Business China
(A public company limited by guarantee and not having a share capital)
Registration Number: 200717215M

Annual Report
Year ended 31 December 2010

Directors' report

We, the undersigned directors, on behalf of all the directors of Business China, submit this annual report to the members together with the audited financial statements of the Company for the financial year ended 31 December 2010.

Mission and Vision

To nurture an inclusive bilingual and bi-cultural group of Singaporeans through extensive use of the Chinese language as the medium of communication, so as to sustain our multi-cultural heritage, and to develop a cultural and economic bridge linking the world and China.

The Company strives to strengthen the ties between Singapore and China so as to sustain and grow the global connectivity of Singapore through:

(1) Becoming the leading bilingual and bi-cultural channel paving the way for closer collaboration with China;

(2) Establishing a widespread appreciation and acceptance of Chinese language and culture, within the multi-ethnic, multi-cultural mosaic that is fundamental to the Singapore identity; and

(3) Nurturing young Singaporeans to develop deeper links with China, engaging it in all facets including economic, business, social, cultural or educational.

Patron

The Patron of the Company is the Minister Mentor of Singapore, Mr Lee Kuan Yew.

Advisers

Mr Wong Kan Seng	(Adviser)
Mr Lim Swee Say	(Adviser)
Mr Khaw Boon Wan	(Adviser)
Mr Gan Kim Yong	(Adviser)

Founding member

The founding member of the Company is the Singapore Chinese Chamber of Commerce and Industry (SCCCI).

Directorate

The directors in office at the date of this report are as follows:

Mr Chua Thian Poh	(Chairman)
Mr Alan Chan	
Mr Chng Jit Koon	

Mr Hee Theng Fong
Mrs Josephine Teo
Mr Lee Yi Shyan
Mr Lim Chee Onn
Mr Lim Ming Yan — Appointed on 1 October 2010
Mr Patrick Lee Kwok Kie
Dr Su Guaning
Mr Tan Chin Siong
Mr Tan Cheng Gay
Mr Teo Siong Seng
Mr Thomas Chua
Mr Zhong Sheng Jian

The roles of the Board of Directors are to:

(1) formulate key objectives, strategies and directions for the operation of the Company;

(2) monitor and review the various activities of the Company;

(3) review and approve annual budget for the various activities of the Company; and

(4) abide by the duties, responsibilities and liabilities of a director as specified in the Companies Act as well as under common law.

Structure, governance and management

The Chief Executive Officer is Mrs Josephine Teo.

The Board of Directors has set up six Board Committees to oversee the various activities of the Company. The Chairman of each Board Committee is appointed by Chairman of the Board of Directors. The Committees are:

Apex Committee
Go East Committee
FutureChina Committee
Publicity Committee
Fund-raising Committee
Finance & Establishment Committee

Key roles and functions of the various committees, key management, teams of the Company

The roles and functions of the various Board Committees are to:

(1) oversee the various activities;

(2) review the various activities;

(3) recommend and implement new activities to meet the needs of the respective target groups; and

(4) support the fulfilment of the Company's mission and vision.

The key roles and functions of the management and teams of the Company are to:

(1) carry out the day-to-day activities;

(2) provide secretariat support to the various Board Committees to implement the activities; and

(3) monitor the progress of the various activities and provide Board Committees overseeing the various activities with timely progress reports.

Objectives and activities

The objectives of the various activities are as follows:

(1) generate interest, especially among the youths, in the learning of Chinese language and culture;

(2) create opportunities for the target groups to learn and appreciate Chinese language, Chinese culture and arouse interest in recent economic, social and political development in China;

(3) provide networking opportunities among Singaporeans and with Chinese business and political leaders; and

(4) develop a platform for the use of Chinese.

