

BLUE SKY HEALING HOME LIMITED
愛心藍天有限公司

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020

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BLUE SKY HEALING HOME LIMITED

愛心藍天有限公司

REPORT OF THE DIRECTORS

The directors submit herewith their report together with the audited financial statements of BLUE SKY HEALING HOME LIMITED (the "Company") for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is providing care and treatment for orphans and children from poor families with medical needs in Beijing.

In the previous year, the Company was also engaged in operating a foster home in Beijing. This operation was ceased in the current year.

FINANCIAL STATEMENTS

The result of the Company for the year ended 31 December 2020 and the Company's financial position as at that date are exhibited in the annexed audited financial statements.

FUND

Details of movements in fund during the year are set out in the statement of changes in fund on page 8.

SHARE CAPITAL

The Company is limited by guarantee and does not have share capital.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that have, will or may result in the Company issuing shares or that require the Company to enter into any agreements that have, will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at 31 December 2020.

DIRECTORS

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

HOAHING Mei Lan, Tania
LIAN Chin Chiang
LIM, Dolly

In accordance with article 35 of the Company's Articles of Association, the directors shall not be subject to retirement by rotation at the forthcoming annual general meeting.

INDEMNITY OF DIRECTORS

The permitted indemnity provision is in force for the benefit of the directors as required by section 469 of the Hong Kong Companies Ordinance (Cap. 622) when the Report of the Board of the Directors prepared by the directors is approved in accordance with section 391(1)(a) of the Hong Kong Companies Ordinance (Cap. 622).

BLUE SKY HEALING HOME LIMITED

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REPORT OF THE DIRECTORS (Continued)

MANAGEMENT CONTRACTS

The Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company during the year.

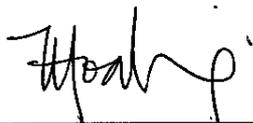
REPORTING EXEMPTION

Since the Company falls within reporting exemption for the financial year in accordance with the Companies Ordinance, it has been exempted from certain disclosures in the report of the directors and in the financial statements.

AUDITOR

The financial statements for the year were audited by Messrs. CHENG & CHENG LIMITED who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



HOAHING Mei Lan, Tania
Chairman

Hong Kong, 30 September 2021



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BLUE SKY HEALING HOME LIMITED

愛心藍天有限公司

(Incorporated in Hong Kong with liability limited by guarantee)

Opinion

We have audited the financial statements of BLUE SKY HEALING HOME LIMITED (the "Company") set out on pages 6 to 17, which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in fund 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 Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") 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 Company 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 report of the directors, 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 BLUE SKY HEALING HOME LIMITED

愛心藍天有限公司

(Incorporated in Hong Kong with liability limited by guarantee)

Responsibilities of directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS for Private Entities 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.

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 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.

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 (Continued)

TO THE MEMBERS OF BLUE SKY HEALING HOME LIMITED

愛心藍天有限公司

(Incorporated in Hong Kong with liability limited 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.
- 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 the directors 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.



CHENG & CHENG LIMITED
Certified Public Accountants

Hong Kong, 30 September 2021

Chan Shek Chi
Practising Certificate number P05540

BLUE SKY HEALING HOME LIMITED

愛心藍天有限公司

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 RMB	2019 RMB
Non-current assets			
Plant and equipment	3	-	-
Current assets			
Deposits, prepayments and sundry receivables		1,000	117,895
Cash at bank and on hand		1,097,158	1,300,341
		1,098,158	1,418,236
Current liabilities			
Accruals		26,604	32,595
Net current assets		1,071,554	1,385,641
Total assets less current liabilities		1,071,554	1,385,641
Fund	7	1,071,554	1,385,641

Signed on behalf of the Board of Directors by:-

HOAHING Mei Lan, Tania
DirectorLIAN Chin Chiang
Director

The attached notes form an integral part of these financial statements.

