KPMG

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

Annual Report
Year ended 31 December 2018

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 2018.

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

(a) the financial statements set out on pages FS1 to FS30 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2018 and the financial performance, changes in equity 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 regulations, and the Singapore Financial Reporting Standards;

(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; and

(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 2018, Business China organised 71 activities which were attended by 8,509 participants (2017: 8,143 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) Business China Dialogue Series

The Business China Dialogue Series is a closed-door dialogue which aims to provide Apex and Corporate 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 speakers from various industries and sectors. We are very honoured to have our Board Director, Mr Teo Siong Seng (Managing Director of Pacific International Lines (Pte) Ltd) to head-start the very first dialogue series on 12 January 2018 titled 《一带一路为本地航运业带来的机遇与挑战》. A total of 74 Business China members attended the dialogue series.

Ms Lim Sau Hoong, a creative consultant had also shared the importance of branding towards corporate identity and event marketing plus insights on China's raise in cultural soft power over the recent years. The title of the dialogue series on 16 February 2018 《好创意，更给力，助品牌形象升级！》had benefited 105 members.

Business China's Board Director, Mr Anthony Tan (Deputy CEO of Singapore Press Holdings Ltd) had also discussed how the traditional media companies could generate new ideas and design new platforms creating new business opportunities by exploring in the dynamic media industry on 19 April 2018 Dialogue Series titled 《媒体变革的"新"与企业发展的"快"》 with 63 members participated.

Ambassador Stanley Loh had also shared with 40 high level individual members on 10 May 2018. The title of the dialogue series is 《与时俱进的新中伙伴关系》. On 17 May 2018, Mr Xu Yuhuan from China Securities Regulatory Commission Shenzhen Office had also shared with 50 members his analysis on the recent US-China trade tensions and the potential opportunities in the Belt and Road initiatives for Singapore's financial market.

Business China had also engaged a panelist of 3 speakers namely, Mr Nick Yang, (Founder of Lebox Capital), Mr Henry Yang (Founder and CEO of i-Research Consulting Group) and Ms Denise Peng (Co-founder of Qunar.com) to give a talk titled《亚细安—中国数码互联互通》reaching out to 26 participants on 27 July 2018.

We are honored to invited Paulson Institute Vice Chairman, Dr Evan Feigenbauem to share with our members on the topic, "US and Asia: The Path Ahead" on 20 September 2018 reaching out to 35 distinguished members.

Mr Tang Yan, founder of Beijing Momo Technology, Ltd (a free social search and instant messaging mobile app) had also shared with members on social media trends as well as his analysis and forecast of the social media trend and it's economic impact in the upcoming years. The title of the dialogue series "陌" 生人社交、"网络"直接经济 took place on 5 October 2018. 29 Business China member attended the dialogue series.

Mr Zhang Yong, Founder and CEO of Haidilao had also share his management experience and success story of Haidilao to 56 Business China Members on 7 November 2018, the title of the dialogue series "Hi" 海底捞的故事.

2) Eminent Speakers Series 2018

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. Mr Yan Lianke, Chinese Contemporary author, also known as great master of absurd realism was invited as a keynote for Eminent Speaker Series on 22 September 2018. The title of the Eminent Speaker Series was "Navigating the New Dilemma of The Written Words" 200 members had attended the event.

3) FutureChina Business Forum (Sino-Singapore Knowledge Forum)

Sino-Singapore Knowledge Forum (SSKF) formally known as FutureChina Business Forum was held in conjunction with a Singapore linked/government-linked organisation or renowned business school based in China. It was upgraded to state-level project.

The sixth edition Sino-Singapore Knowledge Forum was held in Singapore for the first time on 24 August 2018 at Four Seasons Hotel. The theme for the Sino-Singapore Knowledge Forum is "Forging New Frontier-All-round opening up and Innovation driven Development".

The Guest of Honour for the Sino Singapore Knowledge Forum were Guangdong Governor Ma Xingrui and Singapore Education Minister Ong Ye Kung, both had also reaffirm plans to upgrade the Sino-Singapore Guangzhou Knowledge City (SSGKC) project status from private sector led project backed by the government to a state level bilateral cooperation project.

The sixth edition Sino Singapore Knowledge Forum had benefited 250 Business China Members.

4) FutureChina Advanced Leaders Programme

Jointly developed by Business China and NTU's Nanyang Business School and supported by ESG, 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 and social and economic paradigms.

The seventh run of FC-ALP, which completed successfully from May to July 2018, comprised of 21 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 Chongqing, Guiyang, Guilin, and Guangxi where they uncovered emerging opportunities along the Southern Transport Corridor and met with local government officials and business leaders. This created an excellent platform for Singapore, Chongqing, Guiyang and Guangxi business leaders to network and interact.

All graduates of the FC-ALP are invited to join the FC-ALP Alumni Club. The FutureChina Advanced Leaders Club （慧眼中国汇）, currently stands at 157 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.

5) Nanjing – Singapore Artificial Intelligence (AI) Forum

The inaugural Sino-Singapore Nanjing Artificial Intelligence (AI) Forum 2018 was held on 1st June at the Sino-Singapore Nanjing Eco Hi-tech Island. Sino-Singapore Nanjing Eco Hi-tech Island is a joint-venture township development project supported by the Singapore and Chinese Government. The one-day forum was organised in conjunction with the 6th Singapore-Nanjing Special Projects Cooperation Panel meeting being held on 31 May 2018.

