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

Annual Report
Year ended 31 December 2019

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 2019.

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 2019 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 Chan Chun Sing	(Adviser)
Mr Gan Kim Yong	(Adviser)
Mr Ong Ye Kung	(Adviser)
Ms Grace Fu Hai Yien	(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 David Su Tuong Sing	
Mr Foo Ji-Xun	
Mr Hu Yee Cheng	
Mr Kho Choon Keng	
Dr Koh Poh Koon	
Mr Lim Ming Yan	
Mr Ng San Tiong	
Mr Tan Ser Ping	
Mr Teo Siong Seng	
Mr Wu Hsioh Kwang	
Mr Zhong Sheng Jian	
Mr Mark Lee Kean Phi	(Appointed 1 October 2019)
Mr Sherman Kwek Eik Tse	(Appointed 1 October 2019)
Ms Sim Ann	(Appointed 1 October 2019)
Ms Sun Jie	(Appointed 1 October 2019)

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.

Board meeting and attendance
A total of three Board meetings and one AGM were held during the financial year. The following sets out the individual Board member's attendance at the meetings:

Name of Board members	% of attendances
Mr Lee Yi Shyan	100%
Mr Anthony Tan	50%
Mr Chee Hong Tat	25%
Mr David Su Tuong Sing	50%
Mr Foo Ji-Xun	50%
Mr Hu Yee Cheng	75%
Mr Kho Choon Keng	50%
Dr Koh Poh Koon	25%
Mr Lim Ming Yan	75%
Mr Ng San Tiong	75%
Mr Tan Ser Ping	50%
Mr Teo Siong Seng	100%
Mr Wu Hsioh Kwang	100%
Mr Zhong Sheng Jian	75%
Mr Mark Lee Kean Phi[1]	0%
Mr Sherman Kwek Eik Tse[1]	100%
Ms Sim Ann[1]	100%
Ms Sun Jie[1]	100%
Mr Kuah Boon Wee[2]	33%
Mr Tan Cheng Gay[2]	100%
Mr Thomas Chua[2]	100%

As at 31 December 2019, the Directors, Mr Lee Yi Shyan, Mr Teo Siong Seng and Mr Zhong Sheng Jian have served on the Board more than 10 consecutive yearsfrom the respective date of their first appointment on 1 October 2007 for Mr Lee Yi Shyan and Mr Teo Siong Seng and 6 April 2009 for Mr Zhong Sheng Jian.

The Management has subjected the directorship of Mr Lee Yi Shyan, Mr Teo Siong Seng and Mr Zhong Sheng Jian to a conscientious review and evaluated the participation of Mr Lee Yi Shyan, Mr Teo Siong Seng and Mr Zhong Sheng Jian at board and committee meetings and determined that each of them continues to possess the knowledge and the ability to exercise objective judgement on corporate matters for their continuous contribution as director and member of the Company.

Structure, governance and management

Ms Tin Pei Ling was appointed as Chief Executive Officer of Business China on 21 May 2018.

The Board of Directors has set up seven Board Committees to oversee the various activities of the Company. The Chairman of each Board Committee is appointed by the Chairman of the Board of Directors.

[1] Directors appointed on 1 October 2019
[2] Directors resigned on 30 September 2019

The Committees are:

- FutureChina Committee
- Business Leaders Group Committee
- Go East Committee
- Strategic Communications & Partnerships Committee
- Finance & Fundraising Committee
- Nomination & Remuneration Committee
- Audit 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 follow:

(1) generate interest and create opportunities, especially among the youths, in the learning of Chinese language and culture, as part of Business China's effort to cultivate bilingual and bicultural talents for Singapore;

(2) develop a platform for the active use of the Chinese language;

(3) generate interest in and create opportunities for the target groups to learn about the recent economic, social and political development in China; and

(4) provide networking opportunities among Singaporeans and Chinese business and political leaders.

Activities for the year

For the year ended 31 December 2019, Business China organised 99 activities which were attended by 11,095 participants (8,509 participants in Year 2018). A detailed description of the activities organised in the year is provided below.

Board Strategy Review and Planning

A Business China strategy review and planning exercise was conducted with the Board of Directors and Board Advisers on 25 January 2019. During the full day exercise, the Board assessed global and local developments and reviewed Business China's programme offerings. Aligning to the Mission and Vision of Business China, the Board decided on an updated set of strategic objectives for the company as follow:

i. ***Nurture Singapore-China-savvy talents***
   - Building on the foundation and continual promotion of bilingualism and biculturalism, to seek, cultivate and expand the pool of SG-China-savvy talents through BC programmes and platforms.

ii. ***Grow high quality Singapore-China network of influencers***
   - Grow a high-quality network of influencers from Singapore and China who can add value to Singapore and the Singaporean community.

iii. ***Develop deep and wide-ranging relationships***
   - Cultivate meaningful and lasting relationships with target audience groups, and to connect groups with shared interests and catalyse bilateral collaborations.

(i) Nurture Singapore-China-Savvy Talents

Programmes and Initiatives Benefitting Youths (Students and Young Working Adults)

1) China Knowledge Forum

The China Knowledge Forum are half-day forums targeted at youths at tertiary level and young working professionals, who have a keen interest in China affairs. The objectives of the Forum are to motivate young Singaporeans to:

- Deepen their understanding of the Chinese culture
- Keep pace with contemporary developments in China
- Forge connections with the Chinese

The 1st forum organised in 2019 was the 4th edition of the China Studies Perspectives Forum. It was conducted on 9 April 2019 in collaboration with River Valley High School under the theme "ASEAN and China: Cooperation or Competition?". It attracted the participation of 1,023 students and young working professionals.

Senior Minister-of-State Chee Hong Tat, Ministry of Trade and Industry and Ministry of Education, was invited as the Guest-of-Honour. Associate Professor Gu Qingyang of the Lee Kuan Yew School of Public Policy, National University of Singapore, and Dr Tang Siew Mun, Head of ASEAN Studies Centre, ISEAS Yusof Ishak Institute, were invited as speakers.

