



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

Annual Report
Year ended 31 December 2017

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 2017.

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

- (a) the financial statements set out on pages FS1 to FS23 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2017 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.

Patron

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)
Mrs Josephine Teo	(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	
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	
Mr David Su	
Mr Foo Jixun	

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 2017, Business China organised 45 activities which were attended by 8,143 participants (2016: 13,425 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 Rediscovery

The China Rediscovery 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 organization 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.

Business China had invited Mr Ching Cheong to share his view on the Post-Chief Executive Election in Hong Kong – Realities & Aspirations for the first Rediscovery Series Talk which was held on 6 June 2017. 39 Business China members attended the talk.

Business China's Board Director Mr Zhong Sheng Jian, Chairman and CEO of Yanlord Land Group Limited was also one of the speaker for the China Rediscovery Series for 2017. Mr Zhong's candid sharing of Positioning for Sustainable Business Success in China's Property Market had attracted 65 Business China members attending the Rediscovery Series on 16 August 2017.

Mr Chen Zhaoxu, Deputy General Manager of E-Banking Department of ICBC Head Office had also shared his view on e-commerce and going cashless on 7 September 2017. 60 Business China Members attended the Rediscovery Series session.

Mr Tan Ser Ping, Board Director of Business China, Founder and Managing Partner of Stanway Capital had also shared his knowledge and Insight of the REITS market. 50 Business China members attended the Rediscovery Series session held on 11 October 2017.

Dr Vivian Balakrishnan, Minister of Foreign Affairs, was the guest speaker for Business China's Rediscovery Series. 77 C-level representatives from various business sector had attended this closed door dialogue held at The Flyer on 8 November 2017.

2) 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 globalized world. On 25 November 2017, Mr John Wu, Founder & Chairman of F&H Fund shared his view on the Innovation and Start up Scene in China and SEA. 350 participants attended the event held at SPH News Centre Auditorium.

3) Business Forums Arising From Memorandum of Understanding Signed in 2017

The signing of Memorandum of Understanding (MOU) with various organisations have given rise to Business Forums with the aim to promote meaningful engagements, establishing platforms and people-to-people network to strengthen Sino-Singapore relations.

In 2017, Business China actively participated in the 14th China-ASEAN Expo (CAEXPO) themed “Jointly Build the 21st Century Maritime Silk Road, Promote Regional Economic Integration through Tourism” organised by the People’s Government of Guangxi Zhuang Autonomous Region. Furthermore, Business China had inked a Memorandum of Understanding (MOU) with China-ASEAN Expo Secretariat during the event to deepen collaboration and extend network through flagship events’ tie up, commercial leverage and information sharing. A total of 300 participants had attended the 14th China-ASEAN Expo.

4) FutureChina Business Forum

FutureChina Business Forums are held in China, in conjunction with a Singapore linked/government-linked organisation or renowned business school based in China.

Panel of speakers usually include key government officials from Singapore and China. (e.g Business China Board Members/ Advisers), key Singaporean business leaders who are based in China, renowned professors from business schools, alumni from Future China Advanced Leaders Programme and China Business Schools.

In 2017, the Business Forum was held in Guangzhou, Shangri-la Hotel. The forum was jointly organised by Sino-Singapore Guangzhou Knowledge City (SSGKC) and Business China. The theme of the Forum was titled “Benefiting Mutually & Inclusive Growth”. The speakers for the Business Forum included Mr Lee Yi Shyan, Chairman of Business China, Daren Tang Heng Shim, Chief Executive, Intellectual Property Office of Singapore, Inderjit Singh Dhaliwal, Member, Board of Trustees, Nanyang Technological University, Singapore Chairman, Enterprise Committee, Nanyang Technological University Singapore. Chairman, Nanyang Technological University- NTUitive Pte Ltd, Yang Mu, Executive Dean, Institute of Public Policy, South China University of Technology, Zhu Xuezhong, Professor of Shanghai International College of Intellectual Property, Tongji University Member of the State IPR Expert Advisory Committee of China, Chen Dingding, Associate Dean of Institute for 21st Century Silk Road Studies at Jinan University, Professor of International Relations at Jinan University, Founding Director of Intellisla Institute, Nina Yang, Chief Executive Officer, Sustainable Urban Development, Ascendas-Singbridge, Liu Ziye Vice President of Brand and Public Relations of Luye Life Sciences Group and Wang Zhendong Co-founder of BIGO LIVE. 470 participants had benefited from the Business Forum.

