

**CCM CHRISTIAN MISSION LIMITED  
(LIMITED BY GUARANTEE)**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

CCM CHRISTIAN MISSION LIMITED  
(Limited by Guarantee)

REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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CCM CHRISTIAN MISSION LIMITED  
(Limited by Guarantee)

DIRECTORS' REPORT

The directors presented their annual report and the audited financial statements of the Mission for the year ended December 31, 2016.

PRINCIPAL ACTIVITIES

During the year, the Mission continued to engage in the provision of religious activities.

BUSINESS REVIEW

The Mission falls within reporting exemption for the financial period. Accordingly, the Mission is exempted from preparing a business review.

RESULTS

The result of the Mission for the year ended December 31, 2016 and the state of the Mission's affairs at that date are set out in the financial statements on pages 6 to 23.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 7 to the financial statements.

DIRECTORS

The directors of the Mission during the year and up to the date of this report were:

Chan Hee Luk  
Chan Kam Hoi  
Cheng Yee Sum, Samuel  
Lui Kwan Mong  
Pang Wing Fuk  
Yung King Wa

In accordance with Article 36 of the Mission's Articles of Association, the term of office of directors shall be three years and at the end of every term of office he or she shall retire from office, but shall be eligible for re-election.

CCM CHRISTIAN MISSION LIMITED  
(Limited by Guarantee)

DIRECTORS' REPORT - CONTINUED

DIRECTORS' INTERESTS IN CONTRACTS

Save as transactions disclosed in note 12 to the financial statements for which the directors have beneficial interests, no other contracts of significance in relation to the Mission's business to which the Mission was a party and in which any directors of the Mission had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Mission a party to any arrangement to enable the directors of the Mission to acquire benefits by means of the acquisition of shares in or debentures of the Mission or its associated corporations.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into during the year.

INDEMNITY OF DIRECTORS

During the financial year and up to the date of this report, the Mission has in force indemnity provisions as permitted under section 469 of the Companies Ordinance for the benefit of the directors of the Mission. The permitted indemnity provisions are provided for in the Mission's Articles of Association.

AUDITORS

A resolution will be submitted to the annual general meeting of the Mission to re-appoint Messrs. Ng, Suen, Lau C.P.A. Limited.

On behalf of the Board



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Chan Kam Hoi

Hong Kong, 07 JUN 2017

## INDEPENDENT AUDITOR'S REPORT

To the members of  
CCM CHRISTIAN MISSION LIMITED  
(Incorporated in Hong Kong with liability limited by guarantee)

### *Opinion*

We have audited the financial statements of CCM Christian Mission Limited (the "Mission") set out on pages 6 to 23, which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, statement of changes in reserves 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 Mission as at December 31, 2016, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRS") 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 Mission 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 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.



INDEPENDENT AUDITOR'S REPORT - CONTINUED

To the members of  
CCM CHRISTIAN MISSION LIMITED  
(Incorporated in Hong Kong with liability limited by guarantee)

*Responsibilities of Directors and Those Charged with Governance for the Financial Statements*

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs 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 Mission'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 Mission or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Mission'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 contents of the 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.
- 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 Mission's internal control.

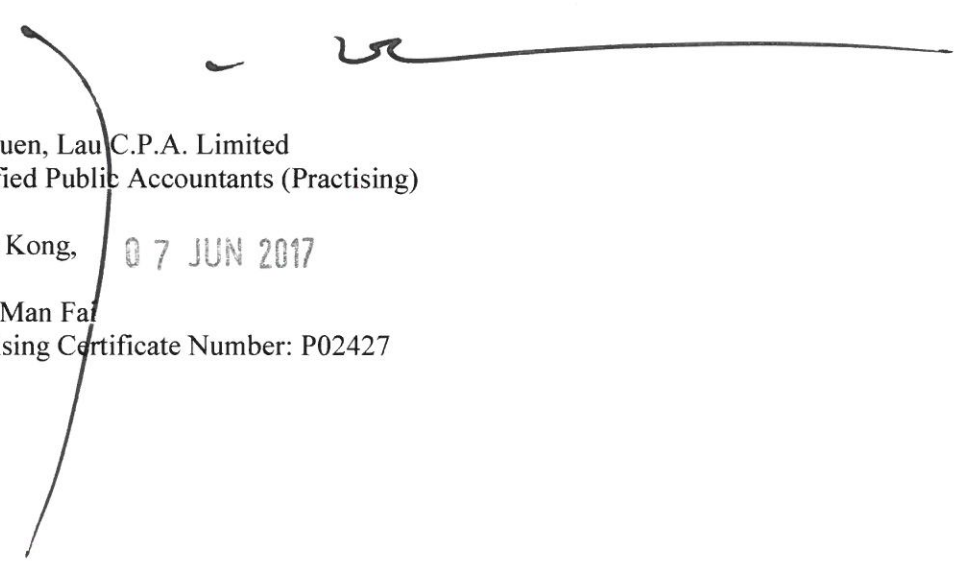
INDEPENDENT AUDITOR'S REPORT - CONTINUED

To the members of  
CCM CHRISTIAN MISSION LIMITED  
(Incorporated in Hong Kong with liability limited by guarantee)

*Auditor's Responsibilities for the Audit of the Financial Statements - Continued*

- 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 Mission'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 Mission 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.



