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1 December 2023

Our Ref: A-0339-A

The Directors

Association of Hong Kong Flag-Guards Limited

Room 201, 2/F, Patriotic Education Centre,

No1 Fung Shek Street, Chun Shek Estate,

Sha Tin.

Dear Sirs,

Re: Association of Hong Kong Flag-Guards Limited (the "Association")

PROJECT: 青少年無界限 - 北京、上海、無錫之旅

PROJECT NUMBER: HYAB/YA1/7-5/2(2023-24)(A12-1)

You have requested that we undertake a reasonable assurance engagement to issue an auditors' report on the statement of income and expenditure of the exchange project named: 青少年無界限 - 北京、上海、無錫之旅 (Project Number: HYAB/YA1/7-5/2(2023-24)(A12-1)) held for the period from 22 July 2023 to 30 July 2023 (Project period) in accordance with the Funding Scheme for Youth Exchange in the Mainland 2023-2024 ("Funding Scheme"). We are pleased to confirm our acceptance and our understanding of this reasonable assurance engagement by means of this letter.

Objective of services

- 1 Pursuant to conditions stated in the approved letter dated on 29 May 2023 issued by Home and Youth Affairs Bureau of the Government of the Hong Kong Special Administrative Region ("HYAB") and the Youth Development Commission ("YDC"): Funding scopes as approved by the Funding Scheme, Guidelines on Organising Exchange Projects and Use of Funding under the Funding Scheme and the funding guidelines laid down by the YDC, if applicable (collectively "the Guidelines"), in respect of the project named: 青少年無界限 - 北京、上海、無錫之旅 (the "Exchange Project"), we have performed a reasonable assurance engagement on the statement of income and expenditure ("I/E statement") of the Exchange Project held for the period from 22 July 2023 to 30 July 2023 (the "Project Period") in Appendix 16, and all the terms and conditions of the Exchange Project, as specified in the Guidelines.

Responsibilities of the Association

- 2 Pursuant to the Guidelines, the directors are responsible for the preparation of the I/E statement in accordance with the Guideline. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the I/E statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our independence and quality control

- 3.1 We have complied with the independence and other ethical requirements in accordance with the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.
- 3.2 Our firm applies Hong Kong Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities of auditor

- 4.1 It is our responsibility, pursuant to the Guidelines, to express an opinion on the I/E statement based on our work performed and to report our opinion solely to your, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.
- 4.2 We conducted our reasonable assurance engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised), “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA and the Notes for Auditors of grantees (Appendix 17) of the Guidelines issued by the HYAB and the YDC.
 - (a) we should state whether, in our opinion, the Association has complied with, in all material respects, the requirements set by the HYAB and the YDC as specified in documents mentioned in paragraph 4.3 below;
 - (b) if we are of the opinion that there exists any material non-compliance as identified in paragraph 4.2(a) above, we should make full disclosure and quantify the effects of such non-compliance in the auditors’ report; and

Responsibilities of auditor (Continued)

- (c) if we are of the opinion that a proper and separate set of books and records have not been kept by the Association for the project, or the procurement procedures for goods and services for the purposes of the project set by the HYAB and the YDC have not been followed or the project statement of income and expenditure have not been properly prepared, or if we fail to obtain all the information and explanations which are necessary for the purpose of our reasonable assurance engagements, we should make appropriate qualifications in our auditors' reports.
- 4.3 The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement, Consequently the level of assurance in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The extent of procedures selected depends on the Auditor's judgment and our assessment of the engagement risk. Within the scope of our work, we performed amongst others the following procedures:
1. We obtain the I/E statement and checked the additions of the total income and expenditure figures noted in the I/E statement.
 2. We compare the income and expenditure figures in the I/E statement to the corresponding figures recorded in the books and records of the Organisation.
 3. We compare the individual figure in the I/E statement in respect of income generated by the Exchange Project to the corresponding figure as stated in the bank statements, letters from the HYAB, YDC and other relevant supporting documents, if applicable.
 4. We compare the individual figure in the I/E statement in respect of expenses incurred by the Exchange Project to the corresponding figure as stated in the bank statements, invoices, the list of permissible items of expenditure and other relevant supporting documents, if applicable and check that these expenses are incurred and allowed within the Guidelines.
 5. We compared the amount and other relevant information in the quotation in respect of expenses over HK\$5,000 incurred by the Exchange Project to quotation record sheet as required under the Guidelines.

