



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

Annual Report
Year ended 31 December 2016

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 2016.

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

- (a) the financial statements set out on pages FS1 to FS22 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2016 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 Patron of the Company is the Prime Minister of Singapore, Mr Lee Hsien Loong.

Advisers

Mr Gan Kim Yong	(Adviser)
Mr Chan Chun Sing	(Adviser)
Mr Ong Ye Kung	(Adviser)
Mr Ng Chee Meng	(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 Lee Yi Shyan	(Chairman)
Mr Anthony Tan	
Mr Chee Hong Tat	
Mr Hu Yee Cheng	
Mrs Josephine Teo	
Mr Kho Choon Keng	
Mr Koh Poh Koon	
Mr Kuah Boon Wee	
Mr Lim Ming Yan	
Mr Ng San Tiong	
Mr Tan Cheng Gay	
Mr Tan Ser Ping	
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 Board of Directors has set up five 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

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 2016, Business China organised 58 activities which were attended by 13,425 participants (2015: 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 2016 include Professor Chu Yun-Han - distinguished Research Fellow of Institute of Political Science at Academia Sinica and Professor of Political Science at National Taiwan University and Professor Liu Guoshen, Director of the Xiamen University Taiwan Research Institute. Both Professors shared their views on "The Prospect of Cross-Straits Relations after 5.20." This event was held at NTU@One-North Campus on 12 April 2016 and moderated by Professor Liu Hong from NTU. This China Insight series was jointly organised by with NTU's Nanyang Centre for Public Administration. 230 participants attended this China Insight Series.

The Ho Bee Professorship Lecture Series, also classified under China Insight Series, invited Dr Wang Zhongming to share his insight on "Three Strategies for Developing an Entrepreneurial and Innovative Community: Research and Business Experiences from China." A total of 106 participants attended the talk held at SMU on 20 April 2016.

Mr Liu Chuanzhi (Founder of Lenovo) shared his entrepreneurial journey of founding and growing Lenovo in a China Insight Series talk jointly organised with Lien Ying Chow Legacy Fellowship held at Mandarin Orchard. Lenovo is now the world's top PC maker by market share and ranks 202nd in the Fortune Global 500 list in 2016. 1000 participants attended this talk which took place on 20 October 2016.

China Insight - UniSIM Cultural China Public Lecture on 29 October 2016 which featured Mr Wang Lu Xiang - host of Phoenix TV's Cultural Kaleidoscope programme, drew 450 participants to a talk on: From Mazu Worship to the Procession of the Deities: A Public Lecture on Chinese Folk Beliefs. This event was co-organised with Lianhe Zaobao and UniSIM and it took place on 29 October 2016.

2) China Rediscovery

The China Rediscovery series is a closed-door dialogue which aims to provide Apex members insights into issues concerning China. It also aims to position Business China as a quality organisation that has good relations and networks with 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.

Professor Liu Guoshen had an insightful sharing with our Business China's Apex members on the topic of "The Internal Logic of Political Disagreement across the Taiwan Straits." 55 participants attended the closed door talk held at Pyramid on 11 April 2016.

On 19 October 2016, Mr Liu Chuanzhi was invited to be a guest speaker of a closed door lunch dialogue session with Business China's high level members held at the China Club, where 60 participants attended. This closed door dialogue was co-organised with Lien Ying Chow Legacy Fellowship, NTU.

On 11 November 2016, Minister of Foreign Affairs Dr Vivian Balakrishnan conducted a China Rediscovery Dialogue with 53 C-level business leaders held at The Pyramid.

3) Eminent Speakers Series

Eminent Speaker series is an economic and cultural forum held annually in partnership with Lianhe Zaobao. It enables Apex members to build in-depth knowledge about China and understand the relevance of China in a globalised world. On 8 October 2016, well-known China singer-songwriter and investor Mr Hu Haiquan was the speaker this year. The event was held at Marina Bay Sands Expo and Convention Centre. This event had garnered 1,000 participants including his fans.

4) Apex Members Social Gathering

Apex Members Social Gathering provides Business China a platform to engage high level individual members. It also allow the members to interact and network in social settings. This year, Business China invited five veterans of the technopreneurship and venture capital investment arena in China to share on "Riding the Waves of the Future Economy - Opportunities in China", on 5 July 2016 at BASH. A total of 110 participants attended the gathering.

