

26/06/1998

Sg Way: No problems servicing loans

David Ong-Yeoh

SUNGEI Way Holdings Bhd (SWH) chairman Tan Sri Jeffrey Cheah said yesterday the company has no problems servicing its loans and repayments to bank, and that there is no problem with cash flow.

He said operational cash flow and collection from debtors will be more than sufficient to meet the payments.

"All our operating units are still profitable and we have been able to service all loan interests and make repayments," he told reporters after the annual general meeting in Petaling Jaya yesterday.

He also said SWH has taken many cost-cutting measures, reducing costs by some 20 per cent which has made it more efficient.

Another factor that should improve cash flow and allow for lower gearing is a joint venture SWH is negotiating with building material company Hanson Pacific Ltd, if it materialises.

Hanson approached SWH, part of the SungeiWay Group, sometime ago when looking for a partner for their expansion plans into the region. It is believed that a 40 per cent stake is being negotiated.

Cheah and other SWH directors are not revealing anything yet, except to say that negotiations are going well and they hope to conclude them in a few months.

"We are like a very beautiful girl, we have a lot of suitors and we have told them that time is of the essence," he said.

"We are looking at people who are able to give us synergy, they must be good partners and we must be able to feel comfortable with them."

Later at the Sunway Building Technology Bhd (SBT)'s annual general meeting, director Datuk Chew Chee Kin said the company's RM259.23 million in trade debtors was not a problem as most of them were part of turnkey projects and the money would be collected upon completion.

However, there were some cases where it took over the properties of the debtors.

He said SBT, also part of the SungeiWay Group, now tries to get bank guarantees before proceeding with jobs, but that is one reason for the reduction in the number of jobs.

With SBT's group pre-tax profit down 42 per cent to RM28.16 million for financial year 1997, chairman Mirzan Mahathir said no one is able to say when the economy will recover and all SBT can do is control costs, look for as much business as it can, and manage cash flow properly.

SBT also suffered some foreign exchange losses as a result of the rupiah's rapid depreciation in value, but Chew said SBT will not be pulling out of Indonesia.

"Indonesia provides tremendous potential and before the collapse, we were starting to do very well until whatever money we made in rupiah became one-fifth of what it was.

"We believe it will take some time to recover, but we want to be there."

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