Separately, the inaugural Business China Youth Forum was held in conjunction with the Future China Global Forum on 7 June 2019. The topic was "Sustainability starts from YOUth: Perspectives of Singapore and China". A total of 180 local students and young working professionals participated in a series of panel and table discussions with distinguished speakers. Senior Parliamentary Secretary, Ministry of Culture, Community and Youth and Ministry of Transport, Mr Baey Yam Keng was invited as the Guest-of-Honour. Mr Jiang Changjian, Associate Professor, School of International Relations and Public Affairs, Fudan University, was invited to deliver a keynote speech.

2) China-Readiness Engagements

Outreach Sessions
Business China organised a total of 7 outreach sessions in 2019, engaging 614 students and young working adults of various institutions and backgrounds.

These sessions aim 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.
- Provide a platform for Business China Youth Chapter (BCYC)[3] and student members, who graduated from or participated in exchange programmes in universities in China, to share their experiences.

E³ Workshops
The workshops had three key elements – Excite, Explore, and Encourage. The objectives of the E^3 workshop were 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 workshops consisted of interactive games and intimate sharing sessions by knowledgeable China experts. The workshops were targeted at students who were embarking on short immersion or exchange programmes in China. The workshops were arranged upon requests from tertiary institutions.

In 2019, Business China conducted two E^3 workshops at the Ngee Ann Polytechnic on 26 February 2019 and 27 August 2019, benefitting 1,000 students in total. The workshops were jointly organised by Business China and the partnering school.

3) Business China Youth Competitions

Business China Youth Showdown
Business China Youth Showdown was a national bilingual platform for Singaporean youths to showcase their China knowledge and network with like-minded youths through a presentation-competition. The Showdown aimed to provide Singapore students with a deeper understanding of how China is evolving and of the trends, forces and factors shaping China's orientation as an economy, a society and a new superpower.

Over 160 students from various Integrated Programme schools, junior colleges, polytechnics and universities attended the finals held on 24 July 2019.

[3] 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.

Mr Sam Tan Chin Siong, Minister-of-State, Ministry of Foreign Affairs and Ministry of Social and Family Development, graced the Youth Showdown as the Guest-of-Honour. The judging panel consisted of Mr Ho Tong Yen, Director of Group Corporate Communications, Keppel Corporation, Mr Koh Chin Yee, Dean of Nanyang International Business College and Mr Lawrence Wong, Lead of Partnership Chinese News & Current Affairs News Group, MediaCorp.

Youth Showdown 2019, themed "Shaping Our Future: Painting the Vision of Global Sustainable Development", received the highest number of registrations - 19 teams from 10 institutions across Singapore. With the support of the Lee Kuan Yew Fund for Bilingualism, Business China also introduced the inaugural Best Bilingual Presentation Award to commend the team that demonstrated the strongest bilingual competency.

Hwa Chong Institution (Team 1) emerged as the overall champion, while Eunoia Junior College (Team 1) and Hwa Chong Institution (Team 2) won the second and third prize respectively. Hwa Chong Institution (Team 2) also emerged victorious in clinching the inaugural Best Bilingual Presentation Award. The champion team was awarded the opportunity to join the Business China Youth Chapter Winter Learning Journey to the Greater Bay Area.

2nd IEEAC International Youth Entrepreneurship Competition
The International Youth Entrepreneurship Competition consisting of International (Singapore) and China segments was jointly organised by the Innovation and Entrepreneurship Education Alliance of China (IEEAC), Business China and Neo Institute Pte Ltd.

The Competition, targeting youths aged between 18 to 45, aimed to bring together young talents in innovation and entrepreneurship across Singapore to showcase and promote Singapore's model of Smart City and Innovative Country. The competition also promoted the spirit of entrepreneurship and innovation among young Singaporean talents and provided an opportunity for Singaporean youths to exchange entrepreneurship ideas with their Chinese peers.

Participating teams submitted and presented their business proposals at the competition. The winning team in the Singapore Final then represented Singapore to compete in the Harbin Final.

In 2019, the top two Singapore winning teams from NUS, CraftHealth and Waveboost, clinched the silver awards at the Final Competition in Harbin. The two teams competed against 33 other teams from China. Over 200 members of the audience attended the Final Competition held on 19 October 2019.

4) Collaboration with other Organisations

Business China actively sought strategic partnerships to develop and raise the standards of China-readiness among Singaporean students and young working adults. These partners co-led or provided strategic support in the projects. Selection of partners and collaboration projects were evaluated based on the following aims:

- To actively promote bilingualism and biculturalism
- To cultivate and establish a pool of Singapore-China-savvy youths

- To leverage on the dynamism of young China-savvy Singaporeans to create and expand Business China's Singapore-China network

In 2019, Business China engaged in key collaborative efforts as follow:

	Date	Project Title	Partnering Organisation	No. of Participants
1	13 January 2019	China's Reform and Opening - Up Since 1978: A Singapore Perspective Seminar Series - 3rd Seminar	Bank of China & China Cultural Centre in Singapore	240
2	15 January 2019 & 2 March 2019	Eye on Asia Resource Centre	National Library Board	175
3	14 – 20 April 2019	Pre-trip evaluation: Ngee Ann Polytechnic China Immersion Trip for Certificate in China-Readiness Programme	Ngee Ann Polytechnic	29
4	1 July 2019	MOU Signing Ceremony	Ngee Ann Polytechnic	30
5	7 August 2019	China-Knowledge Forum	Hwa Chong Institution	350
6	22 October 2019	Speak Mandarin Campaign	National Heritage Board	500

In addition, Business China nominated and supported several BCYC members to represent Business China at high-profile forums and conferences in China.

5) Business China Youth Chapter (BCYC) China Learning Journeys

The BCYC, supported by Business China, organises China Learning Journeys annually to motivate its members to:

- Understand the position of Singaporean Chinese when engaging Greater China
- Deepen their understanding of China's modern developments against the backdrop of their rich history
- 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 of top universities in China
- Build friendships and establish networks with like-minded students in China for future collaborations

The activities planned could be broadly categorized as:

a. Visits to private corporations (e.g. Chinese enterprises, Singaporean enterprises or 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 facilitate the understanding of contemporary China

In 2019, Business China organised two Learning Journeys – Summer Learning Journey to Hangzhou from 15 to 19 June 2019 and Winter Learning Journey to the Greater Bay Area (covering Shenzhen, Guangzhou and Foshan) from 7 to 14 December 2019. Nine and 23 BCYC members attended the Summer and Winter Learning Journeys respectively.

