

Audited Financial Statements

The Lion Rock Institute (HK) Limited

獅子山學會(香港)有限公司

From 8 August 2007 (date of incorporation)

To 31 December 2008

The Lion Rock Institute (HK) Limited

Directors' Report

The board of the directors have pleasure in presenting their first report together with the audited accounts for the period from 8 August 2007 (date of incorporation) to 31 December 2008.

Principal activities

The principal activities of the company during the period were engaged in promoting free market practices through public discussion groups, forums, panels, lectures and publishing of journals and papers; offering advisory opinions on the basis of academic studies in accordance with specific questions raised by government bodies and social organizations. The company also cooperate with other organizations; publishing papers, newsletters or books; and through multi-media as to promote and advance the economic theory, application and innovation of free market concept.

Results and appropriation

The deficit of the company's operation for the period ended 31 December 2008 is set out in the income statement on page 3.

Property, plant and equipment

No property, plant and equipment had been acquired during the year.

Reserves

The movement of the members' fund for the period ended 31 December 2008 is set out in the statement of changes in members' fund on page 4.

The board of directors

The board of directors in office during the period and up to the date of this report were:

William John, STACEY	(appointed on 8 August 2007)
Gavin Andrew, WORK	(appointed on 8 August 2007)
SHUEN Pak Man, Andrew	(appointed on 8 August 2007)
LEE Chao Fu, Simon	(appointed on 8 August 2007)
Daniel Patrick, RYAN	(appointed on 24 April 2008)

In accordance with the company's articles of association, all directors shall retired and be eligible for re-election.

Directors' interest in contracts

No contracts of significance in relation to the company's activities to which the Company was a party and in which a director had a material subsisted at the end of the period or at any time during the period.

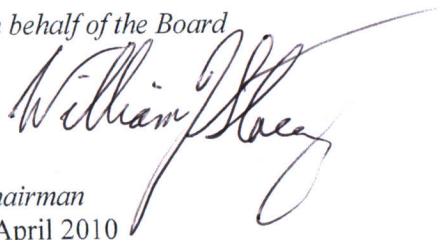
Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the Company's operation were entered into or existed during the period.

Auditors

The association's auditors, Counselors CPA Limited, *Certified Public Accountants (Practising)* who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



Chairman

7 April 2010



Independent Auditor's Report

To the members of
The Lion Rock Institute (HK) Limited
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of The Lion Rock Institute (HK) Limited set out on pages 4 to 10, which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

Directors are responsible for the preparation and true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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, and for no other purpose. We do not assume responsibility or accept liability to any person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by 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 as to 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 judgement, 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 and true and fair presentation of the financial statements 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 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.



Independent Auditor's Report

To the members of

The Lion Rock Institute (HK) Limited

(Incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of The Lion Rock Institute (HK) Limited as at 31 December 2008 and of its deficit and its cash flows for the period then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Certified Public Accountants (Practising)

Hong Kong

7 April 2010

CHEUNG Chi Kit, Alex

Practising Certificate No.: P03946

The Lion Rock Institute (HK) Limited

Income Statement

Period from 8 August 2007 (date of incorporation) to 31 December 2008

	<i>Note</i>	<i>HK\$</i>
Income	2	-
Other revenue		-
Other operating expenses		<u>(800)</u>
(Deficit) before tax	3	(800)
Taxation	4	<u>-</u>
(Deficit) for the period		<u><u>(800)</u></u>

The Lion Rock Institute (HK) Limited

Statement of Changes in Members' Fund

Period from 8 August 2007 (date of incorporation) to 31 December 2008

	Members' funds <i>HKS</i>
At date of incorporation	-
Deficit for the period	<u>(800)</u>
At 31 December 2008	<u><u>(800)</u></u>

The Lion Rock Institute (HK) Limited


Balance Sheet

At 31 December 2008

	<i>Note</i>	<i>HK\$</i>
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment		-
Current assets		
Accounts receivable		-
Cash and Bank balances		-
Current liabilities		
Due to directors		800
Net current liabilities		(800)
NET LIABILITIES		(800)
DEFICITS IN MEMBERS' FUND		(800)

Approved and authorised for issue by the Board of Directors on 7 April 2010


Director


Director

The Lion Rock Institute (HK) Limited

Cash Flow Statement

Period from 8 August 2007 (date of incorporation) to 31 December 2008

	HK\$
OPERATING ACTIVITIES	
(Deficit)/surplus for the period	(800)
<i>Adjustment for</i>	
Depreciation	-
Interest Income	-
<i>Change of working capital</i>	
Accounts receivable	-
Due to directors	800
Net cash (used)/generated in operating activities	-
INVESTING ACTIVITIES	
Interest received	-
Payment for purchases of plant and equipment	-
Net cash generated from investing activities	-
Net (decrease)/increase in cash and cash equivalents	-
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at balance date	-
Analysis of the balances of cash and cash equivalents:	
Bank and cash balances	-

The Lion Rock Institute (HK) Limited

Notes to Accounts

Period from 8 August 2007 (date of incorporation) to 31 December 2008

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The measurement basis used in the preparation of these accounts is historical cost basis except available-for-sale securities are stated at their fair value.

