

REPORTS AND FINANCIAL STATEMENTS
OF
COUPLE CO-CREATION SOCIETY LIMITED
FOR THE YEAR ENDED 31ST DECEMBER, 2010

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(EXPRESSED IN HONG KONG DOLLARS)

TANG AND FOK
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COUPLE CO-CREATION SOCIETY LIMITED

DIRECTORS' REPORT

The directors have pleasure in presenting their report and audited financial statements for the year ended 31st December, 2010.

PRINCIPAL PLACE OF BUSINESS

Couple Co-creation Society Limited is a society incorporated and domiciled in Hong Kong and has its registered office at Room 703, Arion Commercial Centre, 2-12 Queen's Road West, Sheung Wan, Hong Kong.

PRINCIPAL ACTIVITIES

The principal activities of society are to organize thematic and systematic gatherings, seminars, and workshops, promoting spiritual, marital and family education, in order to maintain and develop the relationship among married people.

RESULTS AND APPROPRIATIONS

The result of the society for the year ended 31st December, 2010 and the state of the society's affairs at that date are set out in the annexed financial statements on pages 5 to 20.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the society are set out in Note (11) to the financial Statements.

DIRECTORS

The directors of the society during the year were: -

Au Yeung Ho Ming	
Chau Tze Kin, Keith	
Choi Kam Mui	
Kan Kam Chan	
Lee Chuen Kee	
Lee Shuk Chi, Alice	(appointed on 26th September, 2010)
Leung King Chi	(resigned on 26th September, 2010)
Leung Wai Fung	
Li Chin Fai	(resigned on 26th September, 2010)
Li Muk Shun	
Liu Kwok Man, Thomas	
Lock Chung Ling	
Man Ka On	
Ng Kwok Kwong	
Wu Kui Wing	(resigned on 26th September, 2010)
Wu Wai Keung	(appointed on 26th September, 2010)
Yeung Leung Choi Fung	(appointed on 26th September, 2010)
Yuen Siu Lam	

All the ordinary directors retire in accordance with the society's Articles of Association and, being eligible, offer themselves for re-election.

DIRECTORS' INTEREST IN CONTRACTS

No contracts of significance to which the Society was a party and in which a director had a material interest subsisted at the end of the year or at any time during the year.

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

AUDITORS

The financial statements were audited by Messrs. Tang and Fok, Certified Public Accountants, who retire and, being eligible, offer themselves for re-appointment.

On behalf of the board



Chairman

Dated: Hong Kong 30 AUG 2011

TANG AND FOK

Certified Public Accountants

Rooms 1801-3, 18/F.,
Tung Ning Building,
249-253 Des Voeux Road,
Central, Hong Kong.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COUPLE CO-CREATION SOCIETY LIMITED (Incorporated in Hong Kong and limited by guarantee)

We have audited the financial statements of Couple Co-creation Society Limited ("Society") set out on pages 5 to 20, which comprise the statement of financial position as at 31st December 2010, and the statement of income and retained earnings, statement of changes in equity 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 ("HKFRSPE") 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 section 141 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 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 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 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.

TANG AND FOK

Certified Public Accountants

Rooms 1801-3, 18/F.,
Tung Ning Building,
249-253 Des Voeux Road,
Central, Hong Kong.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COUPLE CO-CREATION SOCIETY LIMITED (Continued) (Incorporated in Hong Kong and limited by guarantee)

Opinion

In our opinion the financial statements give a true and fair view of the state of the Society's affairs as at 31st December, 2010 and of its surplus and cash flows for the year then ended in accordance with HKFRSPE and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



