

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

Annual Report
Year ended 31 December 2014

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 2014.

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.

Patrons

The Patrons of the Company are Singapore's Founding Prime Minister, Mr Lee Kuan Yew and Prime Minister of Singapore, Mr Lee Hsien Loong.

Advisers

Mr Gan Kim Yong	(Adviser)
Mr Khaw Boon Wan	(Adviser)
Mr Lim Swee Say	(Adviser)
Mr Wong Kan Seng	(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 Hee Theng Fong
Mrs Josephine Teo
Mr Lee Yi Shyan
Mr Kho Choon Keng
Mr Lim Chee Onn
Mr Lim Ming Yan
Ms Low Yen Ling
Mr Ng San Tiong
Mr Tan Chin Siong
Mr Tan Cheng Gay
Mr Teo Siong Seng
Mr Thomas Chua
Mr Wu Hsioh Kwang
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 Ms Low Yen Ling, who relinquished her position on 30 September 2013 after she was appointed as Parliamentary Secretary for Social and Family Development. Ms Veronica Xiong was appointed as the General Manager of Business China on 1 October 2013.

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
Finance & Establishment Committee
Management 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 2014, the Company organised 53 activities which were attended by 12,198 participants. Detailed below is a description of the various activities organised during the year.

(A) Programmes and Initiatives Benefitting Business Leaders and Corporate Executives

1) China Insights

China Insights is a lecture series on China, which aims to provide a deeper understanding of China's contemporary development. Key topics include the trends, forces and factors shaping China's orientations in the economic, social, cultural and political domains. 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.

Featured speakers in 2014 included Multi-Golden Melody Awards nominated lyricist Vincent Fang (Writer of "Blue and White Porcelain" Sung by Jay Chou), Jin Yucheng (Editor and writer of novel 《繁花》) and Professor Yang Dali (Professor in the Department of Political Science at The University of Chicago), who spoke on the topic "Chinese Governance in the Age of Rising Expectations." Professor Zhai Zhenwu, Dean of School of Sociology and Population Studies of Remin University of China and President of the China Population Association and Professor Chen Kuan-jeng from Department of Healthcare Management, College of Management, Chang Gung University were also invited to share their insights on "The Greying Chinese Societies: The 'Old', the New and the Inevitable".

2) China Rediscovery

China Rediscovery is a series of closed-door dialogues which aims to provide Apex members private insights into issues concerning China. It also aims to position Business China as the apex organisation with connections to movers and shakers, key decision-makers as well as opinion leaders from the Greater China region. The speakers are typically prominent figures in their respective fields.

Two China Rediscovery closed-door dialogues were organised in 2014. The first closed-door dialogue was held on 30 May 2014 with guest speaker, Professor He Weifang (Faculty of Law, Peking University of China), who spoke on "China's Idea of Judicial Division. This session attracted a total of 60 participants. The second closed-door dialogue was held on 10 October 2014 with Dr Gao Jingde, JP and Vice Chairman of the CPPCC Committee of Education, Science, Culture, Health and Sports, who spoke on the topic "中国经济新常态之中国投资之路". This session attracted a total of 70 participants.

3) Eminent Speakers Series 2014

The Eminent Speaker series held annually in partnership with Lianhe Zaobao, typically invites a prominent speaker to share in-depth knowledge about China. On 27 November 2014, Martin Jacques (Author of "When China rules the world") spoke on "Why China will be a different kind of great power?" This talk garnered a turnout of 800 participants.

4) Apex Members Social Gathering

Apex Members Social Gathering aims to provide the close-knit group of Business China members with a networking platform to engage and interact with each other on a more personal level. A movie screening was organised on 24 August 2014 with APEX Committee Chair, Senior Minister of State, Ms Josephine Teo. This social event attracted 22 members.

5) FutureChina Global Forum

FutureChina Global Forum was created in 2010 to position Singapore at the forefront of China thought leadership and as a significant node in the network of countries connecting with China. The Forum aims to provide a truly innovative approach for a deeper understanding of how China is evolving and of the trends, forces and factors shaping China's orientations in the economic, political, social and cultural paradigms.

Each year, the Forum congregates China experts from all over the world to share insights, experience and analyses in highly interactive discussion formats that will allow participants to gain "insider" knowledge on China. Designed to provide participants with a comprehensive picture of China's fast moving economy and society, the Forum features multi-faceted discussions and plenaries with five orientations (Politics and Social, Business and Economics, Arts and Culture, Science and Technology, Global Relations) examining developments, challenges and opportunities unfolding in China.