Activities for the year

For the year ended 31 December 2010, the Company has organised the following activities:

FutureChina Global Forum

This inaugural forum provided a platform for the sharing of in-depth analyses and experiences about the new trends and forces shaping China's development. Designed to help participants get a comprehensive, integrated picture of China's fast moving economy and society, FutureChina Global Forum contributed to a better understanding of what to expect from China as a business partner, as an economic power and as a new geopolitical giant. FutureChina Global Forum 2010 featured an outstanding cast of speakers including Minister Mentor Mr Lee Kuan Yew, Foreign Minister Mr George Yeo, US Ambassador to China H.E. Jon Huntsman, and prominent business leaders like Chairman of New Hope Group Mr Liu Yonghao. Some 320 business leaders, senior officials, academia, and opinion leaders attended the bilingual forum which achieved extensive media coverage in the local media and reached an international audience through a special feature by Channel News Asia.

China Insights, China Rediscovery and Eminent Speakers Series

These talks and forums feature prominent political, business and opinion leaders who shared their expertise and insights to enable members a better understanding of China, its current affairs and development, and its relevance in a globalized world. They also provided networking opportunities with movers and shakers, key decision makers, and opinion leaders in Greater China. Featured speakers in 2010 included Dr Yang Jin Lin (Host and Commentator for Phoenix TV), Mr Hong Chi-Chang (Former Chairman of Straits Exchange Foundation), Prof Yu Yongding (Academician, Chinese Academy of Social Sciences). Highlights included a lunch talk by Mr Xiang Huaicheng (Former Finance Minister, PR China), and a luncheon in honour of Chinese Vice President H.E. Xi Jinping who made his only public speech during his visit to Singapore.

Business China Awards

To honour outstanding businessmen, entrepreneurs, professionals and organizations for their successes and contribution to Singapore-China relations and the strengthening of bilingualism and bi-culturalism in Singapore, the Business China Awards was inaugurated in May. The results were announced at a gala dinner in January 2011, held in conjunction with Business China's Third Anniversary Dinner. Inaugural award recipients – SP Tao (Business China Excellence Award), China-Singapore Suzhou Industrial Park (Business China Enterprise Award), Stefanie Sun (Business China Young Achiever Award) – were presented trophies by Minister Mentor Lee Kuan Yew at the ceremony attended by more than 600 distinguished guests.

E^3 Workshop

E^3 Workshop is a preparatory workshop for tertiary students before they embark on an immersion journey in China. Excite, Explore & Experience are the three fundamentals that form the E^3 Workshop conceptualized by Business China. The workshop comprises of interactive games and intimate sharing sessions by a China-issues specialist and the past participants of immersion. Topics like the characteristics of four major Chinese cities, the social structure of China and the cultural differences between Singapore and China were covered. Business China had organised seven rounds of preparatory workshops in 2010, jointly organised with Nanyang Technological University, National University of Singapore, Singapore Management University, Singapore Polytechnic and Millenia Institute, which benefitted 270 undergraduates.

C-Quotient Campus Series

C-Quotient, or "China-Quotient", refers to the knowledge of China one possesses. C-Quotient Campus Series serves to impart practical knowledge of contemporary China to tertiary students and also to motivate them to keep pace with the developing relationship between China and the world. It showcases outstanding speakers engaged in activities of interest to the youths, which include diversified fields including technology, lifestyle, popular culture, volunteerism and social entrepreneurship. By encouraging students to take part in the planning and organising of this programme, Business China generated ownership amongst the students. In 2010, a total of six such sessions were organised at six tertiary institutions, attracting some 900 participants.

The finale was a 9-day Beijing Winter Trip, supported by China's Hanban, for 20 active Business China Youth Chapter members who had contributed in organising some of the C-Q sessions. The trip was designed to deepen participants' knowledge on China's modern development vis-à-vis its rich history, learn to engage China's booming economy and build contacts with like-minded local students for future collaboration.

The Chinese Challenge

Business China supported the flagship project of the Promote Mandarin Council. In 2010, it attracted 14,810 participants, including some 9,700 students. The purpose of the Chinese Challenge is to raise the awareness towards Chinese culture and Chinese language proficiency among Chinese Singaporeans. The Grand Final was featured on MediaCorp Channel 8 on 26 September 2010.

