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Our Ref.: RAS

42nd Floor, Central Plaza  
18 Harbour Road  
Wanchai, Hong Kong  
香港灣仔港灣道18號中環廣場42樓  
Tel 電話: +852 2909 5555  
Fax 傳真: +852 2810 0032  
[forvismazars.com/hk](http://forvismazars.com/hk)

Wing Lee Development Construction Holdings Limited  
Room A6, 16th Floor, TML Tower  
No. 3 Hoi Shing Road, Tsuen Wan  
Hong Kong

Attn.: Mr. Yiu Wang Lee, Director

Alliance Capital Partners Limited  
Unit 03, 7/F, Worldwide House  
19 Des Voeux Road Central  
Hong Kong

Attn.: Sponsor team

Dear Sirs / Madams,

**REPORT FOR INDEPENDENT REVIEW ON AGREED-UPON PROCEDURES BASIS WITH EXPERT  
OPINION OVER ADEQUACY AND EFFECTIVENESS OF THE INTERNAL CONTROL MECHANISM  
OVER CONSTRUCTION PROJECT TENDERING/BIDDING MANAGEMENT**

We, Forvis Mazars Risk Advisory Services Limited ("Forvis Mazars RAS") (hereafter referred to as "we", "us" or "our Firm") (formerly known as "Mazars Risk Advisory Services Limited"), have been engaged by Wing Lee Development Construction Holdings Limited (the "Company") to perform an independent review on an agreed-upon procedures basis with expert opinion (the "Independent Review") over adequacy and effectiveness of the internal control mechanism (hereafter, "ICM") of the Company and its subsidiaries (collectively, the "Group") over construction project tendering/bidding management identified for the period 1 April 2024 to 30 June 2024 (hereafter, defined as the "Review Period"), and accordingly, assess the adequacy and effectiveness of the Group's internal control mechanism over construction project tendering/bidding management as of 30 June 2024 as per the engagement letter between the Company and Forvis Mazars RAS dated 14 August 2024 (the "Engagement Letter").

<b>CONTENTS</b>	<b>Pages</b>
1. Scope of Work and Timetable	3
2. Approach	4
3. Responsibility of Management	5
4. Limitations of Scope of Work	5
5. Agreed-upon Procedures Review Result	6 - 22
6. Conclusion	23

## 1. Scope of Work and Timetable

- 1.1. For scope of work of agreed-upon procedures with expert opinion over adequacy and effectiveness of the Enhanced Internal Control Mechanism over construction project tendering/bidding management of the 6 Business Units of the Group (the "6 Business Units") as set out below:

### The 6 Business Units:

- 榮利建築有限公司("WLC")
- 泰山建築工程有限公司("TSE")
- 榮利新能源有限公司（前名為森興建築工程有限公司）("SHC")
- 森興貿易有限公司（前名為森興工程有限公司）("SHT")
- 榮利發展（國際）有限公司("WLD")
- 基碩建築工程有限公司("KCE")

### Agreed-upon procedures:

1. The Company provides written confirmation of the Group does not involve bidding procedure for its daily operation.
  2. The Company to provide the "Tender List" (including but not limited to the project code, contract number, contract date, project name, landlord name, main contractor name, the name of the company for conducting the tender submission, the date of receiving tender invitation, tender submission closing date, responsible staff, tender amount, tender status, etc.) for the period from 1 April 2024 to 30 June 2024 of the 6 Business Units, and the Company to confirm the completeness of the "Tender List" in writing.
  3. The Company to provide written confirmation of the implementation date of the internal control measures over the construction project tendering/bidding management procedure under "貴集團工程項目投標及招標管理流程之內控措施詳情".
  4. Based on the "Tender List" provided by the Company for the period from 1 April 2024 to 30 June 2024 of the 6 Business Units, conduct sample selection from the effective date of the internal control measures of construction project tendering/bidding management as advised by the Company as stated in point 3 above, and obtain relevant supporting documents to check whether the internal control measures over construction project tendering/bidding management measure under "貴集團工程項目投標及招標管理流程之內控措施詳情".
- 1.2. We conducted our work of Independent Review between 16 August 2024, 19 August 2024 to 23 August 2024 to verify the adequacy and effectiveness of the enhanced internal control mechanism over construction project tendering/bidding management of the 6 Business Units of the Group of the abovementioned areas. No attempt has been made to update this Report for events or transactions occurring subsequent to the date of completion of our work of Independent Review.

