INSLA E-PROCEEDINGS
مقالات المؤتمر العالمي في الشريعة والقانون
E-ISSN: 2735-1742

Vol. 6, No. 1, pp. 57-63 | 2023
INSLA E-Proceedings

BREACH OF CONTRACT & FAILURE OF CONSIDERATION IN PROJECT HALAL HUB: A CASE REVIEW OF STUDIOPLAN DESIGN PARTNERSHIP & ANOR v SARI PUTEH SDN BHD & ORS (2011) MLJU 1460

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Article history:
Submission date: 1 September 2023
Received in revised form: 30 October 2023
Acceptance date: 7 November 2023
Available online: 10 December 2023

Keywords:
Halal Forensics, Contractual Dispute, Burden of Proof, Total Failure of Consideration, Halal Governance, Project Management, Documentary Evidence

Funding:
This research did not receive any specific grant from funding agencies in the public, commercial, or non-profit sectors.

Competing interest:
The author(s) have declared that no competing interests exist.

Cite as:
Mohd Azam, M. D. I. (2023). Breach of contract & failure of consideration in project halal hub: A case review of Studioplan Design Partnership & Anor v Sari Puteh Sdn Bhd & Ors (2011) MLJU 1460. INSLA E-Proceedings, 6(1), 57-63.

ABSTRACT

The contractual dispute in the case of Studioplan Design Partnership & Anor v Sari Puteh Sdn Bhd & Ors (2011) is to highlight the critical role of Halal Forensics and project governance within Malaysia's halal industry ecosystem. Utilizing a qualitative doctrinal legal research approach, the study analyzes the primary judicial judgment, focusing on objective contractual interpretation, the burden of proof, and the principle of total failure of consideration under the Evidence Act 1950 and the Contracts Act 1950. The findings reveal that the court dismissed the plaintiffs' RM4.2 million claim due to insufficient documentary evidence and the failure to present material independent witnesses to substantiate their alleged completion of work. Consequently, the court allowed the defendants' counterclaim for the restitution of a RM600,000 advance payment based on a total failure of consideration following the mutual termination of the Halal Hub project. This scenario shows the importance of verifying the evidence and authenticating documents as part of the principles of Halal Forensics in preventing commercial disputes. In summary, this research method could see that good corporate governance and adherence to contracts are crucial in maintaining stakeholder trust and ensuring the integrity of the global halal industry.

Introduction

The halal industry is one of the most rapidly growing economies in the world and needs to have integrity, transparency, and good governance to ensure consumer satisfaction and to maintain the trust of the stakeholders. In the case of Halal Forensics, the areas of evidence authentication, documentation, contract adherence, accountability and so on will help to identify any misconduct or dispute that could or would be the one that potentially damage the reputation of the halal industry.

In this regard, the case of *Studioplan Design Partnership & Anor v Sari Puteh Sdn Bhd & Ors* (2011) involved a contractual dispute relating to the development of Halal Hub projects in the states of Kedah and Kelantan. In this case, the plaintiffs claimed professional fees amounting to RM4.2 million on the basis that they had fulfilled their contractual obligations as agreed under the contract. However, the defendants denied the claim and argued that the plaintiffs had failed to demonstrate that they had performed the scope of work stipulated in the agreement. Consequently, the Court held that the plaintiffs had failed to provide sufficient evidence to substantiate their claim and therefore dismissed the action. The Court further allowed the defendants counter claim for the recovery of an advance payment amounting to RM600,000.

This case is particularly significant in the field of Halal Forensics as it highlights the importance of evidentiary support, comprehensive documentation, transparency and accountability in the management of projects related to the halal industry. In case you are unable to back up your assertion, there are high chances that the claim will be turned down, and it might negatively affect the reputation of the individuals. That is why it is very crucial to have records and confirm the facts when one is trying to prove a point. The present scenario clearly brings out the importance of employing halal industry forensics to improve the situation.