Young Leaders Programme

This is an immersion programme for young Singaporeans who are interested to know and experience China in greater depth. This programme serves as a platform for them to work, live, and learn in China. The selected candidates participate in job attachments in our corporate member companies including Keppel Corporation, Yanlord, and ST Engineering for between 6-12 months. This programme also helps to groom a China-ready workforce for our corporate members.

Spring Reception

An annual gathering and networking session for Singaporean entrepreneurs, business leaders, professionals, students and youth was organised during the Lunar New Year period to enhance interaction and networking. Singaporeans working in China were also invited and participated in this event.

Directors' interests

The Company has no share capital and its liability is limited by guarantee.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

During the financial year, the Company has appointed PricewaterhouseCoopers LLP to perform a high level review over the level of compliance with the Code of Governance for Charities and Institutions of a Public Character ("IPCs") regulation as well as an internal controls review of the controls over programme management in the Company.

The Company has adopted the best practice for the procurement system. This is to ensure fairness in the selection process and no repeat orders.

Except as disclosed in note 18 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

Share options

The Company is limited by guarantee and has not issued any share options.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Chua Thian Poh
Chairman

Lim Chee Onn
Director

29 March 2011

Statement by Directors

We, being directors of Business China, do hereby state that in our opinion:

(a) the financial statements set out on pages FS1 to FS23 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2010 and the results and cash flows of the Company for the year ended 31 December 2010 in accordance with the provisions of the Singapore Companies Act, Chapter 50, and Singapore Financial Reporting Standards;

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.; and

(c) nothing came to our attention to cause us to believe that the Company did not comply with Regulation 15 of the Charities (Institutions of a Public Character) Regulations 2007 and the donation monies have not been used in accordance with the objectives of the Company as an institution of a public character.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Chua Thian Poh
Chairman

Lim Chee Onn
Director

29 March 2011

KPMG

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Independent auditors' report

Members of Business China

We have audited the financial statements of Business China (the Company), which comprise the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year ended 31 December 2010, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS23.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and statements of financial position and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 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 management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion:

(a) the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Company as at 31 December 2010 and the results and cash flows of the Company for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Report on other legal and regulatory requirements

During the course of our audit, nothing came to our attention to cause us to believe that:

(a) the Company did not comply with Regulation 15 of the Charities (Institutions of a Public Character) Regulations 2007; and

(b) the donation monies have not been used in accordance with the objectives of the Company as an institution of a public character.

KPMG LLP

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
29 March 2011

Statement of financial position
As at 31 December 2010

	Note	2010 $	2009 $
Non-current asset			
Plant and equipment	3	36,137	49,930
Investments	4	4,140,800	–
		4,176,937	49,930
Current assets			
Other receivables	5	560,314	23,329
Cash and cash equivalents	6	6,299,146	9,838,173
		6,859,460	9,861,502
Total assets		11,036,397	9,911,432
Capital and accumulated fund			
Capital	7	–	–
Accumulated fund	8	10,207,494	8,828,100
Fair value reserve	8	140,800	–
		10,348,294	8,828,100
Non-current liability			
Deferred grant	9	–	809,044
Current liabilities			
Other payables	10	419,703	274,288
Programme fees received in advance	11	268,400	–
		688,103	274,288
Total liabilities		688,103	1,083,332
Total fund and liabilities		11,036,397	9,911,432

