

PROCUREMENT POLICY

1.0 Policy Statement

- 1.1 The Lion Group is committed to ensure that its businesses, operations and associated processes are conducted with integrity and transparency at all times. This is realised through integration of procurement governance, vendor management and selective procurement methods upon which Lion Group's procurement capabilities are built.

2.0 Objective

- 2.1 This policy is a part of the Supply Chain management providing guidelines for all employees within the Group to implement best practice in procurement through implementation of systematic, structured, accountable and transparent procurement processes.
- 2.2 This policy enables progressive enhancement to the Group's procurement capabilities through improved abilities to compare prices more effectively and to establish the capability of potential vendors.
- 2.3 The governance and structured processes provide means for check and balance and prevent the risk of or opportunity for fraud, bribery and/or kickbacks.

3.0 Scope & Applicability

- 3.1 The policy covers the types of purchases as outlined in general in Appendix 1 to this policy.
- 3.2 This policy is applicable to all employees in Lion Group of companies including its subsidiaries, both local and abroad.
- 3.3 Any variance and/or derogation from the principles and controls set in this policy may be effected if they are to comply with local laws or they are of such a total effect that their standards, procedures and controls are higher than prescribed herein.

4.0 Procurement Governance

- 4.1 The procurement function is guided by local procurement policies and strategies at each operating company and/or respective business division. Nonetheless such policies must uphold and conform to the Group's Code of Business Conduct and Conflict of Interest.
- 4.2 Consistency in processes is achieved through compliance with local standard operating procedures for procurement and further supported by any relevant quality certification duly obtained, if any, such as ISO etc.
- 4.3 Tools and Controls – use of standard contracts, letters of awards, purchase orders and other similar documents to provide minimally acceptable terms and conditions in line with industry norms/practice. Approval of purchases and any deviation from prescribed practices with adequate documented justification is ensured through compliance with respective Authority Limit Charts.
- 4.4 In ensuring fairness and open competition, all vendors are granted equal opportunities to apply for pre-qualification, submit and resubmit their quotations/proposals to the purchasing company/business division.
- 4.5 All operating companies and business divisions undertake to adhere to any latest Authority Limit Charts as approved by the Chairman/Directorate Office and/or Audit Committee /Board or updated following review by Internal Audit and/or external audits.

5.0 Vendor Management

- 5.1 Critical to sourcing process and in ascertaining the eligibility for tender exercise or competitive quotation submission, all vendors are recommended to be pre-qualified or credentials checked or validated before they are admitted into the Approved Vendor List.
- 5.2 The assessment criteria established and used by the operating companies/business divisions during the pre-qualification, selection or qualifying stage increases the Group's capability in building a pool of competent vendors who are more likely able to meet its requirements and overall enhancement to accountability and transparency.
- 5.3 Vendors are to be continuously assessed on their performance and delivery fulfillment on awarded order/contract to ensure meeting the Group's specifications and overall business needs.
- 5.4 Review of vendors' performance track records of completed order/contract are factored into the decision to retain them in the Approved Vendor List and this includes maintenance of the Blacklisted Vendor List.

6.0 Procurement Method

- 6.1 The purchasing operating company/business division, guided by their requirements for time and cost efficiency and value of purchases, tactically selects one of the following procurement methods that meets its business needs :
 - 6.1.1 Open (Direct) Purchase – verbal or written quotations
 - 6.1.2 Competitive Quotations – written quotations
 - 6.1.3 Tender – open (public) or closed (selected) tender
 - 6.1.4 E-Procurement / E-Tender

7.0 Tender

- 7.1 A tender procurement process is applicable under any one of the following circumstances :
 - 7.1.1 where the qualitative aspect of purchases is paramount and the ability to source and compare that aspect is highly desirable and critical. Example, strict adherence by tenderers to the drawing specifications of the designer who is appointed by the purchasing operating company
 - 7.1.2 where the purchasing operating company or business division does not have the necessary capability or expertise - all outsourcing, subcontracting works and service agreements
 - 7.1.3 where the total estimated value of purchases reach the threshold which triggers tender process requirement as defined in the respective operating company or business
- 7.2 Tender procurement process can be exempted or waived under any one or a combination of the following circumstances :
 - 7.2.1 the purchase, irrespective of volume committed, is acquired in the ordinary course of business i.e. commoditized or homogeneous or routine purchases
 - 7.2.2 item to be purchased is sole proprietary product or single source product with no equivalent substitutes available
 - 7.2.3 the purchase is in relation to a project which is short, ad hoc and urgent
 - 7.2.4 the purchase is a repetition of a recent tender exercise
 - 7.2.5 intra Group purchases at arm's length price

