

Alpha Rank Limited and its subsidiaries (collectively referred to as the "Group")

Audit for the year ending 30 June 2022

Referral Instructions Part II — Component Specific Instructions

## Table of Contents

1. INTRODUCTION.....	3
2. AUDIT STRATEGY.....	3
2.1. Materiality .....	3
2.2. Engagement scope.....	4
2.3. Internal control .....	5
2.3.1. Process level controls.....	5
2.4. Significant risks.....	5
2.5. Fraud and error .....	6
2.6. Misstatements and deficiencies in internal control.....	7
2.6.1. Evaluation of misstatements and disclosure misstatements.....	7
2.6.2. Deficiencies in internal control.....	7
2.7. Related parties .....	7
2.8. Intragroup balances, transactions, and unrealized profits .....	8
2.9. Taxation .....	8
2.10. Reporting package instructions.....	8
2.11. Communication with legal counsel.....	9
2.12. Written representation letters.....	9
2.12.1. Group management written representation letter .....	9
2.12.2. Component management written representation letter.....	9
2.13. Compliance with foreign laws and regulations .....	9
2.14. Subsequent events.....	10
3. QUALITY CONTROL REVIEW .....	10
4. DELIVERABLES .....	10
4.1. Component auditor clearance memorandums.....	10
4.2. Other deliverables provided to the group engagement team .....	10

# 1. INTRODUCTION

The *Referral Instructions Part II – Component-Specific Instructions*, which are to be read in conjunction with *Referral Instructions Part I – General Instructions*, set out the specific scope of work to be performed by you as component auditors of Alpha Rank Limited for the purpose of supporting the group audit opinion as of 30 June 2022 and for the year then ended. These instructions are designed to assist partners, managers, and field staff in gaining an understanding of their responsibilities in the performance of the audit of the group.

Please read these instructions, appendices, and component deliverables in full and acknowledge receipt by completing and returning to Mr. Hilson Lee and Mr. Kevin Li in the Deloitte Hong Kong office the *Acknowledgment of Referral Instructions* included as Deliverable E.

## 2. AUDIT STRATEGY

### 2.1. Materiality

#### *Audit of Financial Information*

The group engagement team has selected a component materiality, component performance materiality, and component clearly trivial threshold to be used in determining the nature and extent of procedures to be performed in the audit of the component's financial information, as follows:

Component	Component Materiality	Component Performance Materiality	Component Clearly Trivial Threshold
Epic Garments Manufacturing Co. Ltd	USD2,723,000	USD2,450,000	USD136,000
Cosmopolitan Industries (Pvt.) Ltd	USD2,300,000	USD2,070,000	USD115,000
Pearl Garments Co. Ltd	USD868,000	USD781,000	USD43,000
EPIC Garments DWC-LLC	USD2,508,000	USD2,257,000	USD125,000
Green Textile Limited	USD2,288,000	USD2,059,000	USD114,000
EPIC Apparel Private Limited Company	USD651,000	USD585,000	USD32,000
Epic Designers (Vietnam) Ltd	USD217,000	USD195,000	USD10,000

*Type of Work: Specified Audit Procedures*

*The group engagement team has selected a component performance materiality and component clearly trivial threshold to be used in determining the nature and extent of the specified audit procedures directed to be performed by the component as follows:*

Component	Component Performance Materiality	Component Clearly Trivial Threshold
EPIC Pearl Bangladesh Branch	USD50,000	USD2,700

Component auditors planning to perform a full statutory audit (or a stand-alone audit) are to, for the purposes of the statutory audit, determine their own statutory materiality and performance materiality. Statutory performance materiality may not exceed the figures indicated above. If you determine that the procedures for which you are responsible for the purposes of the group audit can be completed within the group audit deadlines outlined in these referral instructions, you may use the statutory performance materiality level for those procedures as long as it does not exceed the figures indicated above. If this is the case, please inform us promptly of the statutory performance materiality level you plan to use.

## 2.2. Engagement scope

### Significant Accounts and Work to Be Performed

The scope of the procedures to be performed by the component auditor are listed in the *Component Work Request and Significant Accounts Summary* (see Appendix D). We have classified the scope of the procedures as one of the following:

#### *An audit of financial information.*

Included in Appendix D are the significant accounts [material classes of transactions, account balances, and disclosures] to the group, the risks of material misstatement, and the related assessed levels of risks (lower, higher, or significant), as applicable. If you have been requested to perform an audit of the financial information of the component, it is expected that further audit procedures (substantive procedures and tests of controls, if requested) will be performed on the significant accounts included in Appendix D at your component.

