



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

Annual Report
Year ended 31 December 2020

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 2020.

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

- (a) the financial statements set out on pages FS1 to FS29 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2020 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:

<u>Name</u>	<u>Board Appointment</u>	<u>Occupation</u>
Mr Lee Yi Shyan	Chairman	Former Senior Minister of State Executive Advisor to the Chairman's office, OUE Limited
Mr Anthony Tan	Board Member	Deputy CEO, Singapore Press Holdings Ltd
Mr Chee Hong Tat	Board Member	Senior Minister of State, Ministry of Transport
Mr David Su Tuong Sing	Board Member	Founding Managing Partner, Matrix Partners China
Mr Foo Ji-Xun	Board Member	Managing Partner, GGV Capital
Mr Hu Yee Cheng	Board Member	Head, International Policy & Governance, Temasek Holdings
Mr Kho Choon Keng	Board Member	Group Executive Chairman, Lian Huat Group
Dr Koh Poh Koon	Board Member	Senior Minister of State, Ministry of Health & Ministry of Manpower
Mr Lim Ming Yan	Board Member	Chairman, Workforce Singapore
Mr Mark Lee Kean Phi	Board Member	Chief Executive Officer, Sing Lun Holdings Pte Ltd
Mr Ng San Tiong	Board Member	Managing Director / Group Chief Executive Officer, Tat Hong Holdings Ltd
Ms Sim Ann	Board Member	Senior Minister of State, Ministry of Foreign Affairs & Ministry of National Development
Mr Sherman Kwek Eik Tse	Board Member	Chief Executive Officer, City Developments Ltd
Ms Sun Jie	Board Member	Chief Executive Officer, Ctrip.com International Ltd
Mr Tan Ser Ping	Board Member	Founder and Managing Partner, Stanway Capital
Mr Teo Siong Seng	Board Member	Executive Chairman, Pacific International Lines (Pte) Ltd
Mr Wu Hsioh Kwang	Board Member	Executive Chairman / Chief Executive Officer, Straco Corporation Ltd
Mr Zhong Sheng Jian	Board Member	Chairman & CEO, Yanlord Land Group Limited

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:

<u>Name of Board members</u>	<u>% of attendances</u>
Mr Lee Yi Shyan	100%
Mr Anthony Tan	100%
Mr Chee Hong Tat	100%
Mr David Su Tuong Sing	67%
Mr Foo Ji-Xun	100%
Mr Hu Yee Cheng	100%
Mr Kho Choon Keng	100%
Dr Koh Poh Koon	100%
Mr Lim Ming Yan	67%
Mr Mark Lee Kean Phi	100%
Mr Ng San Tiong	100%
Ms Sim Ann	67%
Mr Sherman Kwek Eik Tse	100%
Ms Sun Jie	100%
Mr Tan Ser Ping	100%
Mr Teo Siong Seng	100%
Mr Wu Hsioh Kwang	100%
Mr Zhong Sheng Jian	100%

As at 31 December 2020, the Directors, Mr Lee Yi Shyan, Mr Teo Siong Seng, Mr Zhong Sheng Jian and Mr Lim Ming Yan have served on the Board more than 10 consecutive years from the respective date of their first appointment on 1 October 2007 for Mr Lee Yi Shyan and Mr Teo Siong Seng, 6 April 2009 for Mr Zhong Sheng Jian and 1 October 2010 for Mr Lim Ming Yan.

The Management has subjected the directorship of Mr Lee Yi Shyan, Mr Teo Siong Seng, Mr Zhong Sheng Jian and Mr Lim Ming Yan to a conscientious review and evaluated the participation of Mr Lee Yi Shyan, Mr Teo Siong Seng, Mr Zhong Sheng Jian and Mr Lim Ming Yan 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.