5) FutureChina Global Forum

FutureChina Global Forum (‘FCGF’) 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 eight years. The 2017 Forum held on 13-14 July featured a total of 14 sessions and a strong slate of 65 internationally esteemed speakers, such as Prime Minister Lee Hsien Loong, Mr Teo Chee Hean, Deputy Prime Minister & Coordinating Minister for National Security, Mr Chen Deming, Standing Committee Member of the Chinese People's Political Consultative Conference, President of China's Association for Relations Across the Taiwan Straits, Mr Lan Tianli, Standing Member of the CPC Guangxi Regional Committee and First Vice Governor of Guangxi and Mr Zhang Jie, Vice President, Chinese Academy of Sciences. The forum attracted 450 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 2017 Forum received extensive coverage in both local and international media.

6) 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 sixth run of FC-ALP, which completed successfully from March to May 2017, comprised of 22 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 Urumqi, Horgos and Almaty where they uncovered emerging opportunities along the Silk Road Economic Belt and met with local government officials and business leaders. In conjunction with the FC-ALP, the 'Xinjiang – Singapore Business Forum' and 'Almaty – Singapore Business Forum' was organised and attracted 120 and 130 participants respectively. This created an excellent platform for Singapore, Xinjiang and Almaty 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 135 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.

7) Singapore-Guangxi Promotional Seminar

As a side-line activity of the FutureChina Global Forum 2017 event, Business China and Guangxi Secretariat organised a networking and exchange session on 12 July 2017 with the participation of 23 top government and business leaders from Singapore and Guangxi. The session created opportunities for the officials and delegation to network and explore preliminary ideas for collaboration as a result of the MOU.

Singapore-Guangxi Promotional Seminar was held on 12 July 2017 to introduce and promote the investment environment in Guangxi to Singapore and regional companies. As the MOU partner, Business China supported the event and helped to invite our corporate members to attend and explore business opportunities in Guangxi. The event was supported by Guangxi government, Chinese Embassy in Singapore, Singapore government agencies, Business China and organisations/associations like Pacific International Lines, PSA Corporation Limited and Singapore Business Federation. A total of 220 participants attended the seminar.

8) Networking and exchange session with Guangxi Delegation

Organised by Chinese Embassy in Singapore and Business China, a networking and exchange session with China's Former Minister for Commerce, Mr Chen Deming was held on 13 July 2017. It was a side-line networking activity after the Business China Awards in which Mr Chen is one of the award recipients. Mr Chen shared his insights with 16 participants from Singapore companies and Business China corporate members at the networking and exchange session after giving an opening speech at the FutureChina Global Forum 2017 and received the Business China Excellence Award.

9) Business China-China Academy of Sciences Exchange Seminar

As the MOU partner, Business China is the supporting organisation for "Business China-China Academy of Sciences Exchange Seminar". Held on 15 July 2017, the seminar was a joint collaboration between Business China and China Academy of Sciences. It provided an opportunity for both Singapore and Chinese IHLs, research community and companies to exchange ideas on science and technology. The seminar was attended by 60 researchers, business leaders and Business China corporate members.