Mr Heng Swee Keat, Minister for Finance of Singapore graced the event as the Guest-Of-Honour with Mr Lan Shaomin, Mayor of Nanjing and Deputy Secretary of the Nanjing City Committee. Dr Koh Poh Koon, Senior Minister of State for Trade and Industry of Singapore and senior leaders from the Singapore Government, Jiangsu Province and Nanjing Municipal Government also showed their support to the event. AI experts from the Chinese Academy of Engineering, Nanjing University, Singapore Institute of Technology and leading AI industry entrepreneurs also participated in the forum and shared their insightful knowledge on latest technology development and market applications. The forum was well-attended by over 300 participants.

6) Business China Network Group Engagement Events

Business China Network Group (BCNG) is BC's premier platform to engage selected business leaders and key opinion leaders, pulling together a network of high-level Singapore-China-savvy talents. BCNG organises exclusive engagement events, including meetings, closed-door dialogues and seminars with Singapore's political leaders and prominent entrepreneurs, serving as the premier networking and exchange platform for elite business leaders and key opinion leaders. The targets of BCNG are:

i. To form a pool of elite business leaders and key opinion leaders who have deep political and business links in both China, Singapore and ASEAN;
ii. To encourage Chinese business leaders with nexus in Singapore to play a more proactive role and contribute to BC's mission of nurturing an inclusive bilingual and bicultural group of Singaporeans who are China-savvy;
iii. To grow Singapore's "soft power" by expanding our mindshare among top-tier business leaders and key opinion leaders in China and ASEAN;
iv. To support Singaporean businesses and professionals engaging Chinese businessmen by facilitating engagements and fostering deeper links; and
v. To strengthen Singapore's position as a regional hub and thought leader.

Since its establishment in August 2018, BCNG has organised 32 engagements as of 31 December 2018, reaching out to more than 100 top Chinese and Singaporean business leaders with a combined net worth of over SGD 100 billion.

7) Through BCNG's engagements, members have expressed their strong support for future BC events and BCNG initiatives. BCNG members have shown commitment to volunteer their time and insights as speakers for BC events, including dialogue sessions. Members have also offered internship opportunities for BC's youth internship programme, including companies such as Qihoo 360 Inc., a top Chinese cybersecurity firm. Through BCNG events, members have also shared their expertise with Singaporean political office holders and played a key role in bolstering Singapore's understanding of China's economic and political developments. BCNG has also discussed potential collaborations with key organisations on joint engagement activities, such as Public Service Division, Civil Service College and Hong Kong newspaper South China Morning Post.

8) Future China Global Forum 2018

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 2018 Forum held on 27-28 August featured a total of 17 sessions and a strong slate of around 80 internationally esteemed speakers, including Mr George Yeo, Mr Ho Kwon Ping, Mr Levin Zhu and Mr Robert Yap. It was the first time that the Forum was organised in the same week as the ASEAN Economic Ministers' meeting. Deputy Prime Minister Teo Chee Hean graced the Opening Ceremony whereas Minister Chan Chun Sing and Minister Ong Ye Kung anchored the two lunch plenaries for the Forum. This highly-anticipated annual event attracted 800 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 2018 Forum received extensive coverage in both local and international media.

9) The 5th Anniversary of Belt and Road Initiative: Progress and Opportunities for Singapore and Switzerland

The exclusive and closed-door forum, held on 8 November 2018, was jointly organised by Business China and The Embassy of Switzerland in Singapore. The forum featured a high-level panel of esteemed industry speakers from Singapore, China and Switzerland, sharing their insider perspectives on the progress of the Belt and Road Initiative (BRI). They had a robust discussion and gave insightful sharing on how companies from Singapore and Switzerland can collaborate with complementary strengths and enrich both countries' BRI experience. The Guests-of-Honour for the event was Mr Lee Yi Shyan, Chairman of Business China, and Mrs M.-G. Ineichen-Fleisch, Swiss State Secretary for Economic Affairs. The exclusive forum attracted more than 60 participants.

10) Networking Event with Jiangsu Federation of Young Entrepreneurs

The networking session between business leaders from Singapore and Jiangsu Federation of Young Entrepreneurs was held on 19 November 2018. A total of 4 business leaders from both Singapore and Jiangsu introduced their companies and shared their internationalisation experiences to grow their businesses. They also shared their recipes of success by leveraging the regional economic development for business expansion. Their sharing and subsequent networking session had created opportunities for collaboration and strengthened relationship between Singapore and Jiangsu. Around 80 participants attended the session.

11) The 44th Singapore Lecture by His Excellency Li Keqiang, Premier of the State Council of the People's Republic of China (Special Project)

The 44th Singapore Lecture by His Excellency Li Keqiang, Premier of the State Council of the People's Republic of China is one of the intellectual highlights of Singapore which provides an opportunity for distinguished global statement and leaders to reach a wider audience in Singapore and speak on topic of international and regional interest.

Business China is delighted to partner with ISEAS-Yusof Ishak Institute for the 44th Singapore Lecture, themed "Pursuing Open and Integrated Development for Shared Prosperity".

The 44th Singapore Lecture took place on 13 Nov 18 and attracted a total of 580 attended the Singapore Lecture.