The Forum has grown steadily both in the quantity and quality of speakers and participants over the past five years. The 2014 Forum held on 17-18 July featured a total of 18 sessions and a strong slate of 65 internationally esteemed speakers, such as Singapore Prime Minister Lee Hsien Loong, Singapore's Emeritus Senior Minister Goh Chok Tong, Former Vice Premier of People's Republic of China Zeng Peiyan and Deputy Chairman of the Board and Rotating CEO of Huawei Technologies Co Ltd Guo Ping etc. The Forum attracted 413 senior business executives, entrepreneurs, public personalities, top experts, thought and practice leaders representing a wide range of sectors from Singapore, China as well as from Asia, the US and Europe. The FutureChina Global Forum Dinner Dialogue, held in conjunction with the Forum, attracted a turnout of 640 participants. The 2014 Forum received extensive coverage in both the local and international media.

6) Future China Advanced Leaders Programme

Jointly developed by Business China and NTU's Nanyang Business School, the 15-day Future China Advanced Leaders Programme (FC-ALP) is the only business management course in Asia with a curriculum designed to provide senior executives and business owners with an all-rounded, in-depth understanding of the Chinese enterprise psyche, business landscape, cultural, historical, political, social and economic paradigms.

The third run of FC-ALP, which took place from March to May 2014, comprised 24 participants who are senior executives, second and third generation business leaders and senior management from the public sector. As part of the Programme, the participants had a fruitful trip to Shanghai, Chongqing and Chengdu where they learnt about the business opportunities and market potential of the Western region, and met with government officials and business leaders. Together with the first two runs of the FC-ALP, the strength of the FC-ALP alumni club – the Future China Advanced Leaders Club (慧眼中国汇), currently stands at 66 people. Regular activities are organised by the club and its members to allow the alumni to stay connected and bonded, and to continue to keep pace with the future development of an ever-changing China.

7) Future China Business Forum

Future China Business Forum (中·新企业家交流会) is part of Business China's efforts to conduct a series of forums and events in China, in order to: (i) position Business China as the leading bilingual and bi-cultural channel for closer collaboration with China; (ii) increase brand awareness of Business China in China; (iii) broaden Business China's network in China; and (iv) provide the audience with a deeper understanding of China's involvement.

Held on 24 April 2014 and co-organised with State-owned Assets Supervision and Administration Commission of Chongqing's Municipal People's Government and Chongqing's Commission of Foreign Trade and Economic Cooperation, the Forum was attended by 80 Chinese and Singapore business leaders and senior management from state-owned enterprises. Led by Board Member Senior Minister of State Lee Yi Shyan, the delegation also included Board Members Minister of State Sam Tan and Parliamentary Secretary Low Yen Ling. Senior Minister of State Lee Yi Shyan delivered a keynote address, and the Forum also included a presentation from Ms Christine Lie, Singapore Exchange's Chief Representative for China, to enable business leaders and entrepreneurs in China to better understand the opportunities of listing their businesses in Singapore.

(B) Programmes & Initiatives Benefitting Youths and Students

1) Business China Youth Chapter (BCYC) China Learning Journey 2014

A 9-day China Learning Journey to Shenzhen and Guangzhou was organised from 12 – 20 December 2014 for 15 Business China Youth Chapter members. Among the participants were two invited students who won the Distinction Award at the 7th China Studies Seminar from Victoria Junior College and River Valley High School respectively. The programme was designed to deepen the participants' knowledge of China's contemporary development vis-à-vis its rich cultural heritage through an experiential learning framework. Company visits as well as sharing by Singaporean professionals in China and representatives from China's enterprises provided a comprehensive understanding of the business ecology and general sentiments of the societal climate in China. It also created opportunities for the participants to build friendships and networks with professionals and top students in China, which would serve as a foundation for future collaboration.

2) BCYC Online Outreach Publication – Go East Journal

Articles, photos, and videos of the "BCYC China Learning Journey" are hosted on BCYC's very own micro-site (<http://www.businesschina.org.sg/go-east-journal/>). The publication serves as an online platform for the BCYC members to reach out to a larger community through documenting their experiences during the Learning Journey and sharing their thoughts on China's current affairs.

3) China-Quotient Student/Youth Forums

The China-Quotient Student Forum is a half-day forum targeted at students from upper secondary to tertiary level who are interested in China affairs. Objectives of the Forum are to motivate the students to:

- Upkeep their proficiency in the Chinese language
- Deepen their understanding of Chinese culture
- Keep pace with contemporary developments in China

Two forums were organised in 2014. The first forum, which was held on 5 March in collaboration with Jurong Junior College, attracted a total of 600 students. The second forum was held on 27 October with Singapore Management University's School of Accountancy and The SMU Emerging Markets Club as co-organisers. This forum attracted the participation of some 200 students.