The Committees and the members of the Committees are:

FutureChina Committee

Dr Koh Poh Koon
Mr Calvin Cheng Ern Lee
Mr Chia Kim Huat
Mr Chua Chim Kang
Ms Eunice Koh
Mr Hu Yee Cheng
Mr Ignatius Lim
Mr Mark Lee Kean Phi
Mr Seow Choke Meng
Mr Sherman Kwek Eik Tse
Mr Thomas Chua Kee Seng
Mr Wu Hsioh Kwang
Mr Zhong Sheng Jian

Go East Committee

Mr Chee Hong Tat
Mr Ang Wee Hiong
Mr Chang Ziqian
Mr Chia Kim Huat
Mr Foo Jixun
Mdm Heng Boey Hong
Mr Pang Choon How
Mr Sherman Kwek Eik Tse
Mr Tan Aik Hock
Mr Thomas Pek Ee Perh
Mr Wu Hsioh Kwang
Dr Zhou Zhao Cheng

Business Leaders Group Committee

Mr Lee Yi Shyan
Mr David Su Tuong Sing
Mr Foo Ji-xun
Ms Sun Jie
Mr Mark Lee Kean Phi
Ms Lim Sau Hoong (appointed on 30 July 20)

Strategic Communications Committee

Ms Sim Ann
Mr Anthony Tan
Mr Chen Hwai Liang
Ms Lim Sau Hoong
Mr Seow Choke Meng

Audit Committee

Mr Tan Ser Ping
Mr Teo Siong Seng
Mr Wu Hsioh Kwang

Finance & Fundraising Committee

Mr Ng San Tiong
Mr Kho Choon Keng
Mr Zhong Sheng Jian

Nomination & Remuneration Committee

Mr Lim Ming Yan
Mr Lee Yi Shyan
Mr Hu Yee Cheng

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

provide networking opportunities among Singaporeans and Chinese business and political leaders.

Activities for the year

The COVID-19 pandemic significantly disrupted Business China's workplan in 2020. Remaining steadfast in efforts to fulfil our mission, Business China responded by converting physical activities to online ones and created new virtual events to replace planned ones that could no longer take place.

For the year ended 31 December 2020, Business China organised 61 activities which were attended by 10,872 participants (11,095 participants in Year 2019). A detailed description of the activities organised in the year is provided below.

Following the Business China's strategy review and planning exercise with the Board of Directors and Board Advisers on 25 January 2019, guided by our Mission and Vision, Business China had been focused on achieving the following strategic objectives:

- i. Nurture Singapore-China-savvy talents*
- ii. Grow high quality Singapore-China network of influencers*
- iii. Develop deep and wide-ranging relationships*

(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 Singapore-China-savvy talents through Business China programmes and platforms.

1) Awareness forums

Large-scale forums were organised to deliver to members and young Singaporeans timely insights on general topics of interest on China, Singapore and the region. These forums aim to:

- Share the latest developments and updates in the Chinese market, general trends and topics of interests in Singapore and the region
- Create awareness of Business China to a wider audience
- Recruit new members

(a) Webinars

To benefit a wider audience including members of the public, Business China actively collaborated with our partners to organise public webinars for participants interested in China's developments.

A webinar titled “在华新加坡企业对新冠疫情的回顾与展望 (Singapore companies in China's review and outlook on Covid-19)” was held on 12 May 2020 in partnership with Singapore Chamber of Commerce and Industry in China (“SingCham”). The webinar attracted 274 participants.

A two-part webinar on China's “两会 (Two Sessions)” was conducted in June 2020 with academicians, economists and industry players offering their analyses of the Chinese government's announcements. The series was attended by a total of 447 participants. Our partners for the series included the Enterprise Singapore, Lianhe Zaobao and Singapore Chinese Chamber of Commerce & Industry.

(b) Business China Youth Forum 2020

The Business China Youth Forum 2020 was successfully held on 15-16 September 2020, as part of the FutureChina Global Forum 2020 (Special Virtual Edition). The two half-day virtual forum was jointly organised by Business China and The Young SEAkors, and focused on China-ASEAN youths' perspectives.

The themes for the two half-days were “The future of work for young working professionals in ASEAN and China Post-COVID-19” and “Post-COVID-19 Opportunities and Insights from the Lenses of University Students in ASEAN and China”.

Mr Brian Liu, Board Member of the National Youth Council Singapore and Senior Vice President (People) of the Lazada Group was the Guest-of-Honour. Ms Wang Hongliu, Director of General Office at the ASEAN-China Centre in Beijing, and Dr Choltis Dhirathiti, Executive Director of the ASEAN University Network, were also invited speakers.

The Youth Forum attracted 90 youth representatives from China and ASEAN countries such as Singapore, Cambodia, and Myanmar.

