

OPERATION BLESSING HONG KONG LIMITED

(Incorporated in Hong Kong with liabilities limited by guarantee and not having a share capital)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2015**

T. S. LAM & CO.

林贊誠會計師事務所

Certified Public Accountants (Practising)

Hong Kong

OPERATION BLESSING HONG KONG LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2015

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OPERATION BLESSING HONG KONG LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH, 2015

The directors present herewith their report and the financial statements for the year ended 31 March, 2015.

1. FINANCIAL STATEMENTS

The state of affairs of the Association as at 31 March, 2015 is set out in the Statement of Financial Position on page 4.

The results of the Association for the year are set out in the Statement of Comprehensive Income on page 5.

The Statement of Changes in Reserve of the Association for the year is set out on page 6.

The cash flows of the Association for the year are set out in the Statement of Cash Flows on page 7.

2. PRINCIPAL ACTIVITIES

The principal activities of the Association are to provide social, medical and educational services to economically disadvantaged people and victims of disasters throughout the world.

3. DIVIDENDS

The income and property of the Association shall be applied solely towards the promotion of the Association's objects and no portion of such income and property shall be paid by way of dividend.

4. RESERVES

No appropriations to and / or from reserves of any kind have been made during the year.

5. PLANT AND EQUIPMENT

The movements of plant and equipment during the year are set out in Note 4 to the financial statements.

6. DIRECTORS

The directors who held office during the year and up to date of this report were:-

Marvin Benjamin EDWARDS

Ronald Chapman OATES

Christopher Ray GAMMILL

Peter Andrew MAIZE

- Appointed on 29 September, 2014

- Resigned on 9 August, 2014

All directors will retire in the forthcoming Annual General Meeting in accordance with Article 36 of the Articles of Association and, being eligible, offer themselves for re-election.

7. DIRECTORS' INTERESTS IN CONTRACTS

Apart from the related party transactions disclosed on Note 10 to the financial statements, no contracts of significance in relation to the Association's activities to which the Association was a party, and in which a director of the Association had a material interest, subsisted at the end of the year or at any time during the year.

OPERATION BLESSING HONG KONG LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH, 2015

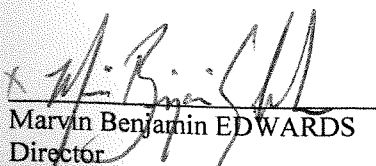
8. DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Association a party to any arrangements to enable the directors of the Association to acquire benefits by means of acquisition of shares in or debentures of any body corporate.

9. AUDITOR

The financial statements have been audited by T. S. Lam & Co., Certified Public Accountants, who retire on the conclusion of the forthcoming Annual General Meeting of the Association and, being eligible, offer themselves for re-appointment.

For and on behalf of
The Board of Directors


Marvin Benjamin EDWARDS
Director

Date: 31 DEC 2015

T. S. LAM & CO.

Certified Public Accountants (Practising)

林贊誠會計師事務所

Room 817, 8/F., Tower B, New Mandarin Plaza,
14 Science Museum Road, Tsim Sha Tsui East, Kowloon

Tel: 2545 1211

Fax: 2545 1273

INDEPENDENT AUDITOR'S REPORT TO THE SOLE MEMBER OF OPERATION BLESSING HONG KONG LIMITED

(Incorporated in Hong Kong with liabilities limited by guarantee and not having a share capital)

We have audited the financial statements of Operation Blessing Hong Kong Limited ("the Association") set out on pages 4 to 12, which comprise the statement of financial position as at 31 March, 2015, and the statement of comprehensive income, statement of changes in reserve and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Hong Kong Financial Reporting Standard for Private Entities issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditor's Responsibility


Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with 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 this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Association's affairs as at 31 March, 2015 and of its total comprehensive surplus and cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standard for Private Entities and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