(B) <u>Programmes & Initiatives Benefitting Youths and Students</u>

1) China Knowledge Forum

The China Knowledge Forum organises half-day forums 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 young Singaporeans to:

a) Deepen their understanding of Chinese culture
b) Keep pace with contemporary developments in China
c) Forge connections with the Chinese

One forum, the inaugural World Jin Jiang Youth Raffles Forum 2018, was conducted on 1 April 2018 in collaboration with Singapore Chin Kang Association. A total of 400 local youths, professionals and overseas delegates were invited to attend a series of panel sessions and dialogues. Minister for Education Mr Ong Ye Kung was the invited Guest-of-Honour for a dialogue session titled "Thriving in a Disruptive World".

The other forum, the 3rd edition of China Studies Perspectives Forum, was conducted on 11 April 2018 in collaboration with River Valley High School under the theme "Can China Truly Achieve Rule of Law?" and it attracted the participation of 560 students. Associate Professor Wang Jiangyu of Faculty of Law, National University of Singapore and Mr Chia Kim Huat, Regional Head of Corporate and Transnational Practice, Rajah & Tann Singapore LLP were invited as speakers.

2) Engagement on China-Readiness

Business China organised a total of 12 outreach sessions in 2018, engaging 574 youths and young working adults of various institutions and backgrounds to stimulate interest on China-readiness. These sessions are meant to:

a) To reach out to Singaporean students and young working professionals and encourage them to develop an awareness of China's contemporary developments, while urging them to upkeep their bilingual skills and sharpen their China know-how
b) To 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.

3) Business China Youth Showdown

Business China Youth Showdown is held in conjunction with the prestigious FutureChina Global Forum (FCGF). This is a national bilingual 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.

161 students from various Integrated Programme schools, junior colleges, polytechnics and universities attended the finals held on 25 July 2018. For the first time, the competition was streamed live on Business China's Facebook page, with an estimated 900 unique online viewers tuning in throughout the Final Showdown.

Mr Lee Yi Shyan, Chairman of Business China, graced the Youth Showdown as the Guest-of-Honour. The judging panel consisted of Ms Tin Pei Ling, CEO of Business China, Mr Chia Kim Huat, Regional Head of Rajah & Tann Singapore LLP and Mr Christopher Chow, Deputy Director of International Trading Institute, Singapore Management University.

The Showdown saw fourteen teams from eight schools showcased their views on the theme of "Youth and Innovation: Creating A Future for All?" using both languages in eight minutes. A team representing Ngee Ann Polytechnic emerged as the overall champion while teams from River Valley High School and Dunman High School came off in first and second runner-up respectively. The top 3 teams were awarded cash vouchers and complimentary access to the prestigious FCGF 2018.

4) E³ Workshop

The objectives of the E³ workshop are to "excite" students about China, create opportunities for them to "explore" China by learning its language, culture and social conditions, and lastly, "encourage" them to personally experience the rapidly changing society of China. 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 short immersion or exchange programmes to China. The workshops are arranged upon requests from tertiary institutions.

In 2018, 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.

5) Business China Youth Chapter (BCYC) Engagement Programme

The BCYC is a voluntary group initiated by youths and is supported by Business China. BCYC envisions to be the leading Singapore-based community that inspires youths to be China-savvy and facilitates their connections with China. The current BCYC membership stands at 167 (as of 31 December 2018). Amongst the various key activities organised for and/or by BCYC in 2018 included three Closed-Door Dialogue Sessions for BCYC members:

	Date	Guest Speaker	No. of Participants
1	7 April 2018	SMS Chee Hong Tat, Senior Minister of State for Ministry of Trade and Industry & Education	31
2	22 September 2018	Mr Matt Huang, Author of "Young China Hand"	18
3	20 October 2018	Mr Bilahari Kausikan, Chairman of Middle East Institute	18

Other engagement programmes included: hosting of a student delegation from Peking University, Yuanpei College from 31 January to 7 February 2018, two delegations of Chinese students from Shantou University on 26 February 2017 and 21 August 2018, as well as a delegation of students from Renmin University on 6 December 2018.

10 BCYC members attended the Chinese Festival of Arts on 24 February 2018. Business China also nominated and supported five active BCYC members to attend the Dragon 100 Symposium held on 28 July to 4 August 2018 in Hong Kong SAR and various cities of China's Greater Bay Area, which included Shenzhen and Zhuhai. A group of BCYC members co-organised a forum on the Belt and Road Initiative for student delegates of Southwestern University of Finance and Economics, Chengdu, China. A total of 50 attendees were present.

Besides, the BCYC regularly organises ad-hoc meetings and gatherings amongst the members. The various activities are meant to provide opportunities for BCYC members to develop stronger bonds with each other, thereby facilitating intergenerational exchange of views and mutual discourse on China- related topics.

The BCYC maintains an active Facebook page (www.facebook.com/groups/bcyouthchapter/) and WeChat group. These are two closed-to-public, exclusive social media platforms designed for members to share news and updates on China and Singapore-China relations. The FB page and WeChat group currently have a group size of 167 and 100 respectively.

The 6th BCYC Annual General Meeting (AGM) was held on 10 November 2018. 26 members attended the AGM and the 7th Executive Committee was elected with 52 members casting their votes through an online voting system.