5) Business Forum

FutureChina Business Forum was held in conjunction with a Singapore linked/government-linked organisation or renowned business school based in China. The forum will be held in China, preferably where the organisation is based.

Potential panel of speakers includes key government officials from Singapore and China. (e.g Business China Board Members/ advisors), key Singaporean business leaders who are based in China, renowned professors from business schools, alumni from Future China Advance Leaders Programme and China Business School.

In 2016, the Business Forum was held in Guangzhou. Westin Hotel. The forum was jointly organised by Sino-Singapore Guangzhou Knowledge City ('SSGKC') and Business China. The theme of the Forum was title "Understanding the world dynamics that could impact the Rise of China Today. The keynote speakers for the Forum were Mr Martin Jacques and Mr Lui Tuck Yew former Minister for Transport and Second Minister for Defence moderated by Ms Sun Xueling. The Guest of Honour was Mr Chua Teng Hoe, Consul-General in Guangzhou. 300 individuals attended the Business Forum in Guangzhou on 23 April 2016.

6) 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 (Political 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 quantity and quality of speakers and participants in the past seven years. The 2016 Forum held on 18-19 July featured a total of 16 sessions and a strong slate of 66 internationally esteemed speakers, such as Mr Teo Chee Hean, Deputy Prime Minister & Coordinating Minister for National Security, Mr Tharman Shanmugaratnam, Deputy Prime Minister & Coordinating Minister for Economic and Social Policies, and Mr Wang Chuanfu, Chairman, Executive Director and President of BYD Company Limited. The forum attracted 447 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 2016 Forum received extensive coverage in both local and international media.

7) 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 fifth run of FC-ALP, which completed successfully from August to October 2016, comprised of 23 participants who are senior executives, second or third generation business leaders and senior management from the public sector. As part of the programme, the participants had a fruitful trip to Shenzhen and Chongqing where they uncovered emerging opportunities in the rapidly developing tech industry and the third G2G project. In conjunction with the FC-ALP, the "Pioneering Innovation & Collaboration: One Belt One Road – China Singapore" business forum was organised and attracted 350 participants. This created an excellent platform for Singapore and Chongqing 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 113 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) 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 students to:

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

One forum was conducted on 18 May 2016 in collaboration with River Valley High School under the theme “US-China Relations: Is Conflict Inevitable?” and it attracted the participation of 650 students.

2) Business China Youth Showdown

Business China Youth Showdown was formerly known as FutureChina Youth Showdown, and held in close collaboration with the prestigious FutureChina Global Forum (‘FCGF’). This is a bilingual national platform for Singaporean youths to showcase their China knowledge and network with like-minded youths through a presentation-competition. The Showdown 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 also aims to prepare students with the capability to better connect with China.

160 students from various Integrated Programme schools, junior colleges, polytechnics and tertiary institutions attended the event held on 13 July 2016. Then Senior Minister of State, Ministry of Culture, Community and Youth and Ministry of Finance, Ms Sim Ann, graced the Youth Showdown as the Guest-of-Honour.

The Showdown saw 9 teams from seven schools deliberate on the theme of “Youths and the Sharing Economy” within eight minutes each team. Hwa Chong Institution emerged as the overall champion. The top three teams of the Youth Showdown, including Singapore Institute of Management and Singapore Polytechnic, were awarded complimentary access to the prestigious FCGF 2016.

The judging panel consisted of Dr Zhou Zhao Cheng, Assistant Vice President (New Growth), Lianhe Zaobao, Mr Benjamin Cheong, Partner: Technology, Media and Telecommunications/Competition Practice, Rajah & Tann Singapore LLP and Mr Olivier Darrieux, Manager, IT Advisory, KPMG.

3) 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 2016, Business China conducted three E3 workshops at Ngee Ann Polytechnic, benefitting 872 students in total. The workshops were jointly organised and cost-shared with the partnering school.

4) Outreach to Schools

Business China organised a total of 19 sessions of Outreach to Schools in 2016, benefitting 4,699 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 1,423 (as of 31 December 2016).