(B) Programmes & Initiatives Benefitting Youths and Students

1) China-Quotient Forums

The China-Quotient Forum is a half-day forum targeted at youths from upper secondary to tertiary level, as well as young working professionals, who have keen interest 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 26 April 2017 in collaboration with River Valley High School under the theme "Can Globalisation Reduce Inequality in China?" and it attracted the participation of 600 students. Associate Professor John Donaldson from SMU and Dr Zhao Litao from NUS East Asian Institute were invited as speakers.

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.

150 students from various Integrated Programme schools, junior colleges, polytechnics and tertiary institutions attended the event held on 5 July 2017. Mr Chia Kim Huat, Regional Head of Rajah & Tann Singapore LLP and Go East Committee Member, graced the Youth Showdown as the Guest-of-Honour.

The Showdown saw 11 teams from eight schools deliberate on the theme of “Global or Local? Opportunities for Youths in the Future Economy” within eight minutes. Eunoia Junior College emerged as the overall champion. The top two teams from Hwa Chong Institution were awarded complimentary access to the prestigious FCGF 2017.

The judging panel consisted of Dr Zhou Zhao Cheng, Vice President (New Markets), Singapore Press Holdings and Mr Benjamin Cheong, Partner: Technology, Media and Telecommunications/Competition Practice, Rajah & Tann Singapore LLP.

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 2017, Business China conducted two E3 workshops at Ngee Ann Polytechnic, benefitting 1,000 students in total. The workshops were jointly organised and co-shared with the partnering school.

4) Outreach

Business China organised a total of 14 Outreach sessions in 2017, benefitting 2,181 youths and young working adults from various institutions. These sessions are meant to:

- a) Forge collaborations with academic institutions to engage non-BSP students, teachers and alumni members at respective school campuses in raising their awareness and capacity of being China-ready and China-savvy.
- b) Actively reach out to the bilingual and bicultural talent pools and further engage them in BC's activities, so as to form a base for the recruitment of BCYC members.
- c) Reach out to young working professionals who are looking to maintain their connection with Chinese and up keep their China know-how.
- d) Provide a platform for BCYC or student members, who have graduated or been on an exchange programme in universities in China, to share their experiences.

5) BCYC Engagement Programme

The BCYC is a voluntary group initiated by students and young adults and is supported by the Go East Committee of Business China. BCYC envisions itself to be the leading Singapore-based community that inspires youths to become China-savvy and facilitates connections with China. The current BCYC membership stood at 142 (as of 31 December 2017). Amongst the various key activities organised for and/or by BCYC in 2017 included two Closed-Door Sharing Sessions for BCYC members:

	Date	Guest Speaker	No. of Participants
1	12 Aug 2017	Ms Sun Xueling, CEO of Business China	23
2	9 Dec 2017	Professor Lee Guan Kin, Former Director of Centre for Chinese Language and Culture	15

Other engagement programmes included: hosting of a delegation of Peking University Yuanpei College students from 18 to 25 January 2017, and two delegations of Chinese university students from Shantou University on 13 February 2017 and 29 August 2017.

BCYC also organised a Chinese New Year Gathering and group lunch session on 11 February 2017. Business China also nominated and supported five active BCYC members to attend the Dragon 100 Forum held from 11 to 18 June 2017 in Zhengzhou (Henan), Shenzhen and Hongkong SAR, China.

Other BCYC engagement programmes also included ad-hoc meetings and gatherings amongst the members. The various activities are meant to provide opportunities for BCYC members to gain in-depth sharing, discussion and learning from each other.

The BCYC also maintains 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 142.

The 5th BCYC Annual General Meeting (AGM) was held on 14 October 2017. 10 members attended the AGM and the 5th Executive Committee was elected through an online voting system with 29 members' participation.

6) BCYC China Learning Journey

Business China organises a winter learning journey annually to motivate our BCYC participants to firstly, understand the position of Singaporean Chinese when they engage with Greater China. Secondly, to deepen their understanding of China's modern developments against the backdrop of their rich history. Thirdly, to learn from distinguished speakers on how to better engage China and to benefit from its booming economy through visits to government agencies, private corporations, and from guest lectures by business leaders and faculty members from top universities in China and lastly, to build friendships and establish networks with like-minded students in China for future collaborations.