6) Business China Internship Programme

Business China partnered several sponsoring companies to provide China-based internship opportunities and funding to Singaporean youths. The programme was targeted at young working adults, undergraduates and polytechnic students.

The objectives were as follow:

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 an opportunity to be exposed to the Chinese working culture and business know-how via internship placements

Following the signing of a three-year Framework Agreement with the Bank of China (Singapore Branch) in August 2018, the "Business China-Bank of China Internship Programme" was officially launched on 13 May 2019.

10 outstanding students were selected from the National University of Singapore, Nanyang Technological University and Singapore Management University to participate in the 3-month internship programme at the Bank of China's Singapore Branch and Shanghai branch.

Business China worked closely with the three universities and Bank of China on interviewing and supporting the 10 interns in their visa applications. Business China also disbursed a dollar-for-dollar cash grant based on the stipend given to the interns by the Bank of China.

Findings from a post-internship survey conducted by Business China indicated that 100% of interns felt that their bilingual competency improved and that they were better prepared to engage China's market; 90% of interns also agreed that they had a better understanding of the Chinese business culture.

7) Youth Interns Exchange Scheme

At the 15th Joint Council for Bilateral Cooperation (JCBC) meeting in Chongqing, China, on 15 October 2019, Minister Ong Ye Kung, Ministry for Education, Singapore, and Vice Minister You Jun, Ministry for Human Resources and Social Security, China, signed an agreement to facilitate internship exchanges for students and recent graduates (within one year of graduation).

The agreement enables 500 Singaporean youths to intern in China for up to 6 months and vice versa. It covers the equivalent of universities and polytechnics on both sides.

The Youth Interns Exchange Scheme (YES), led by the Ministry of Education, Singapore, and implemented by Business China, was expected to launch in 2020. It was the first bilateral internship exchange scheme that Singapore had signed with another country. Singapore was also the first Asian country with which China signed such an agreement.

Programmes and Initiatives Benefitting Business Leaders and Corporate Executives

1) Advanced Leaders Programme (ALP) 2019

Jointly developed by Business China and NTU's Nanyang Business School (NBS), the Business China Advanced Leaders Programme (ALP) is an apex programme targeting next generation business leaders, senior executives and senior public officers. The programme seeks to provide these young business leaders a concise understanding of China's most current macroeconomic and geopolitical challenges, the latest developments in China's economy, politics and shifts in social paradigms, as well as Chinese cultural appreciation. Aligned with Business China's mission, the ALP supported Singapore-based businesses and public service in grooming future leaders who are "Singapore-China-savvy". Launched in 2012, the programme benefitted 182 participants. ALP 2019 saw the largest intake of 24 participants.

(ii) Grow high quality Singapore-China network of influencers

Programmes and Initiatives Benefitting Business Leaders and Corporate Executives

1) Future China Global Forum 2019

The Future China Global Forum (FCGF) was created in 2010 to position Singapore at the forefront of thought leadership on China and as a significant node in the network of countries connecting with China. The Forum aimed to provide an innovative approach towards a deeper understanding of how China is evolving and of the trends, forces and factors shaping China's orientation in the economic, political, social and cultural paradigms.

Each year, the Forum gathered China experts from all over the world to share insights, experience, and analyses in highly interactive discussion formats that allowed 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 featured multi-faceted discussions and plenaries examining developments, challenges and opportunities unfolding in China.

The Forum served as an invaluable networking platform for the young and prominent business leaders convened from Singapore, China and the region.

Into its 10th anniversary, FCGF 2019 was held on 7 June and featured a total of 17 sessions and a strong slate of around 80 internationally esteemed speakers, including Mr Ban Ki Moon, Professor Steven J. Davis, Professor Fan Gang and Professor Jiang Changjian. FCGF 2019 was held in conjunction with Temasek's Ecosperity Week and the theme for 2019 was "Sustainable Development in a Dynamic World Order".

Deputy Prime Minister and Minister for Finance Heng Swee Keat was the Guest-of-Honour for FCGF 2019 and graced the Opening Ceremony. The highly-anticipated annual event attracted 863 foreign dignitaries, government officials, industry experts, senior management of companies, Business China's members, donors and working partners representing a wide range of sectors from Singapore, China as well as Asia, the US and Europe. FCGF 2019 received extensive coverage in both local and international media.

Closed-door networking sessions were also organised at the side lines of the Forum, where speakers, sponsors, eminent company founders, donors and youth leaders had the opportunity to interact with Deputy Prime Minister Heng and Business China Board Advisers Minister Gan Kim Yong and Minister Ng Chee Meng. The discussions were highly interactive as views on current industry trends, challenges and ground sentiments were exchanged.

2) Business China Awards 2019

The Business China Awards (BCA) was first launched in 2010, to honour outstanding businessmen, entrepreneurs, professionals and organisations for their successes and contributions to deepening Singapore-China relations. The Awards also aimed to promote bilingualism and biculturalism in Singapore through honouring these exemplary role models.

Organised by Business China and jointly presented by the OCBC, the ninth edition of BCA was held on 7 June 2019 at the Sands Expo and Convention Centre. Prime Minister Lee Hsien Loong was the Guest-of-Honour. 930 distinguished guests attended the event, which was widely reported on local and foreign media platforms.

The 2019 Award recipients were as follow:

Excellence Award
Mr Chua Thian Poh
Chairman and Chief Executive Officer of Ho Bee Group
Chairman of Singapore Chinese Cultural Centre

Enterprise Award
Master in Public Administration and Management Programme, National University of Singapore

Young Achiever Award
Mr James Ke
Board Chairman and Chief Executive Officer of Unihearts International Education

3) Closed-Door and Thematic Dialogues

Business China organised exclusive, closed-door events to engage curated members and to strengthen our value proposition as the premier networking platform for prominent business leaders with a keen interest or strong links in both Singapore and China.

