

CORPORATE GOVERNANCE STATEMENT

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 ("the Code") wherever applicable in the best interest of the shareholders of the Company.

A. DIRECTORS

THE BOARD AND ITS RESPONSIBILITIES

The Board leads and controls the Group. It regularly meets to perform its main functions, amongst others, as follows:-

- Setting the objectives, goals and strategic plans for the Group with a view to maximising shareholders' value.
- Adopting and monitoring progress of the Company's strategies, budgets, plans and policies.
- Overseeing the conduct of the Group's businesses to evaluate whether the businesses are properly managed.
- Identifying principal risks of the Group and ensuring the implementation of appropriate systems to mitigate and manage these risks. The Board through the Risk Management Committee, sets, where appropriate, objectives, performance targets and policies to manage the key risks faced by the Group.
- Considering Management's recommendations on key issues including acquisitions, divestments, restructuring, funding and significant capital expenditure.
- Human resources planning and development.
- Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board delegates certain responsibilities to the Board Committees, all of which operate within defined terms of reference.

BOARD COMPOSITION

During the year under review, the Board consisted of ten (10) members, three (3) or one-third (1/3) are Independent Non-Executive Directors. On 8 January 2004, Kwan Foh Kwai was appointed to the Board as Non-Independent Non-Executive Director. 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. The Board composition also fairly reflects the investment in the Company by shareholders other than the significant shareholder.

There is clear segregation of responsibilities between the Executive Chairman and the Managing Director to ensure a balance of power and authority. The Managing Director is subject to the control of the Board of Directors. He is responsible for the day-to-day management of the business in accordance with the objectives and strategies established by the Board.

Wong Chin Mun is the Senior Independent Non-Executive Director, to whom concerns relating to the affairs of the Group may be conveyed.

A brief profile of each Director is presented on pages 6 to 11 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 duly endorsed by the Executive Chairman together with the relevant board papers are normally given at least one (1) week prior to the meetings for the Directors to study and evaluate the matters to be discussed.

The board papers provided include inter alia, financial results, business plan and budget, progress report on the Company's developments, minutes of meetings of Board Committees and other operational and financial issues for the Board's information and/or approval.

All Directors are entitled to information pertaining the Company. In addition, all Directors have direct access to the advice and services of the joint Company Secretaries. They are also permitted to seek independent advice whenever deemed necessary, at the Company's expense.

There is a formal procedure approved by the Board for all Directors, whether as a full Board or in their individual capacity, to obtain independent professional advice, when necessary, at the Company's expense.

The Board met seven (7) times for the financial year ended 31 December 2004 and the attendance of the respective Directors is as follows:-

Name of Directors	Total No. of Meetings Attended	Percentage of Attendance (%)
Tan Sri Dato' Seri (Dr) Cheah Fook Ling (<i>Executive Chairman</i>)	7/7	100
Dato' Chew Chee Kin	6/7	86
Yau Kok Seng	7/7	100
Mark Victor Rozario	7/7	100
Dato' Tan Kia Loke	7/7	100
Tan Ler Chin	5/7	71
Wong Chin Mun	7/7	100
Tan Sri Dato' Seri Dr Md Noordin Bin Md Sopiee	5/7	71
Datuk Low Seng Kuan	6/7	86
Kwan Foh Kwai (<i>Appointed on 8 January 2004</i>)	6/6*	100

* Reflects the number of Board Meetings attended during the time the Director held office.

DIRECTORS' TRAINING

All the Directors had attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities"). During the year under review, the Directors had also attended various continuing education programmes and seminars organised by the relevant regulatory authorities and professional bodies in order to equip themselves to effectively discharge their duties as Directors.

All Directors were constantly updated by the Company Secretary on changes to the relevant guidelines on the statutory and regulatory requirements.

RETIREMENT BY ROTATION AND RE-ELECTION

The Company's Articles of Association provides that one-third (1/3) of the Board are subject to retirement by rotation at each Annual General Meeting. Each Director shall retire at least once every three (3) years but shall be eligible for re-election. The Directors to retire in each year are those who have been longest in office since their last election or appointment.

To assist the shareholders in their decision, sufficient information such as personal profile, attendance of meetings and the shareholdings of each Director standing for re-election are disclosed in the Statement Accompanying the Notice of the Annual General Meeting.

BOARD COMMITTEES

The Board has set up the following Committees and will periodically review their terms of reference and operating procedures. The Committees are required to report to the Board on all their deliberations and recommendations and such reports are incorporated in the minutes of the Board Meetings.

1. Management Committee

The Management Committee comprises Tan Sri Dato' Seri (Dr) Cheah Fook Ling, Dato' Chew Chee Kin, Dato' Tan Kia Loke, Yau Kok Seng, Mark Victor Rozario and Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng. Its primary role is to assist the Board in overseeing and dealing with operational matters of the Group. The terms of reference of the Management Committee are set out on pages 37 and 38 of the Annual Report.

2. 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 Audit Committee, its terms of reference, attendance of meetings and a summary of its activities are set out on pages 47 to 53 of the Annual Report.

3. Employees' Share Option Scheme ("ESOS") Committee

The ESOS Committee comprising Tan Sri Dato' Seri (Dr) Cheah Fook Ling, Dato' Chew Chee Kin, Dato' Tan Kia Loke and Yau Kok Seng, is responsible for implementing, allocating and administering the ESOS in accordance with such powers and duties conferred upon it under the Bylaws of the ESOS. The terms of reference of the ESOS Committee are set out on pages 39 and 40 of the Annual Report.