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

Statement of comprehensive income
Year ended 31 December 2010

	Note	2010 $	2009 $
Income			
Donations	12	1,430,000	5,110,000
Grant income	9	1,144,410	1,190,956
Interest income		27,736	41,454
Job credit scheme		7,045	28,828
Other income		23,922	11,716
Programme income		1,067,245	–
Total income		3,700,358	6,382,954
Expenses			
Staff costs	13	(764,185)	(711,584)
Resources expended on activities	14	(1,365,107)	(408,923)
Depreciation		(19,204)	(39,271)
General publicity		(15,740)	(199,002)
Other expenses	15	(155,585)	(124,756)
Total expenses incurred		(2,319,821)	(1,483,536)
Surplus before income tax		1,380,537	4,899,418
Income tax expense	16	(1,143)	–
Surplus for the year		1,379,394	4,899,418
Other comprehensive income:			
Net gain on fair value changes of available-for-sale financial assets		140,800	–
Other comprehensive income, net of tax		140,800	–
Total comprehensive surplus for the year		1,520,194	4,899,418
Surplus brought forward		8,828,100	3,928,682
Surplus carried forward		10,348,294	8,828,100

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

Statement of changes in funds
Year ended 31 December 2010

	Accumulated fund $	Fair value reserve $	Total $
At 1 January 2009	3,928,682	–	3,928,682
Surplus for the year	4,899,418	–	4,899,418
Other comprehensive income	–	–	–
Total comprehensive income for the year	4,899,418	–	4,899,418
At 31 December 2009	8,828,100	–	8,828,100
At 1 January 2010	8,828,100	–	8,828,100
Surplus for the year	1,379,394	–	1,379,394
Other comprehensive income	–	140,800	140,800
Total comprehensive income for the year	1,379,394	140,800	1,520,194
At 31 December 2010	10,207,494	140,800	10,348,294

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

Statement of cash flows
Year ended 31 December 2010

	Note	2010 $	2009 $
Operating activities			
Cash receipts from:			
Donations		1,430,000	5,110,000
Programme fees		1,067,245	–
Grant	9	–	2,000,000
Interest and other income		31,000	81,998
		2,528,245	7,191,998
Cash paid to:			
Suppliers and employees		(2,089,597)	(1,352,195)
Cash flows from operating activities		438,648	5,839,803
Investing activities			
Purchase of quoted shares		(4,000,000)	–
Purchase of plant and equipment		(5,411)	(65,039)
Interest received		27,736	26,733
Cash flows from investing activities		(3,977,675)	(38,306)
Financing activities			
Restricted deposits	9	741,768	(1,550,812)
Net (decrease)/increase in cash and cash equivalents		(2,797,259)	4,250,685
Cash and cash equivalents at beginning of year		8,287,361	4,036,676
Cash and cash equivalents at end of year	6	5,490,102	8,287,361

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 29 March 2011.

1 Domicile and activities

Business China (the Company), a public company limited by guarantee and not having a share capital, is incorporated in the Republic of Singapore. The Company is an approved charity organisation under the Charities Act, Chapter 37, with effect from 9 March 2009. It is also an institution of public character under the Income Tax Act, Chapter 134, with effect from 1 March 2010, for a period of two years. The registered address of the Company is at 47 Hill Street, #09-00, Singapore Chinese Chamber of Commerce Building, Singapore 179365.

The Patron of the Company is the Minister Mentor of Singapore, Mr Lee Kuan Yew.

The Company's long term objective is to groom and nurture 20,000 to 30,000 bilingual and bi-cultural Singaporeans with the ability to communicate effectively in China through a myriad of activities and a variety of channels. The objective is to equip them with the skills that will enable them to connect effectively with China and in the long run, build up strong linkages with China.

2 Summary of significant accounting policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities which are measured at fair value.

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information is presented in Singapore dollars, unless otherwise stated.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is described in note 9 on estimation of grant income.

The accounting policies set out below, except as described in paragraph 2.3, have been applied consistently by the Company to the period presented in these financial statements.

2.3 Changes in accounting policy

Overview

The Company has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2010. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company.

2.4 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Foreign currency differences arising on retranslation are recognised in the profit and loss.

2.5 Plant and equipment

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Gains or losses arising on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment, and are recognised net within other income/other expenses in profit or loss on the date of disposal.

