

THE CYCLING ASSOCIATION OF
HONG KONG, CHINA LIMITED
中國香港單車總會有限公司

EXECUTIVE COMMITTEE MEMBERS' REPORT
AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

THE CYCLING ASSOCIATION OF HONG KONG, CHINA LIMITED
中國香港單車總會有限公司

REPORT OF THE EXECUTIVE COMMITTEE MEMBERS

The executive committee members present herewith their annual report and the audited financial statements for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Association are to promote and maintain interest in the sport of cycling and to organise and coordinate local and international cycling functions, events and competitions (cycling events). The Association has adopted the trade name “CAHK 單車總會” for its business.

RESULTS AND APPROPRIATIONS

The results of the Association for the year ended 31 March 2022 are set out in the income statement on page 6.

Pursuant to section 359 of the Hong Kong Companies Ordinance, the Association is qualified as a small private company that the Association is to fall within the reporting exemption for the year ended 31 March 2022 and the financial statements are to comply with section 380, para. (3)(a) and (7) of the Hong Kong Companies Ordinance and qualifies for reporting under the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) and the Small and Medium-sized Entity Financial Reporting Framework (SME-FRF).

EXECUTIVE COMMITTEE MEMBERS

The executive committee members of the Association during the year and up to the date of this report were:

Leung Hung Tak	(Chairman)
Chan Kwok Ki	(Vice-chairman)
Li Chik Yuen Alfred	(Vice-chairman)
Leung Chi Wa Simon	(Honorary Secretary General)
Leung Ka Cheung	(Honorary Treasurer) (Appointed on 30 December 2021)
Chan Chi Keung	
Chau Dor Ming Domino	
Lee Kin Pong	
Leung Chi Yin	
Leung Kin Keung	
Su Yu Hong	
Tsang Pak Wai	
Yuen Chi Ho	
Yim Ming	(Appointed on 30 December 2021)

EXECUTIVE COMMITTEE MEMBERS (Continued)

The executive committee members of the Association during the year and up to the date of this report were (continued):

Wong Yiu Wah (Resigned on 30 December 2021)

Article 14 of the Association's Articles of Association states that the executive committee members retire from office every two years. In accordance with this Article, all executive committee members retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

PERMITTED INDEMNITY PROVISION

At no time during the year and up to the date of this Executive Committee Members' Report, there was or is, any permitted indemnity provision being in force for the benefit of any of the executive committee members of the Association.


MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Association were entered into or existed during the year.

AUDITORS

The Executive Committee has appointed ECOVIS Axial CPA Limited as the auditor of the Association with effect from 31 December 2021. The financial statements have been audited by ECOVIS Axial CPA Limited, who will hold office until the conclusion of the forthcoming Annual General Meeting.

On behalf of the Executive Committee


Leung Hung Tak, Chairman

Hong Kong, - 5 NOV 2022

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE CYCLING ASSOCIATION OF HONG KONG, CHINA LIMITED
中國香港單車總會有限公司
(Incorporated in Hong Kong with liability limited by guarantee)

Opinion

We have audited the financial statements of The Cycling Association of Hong Kong, China Limited (the "Association") set out on pages 6 to 13 which comprise the statement of financial position as at 31 March 2022, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Association for the year ended 31 March 2022 are prepared, in all material respects, in accordance with the Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") 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") and with reference to Practice Note 900 (Revised) Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard 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 Association 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 executive committee members are responsible for the other information. The other information comprises information included in the Executive Committee Members' 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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE CYCLING ASSOCIATION OF HONG KONG, CHINA LIMITED
中國香港單車總會有限公司
(Incorporated in Hong Kong with liability limited by guarantee)
(Continued)

Responsibilities of the Executive Committee Members for the Financial Statements

The executive committee members are responsible for the preparation of the financial statements in accordance with SME-FRS issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the executive committee members 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 executive committee members are responsible for assessing the Association'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 executive committee members either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

The executive committee members are responsible for overseeing the Association'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 Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content 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 scepticism throughout the audit. We also:

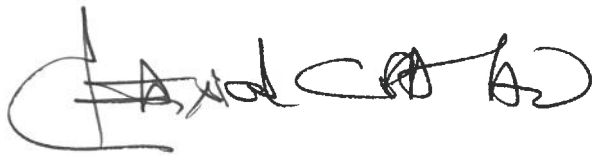
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE CYCLING ASSOCIATION OF HONG KONG, CHINA LIMITED
中國香港單車總會有限公司
(Incorporated in Hong Kong with liability limited by guarantee)
(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive committee members.
- Conclude on the appropriateness of the executive committee members' 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 Association'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 Association to cease to continue as a going concern.

