration or object is said to be unlawful if it is, inter alia, forbidden by a law or it is of such a nature that, if permitted, it would defeat any law. Every agreement of which the object or consideration is unlawful is void.

The High Court did not consider the illegality structure under the Act and UBBL when awarding the property market value for the assessment period, thereby contravening S.24 of the Contracts Act.

11) S.70 of the Act

S 70(1) of the Act provides that no person shall erect any building without prior written permission of the local authority.

S 70(16)(f) provides that any departure either before or after the completion of the building in any particular form from any plan or specification approved by the local authority at any time in respect of such building also constitutes erection of a building.

12) <u>UBBL</u>

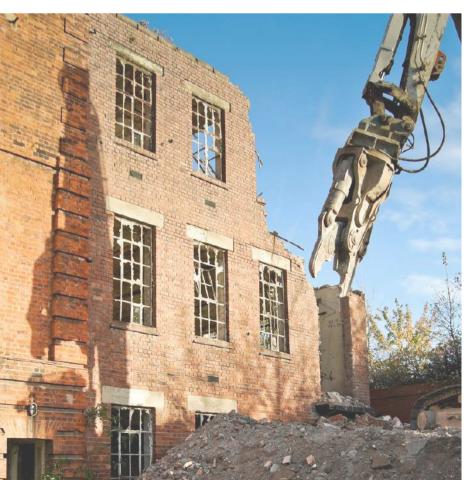
Under by-laws 3, 10, 25, 25A and 28 of the UBBL, the building owner is required to comply with the requirements of the provisions under the UBBL in relation to a building plan and the issuance of the CF by the local authority. No person shall occupy or is permitted to occupy any building or any part thereof, unless a CF has been issued under these by-laws for such building. Failure to comply with these by-laws shall render such person liable to prosecution under the Act as provided under by-law 28 of the UBBL.

13) In this case, there was no approval applied for or plan submitted to MBPJ by the owner for the erection of a five-storey office building. Besides no approval for the plan, there was also no CF issued after the five-storey office building had been erected. The subject premises, which consists of a five-storey office building, amounts to an illegal structure with no approved plan and CF.

- 14) In the Federal Court case of *Singma Sawmill Co Sdn Bhd v. Asian Holdings (Industrialised Buildings) Sdn Bhd* [1979] 1 LNS 96, it was held that no person can claim any right or remedy whatsoever under an illegal transaction in which he has participated. In the case of a lease known to the lessor to be illegal, he cannot sue for the recovery of rent, since to substantiate his claim, he must necessarily rely upon the illegal transaction.
- ¹⁵⁾ The principle in *Singma Sawmill* (supra) was also adopted by the court in *Senga Engineering & Construction Sdn Bhd v. Richwin Holdings (M) Sdn Bhd* [2016] 7 CLJ 463 where it was held that the plaintiff in that case was not entitled to claim payment for work done because it was declared that the house built by the plaintiff was illegal, every stage of the building works was carried out illegally. A cause of action that is founded on illegal act will not succeed.
- 16) In this case, the facts on illegality emerged during the oral evidence of the Chin Hin Helmet's witnesses from the local authority (MBPJ). Therefore, the Court of Appeal was of the view that Chin Hin Helmet should not be allowed to claim for the market rental for the entire subject premises as part of it contained an illegal structure under the Act and the UBBL.
- 17) Premised on illegality, the Court of Appeal agreed with the submission of learned counsel for SSN Medical Products that the user principle based on cases of **Othman Ali (supra) and Amm Joy (suing as Chairman Committee Members of Wat Boonyaram)(supra)** relied upon by Chin Hin Helmet do not apply in this case. In Othman bin Ali (supra), the issue was a trespass on the land. The case had nothing to do with an illegal structure.
- 18) In allowing the appeal, the Court of Appeal varied the amount of damages awarded after it considered the issue of illegality and rejected the application of user principle.

DECISION OF THE COURT OF APPEAL

19) The Court of Appeal's decision in **SSN Medical Products Sdn Bhd** serves as an important precedent to a landlord who wants to claim for the market rental on an illegal structure. It highlights that the presence of such illegality must be considered and excluded in the assessment of rental, with no reliance on the user principle to justify rental.