BLUE SKY HEALING HOME LIMITED

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STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	2020 RMB	2019 RMB
Revenue	8	866,758	1,473,631
Direct expenses		<u>(910,868)</u>	<u>(1,311,383)</u>
		(44,110)	162,248
Other income	9	4,660	1,079
Administrative and other operating expenses		<u>(202,848)</u>	<u>(249,205)</u>
Deficits before taxation	10	(242,298)	(85,878)
Income tax	11	<u>-</u>	<u>-</u>
Deficits for the year		(242,298)	(85,878)
Other comprehensive (loss)/income for the year			
Items that will not be reclassified subsequently to profit or loss:			
Exchange gains and losses on translation of - financial statements of foreign operations		<u>(71,789)</u>	<u>24,184</u>
Total comprehensive loss for the year		<u><u>(314,087)</u></u>	<u><u>(61,694)</u></u>

The attached notes form an integral part of these financial statements.

BLUE SKY HEALING HOME LIMITED
 愛心藍天有限公司

STATEMENT OF CHANGES IN FUND

For the year ended 31 December 2020

	Foreign currency translation reserve RMB	Accumulated fund RMB	Total RMB
Balance at 1 January 2019	36,397	1,410,938	1,447,335
Deficits for the year	-	(85,878)	(85,878)
Other comprehensive income	24,184	-	24,184
Total comprehensive income/(loss)	24,184	(85,878)	(61,694)
Balance at 31 December 2019 and 1 January 2020	60,581	1,325,060	1,385,641
Deficits for the year	-	(242,298)	(242,298)
Other comprehensive loss	(71,789)	-	(71,789)
Total comprehensive loss	(71,789)	(242,298)	(314,087)
Balance at 31 December 2020	(11,208)	1,082,762	1,071,554

The attached notes form an integral part of these financial statements.

BLUE SKY HEALING HOME LIMITED

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STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Note	2020 RMB	2019 RMB
Operating activities			
Deficits before taxation		(242,298)	(85,878)
Adjustments for:			
Interest income		(4,660)	(1,079)
Operating deficits before working capital changes		(246,958)	(86,957)
Decrease in deposits, prepayments and sundry receivables		116,895	110,100
Decrease in accruals		(5,991)	(24,662)
Cash used in operations		(136,054)	(1,519)
Interest received		4,660	1,079
Net cash used in operating activities		(131,394)	(440)
Net cash from investing activities		-	-
Net cash from financing activities		-	-
Decrease in cash and cash equivalents		(131,394)	(440)
Cash and cash equivalents at the beginning of the year		1,300,341	1,276,597
Effect of foreign exchange rate changes		(71,789)	24,184
Cash and cash equivalents at the end of the year	12	<u>1,097,158</u>	<u>1,300,341</u>

The attached notes form an integral part of these financial statements.

BLUE SKY HEALING HOME LIMITED

愛心藍天有限公司

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. CORPORATE INFORMATION

BLUE SKY HEALING HOME LIMITED (the "Company") is a limited liability company incorporated in Hong Kong and has its registered office at Room 1202, 12/F., Tower 1, Lippo Centre, 89 Queensway, Admiralty, Hong Kong. Its principal place of operation is located in B7, Universal Business Park, Chaoyang District, Beijing, China.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest dollar unless otherwise stated.

The preparation of financial statements in conformity with the HKFRS for Private Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

(b) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Receivables

Receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Payables

Payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

BLUE SKY HEALING HOME LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) PLANT AND EQUIPMENT

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method. The estimated useful lives range as follows:

- Furniture and equipment	5 years
- Motor vehicles	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

(d) LEASES

Operating lease charges

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(e) IMPAIRMENT OF ASSETS

Impairment of financial instruments

At the end of each reporting period, financial instruments measured at cost or amortized cost are reviewed for objective evidence of impairment. Impairment losses are recognized in profit or loss immediately. If the objective evidence reverses in a subsequent period, impairment losses are reversed in profit or loss of subsequent periods.

For instruments measured at amortized cost (for example, trade accounts and notes receivable), the impairment loss is the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

BLUE SKY HEALING HOME LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) IMPAIRMENT OF ASSETS (Continued)

Impairment of non-financial assets

Assets that are subject to depreciation or amortization are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) 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.

(g) INCOME TAX

The Company is a charitable institution and is exempted from all taxes under Section 88 of the Inland Revenue Ordinance (Cap. 112).

(h) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognized in profit or loss provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, as follows:

(i) Donation received

Donation received is recognised whenever it is received or receivable.

