

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

Annual Report
Year ended 31 December 2015

Directors' statement

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 2015.

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 financial position of the Company as at 31 December 2015 and the financial performance and cash flows of the Company for the year ended on that date 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.

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 statement 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

Ms Sun Xueling was appointed as Chief Executive Officer of Business China on 1 November 2015.

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 2015, Business China organised 45 activities which were attended by 12,043 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 2015 include Professor Lung Ying-tai a well-known writer from Taiwan who spoke on her experience "From Village to Metropolis: My Cultural Experience" held on 25 Oct at UniSIM Grand Hall. Professor Lung Ying-tai's talk attracted 1,600 participants. In another lecture themed "Technology, Innovation, Opportunities", ZTE Vice President Xu Ming and a panel of speakers shared on China's infocomm industry development and start-up ecosystem. 120 individuals attended this lecture on 13 May at the Shangri-la Hotel.

2) China Rediscovery

The China Rediscovery is a series of closed-door dialogue aimed at providing Apex members private insights into issues concerning China. It also aims to position Business China as the apex organisation with connections to the 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.

A China Rediscovery closed-door dialogue was organised on 26 November 2015 at the Shangri-la Hotel with guest speaker, Mr Li Rongrong, Former Director of China's State-owned Assets Supervision and Administration Commission of the State Council (SASAC). Mr Li was also Business China Awards 2015 Excellence Award Recipient. This session attracted 70 participants in total. Another closed-door dialogue themed "Navigating China's Media Maze: Unlocking More Values" was held on 13 May at the Sun Yat Sen Nanyang Memorial Hall. Top managements from Shanghai's China Business Network, Mr Zhou Jun and Ms Wang Jun shared with 40 participants on negotiating China's complex media landscape.

3) Apex Members Social Gathering

Apex Members' Social Gathering aims to provide the closely knitted group of Business China members, a platform to engage with one another on a more personal level, while interacting and networking in a social setting. Our Apex Members had a fruitful Sunday afternoon watching the acclaimed Lao She "Tea House" performance at the Esplanade on 8 March 2015. Apex Committee Chairperson SMS Josephine Teo joined 16 members for the event.

4) 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 gathers 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 six years. The 2015 Forum held on 20-21 July featured a total of 16 sessions and a strong slate of 60 internationally esteemed speakers, such as Prime Minister Lee Hsien Loong, Mr Tung Chee Hwa, Vice Chairman, 12th National Committee of China's CPPCC, and Mr George Yeo, Chairman, Kerry Logistics Network Limited. The Forum attracted 423 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 2015 Forum received extensive coverage in both the local and international media.

5) FutureChina Advanced Leaders Programme

Jointly developed by Business China and NTU's Nanyang Business School and supported by IE Singapore, the 3-week 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 fourth run of FC-ALP, which completed successfully from March to May 2015, 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 Wuhan and Changsha where they uncovered emerging opportunities in the rapidly developing central economic corridor, and met with local government officials and business leaders. In conjunction with the FC-ALP, a Future China Business Forum @ Changsha was organised which drew 220 participants. This created an excellent platform for Singapore and central China business leaders to network and interact.

All graduates of the FC-ALP are automatically invited to join the FC-ALP Alumni Club. The Future China Advanced Leaders Club (慧眼中国汇), currently stands at 90 alumni. Regular activities are organised by the club and its members to allow the alumni to stay connected, and to continue to keep pace with the future development of the ever-changing China.

(B) Programmes & Initiatives Benefitting Youths and Students

1) BCYC Online Outreach Publication – Go East Journal

Articles, photos, and videos of the "2014 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.

2) 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 2015. One was held on 25 February in collaboration with St Andrew's Junior College, which attracted participation of 1,000 students. The other Forum was held on 29 April with Temasek Junior College, which attracted participation of 600 students.

3) Business China Youth Showdown 2015

Business China Youth Showdown was formerly part of the FutureChina Youth Forum programme, and held in close collaboration with the FutureChina Global Forum (FCGF). In view of positive feedback and overwhelming response from participating schools, the Youth Showdown was held as an independent event in 2015. This event is a highly interactive bilingual platform for Singaporean youths to showcase their China knowledge

and network with like-minded youths from all over Singapore through a presentation-competition. The Showdown aims to equip Singapore students with current 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 also aims to prepare students with the capability to better connect with China.