TANG AND FOK
CERTIFIED PUBLIC ACCOUNTANTS

Dated: Hong Kong 30 AUG 2011

TANG AND FOK
Certified Public Accountants

COUPLE CO-CREATION SOCIETY LIMITED
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31ST DECEMBER, 2010

	NOTE	2010 HK\$	2009 HK\$
TURNOVER	(4)	702,536.51	480,071
OTHER REVENUE	(5)	<u>1,792.99</u>	<u>9,631</u>
		704,329.50	489,702
ADMINISTRATIVE EXPENSES		<u>(513,227.15)</u>	<u>(486,078)</u>
SURPLUS BEFORE FINANCE COSTS		191,102.35	3,624
FINANCE COSTS	(6)	<u>(301.80)</u>	<u>(305)</u>
SURPLUS FOR THE YEAR	(8)	190,800.55	3,319
TRANSFERRED TO SPIRITUAL EDUCATION FUNDS		<u>(100,000.00)</u>	<u>0</u>
NET SURPLUS FOR THE YEAR		90,800.55	3,319
ACCUMULATED LOSSES AT BEGINNING OF YEAR		<u>(142,900.04)</u>	<u>(146,219)</u>
ACCUMULATED LOSSES AT END OF YEAR		<u>(52,099.49)</u>	<u>(142,900)</u>

The notes on page 11 to 20 form part of these financial statements.

COUPLE CO-CREATION SOCIETY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2010

	NOTE	2010 HK\$	2009 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	(11)	18,443.80	11,869
CURRENT ASSETS			
Inventories of publications	(12)	46,478.89	49,206
Utility deposits		3,400.00	3,400
Cash and bank balances		225,563.82	67,020
		275,442.71	119,626
CURRENT LIABILITIES			
Sundry creditors		(94,640.00)	(118,620)
NET CURRENT ASSETS			
		180,802.71	1,006
TOTAL ASSETS LESS CURRENT LIABILITIES			
		199,246.51	12,875
Provision for long service payment		(65,558.00)	(67,347)
NET ASSETS/(NET LIABILITIES)			
		133,688.51	(54,472)

COUPLE CO-CREATION SOCIETY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2010 (Continued)

	NOTE	2010 HK\$	2009 HK\$
RESERVES			
Spiritual education funds		97,360.00	0
Premises renovation funds		88,428.00	88,428
Accumulated losses		<u>(52,099.49)</u>	<u>(142,900)</u>
		<u>133,688.51</u>	<u>(54,472)</u>

The notes on page 11 to 20 form part of these financial statements.



Director



Director

TANG AND FOK
Certified Public Accountants

COUPLE CO-CREATION SOCIETY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER, 2010

	Spiritual education funds HK\$	Premises renovation funds HK\$	Accumulated losses HK\$	Total HK\$
At 1.1.2010	0.00	88,428.00	(142,900.04)	(54,472.04)
Transferred from general fund	100,000.00	0.00	0.00	100,000.00
Fund utilized	(2,640.00)	0.00	0.00	(2,640.00)
Net surplus For the year	<u>0.00</u>	<u>0.00</u>	<u>90,800.55</u>	<u>90,800.55</u>
At 31.12.2010	<u>97,360.00</u>	<u>88,428.00</u>	<u>(52,099.49)</u>	<u>133,688.51</u>

The notes on page 11 to 20 form part of these financial statements.

COUPLE CO-CREATION SOCIETY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2010

	NOTE	2010 HK\$	2009 HK\$
OPERATING ACTIVITIES			
Net surplus for the year		90,800.55	3,319
Adjustment for:-			
Transfer from general funds		100,000.00	0
Interest received		(3.90)	(2)
Provision for employee benefit written back		(1,789.09)	(9,629)
Depreciation		<u>7,225.20</u>	<u>5,875</u>
Operating surplus/(deficit) before working capital changes		196,232.76	(437)
Decrease in inventories of publication		2,727.15	5,348
(Decrease) in temporary receipts		<u>(23,980.00)</u>	<u>(4,457)</u>
Cash (used in)/generated from operating activities		<u>(21,252.85)</u>	891
Spiritual education funds paid		<u>(2,640.00)</u>	<u>0</u>
Net cash generated from operating activities		172,339.91	454
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		3.90	2
Purchase of property, plant and equipment		<u>(13,800.00)</u>	<u>(3,999)</u>
Net cash used in investing activities		<u>(13,796.10)</u>	<u>(3,997)</u>

TANG AND FOK
Certified Public Accountants

COUPLE CO-CREATION SOCIETY LIMITED
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED 31ST DECEMBER, 2010

	NOTE	2010 HK\$	2009 HK\$
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		158,543.81	(3,543)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		<u>67,020.01</u>	<u>70,563</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	(13)	<u>225,563.82</u>	<u>67,019</u>

The notes on page 11 to 20 form part of these financial statements.