5) 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 115 (as of 31 December 2016). Amongst the various key activities organised for and/or by BCYC in 2016 included four Closed-Door Sharing Sessions for BCYC members:

	Date	Guest Speaker	No. of Participants
1	29 March 2016	Mr Alan Cui Shuyang, Urban Planner, Surbana Jurong	6
2	9 May 2016	Mr George Yeo, former Foreign Minister	28
3	23 May 2016	Mr Duncan Clark, BDA Founder and author of Alibaba: The House that Jack Ma Built	12
4	22 July 2016	Mr Richie Eu, General Manager, Strategic Development, Eu Yan Sang International Ltd	11

Other engagement programmes included: hosting of a delegation of Peking University Guanghua School of Management and Yuanpei College students from 19 to 27 January 2016, and another delegation of Chinese university students from Shantou University on 5 July 2016.

BCYC also organised a Chinese New Year Gathering and interaction session on 13 February 2016. Business China also nominated and supported four active BCYC members to attend the Dragon 100 Forum held from 31 July to 7 August in Shenzhen, Hong Kong SAR, China and Xi'an.

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, 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 of 115.

The 4th BCYC Annual General Meeting ('AGM') was held on 13 August 2016. 26 members attended the AGM and the 4th Executive Committee was elected through an online voting system with 34 members' participation.

6) 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.

These 8 commissioned features were published on 17 February, 30 March, 27 April, 25 May, 27 July, 31 August, 28 September, and 26 October 2016. The Go East programmes featured in the articles included: BCYC-PKU Study Visit 2016, China-Quotient Student Forum (May) and Business China Youth Showdown. The rest of the articles carried themes related to differences and similarities between Singapore and China's breakfast culture; the differences and similarities between internet lingo terms commonly used in Singapore and China, as well as the various online personalities in both countries.

7) China-Quotient Parents' Forum

The Forum aims to rally parents to play a more active role and inspire their children to upkeep their Chinese language skills and China-Quotient ('CQ'). 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". This Handbook will be printed in both English and Chinese versions and distributed to students in future Outreach events.

The inaugural Forum was held on 26 September 2016 in collaboration with Teck Ghee Primary School and attracted the participation of 100 parents.

(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 seventh edition of BCA was held in conjunction with Business China's ninth anniversary on 22 November at Shangri-La Hotel Singapore. The Guest-of-Honour was Mr Teo Chee Hean, Deputy Prime Minister and Coordinating Minister for National Security. Four hundred (400) distinguished guests attended the event, which was widely reported on both local and foreign media platforms.

The 2016 Award recipients were as follows: –

Excellence Award:

Professor Wang Gungwu

Chairman, Lee Kuan Yew School of Public Policy & East Asian Institute, National University of Singapore

Enterprise Award:

Bank of China

Young Achiever Award:

Jenny Lee

Managing Partner, GGV Capital Shanghai

2) Spring Reception

Organised during the Lunar New Year period, 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 were also invited.

In 2016, Spring Reception was held on 10 February at SFCCA with DPM Tharman Shanmugaratnam, as the Guest of Honour. Other distinguished guests at the Spring Reception included Minister Gan Kim Yong, Minister Chan Chun Seng, (then) Acting Minister for Education (Higher Education and Skills), Mr Ng Chee Meng (then) Acting Minister for Education (Schools). Jointly organised with SFCCA and SCCC it was attended by 590 distinguished guests from various fields.

3) Business China Board Retreat

In conjunction to the movement in Business China's Board Directors. Business China had planned and executed the Business China Retreat 2016 which took place on 18 October 2016 at Mandarin Orchard. The Guest of Honour for the Retreat was none other than Business China's Patron Mr Lee Hsien Loong. Total attendance of the Retreat was 23 (inclusive of PM Lee).

The objective of the Retreat is to orient new board members on BC's mission and vision. Chairman Mr Lee Yi Shyan kick started the Retreat with a welcoming note to the directors of Business China. CEO of Business China Ms Sun Xueling had also share some of Business China's milestones achieved over the years facilitated by General Manager.

The directors were later break into various groups to discuss on some future potential plans for Business China on her positioning and what they expected to see a few years down the road.

Business China's Patron, Mr Lee Hsien Loong had an exclusive lunch with the directors to further discuss on feasible strategies that the various agencies could collaborate with Business China achieve a win-win situation in achieving Business China's Mission and Vision. PM had also commented that Business China needs to stay updated with current developments in China to understand where the opportunities are.

The Board concluded that Business China should shift away from being language and cultural oriented, and move towards becoming more business-centric.