267 students from various Integrated Programme schools, junior colleges, polytechnics and tertiary institutions attended the event held on 15 July 2015. Then Minister of State for Prime Minister's Office, Ministry of Culture, Community and Youth, and Board Member of Business China, Mr Sam Tan, graced the Youth Showdown as the Guest-of-Honour.

The Showdown saw 11 teams from nine schools deliberate on the theme of "One Belt One Road: Singapore at the Crossroads" with eight minutes to each team. Hwa Chong Institution emerged as the overall champion, with Nanyang Girls' High School and Singapore Polytechnic Team 1 clinching 2nd and 3rd places. The top three teams of the Youth Showdown were awarded complimentary access to the prestigious FCGF 2015.

The judging panel consisted of Dr Zhou Zhao Cheng, then Editor of Zaobao.com cum Editor of Crossroads, Lianhe Zaobao and Mr See Yong Sheng, Chief Executive Officer of ITT Global Learning.

4) 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 2015, Business China conducted three E³ workshops at Ngee Ann Polytechnic, benefitting 936 students. The workshops were jointly organised and cost-shared with the partnering school.

5) Outreach to Schools

Business China organised a total of 20 sessions of Outreach to Schools in 2015, benefitting 3,553 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 stood at 1,608 (as of 31 December 2015).

6) 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 stood at 111 (as of

31 December 2015). Amongst the various key activities organised for and/or by BCYC members in 2015 were two Closed-Door Sharing Sessions for BCYC members:

| | Date | Guest Speaker |
|---|----------------|---|
| 1 | 11 April 2015 | Mr Lee Chih Horng, current Lianhe Zaobao Associate Sports Editor & adjunct lecturer, NTU; former Lianhe Zaobao overseas-based correspondent in Taipei, Hong Kong & Guangzhou. |
| 2 | 17 August 2015 | Mr Thierry Roques, Finance Director of South Pacific, and the Vice President and CFO of Coca Cola Greater China and Korea. |

Other engagement programmes included: Post China Learning Journey Gathering on 10 January 2015; hosting of a delegation of Peking University Guanghua School of Management and Yuanpei College students from 18 to 25 January 2015, and another delegation of Chinese university students from Shantou University on 5 February 2015.

BCYC also organised a Chinese New Year Gathering and interaction session on 22 February 2015. Business China also nominated and supported seven active BCYC members to attend the Dragon 100 Forum held from 1 to 8 August in Shenzhen and Hong Kong SAR, China; and one active BCYC member to attend the Macau Global Entrepreneurial Youth Conference in Macau SAR, China from 10 to 15 June 2015.

Other BCYC engagement programmes also included adhoc meetings and sharing sessions amongst the members. The various engagement programmes are meant to provide opportunities for in-depth sharing, discussion and learning from each other, invited speakers and allow BCYC and BC Board/BC associates to interact and network through small scale and closed door sharing sessions.

The BCYC also maintained an active Facebook page (www.facebook.com/groups/bcyouthchapter/) which is a closed platform to further engage members for sharing of news and updates on China. The FB page currently has a group size 104.

The 3rd BCYC Annual General Meeting (AGM) was held on 12 December 2015. 15 members attended the AGM and the 3rd BCYC Executive Committee was elected through an online voting system.

7) **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 55,000 and average monthly viewership of 40,000 on their website, this further extended our frontline contact with schools not yet familiar with Business China. The total circulation of each issue of zbCOMMA which carry our feature article is 58,500.

These 8 commissioned features were published on 21 January, 18 February, 11 March, 22 April, 13 May, 29 July, 26 August and 7 October. The Go East programmes featured in the

articles included: BCYC China Learning Journey 2014, China-Quotient Student Forum (Feb), China-Quotient Student Forum (April) and Business China Youth Showdown. The rest of the articles carried themes related to differences and similarities between Singapore and China's classroom culture; the differences and similarities between the technology trends in Singapore and China, as well as experiences of Singaporean young adults working in China.

8) China-Quotient Parents' Forum

The Forum will be held in third quarter of 2016. The Parents' Resource Handbook, produced separately in English and Chinese, will be launched during the Forum and distributed complimentary 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". The first draft of the Handbook was submitted by the author in February 2015, pending feedback from BC.