Concept and Forms of Breach of Contract Based on Contract Act 1950

Under the Malaysian contract law, governed by the Contracts Act 1950, a breach of contract occurs when a party fails to fulfill their obligations within a valid and enforceable agreement. This legal wrong can manifest in several ways including inside to complete non-performance, delayed execution or defective delivery. Therefore, any deviation from the agreed-upon terms constitutes a breach, granting the innocent party the right to seek legal remedies (Zulkefli, 2026).

Objective

This study aims to analyse the case of Studioplan Design Partnership & Anor v Sari Puteh Sdn Bhd & Ors (2011) which involved a contractual dispute arising from the implementation of a Halal Hub development project in Malaysia. The analysis is conducted to examine the legal issues involved and their implications for management practices and governance within the halal industry. The aims of this study are as follows:

i. To analyse the factual background, legal issues and judicial decision in the case of Studioplan Design Partnership & Anor v Sari Puteh Sdn Bhd & Ors (2011).

ii. To examine the relevant legal principles governing contractual performance and evidentiary requirements that formed the basis of the court's decision.

iii. To identify the importance of documentation, evidence and information verification in ensuring transparency and accountability in the implementation of projects related to the halal industry.

iv. To evaluate the effectiveness of forensic approaches in detecting, verifying and assessing evidence related to contractual disputes and governance issues within the halal industry ecosystem.

v. To explain the significance of good governance practices in strengthening the integrity and credibility of the halal industry while reducing the risk of future disputes.

Methodology

This study is conducted qualitatively using a doctrinal legal research approach, placing a significant and exclusive focus on the case analysis method. Therefore, in line with my case study which is Studioplan Design Partnership & Anor v Sari Puteh Sdn Bhd & Ors (2011), the study primarily relies on the analysis of primary legal sources, namely the reported judicial decisions, while secondary sources are utilised solely to support and contextualise the findings. Concurrently, I maintain the originality of the analysis by conducting direct content analysis on the official written judgment text of this legal case in Malaysia.

Data Collection Method

This article was conducted exclusively by extracting primary legal documents from the full judgment texts available on the official LexisNexis Malaysia website, accessed via the Universiti Sains Islam Malaysia Library (USIM Library) for the following case files:

Main Case

Studioplan Design Partnership & Anor v Sari Puteh Sdn Bhd & Ors (2011) MLJU 1460. Generally, it contains the factual narrative, issues of breach of contract, and counterclaims related to the implementation of the Halal Hub Complex project in the states of Kedah and Kelantan.

Reference Case and Supporting Authority

The Federal Court case of Keng Huat Film Co Sdn Bhd v Makhanlall (Properties) Pte Ltd (1984) 1 MLJ 243. This case was specifically utilized by the court as a legal guide in establishing the method of contractual interpretation.

Legal Document Analysis Instruments

The analytical procedure for both case files was critically executed based on three substantive legal instruments and evidentiary procedures outlined within the written judgments by:

Analysis of Contractual Interpretation and Its Objectives

The judicial documents were first examined to observe how the court applied the objective approach in interpreting the terms of appointment for the "Special Purpose Project Management Office", based on the specific formulation of words chosen by the contracting parties. In addition, the case file of *Keng Huat Film Co Sdn Bhd* was analyzed as a supporting reference to evaluate the extent to which its facts and background could be properly and prudently considered by the court, without violating national legal principles regarding the exclusion of oral evidence by documentary evidence under Sections 91 to 99 of the Evidence Act 1950

Operational Analysis of the Burden of Proof

An examination was conducted on the application of Sections 101, 102, and 103 of the Evidence Act 1950, which serve as the judicial foundation for determining the shifting of the burden of proof based on the balance of probabilities. Nevertheless, this analysis focuses primarily on the court's assessment regarding the absence of clear supporting documentary evidence, as well as the subsequent legal implications arising from the plaintiff's failure to call a material witness from Perbadanan Industri Halal Berhad (Halal Hub) to verify the execution of the work.

