



**LEI SHING HONG LIMITED**  
**IT ACQUISITION POLICY**

<b>Version</b>	<b>Prepared by</b>	<b>Reviewed by</b>	<b>Approved by</b>	<b>Effective Date</b>
1	Corporate MIS	K.H. Kai	K.S. Gan	2006-04-10
2	Corporate IT	Kevin Yick / Kai-Uwe Seidenfuss	K.S. Gan	2020-06-22

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## **Policy Statement**

The user shall be responsible for requesting any new or replacement information technology (IT)/services that is to be located and used at the user's location according to the guideline (see Computing Infrastructure Standards Policy for details) set by the Corporate IT. In case the product is not covered by any policies and guidelines, Corporate IT must be consulted and approval be obtained from the Group Managing Director and/or the Head of Corporate IT before the acquisition. The IT/services request shall contain the following information:

- A description of the processing tasks that cause the IT/services to be needed;
- The data expected to be operating;
- Any constraints or special operating conditions relating to the IT/services, and
- Other justification as requested by the Group Managing Director and/or the Head of Corporate IT.
- In case of nonstandard product, written justification is required.

## **Objective**

To engage the user and the IT in joint efforts to provide proper IT/services for the user's needs while maintaining IT/services compatibility at reasonable cost within the group and in the market.

## **Procedure**

1. User must initiate the request for acquiring new IT/services according to the Corporate standard. A Capital Expenditure (CE)/Requisition Order (RO) form must be prepared by the user, approved by the local management and the IT Manager (in case the local IT Manager is vacant in the business unit, Head of Corporate IT's approval is required).
2. User must also obtain quotations from vendors directly or through the local IT. At least three official quotations from different vendors are required for any single purchase over HK\$50,000 or annual purchase over HK\$125,000 or equivalent requested by business departments.
3. The evaluation of the three quotations shall be performed by a team of at least three evaluators, including the business/users plus IT. Assessment criteria shall include both cost and performance dimensions, adapted for the purpose and agreed by the evaluators. The final evaluation with weights applied to all criteria shall be signed by the evaluators and documented. Exceptions from the three-quote rule need special explanation and documentation, for example in case there are only one or two available vendors, and can be only made with approval by Head of Corporate IT and Group Finance Director/Group Managing Director.
4. For repeat purchase (refers to the completely same product or service), if the vendor was selected by three quotations, and the provided product or service is deemed satisfactory by users and IT, the contract can be directly renewed, subject to necessary price negotiations and approvals. Such direct renewal shall not apply if the total contract volume exceeds HK\$250,000 or equivalent. For purposes of price negotiations, three quotations are encouraged in this case as well.

5. Corporate IT will perform a biennial review on approved vendor collecting views from the users. In case the contract term is shorter than two years a finalization evaluation review should be held one month before the end of the contract term, or earlier if the contract requires.
6. Budget items with cost below or equal to HK\$5,000 or equivalent can be approved by the local IT Manager. Local IT Manager is responsible for assessing the completeness of the IT item before he/she approves the acquisition. Budget items with cost over HK\$5,000 or equivalent and all non-budget items must follow the approval procedure documented in “GROUP AUTHORIZATION POLICY”.
7. The completed CE/RO and the quotation(s) will be reviewed by the local IT Manager, who may approve the request for immediate action (only applies to items with cost below or equal to HK\$5,000 or equivalent), or the request may be referred to the Group Managing Director/Business Managing Director for approval.
8. Any IT/services acquisition or project for the LSH group of companies with cost equal to or more than HK\$500,000 or equivalent must be endorsed by the Head of Corporate IT and be approved as per the “GROUP AUTHORIZATION POLICY” respectively the local limits of authority.
9. IT will forward the signed quotation to vendor for purchasing and send the full set of documents to Administration Department for filing.
10. IT/services must be examined and certified in good condition by users and IT staff. Delivery note is filed in IT until the delivery of the order is completed. Invoice is sent to Administration Department for filing and to Accounting Department for payment.
11. Accounting Department must obtain approvals from IT and user's department before payment is processed.

## **Software**

Only software listed in the Common User Platform (CUP) is allowed to be used on LSH computers or networks. Nonstandard software must be approved by the Group Managing Director and/or the Head of Corporate IT.

All software used in LSH must be duly licensed. Unauthorized and/or duplication of copyrighted software violates the law and is contrary to LSH's standards of conduct.

- All software used in LSH must be duly licensed and purchased through IT. In principle, all purchased software licenses must be registered in the name of the company and not in the name of an individual end-user.
- Each company of the LSH group must designate a user coordinator to ensure all offices or locations of the company have properly duly licensed software with document for proof of LSH ownership.

- Software used on each company computer or network must have evidence to prove the license ownership to the company or LSH. Software purchasing invoice is an accepted document for proving the ownership. Original diskettes/CDs, paper software licenses, or documentation manuals are not valid proof of purchase.
- All software running on LSH computers or networks must be duly licensed and owned by LSH. Employees cannot use software that is not licensed to LSH on company equipment. If licensed software is provided by third party such as business partners and vendors, prior approval must be obtained from business head and local IT manager.
- Employee is not permitted to install LSH software on his/her home computer without prior written authorization of the business head and/or the local IT manager.
- Please see Computing Infrastructure Standards Policy for details.

## **Hardware**

Acquisition of all hardware in LSH must be approved by business heads and local IT managers. In circumstances when nonstandard hardware is used, prior approval must be obtained from the Group Managing Director and/or the Head of Corporate IT. Use of unauthorized hardware violates the law and is contrary to LSH's standards of conduct.

- All hardware used in LSH must be genuine and purchased through IT.
- Each company of the LSH group must designate a user coordinator to ensure all offices or locations of the company have hardware properly installed according to the policies.
- All hardware used in LSH must be owned by LSH. Prior approval from the local IT manager is required for any other hardware provided by business partners, vendors, etc. (e.g. For proof of concept or testing.)
- Employee is not permitted to take home any LSH's hardware (except notebook, accessories such as flash memory) without prior written authorization of the business head and the local IT manager.
- All LSH hardware considered as an asset must be registered by the Corporate/local IT and an asset control number is attached on the hardware according to the LSH's fixed assets policy.
- Please see Computing Infrastructure Standards Policy for details.

## **Services**

All information technology related services employed in LSH must be approved by the business head and the local IT manager. In case where cost is applied, the "GROUP AUTHORIZATION POLICY" and the "IT ACQUISITION POLICY" approval procedures must be followed.

- All requested services must be approved by the business head and the local IT manager.
- Each company of the LSH group must designate a user coordinator to coordinate all relevant parties on services implementation and maintenance of services contracts/agreements.
- It is the responsibility of each company of the LSH group to review all services contracts/agreements before they expire. In case the services are provided through Corporate IT, it is the responsibility of Corporate IT to advise each business the expiry dates of services.
- IT personnel must be involved in any IT related contract/agreement negotiations to ensure that the technical side of the contract/agreement has been properly addressed.