Lim Yoke Wah Partner Halim Hong & Quek Advocates & Solicitors yokewah@hhq.com.my

CITIZENSHIP TO ILLEGITIMATE CHILD – DENIED

WRITTEN BY CHAN JIA YING

- 1) It is well established that our Federal Constitution guarantees an automatic right of citizenship to a child whose father is a Malaysian citizen married to a foreign spouse. However, such an automatic right is not afforded to a child of a Malaysian mother with a foreign spouse. This position embedded in the Federal Constitution, unfortunately, points to discrimination against Malaysian women.
- 2) In the recent case of CTEB & Anor v Ketua Pengarah Pendaftaran Negara, Malaysia & Ors [2021] 6 CLJ 471, the apex court of Malaysia by a split decision of 4:3 denied the Malaysian citizenship to a child born to a Malaysian father and a Filipino mother, on the basis that the child was illegitimate at the time of birth.
- 3) The novel issue before the 7 panel of Federal Court judges was "whether an illegitimate child born outside Malaysia, to a Malaysian biological father and a Filipino mother is entitled to become a citizen by operation of law pursuant to Article 14 of the Federal Constitution?"

BRIEF FACTS

- 4) The biological father of the child in question is a Malaysian whereas the mother is a citizen of the Republic of the Philippines.
- 5) Their child was born out of wedlock in the Philippines and their marriage was registered approximately 5 months later in Malaysia pursuant to the Law Reform (Marriage and Divorce) Act 1976.
- 6) In applying for his child to be a Malaysian citizen, the father of the child even adduced a DNA test to prove that he is the biological father.
- 7) The Federal Court by a majority affirmed the findings of the High Court and Court of Appeal in that the child was not qualified to acquire citizenship by operation of law as, at the time of birth, the mother was not a citizen of Malaysia.
- 8) The primary issue revolve around the interpretation of the Federal Constitution, namely Article 14(1)(b), Section 1(b) of Part II of the Second Schedule and Section 17 of Part III of the Second Schedule as reproduced below:-



<u>Article 14(1)(b)</u>

"(1) Subject to the provisions of this Part, the following persons are **citizens by operation of <u>law</u>**, that is to say:

•••

(b) every person **born** on or **after Malaysia Day, and having any of the qualifications specified in Part II of the Second Schedule.**"

Section 1(b), Part II of the Second Schedule

"(1) <u>Subject to the provisions of Part III</u> of this Constitution, the following persons born on or after Malaysia Day are citizens by operation of law, that is to say:

(b) every person born outside the Federation whose <u>father is at the time of birth a citizen</u> and either was born in the Federation or is at the time of the birth in the service of the Federation or of a State;"

Section 17, Part III of the Second Schedule

"17. For the purposes of Part III of this Constitution <u>references to a person's father or to his</u> <u>parent, or to one of his parents, are in relation to a person who is illegitimate to be</u> <u>construed as references to his mother</u>, and accordingly section 19 of this Schedule shall not apply to such a person."

THE MAJORITY'S FINDINGS

- 9) YA Rohana Yusuf for the majority held that pursuant to Section 17, in the case of an illegitimate child, the references to the child's "father" is to be construed as the mother. There is nothing ambiguous about Section 17 and therefore, the Filipino citizenship of the mother in the present case would pass down to the child.
- 10) The majority went further into historical documents such as the Reid Commissions Report 1957 and conclude that the intention of Parliament since the inception of these relevant provisions is that an illegitimate child's citizenship is to follow that of the mother and not the father, and it remains as the law to date.
- 11) Furthermore, as the laws of the country do not recognize unwedded parents, the word "parents" in the context of Part III of the Federal Constitution must certainly refer to lawful parents in a recognized legal marriage, and not to biological father or mother.
- 12) All in all, the majority held that the child's citizenship status is ascertained "at the time of birth" and the subsequent marriage of the parents would not change the birth status of the child as an illegitimate child. In emphasising this point, the majority further ruled that the case of *Madhuvita Janjara Augustin (suing through next friend, Margaret Louisa Tan) v. Augustin Lourdsamy & Ors* [2018] 4 CLJ 758 was decided wrongly in its finding that the legitimacy of the child is to be considered at the time of the application.
- 13) Despite ruling against the appeal, the majority acknowledged that the provisions on citizenship in the Federal Constitution is gender-biased and ought to be abolished, however the judiciary is not empowered to do so as the amendments can only be done by Parliament. In this regard, the majority held: -

"**[87]** I am in full agreement with the views expressed that the provisions on citizenship are gender bias in that it emphasises on the citizenship of the father and not the mother. I hasten to add, lest it be misunderstood that I am all for the abolition of gender discrimination."



