

# GROUP SERVICES

## SHARING TOWARDS EXCELLENCE – GROUP SERVICES

In an increasingly competitive business environment, Sunway Holdings Incorporated Berhad Group (“the Group”) has always been on the lookout for innovative ways to create value and realise growth.

With this in mind, the Group has implemented the Shared Services and Group Procurement initiatives to strategically leverage on an integrated group services infrastructure. These value creation initiatives are aimed at achieving business processes efficiency and effectiveness and have successfully supported our business growth.

## SUNWAY SHARED SERVICES CENTRE

“Towards One Entity” is the theme envisioned by the management when the Group set up Sunway Shared Services Centre (“SSC”) in July 2002. SSC seeks to add value to the Group’s businesses by consolidating functions that are frequently duplicated across subsidiaries and offering these services at lower cost. Built on a business partnership mindset of providing world-class support services, SSC as a whole, aims to enhance shareholders’ value through cost competitiveness.

The Group identified three areas where a shared services structure will address the cost escalation challenges faced. These are Finance, Information Technology (“IT”) and Human Resources (“HR”) which are to be introduced systematically over 4 years (refer Diagram 1).

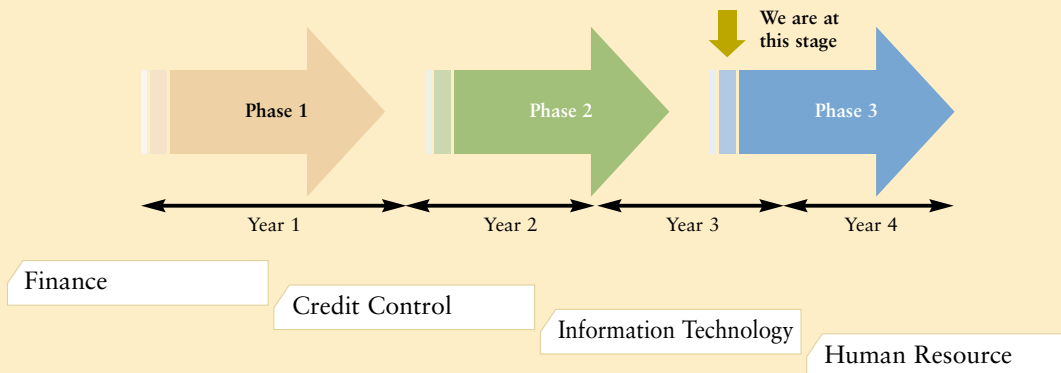


Diagram 1: SSC’s Four Years Roll Out Plan

The massive backdoor restructuring included putting in place a reporting structure which emphasises corporate governance, to drive improved services to the Group’s customers, suppliers and employees.

Diagram 2 depicts SSC’s operating model which focuses on both operational and functional accountability.

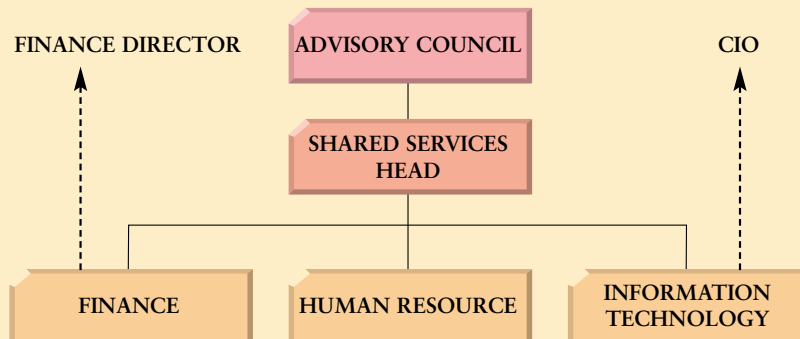


Diagram 2: Operating model – reporting structure at Sunway SSC

## FINANCE SSC - SERVICE EXCELLENCE & STRATEGIC BUSINESS PARTNERSHIP

Finance SSC was formed with a view of becoming a centre of excellence in its field of service. The finance shared services model adopted has created a synergistic partnership between SSC, the business units (“BUs”) and group finance which supports strategic decision making and enables the Group to be more competitive and successful in the marketplace.

Diagram 3 below illustrates the linkage between each strategic business partner in order to refocus the Group’s financial resources towards delivering value across the finance value chain.