4) FutureChina Youth Forum 2014

The FutureChina Youth Forum (FCYF) aims to provide Singapore students with a deeper understanding of how China is evolving and of the trends, forces and factors shaping China's orientations as an economy, a society and a new superpower. It aims to position Singapore as a significant node in the network of countries connecting with China.

In close collaboration with the annual FutureChina Global Forum, Business China organised the 2nd edition of FCYF on 16 July 2014. A total of 280 students from various junior colleges, polytechnics and universities attended the event. Senior Minister of State for Finance and Transport, and Business China Board of Director, Mrs Josephine Teo, graced the FCYF as Guest-of-Honour.

The FCYF comprised two segments: the Youths' Showdown and the Panel Discussion. Preliminary round of the Youths' Showdown was held on 4 July. Eleven teams of 3 students per team participated in the Preliminary round and gave a presentation on the topic "What is on the Mind of the Post-90s Generation?" which was also one of the topics discussed at the FutureChina Global Forum 2014. Two teams from Hwa Chong Institution and one from Singapore Management University (SMU) made the finals with the team from SMU emerging as the champion. These top three teams also won complimentary invitations to attend the FutureChina Global Forum 2014.

The three judges for the Youths' Showdown were also speakers for the FCYF panel discussion, where they shared their personal insights on the unique characteristics of the post-90s generation, as well as their main pre-occupation, predicament and pre-dominant views of society. The judges cum speakers were: Ms Ge Yang, Content Planner of Conference and Events from FTChinese.com; Dr Zhou Zhao Cheng, Editor of Zaobao Online cum Editor of Crossroads with Lianhe Zaobao; and Mr See Yong Sheng, CEO of ITT Global Learning. Ms Ge Yang was also an invited speaker for the FutureChina Global Forum 2014. Guest-of-Honour SMS Mrs Josephine Teo was also invited as the guest-judge of the Youths' Showdown.

5) E³ Workshop

The objectives of the E³ workshop are to "excite" students about China, create opportunities for them to "explore" China by learning its language, culture and social conditions, and lastly, "encourage" them to personally experience the rapidly changing China society. The workshop consists of interactive games and intimate sharing sessions by knowledgeable China experts. The workshop is targeted at students who will be embarking on an immersion programme to China or for students who are keen to learn more about China. The workshops are arranged upon requests from schools and tertiary institutions.

In 2014, Business China conducted six E³ workshops at Ngee Ann Polytechnic, River Valley High School, Yishun Town Secondary School and Singapore Institute of Management (Global Education), benefitting 1,293 students. The workshops were jointly organised and cost-shared with these educational institutions.

6) Outreach to Schools

Business China organised a total of 19 school outreach sessions in 2014, benefitting 4,291 students. The school outreach is meant to proactively forge collaboration with schools to heighten the students' understanding about the importance of being bilingual and bicultural. The sessions are also organised to actively reach out to the bilingual and bicultural talent pool to further engage them in Business China's activities, as well as to form a base for the recruitment of BC student members and BCYC members.

Business China's total student membership stands at 1,937 (as at 31 December 2014).

7) BCYC Engagement Programme

The BCYC is a specially selected group of BC student members who have been actively involved in BC's activities and are committed to taking up leadership roles in promoting BC's mission to the youth community. The current BCYC membership stands at 96 (as at 31 December 2014). The key activities organised for and/or by BCYC in 2014 included four closed-door sharing sessions for BCYC members:

	Date	Guest Speaker	No. of Participants
1	3 February 2014	Mr Michael Chew, Vice President, Shanghai Singapore Business Association; and Ms Ming Chew, Board of Director, Vision Park Education	16
2	31 May 2014	Mr Sam Tan, Minister of State, Prime Minister's Office & Ministry of Culture, Community and Youth, and Board member of Business China; and Mr Chang Ziqian, Go East Committee member	24
3	28 June 2014	Mr Peh Shing Huei, Deputy News Editor of The Straits Times	11
4	25 October 2014	Mr Sam Tan, Minister of State, Prime Minister's Office & Ministry of Culture, Community and Youth, and Board member of Business China	25

Other engagement programmes included: hosting of a delegation of university students from Peking University Guanghua School of Management and Yuan Pei Liberal Arts College from 12 to 17 January 2014. Business China also nominated and supported four active BCYC members to attend the Dragon 100 Forum held from 10 to 18 October in Shenzhen and Hong Kong SAR, China.

