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

Annual Report
Year ended 31 December 2011

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 2011.

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 Former 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 Ch'ng Jit Koon	
Mr Hee Theng Fong	
Mrs Josephine Teo	

Mr Lee Yi Shyan
Mr Lim Chee Onn
Mr Lim Ming Yan
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 was Mrs Josephine Teo, who relinquished her position on 20 May 2011 after she was appointed as Minister of State for Finance and Transport. Ms Low Yen Ling was appointed as Chief Executive Officer of Business China on 1 June 2011.

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 2011, the Company organised 32 activities which were attended by 6,765 participants. Detailed below is a description of the various activities organized during the year:

A) <u>Programmes and Initiatives Benefitting Business Leaders and Corporate Executives</u>

1) China Insights

China Insights is a lecture series on China, which aims to provide a deeper understanding of how China is evolving. Areas of topic covered include the trends, forces and factors shaping China's orientations as an economy, as a society and as the new superpower in the making. The speakers are typically established prominent figures in their respective field and may include senior officials from China, leading academia, as well as business and industry leaders. For 2011, featured speakers include Professor Charles <u>Kao</u>, Founder & CEO of Global Views Monthly, who delivered a session on "Cross-straits relations between China & Taiwan"; Mr <u>Cui</u> Heping, Associate Researcher, Centre for Crisis Management Research School of Public Policy & Management, Tsinghua University, who spoke on the topic "The social risks of an economic giant"; Professor <u>Huang</u> Yasheng, Professor of Political Economy and Business Sloan School of Management, Massachusetts Institute of Technology delivered a session on "What exactly is a China model?"; and Professor <u>Yin</u> Hong of Tsinghua University, China and Professor Leonard <u>Chu</u> of National Chengchi University, Taipei spoke on "Media China". In addition, Professor <u>Huang</u> Jing, Professor and Director of Centre on Asia and Globalisation at Lee Kuan Yew School of Public Policy, NUS; Professor <u>Xia</u> Yeliang, Professor in the Department of Economics at Peking University, Visiting Scholar at the University of California, Los Angeles; and Dr <u>Li</u> Bingqin, lecturer in Social Policy at London School of Economics, spoke at a symposium entitled "A Changing China: Emerging governance, economic and social trends". The 5 sessions garnered over 1,000 participants in total.

2) FutureChina Global Forum

FutureChina Global Forum (FCGF) was created by Business China two years ago to position Singapore at the forefront of China thought leadership by providing a platform for the sharing of analyses and experiences about the new trends and forces shaping China's evolution. Designed to provide participants with a comprehensive picture of China's fast moving economy and society, the forum featured multi-faceted discussions and plenaries with five orientation (Politics and Social, Business and Economics, Arts and Culture, Science and Technology, Global Relations) examining developments, challenges and opportunities unfolding in China. FCGF 2011, which was held on 11-12 July 2011, featured many discussions and presentations examining developments, challenges and opportunities unfolding in China. It was attended by over 290 delegates and featured 60 renowned speakers, such as Mr Lee Kuan Yew, Former Minister Mentor, Singapore; Mr Tharman Shanmugaratnam, Deputy Prime Minister & Minister for Finance and Manpower, Singapore; Dr. Supachai Panitchpakdi, Secretary-General, UNCTAD, Geneva, Switzerland; Mr J. Stapleton Roy, Director, Kissinger Institute on China and the United States, USA; Mr John L. Thornton, Chairman of the Board, The Brookings Institution, USA, Mr Li Jiange, Chairman, China International Capital Corporation Ltd, People's Republic of China and Mr Wang Shi, Chairman of the Board of Directors, China Vanke Co., Ltd, People's Republic of China. FCGF 2011 received extensive coverage in both the local and international media.

3) Young Leaders Programme – Post-training sharing session

The Young Leaders Programme (YLP) is an immersion programme for young Singaporeans who are interested to know and experience China in greater depth. It serves as a platform for them to work, live, and learn in China. 3 of the trainees, who have completed their YLP traineeship in China (ranging from 6-12 months), came for the post-training sharing session to talk about their experiences. The YLP participants gave positive feedback on the YLP experience. In fact, one of them was even awarded a job opportunity in the Singapore company.

