Field Service Capability Centre (“FSCC”)

MCHM Finance

February 27, 2025

1 Project Overview

The FSCC project aims to enhance operational efficiency of financial controls within Capitalization Centre. By adopting best practices and project management methodologies, the project seeks to ensure Simplify, Standardize and Digitize processes among three regionals, Mainland China, Hong Kong and Macau.

2 Business Objectives for Improving Controls Efficiency

2.1 Streamline Financial Processes

Simplify and standardize processes to reduce time and enhance workflow efficiency.

2.2 Implement Automation Tools

Leverage automation to minimize manual interventions and reduce errors in reporting.

2.3 Enhance Data Accuracy

Establish robust validation methods to ensure the integrity of financial information. Implement systems to minimize errors and improve data integrity.

2.4 Regular Internal Audits

Conduct frequent audits to identify control weaknesses and ensure compliance.

2.5 Develop Clear Policies and Procedures

Create comprehensive documentation to guide staff and ensure consistent application.

2.6 Increase Training and Awareness

Provide ongoing training on financial controls and compliance to enhance staff adherence.

2.7 Utilize Performance Metrics

Define and monitor metrics related to control efficiency to identify areas for improvement.

2.8 Enhance Communication Channels

Foster open communication between Branches to improve coordination and compliance.

3 Key Requirements

3.1 Integration of Automation Tools

Identify suitable automation technologies to implement.

3.2 Documentation Standards

Develop templates for policies and procedures.

3.3 Training Program Development

Design training modules focused on financial controls and compliance.

3.4 Audit Schedule

Establish a regular internal audit schedule to monitor compliance.

3.5 Performance Metrics Dashboard

Create a dashboard to track and visualize performance metrics.

4 Identified Improvement Items and Benefits

The MCHM Finance project team has identified the following 12 improvement items aimed at enhancing the efficiency and effectiveness of finance operations across the specified regions. Appendix Two

1) **Supplier E-invoice (SOX PTP06)**
   Implementing an electronic invoicing system for suppliers to streamline processing.

   Streamlines invoice processing, reducing manual errors and processing time. This can lead to a decrease in cycle time for payments, improving supplier relationships and potentially enhancing discounts from early payments.

2) **Subcontractors' invoices Online (SOX PTP05)**
   Developing an online workflow for faster approval subcontractors' invoices.

   Automating the approval process can reduce bottlenecks and delays, leading to faster invoice processing. This improves cash flow management and subcontractors satisfaction, directly impacting the KPI for average payment cycle time.

3) **Alert Process for Late Purchase Orders (SOX PTP04)**
   Establishing alerts for managing late purchase orders where invoices are received prior to PO dates.

   Proactive alerts help prevent late PO. This improves compliance rates and reduces the risk supplier invoicing issues, positively influencing the KPI for payment accuracy.

4) **Payment Process with Online Approval (SOX PTP22)**
   Creating an online approval process for payments to improve speed and accuracy.

Enhances control and transparency in payment approvals, reducing fraud risk. This contributes to a higher compliance score in audits, impacting overall financial governance KPIs.

5) **Issuance of Credit Notes (SOX OTC06)**
Standardizing the process for issuing credit notes to customers.

Streamlining the credit note process accelerates revenue recognition and improves customer satisfaction. This directly affects KPIs related to customer retention and turnover rates.

6) **Creation of New Customer Accounts (SOX OTC36)**
Simplifying the process for creating new customer accounts in the system.

A standardized process for account creation reduces setup time and errors. This can lead to faster onboarding for new customers, impacting KPIs for customer acquisition speed.

7) **Customer Credit Hold Review (SOX OTC36)**
Regular reviews of credit hold to ensure timely resolution.

Implementing a structured review process for credit holds minimizes the risk of lost sales due to account restrictions. This impacts revenue KPIs positively by ensuring that legitimate sales opportunities are not missed.

8) **Standardized Upload Working File Template (SOX AFR16)**
Developing a standardized template for uploading working files to enhance consistency.

Consistency in file uploads improves data integrity and reporting accuracy. This supports better decision-making and enhances reporting KPIs related to financial performance.

9) **Standardized COA Management Process (SOX AFR01)**
Implementing a standardized approach to managing the Chart of Accounts across system. Improve reporting consistency across regions and resource sharing.

10) **Automatically monthly and quarterly WIP Report Preparation Process (SOX OTC09 and OTC10)**

Automating the preparation process for OTC10 report to reduce the time spent on report preparation, allowing for quicker insights into projects performance and reduce errors.

11) **Standardize and Centralized Accounts Reconciliation and IPE Process (AFR07, PTP12, OTC20, TAX20, INV07, and HR10)**
A unified process enhances accuracy and reduces discrepancies in reconciliation, improving audit compliance and efficiency. This impact to accounts reconciliation accuracy and audit findings.

