



To the Directors of Limited

AUDIT ENGAGEMENT LETTER

Objective of services

- 1.1 This letter is to set out the basis on which we act as auditor of the company and the respective areas of responsibility of the directors and of ourselves.
- 1.2 The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement and to issue an auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Registration of the entity

- 2.1 Whereas the company is an entity incorporated or registered as below.

Place	Status	Governing Law and Regulations
Hong Kong	Private limited by shares / Limited by guarantee	Hong Kong Companies Ordinance – Chapter 622 (HKCO), particular for sections 380, 383, 405 & 413 relating to financial statements reporting

- 2.2 If the company is a parent company at the end of the financial year and does not obtain exemption, it is obligated to present consolidated financial statements and to ensure all its subsidiaries also complying with the relevant requirements in this engagement letter. Our audit scope, opinion and responsibilities regarding the consolidated financial statements will thus cover altogether the position and performance of the company level and subsidiaries level as a group audit. The subsidiaries below, if any, agree to appoint us as their auditor as well under the same terms of this engagement letter. We will not send separate letters to the board of directors of each subsidiary, as your company will forward copies of this letter to them for their approval and acceptance.

Name of Subsidiaries	Reporting Standards	Governing Law and Regulations
Nil	Nil	Nil

Although we are not acting as auditor of the subsidiaries below, we have authority for the direction, supervision, performance and assessment of the audit or assurance procedures of them to discharge our sole responsibilities as a holding company's auditor.

Name of Subsidiaries	Reporting Standards	Governing Law and Regulations
Nil	Nil	Nil

Responsibilities of directors

- 3.1 As directors of the above company, you are responsible for preparing annual financial statements of which give a true and fair view in accordance with

Hong Kong Financial Reporting Standards (HKFRS) or
Hong Kong Financial Reporting Standard for Private Entities (HKFRS-PE)
issued by the Hong Kong Institute of Certified Public Accountants (HKICPA)



and in compliance with the governing law and regulations and for maintaining internal control necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

- 3.2 You are responsible for:
- a taking all reasonable steps to make available to us (i) sufficient accounting records which show and explain the transactions of the company and disclose with reasonable accuracy at any time the financial position and performance of the company, (ii) minutes of all management and members' meetings and (iii) additional information relevant to the preparation of the financial statements or to the purpose of the audit;
 - b allowing us with unrestricted access to persons within the company from whom we determine it necessary to obtain audit evidence;
 - c providing us from management of written confirmation concerning representations made to us in connection with the audit and we would like to draw your attention that it is an offence for an officer of the company to mislead the auditor;
 - d ensuring the financial statements comply with disclosure requirements of emoluments and benefits of directors;
 - e providing us with (i) any proposed members written resolution and (ii) any other document relating to the resolution that is required to be sent to a member of the company, on or before the circulation of written resolution to a member of the company;
 - f notifying us any passed members written resolution within 15 days after resolution is passed;
 - g preparing and approving the directors' report in accordance with any applicable law and regulations as well as other additional information attached to the financial statements;
 - h assessing and disclosing the going concern basis of accounting;
 - i laying the audited annual financial statements in the company's Annual General Meeting for approval of members;
 - j obtaining members prior approval and proper compliance of the company regarding any loan or quasi-loan to be made to director or connected party, and regarding any intention to take eligible exemption to specific items in financial statements or directors' report preparation; and
 - k assessing dividend distribution justification and complying with the requirements of relevant law and accounting practice.

Responsibilities of auditor

- 4.1 We have professional and statutory responsibilities to report if the financial statements do not comply in any material respect with applicable financial reporting framework or law and regulations. In arriving at our opinion, we are required to consider the following matters, and to report on any in respect of which we are not satisfied:
- a whether adequate accounting records have been kept by the company @;
 - b whether the company's financial statements are in agreement with the accounting records;
 - c whether we have obtained all the information and explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of our audit;
 - d whether the financial statements comply with disclosure requirements of emoluments and benefits of directors; and
 - e whether any information in the directors' report or other additional information attached be inconsistent with the financial statements.
- 4.2 Our report will be made solely to your members as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of our report. The audit will not be planned or conducted in contemplation of reliance by any third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction. If you intend to publish or reproduce, in printed form or electronically, our report together with the financial statements or otherwise make reference to us in a document that contains other information, you agree to provide us with a draft of such document to read, and obtain our approval for inclusion of our report, before the document is finalized and distributed. Where our audit report is reproduced in any medium, the complete financial statements, including other explanatory information, must also be presented.