In 2019, a ministerial closed-door dialogue between Business China adviser, Minister Gan Kim Yong, and prominent business leaders and donors was conducted to share relevant policy updates and understand general sentiments of doing business in Singapore at the side lines of FCGF 2019.

A closed-door meetings between senior government officials from relevant government agencies including the Smart Nation & Digital Government Office, Infocomm Media Development Authority (IMDA) and Economic Development Board, and high-profile Chinese technology enterprise founders was held to solicit feedback on technology developments in Singapore.

Business China also collaborated with the IMDA in organising a technology dialogue featuring David Li, co-founder and Chairman of YY Inc. David shared his insights on the latest trends and developments of the technology scene in China. Senior Minister-of-State Dr Janil Puthucheary, Communications & Information and Transport, graced the dialogue as well. The dialogue aimed to raise awareness amongst local business leaders and seed them with ideas on how to transform their businesses to meet the demands of a digital economy. The event also provided an opportunity for business and corporate leaders interested in digital transformation to network and exchange ideas.

In addition, other thematic dialogues to provide updates on current issues and the latest economic developments in China were also conducted. A dialogue with Dr Xiang Bin, Dean of Cheung Kong Graduate School of Business (CKGSB), to discuss the current challenges and opportunities of the Chinese economy was held on 6 November 2019.

4) Prominent Business Leaders Network

Business China aimed to build a premier platform to engage prominent business leaders, young business leaders and key opinion leaders, and establish a network of high-level Singapore-China-savvy talents. The platform would enable networking, exchanges and collaboration among Business China's apex members and leverage on their expertise, resources, connections as well as their vast knowledge of the Chinese and ASEAN markets to form an influential network. Through this network, apex members could discover new business opportunities, strengthen business cooperation between Singapore, China and ASEAN, nurture new generations of business leaders and contribute to Singapore socially.

In 2019, Business China organised 15 highly focused engagements, reaching out to over 200 top Chinese and Singaporean business leaders with a combined net worth of over SGD 100 billion.

To continue strengthening Business China's network of young business leaders, Business China also supported six events organised by the Advanced Leaders Club under the Advanced Leaders Programme (ALP). Total attendance of these events exceeded 200 pax.

5) Spring Reception

As part of an annual collaboration, Business China jointly organised the Spring Reception on the first day of the Lunar New Year. The Reception was an annual gathering organised for Singaporean entrepreneurs, business leaders, professionals and youths to interact and network during the joyous festive season. Singaporeans based in China were also invited to renew ties with one another.

Spring Reception 2019 was held on 5 February at the Singapore Chinese Chamber of Commerce and Industry with Minister Vivian Balakrishnan, Foreign Affairs, as the Guest-of-Honour. The Reception was attended by 600 distinguished guests from different fields.

(iii) Develop deep and wide-ranging relationships

Programmes and Initiatives Benefitting Youths

1) BCYC Engagement Programme

As at 31 December 2019, the BCYC membership stood at 193. The BCYC continued to expand its membership and activities to engage and provide platforms for youths to build meaningful connections within the Singapore community and with peers in China.

Key activities organised for and/ or by BCYC in 2019 included 5 closed-door dialogue sessions for BCYC members:

	Date	**Guest Speaker**	**No. of Participants**
1	24 March 2019	Mr Lei Ming	26
2	20 July 2019	Ms Tin Pei Ling, CEO of Business China	28
3	17 August 2019	Mr Ian Loh, BCYC Member	22
4	17 August 2019	Mr Bilahari Kausikan, Chairman of Middle East Institute	38
5	30 November 2019	Minister Ng Chee Meng, Prime Minister's Office, Singapore	29

BCYC members co-organised a forum on the Belt and Road Initiative for the student delegates of Southwestern University of Finance and Economics, Chengdu, China. A total of 80 attendees were present.

The BCYC also regularly organised ad-hoc meetings and gatherings amongst its members. The activities provided BCYC members opportunities to develop stronger bonds with each other, thereby facilitating intergenerational exchange of views and mutual discourse on China- related topics.

The BCYC hosted two student delegations from Tsinghua University on 23 January 2019 and 7 July 2019, as well as two student delegations from Shantou University on 20 February 2019 and 28 August 2019.

Business China nominated and supported two active BCYC members to attend the Dragon 100 Symposium held from 27 July to 3 August 2019 in Hong Kong SAR and Chengdu, China.

The BCYC maintained an active Facebook page[4] and WeChat group. Both platforms were exclusive for members to share news and updates on China and Singapore-China relations. As at 31 December 2019, the BCYC FB page and WeChat group had a group size of 193 and 135 respectively.

The 7th BCYC Annual General Meeting (AGM) was held on 21 December 2019. 16 members attended the AGM and the 8th Executive Committee was elected.

Programmes and Initiatives Benefitting Business Leaders and Corporate Executives

1) China-Singapore Knowledge Forum

The China-Singapore Knowledge Forum (CSKF), formerly known as the Sino-Singapore Knowledge Forum, was held in conjunction with the annual Singapore-Guangdong Collaboration Council Meeting. The annual Forum was co-organised by Business China with the China-Singapore Guangzhou Knowledge City, which was elevated to a State-level Bilateral Cooperation Project in 2018. The CSKF continued to be a premium platform for high-level dialogues between Singapore and Chinese experts and policy makers. Key business leaders from Singapore and China also attended the CSKF, where they could network and explore potential business collaborations.

The seventh edition of CSKF was held in Guangzhou on 18 November 2019 at the White Swan Hotel. The theme for CSKF 2019 was "Enhancing New Driving Engines of the Greater Bay Area, Exploring New Opportunities for China-Singapore Collaboration". 350 participants attended the Forum.

Minister Ong Ye Kung, Education, Singapore and Vice-Governor Zhang Hu, Guangdong, graced the event and gave welcome remarks. Business China Chairman Lee Yi Shyan and CEO Tin Pei Ling participated in two panel discussions where they shared their views on Singapore-China collaboration opportunities and the forces driving the Greater Bay Area in areas such as innovation and technology.

