

# building synergy

Making the good business practice of synergy a part of the working culture of CMS Group is a top priority. Driven by the Group Chairman and senior management, several key initiatives are in place to realise optimum Group synergy to create a stronger organisation. These include:

## **Group Strategies & Synergy Forum (GSF)**

Chaired by the Group Chairman, the GSF comprises management team members from all operations across the Group. Its monthly meetings discuss and formulate more effective Group strategies to maximize the inter-connectivity of CMS Group's numerous products and services.

## **Synergy Working Group (SWG)**

SWG's role is to identify synergy opportunities, to monitor usage of the Group's procurement services and to ensure competitiveness of synergy products.

## **Central Procurement Department (CPD)**

CMSB's Central Procurement Department (CPD) was set-up to promote fairness and good business ethics in all our procurement functions and to build synergy within the Group through the bundling of products and services.

To achieve this, CPD's roles and responsibilities include formulating, reviewing and continuously improving procurement policies, procedures and guidelines to ensure effective implementation and compliance.

The department acts as a platform and clearing house for information-sharing on best procurement practices, and the prices of products and services, either produced by CMS Group and to be procured externally. This way, cost saving opportunities can be identified and leveraged on through volume, and by working with a qualified and registered pool of contractors and suppliers.

## **Significant Achievements of CPD in 2003**

- Implementation of the CMSB Procurement Policies and Procedures Manual throughout the Group.
- Formation of the Central Tender Committee which resulted in the approval of RM252 million worth of proposals during the year.
- Implementation of a Contractors/Suppliers Management System to create a pool of qualified, registered contractors. During the year, 489 contractors and suppliers were evaluated, approved and registered with the Group. With this system in place, CMS Group only deals with registered contractors and suppliers.
- Negotiation of group pricing agreements for potential cost savings through the Group's procurement volume. In 2003, 9 group pricing agreements, with an estimated contract value of RM19 million and a potential cost savings of 20%, equivalent to over RM3.5 million, were achieved.

## **Objectives of CPD for 2004**

CPD will continue to ensure full compliance with the procurement policies, procedures and guidelines, and look to making further improvements. Securing maximum cost savings through innovative strategies, better communication on procurement matters and forging more business alliances with proven contractors are other priorities for CPD. The department also hopes to implement e-Procurement within the Group.





# technology development

e-procurement

Wi-fi

Mastering new and emerging technologies is essential to ensure that CMS Group remains competitive. Therefore, great emphasis is placed on the development of IT-skills and the implementation of new technologies, constantly changing and upgrading the way we communicate and do business, for greater efficiency and effectiveness.

## Achievements in 2003

### Improving IT-Skills of Group Employees

A Group-wide IT training programme was initiated in 2003. Its purpose is to build an IT-based culture in the organization, creating a pool of technologically empowered k-workers to face the challenges ahead. Today, all employees in the Group are IT-literate. This enhanced IT-knowledge also improves communication within the Group, whose businesses are located in different sites throughout Sarawak and in Kuala Lumpur.

### Implementation of a Wireless Wide Area Network

A Wireless Wide Area Network (Wi-fi) has been implemented for CMS Group operations located within the Kuching area, linking operations such as CMS Cement (in Bintawa), CMS Steel (in Sejingkat), Bandar Baru Samariang (in Petra Jaya), Tunku Putra International School and CMS Group headquarters at Wisma Mahmud. This network facilitates and enhances current common applications, such as e-mail and Intranet, and supports future needs, such as the HR information system and e-procurement. It has already brought substantial cost savings to the Group by replacing expensive fixed leased lines.

## Initiatives in 2004

CMS Group's in-house team of IT personnel are currently customizing specific enterprise resource planning (ERP) modules, e-procurement and e-HR systems for implementation within the Group. As well as offering increased efficiency, these applications will also bring further cost savings in maintenance when they are successfully implemented.

knowledge

ERP modules

e-HR

# human resource management

## **Significant Achievements in 2003**

CMS Group believes that its employees are the Group's most important asset. It maintains the objective of attracting top quality people and retaining them in a challenging and rewarding working environment. The development of human resource remains a top priority.