6) Collaboration with other Organizations

The Business China Go East team actively seeks to partner organizations to develop and raise the standards of China-readiness among the youths and young working adults, either in a project lead, project co-lead or strategic supporting partner capacity. Go East's criteria for evaluating collaborative proposals and efforts should meet one of the following aims:

1) To facilitate mass understanding of China among Singaporean youths,
2) To nurture China-conversant young Singaporeans through targeted competency-building platforms, and;
3) To cultivate a China-ready Singaporean-workforce through in-market immersion opportunities.

In 2018, Business China has engaged in key collaborative efforts with several strategic partners as follows:

	Date	Project Title	Partnering Organisation	No. of Participants
1	10 February 2018 - Present	Eye on Asia Resource Centre	National Library Board	165,102 (Page views as of December 2018)
2	March 2018	Chongqing Immersion Trip for Certificate in China-Readiness Programme	Ngee Ann Polytechnic	73
3	24 April 2018 - Present	Certificate in China Business Perspectives	Republic Polytechnic	77
4	3-4 May 2018	China-Ready: Insights into Asia's Economic Giant	Ngee Ann Polytechnic Continuing Education Training Academy	10

	Date	Project Title	Partnering Organisation	No. of Participants
5	September 2018	Chongqing Immersion Trip for Certificate in China-Readiness Programme	Ngee Ann Polytechnic	70
6	12 – 15 October 2018	Innovation & Entrepreneurship Education Alliance of China (IEEAC) Challenge @ Beijing, China	NEO Institute Pte Ltd & Tsinghua University	20

Besides the above key collaborations, Business China worked with several other youth organisations in 2018 to welcome and host Chinese student and entrepreneur delegations from various parts of China, such as Harbin, Hainan and Renmin University of Beijing. These hosting sessions are typically conducted at Singapore Chinese Cultural Centre. The guests will first be given an introduction of Business China and its programmes, followed by an informal Q&A session before going into close-up interaction over refreshments.

Business China also nominated and supported various BCYC members to represent Business China at high-profile forums and conferences conducted in China, as long as they meet the three objectives listed above.

7) Business China Youth Chapter (BCYC) China Learning Journey

The BCYC, supported by Business China, organises China Learning Journeys annually to motivate our BCYC members in four key areas: Firstly, to understand the position of Singaporean Chinese when engaging Greater China; Secondly, deepen their understanding of China's modern developments against the backdrop of their rich history; Thirdly, 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 attending guest lectures by business leaders and faculty members from top universities in China and lastly, build friendships and establish networks with like-minded students in China for future collaborations.

The activities planned for Learning Journeys in the destination city(ies) in China can be broadly categorized into:

a. Visits to private corporations (e.g. Chinese enterprises, Singaporean enterprises or other MNCs)
b. Interaction with local Chinese tertiary students
c. Sharing sessions with Singaporean students and/or international students
d. Sharing sessions by Singaporeans with extensive experience of living and working in China
e. Cultural and historical site visits that will aid understanding of contemporary China

In 2018, Business China organised two Learning Journeys: One during the summer period to the city of Xi'an from 9 June 2018 to 13 June 2018, and another in the winter period to cities of Qingdao, Jinan and Beijing from 15 December 2018 to 23 December 2018. 11 and 18 BCYC members comprising students from various tertiary institutions and young working adults attended both Learning Journeys respectively.

8) Business China Internship Programme

The Business China Internship Programme makes arrangements for Business China and the various sponsoring companies to provide young Singaporean interns with access to China-based internship opportunities and funding for the internships. The programme is targeted at young working adults within the first three years of their career, university undergraduates and polytechnic diploma students. The objectives is as follows:

1) To nurture a generation of China-ready young Singaporeans through the provision of early and hands-on experience related to the Chinese market.
2) To offer young Singaporeans the opportunity to be exposed to Chinese working culture and business know-how via internship placements.

All internships should have a minimum duration of 3 months, preferably 6 months (when the Chinese visa regulations permit), to provide a realistic window for experiential learning opportunities, and to allow interns ample time to value-add to sponsoring companies via suitable projects.

In 2018, Business China supported 12 students from Temasek Polytechnic on a one-month internship stint in various parts of China by providing assistance for their visa application and disbursing a dollar-for-dollar cash grant based on stipend amounts given by their respective sponsoring companies.

(C) <u>Organisation-Wide Programmes and Initiatives</u>

1) Spring Reception

Organized during the Lunar New Year period, Spring Reception is an annual gathering and networking session organized 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 2018, Spring Reception was held on 16 February at SCCCI with Minister Ong Ye Kung, as the Guest of Honour. It was attended by 600 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

11 June 2019

KPMG

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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 2018, 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 FS30.

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'), Charities Act, Chapter 37 and other relevant regulations ('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 2018 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 contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information, which comprises the directors' statement, prior to the date of this auditors' report.

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

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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 Companies Act, the Charities Act and Regulations 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.

Those charged with governance comprises the directors whose 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 to be kept by the Company have been properly kept in accordance with the provisions of the Companies Act, and the Charities Act and Regulations.