12) **Function for Supporting Documents Attachment in JDE**
Creating a function in JDE to facilitate the attachment of supporting documents for transactions.

Easy access to supporting documents improves audit readiness and reduces time spent searching for information.

5 Processes

5.1 Principles

5.1.1 Continued Business Justification

Each requirement aligns with the business goals of standardization and compliance.

5.1.2 Learn from Experience

Incorporate lessons learned from previous finance processes.

5.1.3 Defined Roles and Responsibilities

Clear assignment of leads and support personnel ensures accountability.

5.1.4 Manage by Stages

Divide the project into manageable phases aligned with the completion of each requirement.

5.1.5 Manage by Exception

Establish clear tolerances for time, cost, and scope, allowing focus on critical issues.

5.1.6 Focus on Products

Ensure that each process results in tangible outputs that meet stakeholder needs.

5.1.7 Tailor to Suit the Project Environment

Adopt the methodology to the specific context of the finance team across the three regions.

5.2 Themes

5.2.1 Business Case

Continuous assessment of the project's value and alignment with APi Vision.

5.2.2 Organization

Defined structure with roles for finance team members across regions.

5.2.3 Quality

Establish quality criteria for each process to ensure compliance and efficiency.

5.2.4 Plans

Develop detailed plans for each requirement with timelines and milestones.

5.2.5 Risk

Identify and manage risks related to compliance and process changes.

5.2.6 Change

Manage changes to requirements or processes effectively.

5.2.7 Progress

Monitor progress against plans and adopt as necessary.

5.3 Project Timelines

5.3.1 Starting Up a Project

Confirm project viability and assemble the project team

5.3.2 Initiating a Project

Develop the project initiation documentation, including the business case.

5.3.3 Directing a Project

Ensure ongoing oversight and decision-making throughout the project lifecycle.

5.3.4 Controlling a Stage

Monitor progress and manage any deviations from the plan.

5.3.5 Managing Product Delivery

Ensure that outputs meet the defined quality criteria.

5.3.6 Closing a Project

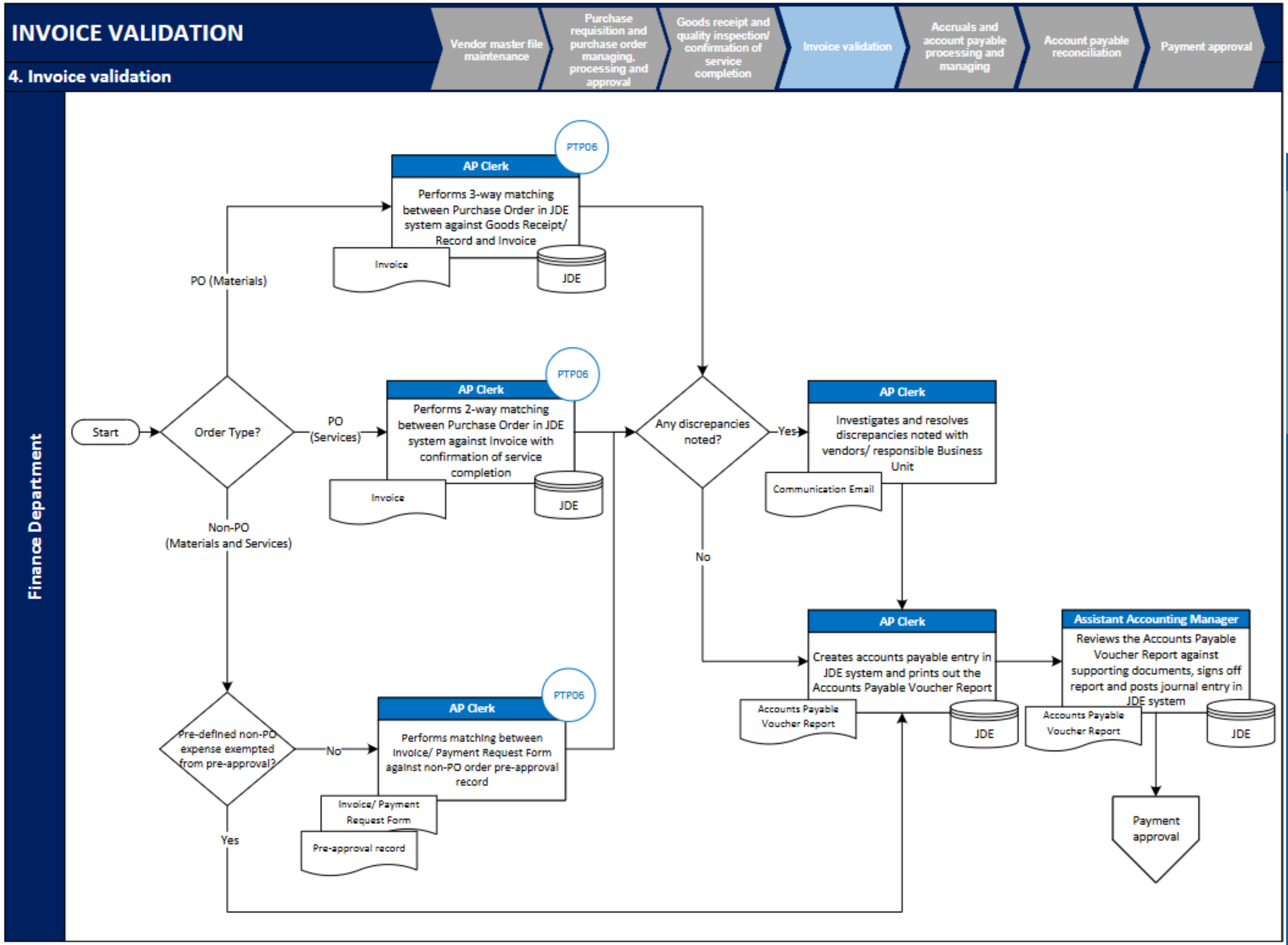
Confirm completion of all requirements and evaluate project success.

