
COMPANY BACKGROUND

Sungei Way Construction Berhad was found by its current Chairman, Tan Sri Dato' Seri Dr. Jeffery Cheah. It was incorporated in 1976 and officially commenced business in 1981. In 1996, it was converted into a public company. It was listed on the main board of Kuala Lumpur Stock Exchange (KLSE) on 12 June 1997.

The corporation has achieved impressive growth. It has attained the highest classifications in recognition of its potential. It is a registered class 'A' contractor with Pusat Khidmat Kontrator (PKK), the governments' classification and registration body, and a 'G7' contractor with the Construction Industry Development Board (CIDB). With these qualifications, SWCB can tender for contracts of unlimited value, which is at competitive advantage when vying for governments' contracts (refer appendix 1).

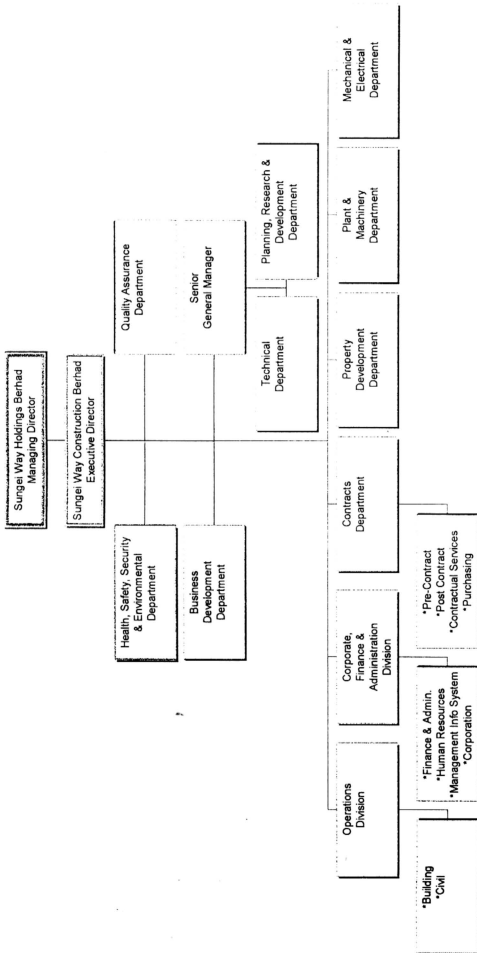
3.1 ORGANISATION STRUCTURE

SWCB adopts a vertical structure departmentalising tasks and resources. Each department consists of grouping of positions performing a specific function.

The departments of SWCB are as follows: -

- Health, Safety, Security and Environmental Department.
- Quality Assurance Department.
- Business Development Department.
- Operations Division consisting of
 - (i) Building Department

SUNGEI WAY CONSTRUCTION BERHAD
3-1- Company Organisation Chart



3.3 FINANCIAL HIGHLIGHTS

A perusal of the group's performance over the past 5 years, before the financial crisis in 1997, shows tremendous growth. Turnover for the period achieved an impressive annual compounded growth rate of approximate 37% while pre-tax profit was 27%. However, due to the financial crisis and the recession in 1998, turnover of the group was recorded a drop of 53% in 1998 compared to the previous year. The group also experience a loss of RM 34 million as compared to a profit of RM 0.46 million in 1997.

3.4 SHAREHOLDINGS (as 03 MAY 2000)

The largest shareholder is Tan Sri Dato' Seri Dr. Cheah Fook Ling. He is also the founder of the corporation (fig 3.2).

3.5 SERVICE RANGE

Sungei Way Construction Bhd (SWCB), one of the largest construction companies in Malaysia provides both construction and civil engineering services. It can undertake a wide range of design and build civil engineering projects, including high-rise structures, roads, bridges, and other infrastructure work.

3.6 ACCOLADE AND AWARDS

The superior work quality that Sungei Way Construction Berhad delivers, along with its excellent track record of timely and ahead-of-

Fig 3.2 (cont.)

Analysis Of Shareholdings

AS AT 03 MAY 2000 – cont'd

13	HO LIM SUNG	1,396,000	0.78
14	EDARAN PANGLIMA SDN BHD	1,224,219	0.68
15	#4 SOUTH JOHOR SECURITIES SDN BHD	1,020,000	0.57
16	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD DANA JOHOR	859,000	0.48
17	LEMBAGA TABUNG HAJI	829,000	0.46
18	CITICORP NOMINEES (ASING) SDN BHD -AMERICAN INTERNATIONAL ASSURANCE COMPANY LIMITED	772,000	0.43
19	SHEKEL ENTERPRISE SDN BHD	654,000	0.36
20	KEEN RESOURCES SDN BHD	510,000	0.28
		166,924,667	92.74
	SUBSTANTIAL SHAREHOLDER (S)	NO. OF SHARES	%
1	#5 TAN SRI DATO'SERI (DR) CHEAH FOOK LING	112,977,000	62.76
2	SUNWAY HOLDINGS INCORPORATED BERHAD (Formerly known as Sungei way Holdings Berhad)	112,967,000	62.76
3	#6 SUNGEI WAY CORPORATION SDN BHD	112,967,000	62.76
4	#7 TIMAH DUNIA DREDGING SDN BHD	112,967,000	62.76
5	#8 ACTIVE EQUITY SDN BHD	112,967,000	62.76
6	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD -SKIM AMANAH SAHAM BUMIPUTRA	14,100,000	7.83
7	SYARIKAT LOMBONG ANIKA SERBAGUNA SENDIRIAN BERHAD	7,000,000	3.89
8	#9 ANEKA LENGKAP SDN BHD	7,000,000	3.89