The year 2003 was another challenging year for developing and managing CMS Group's employees. The on-going cycle of recruitment, training and development, performance management and implementation of rewards continued throughout the year. Several major tasks were also accomplished :

### **Standardizing Policies and Procedures**

A comprehensive and updated Human Resource Policies and Procedures Manual for the entire Group was developed and approved in 2003. The new Manual has been implemented smoothly, enabling all HR personnel and line managers to have a common and clear understanding of policies and procedures affecting our employees, thereby minimizing ambiguity and unfair practices. It has also helped to ensure that the Group's most valuable talent pool is harnessed and administered effectively to support our business operations.

### **Building a k-workforce**

We aim to transform our Group into an IT-savvy organisation, with a pool of knowledge workers or k-workers. This process has already begun. All employees in the Group, from the most junior-level to senior management, are IT-literate. In 2003, 271 employees attended IT-based training programmes, such as Introduction to Basic Computing and Introduction to e-mail and Internet. This number will increase in 2004.

## **New Challenges and Focus Areas for 2004**

### **Developing our own HR information system (HRIS)**

An expanding conglomerate like CMS Group requires an effective and efficient HR system to support and link all business operations to attain the best results. Timely and accurate information flow and proper data management is of vital importance. With the assistance of the Group's technology arm, a comprehensive HR information system is expected to be in place within the next one to two years.

### **Remuneration Review**

We firmly believe in rewarding performance. In order to ensure that we continue to attract and retain the Right People, there is a need to ensure that the Group's remuneration package stays competitive. This is done through market surveys and benchmarking against competition.

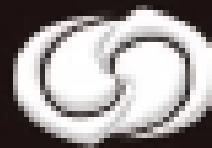
### **Succession Planning**

Resignations and retirement create knowledge and skill gaps in the organisation. In order to minimize the impact of such gaps, a proper succession planning mechanism must be in place, especially for key positions. In 2004, we will focus on developing this plan, which will also create opportunities for high performers within the organisation to move up the career ladder.

### **Widening Our Net**

The Group also faces the challenge of filling vacancies at the entry level in the organisation. Programmes are in place to scout for suitable new employees direct from the various institutions of higher learning by way of participation in career days and education fairs.



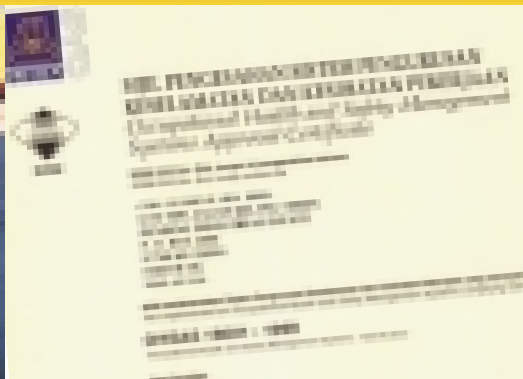


# corporate highlights 2003



**20<sup>th</sup>**  
**January**

CMS Modular Housing secures a 5-year contract to supply CMS Insul Roof systems to Daya Perumahan Sdn Bhd, a subsidiary of Sarawak Housing Development Commission. The roofing systems will be used for housing projects in the State including projects implemented under the 8th Malaysia Plan.



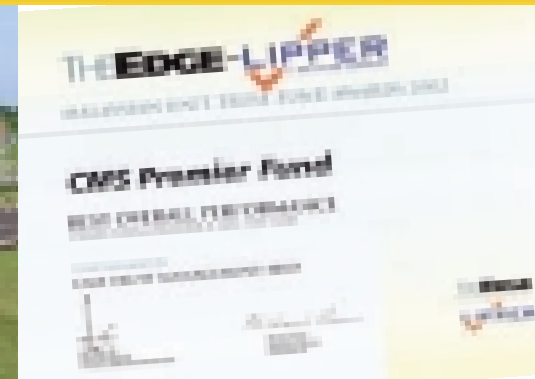
**24<sup>th</sup>**  
**January**

CMS Cement attains the Occupational Health & Safety Management Systems Certification - OHSAS 18001:1999 for stringent health and safety standards implemented in the work environment. The certificate adds to a list of Quality certification achieved by its Kuching plant.



**20<sup>th</sup>**  
**February**

PPES Works completes construction of the RM42 million Dalat Hospital in Mukah, Sarawak. The project includes the main hospital building, living quarters, auxiliary buildings and recreational facilities.



**28<sup>th</sup>**  
**February**

CMS Premier Fund wins "Best Overall Performing Fund for a 5-year period" at The Edge-Lipper Malaysian Unit Trust Fund Awards. The fund posted an impressive return of 117.52% over 5 years as at 31 December 2002.