2) Immersion programs

The Business China Youth Chapter (“BCYC”), supported by Business China, organises China Learning Journeys annually to motivate its youth members to:

- Understand the position of Singaporean Chinese when engaging Greater China
- Deepen their understanding of China’s modern developments against the backdrop of her rich history
- Learn from distinguished speakers on how to better engage China and to benefit from its booming economy
- Build friendships and establish networks with like-minded students in China for future collaborations

Due to the ongoing COVID-19 pandemic, the China Learning Journey 2020 was postponed.

However, Business China supported two BCYC members to participate in the 36th International Ice and Snow Festival at Harbin, Heilongjiang Province in January 2020. Through the participation, the BCYC members learnt more about the Chinese government systems and the local culture of Harbin. They also interacted with participants from other countries during the trip.

3) Singapore – China Youth Interns Exchange Scheme (“YES”)

The YES enables 500 Singaporean youths to intern in China for up to 6 months and vice versa. The Scheme will allow Singaporean youths to gain experience working in China, and a deeper appreciation of its economy and rich culture and foster new friendships and ties. Similarly, Chinese youths will be able to gain a better understanding of Singapore and build networks here. Besides being a useful learning experience for the participants, by involving a young generation, it will enhance mutual understanding and cooperation for the long term.

The official YES website was launched in April 2020, with more than 130 internship opportunities published at the point of launch. Eligible students and young working adults from Singapore and China could browse and apply for internship roles published by participating enterprises on the YES website.

In December 2020, Business China worked with more than 50 companies to secure over 300 internship opportunities in Singapore and China. Please refer to the figures in the table below:

	Total number of internship positions expected under YES
For Singaporean Youth	>230
For Chinese Youth	>90

Note: Figures as of December 2020, excluding total number of internships arranged by IHLs.

Due to the ongoing COVID-19 pandemic, the commencement of YES, which was originally slated to take place in year 2020, was deferred to year 2021.

4) Youth China Readiness Engagement

The Youth China Readiness Engagement is a series of activities created to develop students and young working adults to be China-ready and -savvy. The series aims to:

- Develop an awareness of contemporary China in our participants, while upkeeping their bilingual skills and sharpening their China knowledge.
- Provide a platform for BCYC members, who have graduated from China universities or completed student exchange programme in China, to share experience with their peers.

(a) Business China Youth Series

The Business China Youth Series targets the local youth community, providing them with holistic views on the Singapore-China relations. A total of 6 online engagement sessions were organised in 2020, reaching out to students and educators from various institutions as well as young working adults of different backgrounds. The Series attracted a total of 1,247 participants.

Topics covered span across the following categories:

- Technology and New Trends
- Future Readiness/ Practical skills
- History and Culture

S/n	Date	Topic	Speaker	Theme	No of attendees
1	9 July 2020	Behind the scenes of Shopee the leading E-Commerce in Southeast Asia and Taiwan	Shopee	Technology and New Trends	423
2	20 July 2020	《延喜攻略》到《小娘惹》— 漫谈新中近代交流	South Seas Society Qing History Society	History and Culture	144
3	6 August 2020	Dialogue with Minister Ong Ye Kung	Mr. Ong Ye Kung	Future Readiness/ Practical Skills	423
4	22 September 2020	Work Trends for Post COVID-19: Opportunities & Challenges for Singaporean Youths	Career International	Future Readiness/ Practical Skills	92
5	21 October 2020	Reinventing yourself: Who will you be post-COVID-19?	Mr Calvin Yeo Mr Lien Choong Luen	Future Readiness/ Practical Skills	107
6	11 November 2020	Owning Your Future: Different Pathways to Success	Mr Chris Pok Mr Lester Neo	Future Readiness/ Practical Skills	58

(b) Outreach Sessions

Two outreach sessions were conducted in 2020. The first session conducted on 16 April 2020 in collaboration with TRIP.COM attracted a total of 174 participants. The talk was also supported by the NUS Centre for Future-ready Graduates.

The second session on “Overview on China's Technology & Social Media” was conducted on 30 November 2020 in collaboration with the Eunoia Junior College and attended by a total of 36 participants.

(c) Business China Youth Competitions

The inaugural Singapore-Nanjing 5G+XR Innovation Application Competition was jointly organised by Business China, Nanjing Association for Science and Technology, Microsoft China, Qualcomm China Joint Innovation Center, Nanjing Yuhuatai Association for Science and Technology and Yuhuatai Private Technology Enterprise Association for Science and Technology.