4) China Rediscovery

The China Rediscovery is a closed-door dialogue which aims to provide sophisticated Apex members insight into issues concerning China which are not easily accessible. It also aims to position Business China as a quality organisation that has good relations and network with movers and shakers, key decision-makers and opinion leaders from around the Greater China region. The speakers are typically established prominent figures in their respective field. For 2011, a total of 2 sessions were organised. Featured speakers include Mr Paul Yip, Executive Chairman of the Board of Directors, Hong Kong China Chamber of Commerce and Founder, Chairman of the Hong Kong Policy Research Institute who spoke on the topic "世界在变，中国走自己的路" and Professor Huang Jing, Professor and Director of Centre on Asia and Globalisation at Lee Kuan Yew School of Public Policy, NUS; who delivered the session on "中国可持续发展的挑战与选择". Both sessions garnered over 100 participants in total.

5) Eminent Speakers Series 2011

Eminent Speaker series is a high-level economic and cultural forum held annually in partnership with Lianhe Zaobao. It provides Apex members who are keen to build in-depth knowledge and gain insights about China, and enable members to understand the relevance of China in a globalised world. Speakers are typically established prominent figures in their respective fields that possess original and insightful observations and thoughts to share. On 12 June 2011, Mr

Yao Jingyuan, Chief Economist of the National Bureau of Statistics China spoke on the topic "China's Economic Development: Opportunities and Challenges". The session garnered over 370 participants.

B) Programmes & Initiatives Benefitting Youths and Students

1) BCYC China Learning Journey

A 9-day China Learning Journey trip to Beijing and Tianjin, supported by China's *Hanban*, was organised at 2011 year end from 10 – 18 December for 20 active Business China Youth Chapter members. 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. 4 Polytechnic students were invited to participate for the China Learning Journey for the first time to benefit more tertiary institutions.

2) BCYC Online Outreach Publication –Go East Journal

The BCYC's very own micro-site (http://www.businesschina.org.sg/go-east-journal/) hosts articles, photos, and videos of the "China Learning Journey". The objective is to feature the youths' experiences and memorable moments they have spent in China during the Learning Journey. It is also an online portal for the BCYC to publish their views and shared their thoughts on China's current affairs in the Go East Journal. The site went live on 5 December 2011.

3) C-Quotient Student Forum

C-Quotient, or "China-Quotient", refers to the knowledge of China one possesses. A half day forum was held on 20 August 2011 which targeted Pre-U students and students from tertiary institutions who were interested in China affairs, to motivate them to:

- upkeep their proficiency in the Chinese language
- deepen their understanding of Chinese culture
- keep pace with contemporary developments in China

This large scale youth-oriented forum, themed "Go East, an insight to Chic China!" drew more than 500 participants. The Guest-of-Honour (G.O.H) was Ms Grace Fu, Senior Minister of State for Information, Communications and the Arts & the Environment and Water Resources.

It showcased two speakers - Ms Christine Ng, Managing Director of Bartle Bogle Hegarty (BBH) and Mr Edmund Chua, Managing Director Singapore HuaDing (Group) Pte Ltd, together with G.O.H in a panel discussion, shared on how China's rapid development affects Singapore. In line with nurturing biculturalism, a Chinese movie about the corporate culture was screened after the forum.

Through the C-Quotient Forum, Business China aims to better prepare our youths in embarking on exciting work or learning journey in China.

4) E^3 Workshop

E^3 Workshop is a preparatory workshop for tertiary students before they embark on an immersion journey in China. The objectives are to ***excite*** students to want to know about contemporary and future China, make them ***explore*** China through learning about its language, culture and social conditions, and lastly encourage them to ***experience*** China and the changing face of its society personally. The workshop comprises of interactive games and intimate sharing session by a China-issues specialist. Topics like the characteristics of major Chinese cities, the political, social and economic system of China and the cultural differences between Singapore and China were covered.