The preparation of accounts in conformity with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Revenue recognition

Provided it is probable that the economic benefits will flow to the association and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in surplus or deficits as follows.

Donation is recognised when donation income is received or receivable.

Course income, speech and counseling fee are recognized upon completion at services provided.

Interest income is accrued on a time proportion basis on the principal outstanding and at the rate applicable.

Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises its purchases price and any directly attributable costs of bringing the assets to its working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as separate assets, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the year in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated residual values, using the straight-line method, at the annual rate of 20%, if any.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the association's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

The Lion Rock Institute (HK) Limited

Notes to Accounts

Period from 8 August 2007 (date of incorporation) to 31 December 2008

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

Future changes in HKFRS

At the date of authorisation of these financial statements, the HKICPA has issued the following standards and interpretations that are not yet effective. The directors anticipate that the adoption of these new HKFRS in the further periods will have no material impact on the result of the Company.

	Effective for accounting periods beginning on or after
HKFRSs (Amendments) "Improvements to HKFRSs"	1 January 2009
HKAS 1 (Revised) "Presentation of Financial Statements"	1 January 2009
HKAS 23 (Revised) "Borrowing Costs"	1 January 2009
HKAS 27 (Revised) "Consolidated and Separate Financial Statements"	1 July 2009
HKAS 32 and HKAS 1 (Amendments) "Puttable Financial Instruments and Obligations Arising on Liquidation"	1 January 2009
HKAS 39 (Amendment) "Financial Instruments: Recognition and Measurement – Eligible Hedge Items"	1 July 2009
HKAS 39 & HK(IFRIC) - Int 19 (Amendments) "Financial Instruments: Recognition and Measurement, Reassessment of Embedded Derivatives"	1 July 2009
HKFRS 1 (Revised) "First-time Adoption of Hong Kong Financial Reporting Standard"	1 July 2009
HKFRS 1 & HKAS27 (Amendments) "Cost of an Investment in a subsidiary, Jointly Controlled Entity or Associate"	1 July 2009
HKFRS 2 (Amendment) "Share-based Payment - Vesting Conditions and Cancellations"	1 January 2009
HKFRS 3 (Revised) "Business Combinations"	1 July 2009
HKFRS 7 (Amendment) "Financial Instruments: Disclosure"	1 January 2009
HKFRS 8 "Operating Segments"	1 January 2009
HK(IFRIC) - Int 12 "Service Concession Arrangements"	1 January 2008
HK(IFRIC) - Int 13 "Customer Loyalty Programmes"	1 July 2008
HK(IFRIC) - Int 14 "HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"	1 January 2008
HK(IFRIC) - Int 15 "Agreements for the Construction of Real Estate"	1 January 2009
HK(IFRIC) - Int 16 "Hedges of a Net Investment in a Foreign Operation"	1 October 2008
HK(IFRIC) - Int 17 "Distributions of Non-cash Assets to Owners"	1 July 2009
HK(IFRIC) - Int 18 "Transfer of Assets from Customers"	1 July 2009

2. REVENUE

There are no any revenue received/receivable during the period.

	HK\$
Donation	-
Course, speech and counselling income	-
	-

The Lion Rock Institute (HK) Limited

Notes to Accounts

Period from 8 August 2007 (date of incorporation) to 31 December 2008

3. DEFICIT BEFORE TAX

Deficit before tax is arrived at after

HKS

This is stated after crediting:

Interest received

-

This is stated after charging:

Auditors' remuneration

-

Preliminary expenses written off

800

4. TAXATION

No provision for Hong Kong profits tax has been made in the accounts as the Company incurred a loss for the period.

5. PROPERTY, PLANT AND EQUIPMENT

No property, plant and equipment had been acquired during the period.

Furniture
and
equipment
HKS

Cost

At 31 December 2008

-

Accumulated depreciation

At date of incorporation

-

Charge of the period

-

At 31 December 2008

-

Net book value

At 31 December 2008

-

6. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to Section 161 of the Companies Ordinance is as follows: -

HKS

Fee

-

Other emoluments

-

-