The competition targeted at students from universities in the urban economic circle around Nanjing and universities in Singapore. The competition aimed to promote cooperation in technological innovation and cultural exchange between youths from Singapore and Nanjing, China. Positioned as an important competition in the 5G network application industry, the competition encouraged participants to showcase their creativity, professionalism and technical skills.

Singapore was represented by five teams in the competition. Of which, “Team J” clinched the top award. The awards ceremony took place at the 16th China (Nanjing) International Software Product & Information Service Trade Fair via online live streaming on 13 August 2020.

(d) Business China Youth Chapter (“BCYC”)

The BCYC membership size stood at 228 as of 31 December 2020. 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 in 2020 included two new initiatives – Knowledge Exchange Collectives and Cultural Showcase. Six sessions of Knowledge Exchange Collectives and three sessions Cultural Showcase were conducted.

The BCYC organised regular activities that connect members to develop stronger bonds within the chapter. Talks and exchanges with distinguished speakers to promote an intergenerational dialogue on China-related topics were also organised. The first issue of the BCYC e-Magazine was published with 13 articles curated by the BCYC members.

In 2020, a total of 16 activities were organised for BCYC, drawing 402 participants.

5) Distinguished Leaders Dialogue Series

The Distinguished Leaders Dialogue Series was launched in 2020. The Series aimed to serve the following purposes:

- Tap on the perspectives of Singapore’s leaders on pertinent current issues and future trends
- Create a platform for Singaporean members to engage and foster deeper links with Singapore leaders
- Provide an avenue for curated business leaders to share feedback and ideas with Singapore leaders

Three closed-door sessions were organised in 2020 featuring Senior Minister Teo Chee Hean (10 Jan), Minister Ong Ye Kung (26 Oct) and Minister Chan Chun Sing (2 Dec). Over the three sessions, a total of 246 participants attended.

6) Young Business Leaders

Young Business Leaders (YBL) are BC members who are young entrepreneurs (including start-ups) and business leaders who have business activities or interest in Singapore and China.

(a) Advanced Leaders Programme (ALP)

The ALP is an annual programme that provides YBLs a holistic understanding of the latest developments in China's economy, politics and shifts in social paradigms, as well as Chinese cultural appreciation.

The ALP 2020 was postponed due to the COVID-19 pandemic and the resulting travel restrictions. In place of the programme, Business China organised the ALP Alumni Programme to continue engaging the YBLs from past ALP (ALP alumni) and YBLs who originally enrolled for ALP 2020. Themed "Business recovery and future planning in the COVID-19 crisis", the programme provided participants with practical advice and useful information from industry practitioners, academicians and government leaders on business survival and opportunities in China. A total of 49 participants benefitted from the programme.

(b) Young Business Leaders' Sharing

The Young Business Leaders' Sharing was launched in 2020. The objectives of the series include:

- Sharing of Young Business Leaders' personal and industry experiences with BC members who are youths and young professionals
- To nurture Singapore youths who are bilingual and interested in the Chinese markets

Two sessions were conducted as part of the Business China Youth Series, with four Singaporean YBLs sharing their personal journeys in China and career development advice with Singaporean youths.

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

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

1) Prominent Business Leaders – Social Contributions

Business China aimed to build a premier platform to engage prominent business leaders ("PBL"), 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 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 2020, Business China focused on establishing a core group of Chinese PBLs and deepening relationships with them. A total of 22 Chinese PBLs were engaged through online meetings, interviews and small-group physical meetings, in compliance with the prevailing safe management measures in Singapore. Through these engagements, a total of SGD2.22million was raised from the PBLs in 2020 to support the following:

- Supporting Singapore Government's call to donate to the Singapore Red Cross to help the fight against the COVID-19 pandemic in China (February 2020)
- Donations to the Southeast Community Development Council to support Singaporean families financially affected by the COVID-19 pandemic (May 2020)
- Donations to the Community Foundation of Singapore to support the eldercare sector that was adversely affected by the COVID-19 pandemic in Singapore (June 2020)
- Supplying masks to migrant workers living in dormitories in Singapore (June-July 2020)

The strong response from the PBLs to Business China's call for contributions demonstrated their commitment to Business China's mission and highlighted the strong Singapore-China relations.