An action plan was collated for the retreat as follows:

- To work more closely with the Ministry of Trade & Industry and the economic agencies.
- To work with the economic agencies and the Trade Association and Chambers to bring together the networks and competencies of overseas Singaporeans
- To work with the Institute of Higher Learning and leverage on relevant government grants to enable more Singaporeans to pick up relevant China-ready skills and create “新中通”
- To consolidate resources and target business-centric communities

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.


Share options

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

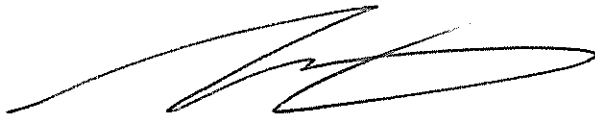
Auditors

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

On behalf of the Board of Directors



Lee Yi Shyan
Chairman



Teo Siong Seng
Director

17 May 2017



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Independent auditors' report

Members of the Company
Business China

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Business China ('the Company'), which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS22.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Companies Act'), the Charities Act, Chapter 37 ('the Charities Act and Regulations'), and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Company as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the Directors' statement.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors 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 Act and FRSs, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

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.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
17 May 2017

Statement of financial position
As at 31 December 2016

	Note	2016 \$	2015 \$
Non-current assets			
Plant and equipment	4	7,831	9,019
Investments	5	10,323,530	10,275,830
		<u>10,331,361</u>	<u>10,284,849</u>
Current assets			
Other receivables	6	2,258,036	2,103,448
Cash and cash equivalents	7	10,022,907	8,584,350
		<u>12,280,943</u>	<u>10,687,798</u>
Total assets		<u>22,612,304</u>	<u>20,972,647</u>
Capital and accumulated fund			
Capital	8	—	—
Accumulated fund	9	21,546,125	19,898,001
Fair value reserve	10	254,530	206,830
		<u>21,800,655</u>	<u>20,104,831</u>
Current liabilities			
Other payables	12	811,649	867,816
Total liabilities		<u>811,649</u>	<u>867,816</u>
Total fund and liabilities		<u>22,612,304</u>	<u>20,972,647</u>

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

Statement of comprehensive income
Year ended 31 December 2016

	Note	2016 \$	2015 \$
Income			
Donations	13	1,359,900	1,633,000
Grant income	11	1,806,313	1,912,742
Sponsorship income	14	920,000	1,030,000
Programme income	15	621,245	725,683
Dividend income		188,515	167,397
Distribution income		142,890	42,945
Interest income		139,785	109,275
Other income		82,102	87,726
Total income		<u>5,260,750</u>	<u>5,708,768</u>
Expenses			
Staff costs	16	(1,688,556)	(1,513,339)
Resources expended on activities	17	(1,612,800)	(1,967,109)
Depreciation	4	(11,127)	(20,836)
General publicity		(24,568)	(24,903)
Other expenses	18	(275,575)	(299,297)
Total expenses incurred		<u>(3,612,626)</u>	<u>(3,825,484)</u>
Surplus before income tax		1,648,124	1,883,284
Income tax expense	19	—	—
Surplus for the year		<u>1,648,124</u>	<u>1,883,284</u>
Other comprehensive income:			
Net gain/(loss) on fair value changes of available-for-sale financial assets		47,700	(13,170)
Other comprehensive income, net of tax		<u>47,700</u>	<u>(13,170)</u>
Total comprehensive surplus for the year		<u>1,695,824</u>	<u>1,870,114</u>

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

Statement of changes in equity
Year ended 31 December 2016

	Note	Accumulated fund \$	Fair value reserve \$	Total \$
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	10	—	(13,170)	(13,170)
Total comprehensive income for the year		1,883,284	(13,170)	1,870,114
At 31 December 2015		<u>19,898,001</u>	<u>206,830</u>	<u>20,104,831</u>
At 1 January 2016		19,898,001	206,830	20,104,831
Surplus for the year		1,648,124	—	1,648,124
Other comprehensive income	10	—	47,700	47,700
Total comprehensive income for the year		1,648,124	47,700	1,695,824
At 31 December 2016		<u>21,546,125</u>	<u>254,530</u>	<u>21,800,655</u>

