

CHAIRMAN'S STATEMENT



On behalf of the Board of Directors, I present the Annual Report and Audited Financial Statements of Sunway Holdings Incorporated Berhad ("SunInc") for the financial year ended 31 December 2001.

Group Performance

The year 2001 has been another challenging year for SunInc as a result of the slower than expected GDP growth for Malaysia. The Group managed to report improved turnover of RM998.7 million for the period under review, an increase of 13.9% over the turnover of RM876.9 million recorded in the previous year. Despite the improvement in turnover, the Group recorded a loss after taxation and minority interest of RM61.4 million as compared to a loss after taxation and minority interest of RM3.9 million in 2000. The loss in 2001 was mainly attributable to losses incurred by its building materials subsidiary, Sunway Building Technology Berhad ("SunTech"), the Group's operations in Singapore and Vietnam.

Despite the loss incurred for the financial year ended 31 December 2001, operating performance, except for the Singapore construction operations of Sunway Juarasama Sdn Bhd (a wholly owned subsidiary of SunInc), is expected to improve in year 2002. Measures have been taken to mitigate further losses in Sunway Juarasama's Singapore construction operations and its building materials subsidiaries. A parallel creditors' scheme of arrangement is being undertaken in both Malaysia and Singapore to address the various claims made by Sunway Juarasama's creditors. In order to restore the financial health of its 50.87% owned listed subsidiary, SunTech, the Group is in the midst of implementing a corporate restructuring of the SunTech Group through a combination of disposals and rationalisation of its existing businesses and the acquisition of new businesses by SunTech. The corporate restructuring will result in the eventual sale and reverse take over of Suntech by a new shareholder. The Group will retain all the existing businesses of the Suntech Group, except for its ready-mixed business.

Ongoing efforts are also in place to improve operating efficiency at its major subsidiaries. The Government's continued efforts to pump-prime the economy together with the improved economic outlook expected for the country should augur well for the Group's construction subsidiary which expects to secure substantial job orders.