Analysis of the Elements of Failure of Consideration

The judgment is critically examined to understand the rationale behind the court's decision to dismiss entirely the main claim for the remaining professional fees amounting to RM4,200,000.00 while conversely allowing the counterclaim to order the restitution of the advance payment of RM600,000.00 on the grounds of an absence or total failure of consideration (proof) due to the mutual termination of the project.

The Scenario Analysis

Contractual Facts

This case centres on a commercial contract dispute between Studioplan Design Partnership & Anor (the Plaintiffs) and Sari Puteh Sdn Bhd and its directors (the Defendants). On March 19, 2010, the Defendants in writing appointed the Plaintiffs as the Special Purpose Project Management Office for the construction project of the Halal Hub Complex in Kedah and Kelantan. Consequently, through the said Letter of Appointment, the Plaintiffs primary agreed scope of work was "following up on the project until completion", with a service fee rate of 6% of the total contract value. Furthermore, the payment mode was structured and allocated into two stages which only 50% upon the issuance of the Letter of Intent (LOI) and the remaining 50% upon the execution of the Letter of Award (LOA).

The Inception of the Crisis

On March 24, 2010, the awarding agency, Perbadanan Industri Halal Berhad (Halal Hub), issued two official LOAs to the Defendants. Following by the issuance of these LOAs, the Defendants made an advance payment of RM600,000.00 in cash to the Plaintiffs. However, the project encountered operational failure and critical delays such as Halal Hub faced issues regarding the acquisition of the construction site land. Consequently, the Defendants and Halal Hub ultimately agreed to a mutual termination of the project via an official letter dated July 23, 2010.

Nevertheless, the matter did not conclude amicably by a dispute erupted when the Plaintiffs filed a suit in the High Court claiming the remaining fees of RM4,200,000.00 on the grounds that they had completed their duties upon the issuance of the LOAs. In response, the Defendants vigorously filed a counterclaim seeking the restitution of the RM600,000.00 cash on the grounds that the project had been terminated and that there was a total failure of consideration on the part of the Plaintiffs.

Research Findings and Discussion

A thorough doctrinal analysis of the judicial documents reveals four primary findings concerning the governance of commercial contracts, the interpretation of written instruments, the burden of proof in court and the implications for Halal Forensics. These findings are detailed as below:

Objective and Literal Contractual Interpretation

Based on the analysis, it is evident that Malaysian courts strictly apply an objective approach when interpreting written terms in commercial contracts. The courts do not rely on subjective intentions or external oral negotiations if the language utilized in the written document is clear and unambiguous. Furthermore, this finding is strongly supported by the Federal Court authority in Keng Huat Film Co Sdn Bhd v Makhanlall (Properties) Pte Ltd (1984), which restricts the admissibility of oral evidence aimed at altering existing documentary terms. Moreover, the court emphasized that contractual terms must be given their literal or natural meaning, interpreted within their ordinary commercial context (The Commissioner of Law Revision, 2006). When contracting parties choose specific language, they are inherently bound by the legal implications of those words.

In the case of Studioplan (2011), the Plaintiffs argued that their scope of work was fully completed the moment the LOAs were successfully issued by Halal Hub. However, the Court rejected this argument by referring literally to the phrase "following up on the project until completion" in the Letter of Appointment. Consequently, the Court held that the words "until completion" objectively meant supervising the on-site construction works until the physical building of the halal hub complex was fully completed rather than merely concluding at the LOA documentation phase (The Commissioner of Law Revision, 2006).

Application of the Rule on Total Failure of Consideration

The finding indicates that in contract law, even if the primary objective of a contract is frustrated or terminated before any part of the services can be performed, the advance payment made must be refunded based on the failure to execute the agreed plan or service in its entirety. Payment in a commercial contract is invariably contingent upon the performance of obligations (Perbendaharaan Malaysia, 2022).

