1. GENERAL

The Mission was incorporated under the Hong Kong Companies Ordinance on October 2, 1979 as a company limited by guarantee and not having a share capital. The liability of each member is limited to the extent of HK$100. The address of its registered office is 9/F., Win Plaza, 9 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong.

The principal activities of the Mission are to engage in the provision of religious activities.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Mission has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are and have become effective.

Annual Improvements Project	*Annual Improvements 2010-2012 Cycle*
Annual Improvements Project	*Annual Improvements 2011-2013 Cycle*
HKAS 19 (2011) Amendment	*Defined Benefit Plans: Employee Contributions*

The application of the new and revised HKFRSs has no material effects on the Mission's financial performance and positions.

The Mission has not early applied any new standard or interpretations that have been issued but are not yet effective. The details are set out in note 14.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Mission's financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong, and the requirements of the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention. A summary of significant accounting policies is set out below.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

a. Property, plant and equipment

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

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives using the straight line method, at the following rates per annum:

Leasehold land and building	Over the remaining term of lease
Leasehold improvement	20%
Furniture and equipment	20%

The residual value and the useful life of an asset are reviewed at least at each financial year-end.

The Mission assesses at each reporting date whether there is any indication that any items of property, plant and equipment may be impaired and that an impairment loss recognised in prior periods for an item may have decreased. If any such indication exists, the Mission estimates the recoverable amount of the item. An impairment loss, being the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, or a reversal of impairment loss is recognised immediately in profit or loss.

Gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised and is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

b. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition and is assigned by using the weighted average cost formula. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

c. Trade and other receivables

Trade and other receivables are initially measured at fair value and, after initial recognition, at amortised cost less impairment losses for bad and doubtful debts.

At each year end date, the Mission assesses whether there is any objective evidence that a receivable is impaired. Impairment losses on trade and other receivables are recognised in profit or loss when there is objective evidence that an impairment loss has been incurred and are measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at its original effective interest rate, i.e. the effective interest rate computed at initial recognition. The impairment loss is reversed if, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised.

d. Cash and cash equivalents

Cash comprises cash on hand and at bank and demand deposits with bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of cash flow statement, bank overdrafts which are repayable on demand form an integral part of the Mission's cash management are included as a component of cash and cash equivalents.

e. Trade and other payables

Trade and other payables are initially measured at fair value and, after initial recognition, at amortised cost, except for short-term payables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount.

f. Interest-bearing borrowings

Interest-bearing borrowings, mainly bank loans and overdrafts, are measured initially at fair value less transaction costs and, after initial recognition, at amortised cost, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

g. Revenue recognition

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

Donations are recognised as income upon actual receipt of money.

Sale of books is recognised as income while the goods are delivered and title has been passed.

Interest income is recognised using the effective interest method.

h. Foreign currency translation

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. At each year end date, monetary assets and liabilities in foreign currencies are translated at the foreign exchange rates ruling at that date. Non-monetary assets and liabilities that are measured at fair value in foreign currencies are translated at the foreign exchange rates ruling at the date when the fair value was determined. Exchange gains and losses are recognised in profit or loss.

i. Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases of assets are classified as finance leases when the leases transfer substantially all risks and rewards incidental to ownership of the assets to the Mission. All other leases are classified as operating leases.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

i. Leases - Continued

i) Leases of land and building

When a lease includes both land and buildings elements, an entity assesses the classification of each element as a finance or an operating lease separately in the same way as leases of other assets.

Whenever necessary in order to classify and account for a lease of land and buildings, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and buildings element of the lease at the inception of the lease.

If the lease payments on a lease of land and building cannot be allocated reliably between the land and building elements at the inception of the lease, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

ii) Operating leases

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. The payments made on acquiring land held under an operating lease are recognised in the balance sheet as lease premium for land.

Contingent rents are charged as an expense in the periods in which they are incurred.

j. Employee benefits

Pension scheme

The Mission operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, and another defined contribution retirement scheme under the Occupational Retirement Schemes Ordinance (the "ORSO Scheme") for those employees who are eligible to participate in the schemes. The Mission's contributions are made to the MPF Scheme based on a percentage of the employees' relevant income and to the ORSO Scheme based on a percentage of the employees' basic salaries. These contributions are charged to the profit or loss as the Mission become payable in accordance with the Schemes. The assets of the MPF Scheme are held separately from those of the Mission in an independently administrated trust fund. The Mission's employer contributions vest fully with the employees when contributed into the ORSO and MPF Scheme.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENT

Estimates and judgment used in preparing the financial statements 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 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 of property, plant and equipment

The Mission's management determines the estimated useful lives and related depreciation for its property, plant and equipment. The estimates are based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions.

5. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Mission has classified the following financial assets as "loans and receivables".

	2015	2014
Trade receivables	6,858	18,854
Other receivables, deposits and prepayments	799,156	236,477
Time deposits	1,225,942	-
Bank balances and cash	7,049,537	8,473,681
	9,081,493	8,729,012

The Mission has classified the following financial liability as "financial liabilities at amortised cost".

	2015	2014
Other payables and accruals	688,312	556,005
Mortgage loan	-	1,014,787
	688,312	1,570,792

All financial instruments are carried at amounts not materially different from their fair values as at December 31, 2014 and 2015.