# corporate highlights 2003



**M<sup>29<sup>th</sup></sup>  
March**

CMS Premier Fund is announced winner in the Equity Malaysia Sector (5 year award) at the inaugural The Star/Standard & Poor's Investment Fund Awards Malaysia 2003.



**A<sup>25<sup>th</sup></sup>  
April**

Sara Road Maintenance is awarded a 15-year contract, valued at RM86 million annually, to maintain all State roads in Sarawak, estimated to be 4,000 km in length based on current road inventories.



**M<sup>1<sup>st</sup></sup>  
May**

Merger Day One - RHB Bank and Bank Utama complete the merger of their commercial banking businesses, expanding RHB Bank's network to more than 200 branches nationwide.



**M<sup>5<sup>th</sup></sup>  
May**

PPES Works is awarded contracts to construct two State roads with a combined value of RM79.86 million, at Jalan Nanga Bangkit/Muara Lebaan in Bintangor, Sarikei Division and Jalan Bintulu/Similajau in Bintulu.



May 21<sup>st</sup>



CMSB holds its 28th Annual General Meeting in Kuching.

May 21<sup>st</sup>



Utama Banking Group Berhad holds its 11th Annual General Meeting in Kuching.

May 30<sup>th</sup>



CMSB announces its first quarter financial results for the period ended 31 March 2003.

July 14<sup>th</sup>



PPES Works is awarded a 15-year contract, valued at RM25 million annually, to maintain 650km of Federal roads located in Kuching, Samarahan, Sri Aman and Betong areas.

# corporate highlights 2003



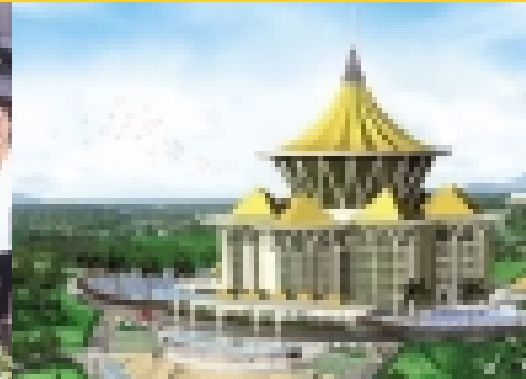
**16<sup>th</sup>**  
**July**

PPES Works is awarded a RM20 million contract for site preparation of a 40-acre area for an independent oil terminal at Senari, Kuching.



**19<sup>th</sup>**  
**July**

CMS Group wins the "Best Booth" award at the Development Exhibition, held in conjunction with Sarawak's 40th anniversary of independence within Malaysia.



**22<sup>nd</sup>**  
**July**

PPES Works presents a Masterplan for the proposed new Sarawak State Legislative Assembly (Dewan Undangan Negeri) complex to the Sarawak Cabinet.



**4<sup>th</sup>**  
**August**

Projek Bandar Samariang signs a Sale & Purchase Agreement with Inti IABS Sdn Bhd for a 100-acre site intended for Inti College Sarawak's permanent campus.



18<sup>th</sup>  
August



Systems Day One - It's all systems go for the newly enlarged RHB Bank. Following the successful integration of RHB Bank and the former Bank Utama banking systems, customers now have access to 470 ATMs nationwide, greater convenience and more products and services, including Internet banking.

28<sup>th</sup>  
August

	1 month ended	3 months ended	6 months ended
Revenue	RM 1,000,000	RM 2,500,000	RM 5,000,000
Operating Profit	RM 500,000	RM 1,250,000	RM 2,500,000
Profit After Tax	RM 400,000	RM 1,000,000	RM 2,000,000
Dividend Per Share	RM 0.10	RM 0.25	RM 0.50

CMSB announces its second quarter financial results for the period ended 30 June 2003.

30<sup>th</sup>  
September



CMS Cement's Bintulu Grinding Plant attains the ISO 9001:2000 Quality Management Systems certification for the manufacture of ordinary Portland cement.

12<sup>th</sup>  
October



CMS Group hosts corporate clients at its annual CMS Golf Invitational tournament in Damai, Santubong.