Notes:

- #1 Inclusive of shares held in Mayban Nominees (Tempatan) Sdn Bhd.
 #2 Inclusive of shares held in Sungei Way Leasing Sdn Bhd.
 #3 Inclusive of shares held in Multi-Purpose Bank Nominees (Tempatan) Sdn Bhd.
 #4 Inclusive of shares held in HLB Nominees (Tempatan) Sdn Bhd and Mayban Nominees (Tempatan) Sdn Bhd.
 #5 Direct and deemed interest through Active Equity Sdn Bhd, Timah Dunia Dredging Sdn Bhd, Sungei Way Corporation Sdn Bhd and Sunway Holdings Incorporated Berhad (Formerly known as Sungei Way Holdings Berhad).
 #6 Deemed interest through Sunway Holdings Incorporated Berhad (Formerly known as Sungei Way Holdings Berhad).
 #7 Deemed interest through Sungei Way Corporation Sdn Bhd and Sunway Holdings Incorporated Berhad (Formerly known as Sungei Way Holdings Berhad).
 #8 Deemed interest through Timah Dunia Dredging Sdn Bhd, Sungei Way Corporation Sdn Bhd and Sunway Holdings Incorporated Berhad (Formerly known as Sungei Way Holdings Berhad).
 #9 Deemed interest through Syarikat Lombong Anika Serbaguna Sendirian Berhad.

schedule completions have earned the Corporation the appreciation of its most demanding clients. Its spectacular performance is attributed to its constant quest to deliver work quality of the highest level along with service excellence.

Sungei Way Construction Berhad meets the rising demands of its clients through the development, implementation, and maintenance of a quality system that conforms to the MS ISO 9002 quality standard. Testimony to this is the fact that the Corporation has won, on numerous occasions, the prestigious Prime Minister's Golden Hands Award which is the coveted prize of an annual construction skills competition by the governing body. These quality management certifications and awards have elevated the Corporation to a level of distinction in quality achieved by only an elite few in the industry.

3.7 OVERALL STRATEGY

The construction sector was the worst hit sector during the economic downturn. It registered negative growth in two consecutive years, i.e. -5.6% and -23% in 1999 & 1998. SWCB was not spared. However, it came up with an overall strategy to address the challenges and at the same time launch the company into the 21st century opportunities in line with its vision. The key strategic plans are

- Survival through cash preservation.
- Increase productivity and cost reduction.
- Increase operation efficiency through reengineering of resources
And process.
- Aggressive marketing for new business.
- Staff development and renewal for work excellence.

3.7.1 SURVIVAL THROUGH CASH PRESERVATION

This is to ensure continuing availability and adequacy of cash resources to fund the company's operations and commitments. The key is to ensure the company's survival in this troublesome period. This is achieved by a combination of tight credit control and collection measures and stretching payments and settling creditors in kind.

3.7.2 COSTS REDUCTION FOR PRODUCTIVITY

In order to remain competitive and profitable the company needs to reduce cost and increase productivity. All forms of costs and expenditure, direct and indirect, will be re-examined as to their causal effectiveness in achieving the desired returns and results. Productivity, the ratio of output to input, will have to be enhanced in order for the Company to survive under current environment of severe business contraction and thin margins.

3.7.3 OPERATION EFFICIENCY (Through reengineering of resources and process)

Given today's highly competitive market and its demands, the Company must operate efficiently in all aspects of its operations, be it in direct job implementation or support services. Apart from determining the delivery outcome of the final product to the customer's satisfaction, it will also determine whether the Company makes or breaks from the job. Although having an ISO 9002 quality system in place since June 1997, there are still many areas of its operations, which can be further improved and streamlined for greater efficiency. The company will therefore be focussing on certain specific processes and functions, which impact its bottom line.

3.7.4 AGGRESSIVE MARKETING FOR NEW BUSINESS

Securing new business in the midst of an economic recession is a tremendous challenge that the Company has to contend with in sellers' market, where the competitor is even willing to go below cost. The Company has to refine and re-think its marketing and tendering strategies to win contracts. All factors in securing a job will have to be thoroughly researched, capitalised and swiftly executed if the Company is to succeed. Alliances with fellow contractors, suppliers and even customers will be explored. Expanding the market both in depth and breadth, including overseas will be pursued with greater vigour. Bearing all these in mind, the Company will focus on the following actions to secure continuing business by Strengthening Tender Submission, Strengthening Business Sourcing, Re-focusing On Smaller Size Jobs, Rejuvenating Relationships with Public Sector, Developing Overseas Market and Cultivating Local Tie-ups.

3.7.5 STAFF DEVELOPMENT AND RENEWAL FOR WORK EXCELLENCE

Apart from having adequate financial resources and sound operating systems, the human factor is without doubt the most important element that decides the success or failure of the organisation.

Proper staff development programs will continue to be a priority. The provision of a conducive environment for staff to grow and excel is equally important to counter prevailing negative economic environment. The company will, therefore enforce Staff Training, On-The-Job Work Development, Right Man For The Right Job and Project Incentive Programs.