(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 successes 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 sixth edition of BCA was held in conjunction with Business China's anniversary on 25 November at the Resorts World Convention Centre. The Guest-of-Honour was Mr Teo Chee Hean, Deputy Prime Minister of Singapore. A total of 507 distinguished guests attended the event, which was widely reported on both local and foreign media platforms.

The 2015 Award recipients were as follows: –

Excellence Award:

Li Rongrong (China International Economic Exchange Centre and vice president, former director of SASAC China)

Enterprise Award:

Keppel Corporation

Young Achiever Award:

Tanya Chua (Singer Songwriter, Tangy Music International Group)

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 2015, Spring Reception was held on 21 February at SFCCA with Dr Ng Eng Hen (Minister of Defence), 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 550 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 ("IPC's") 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.

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

18 May 2016



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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 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory 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 financial statements 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 so as to give a true and fair view of the financial position of the Company as at 31 December 2015 and the financial performance, 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
18 May 2016

Statement of financial position
As at 31 December 2015

| | Note | 2015 \$ | 2014 \$ |
|-------------------------------------|------|-------------------|-------------------|
| Non-current assets | | | |
| Plant and equipment | 4 | 9,019 | 25,043 |
| Investments | 5 | 10,275,830 | 7,220,000 |
| | | <u>10,284,849</u> | <u>7,245,043</u> |
| Current assets | | | |
| Other receivables | 6 | 2,103,448 | 2,498,552 |
| Cash and cash equivalents | 7 | 8,584,350 | 9,417,039 |
| | | <u>10,687,798</u> | <u>11,915,591</u> |
| Total assets | | <u>20,972,647</u> | <u>19,160,634</u> |
| Capital and accumulated fund | | | |
| Capital | 8 | — | — |
| Accumulated fund | 9 | 19,898,001 | 18,014,717 |
| Fair value reserve | 10 | 206,830 | 220,000 |
| | | <u>20,104,831</u> | <u>18,234,717</u> |
| Current liabilities | | | |
| Other payables | 12 | 867,816 | 925,916 |
| Total liabilities | | <u>867,816</u> | <u>925,916</u> |
| Total fund and liabilities | | <u>20,972,647</u> | <u>19,160,634</u> |

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

Statement of comprehensive income
Year ended 31 December 2015

| | Note | 2015 \$ | 2014 \$ |
|---|------|--------------------|--------------------|
| Income | | | |
| Donations | 13 | 1,633,000 | 2,000,000 |
| Grant income | 11 | 1,912,742 | 1,927,898 |
| Sponsorship income | 14 | 1,030,000 | 1,230,000 |
| Programme income | 15 | 725,683 | 645,440 |
| Dividend income | | 167,397 | 272,404 |
| Distribution income | | 42,945 | — |
| Interest income | | 109,275 | 39,219 |
| Other income | | 87,726 | 35,625 |
| Total income | | <u>5,708,768</u> | <u>6,150,586</u> |
| Expenses | | | |
| Staff costs | 16 | (1,513,339) | (1,588,808) |
| Resources expended on activities | 17 | (1,967,109) | (1,916,087) |
| Depreciation | 4 | (20,836) | (27,292) |
| General publicity | | (24,903) | (32,249) |
| Other expenses | 18 | (299,297) | (291,360) |
| Total expenses incurred | | <u>(3,825,484)</u> | <u>(3,855,796)</u> |
| Surplus before income tax | | 1,883,284 | 2,294,790 |
| Income tax expense | 19 | — | — |
| Surplus for the year | | <u>1,883,284</u> | <u>2,294,790</u> |
| Other comprehensive income: | | | |
| Net loss on fair value changes of available-for-sale financial assets | | (13,170) | (76,000) |
| Other comprehensive income, net of tax | | <u>(13,170)</u> | <u>(76,000)</u> |
| Total comprehensive surplus for the year | | <u>1,870,114</u> | <u>2,218,790</u> |

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

Statement of changes in equity
Year ended 31 December 2015

| | Accumulated fund \$ | Fair value reserve \$ | Total \$ |
|---|---------------------------|-----------------------------|-------------|
| 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 |
| At 1 January 2015 | 18,014,717 | 220,000 | 18,234,717 |
| Surplus for the year | 1,883,284 | — | 1,883,284 |
| Other comprehensive income | — | (13,170) | (13,170) |
| Total comprehensive income for the year | 1,883,284 | (13,170) | 1,870,114 |
| At 31 December 2015 | 19,898,001 | 206,830 | 20,104,831 |

