

READ-CYCLING COMPANY LIMITED
FOR THE YEAR ENDED 31ST DECEMBER, 2020

REPORTS
AND
FINANCIAL STATEMENTS

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LUI & MAK CPA LIMITED

呂榮光 麥錦棠 陳杰宏
會計師事務所有限公司

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READ-CYCLING COMPANY LIMITED

DIRECTORS' REPORT

The Directors have pleasure in submitting their annual report and audited financial statements for the year ended 31st December, 2020.

COMPANY BACKGROUND

The Company is incorporated in Hong Kong and limited by guarantee without having a share capital.

Under the provisions of the Company's memorandum and association, every member shall, in the event of the Company being wound up while he is a member or within one year afterwards, contribute such amount as may be required to meet the liabilities of the Company not exceeding HK\$100.00 each.

PRINCIPAL ACTIVITIES

The Company was incorporated for the principle purpose of establishing and carried on in Hong Kong a program known as "Read Cycling" for the enhancement of language, literacy and communication standard of readers in particularly children and youngsters in Hong Kong during the year.

RESULTS AND DIVIDENDS

The results of the Company for the year ended 31st December, 2020 and the state of affairs of the Company at that date are set out in the financial statements on pages 7 to 16.

BUSINESS REVIEW

As the Company falls within reporting exemption for the financial year, the Directors are not required to prepare the report for the Business Review with the specified contents stated in the Companies Ordinance.

EQUITY-LINKED ARRANGEMENTS

No equity-linked arrangements had been entered into or subsisted at the end of the financial year.

READ-CYCLING COMPANY LIMITED

DIRECTORS' REPORT (Continued)

DIRECTORS

The Directors of the Company during the financial year and up to the date of this report are:-

Ms. Lau Ting Sin
Ms. Ho Lei Ying, Lily
Ms. Au Yeung Lai Ling, Ivy
Mr. Fong Wick, Victor
Mr. Lo King Chong, John

Under the Article No. 30 of Articles of Association of the Company, all the Directors shall hold office for a term of one year and shall be eligible for re-election.

PERMITTED INDEMNITY PROVISION

In accordance to Article No. 62 of Articles of Association, permitted indemnity provisions are in force for the benefit of Directors of the Company during the financial year and at the time of approval of this report.

MANAGEMENT CONTRACTS

The Company has entered into a consultancy service contract with a related company, The Viewfinder Marketing Consultancy Limited ("The Viewfinder"). During the year, consultancy fee of HK\$215,000.00 (2019: HK\$118,400) and advertisement of HK\$Nil (2019: HK\$8,000) to The Viewfinder were paid. One of the Directors of the Company is also a director of The Viewfinder.

Apart from the above, the details disclosed in note 10 to the financial statements, no transaction, arrangement or contract of significance to which the company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which the Directors of the Company had a material interest, subsided at the end of the year or at any time during the year.

AUDITOR

The financial statements have been audited by Lui & Mak CPA Limited, who now retire and, being eligible, offer themselves for re-appointment.

READ-CYCLING COMPANY LIMITED

DIRECTORS' REPORT (Continued)

APPROVAL OF DIRECTORS' REPORT

This report was approved by the Directors on 30th September, 2021.

On behalf of the Directors,



Lau Ting Sin (Director)

LUI & MAK CPA LIMITED

呂榮光 麥錦棠 陳杰宏
會計師事務所有限公司

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF READ-CYCLING COMPANY LIMITED (incorporated in Hong Kong with limited liability by guarantee)

Opinion

We have audited the financial statements of Read-Cycling Company Limited ("the Company") set out on pages 7 to 16, which comprise the statement of financial position as at 31st December, 2020, and statement of income and accumulated surplus 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 31st December, 2020, 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 ("HKSA") 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.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' Report 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.

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LUI & MAK CPA LIMITED

呂榮光 麥錦棠 陳杰宏
會計師事務所有限公司

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF READ-CYCLING COMPANY LIMITED (Continued) (incorporated in Hong Kong with limited liability by guarantee)

Responsibilities of the Directors and Those Charged with Governance 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 are 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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance 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 the 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 HKSAs 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 HKSAs, 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.

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LUI & MAK CPA LIMITED

呂榮光 麥錦棠 陳杰宏
會計師事務所有限公司

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF READ-CYCLING COMPANY LIMITED (Continued) (incorporated in Hong Kong with limited liability by guarantee) (Continued)

- 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.
- 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.