Other BCYC engagement programmes also included adhoc meetings and gatherings amongst the members. The various engagement programmes are meant to provide opportunities for in-depth sharing and discussions, as well as for invited speakers, BCYC and BC Board/BC associates to interact and network through these small-scale and closed door sharing sessions.

In addition, the pre-departure retreat held on 9 and 10 December in preparation for the Learning Journey, also provided members with personal development opportunities.

The BCYC also maintains an active FaceBook page (www.facebook.com/groups/bcyouthchapter/) which is a closed platform to further engage members by sharing news and updates on China. The FB page currently has a group size of 87 members.

The 2nd BCYC Annual General Meeting (AGM) was held on 27 September 2014. Thirty members attended the AGM and the 2nd Executive Committee was elected.

8) ZBComma Publication

To further enhance Business China's branding through the publicising and promoting of our bilingual and bicultural mandate to students, Go East worked with Singapore Press Holdings' ZBComma to publish 8 issues of articles across 8 weeks, and purchased an additional 3,500 copies per issue (total: 28,000 copies) to be delivered to non-subscribing institutions. In addition to ZBComma's regular circulation of 60,000 and average monthly viewership of 40,000 on their website, this further extended our frontline contact with schools not yet familiar with Business China.

These 8 commissioned features were published on: 8 January, 5 February, 12 March, 3 April, 7 May, 2 July, 6 August and 3 September. The Go East programmes featured in the articles included: BCYC China Learning Journey 2013, China-Quotient Student Forum 2014 and FutureChina Youth Forum 2014. The rest of the articles carried themes related to cultural differences and similarities between Singapore and China, reports on the youth culture in China, as well as the experiences of Singaporean students studying and interning in China.

9) China-Quotient Parents' Forum

The Forum will be held in April 2015. The Parents' Resource Handbook, produced separately in English and Chinese, will be launched during the Forum and complimentary copies will be distributed to the attendees. A brief outline of the Parents' Resource Handbook was completed in 2014, which included concepts of "parenting for the future", "a future with China as the Superpower," "the power of bilingualism" and "relevance of the Chinese tradition for the future".

10) Chinese Language Challenge

Business China supported Singapore Press Holdings' Lianhe Zaobao in the organising of this inaugural nationwide competition in July 2014. The competition consisted of a written and verbal question-and-answer quiz, on various aspects of Chinese language usage for upper secondary school students. A total of 760 students attended the preliminary round on 12 July and semi-finals cum final round on 26 July, with more than 30 schools participating in the competition. Commonwealth Secondary School emerged as the overall winner, beating 8 other schools in the final round. The runner-ups were Hwa Chong Institution and Catholic High School respectively.

(C) Organisation-Wide Programmes and Initiatives

1) Business China Awards

The Business China Awards (BCA) was first launched in 2010 to honour outstanding businessmen, entrepreneurs, professionals and organisations for their success and contributions to Singapore-China relations, as well as the appreciation of Chinese language and culture.

Organised by Business China and jointly presented by OCBC, the fifth edition of BCA was held in conjunction with Business China's 7th anniversary on 18 November at the Shangri-La Hotel Singapore. The Guest-of-Honour was Mr Teo Chee Hean, Deputy Prime Minister of Singapore. Some 500 distinguished guests attended the event, which was widely reported on both local and foreign media platforms.

The 2014 Award recipients were: –

Excellence Award:

Dr Liu Thai Ker (Senior Director, RSP Architects Planners & Engineers Pte Ltd)

Enterprise Award:

Singapore Chinese Chamber of Commerce & Industry

Young Achiever Award:

JJ Lin (Singer Songwriter)

2) Spring Reception

Organised during the Lunar New Year period, the Spring Reception is an annual gathering and networking session organised for Singaporean entrepreneurs, business leaders, professionals, students and youth to network and interact during the joyous festive season. Singaporeans who are based in China are also invited.

In 2014, Spring Reception was held on 2 February at SFCCA with DPM Teo Chee Hean, as the Guest of Honour. Other distinguished guests at the Spring Reception included Minister Chan Chun Sing, Senior Minister of State Lee Yi Shyan, Senior Minister of State Mrs Josephine Teo, Minister of State Ms Sim Ann, Minister of State Sam Tan, Parliamentary Secretary Ms Low Yen Ling, Members of Parliament, foreign diplomats and other dignitaries. Jointly organised with SFCCA, it was attended by about 500 guests and associates from the local Chinese business and cultural community.