Ng, Suen, Lau C.P.A. Limited  
Certified Public Accountants (Practising)

Hong Kong, 07 JUN 2017

Suen Man Fai  
Practising Certificate Number: P02427

CCM CHRISTIAN MISSION LIMITED  
(Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

(Expressed in Hong Kong Dollars)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
<b>Non-current asset</b>			
Property, plant and equipment	7	20,966,751	21,520,018
<b>Current assets</b>			
Inventories	8	381,402	348,769
Trade receivables		14,150	6,858
Other receivables, deposits and prepayments		844,456	799,156
Time deposits		3,261,941	1,225,942
Bank balances and cash		5,677,326	7,049,537
		10,179,275	9,430,262
<b>Total assets</b>		31,146,026	30,950,280



CCM CHRISTIAN MISSION LIMITED  
(Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION - CONTINUED

AS AT DECEMBER 31, 2016  
(Expressed in Hong Kong Dollars)

	<u>2016</u>	<u>2015</u>
<b>RESERVES AND LIABILITIES</b>		
<b>Reserves</b>		
General fund	4,125,862	25,353,126
Medical fund	116,087	155,968
Hong Kong missionaries fund	3,231,378	3,172,948
Hong Kong field fund	1,042,548	921,260
Theology scholarship fund	526,693	534,335
New office fund	-	-
Missionary emergency medical fund	144,331	144,331
Property fund	20,901,466	-
	<u>30,088,365</u>	<u>30,281,968</u>
<b>Current liabilities</b>		
Other payables and accruals	1,057,661	668,312
<b>Total reserves and liabilities</b>	<u>31,146,026</u>	<u>30,950,280</u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

Approved on behalf of the Board by:



Chan Kam Hoi

  
Pang Wing Fuk

CCM CHRISTIAN MISSION LIMITED  
(Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2016

(Expressed in Hong Kong Dollars)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
<b>Revenue</b>			
Donation received	9	14,635,272	14,654,189
Designated donation received	10	1,170,949	876,933
<b>Other revenue</b>			
Administrative charge income		336,148	387,301
Exchange gain		45	-
Interest income		22,637	6,565
Seminar income		12,000	52,989
Sundry income		20,652	14,152
Surplus from bookroom	11	12,079	29,917
		<u>16,209,782</u>	<u>16,022,046</u>

CCM CHRISTIAN MISSION LIMITED  
(Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME - CONTINUED

FOR THE YEAR ENDED DECEMBER 31, 2016

(Expressed in Hong Kong Dollars)

	<u>2016</u>	<u>2015</u>
<b>Expenditure</b>		
Annual report and Thanksgiving gift	60,715	153,476
Auditors' remuneration	23,550	27,550
Bank charges	7,072	4,157
Book exhibition	1,180	-
Building management fee	176,832	168,186
Cleaning	37,650	36,583
Computer software	7,209	7,142
Depreciation	581,347	576,737
Designated donation expenses	1,170,949	876,933
Exchange loss	-	682
Gospel lunch meeting	10,724	9,925
Government rent and rates	96,600	86,440
HK Field expenses	426,656	306,302
Hospitality	17,679	131,305
Insurance	28,423	20,191
Legal and professional fee	5,200	2,700
Medical expenses	56,652	73,328
Membership fee	3,200	4,400
Mission expenses	94,741	119,204
Missionary expenses	5,699,729	4,926,294
Mortgage loan interest	-	16,360
Newspaper	2,330	4,162
Office expenses	815	1,630
Postage	31,656	43,740
Printing and stationery	20,566	21,466
Provident fund expenses	276,976	231,727
Publishing expenses	3,821,180	3,980,394
Repairs and maintenance	95,099	47,980
Retreat camp expenses	10,570	11,315
Salaries and allowance	3,501,855	3,219,852
Seminar expenses	10,756	78,321
Sundry expenses	29,879	36,169
Telephone, light and power	94,348	98,980
Transportation	1,142	2,135
Volunteer expenses	105	4,180
	<u>16,403,385</u>	<u>15,329,946</u>
<b>(Deficit)/surplus and total comprehensive income for the year</b>	<u>(193,603)</u>	<u>692,100</u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