## 2. Approach

2.1 According to the work approach as agreed between the Company and us, we performed the following steps:

- i. Enquired with the Group's management and/or respective process owners to obtain an understanding of the Group's current practice and existing control procedures over the processes under review, and then, identified the key internal control procedures and system design deficiencies of ICM;
- ii. Performed walkthrough tests on the internal control procedures identified in step (i) above to confirm our understanding of the processes and check if the said control procedures exist as designed;
- iii. Performed sample testing on the key internal control procedures identified in step (i) above to ascertain if the said key internal control procedures have been implemented as designed;
- iv. Communicated with management and relevant process owners to address the deficiencies identified from the abovementioned steps and recommend, if necessary, for remedial actions to be taken (if applicable); and
- v. Followed up the implementation status of the recommendations to ensure that the internal control measures as for ICM are adequate and effective (if applicable).

2.2 In this Independent Review, adequacy and effectiveness of the enhanced internal control measures as for ICM are assessed based on the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013 (the “COSO 2013 Criteria”).

### **3. Responsibility of Management**

- 3.1 Management is responsible for establishing and maintaining effective internal control system, including, without limitation, system designed to ensure compliance with policies, procedures, applicable laws and regulations and COSO 2013 Criteria.
- 3.2 It is understood and agreed that our services may include advice and recommendations, but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and made by, management.
- 3.3 Management should ensure that all records, documentation, and information we reasonably request in connection with our work will be made available to us, and that all material information will be disclosed to us, and we will have full cooperation of management personnel.
- 3.4 Management is responsible to communicate significant internal issues, if any, with our Firm, the Group's external auditors, the Audit Committee, and the relevant regulators on a timely basis, as and when necessary.

### **4. Limitations of Scope of Work**

- 4.1 Your attention is drawn to the fact that the scope of the procedures performed in our Independent Review is limited to the areas of internal controls as specified in Section 1.1 mentioned above. As such, this Independent Review report is not a comprehensive document covering all internal control weaknesses and improvement opportunities across the Group's businesses.
- 4.2 Due to inherent limitations of the structure of any internal control system, management understands that it is impossible for us to foresee all possible risks and internal control weaknesses in relation to the ICM issues, and our deliverable is not necessarily a comprehensive document covering all possible deficiencies in internal controls in regard to ICM issues across the Group's businesses.
- 4.3 Because of the inherent limitations of an Independent Review, the Independent Review may not prevent or detect all possible ICM issues. Also, projections of any evaluation of system effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate; or that the breakdown of internal controls due to occurrence of errors and irregularities may occur and not be detected. Additionally, internal control system as for ICM cannot guarantee protection against fraudulent collusion.
- 4.4 We cannot guarantee that the regulatory authorities would not reach an alternative conclusion, as it is dependent upon their own interpretation of effective internal controls and prevailing industry practices. Further, it is the responsibility of management and the Sponsor to decide whether or not the scope of work and the result of this Independent Review are sufficient to support them in reaching a conclusion of the effectiveness of the Group's internal control system as for ICM.
- 4.5 Due to the limitation of the effective date of the implementation date of the internal control measures, which was 1 April 2024, there was no sample available for our verification for KCE for the agreed-upon procedures point 4.

## 5. Agreed-upon Procedures Review Result

Matters of independent review	Agreed-upon procedures; Internal control measures over construction project tendering/bidding management procedures	Internal control review result
Internal Control Mechanism over construction project tendering/bidding management – <u>Agreed-upon procedures point 1</u>	1. The management of the Group confirms that the Group's daily operation only involves tendering procedures and does not involve the bidding procedure.	<ul style="list-style-type: none"> <li>The Company has provided written confirmation to confirm that the Group's daily operation, including the 6 Business Units, only involves tendering procedures and does not involve bidding procedures. This confirmation was provided through an email on 23 August 2024.</li> </ul>
Internal Control Mechanism over construction project tendering/bidding management – <u>Agreed-upon procedures point 2</u>	1. The Company to provide the "Tender List" for the period from 1 April 2024 to 30 June 2024 of the 6 Business Units.  2. The Company to confirm the completeness of the "Tender List" in writing.	<ul style="list-style-type: none"> <li>The Company provided an "All Tender Summary" for 榮利建築有限公司 ("WLC") and 基碩建築工程有限公司 ("KCE") and an "All Tender Summary (WLC-SL) (Tender rate)" for WLC on 16 August 2024 (hereinafter, collectively as "Tender Summary").</li> <li>As advised by the management of the Company, the "All Tender Summary" involves construction project tenders (except for solar photovoltaic ("solar PV") system-related project) submitted by WLC and by KCE, which including the period from 1 April 2024 to 30 June 2024; the "All Tender Summary (WLC-SL) (Tender rate)" involves construction project tenders (for solar PV system-related projects) submitted by WLC, which including the period from 1 April 2024 to 30 June 2024.</li> </ul>