Depreciation on plant and equipment is recognised in the income statement on the straight-line basis over the estimated useful lives of each part of an item of plant and equipment.

The estimated useful lives are as follows:

Office equipment	-	3 years
Computer equipment	-	2 years
Office renovation	-	5 years
Furniture and fittings	-	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting period, and adjusted if appropriate.

2.6 Intangible assets

Development costs

Development activities involve a plan or design for the development of a new product. Development expenditure is capitalised only if the development costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete the development to use or sell the asset. Development costs that do not meet the above criteria are expensed in the profit or loss when incurred.

2.7 Financial instruments

Non-derivative financial instruments

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated as fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise other receivables, excluding prepayments.

Cash and cash equivalents comprise cash balances and bank deposits.

Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income and presented within equity in the fair value reserve, except that impairment losses foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Non-derivative financial liabilities

The Company initially recognised debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: other payables, excluding deferred income.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

2.8 Impairment

Non-derivatives financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy.

Loans and receivables

The Company considers evidence of impairment for receivables at a specific asset level. All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have been taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity investment may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss, unless it reverses a previous revaluation, credited to equity, in which case it is charged to other comprehensive income.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.9 Income recognition

Donations

Donations are recognised on an accrual basis when it is virtually certain that the donations will be received.

Programme income

Programme income from sale of tickets is recognised when the related event is held.

Membership fees

Membership fees are recognised on a receipt basis.

Government grants

Government grants are recognised in the statement of financial position initially as deferred income when there is reasonable assurance that they will be received and that the Company will comply with the conditions attaching to them. Grants that compensate the Company for expenses incurred are recognised as revenue in the profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Company for the cost of an asset are recognised in the profit and loss as revenue on a systematic basis over the useful life of the asset.

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as income upon receipt.

Sponsorship income

Sponsorship income is recognised in the profit or loss based on the fair value of the sponsored items received. A corresponding amount is also recognised as an expense.

Interest income

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

2.10 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss except to the extent that it relates to items recognised directly in equity, or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised to the extent that it is no longer probable that the related tax benefit will be realised.

2.11 Leases

Where the Company has the use of assets under operating leases, payments made under the leases are recognised in the profit or loss on a straight-line basis over the term of the lease.

2.12 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss as incurred.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under the short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3 Plant and equipment

Cost	Office Renovation $	Office equipment $	Computer equipment $	Furniture and fittings	Total $
At 1 January 2009	–	5,045	43,260	–	48,305
Additions	50,502	7,456	7,081	–	65,039
Disposals	–	(1,995)	–	–	(1,995)
At 31 December 2009	50,502	10,506	50,341	–	111,349
At 1 January 2010	50,502	10,506	50,341	–	111,349
Additions	–	999	2,819	1,593	5,411
Disposals	–	–	–	–	–
At 31 December 2010	50,502	11,505	53,160	1,593	116,760
Accumulated depreciation					
At 1 January 2009	–	1,682	21,630	–	23,312
Depreciation charge for the year	10,100	4,001	25,170	–	39,271
Disposals	–	(1,164)	–	–	(1,164)
At 31 December 2009	10,100	4,519	46,800	–	61,419
At 1 January 2010	10,100	4,519	46,800	–	61,419
Depreciation charge for the year	10,100	3,835	4,950	319	19,204
Disposals	–	–	–	–	–
At 31 December 2010	20,200	8,354	51,750	319	80,623
Carrying amounts					
At 31 December 2009	40,402	5,987	3,541	–	49,930
At 31 December 2010	30,302	3,151	1,410	1,274	36,137

4 Investments

	2010 $	2009 $
Available-for-sale financial assets		
Preference Shares (quoted), at fair value	4,140,800	–

On 22 November 2010, the Company invested in 40,000 DBS non-cumulative, non-convertible, non-voting preference shares callable in 2020 at $100 per share.