# corporate highlights 2003



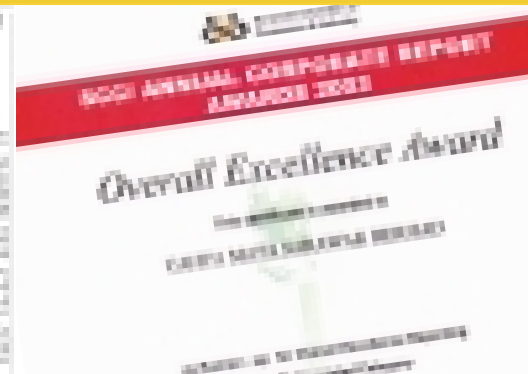
**N27<sup>th</sup>**  
**November**

CMSB announces its third quarter financial results for the period ended 30 September 2003.



**D3<sup>rd</sup>**  
**December**

PPES Works is awarded a RM116.4 million contract to construct Bintulu Port's 2nd inner harbour buildings and yard.



**D3<sup>rd</sup>**  
**December**

CMSB's Annual Report 2002 wins recognition for its corporate governance practices. CMSB is runner-up for Overall Excellence in the public-listed category at the Sarawak Chamber of Commerce & Industry Annual Corporate Report Awards event.



**D8<sup>th</sup>**  
**December**

Dato Sri Sulaiman Abdul Rahman Taib chairs RHB and RHB Capital Berhad annual general meetings for the first time since completion of the merger.



D<sup>8<sup>th</sup></sup>  
December



The Mulu Ecological Enhancement Programme begins with its first project to rehabilitate two barren hill near Mulu Airport.

D<sup>11<sup>th</sup></sup>  
December



Sale of homes at Fairway Villas Exclusive Residential Estate, in Petra Jaya, Kuching, is launched.

D<sup>16<sup>th</sup></sup>  
December



Construction & Road Maintenance SBU launches Operation LANG (Love & Appreciate our Natural Greenery) with the aim to become the model organization in sustainable project management. The success of the campaign calls for the involvement and support of vendors, contractors, consultants, clients, the community and public.

D<sup>22<sup>nd</sup></sup>  
December



"Hotline Jeraya", a toll-free telephone and e-mail service, is launched for Sarawak road users to channel complaints and feedback on conditions of roads maintained by Sara Road Maintenance and PPES Works.

# employee activities 2003



May 23<sup>rd</sup>

CMS Group employees attend the Group Chairman's Address function in Kuching.



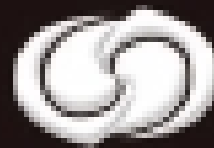
May 25<sup>th</sup>

The rules of the jungle reign supreme at CMS Jungle Bowl 2003 in-house bowling tournament.

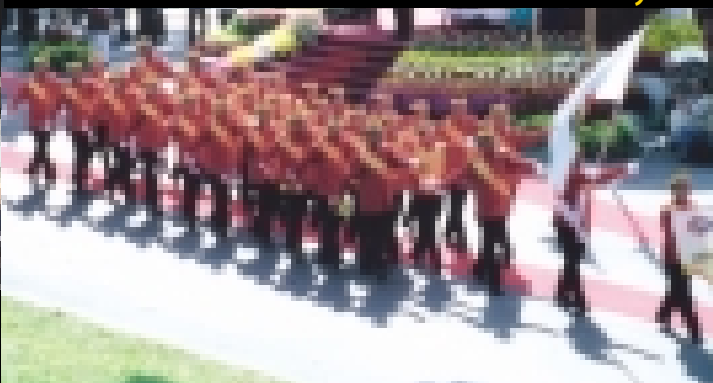


June 29<sup>th</sup>

112 employees search for lost treasure in Cahya Treasure Fun 2003.



22<sup>nd</sup>  
July



Our contingent carries the CMS flag with pride at the March Parade, held in conjunction with Sarawak's 40th anniversary of independence within Malaysia.

23<sup>rd</sup>-24<sup>th</sup>  
August



120 employees take part in the in-house Cahya Badminton Challenge 2003 tournament.

5-6<sup>th</sup>  
September



CMS Group Regatta Warriors participate in the Sarawak Regatta 2003.

# employee activities 2003



**O**4-5<sup>th</sup>  
October

The first all-ladies band participates in CMS Star Search 2003.



**N**27<sup>th</sup>  
November

CMS Group employees gather for Majlis Berbuka Puasa. Sarawak Chief Minister, YAB Pehin Sri Dr. Haji Abdul Taib Mahmud, joins the event.



**D**7<sup>th</sup>  
December

CMS Group and RHB host thousands of employees and their families at Hari Raya Open House events held in Kuching and Kuala Lumpur respectively.