LUI & MAK CPA LIMITED
Certified Public Accountants
HO PURCY
Practising Certificate No. P06689
30th September, 2021

READ-CYCLING COMPANY LIMITED

STATEMENT OF INCOME AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED 31ST DECEMBER, 2020

| | <u>NOTE</u> | <u>HK\$</u> | <u>2020</u> <u>HK\$</u> | <u>2019</u> <u>HK\$</u> |
|---|-------------|-----------------|----------------------------|----------------------------|
| INCOME | | | | |
| Donation received | | 12,998.00 | | 28,356 |
| Other income | | 155.18 | | - |
| Bank interest income | | <u>0.48</u> | | <u>58</u> |
| | | | 13,153.66 | 28,414 |
| | | | | ----- |
| ANNUAL EVENT SURPLUS | | | | |
| (Deficit)/surplus from events | (5) | | (117,259.90) | 195,255 |
| | | | | ----- |
| EXPENDITURE | | | | |
| Accountancy fee | | 8,000.00 | | 8,000 |
| Auditor's remuneration | | 2,100.00 | | 2,100 |
| Bank charges | | 820.39 | | 618 |
| Building management fee | | 28,392.00 | | 28,392 |
| Consultancy fee | | - | | 118,400 |
| Courier and postage | | - | | 202 |
| Depreciation | | 3,359.11 | | 10,066 |
| Electricity fee | | 881.00 | | 2,776 |
| Insurance | | 3,903.00 | | 3,903 |
| Local travelling | | 1,693.00 | | 390 |
| Messing | | - | | 1,865 |
| Printing and stationery | | 34.00 | | 10,106 |
| Rent and rates | | 6,054.00 | | 8,529 |
| Repairs | | - | | 5,475 |
| Subscription fee | | 200.00 | | - |
| Sundry expenses | | 1,939.00 | | 1,970 |
| Transportation | | 355.00 | | 18,211 |
| Website fee | | <u>1,854.15</u> | | <u>5,777</u> |
| | | | (59,584.65) | (226,780) |
| | | | ----- | ===== |
| DEFICIT FOR THE YEAR | | | (163,690.89) | (3,111) |
| ACCUMULATED SURPLUS AT BEGINNING OF THE YEAR | | | <u>451,032.06</u> | <u>454,143</u> |
| ACCUMULATED SURPLUS AT END OF THE YEAR | | | <u>287,341.17</u> | <u>451,032</u> |
| | | | ===== | ===== |

No statement of comprehensive income is presented as there is no other comprehensive income for the year.

The notes on pages (10 to 16) form part of these financial statements.

READ-CYCLING COMPANY LIMITED

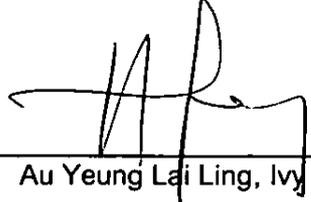
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2020

| | <u>NOTE</u> | <u>HK\$</u> | <u>2020</u> <u>HK\$</u> | <u>2019</u> <u>HK\$</u> |
|-------------------------------|-------------|-------------------|----------------------------|----------------------------|
| NON-CURRENT ASSET | | | | |
| Property, plant and equipment | (7) | | 2,274.00 | 5,633 ----- |
| CURRENT ASSETS | | | | |
| Cash and bank balances | | 610,430.66 | | 769,222 |
| Accounts receivable | | 7,730.71 | | 6,393 |
| Deposit and prepayment | | <u>2,500.00</u> | | <u>2,500</u> |
| | | <u>620,661.37</u> | | <u>778,115</u> |
| CURRENT LIABILITIES | | | | |
| Accruals | | 14,433.20 | | 11,555 |
| Amount due to Directors | (8) | <u>321,161.00</u> | | <u>321,161</u> |
| | | <u>335,594.20</u> | | <u>332,716</u> |
| NET CURRENT ASSETS | | | 285,067.17 | 445,399 ----- |
| NET ASSETS | | | 287,341.17 | 451,032 ===== |
| ACCUMULATED SURPLUS | | | 287,341.17 | 451,032 ===== |

The financial statements on pages (7 to 16) were approved and authorised for issue by the Board of Directors on 30th September, 2021 and are signed on its behalf by:



Lau Ting Sin (Director)



Au Yeung Lai Ling, Ivy (Director)

The notes on pages (10 to 16) form part of these financial statements.

