

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 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 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.

Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim is the 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 duly endorsed by the Executive Chairman together with 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.

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.

Corporate Governance Statement *(cont'd)*

The Board met six (6) times for the financial year ended 31 December 2003 and the attendance of the respective Directors was 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>)	5/6	83
Datuk Razman M Hashim (<i>Deputy Executive Chairman</i>)	6/6	100
Tan Sri Dato'Ir Talha Bin Haji Mohd Hashim	6/6	100
Dato' Wong Choon Kee	6/6	100
Ngian Siew Siong	6/6	100
Ngeow Voon Yean	6/6	100
Low Siew Moi	6/6	100
Teo Tong How	5/6	83
Tan Siak Tee	5/6	83
Lim Swe Guan	4/6	67

DIRECTORS'TRAINING

All the Directors had attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) ["Bursa Malaysia"]. During the year under review, most of the Directors had also attended the continuing education programmes and seminars in compliance with Practice Note No. 15/2003 of Bursa Malaysia Listing Requirements 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

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

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.

1. Executive Committee

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. During the year under review, the Executive Committee met six (6) times.

Corporate Governance Statement *(cont'd)*

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 Committee, its terms of reference, attendance of meetings and a summary of its activities are set out on pages 29 to 34.

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

The ESOS Committee comprising Tan Sri Dato' Seri (Dr) Cheah Fook Ling, Datuk Razman M Hashim and Dato' Wong Choon Kee, is responsible for implementing, allocating and administering the ESOS.

During the year under review, a meeting was held to consider and approve the allocation of share options to the employees of the Group pursuant to the new ESOS 2003/2013.

4. Nomination Committee

The Nomination Committee comprises three (3) wholly Independent Non-Executive Directors. 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 Siak Tee.

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.

During the year under review, a meeting was held to table and discuss the evaluation process of board effectiveness.

5. Remuneration Committee

The Remuneration Committee comprises mainly Non-Executive Directors namely Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim as Chairman, Teo Tong How 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 to evaluate the performance of the Executive Directors and to determine their annual increments and bonuses.

Corporate Governance Statement *(cont'd)*

- (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	–	72,000.00	72,000.00
Other Emoluments	–	27,000.00	27,000.00
Salaries and other Remuneration	2,718,386.67	–	2,718,386.67
Bonus	759,000.00	–	759,000.00
Benefits-in-kind	140,737.71	–	140,737.71
Total:	3,618,124.38	99,000.00	3,717,124.38

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

Range of Remuneration	Executive Directors	Non-Executive Directors	Total
Below RM50,000	–	5	5
RM200,001 to RM250,000	1	–	1
RM450,001 to RM500,000	1	–	1
RM500,001 to RM550,000	1	–	1
RM550,001 to RM600,000	1	–	1
RM1,800,001 to RM1,850,000	1	–	1
Total:	5	5	10

- (c) Directors' Share Options pursuant to the Company's ESOS:-

The movement of Directors' share options during the financial year ended 31 December 2003 is set out on page 42.

6. Group Risk Management Committee

The Group Risk Management Committee was established on 20 November 2003, comprising Dato' Wong Choon Kee as Chairman, Ngian Siew Siong, Ngeow Voon Yean, Yuen Kam Wah, Lee Weng Keng and Wang Yeong Khang.

The Group 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 organization as well as identification and management of strategic business risks of the Group.

Corporate Governance Statement *(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 Report and Quarterly Reports announced to Bursa Malaysia, 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.

INTERNAL CONTROL

The Statement on Internal Control set out on pages 35 and 36 of this 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 29 to 34.