(ii) Sponsorship income

Sponsorship income is recognised whenever it is received or receivable.

(iii) Interest income

Interest income is recognized as it accrues using the effective interest method.

BLUE SKY HEALING HOME LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the accounts of the Company are measured by using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Renminbi ("RMB"), which is the functional and presentation currency.

(j) TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Foreign exchange gains and losses are presented in profit or loss within "other net gains/(losses)".

(k) RELATED PARTIES

A related party is a person or entity that is related to the Company in these financial statements, as follows:-

- (i) A person or a close member of that person's family is related to the Company if that person:
 - (1) has control or joint control over the Company;
 - (2) has significant influence over the Company; or
 - (3) is a member of the key management personnel of the Company or the Company's parent.

- (ii) An entity is related to the Company if any of the following conditions applies:
 - (1) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (3) Both entities are joint ventures of the same third party.
 - (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (5) 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.
 - (6) The entity is controlled or jointly controlled by a person identified in 2(k)(i).
 - (7) A person identified in 2(k)(i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

BLUE SKY HEALING HOME LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

3. PLANT AND EQUIPMENT

	Furniture and equipment RMB	Motor vehicles RMB	Total RMB
Cost			
At 1 January 2020 and 31 December 2020	31,536	20,000	51,536
Deduct: Accumulated depreciation			
At 1 January 2020 and 31 December 2020	31,536	20,000	51,536
Net book values			
At 31 December 2020	-	-	-
At 31 December 2019	-	-	-

4. REMUNERATION, BENEFITS AND INTERESTS OF DIRECTORS

Directors' remuneration, benefits and interests disclosed pursuant to section 383 of the Companies Ordinance (Cap. 622) and Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) for the year is "Nil" (2019: Nil).

5. FINANCIAL ASSETS

	2020 RMB	2019 RMB
Financial assets that are debt instruments measured at amortized cost	1,097,158	1,417,236
Represented by:		
Cash	1,097,158	1,300,341
Debts (including trade debtors and other receivables)	-	116,895
	1,097,158	1,417,236

BLUE SKY HEALING HOME LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

6. FINANCIAL LIABILITIES

	2020	2019
	RMB	RMB
Financial liabilities measured at amortized cost	26,604	32,595
Represented by:		
Loans (including trade creditors and other payables)	26,604	32,595

7. FUND**Reserves**

Details of movements in fund during the year are referred to in the statement of changes in fund. The nature and purpose of reserves within equity are as follows:-

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy on foreign currency translation.

8. REVENUE

The Company is principally engaged in providing care and treatment for orphans and children from poor families with medical needs in Beijing. An analysis of revenue of the Company is as follows:-

	2020	2019
	RMB	RMB
Donation received	160,187	671,524
Sponsorship income	706,571	802,107
	866,758	1,473,631

9. OTHER INCOME

	2020	2019
	RMB	RMB
Interest income	4,660	1,079

BLUE SKY HEALING HOME LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

10. DEFICITS BEFORE TAXATION

	2020	2019
	RMB	RMB
Deficits before taxation is stated after charging:		
Operating leases charges from:		
Minimum lease payments - Hire of land and buildings	23,333	146,667
Employee benefits:		
Salaries, wages and other benefits	243,811	456,027

11. INCOME TAX

The Company is exempted from Hong Kong Profits Tax under Section 88 of the Inland Revenue Ordinance (Cap. 112).

No provision for deferred taxation has been made as there should be no future tax consequences (2019: Nil).

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following items in the statement of financial position:-

	2020	2019
	RMB	RMB
Cash at bank and on hand	1,097,158	1,300,341
Cash and cash equivalents in the statement of cash flows	1,097,158	1,300,341

13. COMMITMENTS UNDER OPERATING LEASES**AS LESSEES**

At the end of the reporting period, the Company as a lessee had total future minimum lease payments payable under non-cancellable operating leases as set out below:-

	2020	2019
	RMB	RMB
Land and buildings		
- within 1 year	-	23,333

BLUE SKY HEALING HOME LIMITED
愛心藍天有限公司

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2020

14. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board of Directors on 30 September 2021.