



# Challenging Land Compensation: What Every Landowner Should Know Before The Court Slams The Door

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Compulsory land acquisition often sits at the crossroads of constitutional protection and statutory rigidity. While Article 13 of the Federal Constitution guarantees a fair and adequate compensation in the realm of land acquisition, that constitutional promise may collide with the procedural trapdoors embedded within the Land Acquisition Act 1960 (LAA 1960).

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For a dissatisfied landowner, the path to contesting the Land Administrator's award is not a simple plea for equity but requires strict compliance with Section 38 of the LAA 1960. Any departure from statutory requirements would result in a complete foreclosure of the landowner's right to judicial determination of compensation, regardless of the perceived injustice of the award.

This reality was cast in the Court of Appeal's decision in *Kumpulan Ladang-Ladang Trengganu Sdn Bhd v Pentadbir Tanah Daerah Kuala Nerus* [2025] 6 MLJ 307 where it delivered a clear directive that the right to be heard on compensation is governed not by sentiment or dissatisfaction, but by strict fidelity to the statutory scheme.

## Background Facts

The Appellant (i.e. the company) was granted a lease by the Terengganu State Economic Development Corporation over 5 parcels of land (Land) for a period of 99 years commencing from 1 January 1973 until 31 December 2071. In December 2021, the Land were gazetted for compulsory acquisition for the East Coast Rail Link (ECRL) Project in Setiu District, Terengganu (Compulsory Acquisition).

On 19 June 2022, the Appellant, together with its appointed valuer, attended the statutory land acquisition enquiry before the Respondent (i.e. Pentadbir Tanah Daerah Kuala Nerus). At the conclusion of the enquiry, the Respondent made an oral award for compensation and informed the Appellant of its right to challenge the compensation by filing an objection in Form N within six weeks from the date of the oral award.

On 10 August 2022, nearly two months after the land enquiry and beyond the six-week time frame, the Appellant was served with the formal notice of award in Form H dated 19 June 2022. Upon reviewing Form H, the Appellant discovered that there were discrepancies between the compensation figures recorded by its valuer during the enquiry and the amount stated in Form H.

On 18 September 2022, the Appellant filed Form N, together with the signed Form H, to object to the compensation award pursuant to Section 38(1) of the LAA 1960. The Respondent subsequently issued a letter dated 5 October 2022 informing the Appellant that the Form N had been rejected on the basis that it was filed outside the statutory time period.

The Appellant subsequently filed an originating summons seeking an extension of time to file Form N under Section 38(4) of the LAA 1960. The High Court dismissed the application and held that there was a delay of 50 days in lodging the Form N and that the Appellant had failed to demonstrate any special circumstances warranting an extension of time. Dissatisfied, the Appellant appealed.

## Issues

Before the Court of Appeal, the Appellant raised two main arguments:

- (a) Time to raise an objection under Form N is only after receipt of Form H (First Issue); and
- (b) There existed special circumstances to justify an extension of time under Section 38(4) of the LAA 1960 (Second Issue).

On the First Issue, the Appellant contended that it could not properly raise an objection before the issuance of Form H as the oral award made by the Respondent during the enquiry did not constitute a final or complete award. The Appellant relied heavily on the case of *Dynamic Plantations Bhd v Pentadbir Tanah Daerah Segamat* [2008] 7 MLJ 427 where the High Court held that an award under Section 14 of the LAA 1960 becomes final only after it has been communicated to the interested parties via Form H. On this basis, the Appellant argued that its Form N, filed within six weeks of receiving Form H, was lodged within the prescribed time frame.

On the Second Issue, the Appellant argued that special circumstances existed as the Land Administrator communicated the compensation verbally without providing any documents. This led to discrepancies between the valuer's notes and the figures later reflected in Form H. The Appellant therefore submitted that the verbal pronouncement did not amount to a valid award capable of triggering the statutory time period.

## Decision Of The Court Of Appeal

At the outset, the Court of Appeal acknowledged that the provisions of the LAA 1960 must be strictly complied with and that the Appellant's contention that Form N was filed within the statutory time frame under Section 38 was not pleaded in the originating summons. The only relief sought by the Appellant was for an extension of time to file Form N.

On the First Issue, the Court of Appeal held that where a landowner is present or represented at the land enquiry, Section 38(3)(a) of the LAA 1960 applies strictly. In such circumstances, the statutory period for filing an objection runs strictly from the date of the Land Administrator's oral award and not from the date the Form H is served.

Pertinently, the Court held that the decision of the High Court in *Dynamic Plantations* was wrong in law as it failed to give proper effect to Section 38(3) of the LAA 1960. In doing so, the Court of Appeal debunked the proposition that an oral award is not a valid award until communicated through Form H.

On the Second Issue, the Court held that an application for extension of time can only be granted sparingly under special circumstances. The Court of Appeal referred to the Federal Court case of *Kosma Palm Oil Mill Sdn Bhd & Ors v Koperasi Serbausaha Makmur Bhd* [2004] 1 MLJ 257 and reminded that special circumstances must be "exceptional in character, something that exceeds or excels in some way that which is usual or common".

Based on the above, the Court of Appeal agreed with the High Court's ruling that the alleged discrepancies between the valuer's notes and the figures in Form H were an afterthought, particularly since the valuer did not file an affidavit affirming the accuracy of the notes.

In light of the clear statutory timeline and the absence of any special circumstances, the Court of Appeal dismissed the appeal and affirmed the High Court's decision. The Appellant's Form N was out of time and any prejudice suffered by the Appellant was a direct consequence of its own failure to comply with the statutory period prescribed under the LAA 1960.

## Commentary

This case reinforces the uncompromising nature of the LAA 1960 and sends a clear message that substantive grievances will not be heard until and unless the requirements of the LAA 1960 have been satisfied. Of particular importance is the Court of Appeal's firm rejection of the notion that Form H determines when time begins to run for objections. Whilst Form H serves an important notice function, it does not alter the finality of an oral award made under Section 14 of the LAA 1960, nor does it suspend or reset the objection clock for landowners who were present at the enquiry.

Ultimately, the decision in *Kumpulan Ladang-Ladang Trengganu* serves as a cautionary tale. For landowners affected by compulsory acquisition, the right to challenge compensation is both real and valuable yet fragile. Once the statutory deadline passes, the door to judicial review of compensation may close permanently, regardless of how compelling the objection may be.

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