COUPLE CO-CREATION SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(1) GENERAL

Couple Co-creation Society Limited (“the Society”) is a limited liability Society registered as Society limited by guarantee and domiciled and incorporated in Hong Kong. The address of its registered office and principal place of business is Room 703, Arion Commercial Centre, 2-12 Queen’s Road West, Sheung Wan, Hong Kong. Its principal activities are to organize thematic and systematic gatherings, seminars, and workshops, promoting spiritual, marital and family education, in order to maintain and develop the relationship among married people.

(2) SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (“HKFRSPE”) issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the Company is set out below.

(b) Basis of preparation

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSPE 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 the carrying amount 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 recognised 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.

(2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Functional and presentation currency

Items included in the financial statements of the Society are measured using the currency of the primary economic environment in which the Society operates (the functional currency). These financial statements are presented in Hong Kong Dollars, which is the Society's functional and the presentation currency.

(d) Property, plant and equipment

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

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, on a straight-line basis over their estimated useful lives as follows:

Furniture and fixtures	20% per annum
Office equipment	20% per annum

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

(e) Impairment

At each balance sheet date, the Society reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the 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 recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

(2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUE)

(f) Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise balances with less than three month's maturity from the date of acquisition including cash on hand and at bank that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Inventories of publications

Inventories are measured at lower of cost and net realizable value.

The cost of inventories comprises all costs of purchase; cost 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 realizable 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 recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories or as an expense in the period in which the reversal occurs.

(h) 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 Society. Provided that it is probable that the economic benefits associated with the revenue transaction will flow to the Society and the revenue and the costs, if any, in respect of the transaction can be measured reliably, revenue is recognized as follows:

(i) Membership fees income

Membership fees income are accounted for on actual receipt basis including receipt in advance.

(ii) Function income and donations

Function income and donations are accounted for on receipt of income or donations in respect of the year's activities were held or donation specified.

(2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUE)

(h) Revenue recognition (continue)

(iii) Sales of Publications

Income from sale of publications and other sundry items is recognized when the significant risks and rewards of ownership of the publications are transferred to the buyers and the Society retains no more effective control over the publications.

(iv) Interest income

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

(i) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (the reporting entity).

(a) A person or a close member of that person's family is related to the reporting entity if that person:

- (i) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;
- (ii) has control over the reporting entity; or
- (iii) has joint control or significant influence over the reporting entity or has significant voting power in it.

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(2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUE)

(i) Related parties (continue)

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

- (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
- (iii) both entities are joint ventures of a third entity.
- (iv) either entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant voting power in the entity.
- (viii) a person identified in (a)(ii) has significant influence over the entity or significant voting power in it.
- (ix) a person or a close member of that person's family has both significant influence over the entity or significant voting power in it and joint control over the reporting entity.
- (x) a member of the key management personnel of the entity or of a parent of the entity, or a close member of that member's family, has control or joint control over the reporting entity or has significant voting power in it.

(2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUE)

(j) Retirement benefits scheme

The Society operates defined contribution retirement plans for its full-time employees. Under the plans, fixed contributions are paid to publicly administered pension plans on a mandatory basis.

Short-term employee benefits and contributions to defined contribution retirement plans are accrued and charged as expenses in the year in which the associated services are rendered by the employees. The Society has no legal obligations to pay further contributions if the plans do not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods. The contributions paid are recognized as employee benefit expenses when they are due.

Provisions for voluntary long service payments are charged to the income statement based on the amounts authorized by the directors over the expected remaining service period.

(k) Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the Society has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

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(3) TRANSITION TO THE HKFRS FOR PRIVATE ENTITIES

Application of the HKFRSPE

The Society's financial statements for the year ended 31st December, 2010 are its first annual financial statements prepared under accounting policies that comply with the HKFRSPE.

The Society applied full Hong Kong Financial Reporting Standards ("HKFRSs") to prepare its financial statements prior to the application of the HKFRSPE. The Society's date of transition is 1st January, 2010 and the Society prepared its opening statement of financial position in compliance with the HKFRSPE at that date.