Business China had conducted ten preparatory workshops in 2011, which benefitted 476 students. The workshops were jointly organised with the National University of Singapore, Ngee Ann Polytechnic and Millennia Institute.

C) Organisation-Wide Programmes and Initiatives

1) Business China Awards

Following a successful inaugural launch in 2010, the Business China Awards continue to recognise outstanding businessmen, entrepreneurs, professionals, organizations and enterprises for their successful contributions in strengthening Singapore-China relations. Held for the second year, the awards also aim to promote bilingualism and biculturalism in Singapore.

The Business China Awards 2011 took place at Resorts World Convention Centre on 28 November. It was graced by Guest-of-Honour, Deputy Prime Minister and Coordinating Minister for National Security and Minister for Home Affairs, Mr Teo Chee Hean.

The Business China Awards 2011 was held in conjunction with Business China's Fourth Anniversary Dinner. The award recipients – Teo Woon Tiong alias Y.C. Chang (Business China Excellence Award), Nanyang Technological University (NTU) Mayors' Class (Business China Enterprise Award), Han Yong Hong (Business China Young Achiever Award) – were presented trophies by Deputy Prime Minister Teo Chee Hean at the ceremony attended by about 600 distinguished guests.

The Awards is organised by Business China, and jointly presented by OCBC. It is supported by Business Times and Lianhe Zaobao.

2) Spring Reception

Organised during the Lunar New Year period, Spring Reception is an annual gathering and networking session organised to enhance the interaction and networking opportunities for Singaporean entrepreneurs, business leaders, professionals, students and youth. In addition, Singaporeans who work in China are also invited. For 2011, Spring Reception was held on 5 February 2011 at The Singapore Federation of Chinese Clan Associations (SFCCA). Guest of Honour was Senior Minister, Professor S. Jayakumar. Other VIPs who attended the event were Minister Lim Swee Say and Minister Gan Kim Yong. Jointly organised with SFCCA, it was attended by more than 400 distinguished guests.

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.

The Company 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.

The Company has put in place a policy whereby all members, directors, staff of the Company or volunteer shall promptly and fully disclose, in accordance to the procedures laid down by the Company, all interests (actual or potential) which could conflict with their duties and shall not in any way be involved in the transactions, or influence the outcome of the transaction.

Except as disclosed in note 22 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

5 April 2012

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 FS22 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2011 and the results and cash flows of the Company for the year ended 31 December 2011 in accordance with the provisions of the Singapore Companies Act, Chapter 50, the Charities Act (Chapter 37) and Singapore Financial Reporting Standards; and

(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.

(c) nothing came to our attention to cause us to believe that the Company did not comply with Regulation 15 of the Charities (Institution of a Public Character) Regulations 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

5 April 2012

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Independent auditors' report

Members of the Company
Business China

Report on the financial statements

We have audited the accompanying financial statements of Business China (the "Company"), which comprise the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year ended 31 December 2011, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS22.

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"), the Charities Act, Chapter 37 (the "Charities Act"), and Singapore Financial Reporting Standards.

Management has acknowledged that its responsibility includes 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 balance sheets 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 of 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, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act, the Charities 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 2011 and the results and cash flows of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, 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.

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; 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
5 April 2012

Statement of financial position
As at 31 December 2011

	Note	2011 $	2010 $
Non-current asset			
Plant and equipment	4	49,032	36,137
Investments	5	4,292,000	4,140,800
		4,341,032	4,176,937
Current assets			
Other receivables	6	1,808,300	560,314
Cash and cash equivalents	7	6,920,803	6,299,146
		8,729,103	6,859,460
Total assets		13,070,135	11,036,397
Capital and accumulated fund			
Capital	8	–	–
Accumulated fund	9	12,301,427	10,207,494
Fair value reserve	10	292,000	140,800
		12,593,427	10,348,294
Current liabilities			
Other payables	12	476,708	419,703
Programme income received in advance	13	–	268,400
		476,708	688,103
Total liabilities		476,708	688,103
Total fund and liabilities		13,070,135	11,036,397