### Changes to Risk Assessments

If you believe that for your component the assessment of the risk of material misstatement is different (e.g., lower, higher, or should be tailored to your component) than what has been determined by the group or no risks of material misstatement exist for the significant accounts identified material classes of transactions, account balances, and disclosures, you are expected to discuss your risk assessment considerations with the group engagement team to determine if your assessment is appropriate.

## 2.3. Internal control

### 2.3.1. Process level controls

Component auditors are requested to evaluate the design and determine the implementation of relevant controls.

If the component audit team is planning to adopt a control reliance strategy for any risks of material misstatement and related controls, test the operating effectiveness of such controls.

If appropriate, consider the inclusion of IT specialist(s) on your engagement team.

## 2.4. Significant risks

The following significant risks have been identified by the group related to your component and should be considered as part of your risk assessment process:

Significant Risk Title	Description of Significant Risk	Component(s) That Risk Is Specific to	Related Assertion/Account Balance/Disclosure or Financial Statement Level Risk	Planned Response
<i>Risk of management override of internal control</i>	<i>Management override of internal controls is presumed to be a significant risk due to fraud.</i>	<i>All components in full scope audit</i>	<i>Financial Statements Level</i>	<ul style="list-style-type: none"> <li>•Evaluate the design and implementation of financial reporting cycle (journal entries review and posting &amp; preparation of monthly management accounts);</li> <li>•Perform test of IPE of journal entries review and posting;</li> <li>•Perform journal entries testing;</li> <li>•Review accounting estimates for bias and evaluate any bias; and</li> </ul> <p>1. •Evaluate business rationale for significant</p>

				<i>transactions outside normal course of business.</i>
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Any additional significant risks to the component financial information identified by you are to be communicated to us as soon as is practicable. For significant risks that are determined by us to be material to the group's financial statements, we will determine, together with you, the further audit procedures to be performed.

All significant risks to the audit of the group (including those listed in the table above) should be communicated to us using the *Appendix to Component Auditor Planning Memo for Identified Significant Items* (see Deliverable Gr). In addition, results of procedures performed related to all significant risks to the audit of the group (including those listed in the table above) should be communicated to us upon completion of audit procedures using the *Appendix to Component Auditor Summary Memo for Identified Significant Items* (see Deliverable Hr).

For engagements in which significant risks have been identified by the group, component auditors are to perform the specific audit procedures outlined in these referral instructions to address those risks. If you plan to use procedures different from those listed in these referral instructions to address significant risks, inform us as soon as is practicable so that we may approve the revised approach.

## 2.5. Fraud and error

Each component auditor engagement team is to have a separate stand-alone discussion regarding the susceptibility of the component's reporting package to material misstatements (including the relevant risks identified during the group engagement team-led discussion previously communicated in *Referral Instructions Part I — General Instructions*). The discussion is to give particular emphasis to susceptibility of the component's reporting package to material misstatements due to fraud. The component auditor engagement partner generally leads the discussion. In addition to the professional audit staff, the component auditor Engagement Partner determines which additional key members of the component engagement team (e.g., specialists, delivery centers, and other team members involved in the audit) need to be involved in the discussion.

These discussions serve to remind engagement team members to be alert for information or other conditions that indicate that a material misstatement due to fraud may have occurred. Such discussions also reinforce to engagement team members the importance of applying professional skepticism; probing the issues; acquiring additional evidence when necessary; and consulting with other team members and, if appropriate, internal specialists, rather than rationalizing or dismissing information or other conditions that indicate a material misstatement due to fraud may have occurred.

Please communicate to us the results of your discussion with your component auditor engagement team about the susceptibility of the component's financial reporting package to material misstatements due to fraud

All detected or suspected instances of fraud, regardless of materiality, are to be communicated directly to us as soon as they are identified. Please also include these in your Component Auditor Summary Memorandum (see Deliverable H)

## 2.6. Misstatements and deficiencies in internal control

### 2.6.1. Evaluation of misstatements and disclosure misstatements

All component auditors are required to discuss with component management, at an appropriate level, all corrected and uncorrected misstatements and disclosure misstatements. Management should be requested to correct all misstatements in excess of your component clearly trivial threshold.