In this context 'consideration', it does not merely refer to the formation of the contract, but rather to the performance of the promise that forms the very basis of the payment. Accordingly, if a contract is lawfully terminated such as through mutual termination due to unforeseen factors like the unavailability of the project site and the recipient of the advance payment has not performed any work that confers a benefit upon the payer, an obligation to refund the said payment arises (The Commissioner of Law Revision, 2006). This aligns with the principle that an advance payment is a consideration for contractual performance and cannot be retained without a valid legal basis. Furthermore, this is consistent with Paragraph 2.4 of the Government's Advance Payment Guidelines, which stipulates that advance payments must be repaid through designated mechanisms throughout the duration of contract performance (Lembaga Arkitek Malaysia, 2010).

When Sari Puteh Sdn Bhd and Halal Hub mutually terminated the halal hub project on July 23, 2010, before any on-site construction work had commenced, the Plaintiffs automatically lost the legal capacity to execute the stipulated scope of work of "following up... until completion". Consequently, since the Plaintiffs did not perform any construction supervision duties which was formed the primary consideration for the 6% fee the Court held that a total failure of performance had occurred. As a result, the Plaintiffs were not entitled to the remaining RM4,200,000.00 and were further ordered to return the entire RM600,000.00 advance payment to the Defendants.

Failure to Discharge the Burden of Proof under the Evidence Act 1950

The focuses primarily on the procedural aspects of evidence, whereby any party asserting a fact bears the heavy burden of proving it through supporting documents or the testimony of independent witnesses, in accordance with Sections 101, 102, and 103 of the Evidence Act 1950. The *fuqaha* (Islamic jurists) have reached a consensus that testimony through *syahadah* (oral witnessing) constitutes a method of proof that holds the highest standing in Shariah law after *iqrar* (confession). Its status as an evidentiary instrument has been utilized as a foundation and guide in drafting Islamic evidentiary laws in Malaysia, including the provisions enshrined in the Syariah Court Evidence (Federal Territories) Act and the respective State Syariah Court Evidence Enactments (Anggu et.al, 2025).

Consequently, a bare oral assertion by an interested party before the court typically carries low evidentiary value if it is not supported by authentic and credible evidence. In this regard, a party's failure to produce a witness capable of verifying the disputed facts can severely undermine the strength of their case; furthermore, it allows the court to draw an adverse inference against that party and reject the narrative presented, owing to the failure to prove the allegations through sufficient evidence.

For instance, we can consider the issue of contractual influence. The Plaintiffs asserted orally that the LOAs from Halal Hub were successfully obtained because of special influence, strategic relations and negotiations conducted. However, the Plaintiffs failed to call any officer or representative from Perbadanan Industri Halal Berhad to court to support this assertion. Consequently, the Court found that the absence of this independent witness caused the Plaintiffs claim to fail to meet the threshold of the balance of probabilities. It is clear that pursuant to Subsection (1) of Section 101, any party seeking a court judgment regarding any legal right or liability that depends on the facts they assert bears the burden of proving that those facts do indeed exist (Anggu et al., 2025).

In addition, an examination into the profile of the Plaintiffs key witness revealed that they gave dubious testimony regarding their professional background. Concurrently, the witness claimed to possess expertise in managing multi-million ringgit projects. However, cross-examination revealed that this statement was false as the witness was not registered with the Board of Architects Malaysia (LAM). Any field of employment, particularly that of a certified architect, must strictly comply with Paragraph 2(2) of the Code of Professional Conduct for Professional Architects under the Second Schedule of the Architects Rules 1996 (Lembaga Arkitek Malaysia, 2010). Nonetheless, the witness was also unable to produce evidence of complete academic qualifications, which further affected the credibility of his testimony.

Consequently, the failure to show these official qualifications severely undermined the Plaintiffs' argument that they owned the technical capacity to act as a legitimate and competent project management office in the eyes of the public.

Implications for Halal Forensics

The findings of this case show some things about using Halal Forensics. This is especially true for checking evidence, making sure documents are real looking at how something is managed and managing risks in projects that have to do with halal. Halal Forensics is not about looking at halal products or certification problems. It is carefully checking all the records and details to make sure everything in the halal process is honest and trustworthy.