We communicate with the executive committee members 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.



ECOVIS Axial CPA Limited
Certified Public Accountants

Hong Kong, - 5 NOV 2022

THE CYCLING ASSOCIATION OF HONG KONG, CHINA LIMITED
中國香港單車總會有限公司

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022

	<u>NOTE</u>	<u>2022</u> HK\$	<u>2021</u> HK\$
Revenue	3	24,704,651	9,657,252
Operating expenses		<u>(25,017,328)</u>	<u>(10,123,056)</u>
Deficit before tax	5	(312,677)	(465,804)
Income tax expense	6	<u>-</u>	<u>-</u>
Deficit for the year		<u>(312,677)</u>	<u>(465,804)</u>

The notes on pages 8 to 13 form an integral part of these financial statements.


THE CYCLING ASSOCIATION OF HONG KONG, CHINA LIMITED

中國香港單車總會有限公司


STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	<u>NOTE</u>	<u>2022</u> HK\$	<u>2021</u> HK\$
Non-current assets			
Property, plant and equipment	7	<u>6,828,507</u>	<u>7,864,131</u>
Current assets			
Subventions receivables		526,121	2,060,002
Deposit paid		223,600	223,600
Prepayment and other receivables		954,885	904,981
Cash and bank balances		<u>21,054,461</u>	<u>14,344,883</u>
		<u>22,759,067</u>	<u>17,533,466</u>
Less : Current liabilities			
Subventions received in advance		16,468,415	9,947,637
Deferred subvention		1,025,765	1,104,561
Provisions, accruals and other payables		1,303,625	1,216,534
Received in advance and deposit received		920,539	1,925,904
LCSD reserve fund		1,628,857	1,813,701
HKSI reserve fund		<u>253,090</u>	<u>188,857</u>
		<u>21,600,291</u>	<u>16,197,194</u>
Net current assets		<u>1,158,776</u>	<u>1,336,272</u>
Less: Non-current liabilities			
Deferred subvention		<u>5,652,483</u>	<u>6,552,926</u>
Net assets		<u>2,334,800</u>	<u>2,647,477</u>
Equity			
Share capital	8	-	-
Accumulated fund	9	<u>2,334,800</u>	<u>2,647,477</u>
		<u>2,334,800</u>	<u>2,647,477</u>

Approved and authorised for issue by the Executive Committee members on **- 5 NOV 2022**



Leung Hung Tak,
Chairman



Leung Ka Cheung,
Honorary Treasurer

The notes on pages 8 to 13 form an integral part of these financial statements.

THE CYCLING ASSOCIATION OF HONG KONG, CHINA LIMITED
中國香港單車總會有限公司

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Cycling Association of Hong Kong, China Limited is incorporated in Hong Kong with limited guarantee. At the end of reporting period, there were 1,034 (2021: 1,342) members.

The Association's registered office is situated at Room 1015, Olympic House, No.1 Stadium Path, So Kon Po, Causeway Bay, Hong Kong. The principal activities of the Association are to promote and maintain interest in the sport of cycling and to organise and coordinate local and international cycling functions, events and competitions (cycling events). The Association has adopted the trade name "CAHK 單車總會" for its business.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The Association qualifies for the reporting exemption as a small private company under section 359 of the Hong Kong Companies Ordinance and is therefore entitled to prepare and present its financial statements in accordance with the SME-FRS issued by the HKICPA.

These financial statements comply with the SME-FRS issued by the HKICPA. They have been prepared under the historical cost convention, the accrual basis of accounting and on the basis of going concern.

The following are the significant accounting policies that are necessary for a proper understanding of the financial statements:

a) Foreign currencies

The reporting currency of the Association is Hong Kong Dollars, which is the currency of the primary economic environment in which the Association operates.

Foreign currency transactions are converted at the exchange rates applicable at the transaction dates. Foreign currency monetary items are translated into Hong Kong Dollars using exchange rates applicable at the end of the reporting period. Gains and losses on foreign exchange are recognised in the income statement.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

b) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow the Association and when the revenue can be measured reliably, on the following bases:

- (i) Donations, grants, subventions, subsidies and sponsorships (“grants”) are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Association will comply with the conditions attaching to them. Grants that compensate the Association for expenses incurred are recognised as income on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Association for the cost of an asset are deducted from the carrying amount of the asset and consequently recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense;
- (ii) Membership fee and annual subscription fee income are recognised on a time proportion basis over the membership terms;
- (iii) Income from BXM Park operations is recognised as revenue when agreed services are rendered;
- (iv) Income from cycling events is recognised when the events are carried out; and
- (v) Interest income is recognised as it accrues using the effective interest method.

c) Leases

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee, are accounted for as operating leases. Annual rents applicable to such operating leases are charged to the income statement on a straight-line basis over the lease term.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Taxation

Income tax expense represents current tax expense. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting date.