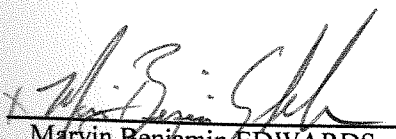

T. S. LAM & CO.
Certified Public Accountants (Practising)
Hong Kong,

31 DEC 2015

OPERATION BLESSING HONG KONG LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH, 2015

| | Note | 2015 HK\$ | 2014 HK\$ |
|-----------------------------|------|----------------|----------------|
| ASSETS | | | |
| Non - current assets | | | |
| Plant & equipment | 4 | --- | 10,298 |
| Current assets | | | |
| Cash and cash equivalents | 5 | 834,504 | 782,757 |
| Current liabilities | | | |
| Accrued expenses | | 8,000 | 10,000 |
| Net current assets | | <u>826,504</u> | <u>772,757</u> |
| Net assets | | <u>826,504</u> | <u>783,055</u> |
| RESERVE | | | |
| General fund | | <u>826,504</u> | <u>783,055</u> |

Approved and authorized for issue by the Borad of Directors on 31 DEC 2015 and signed for
and on behalf of the Association by


Marvin Benjamin EDWARDS
Director


Christopher Ray GAMMILL
Director

The notes on pages 8 to 12 form an integral part of these financial statements.

OPERATION BLESSING HONG KONG LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH, 2015

| | Note | 2015 HK\$ | 2014 HK\$ |
|--------------------------------------------------------------|------|------------------|------------------|
| Income | | | |
| Donations received | 6 | 2,207,440 | 2,533,785 |
| Government subvention for Philippines cyclone relief project | | --- | 1,654,000 |
| Interest received | | 1,224 | 2,064 |
| | | <u>2,208,664</u> | <u>4,189,849</u> |
| Expenditure | | | |
| Advertising & promotion | | 3,099 | --- |
| Audit fee | 7 | 8,000 | 6,000 |
| Bank charges | | 2,896 | 3,242 |
| Contributions & humanitarian relief | 8 | 2,072,385 | 4,447,378 |
| Depreciation | | 10,298 | 31,923 |
| Design fees | | --- | 1,900 |
| Direct mail | | 7,327 | 7,728 |
| Exchange Loss | | 1,332 | 26,288 |
| Insurance | | 129 | 407 |
| Licenses fees | | 2,727 | 2,434 |
| Miscellaneous expenses | | --- | 546 |
| Supplies | | 1,395 | 1,277 |
| Travel & training | | 55,627 | 15,225 |
| | | <u>2,165,215</u> | <u>4,544,348</u> |
| Total comprehensive surplus / (deficit) for the year | | <u>43,449</u> | <u>(354,499)</u> |

The notes on pages 8 to 12 form an integral part of these financial statements.

OPERATION BLESSING HONG KONG LIMITED
STATEMENT OF CHANGES IN RESERVE
FOR THE YEAR ENDED 31 MARCH, 2015

| | <u>General Fund</u> |
|----------------------------------------------------------|-----------------------|
| | HK\$ |
| Balance as at 1/4/2013 | 1,137,554 |
| Total comprehensive deficit for the year ended 31/3/2014 | <u>(354,499)</u> |
| Balance as at 31/3/2014 | 783,055 |
| Total comprehensive surplus for the year ended 31/3/2015 | <u>43,449</u> |
| Balance as at 31/3/2015 | <u><u>826,504</u></u> |

The notes on pages 8 to 12 form an integral part of these financial statements.

OPERATION BLESSING HONG KONG LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH, 2015