The activities for group learning journey in the destination city (ies) in China can be categorised into:

- a. Official Visits (e.g. Sino-Singapore Guangzhou Knowledge City)
- b. Private corporations (e.g. Chinese enterprises, Singaporean enterprises or other MNCs)
- c. Interaction with local Chinese tertiary students
- d. Lectures/sharing sessions with Singaporean students and/or international students
- e. Sharing sessions by Singaporeans with experience living and working in China and/or local lecturers from Chinese universities
- f. Cultural and historical site visits that will aid understanding of contemporary China
- g. Overseas community involvement programmes

In 2017, Business China organised a learning journey to 3 cities: Xiamen, Suzhou and Shanghai from 11 - 18 December 2017, with 17 BCYC members from various schools.

(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 eighth edition of BCA was held in conjunction with Business China's tenth anniversary on 14 July 2017 at Shangri-La Hotel Singapore. The Guest-of-Honour was Prime Minister Mr Lee Hsien Loong. 748 distinguished guests attended the event, which was widely reported on both local and foreign media platforms.

The 2017 Award recipients were as follows: –

Excellence Award:

Dr Chen Deming

Standing Committee Member of the Chinese People's Political Consultative Conference
President, Association for Relations Across the Taiwan Straits (ARATS)

Former Minister for Commerce, People's Republic of China

Enterprise Award:

Lien Ying Chow Legacy Fellowship

Young Achiever Award:

Lee Chee Koon

Chief Executive Officer, The Ascott Limited (Ascott)

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 2017, the Spring Reception was held on 30 January at Singapore Chinese Cultural Centre with Mr K Shanmugam, Minister for Home Affairs & Minister for Law, as the Guest of Honour. This was jointly organised with SFCCA and SCCC and attended by 800 distinguished guests from various fields.

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.

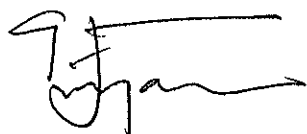
Share options

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

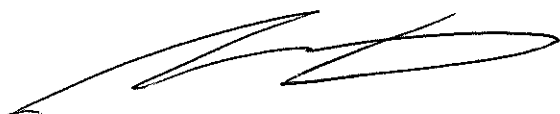
Auditors

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

21 May 2018



KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

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 2017, 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 FS23.

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 2017 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.

A handwritten signature in blue ink that reads 'KPMG LLP'.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
21 May 2018

Statement of financial position
As at 31 December 2017

	Note	2017 \$	2016 \$
Non-current assets			
Plant and equipment	4	79,710	7,831
Investments	5	8,150,724	10,323,530
		<u>8,230,434</u>	<u>10,331,361</u>
Current assets			
Other receivables	6	7,103,885	2,258,036
Cash and cash equivalents	7	8,635,341	10,022,907
		<u>15,739,226</u>	<u>12,280,943</u>
Total assets		<u>23,969,660</u>	<u>22,612,304</u>
Capital and accumulated fund			
Capital	8	—	—
General Fund	9	18,039,720	21,546,125
Internship Programme Fund	10	5,000,000	—
Fair value reserve	11	330,470	254,530
		<u>23,370,190</u>	<u>21,800,655</u>
Current liabilities			
Other payables	13	599,470	811,649
Total liabilities		<u>599,470</u>	<u>811,649</u>
Total fund and liability		<u>23,969,660</u>	<u>22,612,304</u>