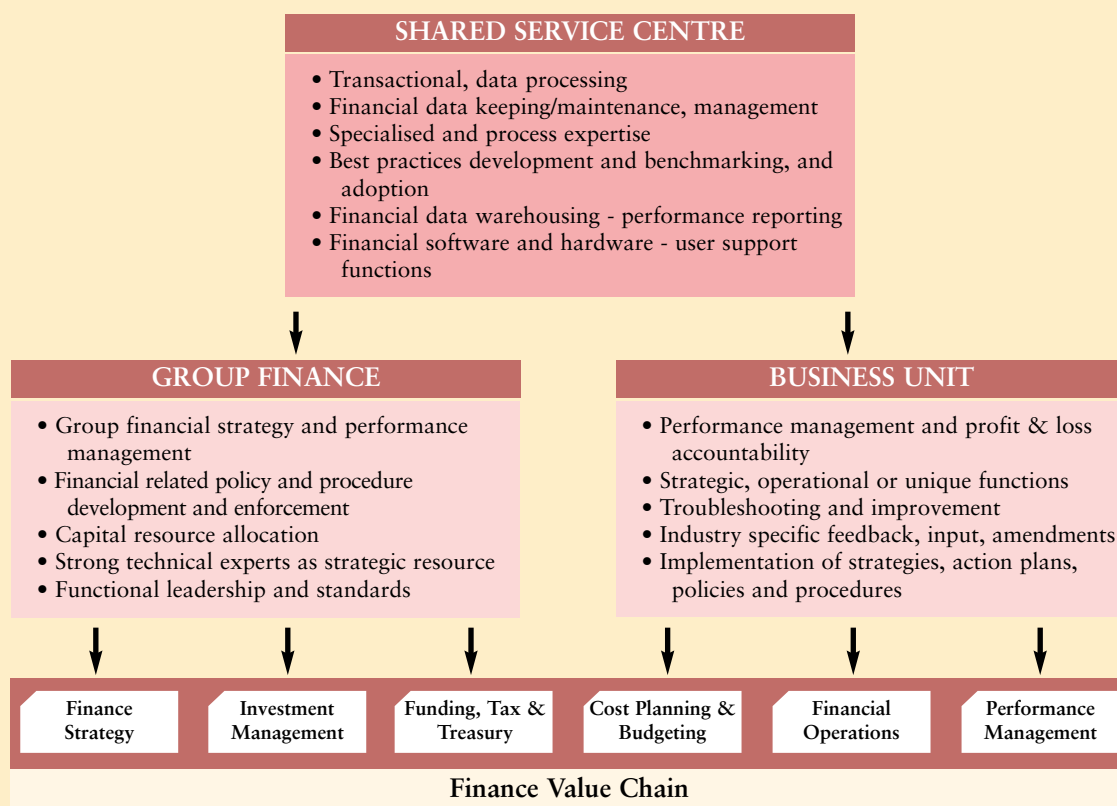


Diagram 3: Operating Model – Roles & Responsibilities In Delivering Value

In striving to become our BUs’ strategic partner, Finance SSC has four main areas of focus:

- To drive cost savings through economies of scale and increased process efficiencies.
- To increase accountability of accounting transactions to mitigate financial risks for business units.
- To enhance financial information management in terms of accuracy, timeliness, relevance, accessibility and sharing within the Group.
- To increase productivity and technical excellence through effective sharing of knowledge and experience, with and between divisions and processes.

After 3 years of implementation, Finance SSC provides a compelling business case with proven savings and return on investment. Finance SSC intends to continue this success story to become a world-class, customer-centric service organisation which consistently exceeds customers’ expectations.

## IT SSC - OUR SUPPORT SYSTEM

The Group has set-up IT SSC, with the intention to reduce the costs and complexity of its IT infrastructure, while continuing to support multiple operations systems. The challenge to the implementation of IT SSC was in deciding on the right technology to consolidate existing technology platforms and to find an interface with its operations systems.

IT SSC does its part in enhancing shareholders' value by:

- Protecting shareholders' value, where IT SSC's strategy and direction are set in line with the Group IT strategic masterplan.
- Supporting value decisions, by focusing on continuous improvement of processes which support value-added analyses and reporting.
- Creating shareholders' value by bringing business and IT together.

The functional structure of IT SSC is modeled along the IT value chain, which is depicted in Diagram 4.