6 Conclusion

This project aims to enhance the efficiency and compliance of the finance teams across Mainland China, Hong Kong and Macau. By following the PRINCE2 this methodology, we can ensure a structured approach that aligns with business goals and regulatory requirements.

7 Appendix One

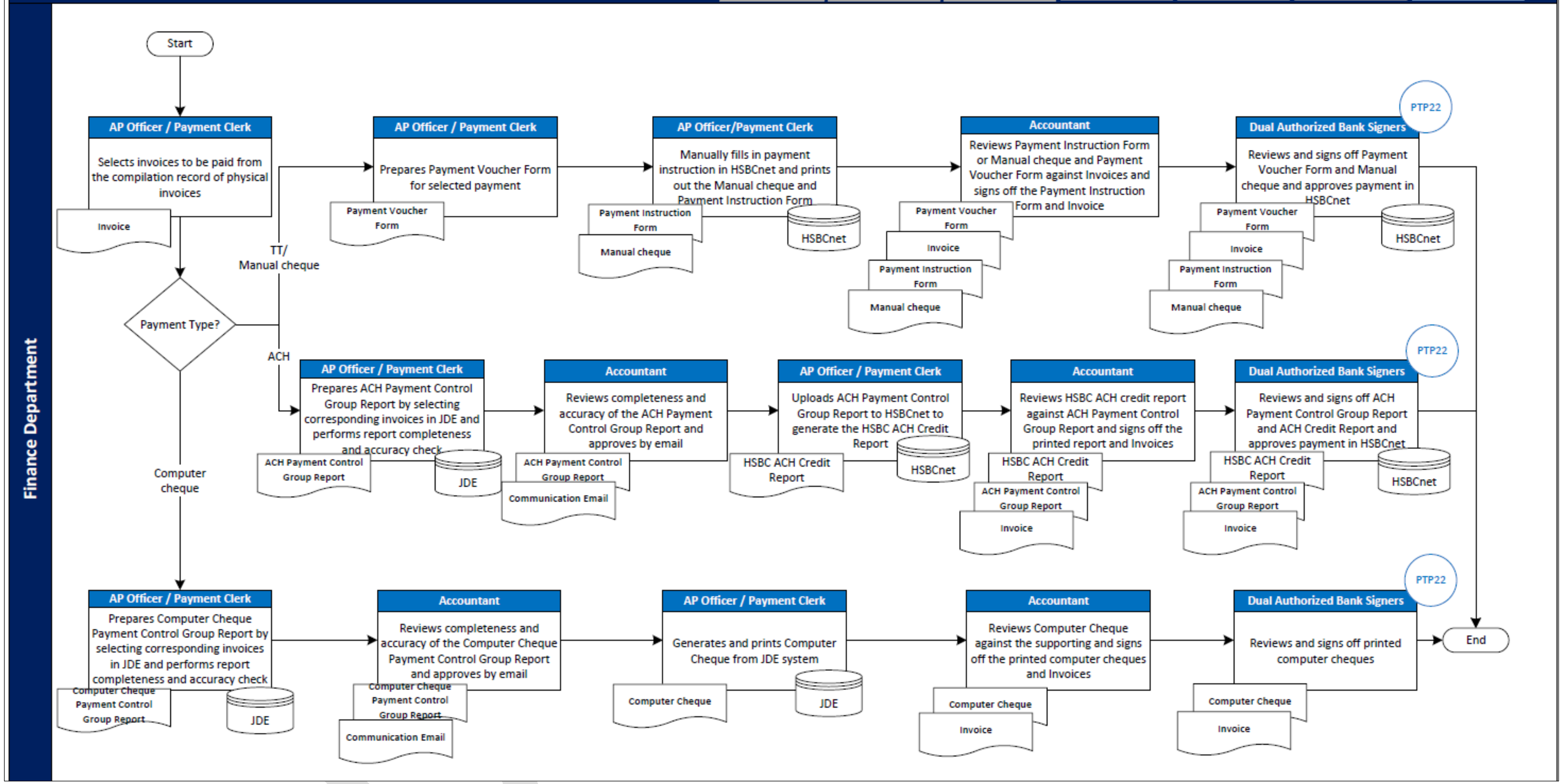
1) Supplier E-invoice (SOX PTP06)
2) Subcontractors' invoices Online (SOX PTP05)
3) Alert Process for Late Purchase Orders (SOX PTP04)
4) Payment Process with Online Approval (SOX PTP22)