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

Statement of comprehensive income
Year ended 31 December 2011

	Note	2011 $	2010 $
Income			
Donations	14	1,769,800	1,430,000
Grant income	11	1,687,895	1,144,410
Sponsorship income	15	1,200,000	800,000
Programme income	16	523,842	267,245
Dividend income		188,000	–
Interest income		27,328	27,736
Other income		40,715	30,967
Total income		5,437,580	3,700,358
Expenses			
Staff costs	17	(1,349,767)	(764,185)
Resources expended on activities	18	(1,741,181)	(1,365,107)
Depreciation		(25,607)	(19,204)
General publicity		(27,243)	(15,740)
Other expenses	19	(199,849)	(155,585)
Total expenses incurred		(3,343,647)	(2,319,821)
Surplus before income tax		2,093,933	1,380,537
Income tax expense	20	–	(1,143)
Surplus for the year		2,093,933	1,379,394
Other comprehensive income:			
Net gain on fair value changes of available-for-sale financial assets		151,200	140,800
Other comprehensive income, net of tax		151,200	140,800
Total comprehensive surplus for the year		2,245,133	1,520,194

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

Statement of changes in funds
Year ended 31 December 2011

	Accumulated fund $	Fair value reserve $	Total $
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
At 1 January 2011	10,207,494	140,800	10,348,294
Surplus for the year	2,093,933	–	2,093,933
Other comprehensive income	–	151,200	151,200
Total comprehensive income for the year	2,093,933	151,200	2,245,133
At 31 December 2011	12,301,427	292,000	12,593,427

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

Statement of cash flows
Year ended 31 December 2011

	Note	2011 $	2010 $
Operating activities			
Cash receipts from:			
Donations		1,769,800	1,430,000
Sponsorship income		1,200,000	800,000
Programme income		255,442	267,245
Grant	11	351,438	–
Other income		40,715	31,000
		3,617,395	2,528,245
Cash paid to:			
Suppliers and employees		(3,169,857)	(2,089,597)
Cash flows from operating activities		447,538	438,648
Investing activities			
Purchase of available-for-sale financial asset		–	(4,000,000)
Purchase of plant and equipment		(38,502)	(5,411)
Dividend received		188,000	–
Interest received		24,621	27,736
Cash flows from investing activities		174,119	(3,977,675)
Financing activities			
Restricted deposits	11	809,044	741,768
Net increase /(decrease) in cash and cash equivalents		1,430,701	(2,797,259)
Cash and cash equivalents at beginning of year		5,490,102	8,287,361
Cash and cash equivalents at end of year	7	6,920,803	5,490,102

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 5 April 2012.

1 Domicile and activities

Business China (the "Company"), a public company limited by guarantee and not having a share capital, was incorporated in the Republic of Singapore on 18 September 2007. 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 Former Minister Mentor of Singapore, Mr Lee Kuan Yew.

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

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.

The Company is an approved charity organisation under the Charities Act, Chapter 37, with effect from 9 March 2009. It is also approved as an Institution of Public Character ("IPC") under the Income Tax Act, Chapter 134, for two years from 1 March 2010 to 28 February 2012. On 27 February 2012, the IPC was extended for another year from 29 February 2012 to 28 February 2013.

2 Basis of preparation

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.

2.3 Functional and presentation currency

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.

2.4 Use of estimates and judgements

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 amounts recognised in the financial statements is described in the following notes:

- Note 11 -estimation of grant income
- Note 15 -estimation of fair value of commercial benefits in connection with sponsorship income

2.5 Changes in accounting policies

Identification of related party relationships and related party disclosures

From 1 January 2011, the Company has applied the revised FRS 24 *Related Party Disclosures* (2010) to identify parties that are related to the Company and to determine the disclosures to be made on transactions and outstanding balances, including commitments, between the Company and its related parties. FRS 24 (2010) improved the definition of a related party in order to eliminate inconsistencies and ensure symmetrical identification of relationships between two parties.