CCM CHRISTIAN MISSION LIMITED  
(Limited by Guarantee)

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED DECEMBER 31, 2016

(Expressed in Hong Kong Dollars)

	General fund	Medical fund	Hong Kong missionaries fund	Hong Kong field fund	Theology scholarship fund	New office fund	Missionary emergency medical fund	Property fund	Total
As at 01.01.2015	14,674,618	157,530	2,627,466	901,928	532,160	10,551,835	144,331	-	29,589,868
Total comprehensive income for the year	14,295	(86,411)	545,482	19,332	2,175	197,227	-	-	692,100
Write back to general fund	9,712,875	-	-	-	-	(9,712,875)	-	-	-
Transfer of funds	951,338	84,849	-	-	-	(1,036,187)	-	-	-
As at 31.12.2015 and 01.01.2016	25,353,126	155,968	3,172,948	921,260	534,335	-	144,331	-	30,281,968
Total comprehensive income for the year	235,673	(51,313)	58,430	121,288	(7,642)	-	-	(550,039)	(193,603)
Transfer of funds	(21,462,937)	11,432	-	-	-	-	-	21,451,505	-
As at 31.12.2016	4,125,862	116,087	3,231,378	1,042,548	526,693	-	144,331	20,901,466	30,088,365

CCM CHRISTIAN MISSION LIMITED  
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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

(Expressed in Hong Kong Dollars)

	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities</b>		
Cash receipts from sale of books	119,323	122,191
Cash receipts from donors and customers	16,175,066	15,592,261
Cash payments to missionaries, staff and suppliers	(15,625,158)	(14,837,259)
Net cash generated from operating activities	<u>669,231</u>	<u>877,193</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(28,080)	(47,087)
Increase in time deposits with original maturity over three months at inception	(2,035,999)	(1,225,942)
Interest income received	22,637	2,839
Net cash used in investing activities	<u>(2,041,442)</u>	<u>(1,270,190)</u>
<b>Cash flows from financing activities</b>		
Loan repayment	-	(1,014,787)
Loan interest paid	-	(16,360)
Net cash used in financing activities	<u>-</u>	<u>(1,031,147)</u>
<b>Net decrease in cash and cash equivalents</b>	(1,372,211)	(1,424,144)
<b>Cash and cash equivalents at beginning of the year</b>	<u>7,049,537</u>	<u>8,473,681</u>
<b>Cash and cash equivalents at end of the year</b>	<u><u>5,677,326</u></u>	<u><u>7,049,537</u></u>
<b>Analysis of the balance of cash and cash equivalents</b>		
Bank balances and cash	<u><u>5,677,326</u></u>	<u><u>7,049,537</u></u>



CCM CHRISTIAN MISSION LIMITED  
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

(Expressed in Hong Kong Dollars)

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. STATEMENT OF COMPLIANCE WITH HONG KONG FINANCIAL REPORTING STANDARD

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, accounting principles generally accepted in Hong Kong, and the requirements of the Hong Kong Companies Ordinance.

3. 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 or have become effective.

Annual Improvements Project	<i>Annual Improvements 2012-2014 Cycle</i>
HKAS 1 Amendments	<i>Disclosure Initiative</i>
HKAS 16 and	<i>Clarification of Acceptable Methods of Depreciation</i>
HKAS 38 Amendments	<i>and Amortisation</i>
HKAS 16 and	<i>Agriculture: Bearer Plants</i>
HKAS 41 Amendments	
HKAS 27 Amendments	<i>Equity Method in Separate Financial Statement</i>
HKFRS 10, HKFRS 12 and	<i>Investment Entities: Applying the Consolidation</i>
HKAS 28 Amendments	<i>Exception</i>
HKFRS 11 Amendments	<i>Accounting for Acquisitions of Interests in Joint</i>
	<i>Operations</i>
HKFRS 14	<i>Regulatory Deferral Accounts</i>

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 16.

CCM CHRISTIAN MISSION LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

(Expressed in Hong Kong Dollars)

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention. A summary of the significant accounting policies adopted by the Mission is set out in below.

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.

CCM CHRISTIAN MISSION LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

(Expressed in Hong Kong Dollars)

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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.

CCM CHRISTIAN MISSION LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

(Expressed in Hong Kong Dollars)

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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. 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.

g. 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.

CCM CHRISTIAN MISSION LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

(Expressed in Hong Kong Dollars)

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

h. 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.

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.



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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

(Expressed in Hong Kong Dollars)

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

i. 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.

5. 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.