THE MINORITY'S FINDINGS

- 14) On the other hand, the Chief Justice, YA Tengku Maimun Tuan Mat for the dissenting judges held that the concepts of jus soli (*'right of the soil'*) and *jus sanguinis ('right of blood'*) should be taken into account in the interpretation of the citizenship provisions in the Federal Constitution.
- 15) The dissenting judges held that Section 17 is intended to prevent statelessness to a child where the father is unknown or where the child has no father, in which on the basis of *jus* sanguinis, the mother being a citizen or later becoming a citizen is sufficient enough a reason to confer citizenship on that child.
- 16) In the present appeal, the child's father is known and his paternity is proven by the DNA test results adduced before the court. In the circumstances, the requirements under Section 1(b) of Part II of the Second Schedule (ie. '*Father is at the time of birth a citizen*') is satisfied and the child's legitimacy becomes irrelevant. To decide otherwise would essentially deem that the child's father is non-existent and the fact of paternity is ignored.
- 17) Contrary to the majority position that their hands are tied, the minority held that "any discrimination even if authorised under the Federal Constitution and unless expressly and clearly authorised must be strictly and narrowly construed, and must never be unwittingly condoned or encouraged."
- 18) Apart from the above, the Federal Court unanimously ruled that the Court of Appeal had erred in relying on Article 24 of the Federal Constitution to deprive the child of a Malaysian citizenship by virtue of holding a Filipino passport. The court held that Article 24 is only applicable to Malaysian citizens. The provision is not applicable as the child is not a citizen of Malaysia.

COMMENTS

- 19) From the analysis above, the Federal Constitution brings varying results depending on the legitimacy of the child and coupled with the child's Malaysian parent's gender. This is clearly an issue of gender discrimination.
- 20) The judgment of the Federal Court in this case exhibits the court's unanimous agreement that gender discrimination in the Federal Constitution needs to be addressed by Parliament. The hands of the judges may be tied but they have certainly shown their support to call for the abolishment of gender discrimination. In the words of YA Rohana Yusuf:-

"[87] I am in full agreement with the views expressed that the provisions on citizenship are gender bias in that it emphasises on the citizenship of the father and not the mother. I hasten to add, lest it be misunderstood that I am all for the abolition of gender discrimination. There have been calls by various NGOs and Women groups to address these discriminatory issues to propose for the FC to be amended to eliminate gender bias. Hannah Yeoh, the then Deputy Minister of Women, Family and Community Development, had issued many statements calling for amendments to the laws to achieve gender equality in this area (see Arfa Yunus, 'Yeoh: 'It's 2019, treat men, women equally. New Straits Times Online, 19 September 2019). <u>That was a</u> <u>rightful call because it is only by way of the amendment of the FC that this</u> <u>discrimination may be altered.</u>"

21) The author is of the view that the Federal Constitution is a living legislation and should not be construed narrowly. With the current Covid-19 pandemic and the closure of our borders, an influx of similar cases is imminent and possibly many more illegitimate children born to Malaysian parents will become stateless. At the end of the day, there is no fault on the innocent children born illegitimately and they have absolutely no power or control over their status. Reforms on the laws of citizenship are necessary to account for present circumstances.





Chan Jia Ying Senior Associate Harold & Lam Partnership Advocates & Solicitors jiaying@hlplawyers.com

THE IMPACT OF TERMINATION ON LIQUIDATED DAMAGES

TRIPLE POINT TECHNOLOGY INC v PTT PUBLIC COMPANY LTD [2021] 3 WLR 521

WRITTEN BY SATSHANI N. RADHAKRISHNAN

INTRODUCTION

- 1) Despite the tremendous progress made in our collective ability to agree on complex contractual terms, our ability to follow it to the tee, has however, lagged. One such manifestation of the contradiction between humanity's ability to plan and the realities of execution is, Liquidated Ascertained Damages ("LAD").
- 2) As the intention and purpose of the inclusion of a LAD clause in a contract is very clear, the issue of the applicability of a LAD clause in the circumstances of a termination before completion of the works was considered in the United Kingdom Supreme Court in *Triple Point Technology Inc v PTT Public Company Ltd* [2021] 3 WLR 521.