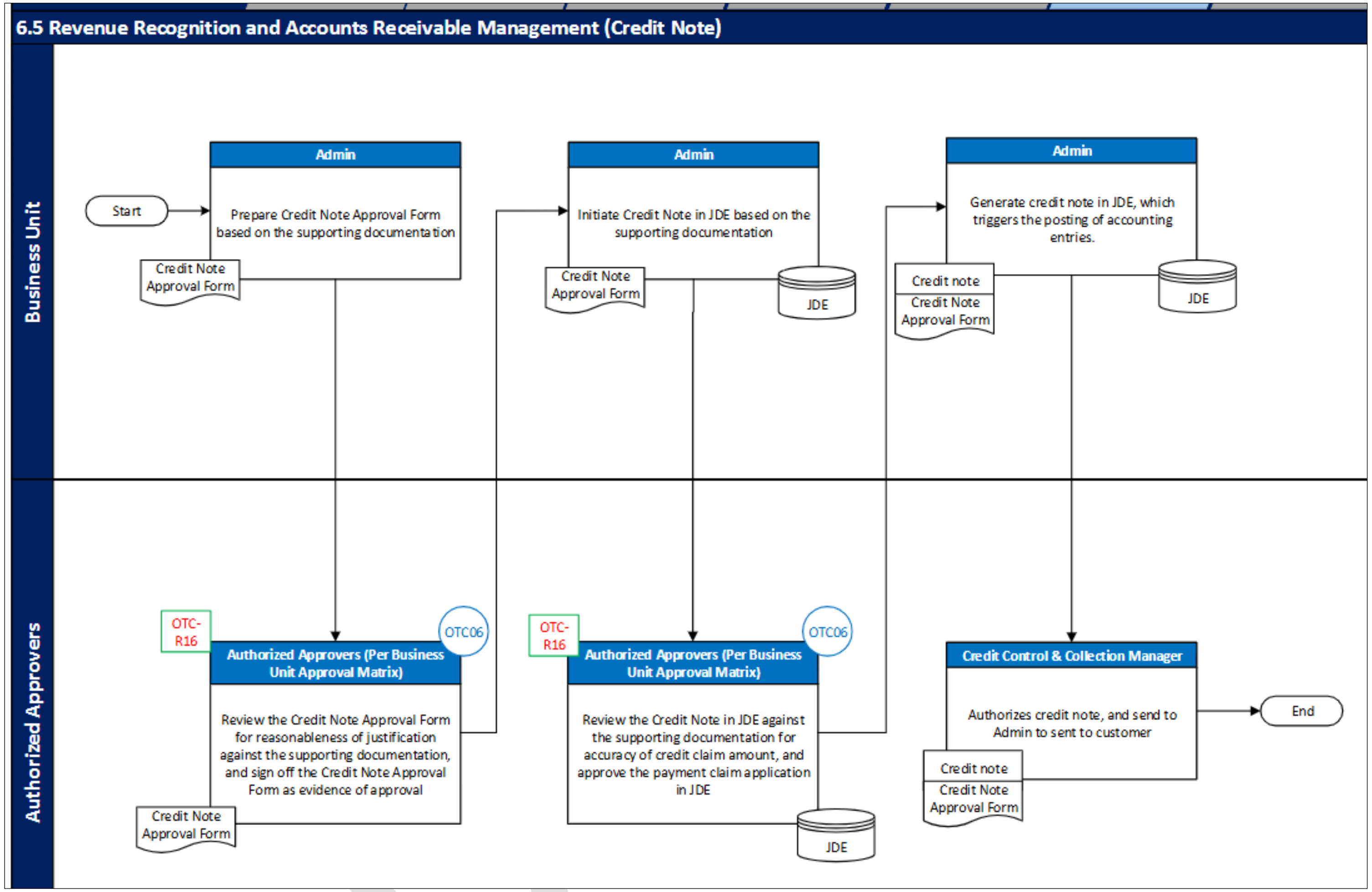
PAYMENT APPROVAL

Vendor master file maintenance | Purchase requisition and purchase order managing, processing and approval | Goods receipt and quality inspection/ confirmation of service completion | Invoice validation | Accruals and account payable processing and managing | Account payable reconciliation | Payment approval