In addition, five closed-door virtual ministerial meetings were organised to engage a total of 22 PBLs. The PBLs came from diverse industries, including technology, new energy, hospitality, F&B, agriculture, real estate, infrastructure, and investment. The meetings allowed the PBLs to share their unique observations and insights to their respective industries in China with key decision makers, including Minister Gan Kim Yong, Minister Grace Fu, Senior Minister of State Sim Ann, Senior Minister of State Chee Hong Tat and Minister of State Tan Kiat How. Through such exchanges, Business China sought to increase Singapore's mindshare amongst the PBLs and their networks.

2) Young Business Leaders

To continue strengthening Business China's network of YBLs and to maintain the connections amongst the YBLs, Business China supported six events organised by the ALP Alumni. The total attendance of these events in 2020 was 150 pax. In response to the pandemic, most of the alumni events were held virtually.

In addition, the YBLs responded positively to Business China's call for donations in support of workers in need in Singapore. A total of SGD175,000 in cash and in kind were raised from the YBLs.

3) Future China Global Forum 2020

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

Each year, the Forum gathered China experts from all over the world to share insights, experiences, and analyses in highly interactive 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 also served as an invaluable networking platform for the young and prominent business leaders convened from Singapore, China and the region.

The Forum objectives include:

- Reinforcing Singapore and China’s strong economic relations and further explore bilateral collaboration opportunities
- Positioning China as an important market and encourage multilateral economic activities with Singapore as the nexus connecting China, ASEAN and the world
- Sharing of interesting insights and perspectives from different orientations that could include:
 - Business and Economy
 - Science and Technology
 - Governance and Society
 - Global Relations
- Value-add to Singapore business leaders and professional communities with credible China and ASEAN insights and access to privileged China and regional networks

Due to the COVID-19 pandemic, FCGF 2020 was held from 15 – 17 September 2020 as a fully virtual event. Themed “A Resilient Future: Post-Pandemic Transformation & Opportunities in China and ASEAN”, FCGF 2020 focused on the latest developments and emerging trends that could better position regional companies in capturing business opportunities post-COVID-19 pandemic in both regions. A total of 14 sessions were held with a strong slate of 70 internationally esteemed speakers, including H.E. Dith Tina, Dr Randall S. Kroszner, Hon. Steven Ciobo, Mr Nicholas Ma, H.E. Winston Set Aung, H.E. Cesar Purisima and Mr Andy Yan.

Singapore Deputy Prime Minister and Minister for Finance Mr Heng Swee Keat was FCGF 2020's Guest of Honour. Minister for Trade & Industry Mr Chan Chun Sing, Second Minister for Trade & Industry Mr Tan See Leng and Senior Minister of State for Health Mr Koh Poh Koon also spoke at the virtual event.

Closed-door networking sessions were also organised at the side lines of the Forum, where a curated group of Forum guests could exchange views on current industry trends, challenges and ground sentiments with the Ministers.

3763 participants comprising foreign dignitaries, government officials, industry experts, senior management of companies, Business China’s members, donors and working partners from Singapore, China, ASEAN, the US and Europe attended and networked online using the virtual forum platform.

(a) FutureChina Global Business Series

The FC Global Business Series was launched in 2020 as a webinar series to engage the local business community and keep them informed about the latest trends and insights concerning China, ASEAN and the world. In each episode, Business China actively collaborated with industry partners, and invited renowned public sector leaders, corporate senior management, business leaders, professionals, and think-tanks to share their deep insights to the evolving business environment.

In 2020, Business China conducted seven episodes, attended by a total of 3015 participants. Topics discussed included harnessing innovative technology for post-Covid-19 businesses, China's role in ASEAN and a post-Covid-19 world, US-China relations, new consumerism, gaming, sports and entertainment trends. Insights shared equipped participants with a better understanding of the pandemic's implications on businesses and possible strategies to overcome the challenges.

While most of the overseas business forums that Business China supported annually could not happen in 2020 due to the pandemic, Business China set up a virtual booth at the Smart China Expo to increase brand exposure and Singapore's mindshare amongst the Chinese business 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.

1) **Spring Reception**

As part of an annual collaboration, Business China jointly organised the Spring Reception with the Singapore Chinese Chamber of Commerce and Industry 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 2020 was held on 25 January 2020 at the Trade Association Hub with Minister for Education Mr Ong Ye Kung as the Guest-of-Honour. The Reception was attended by 517 distinguished guests from different fields.