| | Note | 2015 HK\$ | 2014 HK\$ |
|---------------------------------------------------------------|------|--------------|--------------|
| Cash flows from / (for) operating activities | | | |
| Operating surplus / (deficit) for the year | | 43,449 | (354,499) |
| Adjustment :- | | | |
| Depreciation | | 10,298 | 31,923 |
| Interest received | | (1,224) | (2,064) |
| Operating cash flows before working capital changes | | 52,523 | (324,640) |
| Changes in working capital :- | | | |
| Decrease in accounts receivable | | --- | 10,000 |
| Decrease in prepayment | | --- | 202,746 |
| (Decrease) / Increase in accrued expenses | | (2,000) | 5,000 |
| Net cash generated from / (used in) operating activities | | 50,523 | (106,894) |
| Cash flows from / (for) investing activities | | | |
| Interest received | | 1,224 | 2,064 |
| Net cash generated from investing activities | | 1,224 | 2,064 |
| Cash flows from / (for) financing activities | | | |
| Net cash generated from financing activities | | --- | --- |
| Net increase / (decrease) in cash and cash equivalents | | 51,747 | (104,830) |
| Cash and cash equivalents at the beginning of the year | | 782,757 | 887,587 |
| Cash and cash equivalents at the end of the year | 5 | 834,504 | 782,757 |

The notes on pages 8 to 12 form an integral part of these financial statements.

OPERATION BLESSING HONG KONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2015

1. GENERAL

The Association is a private company incorporated in Hong Kong with liabilities limited by guarantee and not having a share capital. Every member of the Association undertakes to contribute to the assets of the Association not exceeding one hundred Hong Kong Dollars in event of winding up. The Association is engaged in providing social, medical and educational services to economically disadvantaged people and victims of disasters throughout the world. The Association is an approved charitable institution and is exempted from tax under Section 88 of the Inland Revenue Ordinance.

The directors regard The Christian Broadcasting Network, Inc which is an association incorporated in Virginia of the USA, as its immediate and ultimate holding company.

The Association changed its registered office from 2/F., Coda Designer Centre, 62 Wong Chuk Hang Road, Aberdeen, Hong Kong to 7G, Reason Group Tower, 403 Castle Peak Road, Kwai Hing, Hong Kong with effect from 13 July, 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

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

The significant accounting policies adopted by the Association in arriving at the financial information set out in this report are as follows:-

(a) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost comprises its purchase cost and any directly attributable costs of bringing the asset to condition and location for intended use. Plant and equipment are derecognized upon disposal or written off when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on derecognition or written off of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the item, is included in the statement of comprehensive income in the year the item is derecognized.

Depreciation is provided by using the straight line method over their estimated useful lives as follows:-

| | |
|-------------------|---------|
| Plant & equipment | 3 years |
|-------------------|---------|

(b) Impairment

The Association reviews the carrying amounts of its assets at each financial year end date to determine whether there is any indication that those assets have suffered impairment loss. If the estimated recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognized as an expense in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but the said amount will not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of impairment loss is recognized as income in the statement of comprehensive income.

OPERATION BLESSING HONG KONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments

Financial instruments are contracts give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Association's financial assets and financial liabilities are carried at amortized cost using the effective interest method, less any identified impairment losses.

(d) Cash and cash equivalents

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks and in hand including term deposits, which are not restricted as to use.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Association's cash management.

(e) Recognition of income

Revenue is recognized when the amount can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Association:-

(i) Donation is recognized as income upon the amount is properly received;

(ii) Other income is recognized mainly on accrual basis.

(f) Related party

(i) A person or a close member of that person's family is related to a company if that person:

- has control or joint control over the company;
- has significant influence over the company; or
- is a member of the key management personnel of the company or of a parent of the company.

(ii) An entity is related to a company if any of the following conditions applies:

- the entity and the company are members of the same group;
- one entity is an associate or joint venture of the other entity;
- both entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- 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 company is itself such a plan, the sponsoring employers are also related to the company;
- the entity is controlled or jointly controlled by a person identified in (i); or
- a person identified in (i) has significant influence over the entity or is a member of the key management personnel of the entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

OPERATION BLESSING HONG KONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2015

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The management makes estimates, assumptions and judgments that may affect the reported amounts of revenues, expenses, assets and liabilities and other disclosures in preparation of the financial statements. However, uncertainty about these estimates, assumptions and judgments may lead to outcomes that require material adjustment to the reported carrying amounts of the assets and / or liabilities.

The management estimates that the fair values of all items stated in the statement of financial position are approximate their carrying amounts due to short-term maturities of these assets and liabilities or no significant differences between the carrying and discounted amounts.