During the course of our audit, nothing has come to our attention that causes us to believe that during the year:

(a) the Company has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and

(b) the Company has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
11 June 2019

Statement of financial position
As at 31 December 2018

	Note	2018	2017
		$	$
Non-current assets			
Plant and equipment	4	99,565	79,710
Investments	5	8,004,206	8,150,724
		8,103,771	8,230,434
Current assets			
Other receivables	6	4,224,173	7,103,885
Cash and cash equivalents	7	11,201,838	8,635,341
		15,426,011	15,739,226
Total assets		23,529,782	23,969,660
Capital and accumulated fund			
Capital	8	–	–
General Fund	9	17,670,981	18,039,720
Internship Programme Fund	10	5,034,880	5,000,000
Fair value reserve – General Fund	11	184,245	330,470
		22,890,106	23,370,190
Current liabilities			
Other payables	13	639,676	599,470
Total liabilities		639,676	599,470
Total fund and liabilities		23,529,782	23,969,660

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

Statement of Comprehensive Income
Year ended 31 December 2018

	Note	General Fund $	Internship Programme Fund $	Total $
Income				
Donations	14	68,000	–	68,000
Grant income	12	1,645,599	12,196	1,657,795
Sponsorship income	15	1,140,000	–	1,140,000
Programme income	16	421,059	–	421,059
Dividend income		188,000	–	188,000
Distribution income		142,500	–	142,500
Interest income		82,133	53,174	135,307
Other income		57,967	–	57,967
Total income		3,745,258	65,370	3,810,628
Expenses				
Staff costs	17	(1,876,327)	–	(1,876,327)
Resources expended on activities	18	(1,656,593)	(30,400)	(1,686,993)
Depreciation	4	(55,459)	–	(55,459)
General publicity		(42,171)	–	(42,171)
Other expenses	19	(483,447)	(90)	(483,537)
Total expenses incurred		(4,113,997)	(30,490)	(4,144,487)
(Deficit)/Surplus before income tax		(368,739)	34,880	(333,859)
Income tax expense	20	–	–	–
(Deficit)/Surplus for the year		(368,739)	34,880	(333,859)
Other comprehensive income:				
Equity investments at FVOCI – net change in fair value		(146,225)	–	(146,225)
Other comprehensive income, net of tax		(146,225)	–	(146,225)
Total comprehensive (deficit)/surplus for the year		(514,964)	34,880	(480,084)

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

Statement of Comprehensive Income (cont'd)
Year ended 31 December 2017

	Note	General Fund $	Internship Programme Fund* $	Total $
Income				
Donations	14	1,284,004	–	1,284,004
Grant income	12	1,927,348	–	1,927,348
Sponsorship income	15	1,090,000	–	1,090,000
Programme income	16	532,864	–	532,864
Dividend income		188,000	–	188,000
Distribution income		142,500	–	142,500
Interest income		163,425	–	163,425
Other income		56,151	–	56,151
Total income		5,348,292	–	5,348,292
Expenses				
Staff costs	17	(1,851,409)	–	(1,851,409)
Resources expended on activities	18	(1,473,546)	–	(1,473,546)
Depreciation	4	(24,442)	–	(24,442)
General publicity		(43,288)	–	(43,288)
Other expenses	19	(462,012)	–	(462,012)
Total expenses incurred		(3,854,697)	–	(3,854,697)
Surplus before income tax		1,493,595	–	1,493,595
Income tax expense	20	–	–	–
Surplus for the year		1,493,595	–	1,493,595
Other comprehensive income:				
Net fair value changes of available-for-sale financial assets		75,940	–	75,940
Other comprehensive income, net of tax		75,940	–	75,940
Total comprehensive surplus for the year		1,569,535	–	1,569,535

* There were no activities for Internship Programme Fund in 2017.

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

Statement of changes in equity
Year ended 31 December 2018

		General Fund			Internship Programme Fund			Total
	Note	Accumulated fund $	Fair value reserve $	Total $	Accumulated fund $	Fair value reserve $	Total $	$
At 1 January 2017		21,546,125	254,530	21,800,655	–	–	–	21,800,655
(Fund Transferred)/Fund Received	10	(5,000,000)	–	(5,000,000)	5,000,000	–	5,000,000	–
Total comprehensive surplus for the year								
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 surplus 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
At 1 January 2018		18,039,720	330,470	18,370,190	5,000,000	–	5,000,000	23,370,190
Total comprehensive surplus for the year								
(Deficit)/Surplus for the year		(368,739)	–	(368,739)	34,880	–	34,880	(333,859)
Other comprehensive income	11	–	(146,225)	(146,225)	–	–	–	(146,225)
Total comprehensive (deficit)/surplus for the year		(368,739)	(146,225)	(514,964)	34,880	–	34,880	(480,084)
At 31 December 2018		17,670,981	184,245	17,855,226	5,034,880	–	5,034,880	22,890,106

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

Statement of cash flows
Year ended 31 December 2018

	Note	2018	2017
		$	$
Cash flows from operating activities			
Cash receipts from:			
Donations		158,000	978,000
Sponsorship income		1,140,000	1,090,000
Programme income		15,651	803,754
Grant income		1,806,313	–
Other income		72,039	77,944
		3,192,003	2,949,698
Cash paid to:			
Suppliers and employees		(4,123,107)	(3,845,265)
Net cash used in operating activities		(931,104)	(895,567)
Cash flows from investing activities			
Redemption/(Purchase) of investments		3,000,000	(751,500)
Dividend received		282,773	93,227
Distribution received		142,500	106,582
Interest received		147,643	145,988
Purchase of plant and equipment		(75,315)	(86,296)
Net cash from/(used in) investing activities		3,497,601	(491,999)
Net increase/(decrease) in cash and cash equivalents		2,566,497	(1,387,566)
Cash and cash equivalents at beginning of year		8,635,341	10,022,907
Cash and cash equivalents at end of year	7	11,201,838	8,635,341

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 11 June 2019.