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 21 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

16 April 2015

Statement by Directors

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

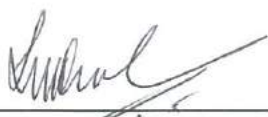
- (a) the financial statements set out on pages FS1 to FS21 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2014 and the results and cash flows of the Company for the year ended 31 December 2014 in accordance with the provisions of the Singapore 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

16 April 2015



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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 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2014, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS21.

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 Singapore Charities Act, Chapter 37 (the "Charities 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 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 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 2014 and the results, changes in equity 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 use of donation monies was not in accordance with the objectives of the Company as required under Regulation 16 of the Charities (Institution of a Public Character) Regulations; and
- (b) the Company has not complied with the requirements of Regulation 15 (fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.



KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
16 April 2015

Statement of financial position
As at 31 December 2014

	Note	2014 \$	2013 \$
Non-current assets			
Plant and equipment	4	25,043	41,103
Investments	5	7,220,000	7,296,000
		<u>7,245,043</u>	<u>7,337,103</u>
Current assets			
Other receivables	6	2,498,552	2,156,031
Cash and cash equivalents	7	9,417,039	7,499,303
		<u>11,915,591</u>	<u>9,655,334</u>
Total assets		<u>19,160,634</u>	<u>16,992,437</u>
Capital and accumulated fund			
Capital	8	—	—
Accumulated fund	9	18,014,718	15,719,927
Fair value reserve	10	220,000	296,000
		<u>18,234,718</u>	<u>16,015,927</u>
Current liabilities			
Other payables	12	925,916	976,510
Total liabilities		<u>925,916</u>	<u>976,510</u>
Total fund and liabilities		<u>19,160,634</u>	<u>16,992,437</u>

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

Statement of comprehensive income
Year ended 31 December 2014

	Note	2014 \$	2013 \$
Income			
Donations	13	2,000,000	2,470,000
Grant income	11	1,927,898	2,063,949
Sponsorship income	14	1,230,000	1,043,458
Programme income	15	645,440	599,909
Dividend income		272,404	188,000
Interest income		39,219	37,728
Other income		35,625	56,524
Total income		<u>6,150,586</u>	<u>6,459,568</u>
Expenses			
Staff costs	16	(1,588,808)	(1,731,912)
Resources expended on activities	17	(1,916,087)	(2,013,730)
Depreciation	4	(27,292)	(38,684)
General publicity		(32,249)	(18,321)
Other expenses	18	(291,360)	(325,251)
Total expenses incurred		<u>(3,855,796)</u>	<u>(4,127,898)</u>
Surplus before income tax		2,294,790	2,331,670
Income tax expense	19	—	—
Surplus for the year		<u>2,294,790</u>	<u>2,331,670</u>
Other comprehensive income:			
Net (loss) on fair value changes of available-for-sale financial assets		(76,000)	(25,200)
Other comprehensive income, net of tax		<u>(76,000)</u>	<u>(25,200)</u>
Total comprehensive surplus for the year		<u>2,218,790</u>	<u>2,306,470</u>

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

Statement of changes in equity
Year ended 31 December 2014

	Accumulated fund \$	Fair value reserve \$	Total \$
At 1 January 2013	13,388,257	321,200	13,709,457
Surplus for the year	2,331,670	—	2,331,670
Other comprehensive income	—	(25,200)	(25,200)
Total comprehensive income for the year	2,331,670	(25,200)	2,306,470
At 31 December 2013	15,719,927	296,000	16,015,927
At 1 January 2014	15,719,927	296,000	16,015,927
Surplus for the year	2,294,790	—	2,294,790
Other comprehensive income	—	(76,000)	(76,000)
Total comprehensive income for the year	2,294,790	(76,000)	2,218,790
At 31 December 2014	18,014,717	220,000	18,234,717

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

Statement of cash flows
Year ended 31 December 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Cash receipts from:			
Donations		1,850,000	2,470,000
Sponsorship income		1,000,000	1,043,458
Programme income		650,533	599,909
Grant	11	2,063,949	1,963,747
Other income		40,624	56,524
		<u>5,605,106</u>	<u>6,133,638</u>
Cash paid to:			
Suppliers and employees		(3,961,408)	(3,555,559)
Net cash from operating activities		<u>1,643,698</u>	<u>2,578,079</u>
Cash flows from investing activities			
Purchase of held-to-maturity financial asset		–	(3,000,000)
Deposits pledged		–	(30,000)
Dividend received		244,250	188,000
Interest received		41,020	37,020
Purchase of plant and equipment		(11,232)	(13,190)
Net cash from/(used in) investing activities		<u>274,038</u>	<u>(2,818,170)</u>
Net increase/(decrease) in cash and cash equivalents		1,917,736	(240,091)
Cash and cash equivalents at beginning of year		7,499,303	7,709,394
Cash and cash equivalents at end of year	7	<u>9,417,039</u>	<u>7,469,303</u>

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 16 April 2015.