Directors' interests

The Company has no share capital and its liability is limited by guarantee.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

The Company appointed PricewaterhouseCoopers LLP to perform a high level review over the level of compliance with the Code of Governance for Charities and Institutions of a Public Character ('IPCs') regulation as well as an internal controls review of the controls over programme management in the Company.

The Company has adopted the best practice for the procurement system. This is to ensure fairness in the selection process and no repeat orders.

The Company has put in place a policy whereby all members, directors, staff of the Company or volunteer shall promptly and fully disclose, in accordance to the procedures laid down by the Company, all interests (actual or potential) which could conflict with their duties and shall not in any way be involved in the transactions, or influence the outcome of the transaction.

Share options

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

Auditors

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

On behalf of the Board of Directors



Lee Yi Shyan
Chairman



Tan Ser Ping
Director

28 May 2021



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

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

Independent auditors' report

Members of the Company
Business China

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Business China ('the Company'), which comprise the statement of financial position as at 31 December 2020, 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 FS29.

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 2020 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
Public Accountants and
Chartered Accountants

Singapore
28 May 2021

Statement of financial position
As at 31 December 2020

	Note	2020 \$	2019 \$
Non-current assets			
Property, plant and equipment	4	299,770	400,544
Investments	5	750,353	6,386,811
		1,050,123	6,787,355
Current assets			
Other receivables	6	3,714,260	3,654,286
Cash at bank and other deposits	7	19,607,745	14,305,450
		23,322,005	17,959,736
Total assets		24,372,128	24,747,091
Capital and accumulated fund			
Capital	8	—	—
General Fund	9	18,212,703	18,494,114
Summer School Scholarship Programme Fund	10	100,000	100,000
Internship Programme Fund	10	5,143,295	5,103,065
Fair value reserve – General Fund	11	—	135,850
		23,455,998	23,833,029
Current liabilities			
Other payables	13	600,890	551,451
Lease liabilities	14	121,511	115,309
		722,401	666,760
Non-current liabilities			
Other payables	13	79,259	11,321
Lease liabilities	14	114,470	235,981
		193,729	247,302
Total liabilities		916,130	914,062
Total fund and liabilities		24,372,128	24,747,091

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

Statement of comprehensive income
Year ended 31 December 2020

	Note	General Fund \$	Summer School Scholarship Programme Fund \$	Internship Programme Fund \$	Total \$
2020					
Income					
Donations	15	54,000	—	—	54,000
Grant income	16	1,702,257	—	15,837	1,718,094
Sponsorship income	17	370,000	—	—	370,000
Programme income	18	—	—	—	—
Dividend income from investments	5	189,030	—	—	189,030
Distribution income from investments	5	71,445	—	—	71,445
Interest income from banks and investments		118,931	—	63,986	182,917
Other income	19	468,569	—	—	468,569
Total income		<u>2,974,232</u>	<u>—</u>	<u>79,823</u>	<u>3,054,055</u>
Expenses					
Staff costs	20	(2,147,375)	—	—	(2,147,375)
Resources expended on activities	21	(527,393)	—	(39,593)	(566,986)
Depreciation		(165,114)	—	—	(165,114)
General publicity		(21,066)	—	—	(21,066)
Interest expenses		(15,124)	—	—	(15,124)
Other expenses	22	(379,571)	—	—	(379,571)
Total expenses incurred		<u>(3,255,643)</u>	<u>—</u>	<u>(39,593)</u>	<u>(3,295,236)</u>
(Deficit)/Surplus before income tax		(281,411)	—	40,230	(241,181)
Income tax expense	23	—	—	—	—
(Deficit)/Surplus for the year		<u>(281,411)</u>	<u>—</u>	<u>40,230</u>	<u>(241,181)</u>
Other comprehensive income:					
Equity investments at FVOCI – reclassified to profit or loss		(135,850)	—	—	(135,850)
Other comprehensive income, net of tax		<u>(135,850)</u>	<u>—</u>	<u>—</u>	<u>(135,850)</u>
Total comprehensive (deficit)/surplus for the year		<u>(417,261)</u>	<u>—</u>	<u>40,230</u>	<u>(377,031)</u>