## 5. Agreed-upon Procedures Review Result (Cont'd)

Matters of independent review	Agreed-upon procedures; Internal control measures over construction project tendering/bidding management procedures	Internal control review result
Internal Control Mechanism over construction project tendering/bidding management – <u>Agreed-upon procedures point 2 (Cont'd)</u>	(cont'd)	<p>(cont'd)</p> <ul style="list-style-type: none"> <li>• The Company provided written confirmation to confirm the completeness of the "All Tender Summary" and the "All Tender Summary (WLC-SL) (Tender rate)" as at 30 June 2024. This confirmation was provided through an email on 23 August 2024.</li> <li>• The Company also provided written confirmation to confirm that 基碩建築工程有限公司 ("KCE") did not submit any tenders during the period from 1 April 2024 to 30 June 2024. Therefore, due to the limitation of the effective date of the "銷售至收款管理制度", which was 1 April 2024, there was no sample available for our verification for the agreed-upon procedures point 4.</li> <li>• Furthermore, the Company also provided written confirmation that 泰山建築工程有限公司 ("TSE"), 榮利新能源有限公司 (前名為森興建築工程有限公司) ("SHC"), 森興貿易有限公司 (前名為森興工程有限公司) ("SHT"), and 榮利發展 (國際) 有限公司 ("WLD") are not applicable to the tendering procedures. Therefore, there was no sample available for our verification for the agreed-upon procedures point 4.</li> </ul>

## 5. Agreed-upon Procedures Review Result (Cont'd)

Matters of independent review	Agreed-upon procedures; Internal control measures over construction project tendering/bidding management procedures	Internal control review result
Internal Control Mechanism over construction project tendering/bidding management – <u>Agreed-upon procedures point 3</u>	<p>1. The Company to provide written policy document for the "Internal control measures over construction project tendering/bidding management procedures".</p> <p>2. The Company to confirm the implementation date of the internal control measures over the construction project tendering/bidding management procedure under "Internal control measures over construction project tendering/bidding management procedures" in writing.</p>	<ul style="list-style-type: none"> <li>• The Company has provided a set of "銷售至收款管理制度". The "銷售至收款管理制度" includes the description of tendering procedures ("投標流程").</li> <li>• The "銷售至收款管理制度" has been signed by the Executive Director as written evidence of approval and the effective date shown in the "銷售至收款管理制度" was 1 April 2024.</li> <li>• The Company provided written confirmation to confirm the completeness of the Tender Summary as at 30 June 2024 through an email on 23 August 2024.</li> </ul>

## 6. Agreed-upon Procedures Review Result (Cont'd)

Matters of independent review	Agreed-upon procedures; Internal control measures over construction project tendering/bidding management procedures	Internal control review result
Internal Control Mechanism over construction project tendering/bidding management – <u>Agreed-upon procedures point 4</u>	<ol style="list-style-type: none"> <li>1. Select construction project tender submission samples from the Tender Summary for the 6 Business Units for the period from 1 April 2024 to 30 June 2024.</li> <li>2. Obtain relevant supporting documents of the selected construction project tender submission samples to check whether the internal control measures over construction project tendering/bidding management measure under “貴集團工程項目投標及招標管理流程之內控措施詳情” has been implemented.</li> </ol>	<ul style="list-style-type: none"> <li>• Construction project tender submission samples (“Tender Samples”) were selected from the Tender Summary for the period from 1 April 2024 to 30 June 2024 for WLC. No sample was selected for KCE, TES, SHC, SHT, and WLD based on the internal control review result for Agreed-upon procedures point 2.</li> <li>• The Company has provided relevant supporting documents of the selected Tender Samples for our review.</li> </ul>