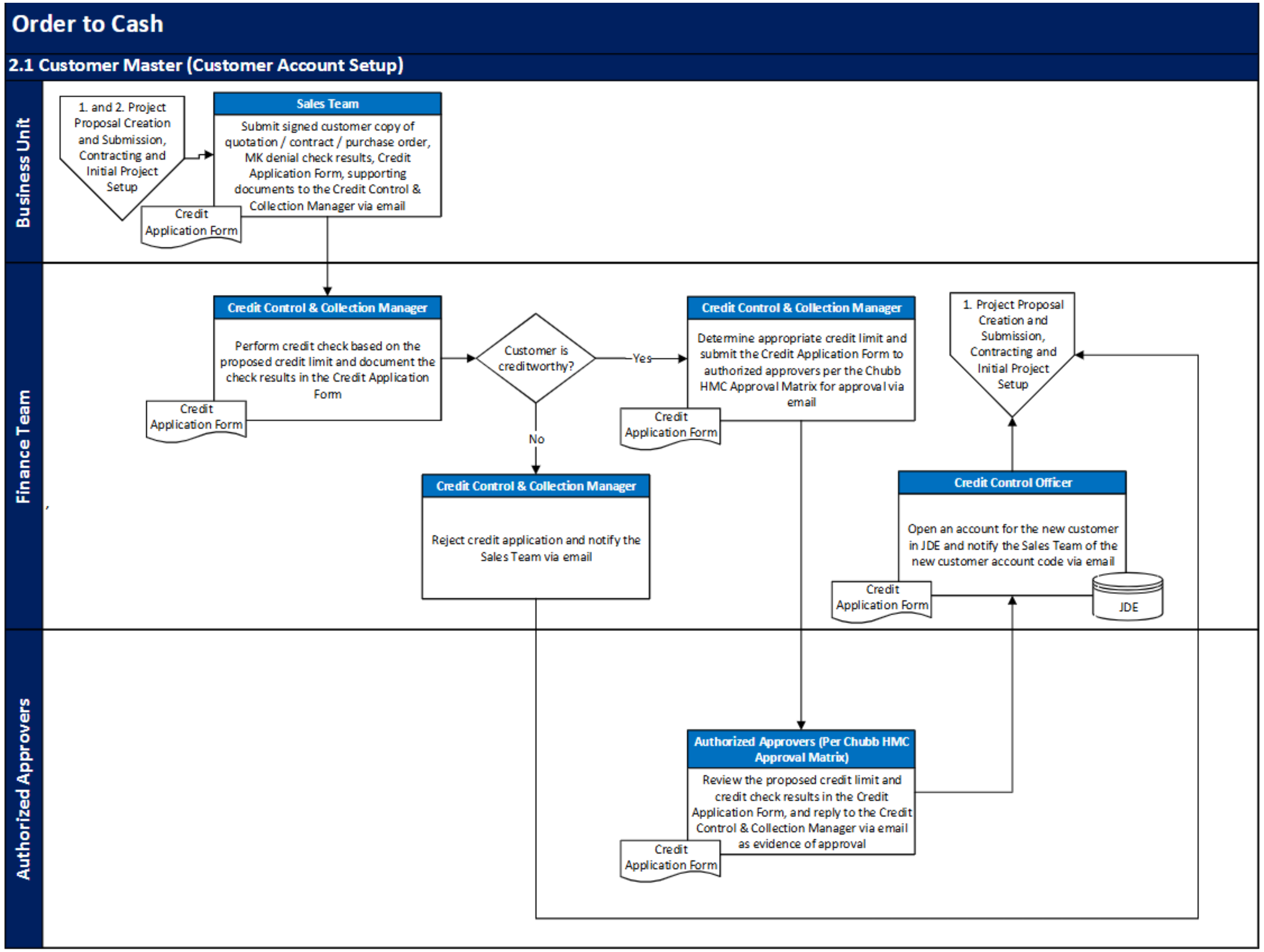
7.1 Payment approval