CASE FACTS

3) Triple Point Technology Inc ("**Triple Point**") and PTT Public Company ("**PTT**") entered into an agreement to develop a commodities trading software ("**the Project**"). Triple Point was successful in completing the works in Phase 1 of the Project, although the works were severely delayed. Consequently, PTT withheld any further payments to Triple Point due to the delays. Thereafter, Triple Point abandoned the Project and proceeded to sue PTT for unpaid invoices. PTT counter sued for delays and damages.



WOULD THE LAD CLAUSE BE APPLICABLE IN THE EVENT OF TERMINATION PRIOR TO THE COMPLETION OF THE ENTIRE WORKS? 4) The decision by the Court of Appeal

Sir Rupert Jackson held that where the contractor fails to complete the works and a second contractor steps in, three different approaches have emerged in respect of the applicability of the LAD clause:

- a) The clause does not apply at all upon termination;
- b) The clause only applies up to termination of the first contract;
- c) The clause continues to apply until the second contractor achieves completion.

The Court went on to explain that the orthodox approach would be category (b) mentioned above although this approach is not free from difficulty. The Court was of the view that in respect of incomplete works at the date of termination, the issue that the parties would have envisaged during the execution of the contract is delay and not the applicability of the LAD clause. If a construction contract is abandoned or terminated, the employer is in a new territory for which the LAD clause may not have made provision. Although the employer's accrued right must be protected, it may be artificial and inconsistent with the intention of the parties to categorise losses for a specific date and general damages thereafter.

In this regard, the Court decided that a better approach would be the applicability of general damages throughout the Contract. The applicability of the LAD clause would depend on the wording of the clause in each contract and ought to be decided on a case-to-case basis.

5) The decision by the Supreme Court

The decision by the Court of Appeal brought the applicability of the LAD clause to sharp focus before the Supreme Court. Lord Leggatt in coming up to its reasoning had succinctly explained the purposes of the LAD clause:

- a) Firstly, establishing what financial loss delay has caused the employer would often be an intractable task capable of giving rise to costly disputes. Fixing in advance the damages payable for such delay avoids such difficulty and cost; and
- b) Secondly, such a clause limits the contractors' exposure to liability of an otherwise unknown and open-ended kind while at the same time giving the employer certainty about the amount that it will be entitled to recover as compensation.

The reasoning of the Supreme Court in reversing the Court of Appeal's decision can be summarised as follows:

- a) Parties have agreed to the imposition of the LAD to provide certainly for a particular event (delay) and the employer does not then have to quantify the losses which may be difficult and time-consuming;
- b) Parties must be fully aware that accrual of LAD comes to an end on the termination of the Contract; and
- c) Parties can seek damages for breach of contract under the general law after termination.

IMPACT OF THE DECISION BY THE SUPREME COURT

- 6) The Supreme Court had made it clear that the accrued rights of the parties would not be lost in the circumstances where the clause is unclear and that the LAD clause would remain effective until the date of termination.
- 7) Further, it is important for a LAD in a construction contract to be upheld as it was the commercial intention of the parties to have damages predetermined in the contract to better manage the risk of delay in the completion of the project.
- 8) In Malaysia, the applicability and impact of a LAD clause in a contract was addressed by the Federal Court in Cubic Electronics Sdn Bhd (In Liquidation) v Mars Telecommunication Sdn Bhd [2019] 6 MLJ 15. It can be safely concluded that the reasoning adopted in Triple Point is similar to the one adopted in Cubic Electronics wherein the Federal Court held that there was no necessity to prove actual loss or damages in every case where an innocent party sought to enforce a damages clause in a contract. It was further held that to impose an obligation on the innocent party to prove that an impugned clause was not excessive would undermine the purpose of having a damages clause in a contract which was, in essence, promoting business efficacy.



Satshani N. Radhakrishnan Partner Harold & Lam Partnership Advocates & Solicitors satshani@hlplawyers.com



EXTENSION OF TIME GRANTED BY MINISTER IS VALID THE COURT OF APPEAL'S DECISION IN:

BLUDREAM CITY DEVELOPMENT SDN BHD v ALVIN LEONG WAI KUAN & 14 ORS AND OTHER APPEALS

WRITTEN BY GOH LI FEI & MEYER THOR XIAO XIN

Court of Appeal Civil Appeal Suit No. B-01(A)-55-01/2020, B-01(A)-56-01/2020, B-01(A)-57-01/2020, B-01(A)-62-01/2020, B-01(A)-63-01/2020, B-01(A)-64-01/2020