## 5. Agreed-upon Procedures Review Result (Cont'd)

Matters of independent review	Agreed-upon procedures; Internal control measures over construction project tendering/bidding management procedures	Internal control review result
Internal Control Mechanism over construction project tendering/bidding management – <u>Agreed-upon procedures point 4 (Cont'd)</u>	<p>“貴集團工程項目投標及招標管理流程之內控措施詳情”：</p> <p><u>Tendering feasibility analysis</u></p> <ol style="list-style-type: none"> <li>1. Upon receiving a tender invitation from a client (main contractor, a landlord or government department), the Engineering Department (“工 程 部”) is responsible for reviewing the tender invitation documents (including relevant design drawing) and the relevant terms and conditions of the tender.</li> <li>2. The Engineering Department shall be responsible for evaluating the construction projects invited for tendering, which should be considered including but not limited to the scale and cooperation prospects of the client, the design conditions of the engineering drawings, the cost of raw materials, the cost of subcontractors, the labor cost and resource allocation arrangement, the construction plan, cost estimation, competitors, etc., and conduct relevant evaluations.</li> </ol>	<ul style="list-style-type: none"> <li>• During the course of our internal control review: <ul style="list-style-type: none"> <li>- We have obtained tender invitation documents issued by the client for Tender Samples. The tender invitation documents show that either WLC or the main contractor (WLC acts as the subcontractor to the main contractor) was invited to submit tenders for construction projects with specific requirements listed in the invitation documents.</li> <li>- According to the management of the Company, the Engineering Department staff are currently responsible for conducting tender feasibility analyses by evaluating relevant potential construction projects. Meetings are held between the Engineering Department staff and the Project Supervisor and/or the Director to discuss the feasibility of the tenders as well as the results of the evaluations.</li> </ul> </li> </ul>

**5. Agreed-upon Procedures Review Result (Cont'd)**

Matters of independent review	Agreed-upon procedures; Internal control measures over construction project tendering/bidding management procedures	Internal control review result
<p>Internal Control Mechanism over construction project tendering/bidding management – <u>Agreed-upon procedures point 4 (Cont'd)</u></p>	<p>(Cont'd)</p> <p>In addition, the Engineering Department should also arrange staff to conduct on-site inspections at the construction project site to evaluate the on-site conditions and construction complexity of the engineering project.</p> <p>3. Should there be any reasons for not submitting the tender, the relevant responsible person shall report to the Project Supervisor (“項目負責人”) and the Director (“董事”) and indicate the reason for the relevant decision.</p>	<ul style="list-style-type: none"> <li>• During the course of our internal control review: (Cont'd) <ul style="list-style-type: none"> <li>- We have obtained the Tender Evaluation Meeting Forms (“評標會議紀錄”) for the Tender Samples, and the Tender Evaluation Meeting Forms recorded the evaluation results for the relevant tenders. The evaluation results on the Tender Evaluation Meeting Forms include assessments of the scale and cooperation prospects of the client, the design conditions of the engineering drawings, the costs of raw materials and subcontractors, labor costs and resource allocation arrangements, the construction plans, cost estimations, and information about competitors. The Tender Evaluation Meeting Forms also record the tender return deadlines and whether the tenders will be arranged for submission. The Tender Evaluation Meeting Forms were signed by the Project Supervisor or Director, which serves as written evidence of their approval.</li> <li>- According to the management of the Company, the Engineering Department staff are currently responsible for conducting on-site inspections at the construction project sites when the client has already established the construction sites. We have obtained on-site photos as evidence of Engineering Department staff conducting on-site visits for the construction project sites. The management of the Company explained that some of the Tender Samples were unable to provide on-site visit photos, which was due to the construction sites not being ready yet by the clients.</li> </ul> </li> </ul>