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

Statement of comprehensive income
Year ended 31 December 2017

	Note	2017 \$	2016 \$
Income			
Donations	14	1,248,004	1,359,900
Grant income	12	1,927,348	1,806,313
Sponsorship income	15	1,090,000	920,000
Programme income	16	532,864	621,245
Dividend income		188,000	188,515
Distribution income		142,500	142,890
Interest income		163,425	139,785
Other income		56,151	82,102
Total income		<u>5,348,292</u>	<u>5,260,750</u>
Expenses			
Staff costs	17	(1,851,409)	(1,688,556)
Resources expended on activities	18	(1,473,546)	(1,612,800)
Depreciation	4	(24,442)	(11,127)
General publicity		(43,288)	(24,568)
Other expenses	19	(462,012)	(275,575)
Total expenses incurred		<u>(3,854,697)</u>	<u>(3,612,626)</u>
Surplus before income tax		1,493,595	1,648,124
Income tax expense	20	—	—
Surplus for the year		<u>1,493,595</u>	<u>1,648,124</u>
Other comprehensive income:			
Net gain on fair value changes of available-for-sale financial assets		75,940	47,700
Other comprehensive income, net of tax		<u>75,940</u>	<u>47,700</u>
Total comprehensive surplus for the year		<u>1,569,535</u>	<u>1,695,824</u>

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

Statement of changes in equity
Year ended 31 December 2017

	Note	General Fund			Internship Programme Fund			Total
		Accumulated fund	Fair value reserve	Total	Accumulated fund	Fair value reserve	Total	
		\$	\$	\$	\$	\$	\$	\$
At 1 January 2016		19,898,001	206,830	20,104,831	—	—	—	20,104,831
Surplus for the year		1,648,124	—	1,648,124	—	—	—	1,648,124
Other comprehensive income	11	—	47,700	47,700	—	—	—	47,700
Total comprehensive income for the year		1,648,124	47,700	1,695,824	—	—	—	1,695,824
At 31 December 2016		21,546,125	254,530	21,800,655	—	—	—	21,800,655
At 1 January 2017		21,546,125	254,530	21,800,655	—	—	—	21,800,655
Fund Received/(Fund Transferred)	10	(5,000,000)	—	(5,000,000)	5,000,000	—	5,000,000	—
Surplus for the year		1,493,595	—	1,493,595	—	—	—	1,493,595
Other comprehensive income	11	—	75,940	75,940	—	—	—	75,940
Total comprehensive income for the year		1,493,595	75,940	1,569,535	—	—	—	1,569,535
At 31 December 2017		18,039,720	330,470	18,370,190	5,000,000	—	5,000,000	23,370,190

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

Statement of cash flows
Year ended 31 December 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Cash receipts from:			
Donations		978,000	1,189,900
Sponsorship income		1,090,000	920,000
Programme income		803,754	372,571
Grant		—	1,912,742
Other income		77,944	100,573
		<u>2,949,698</u>	<u>4,495,786</u>
Cash paid to:			
Suppliers and employees		(3,845,265)	(3,499,199)
Net cash (used in)/from operating activities		<u>(895,567)</u>	<u>996,587</u>
Cash flows from investing activities			
Purchase of held-to-maturity financial asset		(751,500)	—
Dividend received		93,227	188,515
Distribution received		106,582	142,890
Interest received		145,988	120,505
Purchase of plant and equipment		(86,296)	(9,940)
Net cash (used in)/from investing activities		<u>(491,999)</u>	<u>441,970</u>
Net (decrease)/increase in cash and cash equivalents		(1,387,566)	1,438,557
Cash and cash equivalents at beginning of year		10,022,907	8,584,350
Cash and cash equivalents at end of year	7	<u>8,635,341</u>	<u>10,022,907</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 21 May 2018.

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 12 - 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 Funds

General Fund

Income and expenditure relating to the main activities of the Company are accounted for through the general fund in the statement of comprehensive income.

Internship Programme Fund

Income and expenditure relating to the fund set up for Internship Programme are accounted for through Internship Programme Fund in the statement of comprehensive income.

Any future assets and liabilities of these funds are accounted for separately. However, for presentation purposes, they are pooled together with those of the general fund.

3.6 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.

3.7 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.

3.8 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.