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

Statement of cash flows
Year ended 31 December 2015

| | Note | 2015 \$ | 2014 \$ |
|---|------|--------------------|------------------|
| Cash flows from operating activities | | | |
| Cash receipts from: | | | |
| Donations | | 2,013,000 | 1,850,000 |
| Sponsorship income | | 1,260,000 | 1,000,000 |
| Programme income | | 704,672 | 650,533 |
| Grant | | 1,927,898 | 2,063,949 |
| Other income | | 98,650 | 40,624 |
| | | <u>6,004,220</u> | <u>5,605,106</u> |
| Cash paid to: | | | |
| Suppliers and employees | | (4,100,724) | (3,961,408) |
| Net cash from operating activities | | <u>1,903,496</u> | <u>1,643,698</u> |
| Cash flows from investing activities | | | |
| Purchase of available-for-sale financial assets | | (3,069,000) | — |
| Dividend received | | 188,001 | 244,250 |
| Distribution received | | 42,945 | — |
| Interest received | | 106,681 | 41,020 |
| Purchase of plant and equipment | | (4,812) | (11,232) |
| Net cash (used in)/from investing activities | | <u>(2,736,185)</u> | <u>274,038</u> |
| Net (decrease)/increase in cash and cash equivalents | | (832,689) | 1,917,736 |
| Cash and cash equivalents at beginning of year | | 9,417,039 | 7,499,303 |
| Cash and cash equivalents at end of year | 7 | <u>8,584,350</u> | <u>9,417,039</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 18 May 2016.

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 65 Tanjong Katong Road #03-02 Singapore 436957.

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 (“SCCCP”).

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 3 July 2015, the IPC status was extended for two years from 1 May 2015 to 30 April 2017.

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 note:

- Note 11 - estimation of grant income

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 and perpetual capital 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. 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 attached 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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. Those which may be relevant to the Company in future financial periods, and which the Company does not plan to early adopt, are set out below.

- *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 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 |
| At 1 January 2015 | 100,541 | 16,972 | 74,728 | 3,128 | 195,369 |
| Additions | — | — | 4,812 | — | 4,812 |
| At 31 December 2015 | 100,541 | 16,972 | 79,540 | 3,128 | 200,181 |
| Accumulated depreciation | | | | | |
| 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 |
| At 1 January 2015 | 85,672 | 15,890 | 66,419 | 2,345 | 170,326 |
| Depreciation charge for the year | 10,008 | 929 | 9,592 | 307 | 20,836 |
| At 31 December 2015 | 95,680 | 16,819 | 76,011 | 2,652 | 191,162 |
| Carrying amounts | | | | | |
| At 1 January 2014 | 24,877 | 3,574 | 11,243 | 1,409 | 41,103 |
| At 31 December 2014 | 14,869 | 1,082 | 8,309 | 783 | 25,043 |
| At 31 December 2015 | 4,861 | 153 | 3,529 | 476 | 9,019 |

5 Investments

| | 2015 \$ | 2014 \$ |
|--------------------------------------|------------|------------|
| Available-for-sale financial assets: | | |
| - DBS Preference Shares | 4,220,000 | 4,220,000 |
| - UOB Perpetual Capital Securities | 1,537,680 | — |
| - Ascendas REIT Perpetual Securities | 1,518,150 | — |
| | 7,275,830 | 4,220,000 |
| Held-to-maturity financial asset: | | |
| - HDB Bonds | 3,000,000 | 3,000,000 |
| | 10,275,830 | 7,220,000 |

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 1.875% HDB bonds due on 13 November 2017.

On 13 April 2015, the Company invested in 1,500,000 UOB 4.75% non-cumulative, non-convertible perpetual capital securities, callable in 2019.

On 14 October 2015, the Company invested in 1,500,000 Ascendas REIT 4.75% non-cumulative perpetual securities, callable in 2020.

