



*[Private and confidential]*

Our Ref: ZH0011/FC/T4/AC003

19 March 2025

Sole Director,  
HONGKONG DELAN CO., LIMITED

Dear Sirs,

**HONGKONG DELAN CO., LIMITED (“The Company”)**  
**Audit Engagement Letter**  
**For the Year Ended 31 December 2024**

The purpose of this letter is to set out the basis on which we act as auditors of the Company and the respective areas of responsibility of the directors and of ourselves.

**Objective of services**

- 1.1 You have requested that we audit the financial statements of the Company. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.
- 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, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hong Kong Standards on Auditing ("HKSA") will always detect a material misstatement when it exists. 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.

**Responsibilities of directors**

- 2.1 Our audit will be conducted on the basis that you acknowledge and understand that you have responsibility:
  - a. To prepare financial statements which give a true and fair view of the financial position of the Company as at the end of the financial year and of its financial performance for the financial year in accordance with Hong Kong Financial Reporting Standard for Private Entities and the Companies Ordinance (“CO”);
  - b. To take all reasonable steps to ensure the Company keeps sufficient accounting records which show and explain the transactions of the Company, disclose with reasonable accuracy, at any time, the financial position and financial performance of the Company;



- c. To ensure that the financial statements comply with section 383 (Notes to Financial Statements to Contain Information on Directors' Emoluments etc.) of the CO which must contain in the notes to the financial statements, the information prescribed by the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G);
- d. For such internal control as you determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- e. To provide us with:
  - (i) Access to all information of which you are aware that is relevant to the preparation of the financial statements such as Company's accounting records and all other relevant records and documentation, including minutes of all management and shareholders' meetings and other matters;
  - (ii) Additional information that we may request from you for the purpose of the audit; and
  - (iii) Unrestricted access to persons related to the Company from whom we determine it necessary to obtain audit evidence;
- f. To provide us with (i) any proposed 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; and
- g. To notify us any passed written resolution within 15 days after resolution is passed.

2.2 You are also responsible for the preparation and approval of the directors' report in accordance with the CO.

### Responsibilities of the auditor

3.1 We have a statutory responsibility to prepare a report to the members to state whether in our opinion the financial statements give a true and fair view of the financial position and financial performance of the Company for the financial year and whether they have been properly prepared in compliance with the CO. We shall also state our opinion in the auditor's report if we are of the opinion that:

- a. adequate accounting records have not been kept by the Company; or
- b. the financial statements are not in agreement with the accounting records in any material respect; and

We shall also state the fact in the auditor's report if we have failed to obtain all the information or explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of the audit.



In addition, where the financial statements do not contain information on directors' emoluments, etc. under section 383(1) of the CO, the CO requires us to include in our report, as far as we are reasonably able to do so, a statement giving the particulars that are required to be, but have not been, contained in the financial statements.

- 3.2 We have a professional responsibility to report if the financial statements do not comply in any material respect with Hong Kong Financial Reporting Standard for Private Entities, unless in our opinion the non-compliance is justified in the circumstances. In determining whether or not the departure is justified, we consider:
  - a. whether the departure is required in order for the financial statements to give a true and fair view; and
  - b. whether adequate disclosure has been made concerning the departure.
- 3.3 We are required to read the information in the directors' report for the financial year to identify and report inconsistencies with the financial statements. As required by the CO, if we are of the opinion that the information in the directors' report for a financial year is not consistent with the financial statements for the financial year, we shall state that opinion in our auditor's report; and we may bring that opinion to the members' attention at a general meeting. However, we are not required to audit or review the director's report and accordingly we will not express an opinion or review conclusion or any assurance on it.
- 3.4 We are required to read the other information included in the annual report. This responsibility applies regardless of whether the other information is made available to us prior to, or after, the date of the auditor's report. We will consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is an uncorrected material misstatement of this other information, we are required to include that fact in the auditor's report. Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. If we conclude that a material misstatement exists in other information obtained after the date of the auditor's report and the other information is not corrected after communicating with those charged with governance, we will take appropriate actions considering our legal rights and obligations.

## Scope of audit

- 4.1 Our audit will be conducted in accordance with HKSAs issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements. As part of an audit in accordance with HKSAs, we 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.
  - c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by you.
  - 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.
  - e. Evaluate 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.
- 4.2 Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with HKSAs.
- 4.3 As part of our audit procedures, we will request you to provide written confirmation concerning representations which we have received from you during the course of the audit in connection with the audit. In connection with representations and the supply of information to us generally, we draw your attention to section 412 of the CO which sets out the rights of the auditor in relation to obtaining information from a person that is a related entity as defined in this section of the CO. You are also referred to section 413 of the CO which sets out the offences relating to section 412 of the CO.
- 4.4 In order to assist us with the audit of your financial statements, we shall request sight of all documents or statements, including 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.