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 Patrons of the Company are Founding Prime Minister of Singapore, Mr Lee Kuan Yew and Prime Minister of Singapore, Mr Lee Hsien Loong.

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, with effect from 1 March 2010. On 6 February 2013, the IPC status was extended for two years from 1 March 2013 to 28 February 2015.

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 FRSs 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 estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 11 - estimation of grant income

2.5 Changes in accounting policy

The Company has adopted FRS 111 *Joint Arrangements* and FRS 112 *Disclosure of Interests in Other Entities* as well as the Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, with a date of initial application of 1 January 2014.

(i) FRS 111 *Joint Arrangements*

FRS 111 *Joint Arrangements*, which establishes the principles for classification and accounting of joint arrangements. The adoption of this standard required the Company to re-assess and classify its joint arrangements as either joint operations or joint ventures based on its rights and obligations arising from the joint arrangements.

When making this assessment, the Company considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

(ii) Disclosure of interests in other entities

As a result of FRS 112 *Disclosure of Interests in Other Entities*, the Company has expanded its disclosures about its interests in joint arrangement.

(iii) Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, which clarifies the existing criteria for net presentation on the face of the Balance Sheet.

Under the amendments, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event, and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The application of the amendments had no significant impact in the Company's 2014 financial statements.

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.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

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 is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component 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 assets

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, which is the date that 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: held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Held-to-maturity financial assets

If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Held-to-maturity financial assets comprise debt securities.

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 cash and cash equivalents, and other receivables, excluding prepayments.

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, pledged deposits are excluded.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. 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 and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

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 expire.

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(s) has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired (including equity securities) 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. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Company considers a decline of 20% to be significant and a period of 9 months to be prolonged.

Loans and receivables and held-to-maturity financial assets

The Company considers evidence of impairment for loans and receivables and held-to-maturity financial assets at a specific asset and collective level. All individually significant loans and receivables and held-to-maturity financial assets are assessed for specific impairment. All individually significant receivables and held-to-maturity financial assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity financial assets that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity investment financial assets with similar risk characteristics.

In assessing collective 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 or held-to-maturity financial assets. 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

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 cumulative 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, then the impairment loss is reversed. The amount of the reversal is 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 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 CGUs.

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 in the periods during which related services are rendered by employees.

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 in the profit or loss as and when the Company's entitlement to such income is established with certainty and the amount can be measured with sufficient reliability. This normally coincides with the receipt of the donations. Donations received in advanced for future are deferred till the Company is entitled for the donation.

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.

Sponsorship income

Sponsorship income relating to cash donations is recognised as income when the related sponsored event is held.

Programme income

Programme income is recognised when the related event is held.

Membership fees

Membership fees are recognised over the membership period.

Dividend income

Dividend income is recognised in profit or loss on the date that 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 in profit or loss, 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 Future changes in accounting policies

Except as otherwise indicated below, those new standards, amendments to standards, and interpretations are not expected to have a significant effect on the financial statements of the Company. The Company does not plan to adopt these standards early.

- *FRS 109 Financial Instruments*

The standard replaces *FRS 39 Financial Instruments: Recognition and Measurement*. The standard sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The Company is currently assessing the impact on adoption of this standard in financial year ending 31 December 2018.

4 Plant and equipment

	Office renovation \$	Office equipment \$	Computer equipment \$	Furniture and fittings \$	Total \$
Cost					
At 1 January 2013	100,541	15,123	81,615	2,528	199,807
Additions	–	1,849	10,741	600	13,190
Disposals	–	–	(28,860)	–	(28,860)
At 31 December 2013	100,541	16,972	63,496	3,128	184,137
At 1 January 2014	100,541	16,972	63,496	3,128	184,137
Additions	–	–	11,232	–	11,232
At 31 December 2014	100,541	16,972	74,728	3,128	195,369
Accumulated depreciation					
At 1 January 2013	55,556	11,060	64,521	1,113	132,250
Depreciation charge for the year	20,108	2,338	15,632	606	38,684
Disposals	–	–	(27,900)	–	(27,900)
At 31 December 2013	75,664	13,398	52,253	1,719	143,034
At 1 January 2014	75,664	13,398	52,253	1,719	143,034
Depreciation charge for the year	10,008	2,492	14,166	626	27,292
At 31 December 2014	85,672	15,890	66,419	2,345	170,326
Carrying amounts					
At 1 January 2013	44,985	4,063	17,094	1,415	67,557
At 31 December 2013	24,877	3,574	11,243	1,409	41,103
At 31 December 2014	14,869	1,082	8,309	783	25,043

5 Investments

	2014	2013
	\$	\$
Available-for-sale financial asset:		
- Preference Shares	4,220,000	4,296,000
Held-to-maturity financial asset:		
- HDB Bonds	3,000,000	3,000,000
	<u>7,220,000</u>	<u>7,296,000</u>

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.