2) 2nd Singapore-Nanjing International AI Forum on Smart Cities

The 2nd Singapore-Nanjing International AI Forum on Smart Cities was held on 10 May 2019 at the Singapore Nanjing Eco Hi-Tech Island (SNEHTI). Singapore Nanjing Eco Hi-Tech Island (SNEHTI) was a joint-venture township development project supported by the Singapore and Chinese governments and 2019 marked the 10th anniversary of SNEHTI. The Forum was organised in conjunction with the 7th Singapore-Nanjing Special Projects Cooperation Panel meeting held on 9 May 2019. Business China was the supporting organisation of the Forum for the second consecutive year. Apart from the main Forum activities, Business China corporate members were invited to attend exclusive roundtable discussions, business match-making sessions with local companies and an exclusive tour around the SNEHTI.

[4] www.facebook.com/groups/bcyouthchapter/

Senior Minister-of-State Dr Koh Poh Koon, Trade and Industry, Singapore, graced the event. Executive Deputy Mayor Yang Xue Peng, Nanjing, and other senior leaders from the Singapore Government, Jiangsu Province and Nanjing Municipal Government showed their support for 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 the latest technology development and market applications of various AI and Smart Cities technologies and solutions. Attendance at the Forum exceeded 200 pax.

3) Asia House Global Trade Dialogue

The second edition of Global Trade Dialogue held in Singapore on 7 November 2019 at Mandarin Oriental Singapore was supported by Business China.

The dialogue convened policy and decision makers from organisations including the United Nations, the UK Government, Arup, Alibaba, Jardine Matheson Holdings and the Monetary Authority of Singapore to explore the forces shaping the future of trade. Minister S Iswaran, Communications and Information and Minister-in-Charge of Trade Relations, Singapore, was the Guest-of-Honour.

Business China, as a dialogue partner, offered the Singapore and China perspective to the discussions. Business China availed China-savvy speakers and corporate members to the event. Business China corporate members were also invited to attend an exclusive post-dialogue closed-door roundtable discussion together with Business China CEO Tin Pei Ling.

The Global Trade Dialogue built on Asia House's highly successful trade dialogues across Asia, including major forums in Singapore, Hong Kong and Dubai. The second edition of Global Trade Dialogue (Singapore) was attended by more than 300 delegates from over 100 organisations.

4) Smart China Expo 2019

The Smart China Expo 2019, themed "Smart technology: empowering the economy, enriching life", comprised various conferences, exhibitions, contests and forums. Representatives who were heads of international organizations, academics and high-level enterprise officials from nearly 60 countries and regions, and more than 800 domestic and foreign enterprises attended the Smart China Expo 2019 in southwest China's Chongqing Municipality.

At the Singapore Pavilion, the theme was "Future of Services – Services 4.0". There were four sub-themes – Fintech, Urban Solutions, AI/Data Analytics and Transport & Logistics. From 26 to 29 Aug 2019, the 70-strong Singapore delegation including 20 corporate members from Business China participated in the Expo. The delegation also attended the Future of Services Conference organised by the IMDA and supported by Business China. The Future of Services Conference was graced by Minister Josephine Teo, Manpower, Singapore, and Mayor Tang Liangzhi, Chongqing.

With the curated line-up of company visits, conferences, management sharing and networking opportunities, Singapore delegates gained insights into the technology landscape in Chongqing, business models adopted, and its future development plan. The immersive experience allowed the delegates to have a deeper understanding of China. The trip also enabled Singapore delegate enterprises to identify potential partners for collaboration.

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

Tan Ser Ping
Director

29 May 2020

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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 2019, 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 2019 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.

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
29 May 2020

Statement of financial position
As at 31 December 2019

	Note	2019 $	2018 $
Non-current assets			
Property, plant and equipment	4	400,544	99,565
Investments	5	6,386,811	8,004,206
		6,787,355	8,103,771
Current assets			
Other receivables	6	3,654,286	4,224,173
Cash and cash equivalents	7	14,305,450	11,201,838
		17,959,736	15,426,011
Total assets		24,747,091	23,529,782
Capital and accumulated fund			
Capital	8	–	–
General Fund	9	18,494,114	17,670,981
Summer School Scholarship Programme Fund	10	100,000	–
Internship Programme Fund	10	5,103,065	5,034,880
Fair value reserve – General Fund	11	135,850	184,245
		23,833,029	22,890,106
Current liabilities			
Other payables	13	562,772	639,676
Lease liabilities	14	115,309	–
		678,081	639,676
Non-current liabilities			
Lease liabilities	14	235,981	–
Total liabilities		914,062	639,676
Total fund and liabilities		24,747,091	23,529,782

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

Statement of comprehensive income
Year ended 31 December 2019

	Note	General Fund $	Summer School Scholarship Programme Fund $	Internship Programme Fund $	Total $
2019					
Income					
Donations	15	1,213,164	100,000	–	1,313,164
Grant income	12	1,695,826	–	11,889	1,707,715
Sponsorship income	16	780,561	–	–	780,561
Programme income	17	901,555	–	–	901,555
Dividend income		188,000	–	–	188,000
Distribution income		142,500	–	–	142,500
Interest income		138,485	–	86,019	224,504
Other income		71,609	–	–	71,609
Total income		5,131,700	100,000	97,908	5,329,608
Expenses					
Staff costs	18	(1,964,293)	–	–	(1,964,293)
Resources expended on activities	19	(1,658,605)	–	(29,723)	(1,688,328)
Depreciation	4	(167,804)	–	–	(167,804)
General publicity		(37,156)	–	–	(37,156)
Other expenses	20	(411,709)	–	–	(411,709)
Total expenses incurred		(4,239,567)	–	(29,723)	(4,269,290)
Surplus before income tax		892,133	100,000	68,185	1,060,318
Income tax expense	21	–	–	–	–
Surplus for the year		892,133	100,000	68,185	1,060,318
Other comprehensive income:					
Equity investments at FVOCI – net change in fair value		(117,395)	–	–	(117,395)
Other comprehensive income, net of tax		(117,395)	–	–	(117,395)
Total comprehensive surplus for the year		774,738	100,000	68,185	942,923