7<sup>th</sup>  
December



14<sup>th</sup>  
December



17<sup>th</sup>  
December



CMS Group contingent wins 2nd placing amongst 100 contingents in Sarawak's 40th Anniversary March Parade.

# corporate social responsibility

## - giving back to society



CMS Group is committed to a broad range of community initiatives as part of its strategy to become a role-model corporate citizen. Such initiatives enable us to give back as much as we can to the community and society which have nurtured us.

### Group-level Initiatives

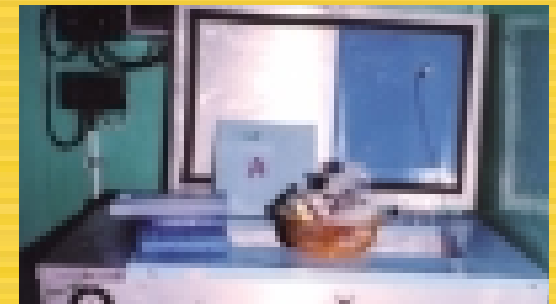
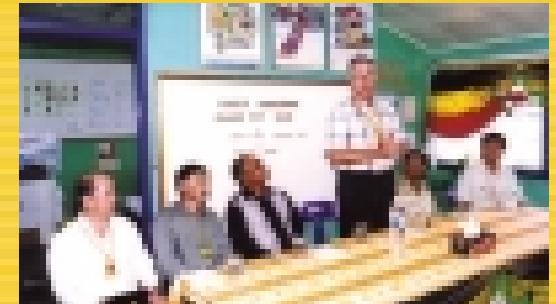
#### Donations to Religious and Charitable Organizations

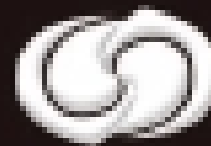
During 2003, CMSB supported a number of charities that focus on the young, the old, the needy and less privileged, and the spiritual welfare of the community, including:

- PERKIM received total donations of RM60,000 during the year
- The Group donated RM10,000 towards the construction of an Islamic Centre for new converts in Kuching
- The Group contributed towards the construction of a new religious school in Samaharan division
- Orphans and under-privileged children were special guests at CMS Group's Hari Raya Open House event
- The Group donated to children's homes through sponsorship of the Malaysia X 2003 jet-ski ride event from Langkawi to Sabah
- The Group donated prosthetic limbs to JKR former employees and the ex-Police association
- The Group donated a solar-powered vaccine refrigerator to the community of Bario, Sarawak, enabling them to receive vaccinations at their village and avoid the inconvenience of having to fly to the nearest town for medical treatment

#### CMSB's Adopt-a-Mosque Programme

Support continued in 2003 for CMSB's Adopt-a-Mosque programme, which pays for monthly utility expenses of the local surau and mosque in a number of villages and communities in Sarawak.





The programme, which has been in operation since September 2002, assists 37 surau and mosques in and around the Kuching, Samarahan and Bintulu areas. We have built a strong relationship and rapport with the surau and mosque committees through our continuous communication and initiatives such as inviting committee members to CMS Group's Majlis Berbuka Puasa and Hari Raya Open House events.



Feedback from this Programme has been very encouraging, and has helped build CMSB's reputation as a caring organization. A dialogue session for members was held in July 2003. Many attendees spoke of the concrete and intangible benefits that their places of worship had received following assistance from CMSB. By not having to worry about allocation of their limited funds for payment of utility bills, the surau and mosques were able to organize new activities for the community, such as more religious classes. Others spoke of being able to involve more people in their activities.

The goal for 2004 is to extend the Adopt-a-Mosque programme to more surau and mosques throughout Sarawak.



#### **Subsidiary-level Initiatives**

In addition to sponsorship and donations made at CMS Group-level, several initiatives have taken place at the subsidiary-level, such as:

#### **CMS Cement Builds Houses for Leprosy Victims**

In September 2003, CMS Cement began a project to build houses for 5 families of Leprosy (Hansen's disease) victims. The families are currently poorly housed in a settlement that was built 30 years ago at Kampung Sinar Baru, 25 km from Kuching city. Although fully cured of the disease by modern medicine, the settlers are unable to find work outside the settlement, because of the social stigma of their disfiguration and deformity. They make a living from planting vegetables on their small plots of land, which is barely sufficient to make ends meet. With school-going children and other daily needs, the former patients have little means to repair or build new homes.