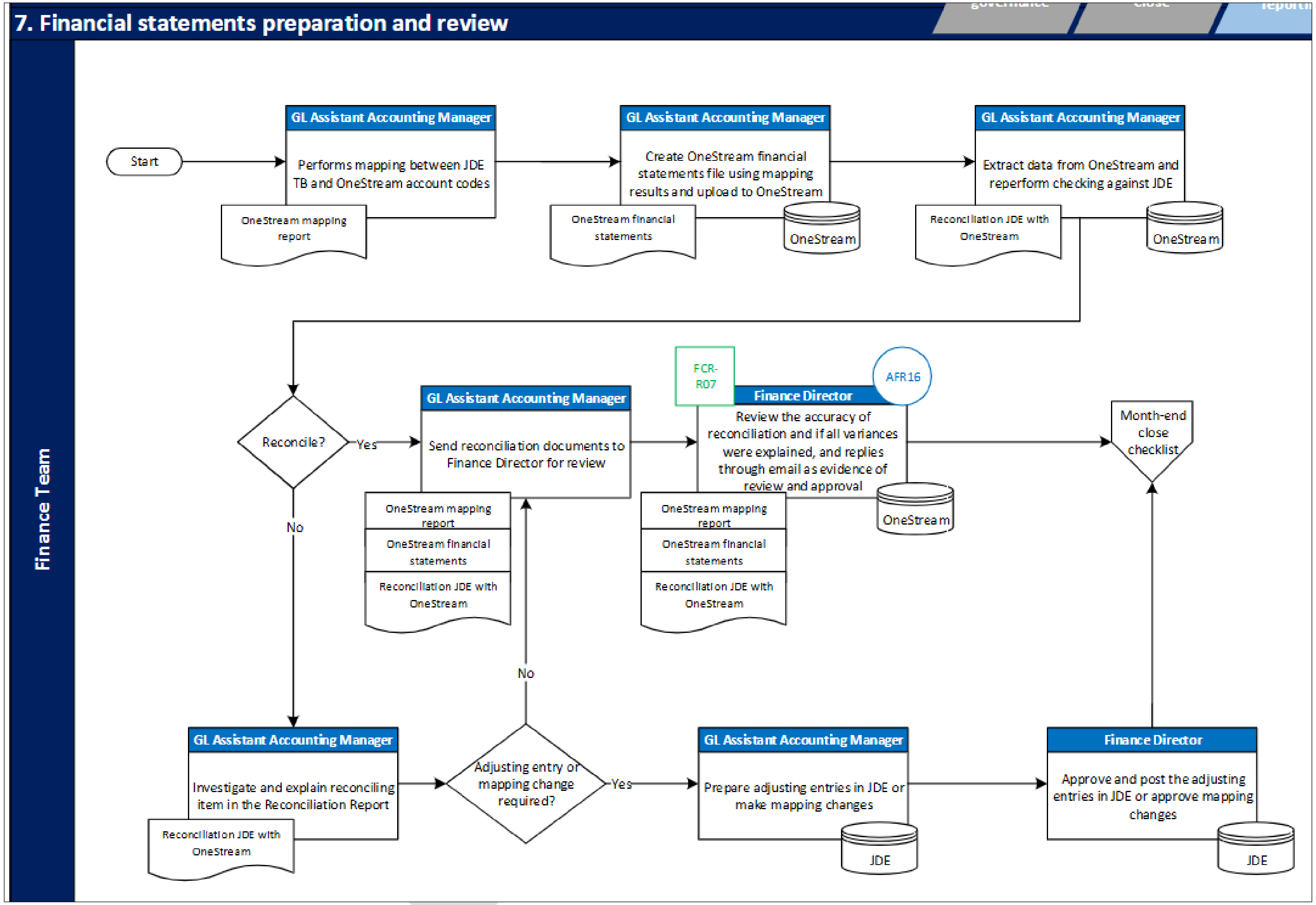
5) Issuance of Credit Notes (SOX OTC06)