CCM CHRISTIAN MISSION LIMITED  
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

(Expressed in Hong Kong Dollars)

6. FINANCIAL INSTRUMENTS

**Categories of financial instruments**

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

	<u>2016</u>	<u>2015</u>
Trade receivables	14,150	6,858
Other receivables, deposits and prepayments	844,456	799,156
Time deposits	3,261,941	1,225,942
Bank balances and cash	5,677,326	7,049,537
	<u>9,797,873</u>	<u>9,081,493</u>

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

	<u>2016</u>	<u>2015</u>
Other payables and accruals	<u>1,057,641</u>	<u>688,312</u>

All financial instruments are carried at amounts not materially different from their fair values as at December 31, 2015 and 2016.

**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.

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6. FINANCIAL INSTRUMENTS - Continued

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.

<u>Summary quantitative data</u>	<u>2016</u>	<u>2015</u>
Floating-rate financial assets		
Cash at bank	5,618,355	7,026,250
Time deposits	3,261,941	1,225,942
Net interest-bearing assets	<u>8,880,296</u>	<u>8,252,192</u>

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7. PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold land and building</u>	<u>Leasehold improvement</u>	<u>Furniture and equipment</u>	<u>Total</u>
<u>Cost</u>				
As at 01.01.2015	24,751,736	1,235,155	398,038	26,384,929
Additions	-	-	47,087	47,087
As at 31.12.2015 and 01.01.2016	24,751,736	1,235,155	445,125	26,432,016
Additions	-	-	28,080	28,080
As at 31.12.2016	24,751,736	1,235,155	473,205	26,460,096
<u>Accumulated depreciation</u>				
As at 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 and 01.01.2016	3,300,231	1,234,535	377,232	4,911,998
Charge for the year	550,039	620	30,688	581,347
As at 31.12.2016	3,850,270	1,235,155	407,920	5,493,345
<u>Net book value</u>				
As at 31.12.2016	20,901,466	-	65,285	20,966,751
As at 31.12.2015	21,451,505	620	67,893	21,520,018

8. INVENTORIES

	<u>2016</u>	<u>2015</u>
Books for re-sales	381,402	348,769

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9.	<u>DONATION RECEIVED</u>	<u>2016</u>	<u>2015</u>
	General donation	5,647,353	5,572,526
	New office donation	-	747,266
	Literature donation	2,183,275	1,885,936
	Book donation	144,150	192,017
	Mission donation	393,525	451,955
	HK Missionary & HK Field donation	6,239,456	5,742,546
	Gospel lunch donation	27,513	30,696
	Short term mission donation	-	31,247
		<u>14,635,272</u>	<u>14,654,189</u>
10.	<u>DESIGNATED DONATION RECEIVED</u>	<u>2016</u>	<u>2015</u>
	CCM family	<u>1,170,949</u>	<u>876,933</u>
11.	<u>SURPLUS FROM BOOKROOM</u>	<u>2016</u>	<u>2015</u>
	Sales	<u>126,615</u>	<u>110,195</u>
	Cost of sales		
	Opening inventories	348,769	381,980
	Purchases	104,443	10,795
	Closing inventories	(381,402)	(348,769)
		<u>71,810</u>	<u>44,006</u>
	Other direct cost	<u>42,726</u>	<u>36,272</u>
		<u>114,536</u>	<u>80,278</u>
	Surplus from bookroom	<u>12,079</u>	<u>29,917</u>



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12. DIRECTORS' REMUNERATION

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

	<u>2016</u>	<u>2015</u>
Directors' fee	-	-
Other emoluments	-	-
Contributions to defined contribution plan	-	-
	<u>-</u>	<u>-</u>

13. 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.

14. 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.

15. PLEDGE OF ASSETS

As at December 31, 2015, the Mission had pledged its leasehold land and building having a net book value of \$21.5 million to a bank to secure for the general banking facilities granted to the Mission. The charge has been released during the year.

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16. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS  
ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2016

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

HKAS 7 Amendments	<i>Disclosure Initiative</i> <sup>1</sup>
HKAS 12 Amendments	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i> <sup>1</sup>
HKFRS 2 Amendments	<i>Classification and Measurement of Share-based Payment Transaction</i> <sup>2</sup>
HKFRS 9	<i>Financial Instruments</i> <sup>2</sup>
HKFRS 10 and HKAS 28 Amendments	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup>
HKFRS 15	<i>Revenue from Contracts with Customers</i> <sup>2</sup>
HKFRS 15 Amendments	<i>Clarifications to HKFRS</i> <sup>2</sup>
HKFRS 16	<i>Leases</i> <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after January 1, 2017

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2018

<sup>3</sup> Effective for annual periods beginning on or after January 1, 2019

<sup>4</sup> Effective for annual periods beginning on or after a 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.

17. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved and authorised to issue by the Board of Directors on 07 JUN 2017.