Coram: YA Datuk Hanipah binti Farikullah JCA, YA Dato' Lee Swee Seng JCA, YA Datuk Wira Haji Ahmad Nasfy bin Haji Yasin JCA

Decision delivered on 29.07.2021

SALIENT BRIEF FACTS

- 1) The purchasers and the developer had entered into sale and purchase agreements ("SPA") after the Controller had granted an extension of time to complete the Project within 42 months to the developer ("1st Extension").
- 2) Subsequently, there was a stop work order ("the "SW Order") for a period of 17 months issued by Majlis Perbandaran Subang Jaya ("MPSJ") as it was discovered that there were cracks on the school building beside the construction site of the Project.
- 3) The developer then further applied to the Controller for an extension of time to deliver vacant possession from 42 months to 59 months due to the SW Order but the Controller only granted an extension from 42 months to 54 months. The developer appealed to the Minister and the Minister allowed the further extension from 42 months to 59 months ("2nd Extension").
- 4) Unsatisfied with the Minister's decision, the purchasers filed applications for judicial review against the 2nd Extension. The purchasers did not challenge the 1st Extension in the judicial review applications.

HIGH COURT'S DECISION

5) The learned Judge in the High Court has allowed the judicial review applications on the basis that he was bound by the decision of the Federal Court in Ang Ming Lee & Ors v Menteri Kesejahteraan Bandar, Perumahan dan Kerajaan Tempatan & Anor and other appeals [2020] 1 CLJ 162 ("Ang Ming Lee"). The learned Judge also proceeded to invalidate the 1st Extension despite there being no challenge on the 1st Extension.

COURT OF APPEAL'S DECISION

6) Unsatisfied with the High Court's decision, the developer, Minister and Controller then filed this appeal to the Court of Appeal. The Court of Appeal allowed the appeal and set aside the High Court's decision. YA Dato' Lee Swee Seng JCA delivered the Court of Appeal's brief grounds of judgment as follows:

A) Ang Ming Lee has been distinguished

- 7) The Court of Appeal distinguished this current case from Ang Ming Lee as the purchasers did not challenge against the 1st Extension in the judicial review applications. Although the Federal Court in Ang Ming Lee held that **Regulation 11(3) of the Housing Development** (Control and Licensing) Regulations 1989 is ultra vires the Housing Development (Control and Licensing) Act 1966 ("HDA"), it did not oust the Minister's power to grant extension of time under Section 24(2)(e) of HDA.
- 8) In addition, as the purchasers' right to be heard by the Minister prior to granting the extension of time is not expressly stated in HDA, it shall be determined on a case-by-case basis.

B) Minister has the power to grant extension of time

- 9) The Court of Appeal further held that the Parliament has granted flexibility to the Minister to grant extension of time under **Section 24(2)(e) of HDA**.
- 10) Looking at the factual matrix of this current case, the Court of Appeal concluded that in exercising the power to grant 2nd Extension, the Minister had taken the following factors into consideration:
 - a) Reasonableness, fairness, proportionality and human decency.
 - b) Balancing the competing interests of the parties.
 - In this current case, the delay of the completion of the Project was beyond the developer's control and this is not a case where the developer is trying to take advantage of the purchasers. Should the 2nd Extension be quashed and the developer is ordered to pay liquidated damages for the 2nd Extension to the purchasers, it will cause undue and unnecessary hardship to the developer as the developer may face cash flow problems and go into liquidation.
 - c) Circumstantial facts and relevant considerations.
 - There was a SW Order issued by MPSJ for a period of 17 months and the SW Order was not anticipated by the developer.
 - The developer has offered the developer interest-bearing scheme ("DIBS") in which enables any interest payment for loans with banks under the SPA to be borne by the developer until vacant possession of the units have been delivered.
 - Expert evidence adduced by the developer showed that the cracks are attributed by the land structure underneath the school building.
 - The Project was categorized as "projek sakit" as only 46.24% completion was achieved instead of the expected 90.47%. In the event the 2nd Extension was not granted, there was a risk that the Project had to be abandoned and this would cause greater prejudice to the purchasers.



COMMENTARY

- 11) With this decision of the Court of Appeal, it has been clearly established that the Minister may exercise the power to grant an extension of time after taking into account relevant considerations which may include the circumstantial facts revolving around the Project. With such discretionary power given to the Minister, cogent factors such as shortage of raw materials and the COVID-19 pandemic may also be relevant considerations to be taken into account in granting an extension of time.
- 12) Nevertheless, the judgment in this current case may not be applicable for cases where the extension of time is granted by Controller as the Court has declined to make any ruling on the validity of the 1st Extension.