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 Founding Patron of the Company is late Prime Minister of Singapore, Mr Lee Kuan Yew and the Patron as at reporting date is the 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 10 May 2019, the IPC status was extended for two years from 1 May 2019 to 30 April 2021.

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 as otherwise described in the notes below.

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 Note 12 - estimation of grant income.

2.5 Changes in accounting policies

The Company has applied the following FRSs, amendments to and interpretations of FRSs for the first time for the annual period beginning on 1 January 2018:

- FRS 115 *Revenue from Contracts with Customers*
- FRS 109 *Financial Instruments*

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced FRS 18 *Revenue*. Under FRS 115, revenue is recognised when the Company transfers control of a promised good or service to the customer.

The adoption of FRS 115 did not have a significant impact on the Company's accounting policies with respect to applicable income streams, namely sponsorship and programme income.

For additional information about the Company's accounting policies relating to income recognition, see note 3.7.

FRS 109 *Financial Instruments*

FRS 109 sets out requirements for recognising and measuring financial assets and financial liabilities. It also introduces a new expected credit loss ("ECL") model.

The Company has used an exemption allowed in FRS 109 on not restating comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Accordingly, the information presented for 2017 does not generally reflect the requirements of FRS 109, but rather those of FRS 39 *Financial Instruments: Recognition and Measurement.*

As a result of the adoption of FRS 109, the Company has adopted consequential amendments to FRS 107 *Financial Instruments*: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of the business model within which a financial asset is held.
- The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- The designation of certain investments in equity instruments not held for trading as at fair value through other comprehensive income (FVOCI).
- If an investment in a debt security had low credit risk at the date of initial application of FRS 109, then the Company has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

(i) Classification and measurement of financial assets and financial liabilities

The adoption of FRS 109 has not had a significant effect on the Company's accounting policies related to financial liabilities.

For an explanation of how the Company classifies and measures financial instruments and accounts for related gains and losses under FRS 109, see note 3.3.

The following table set out the original measurement categories under FRS 39 and the new measurement categories under FRS 109 for each class of financial assets as at 1 January 2018.

	Note	Original classification under FRS 39	New classification under FRS 109
Financial assets			
Other receivables	6	Loans and receivables	Amortised cost
Cash and cash equivalents	7	Loans and receivables	Amortised cost
Investments	5		
- DBS Preference Shares		Available-for-sale	FVOCI
- UOB Perpetual Capital Securities		Available-for-sale	FVOCI
- Ascendas REIT Perpetual Securities		Available-for-sale	FVOCI
- HDB Bond		Held-to-maturity	Amortised cost

The adoption of FRS 109 and the resultant change in classification of the financial assets has no effect on the carrying amount of financial assets as at 1 January 2018.

(ii) Impairment of financial assets

FRS 109 replaces the 'incurred loss' model in FRS 39 with an ECL model. The new impairment model applies to financial assets measured at amortised cost but not to equity investments.

Under FRS 109, credit losses are recognised earlier than under FRS 39. For assets in the scope of the FRS 109 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of FRS 109's impairment requirements at 1 January 2018 did not result in additional allowance for impairment.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

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 reporting date are translated 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 translated 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 translation 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 and when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located. 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

Financial instruments were accounted for under the previous FRS 39 up to 31 December 2017. On 1 January 2018, FRS 109 was adopted.

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Other receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – equity investment.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets: Business model assessment – Policy applicable from 1 January 2018

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales, expectations about future sales activity, and how the performance is evaluated and reported to directors.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers contingent events that would change the amount or timing of cash flows and terms that may adjust the contractual coupon rate, including variable rate features.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 January 2018

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends and distributions from investments are recognised as income in profit or loss unless these clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial assets – Policy applicable before 1 January 2018

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: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised loans and borrowings, bank overdrafts, and trade and other payables.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of twelve months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

3.4 Impairment

Non-derivative financial assets

Policy applicable from 1 January 2018

The Company recognises loss allowances for expected credit losses ("ECL") on financial assets measured at amortised costs and debt investments measured at FVOCI;

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset

Simplified approach

The Company applies the simplified approach to provide for ECLs for all other receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Company applies the general approach to provide for ECLs on all other financial assets. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the issuer;
- it is probable that the borrower will enter bankruptcy; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

For debt investments at FVOCI, loss allowances are charged to profit or loss and recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Policy applicable before 1 January 2018

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.

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 through profit or loss. 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, the assets and liabilities of both funds are pooled together.

3.6 Employee benefits

Defined contribution plan

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 advance for future are deferred till the Company is entitled to 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 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 2019 financial statements

FRS 116 Leases

FRS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. FRS 116 replaces existing lease accounting guidance, including FRS 17 *Leases*, 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*. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Company plan to apply FRS 116 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting FRS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Company plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply FRS 116 to all contracts entered into before 1 January 2019 and identified as leases in accordance with FRS 17 and INT FRS 104.

The Company as lessee

The Company expect to measure lease liabilities by applying a single discount rate to their portfolio of office and copier leases. Furthermore, the Company are likely to apply the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 January 2019. For lease contracts that contain the option to renew, the Company are expected to use hindsight in determining the lease term.

The Company expect their existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under FRS 116.