3.9 New standards and interpretation not yet adopted

Applicable to 2018 financial statements

FRS 115

FRS 115 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.

The Company plans to adopt FRS 115 in its financial statements for the year ending 31 December 2018, using the retrospective approach.

Based on the Company's initial assessment, the Company does not expect any significant impact to its financial statements on adoption of FRS 115.

FRS 109

FRS 109 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

Changes in accounting policies resulting from the adoption of FRS 109 will generally be applied by the Company retrospectively.

The expected impact on adoption of FRS 109 are described below.

(i) Classification and measurement: financial assets

For Available-for-sale ("AFS") quoted equity securities currently held at FVOCI, the Company expects to continue to measure them at FVOCI under FRS 109.

For Held-to-maturity ("HTM") bond currently measured at amortised cost, the Company expects to continue to measure it at amortised cost.

(ii) Impairment

FRS 109 replaces the current ‘incurred loss’ model with a forward-looking expected credit loss (“ECL”) model. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and certain loan commitments and financial guarantee contracts.

Under FRS 109, loss allowances of the Company will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company plans to apply the simplified approach and record lifetime ECL on all trade receivables and any contract assets arising from the application of FRS 115. The Company does not expect an increase in impairment of trade and other receivables as at 1 January 2018.

The Company is currently finalising the testing of its expected credit loss model and the quantum of the final transition adjustments may be different upon finalisation.

FRS 116

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

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.

The Company has performed a preliminary high-level assessment of the new standard on its existing operating lease arrangements as a lessee. Based on the preliminary assessment, the Company plans to adopt the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The Company also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Company will perform a detailed analysis of the standard, including the transition options and practical expedients in 2018.

4 Plant and equipment

	Office renovation \$	Office equipment \$	Computer equipment \$	Furniture and fittings \$	Total \$
Cost					
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

	Office renovation \$	Office equipment \$	Computer equipment \$	Furniture and fittings \$	Total \$
At 1 January 2017	100,541	16,972	74,599	3,128	195,240
Additions	7,184	–	59,184	29,953	96,321
Disposals	(71,749)	–	(16,683)	–	(88,432)
At 31 December 2017	35,976	16,972	117,100	33,081	203,129
Accumulated depreciation					
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
At 1 January 2017	100,160	16,972	67,318	2,959	187,409
Depreciation charge for the year	1,578	–	17,721	5,143	24,442
Disposals	(71,749)	–	(16,683)	–	(88,432)
At 31 December 2017	29,989	16,972	68,356	8,102	123,419
Carrying amounts					
At 1 January 2016	4,861	153	3,529	476	9,019
At 31 December 2016	381	–	7,281	169	7,831
At 31 December 2017	5,987	–	48,744	24,979	79,710

5 Investments

	2017 \$	2016 \$
Available-for-sale financial assets:		
- DBS Preference Shares	4,248,000	4,222,400
- UOB Perpetual Capital Securities	1,557,360	1,551,675
- Ascendas REIT Perpetual Securities	1,594,110	1,549,455
	7,399,470	7,323,530
Held-to-maturity financial asset:		
- HDB Bonds	751,254	3,000,000
	8,150,724	10,323,530

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. This bond matured together with an interest of total payment amount \$3,028,123. Additionally, on 21 February 2017, the Company invested in 750,000 2.2325% HDB bonds at a premium of \$1,500 due on 21 February 2022.