Goh Li Fei Senior Associate Halim Hong & Quek Advocates & Solicitors lfgoh@hhq.com.my



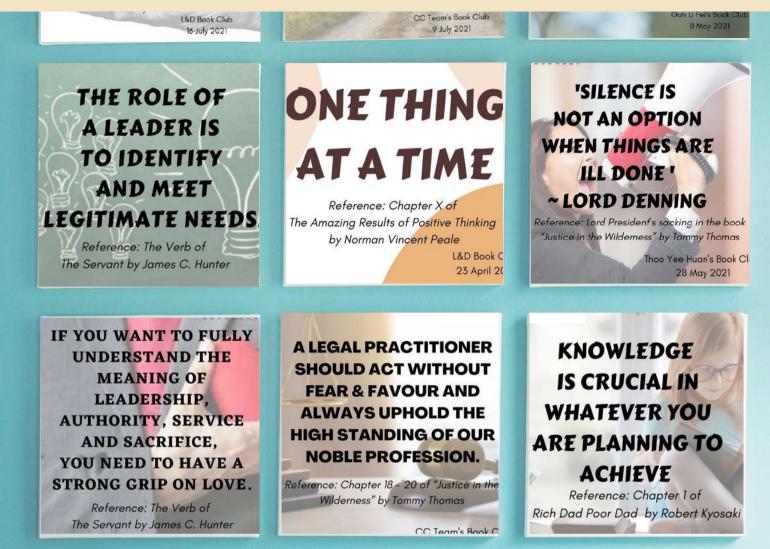
Meyer Thor Xiao Xin Associate Halim Hong & Quek Advocates & Solicitors meyer.thor@hhq.com.my



BOOK CLUB FAMOUS QUOTES

PAGE 16

inside OUT



Beginning this year, Halim Hong & Quek has decided to put more emphasis on helping its employees grow intellectually by taking its book club initiative to a higher level – each team organizes its own book club discussions amongst its respective team members.

Team leaders are free to choose a book to share. Some of the books that have been discussed are James C Hunter's The Servant, Robert Kiyosaki's Rich Dad Poor Dad and Tommy Thomas's Justice in the Wilderness. At the end of each book club discussion, the team members would share the takeaways of the discussion. We thought that these takeaways would serve as a timely reminder not only to us, but also to our valued readers.



Empower is a monthly newsletter jointly published by Halim Hong & Quek and Harold & Lam Partnership.

It is distributed for free and can be read on HHQ's or HLP's website at https://hhq.com.my/ or https://hlplawyers.com/

PAGE 17

All articles in this publication are intended to provide a summary or review of the subject matter and are not intended to be nor should it be relied upon as a substitution for legal or any professional advice.

EDITORIAL TEAM



Chong Lee Hui





Serene Hiew Mun Yi



Amy Hiew Kar Yi



Tan Poh Yee





Contact Us



KUALA LUMPUR OFFICE

OFFICE SUITE 19-21-1, LEVEL 21, WISMA UOA CENTRE, 19, JALAN PINANG, 50450 KUALA LUMPUR T· +603 2710 3818 F: +603 2710 3820 (Corporate & Real Estate) +603 2710 3821 (Dispute Resolution) E: hhqkl@hhq.com.my

PENANG OFFICE

JOHOR OFFICE

C-11-2, LORONG BAYAN INDAH 3, A-2-23 & A-3-23, BLOCK A, BAY AVENUE, 11900 BAYAN LEPAS, PULAU PINANG T: +604 640 6818 T· +604 640 6817 F: +604 640 6819 E: hhqpenang@hhq.com.my

PUSAT KOMERSIAL BAYU TASIK, PERSIARAN SOUTHKEY 1, 80150 JOHOR BAHRU, JOHOR T: +607 300 8101 T: +607 289 7366 F: +607 300 8100 E: hhq@hhqjb.com.my

HAROLD & LAM PARTNE

KUALA LUMPUR OFFICE

SUITE 32-5, 32ND FLOOR. OVAL TOWER DAMANSARA, NO. 685, JALAN DAMANSARA, 60000 KUALA LUMPUR T: +603 7732 8862 F: +603 7732 8812 E: hlp@hlplawyers.com

FREE Publication Printing Permit: PP19508/08/2019(035103)