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

Statement of comprehensive income (cont'd)
Year ended 31 December 2019

	Note	General Fund $	Internship Programme Fund $	Total $
2018				
Income				
Donations	15	68,000	–	68,000
Grant income	12	1,645,599	12,196	1,657,795
Sponsorship income	16	1,140,000	–	1,140,000
Programme income	17	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	18	(1,876,327)	–	(1,876,327)
Resources expended on activities	19	(1,656,593)	(30,400)	(1,686,993)
Depreciation	4	(55,459)	–	(55,459)
General publicity		(42,171)	–	(42,171)
Other expenses	20	(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	21	–	–	–
(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 changes in equity
Year ended 31 December 2019

	Note	General Fund			Programme Funds			Total
		Accumulated fund $	**Fair value reserve $**	**Total $**	**Summer School Scholarship Programme Fund $**	**Internship Programme Fund $**	**Total $**	**Total $**
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
At 1 January 2019		17,670,981	184,245	17,855,226	–	5,034,880	5,034,880	22,890,106
Total comprehensive surplus for the year								
Surplus for the year		892,133	–	892,133	100,000	68,185	168,185	1,060,318
Transfer of fair value reserve to accumulated fund	5	(69,000)	69,000	–	–	–	–	–
Other comprehensive income	11	–	(117,395)	(117,395)	–	–	–	(117,395)
Total comprehensive (deficit)/surplus for the year		823,133	(48,395)	774,738	100,000	68,185	168,185	942,923
At 31 December 2019		18,494,114	135,850	18,629,964	100,000	5,103,065	5,203,065	23,833,029

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

Statement of cash flows
Year ended 31 December 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Cash receipts from:			
Donations		1,313,164	158,000
Sponsorship income		780,561	1,140,000
Programme income		1,303,964	15,651
Grant income		1,927,348	1,806,313
Other income		94,612	72,039
		5,419,649	3,192,003
Cash paid to:			
Suppliers and employees		(4,177,576)	(4,123,107)
Net cash from/(used in) operating activities		1,242,073	(931,104)
Cash flows from investing activities			
Redemption of investments		1,500,000	3,000,000
Dividend received		188,000	282,773
Distribution received		142,500	142,500
Interest received		148,532	147,643
Purchase of property, plant and equipment		(11,980)	(75,315)
Net cash from investing activities		1,967,052	3,497,601
Cash flow from financing activities			
Repayment of lease liabilities		(105,513)	–
Net cash used in financing activities		(105,513)	–
Net increase in cash and cash equivalents		3,103,612	2,566,497
Cash and cash equivalents at beginning of year		11,201,838	8,635,341
Cash and cash equivalents at end of year	7	14,305,450	11,201,838

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 29 May 2020.

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 Company's 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 in Singapore ('FRSs').

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 applied FRS 116 *Leases* for the first time for the financial year beginning on 1 January 2019.

FRS 116 *Leases*

The Company applied FRS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in capital at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under FRS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in FRS 116 have not generally been applied to comparative information.

Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under INT FRS 104 *Determining whether an Arrangement contains a Lease*. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in FRS 116.

On transition to FRS 116, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied FRS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under FRS 17 and INT FRS 104 were not reassessed for whether there is a lease under FRS 116. Therefore, the definition of a lease under FRS 116 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Company leases office space and certain IT equipment. The Company previously classified these leases as operating based on its assessment that the leases did not transfer significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under FRS 116, the Company recognises right-of-use assets and lease liabilities for these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. The Company has elected not to separate non-lease components and account for the lease of its office space and the associated non-lease components as a single lease component.

Leases classified as operating leases under FRS 17

Previously, the Company classified the lease of office space as operating leases under FRS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at an applicable incremental borrowing rates as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used a number of practical expedients when applying FRS 116 to leases previously classified as operating leases under FRS 17. In particular, the Company:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Impact on financial statements

Impact on transition

On transition to FRS 116, the Company recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

	1 January 2019 $
Right of use – office space	328,959
Lease liabilities	328,959

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using applicable incremental borrowing rate at 1 January 2019. The rate applied is 5.25%.

	1 January 2019 $
Operating lease commitments at 31 December 2018 as disclosed under FRS 17 in the Company's financial statements	132,854
Discounted using the incremental borrowing rate at 1 January 2019	128,638
- Extension options reasonably certain to be exercised	200,321
Lease liabilities recognised at 1 January 2019	328,959

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 Property, plant and equipment

Recognition and measurement

Items of property, 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 property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, 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 property, plant and equipment.

The estimated useful lives are as follows:

Office renovation	–	5 years
Office equipment	–	3 years
Computer equipment	–	2 years
Furniture and fittings	–	5 years
Office space	–	limited to lease term

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, and adjusted if appropriate.

3.3 Financial instruments

(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 fair value through profit and loss ('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

On initial recognition, a financial asset is classified as measured at amortised cost and fair value through other comprehensive income ('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 other comprehensive income ('OCI'). This election is made on an investment-by-investment basis.

Financial assets: Business model assessment

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

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

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 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

The Company recognises loss allowances for expected credit losses (‘ECL’) on financial assets measured at amortised costs.

Loss allowances of the Company are measured on 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).

General approach

The Company applies the general approach to provide for ECLs on all its 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 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 are deducted from the gross carrying amount of these assets.

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.

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.

Summer School Scholarship Programme and Internship Programme Funds

Income and expenditure relating to the fund set up for Summer School Scholarship Programme and Internship Programme Funds are accounted for through the respective 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 all 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 income 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 income 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 as income when the related programme is held.

Membership fees

Membership fees are recognised on a straight-line basis 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

The Company has applied FRS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under FRS 17 and INT FRS 104.

Policy applicable from 1 January 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in FRS 116.

This policy is applied to contracts entered into, on or after 1 January 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise fixed payments.

The lease liability is measured at amortised cost using the effective interest method.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets in 'property, plant and equipment' and 'lease liabilities' on the statement of financial position.

Short-term leases

The Company has elected not to recognise right-of-use assets and lease liabilities for leases that are short-term. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before 1 January 2019

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

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the Company's financial statements.