First thing is these case shows to the people that how important it is to keep a track record when working on halal projects. The Court made its decision because the person who brought the case could not prove they did the work they said they did. Additionally, from a Halal Forensics point good records are like a paper trail that lets people check if you did what you said you would do.

This case also ensure that it is very important to check the information and get proof from people when you are trying to prove something. The people who brought the case said they helped get the Letters of Award, but they did not have any proof. No one ever from Perbadanan Industri Halal Berhad said they were telling the truth. This make a sense that in investigations you need to have proof that's real and can be checked, not just what people say.

Halal Forensics is about making sure everything is honest and clear. The halal process needs to be trustworthy. Halal Forensics is used to check the halal process and make sure it is honest. Wan Abdul Fattah and others in 2021 even said that using science and carefully checking documents is very important. This may also help prevent documents and fraud. It makes sure that only real proof is used in court. This is like what forensic auditing does. It tries to find out what is really going on with documents and transactions. It wants to know if a claim is true and can be trusted. This is what Halal Forensics and forensic auditing are, about. They want to make sure the halal process is honest and trustworthy.

On the other hand, this conflict assumes the importance of adequate control and accountability in halal infrastructure projects. Effective management is dependent on simple contracts, proper reporting and continuous monitoring of project status. As a result of the lack of tangible evidence of work carried out in this project, serious management failures came to light, resulting in financial problems and litigation. Herein lies the role of Halal Forensics which can catch management weaknesses before they become lawsuits.

Finally, this case underscores the importance of forensic investigation in protecting the credibility of the halal industry. Investors and the public put their faith in halal-based projects. As such, there is need for them to get proper information, proper management quality practice and decision-making processes which are accountable. Any form of dispute and any form of unproven claim can negatively affect the reputation of the whole halal industry.

In this regard, the use of forensic methodology, through the forensic investigation of documents, evidence and audit trails offers organisations the opportunity to detect irregularities, improve governance structure and increase accountability. In addition, by ensuring decisions made and claims made have proper evidence behind them, forensics can play an important role in protecting stakeholder interests in halal related activities. Consequently, the lessons learnt from this case demonstrate the increasing importance of Halal Forensics as a proactive strategy in ensuring transparency, resolving disputes and sustainable development in the halal industry.

Summary

The lawsuit that arose in Studioplan Design Partnership acts as an eye-opening lesson for the halal industry. This is due to the enormous number number of risks involved in terms of governance and contracting that may result from the lack of proper compliance. Since the Plaintiffs failed to demonstrate that they have completed the task, they ended up losing not only the remaining RM4.2 million consultancy fee but also having to vacate the premises and pay back the RM600,000 advance payment received. In all, it is a clear case of the age-old legal principle that, in the absence of proof, there is no protection under the law.

Most and foremost, this is a perfect example of how the Malaysian courts strictly interpret and enforce the provisions of any contractual agreement. There was a great reliance by the court on documentary evidence and performance, along with the verification of these rather than the unverified oral evidence. In meantime, the relation to Halal Forensics, this case brings out the need for document authentication, evidence verification, governance and forensic auditing. These lessons learned from the dispute make it quite clear how relevant the concept of Halal Forensics has become in terms of preventing fraud, good governance and maintaining the credibility of the halal industry.

Conclusion

Malaysia's halal industry is well known as a strategic national asset that contributes to economic growth and enhances the international image of the country. The real power of Malaysia's halal industry is not in its compliance certificates or labels but dedicated in the degree of trust in the system of management of the halal food industry (Idris, 2026). The management and investors evaluate the system of projects in terms of infrastructure in addition to its products. To retain the market, the contract law of Malaysia supplemented by the Evidence Act 1950 and the Contracts Act 1950 is a necessary instrument of risk management. So far, the case under study shows that even the best reputation or smooth talk is not sufficient for the protection of the supply chain within the framework of halal forensics. Later, from this perspective, only a good corporate governance coupled with knowledge of contract law is an effective measure of protection against commercial disputes.

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