- 7.3 Tender exercise is only opened to prequalified vendors.
- 7.4 A tender committee is set up for each tender exercise comprising members representing the Management and also members with relevant skill, expertise or experience. The size, role and responsibilities of such committee are established and defined at the respective operating company and/or business division.
- 7.5 The tender committee undertakes to appoint persons with the right fit to the technical evaluation and commercial evaluation panels.
- 7.6 Predefined assessment criteria together with scoring framework as outlined in tender documents are used in shortlisting competitive tenderers for negotiation.
- 7.7 In the event there are less than three tenderers who bid for a tender, the purchasing operating companies or business division :
 - 7.7.1 may call for re-tender; or
 - 7.7.2 proceed with direct negotiation with the tenderer(s) subject to higher authority approval

8.0 Documentation

- 8.1 Adequate documentation providing reason or justification for the planned purchase is prepared by the purchasing operating company or business division but not limited to the following :
 - 8.1.1 capital expenditure items ("CAPEX") - cost benefit analysis which may include Return on Investment, forecast capacity utilisation, Gross Profit contribution, internal cost vs outsourcing costs comparison etc
 - 8.1.2 greenfield project - feasibility study etc
- 8.2 Adequate documentation in relation to the proceeding of tender committee meetings, execution of the tender process up to the conclusion/completion of the tender performance is maintained for easy reference and inspection/audit in line with the requirements of relevant laws, regulations, standards and the Group's policies. The types of documents including the use of standardized templates or forms are prescribed at the respective operating company and/or business division level.
- 8.3 Documentary evidence on non-participation/refusal from vendors who have been invited to take part in tender process as per Approved Tender Invitation List is maintained for reference and inspection.

9.0 Focal Person

- 9.1 All communication with/by vendor and/or vendor representative should be channeled through the contact person who is essentially the employee identified as the officer in charge of vendor liaison by the respective operating company/business division up to the completion of delivery of purchases and/or settlement of account.
- 9.2 Communication pertaining to subject matter of procurement between vendor and/or vendor representative with other than the contact person is prohibited and this includes any employee or member of Board of Directors who can reasonably be expected or inferred to influence the matters of procurement.

10.0 Implementation of Processes

- 10.1A generic flowchart describing the procurement tender process is available for internal reference on the Group's intranet.

SCOPE

In general, the policy covers the following types of purchases but not limited to:

Business Division	Type of purchases
Retail	<ul style="list-style-type: none"> • Refurbishment of existing stores • Renovation of new stores • Inventory for resale (direct sale)
Manufacturing / Trading	<ul style="list-style-type: none"> • Construction of new plant including ancillary infrastructure • Refurbishment of plant and ancillary structure (example raw material shed, workshop) including civil, mechanical and electrical works • Raw materials including consumables and packaging materials • Inventory for resale (direct sale)
All business divisions	<ul style="list-style-type: none"> • Purchase of administrative consumables e.g. stationery items • Construction of administrative buildings and ancillary infrastructure • Office/administration premise preparation or upgrading • Purchases of office equipment and/or furniture & fittings • Information system including hardware and software • Work or consultancy/advisory services

The purchases are essentially the key input sourced from external parties, suppliers, vendors or contractors etc.

GROUP PROCUREMENT POLICY

Procurement Governance

- Local procurement policies and strategies
- Group's Code of Business Conduct and Conflict of Interest
- Consistency in processes (e.g. SOPs & ISO)
- Acceptable terms and conditions – industry norms
- Authority Limit Charts
- Equal opportunities to all vendors
- Guidance from Chairman/Directorate Office and/or Audit Committee /Board and/or internal/external audits

Vendor Management

- Prequalification of vendors
- Established assessment criteria
- Assessment of vendor performance
- Upkeep of Approved Vendor List / Blacklisted Vendor List

Focal Person

- Liaison through appointed/ identified personnel

Tender

- Committee structure / composition / functional expertise / experience
- Scope
- Role & Responsibilities
- Evaluation panel
- Approval process

Procurement Methods

- Cost efficiency and value of purchases
- Open (Direct) Purchase
- Competitive Quotations
- Open/close Tender
- E-commerce/tender

Transparency

- Availability of relevant information via sufficient documentation :
 - Reason or justification for planned purchases
 - Non-adherence to prescribed practices
 - Tender Committee meetings and execution of tender process
 - Non-participation/refusal from invited vendors
- Communication of assessment/ selection criteria to vendors

Ethics

- Acting in the best interest of the Company
- No Conflict of Interest
- Compliance with local laws/ higher standards

Accountability

- Clearly defined role / responsibility