If misstatements or disclosure misstatements are identified in excess of your component clearly trivial threshold, you are required to submit to us a schedule of corrected and uncorrected misstatements and disclosure misstatements. Please use Deliverable I for accumulating and evaluating identified misstatements and disclosure misstatements.

*We will communicate at a later date* any changes made at the group level during the current period (by us or by group management) to the misstatements you identified in the prior audit. Consider any changes when agreeing your opening balances to prior-period working papers. We will also communicate to you any changes made at the group level to the misstatements you identify in the current audit.

### 2.6.2. Deficiencies in internal control

All component auditors are required to discuss with component management and communicate to us any control deficiencies identified that remain unremediated at period-end, including whether the control deficiency is addressed by an alternate control. If unremediated control deficiencies exist at the component level and the component auditor engagement team is utilizing a control reliance strategy, your communications to us includes your evaluation of how that control reliance strategy remains appropriate in the circumstances.

If unremediated deficiencies exist at the component, you are required to submit to us a schedule of unremediated deficiencies. Please use Deliverable I for evaluating and communicating deficiencies to the group engagement team.

## 2.7. Related parties

It is the responsibility of component management to identify any related parties that were not included in the group engagement team's communications and relationships and transactions with those related parties. Component auditors should refer to the list of group affiliates in the *Independence Confirmation* Deliverable B and the list of related parties (including directors and other known related parties) identified by the group engagement team when performing audit procedures in Appendix A.

Please communicate to us the relevant information of additional identified related parties you identify that are not included in the *Independence Confirmation* Deliverable B and in Appendix A and any related-party relationships or transactions you identify that were not disclosed to you or that are not disclosed in the reporting package using the *Communication of Related Parties Identified by the Component Auditor For*

*Inclusion in the Group Audit* in Deliverable M. In addition, included in the group accounting policies in Appendix B are the group's policies and procedures related to authorizing and approving significant related-party transactions. If through your audit procedures you identify (1) related-party relationships or transactions that were not approved or authorized in accordance with the group's policies, (2) related-party relationships or transactions for which exceptions to the group's policies or procedures were granted, or (3) significant related-party transactions that appear to lack a business purpose, please communicate to us such information, including the reasons for granting any exceptions to the group's policies or procedures, using the *Communication of Related Parties Identified by the Component Auditor For Inclusion in the Group Audit* in Deliverable M as soon as practicable.

## 2.8. Intragroup balances, transactions, and unrealized profits

As part of the consolidation process, all components are to provide details of intragroup balances, transactions, and unrealized profits to the group. Component auditors are not involved in the reconciliation of related-party transactions and the resolution of any differences as a result of the reconciliation as this responsibility rests with management.

## 2.9. Taxation

- Procedures on tax-related balances and calculations are to be performed by component audit team.
- In auditing the tax-related balances and calculations, we request that you perform the the recalculation and assessment on the reasonableness and appropriateness of the tax-related balances and calculation and provide the respective tax reconciliation calculation to us.
- In performing your procedures on the tax-related balances and calculations, you are requested to obtain an understanding of any significant differences between the actual effective tax rate and the statutory tax rate.

Please communicate any significant tax issues to Mr. Hilson Lee and Mr. Kevin Li as soon as possible.

## 2.10. Reporting package instructions

Component auditors are to carry out the following procedures on the reporting package before submission:

- Engagement quality control reviewer
- Subsequent event review

Please note that it is important to impress upon component management the importance of initially providing an accurate and complete reporting package. This will assist us in limiting the follow-up procedures that need to be performed at the group level if changes occur.



## 2.11. Communication with legal counsel

*We request that each component auditor obtain appropriate representations from the local component's legal counsel. If you obtain your own representations from local legal counsel, we request you to forward all representations obtained by you to us.*

## 2.12. Written representation letters

### 2.12.1. Group management written representation letter

If there are any matters that you would like to be included in the group written representation letter, please communicate those to us using the *Items Identified by Component Auditors For Inclusion in the Group Management Written Representation Letter* in Deliverable J.

### 2.12.2. Component management written representation letter

We request you to obtain a written representation letter from component management related to your clearance of the group reporting package.

If local laws and regulations require you to obtain a written representation letter from component management, you are requested to do so.