Scope of audit

- 5.1 We will conduct our audit in accordance with Hong Kong Standards on Auditing (HKSA) @ issued by the HKICPA. Those standards require that we comply with ethical requirements and exercise professional judgment and maintain professional skepticism throughout the audit, we also:
- a identify and assess the risks of material misstatement of the financial statements, whether due to

- fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit. Any such report may not be provided to third parties without our prior written consent. Such consent will be granted only on the basis that such reports are not prepared with the interests of anyone other than the company in mind and that we accept no duty or responsibility to any other party as concerns the reports. The responsibility for safeguarding the assets of the company and for the prevention and detection of fraud, error and non-compliance with law and regulations rests with management. Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, there is an unavoidable risk that even some material misstatements may remain undiscovered. Our audit should not be relied upon to disclose all such misstatements or frauds, errors or instances of non-compliance as may exist;
 - c evaluate the appropriateness of accounting policies used, the reasonableness of accounting estimates and related disclosures made by management, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
 - d conclude on the appropriateness of your use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

5.2 In order to assist us with the examination of your financial statements, we shall request sight of all documents or statements, including the chairman's statement, operating and financial review and the directors' report, which are due to be issued with the financial statements. We are also entitled to attend all general meetings of the company and to receive notice of all such meetings. We shall not be treated as having notice, for the purposes of our audit responsibilities, of information provided to members of our firm other than those engaged on the audit (for example information provided in connection with corporate and taxation services). Once we have issued our report we have no further direct responsibility in relation to the financial statements for that period. However, we expect that you will inform us of any material event occurring between the date of our report and that of the Annual General Meeting which may affect the financial statements.

5.3 The working papers for this engagement created by us during the course of the audit, including electronic documents and paper files, are the sole property of T. K. Lo & Company. During the engagement we may from time to time communicate with you electronically. However, the electronic transmission of information cannot be guaranteed to be secure or error free and such information could be intercepted, corrupted, lost, destroyed, delayed or incomplete or otherwise be adversely affected or unsafe to use. Accordingly while we will use reasonable procedures to check for the viruses before sending information electronically, we shall not have any liability to you arising from or in connection with the electronic communication of information to you. If your company has requested that we provide other services, such as Hong Kong Profits Tax, etc, the terms of them would be dealt with in a separate letter.

Reporting

6 The form and content of our auditor's report will be drafted with reference to the applicable guidance of HKSA @ and may need to be modified in the light of our audit findings and professional judgement.

Communication with authorities and component parties

7.1 As the auditor of your company, we have statutory rights and duties in the public interest to communicate directly with the regulatory and enforcement authorities on any suspected instance of fraud which could have a material effect on the financial statements that come to our attention during our audit work but we are not required to undertake additional work to identify them.

- 7.2 Where the company has audit components, including subsidiaries, joint arrangements or associates, we are permitted to the extent possible under the law and regulations (i) to communicate unrestrictedly with the components, component auditor, those charged with governance of the component, component management or component regulatory authorities from whom we determine it necessary to obtain audit evidence, (ii) to access to component information, including relevant audit documentation of the component auditor, available to these component parties and (iii) to perform work or request a component auditor to perform work on the financial information of the components. If there are important communications, including significant deficiencies in internal control and financial reporting matters, among the component parties, they should notify us for the purposes of our audit.
- 7.3 We recognize our responsibilities in relation to the collection, holding, processing, use and/or transfer of personal data under the Hong Kong Personal Data (Privacy) Ordinance (Chapter 486). Personal data will be collected only for lawful and relevant purposes and all practicable steps will be taken to ensure security of personal data and to avoid unauthorized or accidental access or other use.

Fees

- 8 Our fees are computed on the basis of the time spent on your affairs by the partners and our staff and on the levels of skill and responsibility involved plus out-of-pocket expenses. Unless otherwise agreed, our fees will be billed at appropriate intervals during the course of the service and will be due on presentation.

Agreement of terms, applicable law and governing jurisdiction

- 9 Once it has been agreed, this letter will remain effective, from one appointment to another, until it is replaced. We shall be grateful if you could confirm in writing your agreement to these terms by signing and returning the enclosed copy of this letter, or let us know if they are not in accordance with your understanding of our terms of engagement. The contract formed by this engagement letter, when accepted by you, shall be governed by, and construed in accordance with the laws of Hong Kong Special Administrative Region of the People's Republic of China and it is hereby irrevocably agreed and accepted that the courts of Hong Kong Special Administrative Region of the People's Republic of China shall have exclusive jurisdiction to settle any claim, difference or dispute, including claims for set-off or counterclaims which may arise out of or in connection with such contract.

Yours faithfully

T. K. Lo & Company
Certified Public Accountants
Date 02 August 2019

We agree to the terms of this letter.

Director, for and on behalf of the board of _____
Date 02 August 2019

@: Specific reporting requirements to be mentioned, if any.