## 5. Agreed-upon Procedures Review Result (Cont'd)

Matters of independent review	Agreed-upon procedures; Internal control measures over construction project tendering/bidding management procedures	Internal control review result
Internal Control Mechanism over construction project tendering/bidding management – <u>Agreed-upon procedures point 4 (Cont'd)</u>	<p><u>Construction project cost budget</u></p> <ol style="list-style-type: none"> <li>1. When evaluating tenders, the Engineering Department is responsible for obtaining quotations from subcontractors and from construction materials supplier, and the Project Manager (“項目經理”) shall prepare a Construction Project Cost Budget Form (“項目成本預算表”) based on the construction project engineering requirements, labor costs, raw material quotations from relevant suppliers, machinery and equipment required for use, previous project experience, etc.</li> <li>2. The Construction Project Cost Budget Form should be submitted to the Project Supervisor and Director for final written review.</li> </ol>	<ul style="list-style-type: none"> <li>• During the course of our internal control review: <ul style="list-style-type: none"> <li>- According to the management of the Company, the Engineering Department staff are responsible for obtaining quotations from subcontractors and from construction material suppliers for cost estimation purposes. However, the Engineering Department staff might not need to obtain such quotations in the case of the Group using its own staff for the construction works, and the client directly appointed material suppliers for the construction projects. We have obtained quotations issued by the subcontractors and by the construction materials supplier to WLC. The management of the Company explained that some of the Tender Samples were unable to provide the relevant quotations, which was due to the Group using its own staff for construction work, construction material supplier was appointed by the client, or the management of the Company estimate the relevant costs based on its experience.</li> <li>- We have obtained the Construction Project Budget Forms for the Tender Samples. The Construction Project Budget Forms recorded the code of the construction project, proposed contract sum/tender price, estimated cost of the project, estimated gross profit, and the estimated gross profit margin of the construction project. The Construction Project Budget Forms were signed by the Project Supervisor or the Director, which serves as written evidence of their review.</li> </ul> </li> </ul>

## 5. Agreed-upon Procedures Review Result (Cont'd)

Matters of independent review	Agreed-upon procedures; Internal control measures over construction project tendering/bidding management procedures	Internal control review result
Internal Mechanism over construction project tendering/bidding management – <u>Agreed-upon procedures point 4 (Cont'd)</u>	<p><u>Tender pricing management</u></p> <ol style="list-style-type: none"> <li>1. The Engineering Department should, based on the Construction Project Budget Forms and the calculated profit margin, determine the tender price for the construction projects.</li> <li>2. The gross profit margin benchmark for WLC's construction projects is 20%, and for KCE it is 25%. If the gross profit margin of a relevant tender submission is lower than the benchmark due to business development needs or other special reasons, the tender responsible personnel must obtain written approval from the Director before submitting the tender.</li> <li>3. The Engineering Department should state the budgeted profit, pricing and whether the price has met the minimum profit margin requirement. If the minimum profit margin has not been achieved, the reasons shall be stated in the Construction Project Cost Budget Form, which shall be reviewed by the Chief Financial Officer ("首席財務官") and submitted to the Project Supervisor and Directors for approval.</li> </ol>	<ul style="list-style-type: none"> <li>• During the course of our internal control review: <ul style="list-style-type: none"> <li>- According to the management of the Company, the Engineering Department staff are responsible for calculating the tender price based on the Construction Project Budget Forms and the calculated profit margin and determine the tender price for the construction project. We have obtained the Construction Project Budget Forms for the Tender Samples. The Construction Project Budget Forms recorded the code of the construction project, proposed contract sum, estimated cost of the project, estimated gross profit, and the estimated gross profit margin of the construction project. The Construction Project Budget Forms were signed by the Project Supervisor or the Director, which serve as written evidence of their review.</li> <li>- According to the Construction Project Budget Forms that we have obtained for the Tender Samples, we noted that the gross profit margins shown in Construction Project Budget Forms of some Tender Samples failed to meet the gross profit margin benchmarks. However, an explanation for the low gross profit margin was recorded in the Construction Project Budget Forms, which was signed by the Project Supervisor or the Director.</li> </ul> </li> </ul>