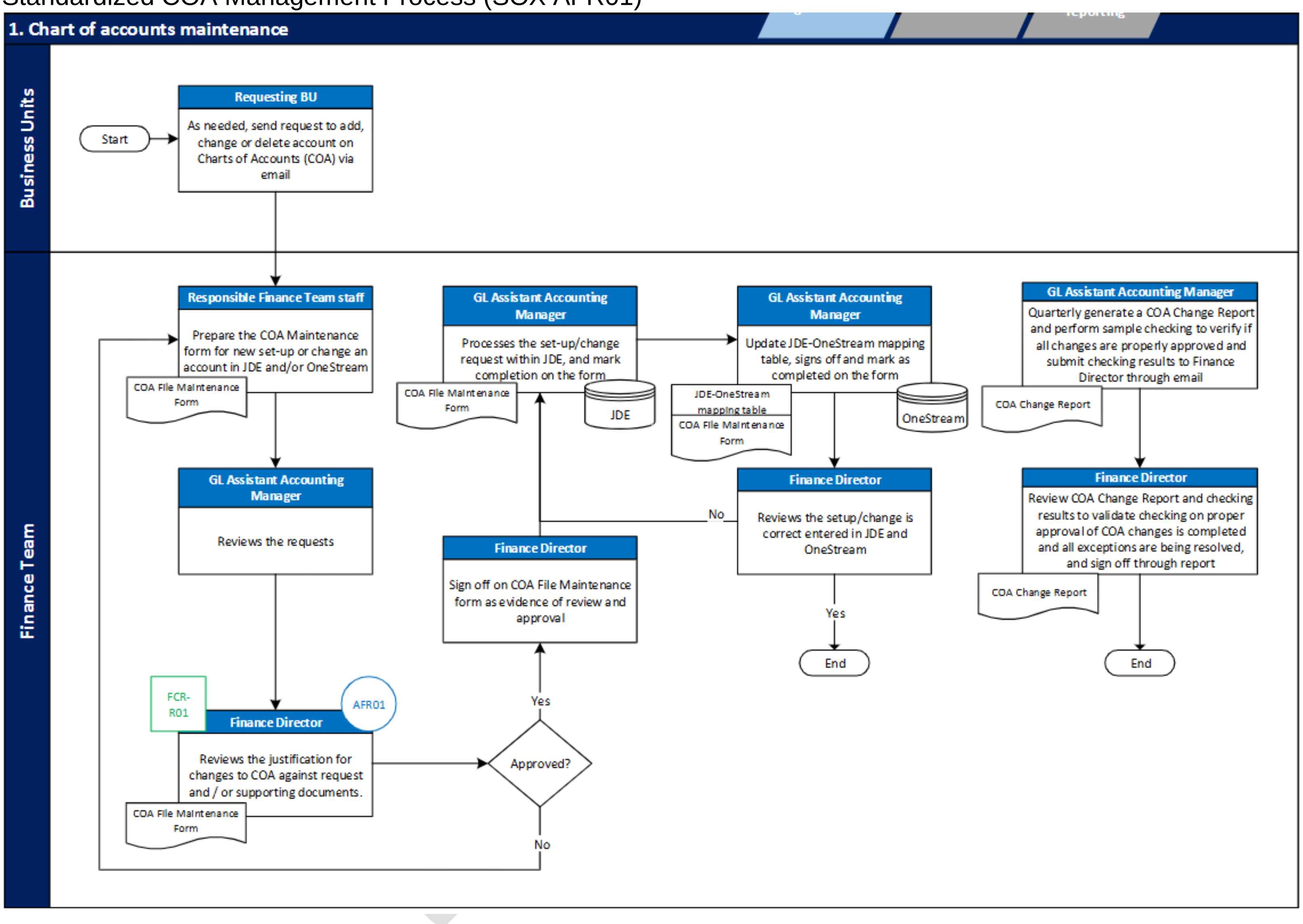
6) Creation of New Customer Accounts (SOX OTC36)
7) Customer Credit Hold Review (SOX OTC36)



8) Standardized Upload Working File Template (SOX AFR16)

