

EVANGELISM EXPLOSION III – HONG KONG LIMITED

REPORTS AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

楊明泰會計師行  
**YEUNG MING TAI & CO.**  
Certified Public Accountants



22502128732  
AC  
05/10/2021

0098609

EVANGELISM EXPLOSION III – HONG KONG LIMITED

DIRECTORS' REPORT

- 1 -

The directors hereby present their annual report and the audited financial statements for the year ended 31 December 2020.

DIRECTORS

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

CHAN Hon Chung	(Resigned on 29 June 2020)
CHEUNG Pui Yi Christine	(Appointed on 29 June 2020)
CHUNG Kin Kai	
FONG Chi Wan	
IP Kim Wah	
LAI Ka Kiu	
LI Hung Pui	
LI Kui Sing	(Appointed on 29 June 2020)
LI Ming Tak	
MOU Ching Kong	
TAM Sui Yee	(Appointed on 29 June 2020)
TSUI Siu Mei, Fanny	(Resigned on 29 June 2020)
WONG Cheong Fat	(Resigned on 29 June 2020)

Under the provisions of the company's Articles of Association, one-third of the directors shall retire from office and shall be eligible for re-election.

PRINCIPAL ACTIVITIES

The company continues to be principally engaged in advancing the Evangelical Christian Faith and other charitable activities.

PERMITTED INDEMNITY PROVISION

At no time during the financial year were there any permitted indemnity provisions in force for the benefit of one or more directors of the company.

At the time of approval of this report, there are no permitted indemnity provisions in force for the benefit of one or more directors of the company.

EVANGELISM EXPLOSION III – HONG KONG LIMITED

DIRECTORS' REPORT

- 2 -

BUSINESS REVIEW

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

EQUITY-LINKED ARRANGEMENTS

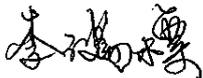
During the financial year, the company entered into no equity-linked agreement.

At the end of the financial year, the company subsisted of no equity-linked agreement.

APPROVAL OF DIRECTORS' REPORT

This report was approved by the directors on 15 June 2021.

On behalf of the Directors



LI Hung Pui  
Director  
Hong Kong

楊明泰會計師行  
**YEUNG MING TAI & CO.**  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
EVANGELISM EXPLOSION III – HONG KONG LIMITED**  
(Incorporated in Hong Kong with limited liability by guarantee)

*Opinion*

We have audited the financial statements of Evangelism Explosion III – Hong Kong Limited (“the company”) set out on pages 1 to 9, which comprise the statement of financial position as at 31 December 2020, 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 company are prepared, in all material respects, in accordance with the Hong Kong 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 company in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), and we have fulfilled our other 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.

*Page 1 of 3*

香港灣仔莊士敦道181號大有大廈1702室  
Room 1702, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong.  
電話 Tel: (852) 2866 0961 傳真 Fax: (852) 2866 0951  
電郵 E-mail: yeungcpa@biznetvigator.com



0032

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
EVANGELISM EXPLOSION III – HONG KONG LIMITED (continued)**  
(Incorporated in Hong Kong with limited liability by guarantee)

*Responsibilities of directors and those charged with governance for the financial statements*

The directors are responsible for the preparation of the financial statements in accordance with the SME-FRS 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

*Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
EVANGELISM EXPLOSION III – HONG KONG LIMITED (continued)**  
(Incorporated in Hong Kong with limited liability by guarantee)

*Auditor's responsibilities for the audit of the financial statements (continued)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

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.



Yeung Ming Tai & Co.  
Certified Public Accountants

Hong Kong, 15 June 2021

EVANGELISM EXPLOSION III – HONG KONG LIMITED

INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2020

(Expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2020</u> \$	<u>2019</u> \$
Revenue	4	1,676,690	1,532,858
Other net income	5 - 9	679,970	591,047
Administrative expenses		(1,965,962)	(2,088,500)
Finance costs		-	-
Surplus for the year	10	<u>390,698</u>	<u>35,405</u>

The annexed notes form an integral part of the financial statements.