As at 1 January 2019, the Company expects an increase in ROU assets of $335,000 and an increase in lease liabilities of $324,000 based on the information available. The nature of expenses related to those leases will change as FRS 116 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

4 Plant and equipment

	Office renovation $	Office equipment $	Computer equipment $	Furniture and fittings $	Total $
Cost					
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
At 1 January 2018	35,976	16,972	117,100	33,081	203,129
Additions	25,841	5,778	43,059	1,700	76,378
Disposals	(640)	–	(3,389)	(1,259)	(5,288)
At 31 December 2018	61,177	22,750	156,770	33,522	274,219
Accumulated depreciation					
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
At 1 January 2018	29,989	16,972	68,356	8,102	123,419
Depreciation charge for the year	10,102	1,218	38,248	5,891	55,459
Disposals	(520)	–	(3,389)	(315)	(4,224)
At 31 December 2018	39,571	18,190	103,215	13,678	174,654
Carrying amounts					
At 1 January 2017	381	–	7,281	169	7,831
At 31 December 2017	5,987	–	48,744	24,979	79,710
At 31 December 2018	21,606	4,560	53,555	19,844	99,565

5 Investments

	2018 $
Equity investments – at FVOCI:	
- DBS Preference Shares	4,198,000
- UOB Perpetual Capital Securities	1,524,540
- Ascendas REIT Perpetual Securities	1,530,705
	7,253,245
Debt investments – at amortised cost:	
- HDB Bonds	750,961
	8,004,206

	2017
	$
Available-for-sale financial assets:	
- DBS Preference Shares	4,248,000
- UOB Perpetual Capital Securities	1,557,360
- Ascendas REIT Perpetual Securities	1,594,110
	7,399,470
Held-to-maturity financial asset:	
- HDB Bonds	751,254
	8,150,724

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 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.

Debt investments classified as at amortised cost (2017: held-to-maturity) of the company pertains to $750,000, 2.2325% HDB bonds invested on 21 February 2017 at a premium of $1,500 due on 21 February 2022.

Equity investments designated as at FVOCI

At 1 January 2018, the Company designated the investments shown below as equity investments measured at FVOCI because these equity instruments represent investments that the company intends to hold for the long-term for strategic proposes. In 2017, these investments were classified as available-for-sale.

	Fair value at 31 December 2018	Dividend/ Distribution income recognised during 2018
	$	$
DBS Preference Shares	4,198,000	188,000
UOB Perpetual Capital Securities	1,524,540	71,250
Ascendas REIT Perpetual Securities	1,530,705	71,250
	7,253,245	330,500

There were no transfers of any cumulative gain or loss within equity relating to these investments.

6 Other receivables

	2018 $	2017 $
Deposit	39,546	39,603
Interest receivable	76,048	24,049
Other receivables	495,769	3,277,044
Accrued grant receivable (see note 12)	3,585,143	3,733,661
	4,196,506	7,074,357
Prepayments	27,667	29,528
	4,224,173	7,103,885

7 Cash and cash equivalents

	2018 $	2017 $
Cash in hand	4,106	14,217
Cash at bank	2,287,567	3,610,969
Deposits with financial institutions	8,910,165	5,010,155
Cash and cash equivalents	11,201,838	8,635,341

The weighted average effective interest rate per annum relating to cash and cash equivalents at the reporting date is 1.25% (2017: 1.28%). 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 2018, the Company has 17 (2017: 17) 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

	2018 $	2017 $
Unrestricted fund ('Reserve')	17,670,981	18,039,720
Ratio of 'Reserve' to Annual Operating Expenditure	4.29	4.68

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

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

With regards to unrestricted fund, in order to comply with the Code of Governance (rule 6.3.1) where all charities should maintain some level of reserves to ensure long-term financial sustainability, Business China has a Reserve Policy (of unrestricted fund) of 4 times its annual operating budget which the company will monitor and adhere to. This ratio may be subjected to changes by Tote Board's requirement from time to time. Unrestricted operating reserves fund excludes all Internship Programme Fund.

10 Internship Programme Fund

	2018 $	2017 $
Internship Programme fund	5,034,880	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.

At the reporting date, the S$5 million Internship Programme Fund is made up of the following accounts which have been ring-fenced under:

	2018 $	2017 $
(1) UOB Current account	74,056	165,564
(2) UOB Fixed Deposit account	4,900,000	–
(3) 40% Grant Receivable from Tote Board for 2018	12,196	–
(4) Tote Board's remittance for Financial Year 2016's funding received in 2018	–	1,806,313
(5) Interest Income accrued for UOB Fixed Deposit	48,628	
(6) HDB Bonds of principal plus interest (received in 2018)	*	3,028,123

* Matured in 2017

11 Fair value reserve – General Fund

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI (2017: available-for-sale financial assets) until the assets are derecognised or reclassified.

12 Deferred grant

	2018	2017
	$	$
Accrued grant receivable	3,585,143	3,733,661
Grant income recognised in profit or loss	1,657,795	1,927,348

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.

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% of the Company's annual operating expenditure for the year 2018, 2019 and 2020 respectively.

On 15 April 2019, Tote Board revised the funding for year 2018 to 40% of annual operating expenditure with a funding cap of $2 million. The funding for year 2019 to 2021 will be at 40% of the Company's annual operating expenditure with a funding cap of $7 million over three years.

