

Title: Rescue of construction companies in Malaysia; The effectiveness of using the existing legal frameworks particularly section 176 of the companies act 1965 [Act 125]

Author: Khairul Anuar Bin Abdul Basit

Year: MAY 2005

Master / PhD: Master of Science in Construction Contract Management

---

Abstract:

Rescue is a new phenomenon in international Insolvency Law. The United States, United Kingdom and Australia had revised their company law that separated the insolvency regime from the company law. The main reason for legislators in these countries to take appropriate action is to effectively address the issue of rescue mechanism for insolvent company. The existing rescue mechanisms emphasize more on debt recovery for the interest of creditors rather than rehabilitation of the business to the interest of shareholders and also the interest of general public. This research focuses on rescue mechanism particularly that provided by section 176 of the Companies Act 1965. The objective of this research is to examine the effectiveness of section 176 as rescue mechanism for financially distress construction companies. Various law reports, journals, articles had been examined in order to achieve this objective. Thus the method used is document analysis. It was found that s 176 is ineffective and its approach could not meet the actual spirit of rescue in the ever changing and complex trend of Construction Company's insolvency. The findings also exposed that it had been subject to manipulation, abuse, and the process is slow and time consuming and thus inadequate to effectively rescue the financially distress construction company to recover.