

## 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 ten (10) 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, banking and finance, architecture, civil engineering, real estate development and property management. 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 Non-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.

The Board has also appointed Tan Sri Dato' IR Talha bin Haji Mohd Hashim 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 6 to 10 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 six (6) 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 (Chairman)	6	6
Dato' Razman M Hashim (Deputy Chairman)	6	6
Tan Sri Dato' IR Talha bin Haji Mohd Hashim	6	6

## Corporate Governance Statement

For The Financial Year Ended 31 December 2001 (cont'd)

Directors	No. of Board Meetings	
	Held	Attended
Dato' Chew Chee Kin ( <i>Resigned on 18 April 2001</i> )	1	1*
Dato' Haji Othman bin Mohd Taib ( <i>Resigned on 18 April 2001</i> )	1	0*
Wong Choon Kee	6	6
Ngian Siew Siong	6	6
Ngeow Voon Year	6	6
Low Siew Moi	6	5
Dr Seek Ngee Huat ( <i>Resigned on 23 March 2001</i> )	1	0*
Teo Cheng Hiang, Richard ( <i>Appointed on 23 March 2001 ; Resigned on 18 February 2002</i> )	5	5*
Teo Tong How ( <i>Appointed on 18 April 2001</i> )	5	3*
Tan Siak Tee ( <i>Appointed on 26 November 2001</i> )	0	0*

Note:

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

### 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	29 March 1996
Employees' Share Option Scheme ("ESOS") Committee	10 December 1999
Executive Committee	24 February 2000
Remuneration Committee	30 August 2001
Nomination Committee	30 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 ESOS.

## Corporate Governance Statement

For The Financial Year Ended 31 December 2001 (cont'd)

The Executive Committee comprises six (6) members headed by the Managing Director and its primary role is to assist the Board in overseeing the financial and business affairs 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.

The Nomination Committee comprises three (3) Non-Executive Directors, two (2) of whom are independent. The Chairman of this Committee is Tan Sri Dato' IR Talha bin Haji Mohd Hashim. The other members of the Committee are Teo Tong How and Tan Sri Dato' Seri (Dr) Cheah Fook Ling.

During the year under review, the Committee had evaluated and recommended to the Board, the appointment of Tan Siak Tee as Independent Non-Executive Director of the Company.

The Remuneration Committee comprises exclusively Non-Executive Directors namely Tan Sri Dato' IR Talha bin Haji Mohd Hashim as Chairman, Tan Sri Dato' Seri (Dr) Cheah Fook Ling and Teo Tong How.

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:

	<b>Executive Directors</b>	<b>Non-Executive Directors</b>	<b>Total</b>
	RM	RM	RM
Fees	–	64,000.00	64,000.00
Salaries and other Remuneration	1,192,034.67	–	1,192,034.67
Bonus	193,500.00	–	193,500.00
Benefits-in-kind	122,234.40	–	122,234.40
<b>Total:</b>	<b>1,507,769.07</b>	<b>64,000.00</b>	<b>1,571,769.07</b>

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

<b>Range of Remuneration</b>	<b>Executive Directors</b>	<b>Non-Executive Directors</b>	<b>Total</b>
Below RM50,000	0	7	7
RM100,001 to RM150,000	1	0	1
RM400,001 to RM450,000	2	0	2
RM500,001 to RM550,000	1	0	1
<b>Total:</b>	<b>4</b>	<b>7 *</b>	<b>11</b>

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

(c) Directors' Share Options:

The movement of Directors' share options during the financial year ended 31 December 2001 is set out on page 45.

## *Corporate Governance Statement*

*For The Financial Year Ended 31 December 2001 (cont'd)*

### **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 and 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 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 35 to 39.

### **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.