5 Other receivables

	2010 $	2009 $
Interest receivable	8,718	14,428
Accrued grant receivable (see note 9)	335,366	–
Loans and receivables	344,084	14,428
Prepayments	216,230	8,901
	560,314	23,329

6 Cash and cash equivalents

	2010 $	2009 $
Cash in hand	200	200
Cash at bank	1,978,067	4,817,596
Deposits with financial institutions	4,320,879	5,020,377
	6,299,146	9,838,173
Less: Restricted cash	(809,044)	(1,550,812)
Cash and cash equivalents in statement of cash flows	5,490,102	8,287,361

The restricted cash of $809,044 (2009: $1,550,812) relates to a portion of the grant given by the Singapore Totalisator Board (Tote Board) to the Company in 2009 which cannot be utilised by the Company for its operations until the submission of audited financial statements to the Tote Board.

The weighted average effective interest rate per annum relating to cash and cash equivalents at the balance sheet date is 0.64% (2009: 0.83%). Interest rates reprice at intervals of one, three or six months.

7 Capital

The Company is a public company limited by guarantee and does not have any issued share capital. As at 31 December 2010, the Company has 15 (2009: 16) members and the liability of the members are limited. In the event of the Company being wound up while a member is in office, or within one year after he ceases to be a member, each member shall be liable for payment of the debts and liabilities of Business China contracted before he ceases to be a member, and of the costs, charges and expenses of winding up and for the adjustment of the rights of the contributions among themselves, not exceeding a sum of $1.

8 Reserves

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value (net of deferred tax effect) of available-for-sale financial assets until such assets are derecognised.

Reserve policy

	2010 $	2009 $
Unrestricted fund ("Reserves")	10,207,494	8,828,100
Ratio of "Reserves" to Annual Operating Expenditure	4.40	5.95

The Company maintains the reserves at a level sufficient for its operating needs. The Board of Management reviews the level of reserves regularly to fund the activities of Business China.

9 Deferred grant

	2010 $	2009 $
At 1 January	809,044	–
Grant received	–	2,000,000
Amounts accreted to profit or loss	(809,044)	(1,190,956)
At 31 December	–	809,044
Accrued grant income receivable	335,366	–
Grant income recognised in profit or loss	1,144,410	1,190,956

A grant from the Singapore Totalisator Board (Tote Board) up to a maximum of $10 million was approved for the Company in 2009. The grant is to be used for 50% co-funding of the Company's operations for a period of five years, with effect from the financial year ended 31 December 2008 to 2012. The Company recognised grant income aggregating $1,144,410 (2009: $1,190,956) during the current financial year, which comprised the following:

a. $449,188 representing 50% of the claim for cost reimbursement in respect of 2008's expenditure which has been approved by the Tote Board during 2009.

b. $1,144,410 (2009: $741,768) representing 50% of the claim for cost reimbursement in respect of 2010's expenditure which are subject to formal approval by the Tote Board during the year. As the amount of grant income recognised exceeds the grant received from Tote Board, the Company recognised an accrued grant receivable of $335,366 (2009: Nil) at 31 December 2010. The grant has been recognised as income as the conditions for the grant have been met.

Estimation of grant income

The management uses judgement to determine the accretion of grant income at each reporting date. The estimates of accretion of grant income are made based on past experience and historical trend of approval by the Tote Board. Where the final quantum of approved grant income is different from the amounts that were initially recorded, such differences will impact the revenue in the period in which such determination is made.

10 Other payables

	2010	2009
	$	$
CPF contribution for December	28,151	25,495
Provision for unutilised leave	16,245	30,662
Accrued operating expenses	375,307	218,131
	419,703	274,288

11 Programme fees received in advance

	2010	2009
	$	$
Programme fees received in advance	268,400	–
Less: Programme fees recognised in profit or loss	–	–
	268,400	–

12 Total income

Donations include cash donations of $650,000 (2009: $2,590,000) from directors and companies in which directors are shareholders and/or board members.