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

Statement of cash flows
Year ended 31 December 2016

	Note	2016	2015
		\$	\$
Cash flows from operating activities			
Cash receipts from:			
Donations		1,189,900	2,013,000
Sponsorship income		920,000	1,260,000
Programme income		372,571	704,672
Grant		1,912,742	1,927,898
Other income		100,573	98,650
		<u>4,495,786</u>	<u>6,004,220</u>
Cash paid to:			
Suppliers and employees		(3,499,199)	(4,100,724)
Net cash from operating activities		<u>996,587</u>	<u>1,903,496</u>
Cash flows from investing activities			
Purchase of available-for-sale financial assets		–	(3,069,000)
Dividend received		188,515	188,001
Distribution received		142,890	42,945
Interest received		120,505	106,681
Purchase of plant and equipment		(9,940)	(4,812)
Net cash from/(used in) investing activities		<u>441,970</u>	<u>(2,736,185)</u>
Net increase/(decrease) in cash and cash equivalents		1,438,557	(832,689)
Cash and cash equivalents at beginning of year		8,584,350	9,417,039
Cash and cash equivalents at end of year	7	<u>10,022,907</u>	<u>8,584,350</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 17 May 2017.

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 1 Straits Boulevard #11-02 Singapore Chinese Cultural Centre, Singapore 018906.

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 connect 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 24 April 2017, the IPC status was extended for two years from 1 May 2017 to 30 April 2019.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the 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 New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these financial statements. The Company is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Company.

These new standards include, among others, *FS 115 Revenue from Contracts with Customers*, *FRS 109 Financial Instruments* and *FRS 116 Leases* which are mandatory for adoption by the Company on 1 January 2018 and 1 January 2019 respectively.

- FRS115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including *FRS 18 Revenue*, *FRS11 Construction Contracts*, *INT FRS 113 Customer Loyalty Programmes*, *INT FRS 115 Agreements for the Construction of Real Estate*, *INT FRS 118 Transfers of Assets from Customers* and *INT FRS 31 Revenue – Barter Transactions Involving Advertising Services*.

FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2018 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.

- FRS 109 replaces most of the existing guidance in *FRS 39 Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.

- FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ('ROU') assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor. When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.

The Company does not plan to adopt these standards early.

4 Plant and equipment

	Office renovation \$	Office equipment \$	Computer equipment \$	Furniture and fittings \$	Total \$
Cost					
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
At 1 January 2016	100,541	16,972	79,540	3,128	200,181
Additions	—	—	9,940	—	9,940
Disposals	—	—	(14,881)	—	(14,881)
At 31 December 2016	100,541	16,972	74,599	3,128	195,240
Accumulated depreciation					
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
At 1 January 2016	95,680	16,819	76,011	2,652	191,162
Depreciation charge for the year	4,480	153	6,187	307	11,127
Disposals	—	—	(14,880)	—	(14,880)
At 31 December 2016	100,160	16,972	67,318	2,959	187,409
Carrying amounts					
At 1 January 2015	14,869	1,082	8,309	783	25,043
At 31 December 2015	4,861	153	3,529	476	9,019
At 31 December 2016	381	—	7,281	169	7,831

5 Investments

	2016 \$	2015 \$
Available-for-sale financial assets:		
- DBS Preference Shares	4,222,400	4,220,000
- UOB Perpetual Capital Securities	1,551,675	1,537,680
- Ascendas REIT Perpetual Securities	1,549,455	1,518,150
	7,323,530	7,275,830
Held-to-maturity financial asset:		
- HDB Bonds	3,000,000	3,000,000
	10,323,530	10,275,830

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

	2016 \$	2015 \$
Deposit	400	400
Interest receivable	33,041	13,761
Other receivables	380,614	86,517
Accrued grant receivable (see note 11)	1,806,313	1,912,742
Loans and receivables	2,220,368	2,013,420
Prepayments	37,668	90,028
	<u>2,258,036</u>	<u>2,103,448</u>

7 Cash and cash equivalents

	2016 \$	2015 \$
Cash in hand	6,231	2,996
Cash at bank	976,306	3,533,729
Deposits with financial institutions	9,040,370	5,047,625
Cash and cash equivalents	<u>10,022,907</u>	<u>8,584,350</u>

The weighted average effective interest rate per annum relating to cash and cash equivalents at the reporting date is 0.92% (2015: 1.05%). 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 2016, the Company has 16 (2015: 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

	2016 \$	2015 \$
Unrestricted fund ('Reserves')	21,546,125	19,898,001
Ratio of 'Reserves' to Annual Operating Expenditure	5.96	5.20