6 Other receivables

| | 2015 \$ | 2014 \$ |
|--|------------------|------------------|
| Deposit | 400 | 400 |
| Interest receivable | 13,761 | 11,167 |
| Other receivables | 86,517 | 500,174 |
| Accrued grant receivable (see note 11) | 1,912,742 | 1,927,898 |
| Loans and receivables | 2,013,420 | 2,439,639 |
| Prepayments | 90,028 | 58,913 |
| | <u>2,103,448</u> | <u>2,498,552</u> |

Impairment losses relate to other receivables.

7 Cash and cash equivalents

| | 2015 \$ | 2014 \$ |
|--------------------------------------|------------------|------------------|
| Cash in hand | 2,996 | 3,020 |
| Cash at bank | 3,533,729 | 2,873,819 |
| Deposits with financial institutions | 5,047,625 | 6,540,200 |
| Cash and cash equivalents | <u>8,584,350</u> | <u>9,417,039</u> |

The weighted average effective interest rate per annum relating to cash and cash equivalents at the reporting date is 1.05% (2014: 0.60%). 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 2015, the Company has 16 (2014: 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 **Accumulated fund**

| | 2015 \$ | 2014 \$ |
|---|------------|------------|
| Unrestricted fund ("Reserves") | 19,898,001 | 18,014,717 |
| Ratio of "Reserves" to Annual Operating Expenditure | 5.20 | 4.67 |

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. 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**

| | 2015 \$ | 2014 \$ |
|---|------------|------------|
| Accrued grant income receivable | 1,912,742 | 1,927,898 |
| Grant income recognised in profit or loss | 1,912,742 | 1,927,898 |

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 \$1,912,742 (2014: \$1,927,898) during the current financial year, representing 50% of the claim for cost reimbursement in respect of 2015'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

| | 2015 | 2014 |
|--------------------------------|----------------|----------------|
| | \$ | \$ |
| CPF contribution for December | 50,008 | 48,980 |
| Provision for unutilised leave | 22,039 | 23,587 |
| Accrued operating expenses | 349,692 | 640,072 |
| Deferred income | 446,077 | 213,277 |
| | <u>867,816</u> | <u>925,916</u> |

13 Donations

Tax deductible donations from:

| | 2015 | 2014 |
|-----------------|------------------|------------------|
| | \$ | \$ |
| SCCCI | 300,000 | 300,000 |
| Related parties | 280,000 | 280,000 |
| Others | 1,053,000 | 1,420,000 |
| | <u>1,633,000</u> | <u>2,000,000</u> |

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

14 Sponsorship income

| | 2015 | 2014 |
|--------------------|------------------|------------------|
| | \$ | \$ |
| Sponsorship income | <u>1,030,000</u> | <u>1,230,000</u> |

15 Programme income

| | 2015 | 2014 |
|------------------|----------------|----------------|
| | \$ | \$ |
| Programme income | <u>725,683</u> | <u>645,440</u> |

16 Staff costs

| | 2015 | 2014 |
|---|------------------|------------------|
| | \$ | \$ |
| Salaries and bonuses | 1,342,969 | 1,410,970 |
| Contributions to defined contribution plans | 170,370 | 177,838 |
| | <u>1,513,339</u> | <u>1,588,808</u> |
| Key management personnel compensation (included in staff costs) | <u>458,121</u> | <u>433,645</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:

| | 2015 | 2014 |
|-----------------------|------|------|
| \$100,001 – \$200,000 | 2 | 3 |
| \$ 0 – \$100,000 | 2 | – |

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:

| | 2015 \$ | 2014 \$ |
|--|------------------|------------------|
| <u>Educational activities</u> | | |
| Student Forum/Workshop | 108,874 | 115,999 |
| Summit Forum | 1,371,230 | 1,560,903 |
| | <u>1,480,104</u> | <u>1,676,902</u> |
| Spring Reception | 10,000 | 10,000 |
| | <u>1,490,104</u> | <u>1,686,902</u> |
| Special projects – Business China Awards | 237,521 | 229,185 |
| – Others | 239,484 | – |
| Total expenses incurred on activities | <u>1,967,109</u> | <u>1,916,087</u> |