The adoption of FRS 24 (2010) has resulted in additional parties being identified as related to the Company. Transactions and outstanding balances, including commitments, with these related parties for the current and comparative years have been disclosed accordingly in note 22 to the financial statements.

The adoption of FRS 24 (2010) affects only the disclosures made in the financial statements. There is no financial effect on the results and financial position of the Company for the current and previous financial years.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

3.1 Foreign currency

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.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

3.2 Plant and equipment

Recognition and measurement

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.

Disposals of assets

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment, and is recognised net within other income/other expenses in profit or loss.

Depreciation

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 the end of each reporting period, and adjusted if appropriate.

3.3 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 classifies non-derivative financial assets in the following categories: loans and receivables and available-for-sale financial assets.

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.

Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3.4), are recognised in other comprehensive income and presented as fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Non-derivative financial liabilities

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that 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 classifies non-derivative financial liabilities into the other financial liabilities category. 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.

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

3.4 Impairment

Non-derivative financial assets

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, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlate with defaults or the disappearance of an active market for a security.

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.

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.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

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.

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. 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.

3.5 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. 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 liability is recognised for the amount expected to be paid under 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.

3.6 Income recognition

Donations

Donations are recognised on an accrual basis when it is virtually certain that the donations will be received. This normally coincides with the receipt of the donation income.

Government grants

Government grants are recognised initially as deferred income at fair value 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 relating to cash donations is recognised as income when the related sponsored event is held.

The free or discounted commercial benefits provided to donors as part of the sponsorship income received are recognised in the profit or loss based on the fair value of the free or discounted benefits.

Programme income

Programme income is recognised when the related event is held.

Membership fees

Membership fees are recognised on a receipt basis.

Dividend income

Dividends on equity instrument are recognised in profit or loss when the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Interest income

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

3.7 Leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.8 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company.

4 Plant and equipment

	Office renovation	Office equipment	Computer equipment	Furniture and fittings	Total
	$	$	$	$	$
Cost					
At 1 January 2010	50,502	10,506	50,341	–	111,349
Additions	–	999	2,819	1,593	5,411
At 31 December 2010	50,502	11,505	53,160	1,593	116,760
At 1 January 2011	50,502	11,505	53,160	1,593	116,760
Additions	27,637	–	10,865	–	38,502
At 31 December 2011	78,139	11,505	64,025	1,593	155,262

	Office renovation	Office equipment	Computer equipment	Furniture and fittings	Total
	$	$	$	$	$
Accumulated depreciation					
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
At 31 December 2010	20,200	8,354	51,750	319	80,623
At 1 January 2011	20,200	8,354	51,750	319	80,623
Depreciation charge for the year	15,628	2,818	6,842	319	25,607
At 31 December 2011	35,828	11,172	58,592	638	106,230
Carrying amounts					
At 31 December 2010	30,302	3,151	1,410	1,274	36,137
At 31 December 2011	42,311	333	5,433	955	49,032

5 Investments

	2011	2010
	$	$
Available-for-sale financial assets:		
Preference Shares (quoted), at fair value	4,292,000	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.

6 Other receivables

	2011	2010
	$	$
Deposit	3,074	–
Interest receivable	11,425	8,718
Accrued grant receivable (see note 11)	1,671,823	335,366
Loans and receivables	1,686,322	344,084
Prepayments	121,978	216,230
	1,808,300	560,314

There is no allowance for doubtful debts arising from these outstanding balances.

7 Cash and cash equivalents

	2011 $	2010 $
Cash in hand	200	200
Cash at bank	2,599,422	1,978,067
Deposits with financial institutions	4,321,181	4,320,879
	6,920,803	6,299,146
Less: Restricted cash	–	(809,044)
Cash and cash equivalents in statement of cash flows	6,920,803	5,490,102

The restricted cash $809,044 was related to a portion of the grant given by the Singapore Totalisator Board (Tote Board) to the Company in 2009 the utilisation of which is subject to compliance with certain conditions under the grant. The Company met the conditions during the year and the above cash has been released for its operations.