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

	2017 \$	2016 \$
Deposit	39,603	400
Interest receivable	24,049	33,041
Other receivables	3,277,044	380,614
Accrued grant receivable (see note 12)	3,733,661	1,806,313
Loans and receivables	7,074,357	2,220,368
Prepayments	29,528	37,668
	<u>7,103,885</u>	<u>2,258,036</u>

7 Cash and cash equivalents

	2017 \$	2016 \$
Cash in hand	14,217	6,231
Cash at bank	3,610,969	976,306
Deposits with financial institutions	5,010,155	9,040,370
Cash and cash equivalents	<u>8,635,341</u>	<u>10,022,907</u>

The weighted average effective interest rate per annum relating to cash and cash equivalents at the reporting date is 1.28% (2016: 0.92%). 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 2017, the Company has 17 (2016: 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 General Fund

	2017 \$	2016 \$
Unrestricted fund ('Reserves')	<u>18,039,720</u>	<u>21,546,125</u>
Ratio of 'Reserves' to Annual Operating Expenditure	<u>4.68</u>	<u>5.96</u>

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 Internship Programme Fund

	2017 \$	2016 \$
Internship Programme fund	5,000,000	—

Internship Programme Fund is a form of specific fund, where the initial capital of S\$5 million was transferred from Business China's accumulated General Fund. The setup of the Internship Programme Fund was approved by the Board on 29 November 2017. Its objectives are as follows:

This fund is an initiative of Business China which seeks to facilitate the development of China-ready young Singaporeans by offering in-market immersion opportunities via China-based internships or study semesters in Chinese universities.

This fund is set up to support both Skillsfuture and the Global Innovation Alliance through providing Singaporeans opportunities to gain international experience and networks respectively, with a focus on China. This will enable Singapore and its enterprises to engage the Chinese economy effectively via a pipeline of China-savvy talent.

This fund aims to provide financial support to young Singaporeans to embark on internships or scholarships that will allow them the opportunity to be exposed to China, Chinese working culture and business know-how.

The trustees of the fund are F&E Committee members, Directors and CEO of Business China, who shall decide, monitor and report of all major decisions related to the Fund to the Board.

As at 31 December 2017, the S\$5 million unutilised Internship Programme Fund is made up of the following proceeds which have been ring-fenced under one UOB bank current account:

(1) UOB Current account	\$ 165,564
(2) Tote Board's remittance for Financial Year 2016's funding received in 2018	\$ 1,806,313
(3) Maturity of HDB bonds of principal plus interest received in 2018	\$ 3,028,123

11 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.

12 Deferred grant

	2017 \$	2016 \$
Accrued grant income receivable	3,733,661	1,806,313
Grant income recognised in profit or loss	1,927,348	1,806,313

A grant from the Singapore Totalisator Board (Tote Board) up to a maximum of \$10 million was approved for the Company in 2009. The grant is to be used for 50% co-funding of the Company's operations for a period of five years, from the financial year ended 31 December 2008 to 2012. In the year 2012, the Tote Board extended the period of the grant for another five years to 31 December 2017. In 2013, the Tote Board has approved another grant of \$10 million for a period of five years, from the financial year 2014 to 2017.

The Company recognised grant income of \$1,927,348 (2016: \$1,806,313) during the current financial year, representing 50% of the claim for cost reimbursement in respect of 2017'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. As at 31 December 2017, there is unutilised grant balance of \$4,374,742 relating to 2nd tranche of aforementioned grant approved by the Tote Board.

On 26 April 2018, Tote Board extended their funding for another three years till financial year 2020 with funding tapering off at 40%, 30% and 20% for the year 2018, 2019 and 2020 respectively.

Estimation of grant income

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.

13 Other payables

	2017	2016
	\$	\$
CPF contribution for December	62,896	51,502
Provision for unutilised leave	26,348	22,325
Accrued operating expenses	426,369	433,360
Deferred income	83,857	304,462
	<u>599,470</u>	<u>811,649</u>

14 Donations

Tax deductible donations from:

	2017	2016
	\$	\$
SCCCI	300,000	300,000
Related parties	120,000	120,000
Others	828,000	939,900
	<u>1,248,000</u>	<u>1,359,900</u>

Related parties relate to the directors and companies in which directors are shareholders and/or board members. For the year 2017, donated fixed assets for an amount of \$4 represents non-tax deductible donations.