EVANGELISM EXPLOSION III – HONG KONG LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

(Expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2020</u> \$	<u>2019</u> \$
Non-current assets			
Property, plant and equipment	12	<u>1,593,245</u>	<u>1,657,172</u>
Current assets			
Inventories	13	422,982	444,430
Accounts receivable		37,879	10,582
Deposits and prepayments		3,710	6,832
Cash and bank balances		<u>868,522</u>	<u>410,972</u>
		<u>1,333,093</u>	<u>872,816</u>
Less: Current liabilities			
Accrued expenses and other payables		<u>3,151</u>	<u>5,575</u>
		<u>3,151</u>	<u>5,575</u>
Net current assets		<u>1,329,942</u>	<u>867,241</u>
Non-current liabilities			
Provision for long service payment	14	<u>(120,977)</u>	<u>(112,901)</u>
Net assets		<u><u>2,802,210</u></u>	<u><u>2,411,512</u></u>
Equity	15		
General fund		<u><u>2,802,210</u></u>	<u><u>2,411,512</u></u>

Approved by:



LI Hung Pui  
Director



CHUNG Kin Kai  
Director

The annexed notes form an integral part of the financial statements.

# EVANGELISM EXPLOSION III – HONG KONG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

### 1. General information

Evangelism Explosion III – Hong Kong Limited is a company domiciled and incorporated in Hong Kong with limited liability and is limited by guarantee. The addresses of its registered office and principal place of business are 5/F., Air Goal Cargo Building, 330 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong. The company has delivered its specified financial statements for the year ended 31 December 2019 to the Registrar of Companies.

Under the provisions of the company's memorandum of association, every member shall, in the event of the company being wound up, contribute to the assets of the company an amount not exceeding \$10. At the end of the reporting period, the company has 179 members registered in the register of the members.

The principal activities of the company are advancing Evangelical Christian Faith and carrying out other charitable activities.

### 2. Basis of preparation

The Company qualifies for the reporting exemption as a small guarantee company under sections 359(3) and 363 of the Hong Kong Companies Ordinance and is therefore entitled to prepare and present its annual financial statements in accordance with the Revised Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the company is a going concern.

The measurement base adopted is the historical cost convention.

### 3. Summary of significant accounting policies

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

#### (a) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the company. Provided that it is probable that the economic benefits associated with the revenue transaction will flow to the company and the revenue and the costs, if any, in respect of the transaction can be measured reliably, revenue is recognised as follows:

- i) Donation received is recognised when cash is received;
- ii) Revenue from sale of goods is recognised when the company has delivered the goods to the customers and the customer has accepted the goods together with the risks and rewards of ownership of the goods;
- iii) Revenue from clinic and seminar is recognised when services have been provided to customers; and
- iv) Interest income is recognised on a time proportion basis.

#### (b) Foreign currency translation

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

## EVANGELISM EXPLOSION III – HONG KONG LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

#### 3. Summary of significant accounting policies (continued)

##### (b) Foreign currency translation (continued)

Foreign currency transactions are converted at the exchange rate applicable at the transaction date. 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.

##### (c) Income tax

The company is an approved charitable institution registered under Section 88 of the Inland Revenue Ordinance. Accordingly, the company is exempted from Hong Kong profits tax and there is no deferred tax implication.

##### (d) Property, plant and equipment

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

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, over their estimated useful lives as follows:

Leasehold land and buildings	Over the unexpired term of lease
Leasehold improvements	10% on straight line basis
Furniture, fixtures and equipment	20% on reducing balance basis

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

##### (e) Impairment of 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, intangible assets and long-term investments. 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 amortisation or depreciation), had no impairment losses been recognised for the asset in prior years.

##### (f) 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 land and building*

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.