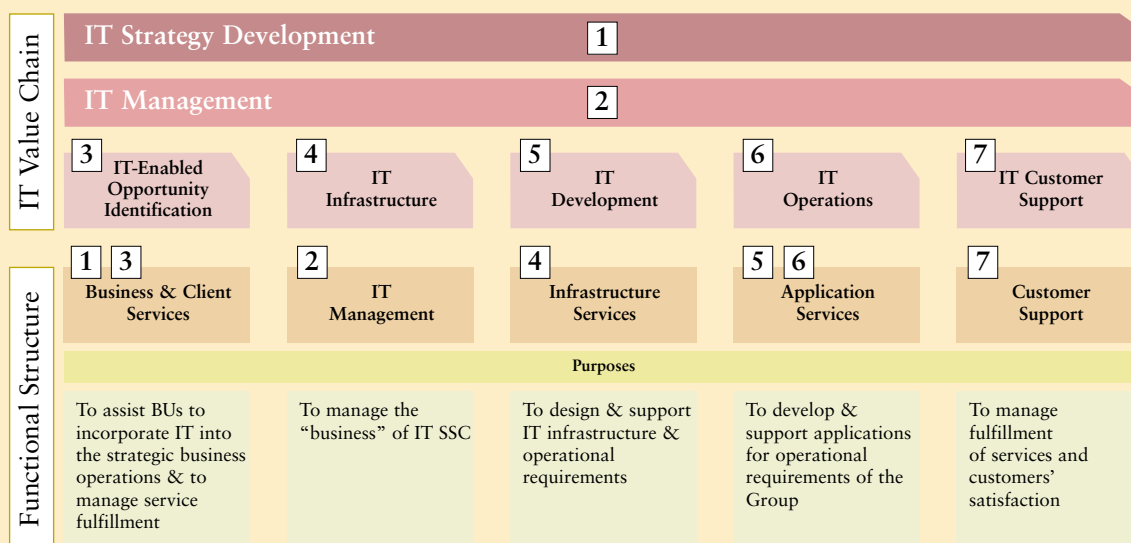


Diagram 4: IT SSC Functional Structure

## Equipped to Go Global

Acting on the Group's initiative to transcend geographical borders, we are actively setting up a platform for effective globalisation. Among our main projects is the implementation of the Group-wide One Box One ERP (1B1E) system and the setup of the Corporate Data Centre.

- One Box One ERP ("1B1E")

1B1E is tech speak for the one server, one Enterprise Resource Planning ("ERP") system. It will consolidate numerous servers across the Group into one server and standardise our ERP system. This project started in June 2004 and is expected to take 18 months to complete. Its main objectives are to reduce the number of servers and to create a centralised server management environment.

- **Corporate Data Centre (“CDC”)**

The CDC has been set up to further support our centralised server management system by relocating all existing servers into one central data centre. It also streamlines the wide area network (“WAN”) in Menara Sunway to a single location and further facilitates the Fiber Ring connectivity between the Group and its related companies.

The benefits that the Group will obtain with the implementation of 1B1E and CDC include:

- **Better cost control**  
The equipment standardisation will enable the Group to capitalise on economies of scale at initial purchase and reduce the overall hardware costs of maintenance. The reduced number of servers required also translates into cost savings from the reduction of software licensing fees and overheads.
- **Optimisation of IT resources**  
IT support services will be consolidated to a single location resulting in improved response time, reduced server downtime, and increased system security. This setup also enables round-the-clock, worldwide information system support to the Group without any increase in IT human resources.
- **Enhance business decision making**  
The integration of information will provide management with reliable, up-to-date and timely information. System users will be able to focus on information analysis instead of information collation, which will facilitate management strategic decision-making.

## GROUP PROCUREMENT

The Group had embarked on a Group Procurement initiative in September 2001 with the aim of enhancing our competitiveness through strategic sourcing and process automation. Its main objectives are:

- To provide transparency in the procurement process.
- To put in place a simple and efficient procurement process that is quick to respond to user requirements.
- To deploy expertise to buy at the best price through strategic sourcing and rationalisation of supply base.
- To put in place a process/system that will allow continuous monitoring and identification of new resources at best value in terms of cost and quality.

The main elements in the Group Procurement operational structure are depicted in the following Diagram 5.