READ-CYCLING COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER, 2020

| | <u>2020</u> HK\$ | <u>2019</u> HK\$ |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Deficit for the year | (163,690.89) | (3,111) |
| Adjustment for: | | |
| Depreciation | 3,359.11 | 10,067 |
| Bank interest income | <u>(0.48)</u> | <u>(58)</u> |
| | (160,332.26) | 6,898 |
| Increase in accounts receivable | (1,337.99) | (5,864) |
| Increase in accruals | - | 1,146 |
| Increase in amount due to Directors | <u>2,878.00</u> | <u>10</u> |
| Cash (used in)/generated from operations | (158,792.25) | 2,190 |
| Interest received | <u>0.48</u> | <u>58</u> |
| Net cash (used in)/generated from operating activities | <u>(158,791.77)</u> | <u>2,248</u> |
| CASH FLOWS FROM INVESTING ACTIVITY | | |
| Acquisition of property, plant and equipment | <u>-</u> | <u>(1,298)</u> |
| Net cash used in investing activity | <u>-</u> | <u>(1,298)</u> |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (158,791.77) | 950 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>769,222.43</u> | <u>768,272</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>610,430.66</u> | <u>769,222</u> |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | <u>610,430.66</u> | <u>769,222</u> |

The notes on pages (10 to 16) form part of these financial statements.

READ-CYCLING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020

(1) GENERAL INFORMATION

The Company is limited by guarantee and not having a share capital. The liability of a member of the Company is limited to HK\$100.00. The address of its registered office is 15/F., MW Tower, No. 111 Bonham Strand, Sheung Wan, Hong Kong.

The Company was incorporated for the principle purpose of establishing and carry on in Hong Kong a program known as "Read Cycling" for the enhancement of language, literacy and communication standard of readers in particularly children and youngsters in Hong Kong.

The financial statements are presented in Hong Kong Dollars which is the same as the functional currency of the Company.

(2) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (HKFRS for Private Entities) issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

The Company falls within reporting exemption for the reporting period under section 359(1) of the Hong Kong Companies Ordinance. Nevertheless, the Directors resolved not to take advantage of the reporting exemption and these financial statements comply with HKFRS for Private Entities. The Directors have acknowledged that, to achieve fair presentation of the financial statements, it may be necessary for management to provide disclosures specifically required by HKFRS for Private Entities.

The preparation of financial statements in conformity with the HKFRS for Private Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Areas including higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note (4).

READ-CYCLING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020

(3) PRINCIPAL ACCOUNTING POLICIES

(a) Revenue recognition

- (i) Donation income, sponsorship income, income from fundraising events and other income are recognised when the income are received or receivable.
- (ii) Interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

(b) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight line method. Assets held under finance leases, for which there is no reasonable certainty that the Company will obtain ownership at the end of the lease term, are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the terms of the relevant lease. The following annual rates are used for the depreciation of property, plant and equipment:

| | |
|------------------------|-----|
| Furniture and fixtures | 25% |
| Office equipment | 25% |
| Leasehold improvement | 25% |

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(c) Impairment of non-financial assets, other than inventories

At each reporting date, property, plant and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or Group of related assets) is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or Group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (Group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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READ-CYCLING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020

(3) PRINCIPAL ACCOUNTING POLICIES (Continued)

(d) Cash equivalents

Cash equivalents represents short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(e) Related parties

For the purpose of these financial statements, related party includes a person and entity as defined below:

- (a) A person or a close member of that person's family is related to the Company if that person:
- (i) is a member of the key management personnel of the Company or of a parent of the Company;
 - (ii) has control over the Company; or
 - (iii) has joint control or significant influence over the Company or has significant voting power in it.
- (b) An entity is related to the Company if any of the following conditions applies:
- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of a third entity.
 - (iv) either entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant voting power in the entity.

READ-CYCLING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2020

(4) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful lives and impairment of property, plant and equipment

In determining the useful lives of property, plant and equipment, the management has to consider various factors, such as expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is made based on last experience on similar assets that are used in a similar way. Depreciation charge is revised if the estimated useful lives of items of property, plant and equipment are different from the previous estimation. Useful lives are reviewed, at each financial year end date, based on changes in circumstances.