Responsibilities of auditor (Continued)

- 4.4 We should plan and conduct the reasonable assurance engagement to satisfy paragraphs 4.2 and 4.3 above. In case of any ambiguity regarding the terms and conditions contained in the Guidelines governing the exchange projects, we should seek clarification from the Secretariat of the YDC as appropriate.
- 4.5 We may come across during the course of our reasonable assurance engagements weaknesses/breakdown in internal control which are considered material. We should bring to the Association's attention the details of such weaknesses/breakdown and provide the Association with our recommendations for improvement by setting them out in a letter to the Association. A copy of such letter should be sent to the Secretariat of the YDC for reference and action as appropriate.

Reporting

- 5.1 Please refer to Appendix I for the expected form and content of the auditor's report.
- 5.2 The form and content of our report may need to be amended in light of our audit findings.

Fees

- 6 Our fee of HK\$10,000 is 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.

Our fees will be invoiced when the auditors' report is forwarded to the directors for approval. All fees are due and payable on presentation.

Use of this report

- 7 Without modifying our conclusion, we draw attention to the fact that the I/E statement was prepared by the Association in order to meet its filing obligations with the HYAB and the YDC designed for this purpose. As a result, the I/E statement may not be suitable for another purpose. This report is not intended to be, and should not be distributed to any other parties or used for any other purpose except a copy of this report may be provided to the HYAB and the YDC.

Communication by Internet Electronic Mail (“Internet email”)

- 8 We may reply on any instructions or requests made or notices given or information supplies, whether orally or in writing, by a person whom we know to be or reasonably believe to be authorised by you to communicate with us for such purposes. We may communicate with you by Internet email where any such person wishes us to do so, on the basis that in consenting to this method of communication you accept the inherent risks (including the security risks of interception of or unauthorised access to such communications, the risks of corruption of such communications and the risks of viruses or other harmful devices) and that you shall perform virus checks. Ting Ho Kwan & Chan (“THKC”) will accept no responsibility or liability in respect of risk associated with the use of Internet email, including any damage or potential damage to your computer systems, or the data stored on those systems, as a result of viruses or other problems introduced as a result of communication by Internet email.

Termination

- 9 THKC reserves the right to resign from this engagement by giving you reasonable notice (taking account of the circumstances of the case) in writing if there arise any circumstances, including regulatory requirements, which in the opinion of THKC, makes it inadvisable for THKC to continue to provide the service to you as set out in this engagement letter.

In any event of termination of this engagement, you and THKC agree that THKC shall be entitled to a reasonable fee according to THKC’s contribution and involvement in this engagement or the relevant transaction up to the date of termination. THKC accepts no liability whatsoever in relation to the termination of engagement as a result of this clause.

Law and jurisdiction

- 10 The terms of our engagement shall be governed in all respect by the laws of the Hong Kong Special Administrative Region (“HKSAR”) and the courts of the HKSAR shall have exclusive jurisdiction over any dispute which may arise in any way in connection with this engagement or any work or assignment arising from the same. However, notwithstanding the above, we reserve the right to take legal action in the courts of any appropriate jurisdiction to recover any fees owing to us by you.

Limitation on actions

- 11 No action, regardless of form, arising hereunder or relating to this engagement, may be brought by either party more than three years after the cause of action has accrued except that an action for non-payment of fees may be brought by a party not later than three years following the date of the last payment due to such party hereunder.

Agreement of terms

12.1 This letter sets out the entire agreement and understanding between us and you in connection with the services to be delivered by us under this letter, and supersedes all previous arrangements and understandings between us and you which shall cease to have any further force or effect.

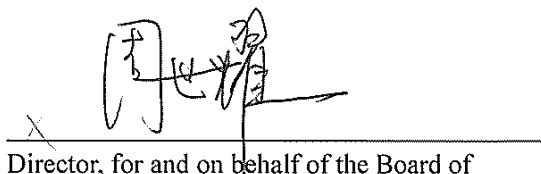
12.2 Please sign and return the enclosed copy of this letter to indicate your acknowledgement of, and agreement with, the arrangement for our audit of the I/E statement including our respective responsibilities.

Yours faithfully,



TING HO KWAN & CHAN
Certified Public Accountants (Practising)

I agree to the terms of this letter.