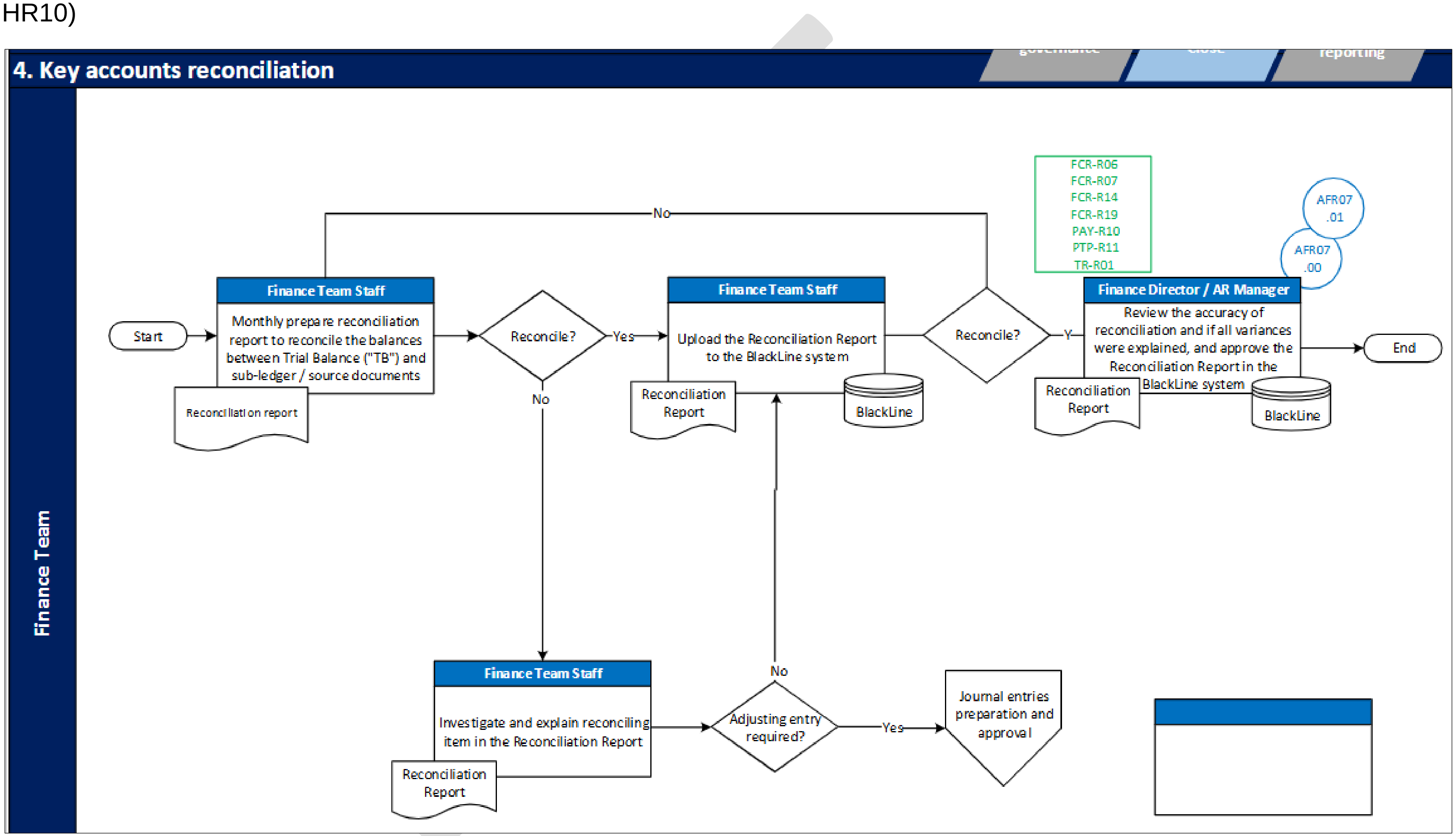


9) Standardized COA Management Process (SOX AFR01)



10) Automatically monthly and quarterly WIP Report Preparation Process (SOX OTC09 and OTC10) [TBA]

11) Standardize and Centralized Accounts Reconciliation and IPE Process (AFR07, PTP12, OTC20, TAX20, INV07, and HR10)



12) Function for Supporting Documents Attachment in JDE (No workflow)

8 Appendix Two

Priority	compliance with SOX requirement	Process Description	Team	Process Lead	Support Person	Mainland China	HK	Macau
1	PTP06	Supplier E-Invoice	AP	Cindy	Jim	Yes	Yes	Yes
2	PTP05	Subcontractors' invoices Online Approval Workflow	AP	Cindy	Jim	Yes	Yes	Yes
3	OTC36	Create New Customer Account	AR	Fan	TBA	Yes	Yes	Yes
4	PTP22	Payment Process (include Online Approval)	AP	Mona	Jim	Yes	Yes	Yes
5	AFR16	Standardize the upload working file template	GL	Mona	Carrie	Yes	Yes	Yes
6	AFR01	Standardize COA management process (JDE & OneStream)	GL	Mona	Carrie	Yes	Yes	Yes
7	PTP04	Setup an alert process to manage Late PO when supplier invoice was issued before PO issue date	AP	Annie	Jim		Yes	Yes
8	-	Credit Hold Review	AR	Fan	TBA	Yes	Yes	Yes
9	OTC10	Automatically OTC10 report preparation process	Others	Eric	Pingie		Yes	
10	AFR14, PTP12, OTC20, TAX20, INV07, HR10	Standardize and Centralize process for Accounts Reconciliation and IPE	Others	Annie	Carrie/Jim	Yes	Yes	Yes
11	-	Create function to attach supporting document in JDE	Others	Vicky	Mona	Yes	Yes	Yes
12	OTC06	Issue Credit Note to customer	AR	Annie	Operation Team	Yes	Yes	Yes