4. PLANT AND EQUIPMENT

| | <u>Plant & equipment</u> HK\$ |
|---------------------------------|--------------------------------------|
| <u>Cost</u> | |
| At 1/4/2013 | 95,770 |
| Additions in the year 2013/14 | --- |
| At 31/3/2014 | 95,770 |
| Additions in the year 2014/15 | --- |
| At 31/3/2015 | 95,770 |
| <u>Accumulated depreciation</u> | |
| At 1/4/2013 | 53,549 |
| Charge for the year 2013/14 | 31,923 |
| At 31/3/2014 | 85,472 |
| Charge for the year 2014/15 | 10,298 |
| At 31/3/2015 | 95,770 |
| <u>Net Book Value</u> | |
| At 31/3/2015 | --- |
| At 31/3/2014 | 10,298 |

5. CASH AND CASH EQUIVALENTS

| | 2015 HK\$ | 2014 HK\$ |
|--------------|----------------|----------------|
| Cash at bank | 834,216 | 781,004 |
| Cash in hand | 288 | 1,753 |
| | <u>834,504</u> | <u>782,757</u> |

6. DONATIONS RECEIVED

| | 2015 HK\$ | 2014 HK\$ |
|-------------------------------------------------------------------|------------------|------------------|
| Donation received from third parties | 2,202,440 | 2,080,077 |
| CBN Hong Kong Limited | 5,000 | 324,926 |
| Operation Blessing International Relief & Development Corporation | --- | 128,782 |
| | <u>2,207,440</u> | <u>2,533,785</u> |

OPERATION BLESSING HONG KONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2015

7. AUDITORS' REMUNERATION

| | 2015 HK\$ | 2014 HK\$ |
|----------------------------------------------------|--------------|---------------|
| Audit fee for | | |
| - Statutory audit | 8,000 | 6,000 |
| - Philippines cyclone relief project | --- | 4,000 |
| | <u>8,000</u> | <u>10,000</u> |
| Included under Contributions & Humanitarian Relief | --- | (4,000) |
| | <u>8,000</u> | <u>6,000</u> |

8. CONTRIBUTIONS & HUMANITARIAN RELIEF

| | 2015 HK\$ | 2014 HK\$ |
|---------------------------------------------------------|------------------|------------------|
| CBN Hong Kong Limited | 176,896 | 301,316 |
| The Christian Broadcasting Network, Inc. Beijing Office | 1,895,489 | 1,371,130 |
| Guizhou project | --- | 1,111,486 |
| Operation Blessing Foundation Philippines Inc. | | |
| - Philippines cyclone relief project | --- | 1,654,000 |
| - Others | --- | 9,446 |
| | <u>2,072,385</u> | <u>4,447,378</u> |

9. DIRECTORS' REMUNERATION

No amounts have been paid or are payable in respect of directors' emoluments, directors' or past directors' pensions or for any compensations to directors or past directors in respect of loss of office during the year.

OPERATION BLESSING HONG KONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2015

10. RELATED PARTY TRANSACTIONS

During the year, the Association had entered into the following transactions with related parties:-

| Related parties | Relationships | Natures | Amounts | |
|-------------------------------------------------------------------|-------------------|-----------------------------------------------|--------------|--------------|
| | | | 2015 HK\$ | 2014 HK\$ |
| Operation Blessing International Relief & Development Corporation | Headquarters | Donation received | --- | 128,782 |
| The Christian Broadcasting Network, Inc. Beijing Office | Fellow subsidiary | Humanitarian relief (Note 8 above) | 1,895,489 | 1,371,130 |
| Operation Blessing Foundation Philippines Incorporation | Fellow subsidiary | Humanitarian relief (Note 8 above) | --- | 1,663,446 |
| CBN Hong Kong Limited | Fellow subsidiary | Donation received (Note 6 above) | 5,000 | 324,926 |
| | | Contributions for staff salary (Note 8 above) | 176,896 | 301,316 |