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

	2016 \$	2015 \$
Accrued grant income receivable	1,806,313	1,912,742
Grant income recognised in profit or loss	1,806,313	1,912,742

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 \$1,806,313 (2015: \$1,912,742) during the current financial year, representing 50% of the claim for cost reimbursement in respect of 2016'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

	2016	2015
	\$	\$
CPF contribution for December	51,502	50,008
Provision for unutilised leave	22,325	22,039
Accrued operating expenses	433,360	349,692
Deferred income	304,462	446,077
	<u>811,649</u>	<u>867,816</u>

13 Donations

Tax deductible donations from:

	2016	2015
	\$	\$
SCCCI	300,000	300,000
Related parties	120,000	280,000
Others	939,900	1,053,000
	<u>1,359,900</u>	<u>1,633,000</u>

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

14 Sponsorship income

	2016	2015
	\$	\$
Sponsorship income	<u>920,000</u>	<u>1,030,000</u>

15 Programme income

	2016	2015
	\$	\$
Programme income	<u>621,245</u>	<u>725,683</u>

16 Staff costs

	2016	2015
	\$	\$
Salaries and bonuses	1,500,084	1,342,969
Contributions to defined contribution plans	188,472	170,370
	<u>1,688,556</u>	<u>1,513,339</u>
Key management personnel compensation (included in staff costs)	<u>797,227</u>	<u>458,121</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:

	2016	2015
\$200,001 – \$300,000	1	–
\$100,001 – \$200,000	4	2
\$ 0 – \$100,000	1	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:

	2016 \$	2015 \$
<u>Educational activities</u>		
Student Forum/Workshop	119,766	108,874
Summit Forum	1,242,575	1,371,230
	1,362,341	1,480,104
 Spring Reception	 15,000	 10,000
	1,377,341	1,490,104
 Special projects – Business China Awards	 208,044	 237,521
– Others	27,415	239,484
Total expenses incurred on activities	1,612,800	1,967,109

18 Other expenses

Other expenses include the following:

	2016 \$	2015 \$
Audit fees paid/payable to:		
- auditors of the Company	44,000	44,000
Non-audit fees paid/payable to:		
- other auditors	578	38,045
Annual system maintenance	45,030	38,910
Operating lease expenses	9,004	9,324
Printing and stationery	20,321	18,207
Reimbursement of maintenance and utility charges to Chinese Development Assistance Council at cost	32,687	31,889

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:

	2016 \$	2015 \$
Within 1 year	9,004	8,714
After 1 year but within 5 years	40,550	21,197
	<u>49,554</u>	<u>29,911</u>

21 Related parties

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

	2016 \$	2015 \$
Related party transactions - expenses		
Resources expended on activities – Advertising costs paid to Singapore Press Holdings Limited ('SPH')	163,468	253,596
Miscellaneous costs paid to Singapore Federation of Chinese Clan Associates, Singapore Chinese Chamber of Commerce & Industry and CapitaLand	<u>27,760</u>	<u>14,000</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 \$
2016							
Assets							
Available-for-sale financial assets	5	–	7,323,530	–	–	7,323,530	7,323,530
Held-to-maturity financial asset	5	–	–	3,000,000	–	3,000,000	3,011,610
Other receivables	6	2,220,368	–	–	–	2,220,368	2,220,368
Cash and cash equivalents	7	10,022,907	–	–	–	10,022,907	10,022,907
		<u>12,243,275</u>	<u>7,323,530</u>	<u>3,000,000</u>	<u>–</u>	<u>22,566,805</u>	<u>22,578,415</u>
Liability							
Other payables	12	–	–	–	811,649	811,649	811,649
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

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.

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 \$
2016					
Financial liabilities:					
Other payables	811,649	811,649	811,649	—	—
2015					
Financial liabilities:					
Other payables	867,816	867,816	867,816	—	—

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.

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% (2015: 1%) higher/lower with all other variables held constant, the Company's fair value reserve in equity would have been \$73,235 (2015: \$72,758) higher/lower, arising as a result of higher/lower fair value gain/loss 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 2016				
Available-for-sale financial assets	7,323,530	–	–	7,323,530
31 December 2015				
Available-for-sale financial asset	7,275,830	–	–	7,275,830

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

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
31 December 2016				
Held-to-maturity financial asset	3,011,610	–	–	3,011,610
31 December 2015				
Held-to-maturity financial asset	3,006,780	–	–	3,006,780

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.