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

Statement of comprehensive income (cont'd)
Year ended 31 December 2020

	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	16	1,695,826	—	11,889	1,707,715
Sponsorship income	17	780,561	—	—	780,561
Programme income	18	901,555	—	—	901,555
Dividend income from investments	5	188,000	—	—	188,000
Distribution income from investments	5	142,500	—	—	142,500
Interest income from banks and investments		138,485	—	86,019	224,504
Other income	19	71,609	—	—	71,609
Total income		<u>5,131,700</u>	<u>100,000</u>	<u>97,908</u>	<u>5,329,608</u>
Expenses					
Staff costs	20	(1,964,293)	—	—	(1,964,293)
Resources expended on activities	21	(1,658,605)	—	(29,723)	(1,688,328)
Depreciation	4	(167,804)	—	—	(167,804)
General publicity		(37,156)	—	—	(37,156)
Other expenses	22	(411,709)	—	—	(411,709)
Total expenses incurred		<u>(4,239,567)</u>	<u>—</u>	<u>(29,723)</u>	<u>(4,269,290)</u>
Surplus before income tax		892,133	100,000	68,185	1,060,318
Income tax expense	23	—	—	—	—
Surplus for the year		<u>892,133</u>	<u>100,000</u>	<u>68,185</u>	<u>1,060,318</u>
Other comprehensive income:					
Equity investments at FVOCI reclassified to profit or loss		(117,395)	—	—	(117,395)
Other comprehensive income, net of tax		<u>(117,395)</u>	<u>—</u>	<u>—</u>	<u>(117,395)</u>
Total comprehensive surplus for the year		<u>774,738</u>	<u>100,000</u>	<u>68,185</u>	<u>942,923</u>

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

**Statement of changes in equity
Year ended 31 December 2020**

	Note	General Fund		Programme Funds			Total
		Accumulated fund \$	Fair value reserve \$	Total \$	Summer School Scholarship Programme Fund \$	Internship Programme Fund \$	Total \$
At 1 January 2019		17,670,981	184,245	17,855,226	–	5,034,880	22,890,106
Total comprehensive surplus for the year							
Surplus for the year		892,133	–	892,133	100,000	68,185	1,060,318
Transfer of fair value reserve to accumulated fund	5	(69,000)	69,000	–	–	–	–
Other comprehensive income		–	(117,395)	(117,395)	–	–	(117,395)
Total comprehensive (deficit)/surplus for the year		823,133	(48,395)	774,738	100,000	68,185	942,923
At 31 December 2019		18,494,114	135,850	18,629,964	100,000	5,103,065	23,833,029
At 1 January 2020		18,494,114	135,850	18,629,964	100,000	5,103,065	23,833,029
Total comprehensive surplus for the year							
(Deficit)/Surplus for the year		(281,411)	–	(281,411)	–	40,230	(241,181)
Other comprehensive income		–	(135,850)	(135,850)	–	–	(135,850)
Total comprehensive (deficit)/surplus for the year		(281,411)	(135,850)	(417,261)	–	40,230	(377,031)
At 31 December 2020		18,212,703	–	18,212,703	100,000	5,143,295	23,455,998

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

Statement of cash flows
Year ended 31 December 2020

	Note	2020	2019
		\$	\$
Cash flows from operating activities			
Cash receipts from:			
Donations		54,000	1,313,164
Sponsorship income		348,600	780,561
Programme income		—	1,303,964
Grant income		1,657,795	1,927,348
Other income		472,892	94,612
		<u>2,533,287</u>	<u>5,419,649</u>
Cash paid to:			
Suppliers and employees		<u>(3,042,024)</u>	<u>(4,177,576)</u>
Net cash (used in)/from operating activities		<u>(508,737)</u>	<u>1,242,073</u>
Cash flows from investing activities			
Redemption of investments		—	1,500,000
Dividend received		189,030	188,000
Distribution received		71,445	142,500
Proceeds from redemption of investments		5,500,000	—
Interest received		245,330	148,532
Purchase of property, plant and equipment		<u>(64,340)</u>	<u>(11,980)</u>
Net cash from investing activities		<u>5,941,465</u>	<u>1,967,052</u>
Cash flow from financing activity			
Repayment of lease liabilities	14	<u>(130,433)</u>	<u>(105,513)</u>
Net cash used in financing activity		<u>(130,433)</u>	<u>(105,513)</u>
Net increase in cash at bank and other deposits		5,302,295	3,103,612
Cash at bank and other deposits at beginning of year		<u>14,305,450</u>	<u>11,201,838</u>
Cash at bank and other deposits at end of year	7	<u>19,607,745</u>	<u>14,305,450</u>

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 28 May 2021.