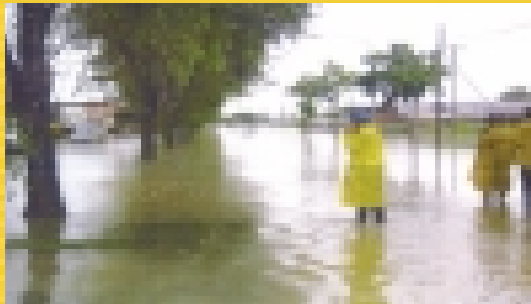
# corporate social responsibility - giving back to society



CMS Cement sponsored modular housing materials sufficient to construct 5 units of houses for the families and a community center cum office. The total cost of materials borne by CMS Cement amounted to slightly more than RM40,500. In addition, the Company gave 200 bags of 50kg cement required for construction of the buildings. The completed houses were officially handed over in April 2004.

## **PPES Works Gives RM50,000 to Orphans**

PPES Works handed-over a RM50,000 contribution to orphaned children from Rumah Kebajikan Anak-anak Yatim Laila Taib last November 2003. The contribution goes towards upkeep of the home and care of the 137 boys and girls, aged between 4 and 18.



## **Hotline Jeraya – Serving the Community**

In an effort to give “added-value” to its customers, PPES Works and Sara Road Maintenance introduced the “Hotline Jeraya” service, comprising a toll-free telephone and e-mail service for Sarawak road users to channel complaints and feedback on conditions of the 4,600km of roads maintained by our two companies. Road users are an excellent source of up-to-date and precise information on current conditions of the roads that they use daily.

The “Hotline Jeraya” service proved to be an important communication channel during the floods that hit Kuching and Samarahan divisions in January 2004. Said to be the worst floods in 40 years, our Construction & Road Maintenance SBU made a quick decision to set up an Emergency Co-ordination Centre to assist where possible. With an established network of road maintenance personnel on the ground, this operation was a vital link in the State’s rescue operations as well as to ensure speedy repairs to damaged roads and bridges.





# corporate social responsibility

## - care for the environment

As Sarawak's leading business conglomerate, CMS Group recognises its social responsibility to act as a role model for others. This is particularly important when it comes to ensuring the sustainable conservation and management of our natural environment.

CMS Group's environmental philosophy is quite simple - to strike an equitable balance between development, conservation and socio-economic needs in every aspect of our operations. This environmental philosophy is evident in many of the Group's activities.

### **Environmental Management Systems**

There was continuous focus to ensure that the Group's operations caused minimal negative impact on the environment during the year, through rigorous implementation of environmental management systems, including :

CMS Cement's Kuching plant holds the ISO 14001:1997 certification for Environmental Management Systems. The plant also re-launched the 5S Housekeeping Programme in 2003.

CMS Steel's plant maintains a 'green belt' around its boundary, uses an efficient combustion system, complies with DOE policies on emission and noise levels, recycles industrial waste water and implements the 5S Housekeeping Programme for a safe and clean workplace.

PPES Works has a dedicated team to ensure adherence to its Health, Safety & Environment policy and undertakes measures necessary to implement The Natural Resources and Environment (Amendment) Ordinance 1993.

Where applicable, CMS Group business units submit quarterly environmental monitoring reports to the Natural Resources & Environment Board of Sarawak.

### **Environmental Initiatives in 2003**

After completion of works to upgrade of the Mulu airport in 2002, which included extending the runway to allow for landing of larger aircraft, the two limestone peaks that were saved due to PPES Works' initiative remained bare. The Company has begun the Mulu Ecological Enhancement Programme to re-plant these limestone peaks with special low growth vegetation and creepers, with the support and cooperation of the local Berawan and Penan communities.

### **Operation LANG (Love & Appreciate Our Natural Greenery)**

Operation LANG is an initiative of the Construction & Road Maintenance SBU, which aims to become the model organisation for sustainable development. This comprehensive programme has a 5-pronged strategy encompassing management systems, HR development, information & communication, technology & innovation, and the community & customer. Operation LANG is unique in that it shares environmental responsibility and accountability with all stakeholders, involving staff, clients, vendors, suppliers and the community.

The above environmental initiatives were factors which helped PPES Works win 2nd Runner-up placing in the Large-Scale Enterprise category of the Sarawak Chief Minister's Environment Awards 2003/2004.