13 Staff costs

	2010	2009
	$	$
Salaries and bonuses	694,881	638,778
Contributions to defined contribution plans	69,304	72,806
	764,185	711,584
Key management personnel compensation (included in staff costs)	92,000	41,000

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The director cum chief executive officer is considered as key management personnel of the Company. The directors are volunteers and did not receive any form of remuneration or fees during the financial year.

14 Resources expended on activities

Expenses incurred on activities carried out during the year are as follows:

	2010 $	2009 $
Educational activities		
Current Affairs Seminar	–	35,178
Student Forum/Workshop	110,801	280,098
Summit Forum	1,107,252	15,452
Internship Programme	–	15,777
	1,218,053	346,505
2nd Anniversary Appreciation Dinner	–	28,368
Network Lunches	–	8,727
Spring Reception	22,054	25,323
	22,054	62,418
Special project – Chinese Challenge	125,000	–
Total expenses incurred on activities	1,365,107	408,923
Costs-sharing with Singapore Chinese Chamber of Commerce Foundation (SCCCI), included in resources expended in the above activities	16,650	–

15 Other expenses

Other expenses included the following:

	2010 $	2009 $
Annual system maintenance	26,000	24,000
Operating lease expenses	8,513	5,211
Printing and stationery	6,471	9,923
Reimbursement of maintenance and utility charges to Chinese Development Assistance Council at cost	16,350	11,077

16 Income tax expense

	2010 $	2009 $
Income tax expense	–	–
Surplus for the year	1,379,394	4,899,418
Total income tax expense	(1,143)	–
Surplus before income tax	1,380,537	4,899,418

	2010 $	2009 $
Reconciliation		
Income tax using Singapore tax rate of 17%	234,691	832,901
Tax exempt income	(618,133)	(994,290)
Expenses not deductible for tax purposes	384,585	161,389
	1,143	–

The Company is an approved charity organisation under the Charities Act, Chapter 37 and an institution of a public character under the Income Tax Act, Chapter 134. No provision for taxation has been made in the financial statements as the Council is a registered charity with income tax exemption with effect from year of assessment 2010.

The income tax expense in 2010 relates to income tax charged before the Company is a registered charity in the financial year ended 31 December 2008.

17 Commitments

Operating leases commitments

As at 31 December 2010, the Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2010 $	2009 $
Within 1 year	8,153	8,153
After 1 year but within 5 years	33,095	38,531
After 5 years	–	–
	41,248	46,684

18 Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	Note	2010 $	2009 $
Related party transactions - expenses			
General publicity	(i)	–	160,500
Resources expended on activities	(ii)	134,138	60,160
Professional fees	(iii)	–	931
Miscellaneous costs	(iv)	12,764	1,216
Organisation set up costs	(v)	–	–

i. The general publicity expenditure relate to costs of $Nil (2009: $160,500) paid for a network portal developed by Singapore Press Holdings Ltd (SPH) in which a director of the Company is a board member.

ii. Included in resources expended on activities for the year ended 31 December 2010 are costs of $98,564 (2009: $32,140) paid to SPH, $34,376 (2009: $Nil) paid to Bacarrat and $1,198 (2009: $28,020) paid to SCCCI respectively by the Company for its share of the costs of event organization.

iii. Professional fees of $Nil (2009: $931) have been paid to a solicitor firm of which a director the Company is a member.

iv. These represent miscellaneous costs paid to SPH, SCCCI and NTUC totaling $12,764 (2009: $1,216).

v. The Company repaid expenses of $15,452 (2009: $Nil) to SCCCI which SCCCI incurred on its behalf.

19 Financial risk management

Overview

Risk management is integral to the operations of the Company. The Board of Directors has established a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Board committees continually monitor the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company, as and when they fall due.

