

CORPORATE GOVERNANCE STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2001

The Board is committed to ensure that good corporate governance is practised throughout the Group with the ultimate objective of protecting and enhancing shareholders' value and the financial performance of the Company and of the Group.

The Board is committed to implementing the Malaysian Code on Corporate Governance wherever applicable in the best interest of the shareholders of the Company.

Board of Directors

The Board provides strategic directions for the Group and regularly meets to review corporate strategies and the operations as well as financial performance of the operating units within the Group.

Board Composition

The Board currently consists of eight (8) members, three (3) or one-third (1/3) are Independent Non-Executive Directors. The composition reflects a balance of Executive and Non-Executive Directors with a mix of suitably qualified and experienced professionals in the fields of accountancy, economics, finance, civil engineering and real estate development. This combination of different professions and skills working together enables the Board to effectively lead and control the Company.

There is clear segregation of responsibilities between the Chairman and the Group Managing Director to ensure a balance of power and authority. The Group Managing Director is subject to the control of the Board of Directors.

The Board has also appointed Wong Chin Mun as Senior Independent Non-Executive Director, to whom concerns relating to the affairs of the Group may be directed at.

A brief profile of each Director is presented on pages 4 to 7 of the Annual Report.

Meetings and Supply of Information

Unless there are urgent matters, the Board normally meets quarterly to review financial, operational and business performances. Notices and agenda of meetings approved and signed by the Chairman together with relevant board papers are given one (1) week prior to the meetings for the Directors to study and evaluate the matters to be discussed.

In addition, all directors have direct access to the advices and services of the joint Company Secretaries. They are also permitted to seek independent advice whenever deemed necessary at the Company's expenses.

The Board met seven (7) times for the financial year ended 31 December 2001 and the attendance of the respective Directors was as follows:-

Directors	No. of Board Meetings Held	Attended
Tan Sri Dato' Seri (Dr) Cheah Fook Ling (Executive Chairman)	7	7
Dato' Chew Chee Kin	7	7
Dato' Tan Kia Loke	7	7
Yau Kok Seng	7	7

Meetings and Supply of Information (cont'd)

Directors	No. of Board Meetings Held	Board Meetings Attended
Wong Chin Mun	7	6
Tan Sri Dr Md Noordin Bin Md Sopiee (<i>Appointed on 12 April 2001</i>)	5	3 *
Datuk Low Seng Kuan (<i>Appointed on 12 April 2001</i>)	5	5 *
Hamzah Bin Abdul Majid (<i>Resigned on 12 April 2001</i>)	2	2 *

Note:

* Reflects the number of meetings held during the time the Director held office.

Directors' Training

During the financial year, all the Directors have attended and successfully completed the Mandatory Accreditation Programme organised by the Kuala Lumpur Stock Exchange.

Retirement by Rotation and Re-election

All Directors are subject to retirement by rotation at regular intervals of at least every three (3) years at the Annual General Meeting and they shall be eligible for re-election.

Board Committees

Committees of the Board and their respective dates of formation are as follows:

Audit Committee	7 March 1994
Employees' Share Option Scheme ("ESOS") Committee	9 December 1999
Management Committee	4 May 1984
Remuneration Committee	15 August 2001
Nomination Committee	17 August 2001

The Board will periodically review the terms of reference and operating procedures of the established committees. The Committees are required to report to the Board on all their deliberations and recommendations.

The ESOS Committee is responsible for implementing, allocating and administering the employees' share option scheme.

The Management Committee comprises Tan Sri Dato' Seri (Dr) Cheah Fook Ling, Dato' Chew Chee Kin, Dato' Tan Kia Loke, Yau Kok Seng and Puan Sri Datin Seri Susan Cheah Seok Cheng and its primary role is to assist the Board in overseeing and dealing with operational matters of the Group.

The Nomination Committee is responsible for identifying and making recommendations for any appointments and re-election of Board members. The Committee also assesses the effectiveness of the Board as a whole as well as the performance of each Director.

Board Committees (cont'd)

The Nomination Committee comprises mainly Independent Non-Executive Directors. The Chairman of this Committee is Wong Chin Mun. The other members of the Committee are Datuk Low Seng Kuan and Tan Sri Dr Md Noordin Bin Md Sopiee.

The Remuneration Committee comprises mainly Non-Executive Directors, namely Wong Chin Mun as Chairman, Datuk Low Seng Kuan and Tan Sri Dato' Seri (Dr) Cheah Fook Ling.

The Remuneration Committee recommends to the Board the remuneration for directors with the aim of ensuring that the Company attracts and retains the Directors needed to run the Group successfully.

The remuneration of the Executive Directors is structured on the basis of linking rewards to corporate and individual performance. For Non-Executive Directors, the level of remuneration reflects the experience and degree of responsibilities.

The Remuneration Committee will meet as and when required. For the year under review, a meeting was held with full attendance.

(a) The breakdown of the remuneration of the Directors during the financial year was as follows:

	Executive Directors RM	Non-Executive Directors RM	Total RM
Fees	–	34,000.00	34,000.00
Salaries & other Remuneration	2,766,792.00	–	2,766,792.00
Bonus	634,000.00	–	634,000.00
Benefits-in-Kind	181,698.61	–	181,698.61
Total:	3,582,490.61	34,000.00	3,616,490.61

(b) Number of Directors whose remuneration falls under the following bands:

Range of Remuneration	Executive Directors	Non-Executive Directors	Total
Below RM50,000	0	4	4
RM400,001 to RM450,000	1	0	1
RM500,001 to RM550,000	1	0	1
RM800,001 to RM850,000	1	0	1
RM1,750,001 to RM1,800,000	1	0	1
Total :	4	4 *	8

* Include Director's Fee payable to a Non-Executive Director who resigned on 12 April 2001.

(c) Directors' Share Options :

The movement of Directors' share options during the financial year ended 31 December 2001 is set out on page 95.

Relations with Shareholders

The Board values constant dialogue and is committed to clear communication with its shareholders and investors. In this respect, as part of the Group's active investor relations program, discussions and dialogues are held with fund managers, financial analysts, shareholders and the media to convey information about the Group's performance, corporate strategy and other matters affecting shareholders' interests.

In addition to published Annual Reports, Quarterly Financial Reports announced to the Kuala Lumpur Stock Exchange, the Group has established a website at <http://www.sunway.com.my> from which investors and shareholders can access for information.

The participation of shareholders, both individuals and institutional at General Meetings on clarifications of pertinent and relevant information is encouraged.

Directors' Responsibility Statement on Annual Audited Financial Statements

The Directors are responsible for the preparation of the Annual Audited Financial Statements of the Company and of the Group and will ensure that they are presented in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

Audit Committee

The Audit Committee is set up to play an active role in assisting the Board in discharging its governance responsibilities. The composition of the Committee, its terms of reference, attendance of meetings and a summary of its activities are set out on pages 21 to 26.

Internal Control

The Board acknowledges its responsibility for the Group's system of internal controls that is designed to identify and manage the risks to which the Group is exposed. However, the Board recognizes that such system is structured to manage rather than eliminate possibility of encountering risk of failure to achieve corporate objectives.

The Group has an independent Internal Audit Department to evaluate compliance with internal control procedures as well as applicable laws and regulations. It adopts a risk based audit approach when carrying out audit assignments and reports directly to the Audit Committee for reviewing findings at quarterly meetings with Management so that timely corrective measures can be taken where necessary.