Director, for and on behalf of the Board of
Association of Hong Kong Flag-Guards
Limited

**INDEPENDENT ASSURANCE REPORT TO
THE DIRECTORS OF ASSOCIATION OF HONG KONG FLAG-GUARDS LIMITED
PROJECT: 青少年無界限 - 北京、上海、無錫之旅
PROJECT NUMBER: HYAB/YA1/7-5/2(2023-24)(A12-1)
HELD FOR THE PERIOD FROM 22 JULY 2023 TO 30 JULY 2023 (PROJECT PERIOD)**

Pursuant to conditions stated in the approved letter dated on 29 May 2023 (Ref: HYAB/YA1/7-5/2(2023-24)(A12-1)) issued by Home and Youth Affairs Bureau of the Government of the Hong Kong Special Administrative Region (“HYAB”) and the Youth Development Commission (“YDC”): Funding scopes as approved by the Funding Scheme for Youth Exchange in the Mainland 2023-2024 (“Funding Scheme”), Guidelines on Organising Exchange Projects and Use of Funding under the Funding Scheme and the funding guidelines laid down by the YDC, if applicable (collectively “the Guidelines”), in respect of the project named: 青少年無界限 - 北京、上海、無錫之旅 (the “Exchange Project”) we have performed a reasonable assurance engagement on the statement of income and expenditure (“I/E statement”) of the Exchange Project held for the period from 22 July 2023 to 30 July 2023 (the “Project Period”) in Appendix 16, and all the terms and conditions of the Exchange Project, as specified in the Guidelines.

Directors’ Responsibilities

Pursuant to the Guidelines, the directors are responsible for the preparation of the I/E statement in accordance with the Guidelines. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the I/E statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements in accordance with the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**INDEPENDENT ASSURANCE REPORT TO
THE DIRECTORS OF ASSOCIATION OF HONG KONG FLAG-GUARDS LIMITED
PROJECT: 青少年無界限 - 北京、上海、無錫之旅
PROJECT NUMBER: HYAB/YA1/7-5/2(2023-24)(A12-1)
HELD FOR THE PERIOD FROM 22 JULY 2023 TO 30 JULY 2023 (PROJECT PERIOD)**

Auditors' Responsibility

It is our responsibility, pursuant to the Guidelines, to express an opinion on the I/E statement based on our work performed and to report our opinion solely to your, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our reasonable assurance engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA and the Notes for Auditors of grantees (Appendix 17) of the Guidelines issued by the HYAB and the YDC. This standard requires that we plan and perform our work to form the opinion.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement, Consequently the level of assurance in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The extent of procedures selected depends on the Auditor's judgment and our assessment of the engagement risk. Within the scope of our work, we performed amongst others the following procedures:

6. We obtained the I/E statement and checked the additions of the total income and expenditure figures noted in the I/E statement.
7. We compared the income and expenditure figures in the I/E statement to the corresponding figures recorded in the books and records of the Organisation.
8. We compared the individual figure in the I/E statement in respect of income generated by the Exchange Project to the corresponding figure as stated in the bank statements, letters from the HYAB, YDC and other relevant supporting documents, if applicable.
9. We compared the individual figure in the I/E statement in respect of expenses incurred by the Exchange Project to the corresponding figure as stated in the bank statements, invoices, the list of permissible items of expenditure and other relevant supporting documents, if applicable and checked that these expenses are incurred and allowed within the Guidelines.

**INDEPENDENT ASSURANCE REPORT TO
THE DIRECTORS OF ASSOCIATION OF HONG KONG FLAG-GUARDS LIMITED
PROJECT: 青少年無界限 - 北京、上海、無錫之旅
PROJECT NUMBER: HYAB/YA1/7-5/2(2023-24)(A12-1)
HELD FOR THE PERIOD FROM 22 JULY 2023 TO 30 JULY 2023 (PROJECT PERIOD)**

Auditors' Responsibility (Continued)

10. We compared the amount and other relevant information in the quotation in respect of expenses over HK\$5,000 incurred by the Exchange Project to quotation record sheet as required under the Guidelines.

Inherent Limitations

We draw attention to the fact that the Guidelines include certain inherent limitations that can influence the reliability of the information.

Opinion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the I/E is not prepared, in all material respects, in accordance with the Guidelines. All the expenses claimed for reimbursement under the Exchange Project are within the funding scopes as approved by the Commission, and are in line with the clauses set out in the Guidelines on Organising Exchange Projects and Use of Funding under the Funding Scheme for Youth Exchange in the Mainland 2023-2024 issued by the HYAB and the YDC.

Use of this report

Without modifying our conclusion, we draw attention to the fact that the I/E statement was prepared by the Association of Hong Kong Flag-Guards Limited in order to meet its filing obligations with the HYAB and the YDC designed for this purpose. As a result, the I/E statement may not be suitable for another purpose. This report is not intended to be, and should not be distributed to any other parties or used for any other purpose except a copy of this report may be provided to the HYAB and the YDC.

TING HO KWAN & CHAN
Certified Public Accountants (Practising)
9th Floor, Tung Ning Building,
249-253 Des Voeux Road Central,
Hong Kong,