On 13 November 2013, the Company invested in 3,000,000 HDB bonds at fixed interest rate of 1.875%, which mature in 2017.

6 Other receivables

	2014	2013
	\$	\$
Deposit	400	400
Interest receivable	11,167	12,969
Other receivables	500,174	8,835
Accrued grant receivable (see note 11)	1,927,898	2,063,949
GST receivables	—	14,344
Loans and receivables	2,439,639	2,100,497
Prepayments	58,913	55,534
	<u>2,498,552</u>	<u>2,156,031</u>

There is no impairment of receivables arising from these outstanding balances.

7 Cash and cash equivalents

	2014	2013
	\$	\$
Cash in hand	3,020	4,010
Cash at bank	2,873,819	1,153,790
Deposits with financial institutions	6,540,200	6,341,503
Cash and cash equivalents in the statement of financial position	9,417,039	7,499,303
Less: Deposits pledged	—	(30,000)
Cash and cash equivalents in the statement of cash flows	<u>9,417,039</u>	<u>7,469,303</u>

The weighted average effective interest rate per annum relating to cash and cash equivalents at the reporting date is 0.60% (2013: 0.59%). 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 2014, the Company has 16 (2013: 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.

9 Reserve policy

	2014 \$	2013 \$
Unrestricted fund ("Reserves")	18,014,718	15,719,927
Ratio of "Reserves" to Annual Operating Expenditure	4.67	3.81

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 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

	2014 \$	2013 \$
Accrued grant income receivable	1,927,898	2,063,949
Grant income recognised in profit or loss	1,927,898	2,063,949

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, from the financial year ended 31 December 2008 to 2012. In the year 2012, the Tote Board extended the period of the grant for another five years to 31 December 2017. In 2013, the Tote Board has approved another grant of \$10 million for a period of five years, from the financial year 2014 to 2017.

The Company recognised grant income of \$1,927,898 (2013: \$2,063,949) during the current financial year, representing 50% of the claim for cost reimbursement in respect of 2014's expenditure which are subject to formal approval by the Tote Board. 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

	2014	2013
	\$	\$
CPF contribution for December	48,980	45,026
Provision for unutilised leave	23,587	18,718
Accrued operating expenses	640,072	792,766
Deferred income	213,277	120,000
	<u>925,916</u>	<u>976,510</u>

13 Donations

Tax deductible donations from:

	2014	2013
	\$	\$
SCCCI	300,000	300,000
Related parties	280,000	720,000
Others	1,420,000	1,450,000
	<u>2,000,000</u>	<u>2,470,000</u>

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

14 Sponsorship income

	2014	2013
	\$	\$
Sponsorship income	<u>1,230,000</u>	<u>1,043,458</u>

15 Programme income

	2014	2013
	\$	\$
Programme income	<u>645,440</u>	<u>599,909</u>

16 Staff costs

	2014 \$	2013 \$
Salaries and bonuses	1,410,970	1,555,239
Contributions to defined contribution plans	177,838	176,673
	<u>1,588,808</u>	<u>1,731,912</u>
Key management personnel compensation (included in staff costs)	<u>433,645</u>	<u>657,914</u>

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, general manager and the direct reporting senior officers are considered as key management personnel of the Company. Other directors did not receive any form of remuneration during the financial year.

Number of key management in remuneration (including benefits) bands:

	2014	2013
\$200,001 – \$300,000	–	1
\$100,001 – \$200,000	<u>3</u>	<u>3</u>

The disclosure on banding of key managements' remuneration is made in accordance to governance requirements of the Charity Council, effective 2008.