15 Sponsorship income

	2017 \$	2016 \$
Sponsorship income	1,090,000	920,000

16 Programme income

	2017 \$	2016 \$
Programme income	532,864	621,245

17 Staff costs

	2017 \$	2016 \$
Salaries and bonuses	1,636,606	1,500,084
Contributions to defined contribution plans	214,803	188,472
	<u>1,851,409</u>	<u>1,688,556</u>

Key management personnel compensation comprised:

Short-term employee benefits	804,130	723,354
Post-employment benefits	89,354	73,873
	<u>893,484</u>	<u>797,227</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:

	2017	2016
\$300,001– \$400,000	1	–
\$200,001 – \$300,000	–	1
\$100,001 – \$200,000	3	4
\$ 0 – \$100,000	<u>3</u>	<u>1</u>

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

18 Resources expended on activities

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

	2017 \$	2016 \$
<u>Educational activities</u>		
Student Forum/Workshop	77,517	119,766
Summit Forum	1,269,518	1,242,575
	<u>1,347,035</u>	<u>1,362,341</u>
Spring Reception	15,000	15,000
	<u>1,362,035</u>	<u>1,377,341</u>
Special projects – Business China Awards	107,169	208,044
– Others	4,342	27,415
Total expenses incurred on activities	<u>1,473,546</u>	<u>1,612,800</u>

19 Other expenses

Other expenses include the following:

	2017 \$	2016 \$
Audit fees paid/payable to:		
- auditors of the Company	44,000	44,000
Non-audit fees paid/payable to:		
- other auditors	30,348	578
Annual system maintenance	49,056	45,030
Operating lease expenses	108,445	9,004
Printing and stationery	16,964	20,321
Reimbursement of maintenance and utility charges to Singapore Chinese Cultural Centre and Chinese Development Assistance Council at cost	<u>42,463</u>	<u>32,687</u>

20 Income tax expense

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.

21 Commitments

Operating leases commitments

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

	2017 \$	2016 \$
Within 1 year	119,388	9,004
After 1 year but within 5 years	132,854	40,550
	<u>252,242</u>	<u>49,554</u>

22 Related parties

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

	2017 \$	2016 \$
Related party transactions - expenses		
Resources expended on activities – Advertising costs paid to Singapore Press Holdings Limited ('SPH')	126,444	163,468
Miscellaneous costs paid to Mandarin Orchard Singapore, Singapore Chinese Cultural Centre, Singapore Business Federation, Straco Leisure Pte Ltd and CapitaLand	196,777	27,760

23 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 \$
2017							
Assets							
Available-for-sale financial assets	5	–	7,399,470	–	–	7,399,470	7,399,470
Held-to-maturity financial asset	5	–	–	751,254	–	751,254	760,682
Other receivables	6	7,074,357	–	–	–	7,074,357	7,074,357
Cash and cash equivalents	7	8,635,341	–	–	–	8,635,341	8,635,341
		15,709,698	7,399,470	751,254	–	23,860,422	23,869,850
Liability							
Other payables	13	–	–	–	515,613	515,613	515,613
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
		12,243,275	7,323,530	3,000,000	–	22,566,805	22,578,415
Liability							
Other payables	13	–	–	–	507,187	507,187	507,187

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 \$
2017					
Financial liabilities:					
Other payables	515,613	515,613	515,613	—	—
2016					
Financial liabilities:					
Other payables	507,187	507,187	507,187	—	—

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% (2016: 1%) higher/lower with all other variables held constant, the Company's fair value reserve in equity would have been \$73,995 (2016: \$73,235) 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 2017				
Available-for-sale financial assets	7,399,470	–	–	7,399,470
31 December 2016				
Available-for-sale financial asset	7,323,530	–	–	7,323,530

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

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
31 December 2017				
Held-to-maturity financial asset	760,682	–	–	760,682
31 December 2016				
Held-to-maturity financial asset	3,011,610	–	–	3,011,610

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.