EVANGELISM EXPLOSION III – HONG KONG LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

3. Summary of significant accounting policies (continued)

(f) Leases (continued)

The land element is classified as an operating lease unless title is expected to pass to the lessee by the end of the lease term. The buildings element is classified as a finance or operating lease in the same way as leases of other assets.

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.

(g) 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 first in first out method. 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.

(h) Trade and other receivables

Trade and other 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.

(i) 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.

4. Revenue

Revenue, which is also the company's turnover for the year, represents donation received.

EVANGELISM EXPLOSION III – HONG KONG LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

5. <u>Other net income</u>	<u>2020</u>	<u>2019</u>
	\$	\$
Surplus on sales (note 6)	158,111	386,059
Surplus on clinic (note 7)	44,349	64,917
Surplus on seminar (note 8)	1,511	4,300
Surplus from E. E. III Overseas Ministry (note 9)	192,300	122,639
Interest income	7	413
Exchange gain	1,082	3,229
Sundry income	3,202	9,490
Employment Support Scheme subsidies – Anti-epidemic Fund	279,408	-
	<u>679,970</u>	<u>591,047</u>
6. <u>Surplus on sales</u>	<u>2020</u>	<u>2019</u>
	\$	\$
Sales	<u>235,642</u>	<u>564,738</u>
Less: Cost of sales		
Opening inventories	444,430	360,626
Purchases and printing charges	32,481	215,878
Closing inventories	<u>(422,982)</u>	<u>(444,430)</u>
	53,929	132,074
Royalty fee	121	402
Trade expenses	<u>23,481</u>	<u>46,203</u>
	<u>77,531</u>	<u>178,679</u>
Surplus	<u>158,111</u>	<u>386,059</u>
7. <u>Surplus on clinic</u>	<u>2020</u>	<u>2019</u>
	\$	\$
Receipts during the year	84,172	133,215
Outlays and expenses	<u>(39,823)</u>	<u>(68,298)</u>
Surplus	<u>44,349</u>	<u>64,917</u>

EVANGELISM EXPLOSION III – HONG KONG LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

8. <u>Surplus on seminar</u>	<u>2020</u>	<u>2019</u>
	\$	\$
Enrolment fee	5,100	20,800
Outlays and expenses	<u>(3,589)</u>	<u>(16,500)</u>
Surplus	<u><u>1,511</u></u>	<u><u>4,300</u></u>
9. <u>Surplus from E. E. III Overseas Ministry</u>	<u>2020</u>	<u>2019</u>
	\$	\$
Receipts during the year	192,300	137,034
Outlays and expenses	<u>-</u>	<u>(14,395)</u>
Surplus	<u><u>192,300</u></u>	<u><u>122,639</u></u>
10. <u>Surplus for the year</u>		
Surplus for the year has been arrived at:	<u>2020</u>	<u>2019</u>
After crediting (charging) the following items:	\$	\$
Cost of inventories	(53,929)	(132,074)
Depreciation	(68,684)	(70,334)
Loss on disposal of property, plant and equipment	(43)	-
Key management personnel's remuneration	-	-
Other staff costs	(1,578,915)	(1,639,612)
Increase in provision for long service payment	<u>(8,076)</u>	<u>(252)</u>

11. Directors' remuneration

Remuneration of the directors (including former directors and shadow directors) of the Company disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

	<u>2020</u>	<u>2019</u>
	\$	\$
<i>Emoluments (including benefit in kind)</i>		
Acting as directors	-	-
Provision of management services	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

EVANGELISM EXPLOSION III – HONG KONG LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