The Company recognised grant income of $1,657,795 (2017: $1,927,348) during the current financial year, representing 40% of the claim for cost reimbursement in respect of 2018'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. Tote Board has finalised the 2017 grant of $1,927,348 and the amount has been disbursed to the Company on 28 February 2019.

As at 31 December 2018, there is unutilised grant balance of $2,716,947 relating to 2nd tranche of aforementioned grant approved by the Tote Board.

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

	2018	2017
	$	$
CPF contribution for December	55,464	62,896
Provision for unutilised leave	17,571	26,348
Accrued operating expenses	454,593	426,369
Provision for restoration costs	11,321	–
Deferred income	100,727	83,857
	639,676	599,470

14 Donations

Tax deductible donations from:

	2018	2017
	$	$
SCCCI	–	300,000
Related parties	–	120,000
Others	68,000	828,000
	68,000	1,248,000

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

15 Sponsorship income

	2018	2017
	$	$
Sponsorship income	1,140,000	1,090,000

16 Programme income

	2018	2017
	$	$
Programme income	421,059	532,864

17 Staff costs

	2018 $	2017 $
Salaries and bonuses	1,674,369	1,636,606
Contributions to defined contribution plans	201,958	214,803
	1,876,327	1,851,409
Key management personnel compensation comprised:		
Short-term employee benefits	917,104	804,130
Post-employment benefits	106,142	89,354
	1,023,246	893,484

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:

	2018	2017
$300,001– $400,000	–	1
$100,001 – $200,000	7	3
$ 0 – $100,000	1	3

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:

	2018 $	2017 $
Educational activities:		
- Student Forum/Workshop	111,281	77,517
- Summit Forum	1,418,474	1,269,518
Spring Reception	15,000	15,000
Special projects:		
- Business China Awards	–	107,169
- Public Lecture By Chinese Officials	107,646	–
- Internship Programme	30,400	–
- Others	4,192	4,342
Total expenses incurred on activities	1,686,993	1,473,546

19 Other expenses

Other expenses include the following:

	2018 $	2017 $
Audit fees paid/payable to:		
- auditors of the Company	44,000	44,000
Non-audit fees paid/payable to:		
- other auditors	30,000	30,000
Annual system maintenance	55,613	49,056
Operating lease expenses	124,446	108,445
Printing and stationery	20,898	16,964
Reimbursement of maintenance and utility charges to Singapore Chinese Cultural Centre and Chinese Development Assistance Council at cost	50,016	42,463

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:

	2018 $	2017 $
Within 1 year	110,184	119,388
After 1 year but within 5 years	22,670	132,854
	132,854	252,242

22 Related parties

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

	2018 $	2017 $
Related party transactions		
Resources expended on activities – Advertising costs paid to Singapore Press Holdings Limited	83,110	126,444
Miscellaneous costs paid to Singapore Chinese Chamber of Commerce & Industry, Singapore Chinese Cultural Centre, CapitaLand and OUE Limited	46,283	196,777
Co-sharing of receipts and expenditures (net) with Singapore Business Federation for Future-China Global Forum	(98,379)	–

23 Financial risk management

Overview

The Company risk management practices are established in close collaboration and consultation with the Finance & Establishment Committee, which is set up by the Board of Directors.

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.

The Company has performed an analysis on the credit risk exposure of other receivables and no impairment loss was required to be recognised in view that majority of receivable balance at the reporting date comprises of grant receivable from Tote Board.

Cash and fixed deposits are placed with banks which impairment has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

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

Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the Management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The expected contractual undiscounted cash flow of other payables approximate the carrying amount and are expected to be settled within one year.

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.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect the Company's financial performance.

Other market price risk

The Company is exposed to equity price risk arising from its investments in equity securities which are classified at FVOCI (2017: Available-for-sale). These investment are quoted on Singapore Exchange.

Sensitivity analysis for price risk of quoted financial instruments

At the reporting date, if market prices of the FVOCI financial assets had been 1% (2017: 1%) higher/lower with all other variables held constant, the Company's fair value reserve would have been $72,532 (2017: $73,995) higher/lower, arising as a result of higher/lower fair value gain/loss on FVOCI financial assets.

Accounting classification and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair value
	Note	FVOCI – equity investments	Amortised cost	Other financial liabilities	Total	Level 1
2018		$	$	$	$	$
Assets						
Equity investments – at FVOCI	5	7,253,245	–	–	7,253,245	7,253,245
Debt investment – at amortised Cost	5	–	750,961	–	750,961	753,780
Other receivables (excluding prepayments)	6	–	4,196,506	–	4,196,506	–
Cash and cash equivalents	7	–	11,201,838	–	11,201,838	–
		7,253,245	16,149,305	–	23,402,550	8,007,025
Liability						
Other payables (excluding deferred income)	13	–	–	(538,949)	(538,949)	–

		Carrying amount					Fair value
	Note	Loans and receivables	Available-for-sale	Held-to-maturity	Other financial liabilities	Total	Level 1
		$	$	$		$	$
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	751,254
Other receivables (excluding prepayments)	6	7,074,357	–	–	–	7,074,357	–
Cash and cash equivalents	7	8,635,341	–	–	–	8,635,341	–
		15,709,698	7,399,470	751,254	–	23,860,422	8,150,724
Liability							
Other payables (excluding deferred income)	13	–	–	–	(515,613)	(515,613)	–

Fair value hierarchy

The table 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.

There were no transfer of financial assets and liabilities between level 1, 2 and 3.

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.