READ-CYCLING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2020

(5) SURPLUS FROM EVENTS

| | HK\$ | <u>2020</u> HK\$ | <u>2019</u> HK\$ |
|-----------------------------|-----------------|---------------------|---------------------|
| Event income * | | 47,509.10 | 131,991 |
| Sponsorship income | | <u>71,080.00</u> | <u>108,620</u> |
| | | 118,589.10 | 240,611 |
| | | | ----- |
| Less: Advertising expenses | - | | 8,000 |
| Car rental fee | - | | 12,491 |
| Consultancy fee | 215,000.00 | | - |
| Courier and postage | 138.00 | | 293 |
| Local travelling | 1,390.00 | | 9,564 |
| Messing | - | | 2,538 |
| Printing and stationery | 8,602.00 | | 10,532 |
| Prize fee | - | | 74 |
| Set-up fee | 919.00 | | 1,864 |
| Transportation | <u>9,800.00</u> | | - |
| | | 235,849.00 | 45,356 |
| | | ----- | ----- |
| (Deficit)/surplus of events | | <u>(117,259.90)</u> | <u>195,255</u> |
| | | ===== | ===== |

* The events include "蒲蒲書館日" and "書店快樂".

(6) INCOME TAX EXPENSE

The Company is not liable to Hong Kong profits tax under the provision of section 88 of the Inland Revenue Ordinance.

READ-CYCLING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020

(7) PROPERTY, PLANT AND EQUIPMENT

| | <u>Furniture and fixtures</u> HK\$ | <u>Office equipment</u> HK\$ | <u>Leasehold improvement</u> HK\$ | <u>Total</u> HK\$ |
|---|---|-------------------------------------|--|----------------------|
| AT COST | | | | |
| At 1st January, 2020 and 31st December, 2020 | 65,169.91 | 8,806.50 | 76,130.00 | 150,106.41 |
| ACCUMULATED DEPRECIATION | | | | |
| At 1st January, 2020 | 60,946.41 | 7,396.89 | 76,130.00 | 144,473.30 |
| Charge for the year | <u>1,949.50</u> | <u>1,409.61</u> | <u>-</u> | <u>3,359.11</u> |
| At 31st December, 2020 | <u>62,895.91</u> | <u>8,806.50</u> | <u>76,130.00</u> | <u>147,832.41</u> |
| NET BOOK VALUE | | | | |
| At 31st December, 2020 | 2,274.00 | - | - | 2,274.00 |
| At 31st December, 2019 | 4,223 | 1,409 | - | 5,633 |

(8) AMOUNT DUE TO DIRECTORS

The amount due to Directors are unsecured, interest-free and has no fixed terms of repayment.

The amount due is classified as current liabilities as it is repayable within 12 months after the end of the reporting period.

(9) DIRECTORS' EMOLUMENT

No emolument of any nature were paid or are payable to Directors of the Company during the year (2019: Nil).

READ-CYCLING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2020

(10) RELATED PARTY TRANSACTION

In the normal course of business, the Company had the following transactions with its related parties during the year.

| | <u>2020</u> HK\$ | <u>2019</u> HK\$ |
|---|---------------------|---------------------|
| <u>Income statement</u> | | |
| Nominal rental payment to the Directors (Note b) | 1.00 | 2 |
| Consultancy fee paid to a related company (Note a) | 215,000.00 | 118,400 |
| Advertising expenses included in surplus from events paid to a related company (Note b) | - | 8,000 |
| | ===== | ===== |
| <u>Statement of financial position</u> | | |
| Rental deposit paid to the Directors (Note a) | 2,500.00 | 2,500 |
| Rental expenses under accruals (Note a) | 3.00 | 2 |
| | ===== | ===== |

Note:

- a) Ms. Lau Ting Sin is the Common Director of the Company and the related company, The Viewfinder Marketing Consultancy Limited.
- b) Ms. Lau Ting Sin and Ms. Au Yeung Lai Ling Ivy, Directors of the Company, provides premise to receive rental payment.

(11) SIGNIFICANT EVENT

An outbreak of respiratory illness caused by novel coronavirus (the "COVID-19") has been expanded worldwide since early 2020. The Company has implemented prevention and control measures to ensure the Company continue to operate its business. The Director of the Company will continue to assess the impact of the respiratory illness on the Company's operation and financial performance and closely monitor the Company's exposure to the risks and uncertainties in connection with this event.