- *Amendments to References to Conceptual Framework in FRS Standards*
- *Definition of a Business* (Amendments to FRS 103)
- *Definition of Material* (Amendments to FRS 1 and FRS 8)
- FRS 117 *Insurance Contracts*

4 Property, plant and equipment

	Office renovation $	Office equipment $	Computer equipment $	Furniture and fittings $	Office space $	Total $
Cost						
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
At 1 January 2019	61,177	22,750	156,770	33,522	–	274,219
Recognition of right-of-use asset on adoption of FRS 116	–	29,570	–	–	299,389	328,959
Adjusted balance at 1 January 2019	61,177	52,320	156,770	33,522	299,389	603,178
Additions	–	–	11,980	–	127,844	139,824
At 31 December 2019	61,177	52,320	168,750	33,522	427,233	743,002
Accumulated depreciation						
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
At 1 January 2019	39,571	18,190	103,215	13,678	–	174,654
Depreciation charge for the year	5,756	11,025	41,598	6,078	103,347	167,804
At 31 December 2019	45,327	29,215	144,813	19,756	103,347	342,458
Carrying amounts						
At 1 January 2018	5,987	–	48,744	24,979	–	79,710
At 31 December 2018	21,606	4,560	53,555	19,844	–	99,565
At 31 December 2019	15,850	23,105	23,937	13,766	323,886	400,544

Leases as lessee (FRS 116)

The Company leases office space and office equipment. The leases typically run for a period of 3 years and 5 years respectively. For certain leases, the Company is restricted from entering into any sub-lease arrangements.

The office space and photocopy leases were entered into during prior financial years. Previously, these leases were classified as operating leases under FRS 17.

Information about leases for which the Company is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased assets that do not meet the definition of investment property are presented as property, plant and equipment.

	Office space	Office equipment	Total
	$	$	$
2019			
Balance at 1 January	299,389	29,570	328,959
Depreciation charge for the year	(103,347)	(9,099)	(112,446)
Additions to right-of-use assets	127,844	–	127,844
Balance at 31 December	323,886	20,471	344,357

5 Investments

	2019	2018
	$	$
Equity investments – at FVOCI:		
- DBS Preference Shares	4,112,000	4,198,000
- UOB Perpetual Capital Securities	–	1,524,540
- Ascendas REIT Perpetual Securities	1,523,850	1,530,705
	5,635,850	7,253,245
Debt investments – at amortised cost:		
- HDB Bonds	750,961	750,961
	6,386,811	8,004,206

On 22 November 2010, the Company invested in 40,000 DBS non-cumulative, non-convertible, non-voting preference shares callable by the issuer in 2020 at $100 per share. These preference shares carry dividend rate of 4.7% per annum.

On 13 April 2015, the Company invested in 1,500,000 UOB non-cumulative, non-convertible perpetual capital securities. On 19 Nov 2019, the issuer has redeemed the perpetual capital securities at par value of $1 per security. Accordingly, the cumulative loss of $69,000 relating to this investment was transferred from fair value reserve to accumulated fund.

On 14 October 2015, the Company invested in 1,500,000 Ascendas REIT non-cumulative perpetual securities, callable by the issuer in 2020. The securities have a distribution rate of 4.75% per annum.

Debt investments classified as amortised cost pertains to HDB bonds invested on 21 February 2017 at a premium of $1,500 due on 21 February 2022. These bonds have fixed interest rate of 2.2325% per annum.

Equity investments designated as at FVOCI

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.

	Fair value at 31 December 2019 $	Dividend/ Distribution income recognised during 2019 $	Fair value at 31 December 2018 $	Dividend/ Distribution income recognised during 2018 $
DBS Preference Shares	4,112,000	188,000	4,198,000	188,000
UOB Perpetual Capital Securities	–	71,250	1,524,540	71,250
Ascendas REIT Perpetual Securities	1,523,850	71,250	1,530,705	71,250
	5,635,850	330,500	7,253,245	330,500

6 Other receivables

	2019 $	2018 $
Deposit	42,651	39,546
Interest receivable	152,020	76,048
Other receivables	46,628	495,769
Accrued grant receivable (see note 12)	3,365,510	3,585,143
	3,606,809	4,196,506
Prepayments	47,477	27,667
	3,654,286	4,224,173

7 Cash and cash equivalents

	2019 $	2018 $
Cash in hand	6,612	4,106
Cash at bank	2,349,632	2,287,567
Deposits with financial institutions	11,949,206	8,910,165
Cash and cash equivalents	14,305,450	11,201,838

The weighted average effective interest rate per annum relating to cash and cash equivalents at the reporting date is 1.74% (2018: 1.25%). Interest rates reprice at intervals of three, six, nine or 12 months.

8 Capital

The Company is a public company limited by guarantee and does not have any issued share capital. As at 31 December 2019, the Company has 18 (2018: 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

	2019 $	2018 $
Unrestricted fund ('Reserve')	18,494,114	17,670,981
Ratio of 'Reserve' to Annual Operating Expenditure	4.36	4.29

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 Summer School Scholarship Programme and Internship Programme Funds.

10 Programme Funds

a) Summer School Scholarship Programme Fund	2019 $	2018 $
Summer School Scholarship Programme Fund	100,000	–

Summer School Scholarship Fund is a form of specific fund, where the initial capital of S$100,000 was received as a form of donation. The setup of the Summer School Scholarship Fund was approved by the Board on 1 October 2019.

The Business China Summer School Scholarship Fund enhances Business China's current suite of programmes, helping to develop Singaporean youths to become "Singapore-China savvy" and strengthening people-to-people ties between Singapore and China.

The Scholarship provides Singapore youths with more opportunities to participate in summer school programmes from some of the most prestigious Chinese universities.

b) Internship Programme Fund	**2019** **$**	**2018** **$**
Internship Programme Fund	5,103,065	5,034,880

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 these funds are Finance & Fundraising 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.

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 until the assets are derecognised or reclassified.

12 Deferred grant

	2019 **$**	**2018** **$**
Accrued grant receivable	3,365,510	3,585,143
Grant income recognised in profit or loss	1,707,715	1,657,795

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 $1,707,715 (2018: $1,657,795) during the current financial year, representing 40% of the claim for cost reimbursement in respect of 2019'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 finalised the 2018 grant of $1,657,795, and the amount has been disbursed to the Company on 14 February 2020.