The weighted average effective interest rate per annum relating to cash and cash equivalents at the reporting date is 0.63% (2010: 0.64%). Interest rates reprice at intervals of one, three or six months.

8 Capital

The Company is a public company limited by guarantee and does not have any issued share capital. As at 31 December 2011, the Company has 15 (2010: 15) 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.

9 Reserve policy

	2011 $	2010 $
Unrestricted fund ("Reserves")	12,301,427	10,207,494
Ratio of "Reserves" to Annual Operating Expenditure	3.68	4.40

The Company measures its performance based on the ratio of Accumulated Unrestricted Reserves as a percentage of Annual Operating Expenditure (equivalent to the total expenditure incurred for each financial year).

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

10 Reserves

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until such assets are derecognised or impaired.

11 Deferred grant

	2011	2010
	$	$
At 1 January	–	809,044
Amounts accreted to profit or loss	–	(809,044)
At 31 December	–	–
Accrued grant income receivable	1,671,823	335,366
Grant income recognised in profit or loss	1,687,895	1,144,410

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. During the year, the Tote Board has agreed to extend the period of the grant for another five years to 31 December 2017.

The Company recognised grant income aggregating $1,687,895 (2010: $1,144,410) during the current financial year, which comprised of the following:

(a) $16,072 representing additional claim for cost reimbursement in respect of 2010's expenditure which was disbursed by the Tote Board during 2011.

(b) $1,671,823 (2010: $1,144,410) representing 50% of the claim for cost reimbursement in respect of 2011's expenditure which are subject to formal approval by the Tote Board. As the amount of grant income recognised exceeds the grant received from Tote Board, the Company recognised an accrued grant receivable of $1,671,823 (2010: $335,366) as at 31 December 2011. 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.

12 Other payables

	2011 $	2010 $
CPF contribution for December	46,118	28,151
Provision for unutilised leave	26,597	16,245
Accrued operating expenses	403,993	375,307
	476,708	419,703

13 Programme income received in advance

	2011 $	2010 $
Programme income received in advance	268,400	268,400
Less: Programme income recognised in profit or loss	(268,400)	–
	–	268,400

14 Donations

Tax deductible donations from:

	2011 $	2010 $
SCCCI	300,000	300,000
Related parties	105,000	350,000
Others	1,364,800	780,000
	1,769,800	1,430,000

Related parties relate to the directors and companies in which directors are shareholders and/or board members.

15 Sponsorship income

	2011 $	2010 $
Sponsorship income	939,272	660,020
Fair value of benefits	260,728	139,980
	1,200,000	800,000

The fair values of the free or discounted benefits and free advertising revenue aggregating $260,728 (2010: $139,980) arising from free advertising and other benefits given to sponsors of the programmes have been separately recognised as part of sponsorship income.

Estimation of fair value of benefits

The management uses judgement to estimate the fair value of benefits encompassed as part of sponsorship income at each reporting date. The estimates of the fair value of benefits are made based on the management's evaluation of the fair value relating to the benefits and could be different from the actual fair value.

16 Programme income

	2011 $	2010 $
Programme income	523,842	267,245

17 Staff costs

	2011 $	2010 $
Salaries and bonuses	1,220,667	694,881
Contributions to defined contribution plans	129,100	69,304
	1,349,767	764,185
Key management personnel compensation (included in staff costs)	398,138	92,000

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 chief executive officer and general manager are considered as key management personnel of the Company. Other directors did not receive any form of remuneration during the financial year.