5. FINANCIAL INSTRUMENTS - Continued

Financial risk management objectives and policies

The Mission is exposed to credit risk, liquidity risk and market risk (interest rate risk) arising in the normal course of its business and financial instruments. The Mission's risk management objectives, policies and processes mainly focus on minimising the potential adverse effects of these risks on its financial performance and position by closely monitoring the individual exposure.

a. Credit risk

The Mission is exposed to credit risk on financial assets, mainly attributable to bank balances. The management has policy to place the money in licensed bank.

At the reporting date, there were no significant concentrations of credit risk in the Mission. The maximum exposure to credit risk for the Mission is represented by the carrying amount of each financial instruments.

b. Liquidity risk

In the management of liquidity risk, the Mission manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need.

c. Interest rate risk

The Mission's exposure on fair value interest rate risk mainly arises from its interest-bearing borrowings with the banks. It is a common practice in Hong Kong to have floating rate borrowings with the banks.

In order to manage the cash flow interest rate risk, the Mission will repay the corresponding borrowings when it has surplus funds.

Summary quantitative data	2015	2014
Floating-rate financial assets/(liabilities)		
Cash at bank	7,026,250	8,417,833
Time deposits	1,225,942	-
Mortgage loan	-	(1,014,787)
Net interest-bearing assets	8,252,192	7,403,046

6. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building	Leasehold improvement	Furniture and equipment	Total
Cost				
As at 01.01.2014	24,751,736	1,235,155	367,017	26,353,908
Additions	-	-	31,021	31,021
As at 31.12.2014 and 01.01.2015	24,751,736	1,235,155	398,038	26,384,929
Additions	-	-	47,087	47,087
As at 31.12.2015	24,751,736	1,235,155	445,125	26,432,016
Accumulated depreciation				
As at 01.01.2014	2,200,155	986,044	281,253	3,467,452
Charge for the year	550,038	247,031	70,740	867,809
As at 31.12.2014 and 01.01.2015	2,750,193	1,233,075	351,993	4,335,261
Charge for the year	550,038	1,460	25,239	576,737
As at 31.12.2015	3,300,231	1,234,535	377,232	4,911,998
Net book value				
As at 31.12.2015	21,451,505	620	67,893	21,520,018
As at 31.12.2014	22,001,543	2,080	46,045	22,049,668

7. INVENTORIES

	2015	2014
Books for re-sales	348,769	381,980

8. MORTAGE LOAN

The mortgage loan is secured by the Mission's property. It bears interest at prevailing commercial rate per annum.

9. SURPLUS/(DEFICIT) FROM BOOKROOM

	2015	2014
Sales	110,195	110,448
Cost of sales		
Opening inventories	381,980	406,146
Purchases	10,795	23,035
Closing inventories	(348,769)	(381,980)
	44,006	47,201
Other direct cost	36,272	67,920
	80,278	115,121
Surplus/(deficit) from bookroom	29,917	(4,673)

10. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance is as follows:

	2015	2014
Directors' fee	-	-
Other emoluments	-	-
Contributions to defined contribution plan	-	-
	-	-

11. TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements as the Mission is a charitable institution under Section 88 of the Inland Revenue Ordinance (Chapter 112) and is therefore exempted from taxes levied under this Ordinance.

12. CAPITAL DISCLOSURES

The Mission's objectives when managing capital are to safeguard the Mission's ability to continue as a going concern.

The Mission manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Mission may try to cover expenditures with income. No changes were made in the objectives, policies and processes during the year.

13. PLEDGE OF ASSETS

The Mission has pledged its leasehold land and building having a net book value of $21.5 million (2014: $22.0 million) to a bank to secure for the general banking facilities granted to the Mission.

14. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2015

The Mission has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

Annual Improvements Project	*Annual Improvements 2012-2014 Cycle* [1]
HKAS 1 Amendment	*Disclosure Initiative* [1]
HKAS 16 and HKAS 38 Amendment	*Clarification of Acceptable Methods of Depreciation and Amortisation* [1]
HKAS 16 and HKAS 41 Amendment	*Agriculture: Bearer Plants* [1]
HKAS 27 Amendment	*Equity Method in Separate Financial Statement* [1]
HKFRS 9	*Financial Instruments* [2]
HKFRS 10 and HKAS 28 Amendment	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [3]
HKFRS 10, HKFRS 12 and HKAS 28 Amendment	*Investment Entities: Applying the Consolidation Exception* [1]
HKFRS 11 Amendment	*Accounting for Acquisitions of Interests in Joint Operations* [1]
HKFRS 14	*Regulatory Deferral Accounts* [1]
HKFRS 15	*Revenue from Contracts with Customers* [2]

14. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2015 - Continued

[1] Effective for annual periods beginning on or after January 1, 2016
[2] Effective for annual periods beginning on or after January 1, 2018
[3] Effective date to be determined by the IASB

The Mission has not early adopted these HKFRSs. Initial assessment has indicated that the adoption of these HKFRSs would not have a significant impact on the Mission's financial statements in the year of initial application. The Mission will be continuing with the assessment of the impact of these HKFRSs and other significant changes may be identified as a result.

15. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved and authorised to issue by the Board of Directors on 29 JUN 2016 .