## 5. Agreed-upon Procedures Review Result (Cont'd)

Matters of independent review	Agreed-upon procedures; Internal control measures over construction project tendering/bidding management procedures	Internal control review result
Internal Control Mechanism over construction project tendering/bidding management – <u>Agreed-upon procedures point 4 (Cont'd)</u>	<p><u>Tender submission</u></p> <ol style="list-style-type: none"> <li>1. The Project Manager shall prepare the Tender Document (“標書”) according to the Construction Project Cost Budget Form and other relevant supporting documents. The Tender Document should be submitted to the Project Supervisor and Director for written approval.</li> <li>2. The Engineering Department should use the approved Tender Document to submit the tender.</li> <li>3. Upon completing the tendering process, the Project Manager should provide timely feedback on the tender results.</li> <li>4. After completing the tendering process, the Engineering Department shall be responsible for updating the Tender Summary to record all construction project tender submission information, including the status and result of the tender.</li> </ol>	<ul style="list-style-type: none"> <li>• During the course of our internal control review: <ul style="list-style-type: none"> <li>- According to the management of the Company, the Project Manager is responsible for preparing the Tender Documents for submission, based on the Construction Project Cost Budget Form and other relevant supporting documents. The Project Supervisor and Director are then responsible for reviewing the Tender Document, as well as the estimated cost and profit for the relevant tender. The Project Supervisor and Director approve the tender submission by signing the Construction Project Cost Budget Form, which serves as written evidence of their approval.</li> <li>- According to the management of the Company, tenders can be submitted by submitting a hard copy of the Tender Document to the client; or submitting an electronic copy of the Tender Document to the client through email; or submitting an electronic copy of the Tender Document through an online system which provided by the client. In the event of submitting a hard copy of the Tender Document to the client, the Director signs the Tender Document or chops the company seal of WLC as written confirmation of the document.</li> </ul> </li> </ul>

**5. Agreed-upon Procedures Review Result (Cont'd)**

Matters of independent review	Agreed-upon procedures; Internal control measures over construction project tendering/bidding management procedures	Internal control review result
Internal Control Mechanism over construction project tendering/bidding management – <u>Agreed-upon procedures point 4 (Cont'd)</u>	<p><u>Tender submission (Cont'd)</u></p> <p>5. If the client requests an interview or meeting after receiving the tender, in order to understand the Group's team of staff, professionalism, and experience, the Engineering Department personnel should actively cooperate and arrange an interview meeting. The Engineering Department personnel and the Directors will attend the meeting together to address the client's questions as thoroughly as possible. If, after the meeting, the scope of work, construction time, required resources, total construction amount or other aspects of the Tender need to be modified, the Engineering Department personnel should be responsible for updating the Tender Document, as well as the corresponding Construction Project Cost Budget Form, and obtain written confirmation from the Director before resubmitting the revised Tender Document.</p>	<p>• During the course of our internal control review: (Cont'd)</p> <ul style="list-style-type: none"> <li>- We have obtained the Tender Documents and the Construction Project Cost Budget Forms for the Tender Samples. The Construction Project Cost Budget Forms were signed by the Project Supervisor or the Director, which serves as written evidence of their approval.</li> <li>- We have also obtained the Tender Documents which were submitted via hard copy were signed by the Director or chopped the company seal of WLC.</li> <li>- We have also obtained the submission email from the Engineering Department staff for submitting the Tender Documents to clients.</li> <li>- We have also obtained the emails automatically replied to the Engineering Department staff, who submitted the Tender Document via the online system provided by the client.</li> </ul>

**5. Agreed-upon Procedures Review Result (Cont'd)**

Matters of independent review	Agreed-upon procedures; Internal control measures over construction project tendering/bidding management procedures	Internal control review result
Internal Control Mechanism over construction project tendering/bidding management – <u>Agreed-upon procedures point 4 (Cont'd)</u>	<u>Tender submission (Cont'd)</u>	<ul style="list-style-type: none"> <li>• During the course of our internal control review: (Cont'd)</li> <li>- According to the management of the Company, the Project Manager is responsible for tracking the tender submission status and providing timely feedback on the tender results to the Project Supervisor and the Director. Additionally, the Engineering Department staff are responsible for updating the information for all submitted construction project tenders in a summary list. In the event that the client requests an interview or meeting after they have received the tender, the Engineering Department staff and the Director are responsible for attending the interview or meeting to address the client's questions. The Engineering Department staff are responsible for revising the Tender Document as well as the Construction Project Cost Budget Form if the conditions of relevant construction projects are revised according to the post-tender meeting result. The revised Tender Document should then be resubmitted after obtaining the Director's approval.</li> </ul>