During the year under review, a meeting was held to consider and approve the allocation of options over ordinary shares to the employees of the Group.

4. Nomination Committee

The Nomination Committee comprises three (3) wholly Independent Non-Executive Directors. The Chairman of this Committee is Wong Chin Mun. The other members of the Committee are Tan Sri Dato' Seri Dr Md Noordin Bin Md Soviee and Datuk Low Seng Kuan.

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. The terms of reference of the Nomination Committee are set out on pages 41 and 42 of the Annual Report.

During the year under review, two (2) meetings were held to discuss the optimum Board size and to discuss the evaluation of the Board's effectiveness.

5. Remuneration Committee

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 and the renewal of the terms of Employment Contracts for Executive Directors, with the aim of ensuring that the Company attracts and retains the Directors needed to run the Group successfully. The terms of reference of the Remuneration Committee are set out on pages 43 and 44 of the Annual Report.

The Remuneration Committee will meet as and when required. For the year under review, a meeting was held to evaluate the performance of the Executive Directors and to determine their annual increments and bonuses. The Executive Director of Human Resources attended the said meeting on the invitation of the Committee.

6. Risk Management Committee

The Risk Management Committee comprises Yau Kok Seng as Chairman, Mark Victor Rozario, Kwan Foh Kwai, Wong Fook Chai, Ng Boon Liang, Leong Kai Hong and Yap Chin Leong.

The Risk Management Committee is tasked with the responsibility to oversee the risk management activities of the Group, approving appropriate risk management procedures and measurement methodologies across the organisation as well as identification and management of strategic business risks of the Group. The terms of reference of the Risk Management Committee are set out on pages 45 and 46 of the Annual Report.

During the year under review, three (3) meetings were held for the following purposes:-

- (a) to identify and evaluate new and existing strategic risks;
- (b) to review the status of implementation of management action plan; and
- (c) to review the effectiveness of overall risk management at enterprise level.

The Risk Management Committee reports directly to the Board on a quarterly basis on its deliberations and recommendations.

B. DIRECTORS' REMUNERATION

Information prepared by independent consultants and survey data on the remuneration practices of comparable companies are taken into consideration in determining the remuneration packages for Executive and Non-Executive Directors. 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 level of responsibilities.

The Board as a whole resolves on the fees for the Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. The fees payable to the Non-Executive Directors are subject to the approval of shareholders.

The breakdown of the Directors' remuneration during the financial year is as follows:-

	Executive Directors	Non-Executive Directors	Total
	RM	RM	RM
Fees	-	63,000.00	63,000.00
Other Emoluments	-	29,000.00	29,000.00
Salaries and other Remuneration	2,245,832.02	-	2,245,832.02
Bonus	778,817.00	-	778,817.00
Benefits-in-kind	273,915.29	-	273,915.29
Total:	3,298,564.31	92,000.00	3,390,564.31

The number of Directors whose remuneration falls under the following bands:-

Range of Remuneration	Executive Directors	Non-Executive Directors	Total
Below RM50,000	-	4	4
RM450,001 to RM500,000	1	-	1
RM650,001 to RM700,000	1	-	1
RM850,001 to RM900,000	1	-	1
RM1,250,001 to RM1,300,000	1	-	1
Total:	4	4*	8

*No Director's Fee will be paid to two (2) Non-Independent Non-Executive Directors.

The movement of Directors' options over ordinary shares during the financial year ended 31 December 2004 is set out on page 77 of the Annual Report.

C. SHAREHOLDERS

DIALOGUE BETWEEN THE COMPANY AND INVESTORS

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 Report and Quarterly Reports announced to Bursa Securities, the Group has established a website at <http://www.sunway.com.my> from which investors and shareholders can access for information.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

ANNUAL GENERAL MEETING

The annual general meeting of the Company provides the principal forum for dialogue and interaction between the Board and the shareholders. The participation of shareholders, both individuals and institutional at general meetings on clarifications of pertinent and relevant information is encouraged.

D. ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

In presenting the annual financial statements, annual report and quarterly announcement of results to shareholders, the Board aims to provide a balanced and understandable assessment of the Group's financial position, performance and prospects. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

INTERNAL CONTROL

The Statement on Internal Control set out on pages 54 and 55 of the Annual Report provides an overview of the state of internal controls within the Group.

RELATIONSHIP WITH THE AUDITORS

The Board maintains, via the Audit Committee, an active, transparent and professional relationship with its Auditors. The role of the Audit Committee in relation to the External Auditors is disclosed in the Audit Committee Report set out on pages 47 to 53 of the Annual Report.

E. DIRECTORS' RESPONSIBILITY STATEMENT ON ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are responsible in the preparation of the Annual Audited Financial Statements to give a true and fair view of the state of affairs, results and cash flows of the Company and of the Group at the end of the financial year.

In preparing the financial statements, the Directors will ensure that suitable accounting policies have been applied consistently, and that reasonable and prudent judgments and estimates have been made. All applicable approved accounting standards and provisions of the Companies Act, 1965 have been complied with.

The Directors are also responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy, the financial position of the Company and of the Group and which enables them to ensure that the financial statements comply with the relevant statutory requirements.

F. COMPLIANCE WITH THE CODE

The Group has complied substantially with the principles and best practices outlined in the Code.