The accounting policies used by the Society in its opening statement of financial position under HKFRSPE does not differ, in all material respects, from those that it used for the same date using its previous financial reporting framework, which is HKFRSs.

(4) TURNOVER

	2010 HK\$	2009 HK\$
Turnover comprises revenue from:		
Membership income	25,245.00	20,770
Subscriptions and donations	662,185.90	414,207
Profit on function activities	5,971.98	25,593
Profit on sales of publications	<u>9,133.63</u>	<u>19,501</u>
	<u>702,536.51</u>	<u>480,071</u>

(5) OTHER REVENUE

	2010 HK\$	2009 HK\$
Bank interest received	3.90	2
Provision for employee benefit written back	<u>1,789.09</u>	<u>9,629</u>
	<u>1,792.99</u>	<u>9,631</u>

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(6) FINANCE COSTS

	2010 HK\$	2009 HK\$
Bank charges and interest	<u>301.80</u>	<u>305</u>

(7) PROFIT ON SALES OF PUBLICATION

	2010 HK\$	2009 HK\$
Sales	64,058.28	79,740
Less: Cost of sales		
Inventories at beginning	49,206.04	54,555
Purchases	<u>52,197.50</u>	<u>54,890</u>
	101,403.54	109,445
Inventories at end	<u>46,478.89</u>	<u>49,206</u>
	<u>54,924.65</u>	<u>60,239</u>
Profit on sales of publication	<u>9,133.63</u>	<u>19,501</u>

(8) SURPLUS FOR THE YEAR

	2010 HK\$	2009 HK\$
Surplus for the year is arrived at after charging:-		
Staff costs	350,165.00	341,395
Depreciation on property, plant and equipment	7,225.20	5,875
Donation and gratitude	0.00	400
After crediting:-		
Bank interest received	3.90	2
Provision for long service payment written back	<u>1,789.09</u>	<u>9,629</u>

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(9) TAXATION

The society is an approved charitable institution and is exempted from profits tax under the provision of Section 88 of the Inland Revenue Ordinance.

(10) DIRECTORS' EMOLUMENTS

No emoluments of any nature have been paid or are payable to the directors of the society during the year ended 31st December, 2010 (2009:Nil)

(11) PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK\$	Office equipment HK\$	Total HK\$
Cost			
At 31.12.2009	99,522.40	50,022.00	149,544.40
Additions	0.00	13,800.00	13,800.00
Written off	<u>0.00</u>	<u>(338.00)</u>	<u>(338.00)</u>
At 31.12.2010	<u>99,522.40</u>	<u>63,484.00</u>	<u>163,006.40</u>
Depreciation			
At 31.12.2009	97,710.00	39,965.40	137,675.40
Charge for the year	604.00	6,621.20	7,225.20
Written back	<u>0.00</u>	<u>(338.00)</u>	<u>(338.00)</u>
At 31.12.2010	<u>98,314.00</u>	<u>46,248.60</u>	<u>144,562.60</u>
Net book value			
At 31.12.2010	<u>1,238.40</u>	<u>17,235.40</u>	<u>18,443.80</u>

TANG AND FOK
Certified Public Accountants

(12) INVENTORIES

	2010 HK\$	2009 HK\$
Publication on hand at cost	<u>46,478.89</u>	<u>49,206</u>

The publications on hand is stated at cost or realizable value whichever is lower and is considered the fair value of the inventories of publications.

(13) CASH AND CASH EQUIVALENTS

	2010 HK\$	2009 HK\$
Cash and cash equivalents include the following components:		
Bank balances and cash	<u>225,563.82</u>	<u>67,020</u>

(14) OPERATING LEASE COMMITMENT

	2010 HK\$	2009 HK\$
At the balance sheet date, there are commitments contracted under non-cancelable operating lease to make payments in the following year in respect of office rental:		
Not later than one year	9,000.00	9,000
Later than one year	<u>9,000.00</u>	<u>0</u>
	<u>18,000.00</u>	<u>9,000</u>

(15) RELATED PARTY TRANSACTIONS

During the year, the Society had entered into the non-cancelable operating lease contract with Couple Co-creations Services Limited, of which 5 shareholders of that Company are also the directors of the Society.

(16) APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the board of directors on
 30 AUG 2011