**5. Agreed-upon Procedures Review Result (Cont'd)**

Matters of independent review	Agreed-upon procedures; Internal control measures over construction project tendering/bidding management procedures	Internal control review result
Internal Control Mechanism over construction project tendering/bidding management – <u>Agreed-upon procedures point 4 (Cont'd)</u>	<u>Tender submission (Cont'd)</u>	<ul style="list-style-type: none"> <li>• During the course of our internal control review: <i>(Cont'd)</i> <ul style="list-style-type: none"> <li>- We have obtained the Tender Summary for WLC and KCE. The Tender Summary recorded the information of the submitted tenders including but not limited to the main contract code, main contract content and construction site location, subcontract code (if any), subcontract content and construction site location (if any), landlord, main contractor, subcontractors (if any), tender submission company, tender receiving date, tender return date, the responsible Engineering Department staff, total tender sum, tender status, post-tender meeting remark (if any), etc.</li> <li>- We have also obtained the post-tender email communication records between the responsible Engineering Department staff and the client for some Tender Samples. The management of the Company explained that some of the Tender Samples were unable to provide the relevant documents, which was due to the post-tender meeting not being required by the client.</li> </ul> </li> </ul>

**5. Agreed-upon Procedures Review Result (Cont'd)**

Matters of independent review	Agreed-upon procedures; Internal control measures over construction project tendering/bidding management procedures	Internal control review result
<p>Internal Control Mechanism over construction project tendering/bidding management – <u>Agreed-upon procedures point 4 (Cont'd)</u></p>	<p><u>Tender result</u></p> <ol style="list-style-type: none"> <li>1. Upon receipt of the client's "Letter of Acceptance" confirming the Company's successful bid, the responsible Engineering Department staff should review the terms and conditions stipulated in the letter against the content of the original tender submission.</li> <li>2. In the event of an unsuccessful bid, the relevant tender documents should be properly kept by the Engineering Department.</li> <li>3. The Engineering Department should conduct periodic analyses of the success rate for tender projects, and review whether the previously set target tender success rate has been achieved as planned and take appropriate follow-up actions accordingly.</li> </ol>	<ul style="list-style-type: none"> <li>• During the course of our internal control review: <ul style="list-style-type: none"> <li>- According to the management of the Company, a Letter of Acceptance, a Purchase Order (for solar PV projects) or a notice email will be sent to the Engineering Department staff to notify them of a successful tender. The relevant responsible Engineering Department staff will then confirm the terms and conditions stipulated in the Letter of Acceptance, the Purchase Order or the notice email. Furthermore, the responsible Engineering Department staff are required to notify the Project Supervisor and Director of the successful tender.</li> <li>- We have obtained the Letter of Acceptance, the Purchase Order, or the notice email for the successful Tender Samples. These documents record the basic information of the construction projects, including but not limited to the name of the project, the code of the project, project site location, price, estimated timeline, and other relevant details.</li> </ul> </li> </ul>

**5. Agreed-upon Procedures Review Result (Cont'd)**

<b>Matters of independent review</b>	<b>Agreed-upon procedures; Internal control measures over construction project tendering/bidding management procedures</b>	<b>Internal control review result</b>
Internal Control Mechanism over construction project tendering/bidding management – <u>Agreed-upon procedures point 4 (Cont'd)</u>	<u>Tender result (Cont'd)</u>	<ul style="list-style-type: none"> <li>• During the course of our internal control review: <ul style="list-style-type: none"> <li>- According to the management of the Company, if tenders are unsuccessful, the client may notify the Engineering Department staff either orally or by email. Upon receiving such notification, the Engineering Department staff are responsible for informing the Project Supervisor and the Director.</li> <li>- According to the management of the Company, the Engineering Department staff are responsible for calculating the tender success rate on a monthly basis. This tender success rate is recorded in the Tender Summary, which is subsequently submitted to the Project Supervisor or the Director for review.</li> <li>- We have obtained the Tender Summary, which recorded the tender success rate for April 2024, May 2024, and June 2024. The Tender Summary was signed by the Project Supervisor or the Director, which serves as written evidence of review.</li> </ul> </li> </ul>