Deferred tax is not provided.

e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The principal annual rates used for depreciation are as follows:

Leasehold improvements	- Over the unexpired terms of lease
Furniture, fixtures and equipment	- 25%
Motor vehicles	- 25%

f) Impairment of non-financial assets

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of depreciation), had no impairment losses been recognised for the asset in prior years.

g) Receivables

Receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful, a provision is made and charged to the income statement.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Provisions

Provisions are recognised for liabilities of uncertain timing or amount when the Association has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

3. REVENUE

An analysis of the Association's revenue is as follows:

	<u>2022</u> HK\$	<u>2021</u> HK\$
Annual subscription	184,400	58,700
Bank interest income	565	475
BMX Park operation income	674,936	1,385
Competition related income	143,983	1,561
Courses and training	712,399	66,228
Demonstration and fun day	284,593	35,435
Race entry fee	149,705	-
Reimbursement income	2,441,023	-
Sanctioning event income	180,000	61,512
Sponsorships	4,195,002	2,323,445
Subventions and subsidies	1,013,747	97,281
- BMX Park		
- Others	14,534,797	6,632,495
Sundry income	189,501	378,735
	<u>24,704,651</u>	<u>9,657,252</u>

4. EXECUTIVE COMMITTEE MEMBERS' REMUNERATION

Executive Committee members' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance, is nil (2021: nil).

5. DEFICIT BEFORE TAX

Deficit before tax is arrived at after charging:

	<u>2022</u> HK\$	<u>2021</u> HK\$
Depreciation	1,181,475	323,688
Exchange loss	4,452	-
Staff costs		
- Salaries and allowances	5,885,210	6,104,651
- Mandatory provident fund contributions	<u>250,503</u>	<u>270,581</u>

6. INCOME TAX EXPENSE

Hong Kong profits tax has not been provided in the financial statements as there are no estimated assessable profits arising in Hong Kong for the year after taking account into the tax loss brought forward (2021: no assessable profits).

7. PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold</u> <u>improvements</u> HK\$	<u>Furniture,</u> <u>fixtures and</u> <u>equipment</u> HK\$	<u>Motor</u> <u>vehicles</u> HK\$	<u>Total</u> HK\$
<u>Cost</u>				
At 1/4/2021	7,275,290	4,062,370	4,000	11,341,660
Additions	<u>20,000</u>	<u>125,851</u>	<u>-</u>	<u>145,851</u>
At 31/3/2022	<u>7,295,290</u>	<u>4,188,221</u>	<u>4,000</u>	<u>11,487,511</u>
<u>Accumulated depreciation</u>				
At 1/4/2021	94,779	3,378,750	4,000	3,477,529
Charge for the year	<u>881,540</u>	<u>299,935</u>	<u>-</u>	<u>1,181,475</u>
At 31/3/2022	<u>976,319</u>	<u>3,678,685</u>	<u>4,000</u>	<u>4,659,004</u>
<u>Net carrying amount</u>				
At 31/3/2022	<u>6,318,971</u>	<u>509,536</u>	<u>-</u>	<u>6,828,507</u>
At 31/3/2021	<u>7,180,511</u>	<u>683,620</u>	<u>-</u>	<u>7,864,131</u>

8. SHARE CAPITAL

The Association is an association limited by guarantee and not having a share capital.

Every member of the Association undertakes to contribute to the assets of the Association in the event of its being wound up while he is a member, or within one year afterwards, for payment of the debts and liabilities of the Association contracted before he ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributory amongst themselves, such amount as may be required not exceeding HK\$100.

9. CHANGES IN EQUITY

	Accumulated <u>fund</u> HK\$
Balance at 1/4/2020	3,113,281
Deficit for the year	<u>(465,804)</u>
Balance at 31/3/2021	2,647,477
Deficit for the year	<u>(312,677)</u>
Balance at 31/3/2022	<u>2,334,800</u>

10. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2022, the Association has the total future minimum lease payment under non-cancelable operating leases in respect of land and buildings:

	<u>2022</u> HK\$	<u>2021</u> HK\$
Not later than one year	29,760	44,460
Later than one year	<u>32,100</u>	<u>61,860</u>
	<u>61,860</u>	<u>106,320</u>