If you determine that a written representation letter from component management is necessary audit evidence to support the work requested of you by the group engagement team, you should obtain the written representation letter and inform us that you will obtain a written representation letter from component management.

If you express an opinion in an auditor's report on the financial statements of the component (e.g., a stand-alone or statutory audit) and the work that supports that opinion is applicable to the work the group engagement team has requested you to perform to support the group audit opinion, you are required to provide a copy of the written representation letter to the group engagement team if it is available by the date that you communicate the results of your work to the group engagement team.

Please forward a copy of any written representation letters you obtain, which is applicable to the work the group engagement team is requesting you to perform, to us as soon as is practicable but no later than the date of your clearance memo.

If you have questions regarding the contents of that letter or to whom the representations should be requested from, please contact Mr. Hilson Lee and Mr. Kevin Li.

## 2.13. Compliance with foreign laws and regulations

In planning and performing your procedures and in evaluating and reporting the results thereof, consider that noncompliance by the component with laws and regulations may materially affect the financial statements of the group. Obtain a general understanding of the regulatory and legal framework applicable to the entity and the industry within which it operates, as well as an understanding of how the entity is complying with that framework.

The group is subject to certain extraterritorial legislation with respect to illegal payments to foreign government officials. As such, you should be alert for evidence of illegal payments when conducting your engagement. If during the course of your engagement you receive information that suggests, or you otherwise have reason to believe, that the component is or may be in violation of such foreign laws, we request that you contact the group Engagement Partner, Mr. Alan Chan, immediately.

## 2.14. Subsequent events

*We request you to communicate the results of the procedures performed regarding events that occurred after the date of the clearance memorandum and audit summary memo (whichever is later), but prior to the issuance of the group audit report. Please use the Component Auditor Subsequent Events Report in Deliverable N for this purpose.*

## 3. QUALITY CONTROL REVIEW

An Engagement Quality Control Review is to be performed locally before a clearance memorandum is issued to the group engagement team. The group engagement team receives acknowledgment from the component auditor regarding the need for an Engagement Quality Control Review and the individual assigned. The Engagement Quality Control Reviewer will be assessed similar to others staffed on the engagement regarding independence, SEC accreditation, and other necessary items to assess competence.

## 4. DELIVERABLES

### 4.1. Component auditor clearance memorandums

As part of deliverables to the group engagement team, we request that you provide a Component Auditor Clearance Memorandum to document the results of your procedures by 9 September 2022.

### 4.2. Other deliverables provided to the group engagement team

All requested reports, documentation, and other communication are to be prepared in English and sent to Mr. Hilson Lee and Mr. Kevin Li via email or Deloitte Connect.

Please complete all sections of all deliverables that are applicable to you, and clearly indicate your reasoning for why certain sections are in your judgment not applicable.

Note: All times and dates listed in these referral instructions are in Hong Kong.

Description	Document	Date to Be Provided to Group Engagement Team
Acknowledgment of Referral Instructions	Deliverable E	As soon as possible upon receipt and understanding of instructions and no later than 29 July 2022.

Component Auditor Planning Memorandum	Deliverable G	5 August 2022
Appendix to Component Auditor Planning Memo for Identified Significant Items	Deliverable Gr	5 August 2022
Group Reporting Package	N/A	9 September 2022
Component Clearance Memorandum	Deliverable F	9 September 2022
Component Auditor Summary Memorandum	Deliverable H	9 September 2022
Appendix to Component Auditor Summary Memo for Identified Significant Items	Deliverable Hr	9 September 2022
Summary of Component Misstatements and Deficiencies in Internal Control	Deliverable(s) I	9 September 2022
Items Identified by Component Auditors for Inclusion in the Group Management Written Representation Letter	Deliverable J	9 September 2022
Component Management Written Representation Letter	Deliverable L	9 September 2022
Communication of Related Parties Identified by the Component Auditor for Inclusion in the Group Audit	Deliverable M	9 September 2022
Component Auditor Subsequent Events Report	Deliverable N	9 September 2022 and on report date (TBC)

Timely submission of the requested reports and documentation is essential in meeting the group audit deadlines, including the assembly and archival of final working papers. Please inform Mr. Hilson Lee and Mr. Kevin Li as soon as is practicable if you believe that you will not meet any of the above deadlines.

We will communicate to you in due course the dates of planned visits by group management and/or us and dates of planned meetings with component management and/or you.