## 5. Agreed-upon Procedures Review Result (Cont'd)

Matters of independent review	Agreed-upon procedures; Internal control measures over construction project tendering/bidding management procedures	Internal control review result
Internal Control Mechanism over construction project tendering/bidding management – <u>Agreed-upon procedures point 4 (Cont'd)</u>	<p><u>Tender project document management</u></p> <p>1. Documents related to the tendering procedures should be properly kept by the Engineering Department.</p>	<ul style="list-style-type: none"> <li>During the course of our internal control review: <ul style="list-style-type: none"> <li>We have obtained the “銷售至收款管理制度”. The “銷售至收款管理制度” includes a description of the tender project document management requirements, which stipulates that the relevant tender documents for the tendering procedures should be properly kept and maintained by the Engineering Department.</li> </ul> </li> </ul>
	<p><u>Tender Professional Ethics Conduct Requirements</u></p> <p>1. The conduct of all employees and directors involved in the tendering process must comply with the requirements stipulated in the Competition Ordinance (Chapter 619) of the laws of Hong Kong. Practices such as bid rigging are strictly prohibited.</p>	<ul style="list-style-type: none"> <li>During the course of our internal control review: <ul style="list-style-type: none"> <li>We have obtained the “銷售至收款管理制度”. The “銷售至收款管理制度” includes a description of the tender professional ethics conduct requirements, which stipulates that the conduct of all employees and directors involved in the tendering process must comply with the requirements stipulated in the Competition Ordinance (Chapter 619) of the laws of Hong Kong. Practices such as bid rigging are strictly prohibited.</li> </ul> </li> </ul>

## 5. Agreed-upon Procedures Review Result (Cont'd)

Matters of independent review	Agreed-upon procedures; Internal control measures over construction project tendering/bidding management procedures	Internal control review result
Internal Control Mechanism over construction project tendering/bidding management – <u>Agreed-upon procedures point 4 (Cont'd)</u>	<p><u>Tender Professional Ethics Conduct Requirements (Cont'd)</u></p> <p>2. The Engineering Department staff engaged in the tendering procedure, and the Project Managers, Project Supervisors, and Directors are required to undergo at least one professional ethics training or education session per year that includes content on anti-bid-rigging. This is to enhance the awareness of the relevant personnel regarding the anti-bid rigging.</p> <p>3. The Company encourages its employees to proactively report any suspicious behaviors observed during the tendering process to the Board of Directors. The Board of Directors will then conduct the necessary investigation and take appropriate action.</p>	<p>• During the course of our internal control review: (Cont'd)</p> <ul style="list-style-type: none"> <li>- According to the management of the Company, the Company usually arranges the relevant training or education session in the year end for the relevant Engineering Department staff, Project Managers, Project Supervisors, and Directors. Therefore, during the period from 1 April 2024 to 30 June 2024, there was no sample available for our verification.</li> <li>- We have obtained the “銷售至收款管理制度”. The “銷售至收款管理制度” includes a description of the tender professional ethics conduct requirements, which stipulates that the Company encourages its employees to proactively report any suspicious behaviors observed during the tendering process to the Board of Directors. The Board of Directors will then conduct the necessary investigation and take appropriate action</li> </ul>

## 5. Agreed-upon Procedures Review Result (Cont'd)

Matters of independent review	Agreed-upon procedures; Internal control measures over construction project tendering/bidding management procedures	Internal control review result
Internal Control Mechanism over construction project tendering/bidding management – <u>Agreed-upon procedures point 4 (Cont'd)</u>	<p><u>Tender Professional Ethics Conduct Requirements (Cont'd)</u></p> <p>4. Prior to the formal submission of the Tender Document for a construction project, the Engineering Department staff should also prepare a Confirmation of Non-Collusive Tendering Statement (“《不合謀投標確認書》”). This written declaration, which affirms the company's commitment to non-collusive bidding practices for the relevant construction project, should be signed by the Directors. The signed Confirmation of Non-Collusive Tendering Statement shall be submitted alongside the Tender Document as part of the bid submission to the client.</p>	<ul style="list-style-type: none"> <li>• During the course of our internal control review: (Cont'd)</li> <li>- As confirmed by the Company on 23 August 2024, the procedure of submitting a signed Confirmation of Non-Collusive Tendering Statement to the Client along with the Tender Document, will be taken effective on September 2024. Therefore, during the period from 1 April 2024 to 30 June 2024, there was no sample available for our verification.</li> </ul>

## 6. Conclusion

- 6.1. Based on the results of our Independent Review with respect to the internal control mechanism as for ICM under review, we conclude that, as of 30 June 2024, we did not identify any material internal control deficiencies of the internal control mechanism over construction project tendering/bidding management of the 6 Business Units of the Group.

Yours faithfully,



Adele Yim, Director and Head of Risk Advisory Services, for and on behalf of  
Forvis Mazars Risk Advisory Services Limited