- 4.5 The responsibility for safeguarding the assets of the Company and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with you. However, we shall endeavour to plan our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements or books of account (including those resulting from fraud, error or non-compliance with law or regulations), but our audit should not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance as may exist.
- 4.6 Once we have issued our report we have no further direct responsibility in relation to the financial statements for that period. However, you agree 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.

## Reporting

- 5.1 We will perform an audit of the Company's financial statements and express an audit opinion on them. Accordingly, we expect to report on the financial statements as per Appendix A.
- 5.2 The form and content of our report may need to be amended in the light of our audit findings.
- 5.3 We shall deliver the draft audit report to your Company by March 31, 2025. In the event of failure to provide said reports by the specified deadline, this firm shall bear liability for any losses incurred by your company, as well as any fines or penalties that may be imposed as a result of such delay.

## Our service team

- 6 Mr. Cheng Hong Cheung, Partner of Cheng & Cheng Zhongxinghua CPA Limited, will be responsible for the audit engagement. A team of professionals from Cheng & Cheng Zhongxinghua CPA Limited, and/or other member firms of Cheng & Cheng Zhongxinghua CPA Limited, their subsidiaries or affiliates may support the audit engagement as we see fit. We reserve the right to change personnel involved in the audit engagement, but we shall promptly notify the Company, provide reasonable excuses, and ensure that the services provided will not be affected.

## Fees

- 7.1 We have agreed on a fee of HK\$8,000 for Auditing services for the year ending on December 31, 2024, which covers all expenses. Unless otherwise specified, payment shall be made within 15 days after the Company receives the signed audit report, and the invoice has been issued.
- 7.2 Should significant outlays be omitted from our final account or subsequently incurred, we reserve the right to deliver a separate account for such outlays.
- 7.3 If the engagement is terminated or suspended, we shall be entitled to payment for outlays incurred to that time and to payment of fees for work done, plus any taxes that might be payable thereon or deductible therefrom (where appropriate). Our fees for work done shall



in this event be calculated by reference to our agreed fee, and the proportion of the work done compared to the total work planned, and we shall certify the truthfulness and reasonableness of the content and proportion of the foregoing work done.

- 7.4 If we are required by any court or regulatory body to provide information or to produce documents relating in any way to the engagement, in any proceedings or forum in which we are not a party or participant, we may respond based on the fair and accurate content presented by your company, upon obtaining your prior written consent..you shall pay our costs incurred in responding to any such requirement at our standard rates applicable at the time of responding, together with reasonable outlays including legal expenses.

## Confidentiality clause

- 8 In the course of providing services to the company, we may obtain confidential information relating to your business or other matters, and we will maintain the confidentiality of such information, except where disclosure is required by law.

## Agreement of terms

- 9 Unless otherwise agreed between the company and us, this engagement letter will not remain valid for subsequent audit appointments. Please sign and return the enclosed copy of this letter (triplicate) to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

## Arbitration clause

- 10 Any dispute, controversy, difference or claim arising out of or relating to this contract, including the existence, validity, interpretation, performance, breach or termination thereof or any dispute regarding non- contractual obligations arising out of or relating to it shall be referred to and finally resolved by arbitration administered by the Hong Kong International Arbitration Centre (HKIAC) under the HKIAC Administered Arbitration Rules in force when the Notice of Arbitration is submitted.

Yours faithfully,

Cheng & Cheng Zhongxinghua CPA Limited  
Certified Public Accountants

I agree to the terms of this letter.



Name of signer: DING Min  
Post: Sole Director of HONGKONG  
DELAN CO., LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF

\_\_\_\_\_ LIMITED

\_\_\_\_\_ 有限公司

(Incorporated in Hong Kong with limited liability)

#### Opinion

We have audited the financial statements of \_\_\_\_\_ LIMITED (the "Company") set out on pages X to X, which comprise the statement of financial position as at [Period end date], and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at [Period end date], and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

#### Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Information other than the financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the report of the directors, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

### **TO THE MEMBERS OF**

\_\_\_\_\_ **LIMITED**

\_\_\_\_\_ 有限公司

(Incorporated in Hong Kong with limited liability)

#### **Responsibilities of directors for the financial statements**

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS for Private Entities issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 405 of Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. 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.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.
- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## INDEPENDENT AUDITOR'S REPORT (Continued)

### TO THE MEMBERS OF \_\_\_\_\_ LIMITED

\_\_\_\_\_ 有限公司

(Incorporated in Hong Kong with limited liability)

#### Auditor's responsibilities for the audit of the financial statements (Continued)

- Conclude on the appropriateness of the directors' 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.
- Evaluate 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Cheng & Cheng Zhongxinghua CPA Limited  
Certified Public Accountants

Hong Kong, < date of approval >

