

Basic Principles of Partnership Law in Malaysia

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**BASIC PRINCIPLES OF
PARTNERSHIP LAW IN
MALAYSIA**

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CHAPTER 7

DISSOLUTION OF PARTNERSHIP

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INTRODUCTION

The main basis of a partnership is the agreement which form the relationship between the partners. Once the relationship can no longer sustain, the partnership will not be able to continue and has to be dissolved.

CONTRACTUAL DISSOLUTION

Partnership is basically a contractual relationship between the partners. In *Wong Peng Yuen v. Senanayake*,¹ J. Wee Chong Jin clearly stated that the word ‘relation’ as provided in the Partnership Act is a relation resulting from a contract.² Hence, it is common for the methods and grounds for dissolution to be provided in the partnership agreement. The Partnership Act itself is obvious on this fact as it provides that ‘subject to any agreement between the partners, a partnership is dissolved.’³ The Act also highlighted the circumvent events as grounds for dissolution which are normally prescribed in the partnership

¹ (1962) 28 MLJ 204.

² *Ibid.* at 206.

³ Section 34(1) of the PA of 1961.