18 Resources expended on activities

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

	2011 $	2010 $
Educational activities		
Student Forum/Workshop	93,604	110,801
Summit Forum	1,106,406	1,107,252
	1,200,010	1,218,053
Spring Reception	5,000	22,054
	5,000	22,054
Special project – Business China Awards	536,171	–
Special project – Chinese Challenge	–	125,000
Total expenses incurred on activities	1,741,181	1,365,107

19 Other expenses

Other expenses included the following:

	2011	2010
	$	$
Audit fees paid/payable to:		
- auditors of the Company	33,000	31,000
Non-audit fees paid/payable to:		
- other auditors	30,000	28,800
Annual system maintenance	28,567	26,000
Operating lease expenses	8,153	8,513
Printing and stationery	3,994	6,471
Reimbursement of maintenance and utility charges to Chinese Development Assistance Council at cost	19,660	16,350

20 Income tax

The Company is an approved charity organisation under the Charities Act, Chapter 37 and no provision for taxation has been made in the financial statements as the Company is exempted from income tax with effect from year of assessment 2010.

The income tax expense in 2010 relates to income tax charged before the Company is an approved charity in the year of assessment 2009.

21 Commitments

Operating leases commitments

As at 31 December 2011, the Company has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2011	2010
	$	$
Within 1 year	8,153	8,153
After 1 year but within 5 years	24,942	33,095
After 5 years	–	–
	33,095	41,248

22 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:

	2011	2010
	$	$
Related party transactions - expenses		
Resources expended on activities – Advertising costs paid to Singapore Press Holdings Limited ("SPH")	141,974	98,564
Professional fees paid to firm of which a director is a member	21,000	–
Miscellaneous costs paid to SCCCI, NTUC and SPH	944	12,764

23 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.

Accounting classification and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Loans and receivables	Available-for sale financial assets	Other financial liabilities	Total carrying amount	Fair value
		$	$	$	$	$
2011						
Assets						
Investment	5	–	4,292,000	–	4,292,000	4,292,000
Other receivables	6	1,686,322	–	–	1,686,322	1,686,322
Cash and cash equivalents	7	6,920,803	–	–	6,920,803	6,920,803
		8,607,125	4,292,000	–	12,899,125	12,899,125

	Note	Loans and receivables $	Available-for sale financial assets $	Other financial liabilities $	Total carrying amount $	Fair value $
2011						
Liability						
Other payables	12	–	–	476,708	476,708	476,708
		–	–	476,708	476,708	476,708
2010						
Assets						
Investment	5	–	4,140,800	–	4,140,800	4,140,800
Other receivables	6	344,084	–	–	344,084	344,084
Cash and cash equivalents	7	6,299,146	–	–	6,299,146	6,299,146
		6,643,230	4,140,800	–	10,784,030	10,784,030
Liability						
Other payables	12	–	–	419,703	419,703	419,703
		–	–	419,703	419,703	419,703

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 which are regulated. At the reporting date, maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The carrying amount of financial assets in the statement of financial position represents the Company's maximum exposure to credit risk, before taking into account any collateral held. The Company does not hold any collateral in respect of its financial assets.

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 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
	$	$	$	$	$
2011					
Financial liabilities:					
Other payables	476,708	476,708	476,708	–	–
2010					
Financial liabilities:					
Other payables	419,703	419,703	419,703	–	–

Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices and foreign currency rates will affect the Company's income on the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risk

The Company is not exposed to significant foreign currency exchange rate risk as majority of its transactions are denominated in Singapore dollars.

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 does not have any interest rate risk as there is 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. The effect on surplus is not significant.

Other market price risk

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.

Sensitivity analysis for equity price risk

At the reporting date, if the value of the quoted financial investment had been 1% (2010: 1%) higher/lower with all other variables held constant, the Company's fair value reserve in equity would have been $42,920 (2010: $41,400) 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. The different levels have been defined as follows:

- ***Level 1:*** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- ***Level 2:*** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- ***Level 3*** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's available-for-sale financial asset with a carrying value of $4,292,000 (2010: $4,140,800) as at 31 December 2011 is classified as Level 1 in the fair value hierarchy for the current and prior years as it is quoted on the Singapore Exchange Securities Trading Limited (SGX-ST) in Singapore.

Fair values

Determination of fair values

Investment in equity securities

The fair value of quoted financial assets classified as available-for-sale financial assets is determined by direct reference to their bid price quotations in an active market at the reporting date.

Other financial assets and liabilities

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.