12. Property, plant and equipment

	<u>Leasehold land and buildings</u>	<u>Leasehold improvements</u>	<u>Furniture, fixtures and equipment</u>	<u>Total</u>
	\$	\$	\$	\$
Cost				
At 1 January 2020	2,465,040	529,763	383,376	3,378,179
Additions	-	-	4,800	4,800
Disposals	-	-	(4,760)	(4,760)
At 31 December 2020	<u>2,465,040</u>	<u>529,763</u>	<u>383,416</u>	<u>3,378,219</u>
Less: Aggregate depreciation				
At 1 January 2020	859,898	529,763	331,346	1,721,007
Charge for the year	57,327	-	11,357	68,684
Write back on disposal	-	-	(4,717)	(4,717)
At 31 December 2020	<u>917,225</u>	<u>529,763</u>	<u>337,986</u>	<u>1,784,974</u>
Net book value				
At 31 December 2020	<u>1,547,815</u>	<u>-</u>	<u>45,430</u>	<u>1,593,245</u>
At 31 December 2019	<u>1,605,142</u>	<u>-</u>	<u>52,030</u>	<u>1,657,172</u>

Leasehold land and buildings are held in Hong Kong under medium term lease.

13. Inventories

	<u>2020</u>	<u>2019</u>
	\$	\$
Goods for resale	<u>422,982</u>	<u>444,430</u>
<i>The amount of inventories recognised as an expense during the period:</i>		
Carrying amount of inventories sold	53,929	132,074
Write-down of inventories	-	-
Reversal of write-down of inventories	-	-
	<u>53,929</u>	<u>132,074</u>

All inventories are not pledged as security for liabilities.

EVANGELISM EXPLOSION III – HONG KONG LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

14. <u>Provision for long service payment</u>	<u>2020</u>	<u>2019</u>
	\$	\$
At 1 January	(112,901)	(112,649)
Charge to income statement	<u>(8,076)</u>	<u>(252)</u>
At 31 December	<u><u>(120,977)</u></u>	<u><u>(112,901)</u></u>
15. <u>Changes in equity</u>		General fund \$
Balance at 1 January 2020		2,411,512
Surplus for the year		<u>390,698</u>
Balance at 31 December 2020		<u><u>2,802,210</u></u>

16. Approval of financial statements

These financial statements were authorised for issue by the company's Board of Directors on 15 June 2021.

(For management purposes only)

EVANGELISM EXPLOSION III – HONG KONG LIMITED

DETAILED INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2020

(Expressed in Hong Kong Dollars)

	<u>2020</u>	<u>2019</u>
	\$	\$
Donation received	1,676,690	1,532,858
Surplus on sales	158,111	386,059
Surplus on clinic	44,349	64,917
Surplus on seminar	1,511	4,300
Surplus from E. E. III Overseas Ministry	192,300	122,639
Interest income	7	413
Exchange gain	1,082	3,229
Sundry income	3,202	9,490
Employment Support Scheme subsidies – Anti-epidemic Fund	279,408	-
	<u>2,356,660</u>	<u>2,123,905</u>
Less: Expenses		
Bank charges	8,124	8,531
Building management fee	80,496	67,224
Cleaning and sanitary	21,000	21,000
Computer expenses	2,151	5,699
Depreciation	68,684	70,334
Insurance	24,220	23,558
Internet service charges	3,485	3,696
Long service payment provision	8,076	252
Loss on disposal of property, plant and equipment	43	-
Mandatory provident fund	75,186	78,077
Medical expenses	1,390	4,680
Office supplies and stationery	463	1,788
Postage	1,400	3,216
Printing and publication	28,576	26,398
Promotion	-	14,064
Rates	6,750	11,000
Repairs and maintenance	112,426	123,129
Salaries and allowances	1,503,729	1,561,535
Sundry expenses	8,182	28,328
Telephone, fax and paging	2,958	3,561
Travelling	3,075	18,046
Water and electricity	5,548	14,384
	<u>1,965,962</u>	<u>2,088,500</u>
Surplus for the year	<u>390,698</u>	<u>35,405</u>

*The above financial information relating to the years ended 31 December 2019 and 2020 does not constitute the company's specified financial statements for those years as defined in section 436 of the Hong Kong Companies Ordinance but is derived therefrom.*