As at 31 December 2019, there is unutilised grant balance of $5,292,285 relating to the $7 million 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 income in the period in which such determination is made.

13 Other payables

	2019	**2018**
	$	**$**
CPF contribution for December	57,257	55,464
Provision for unutilised leave	31,997	17,571
Accrued operating expenses	345,207	454,593
Provision for restoration costs	11,321	11,321
Deferred income	116,990	100,727
	562,772	639,676

14 Lease liabilities

	2019
	$
Current	115,309
Non-current	235,981
	351,290

The Company leases office space and office equipment with lease term of 3 years and 5 years respectively. Information about leases for which the Company is a lessee is presented below.

	2019
	$
Maturity analysis – contractual undiscounted cash flows	
Within 1 year	130,433
Between 1 and 5 years	247,336
Total undiscounted lease liabilities at 31 December	377,769
Incremental borrowing rate	5.25%
Lease liabilities included in the balance sheet at 31 December	
Repayable:	
Within 1 year	115,309
After 1 year	235,981
	351,290

Amounts recognised in statement of cash flows relating to lease liabilities

	2019
	$
Total cash outflow for lease	105,513

15 Donations

	2019	**2018**
	$	**$**
Non tax-deductible donations	164	–
Tax deductible donations from:		
- Directors	100,000	–
- Others	1,213,000	68,000
	1,313,164	68,000

16 Sponsorship income

	2019	**2018**
	$	**$**
Sponsorship income	780,561	1,140,000

17 Programme income

	2019	**2018**
	$	**$**
Programme income	901,555	421,059

taff costs

	2019 $	2018 $
Salaries and bonuses	1,746,813	1,674,369
Contributions to defined contribution plans	217,480	201,958
	1,964,293	1,876,327
Key management personnel compensation comprised:		
Short-term employee benefits	1,066,091	917,104
Post-employment benefits	123,568	106,142
	1,189,659	1,023,246

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:

	2019	2018
$ 0 – $100,000	1	1
$100,001 – $200,000	7	7

The disclosure on banding of key managements' remuneration is made in accordance to Code of Governance issued by the Charity Council, April 2017.

18 Resources expended on activities

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

	2019 $	2018 $
Educational activities:		
- Student Forum/Workshop	125,572	111,281
- Summit Forum	1,446,290	1,418,474
Spring Reception	15,000	15,000
Special projects:		
- Business China Awards	63,415	–
- Public Lecture by Chinese Officials	–	107,646
- Internship Programme	29,723	30,400
- Others	8,328	4,192
Total expenses incurred on activities	1,688,328	1,686,993

19 Other expenses

Other expenses include the following:

	2019 $	2018 $
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	58,033	55,613
Interest on lease liabilities	14,797	–
Operating lease expenses	–	124,446
Short-term leases	5,578	–
Printing and stationery	15,666	20,898
Reimbursement of maintenance and utility charges to Singapore Chinese Cultural Centre at cost	51,216	50,016

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 2018, the Company has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2018 $
Within 1 year	110,184
After 1 year but within 5 years	22,670
	132,854

22 Transactions with companies with common Directors

Other than disclosed elsewhere in the financial statements, the transactions with companies that have common Directors are as follows:

	2019 $	2018 $
Resources expended on activities paid to Mediacorp Pte Ltd, Singapore Chinese Chamber of Commerce & Industry, Singapore Business Federation, Singapore Chinese Cultural Centre, Singapore Press Holdings Limited and Temasek Holdings (Private) Limited	586,038	83,110
Miscellaneous costs paid to Singapore Chinese Chamber of Commerce & Industry, Singapore Chinese Cultural Centre, CapitaLand Limited and subsidaries* and OUE Commercial REIT	3,878	46,283
Other expenses for office lease payment (2018: Operating lease expenses), facilities rental and other charges with Singapore Chinese Chamber of Commerce & Industry	154,153	153,234
Sponsorship Income received from Temasek Capital Management Pte. Ltd., Yanlord Land Group Limited, Ministry of Trade & Industry	(200,000)	(150,000)
Programme Income received from EnGro Corporation Limited, Lian Huat Management Services Pte Ltd, Pacific International Lines Pte Ltd, Straco Corporation Limited, Teckwah Industrial Corporation Ltd, Temasek Capital Management Pte. Ltd., Yanlord Land Group Limited and subsidaries, CapitaLand Limited and subsidaries*	(50,400)	(52,200)
Co-sharing of receipts and expenditures (net) with Singapore Business Federation for Future-China Global Forum	–	(98,379)
Reimbursement received from Enterprise Singapore	–	(348,000)

23 Financial risk management

Overview

The Company risk management practices are established in close collaboration and consultation with the Finance & Fundraising, 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. The carrying amount relating to grant receivables from Tote Board is 93% (2018: 85%) of other receivables of the Company.

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 approximates 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. These investments 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% (2018: 1%) higher/lower with all other variables held constant, the Company's fair value reserve would have been $56,359 (2018: $72,532) 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**
2019		**$**	**$**	**$**	**$**	**$**
Assets						
Equity investments – at FVOCI	5	5,635,850	–	–	5,635,850	5,635,850
Debt investment – at amortised cost	5	–	750,961	–	750,961	759,147
Other receivables (excluding prepayments)	6	–	3,606,809	–	3,606,809	–
Cash and cash equivalents	7	–	14,305,450	–	14,305,450	–
		5,635,850	18,663,220	–	24,299,070	6,394,997
Liabilities						
Other payables (excluding deferred income)	13	–	–	(445,782)	(445,782)	–
Lease liabilities	14	–	–	(351,290)	(351,290)	–
		–	–	(797,072)	(797,072)	–
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)	–

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.

24 Subsequent event

The coronavirus outbreak since early 2020 has brought about additional uncertainties in the Company's operating environment and has impacted its operations. The Company has been closely monitoring the impact of the developments on the operations. As the situation is fast evolving, the effect of the outbreak is subject to significant levels of uncertainty, with the full range of possible effects unknown.