Cash and fixed deposits are placed with banks and financial institutions which are regulated. At the balance sheet date, maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

The Company has classified its financial assets in the following category:

Summary qualitative data	2010 $	2009 $
Loans and receivables		
Other receivables	344,084	14,428
Cash and cash equivalents	6,299,146	9,838,173
	6,643,230	9,852,601

The Company has classified its financial liabilities in the following category:

	2010 $	2009 $
Financial liabilities measured at amortised cost		
Other payables	419,703	274,288

Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the Management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Exposure to liquidity risk

The following are the expected contractual undiscounted cash outflows of financial assets and financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount	Cash flows			
		Contractual cash flows	Within 1 year	Within 1 to 5 years	More than 5 years
	$	$	$	$	$
2010					
Financial assets:					
Available-for-sale investments	4,140,800	4,140,800	–	4,140,800	–
Other receivables	344,084	344,084	344,084	–	–
Cash and cash equivalents	6,299,146	6,299,146	6,299,146	–	–
	10,784,030	10,784,030	6,643,230	4,140,800	–
Financial liabilities:					
Other payables and accruals	419,703	419,703	419,703	–	–

	Carrying amount	Cash flows			
		Contractual cash flows	Within 1 year	Within 1 to 5 years	More than 5 years
	$	$	$	$	$
2009					
Financial assets:					
Other receivables	14,428	14,428	14,428	–	–
Cash and cash equivalents	9,838,173	9,838,173	9,838,173	–	–
	9,852,601	9,852,601	9,852,601	–	–
Financial liabilities:					
Other payables and accruals	274,288	274,288	274,288	–	–

Interest rate risk

The Company's exposure to market risk for changes in interest rates relates primarily to fixed deposits placed with financial institutions associated with cash management activities whereby excess funds are placed. The Company has no interest bearing liabilities.

Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting rate would not affect profit or loss.

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Company is exposed to equity price risk arising from its investment in a quoted financial instrument. This instrument is quoted on the Singapore Exchange Securities Trading Limited (SGX-ST) in Singapore and is classified as available-for-sale financial assets. The Company does not have exposure to commodity price risk.

Sensitivity analysis for equity price risk

At the balance sheet date, if the value of the quoted financial investment had been 1% (2009: Nil %) higher/lower with all other variables held constant, the Company's fair value reserve in equity would have been $41,400 (2009: $Nil) higher/lower, arising as a result of higher/lower fair value gain on available-for-sale financial asset.

Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	2010 $			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant other observable input (Level 2)**	**Significant unobservable input (Level 3)**	**Total**
Financial asset:				
Available-for-sale financial assets (Note 4)				
Financial instrument (quoted)	4,140,800	–	–	4,140,800
At 31 December 2010	4,140,800	–	–	4,140,800

Quoted Financial Instrument (Note 4): Fair value is determined by direct reference to their bid price quotations in an active market at end of the reporting period.

Estimation of fair value

The notional amounts of financial assets and liabilities with a maturity of less than one year (including other receivables, cash and cash equivalents and other payables) are assumed to approximate their fair values because of the short period to maturity.

20 New accounting standards and interpretations not yet adopted

The Company has not applied the following accounting standards (including their consequential amendments) and interpretations that have been issued as of the reporting date but are not yet effective:

- *Improvements to FRSs* 2010

Improvements to FRSs 2010 will become effective for the Company's financial statements for the year ending 31 December 2011 for amendments relating to:

- FRS 38 *Intangible assets*

Improvements to FRSs 2010 will become effective for the Company's financial statements for the year ending 31 December 2012 for amendments relating to:

- FRS 1 *Presentation of financial statements*
- FRS 7 *Statement of cash flows*

- FRS 17 *Leases*
- FRS 36 *Impairment of assets*
- FRS 39 *Financial Instruments: Recognition and measurement*

Improvements to FRSs 2010 will become effective for the Company's financial statements for the year ending 31 December 2011. Improvements to FRSs 2010 contain amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments.

Other than the improvements to FRSs 2010, the initial application of these standards (including their consequential amendments) and interpretations is not expected to have any material impact on the Company's financial statements.

The Company has not considered the impact of accounting standards issued after the reporting date.