18 Other expenses

Other expenses include the following:

| | 2015 \$ | 2014 \$ |
|---|---------------|---------------|
| Audit fees paid/payable to: | | |
| - auditors of the Company | 44,000 | 44,000 |
| Non-audit fees paid/payable to: | | |
| - other auditors | 38,045 | 30,000 |
| Annual system maintenance | 38,910 | 38,910 |
| Operating lease expenses | 9,324 | 9,774 |
| Printing and stationery | 18,207 | 31,178 |
| Reimbursement of maintenance and utility charges to Chinese Development Assistance Council at cost | <u>31,889</u> | <u>30,036</u> |

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:

| | 2015 \$ | 2014 \$ |
|---------------------------------|---------------|---------------|
| Within 1 year | 8,714 | 9,324 |
| After 1 year but within 5 years | 21,197 | 32,005 |
| | <u>29,911</u> | <u>41,329</u> |

21 Related parties

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

| | 2015 \$ | 2014 \$ |
|--|---------------|---------------|
| Related party transactions - expenses | | |
| Resources expended on activities – Advertising costs paid to Singapore Press Holdings Limited (“SPH”) | 253,596 | 146,403 |
| Miscellaneous costs paid to Singapore Federation of Chinese Clan Associates, Singapore Chinese Chamber of Commerce & Industry and CapitaLand | 14,000 | 22,250 |
| | <u>14,000</u> | <u>22,250</u> |

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 \$ |
|-------------------------------------|------|--------------------------------|------------------------------|----------------------------|---|-----------------------------------|-------------------|
| 2015 | | | | | | | |
| Assets | | | | | | | |
| Available-for-sale financial assets | 5 | — | 7,275,830 | — | — | 7,275,830 | 7,275,830 |
| Held-to-maturity financial asset | 5 | — | — | 3,000,000 | — | 3,000,000 | 3,006,780 |
| Other receivables | 6 | 2,013,420 | — | — | — | 2,013,420 | 2,013,420 |
| Cash and cash equivalents | 7 | 8,584,350 | — | — | — | 8,584,350 | 8,584,350 |
| | | <u>10,597,770</u> | <u>7,275,830</u> | <u>3,000,000</u> | <u>—</u> | <u>20,873,600</u> | <u>20,880,380</u> |
| Liability | | | | | | | |
| Other payables | 12 | — | — | — | 867,816 | 867,816 | 867,816 |
| 2014 | | | | | | | |
| Assets | | | | | | | |
| Available-for-sale financial assets | 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 |

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 impairment loss in respect of financial assets excluding cash and cash equivalents of \$12,289,250 (2014: \$9,659,639).

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:

| | | Cash flows | | | |
|-------------------------------|----------------------------|-----------------------------------|--------------------------|--------------------------------|------------------------------|
| | Carrying amount | Contractual cash flows | Within 1 year | Within 1 to 5 years | More than 5 years |
| | \$ | \$ | \$ | \$ | \$ |
| 2015 | | | | | |
| Financial liabilities: | | | | | |
| Other payables | 867,816 | 867,816 | 867,816 | — | — |
| 2014 | | | | | |
| Financial liabilities: | | | | | |
| Other payables | 925,916 | 925,916 | 925,916 | — | — |

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 has investments in perpetual capital securities which are held at fair value and are affected by changes in market interest rates.

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.

Other market price risk

The Company's investments in perpetual capital securities are quoted on the Singapore Exchange Securities Trading Limited (SGX-ST) in Singapore, and the fair value of these instruments are affected by the changes in market interest rates and other market factors.

Sensitivity analysis for price risk of quoted financial instruments

At the reporting date, if the value of the available-for-sale financial assets had been 1% (2014: 1%) higher/lower with all other variables held constant, the Company's fair value reserve in equity would have been \$72,758 (2014: \$42,200) higher/lower, arising as a result of higher/lower fair value gain on available-for-sale financial assets.

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 2015 | | | | |
| Available-for-sale financial assets | 7,275,830 | — | — | 7,275,830 |
| 31 December 2014 | | | | |
| Available-for-sale financial asset | 4,220,000 | — | — | 4,220,000 |

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

| | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|----------------------------------|---------------|---------------|---------------|-------------|
| 31 December 2015 | | | | |
| Held-to-maturity financial asset | 3,006,780 | — | — | 3,006,780 |
| 31 December 2014 | | | | |
| Held-to-maturity financial asset | 2,997,180 | — | — | 2,997,180 |

* Excludes financial assets and financial liabilities whose carrying amounts are measured on an amortised cost basis and 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.