17 Resources expended on activities

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

	2014 \$	2013 \$
<u>Educational activities</u>		
Student Forum/Workshop	115,999	102,404
Summit Forum	1,560,903	1,516,377
	<u>1,676,902</u>	<u>1,618,781</u>
Spring Reception	10,000	10,000
	<u>1,686,902</u>	<u>1,628,781</u>
Special projects – Business China Awards	229,185	259,098
– Others	–	125,851
Total expenses incurred on activities	<u>1,916,087</u>	<u>2,013,730</u>

18 Other expenses

Other expenses include the following:

	2014	2013
	\$	\$
Audit fees paid/payable to:		
- auditors of the Company	44,000	41,000
Non-audit fees paid/payable to:		
- other auditors	30,000	30,000
Annual system maintenance	38,910	35,925
Operating lease expenses	9,774	10,040
Printing and stationery	31,178	31,864
Reimbursement of maintenance and utility charges to Chinese Development Assistance Council at cost	30,036	29,574

19 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.

20 Commitments

Operating leases commitments

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

	2014	2013
	\$	\$
Within 1 year	9,324	9,924
After 1 year but within 5 years	32,005	24,774
	41,329	34,698

21 Related parties

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

	2014	2013
	\$	\$
Related party transactions - expenses		
Resources expended on activities – Advertising costs paid to Singapore Press Holdings Limited (“SPH”)	146,403	135,768
Miscellaneous costs paid to Singapore Federation of Chinese Clan Associates, Singapore Chinese Chamber of Commerce & Industry and CapitaLand	22,250	17,103

22 Financial risk management

Overview

The Company does not have a formal risk management policy but management practices are established in close collaboration and consultation with the Finance & Establishment Committee, which is set up by the Board of Directors.

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 \$	Held-to- maturity \$	Other financial liabilities \$	Total carrying amount \$	Fair value \$
2014							
Assets							
Available-for-sale financial asset	5	—	4,220,000	—	—	4,220,000	4,220,000
Held-to-maturity financial asset	5	—	—	3,000,000	—	3,000,000	2,997,180
Other receivables	6	2,439,639	—	—	—	2,439,639	2,439,639
Cash and cash equivalents	7	9,417,039	—	—	—	9,417,039	9,417,039
		<u>11,856,678</u>	<u>4,220,000</u>	<u>3,000,000</u>	<u>—</u>	<u>19,076,678</u>	<u>19,073,858</u>
Liability							
Other payables	12	—	—	—	925,916	925,916	925,916
2013							
Assets							
Available-for-sale financial asset	5	—	4,296,000	—	—	4,296,000	4,296,000
Held-to-maturity financial asset	5	—	—	3,000,000	—	3,000,000	2,987,280
Other receivables	6	2,100,497	—	—	—	2,100,497	2,100,497
Cash and cash equivalents	7	7,499,303	—	—	—	7,499,303	7,499,303
		<u>9,599,800</u>	<u>4,296,000</u>	<u>3,000,000</u>	<u>—</u>	<u>16,895,800</u>	<u>16,883,080</u>
Liability							
Other payables	12	—	—	—	976,510	976,510	976,510

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.

There was no allowance of impairment losses in respect of financial assets excluding cash and cash equivalents and derivatives financial instruments of \$2,439,639 (2013: \$2,100,497).

The credit quality of financial assets that were not past due or impaired at the reporting date falls within the Company's acceptable risk.

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 \$
2014					
Financial liabilities:					
Other payables	925,916	925,916	925,916	—	—
2013					
Financial liabilities:					
Other payables	976,510	976,510	976,510	—	—

Market risk

Market risk is the risk that changes in market prices, such as foreign currency rates, interest rates and equity prices will affect the Company's income on the value of its holding of financial instruments. The objective of the 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 liability.

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 date 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 available-for-sale financial asset. This instrument is quoted on the Singapore Exchange Securities Trading Limited (SGX-ST) in Singapore.

Sensitivity analysis for equity price risk

At the reporting date, if the value of the available-for-sale financial asset had been 1% (2013: 1%) higher/lower with all other variables held constant, the Company's fair value reserve in equity would have been \$42,200 (2013: \$42,960) higher/lower, arising as a result of higher/lower fair value gain on available-for-sale financial asset.

Fair value hierarchy

The table below analyse fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy. The different levels have been defined as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- **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:** unobservable inputs for the asset or liability.

Financial assets carried at fair value

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
31 December 2014				
Available-for-sale financial asset	4,220,000	—	—	4,220,000
31 December 2013				
Available-for-sale financial asset	4,296,000	—	—	4,296,000

Financial assets not carried at fair value but for which fair value is disclosed*

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
31 December 2014				
Held-to-maturity financial asset	2,997,180	—	—	2,997,180
31 December 2013				
Held-to-maturity financial asset	2,987,280	—	—	2,987,280

* Excludes financial assets and financial liabilities whose carrying amounts are measured on an amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

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.