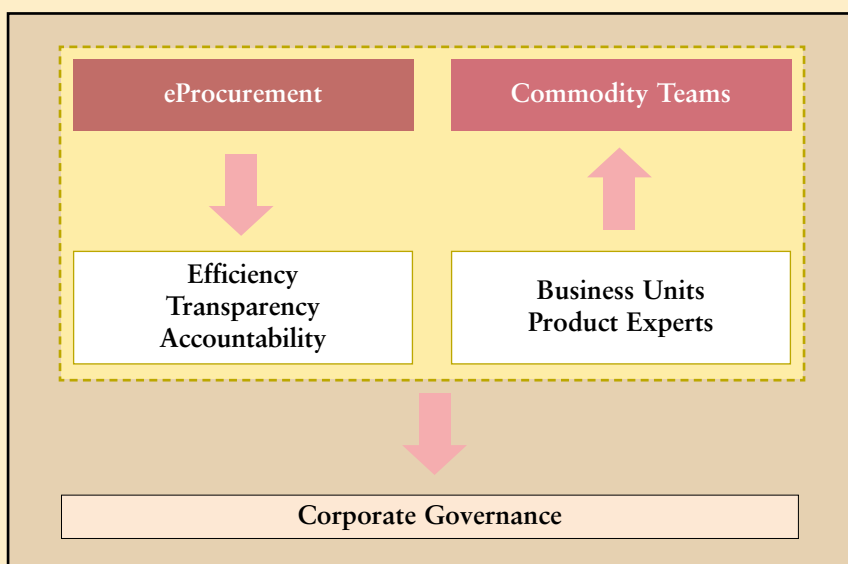


Diagram 5: Group Procurement Operational Structure

- **eProcurement**

The Group has embarked on an eProcurement journey since year 2001. eProcurement is the purchase of goods or services electronically to increase transactional efficiency through transparent processes. It is one of the core elements in the overall strategic procurement plan for the Group.

Currently, the eProcurement system is used to procure direct materials as well as indirect materials. The Group is able to issue paperless purchase orders to e-enabled suppliers. We have approximately 800 eProcurement system users, 430 e-enabled suppliers and 5,300 catalog items online.

We have recently increased the capacity and upgraded the eProcurement system in July 2004 to allow the group to further leverage on the eProcurement technology to develop a competitive edge for strategic sourcing in the Group.

- **Commodity Teams**

Apart from e-enabling the procurement process, Group Procurement has also undertaken a group-wide exercise to streamline and standardise the commodities for the Group since June 2004. This aims to further enhance the Group’s buying synergy and leverage on the product knowledge and industry expertise from various BUs. The following is the structure established.

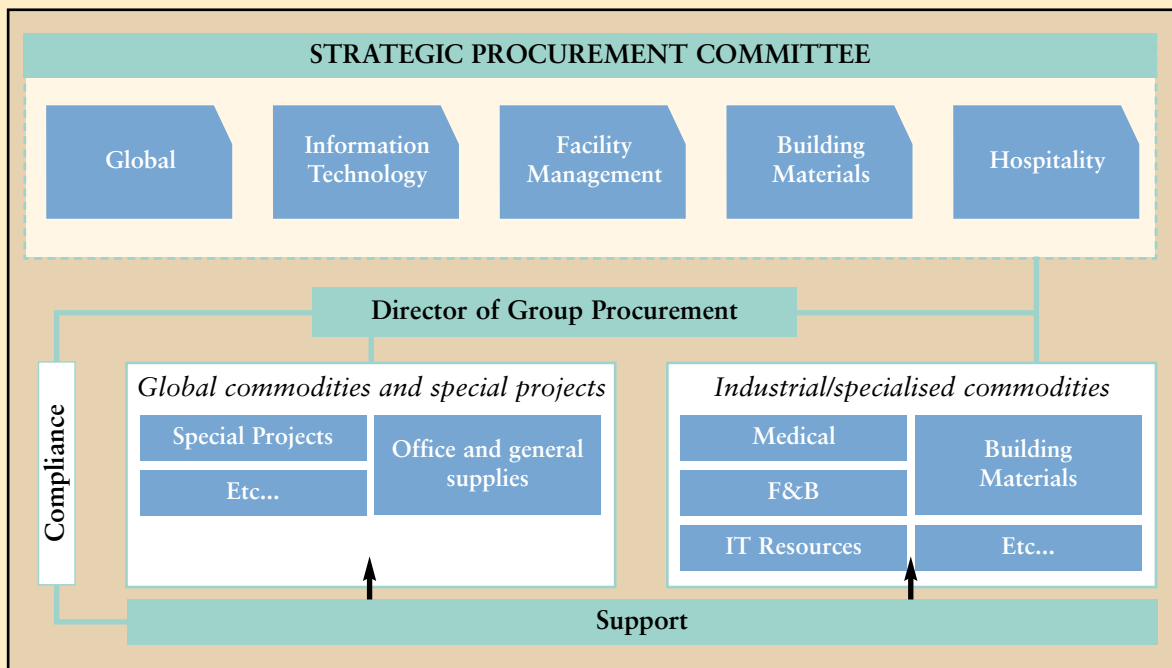


Diagram 6: Strategic Procurement - Commodity Teams Operating Structure

The BUs in the Group contribute their product experts, forming synergistic partnerships to jointly procure commodity items. Each committee establishes a set of Key Performance Indicators to monitor and measure the efficiency and effectiveness of these commodity sourcing and procurement teams.

The Compliance and Support team is also established to provide relevant support for the entire Group Procurement function. All compliance processes and procedures are in place to promote effective corporate governance.