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 the 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 since 9 March 2009. It has been granted Institution of a Public Character (‘IPC’) status since 1 March 2010. The current tax exemption status will expire on 30 April 2023.

The ongoing and evolving COVID-19 pandemic has a significant impact on the global economy and the economy of Singapore which the Company operates. There is significant uncertainty as to the duration of the pandemic and its impact on those economies. The Company’s income has negatively impacted due to COVID-19 pandemic severely limiting fundraising events during the current financial year.

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.

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 2.4 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 trade and other payables and lease liabilities.

(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 at bank and other deposits

Cash at bank and other deposits 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.

The 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.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the reporting date.

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. Membership fees are billed at the commencement of the membership period and is payable within 30 days. Fees received but not yet recognised as income are reflected under other payables. Fees that are to be recognised as income in the next 12 months will be classified as current liabilities.

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

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.

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.

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 2020 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 new FRSs, interpretations and amendments to FRSs are as follows:

- FRS 117 *Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to FRS 1)
- *Covid-19 Related Rent Concessions* (Amendments to FRS 116)
- *Onerous Contracts-Cost of Fulfilling a Contract* (Amendments to FRS 37)
- *Proceeds before Intended Use* (Amendments to FRS 16)
- *Annual Improvements to FRSs 2018-2020*

4 Property, plant and equipment

Cost

At 1 January 2019
Recognition of right-of-use asset on adoption of
FRS 116
Adjusted balance at 1 January 2019
Additions
At 31 December 2019

Office renovation \$	Office equipment \$	Computer equipment \$	Furniture and fittings \$	Office space \$	Total \$
61,177	22,750	156,770	33,522	–	274,219
–	29,570	–	–	299,389	328,959
61,177	52,320	156,770	33,522	299,389	603,178
–	–	11,980	–	127,844	139,824
61,177	52,320	168,750	33,522	427,233	743,002

At 1 January 2020
Additions
At 31 December 2020

61,177	52,320	168,750	33,522	427,233	743,002
2,500	–	61,840	–	–	64,340
63,677	52,320	230,590	33,522	427,233	807,342

Accumulated depreciation

At 1 January 2019
Depreciation charge for the year
At 31 December 2019

39,571	18,190	103,215	13,678	–	174,654
5,756	11,025	41,598	6,078	103,347	167,804
45,327	29,215	144,813	19,756	103,347	342,458

At 1 January 2020
Depreciation charge for the year
At 31 December 2020

45,327	29,215	144,813	19,756	103,347	342,458
5,317	11,024	31,649	6,078	111,046	165,114
50,644	40,239	176,462	25,834	214,393	507,572

Carrying amounts

At 1 January 2019
At 31 December 2019
At 31 December 2020

21,606	34,130	53,555	19,844	299,389	428,524
15,850	23,105	23,937	13,766	323,886	400,544
13,033	12,081	54,128	7,688	212,840	299,770

Leases as lessee (FRS 116)

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

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 \$
2020			
Balance at 1 January	323,886	20,471	344,357
Depreciation charge for the year	(111,046)	(9,099)	(120,145)
Balance at 31 December	<u>212,840</u>	<u>11,372</u>	<u>224,212</u>
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	<u>323,886</u>	<u>20,471</u>	<u>344,357</u>

5 Investments

	2020 \$	2019 \$
Equity investments – at FVOCI:		
- DBS Preference Shares	–	4,112,000
- Ascendas REIT Perpetual Securities	–	1,523,850
	<u>–</u>	<u>5,635,850</u>
Debt investments – at amortised cost:		
- HDB Bonds	750,353	750,961
	<u>750,353</u>	<u>6,386,811</u>

DBS Preference Shares

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 22 November 2020, the issuer redeemed the preference shares at par value of \$100 per share. Accordingly, the fair value change of \$112,000 relating to this investment was recognised in other comprehensive income. The dividend income for the year arising from this investment is \$189,030 (2019: \$188,000).

Ascendas REIT Perpetual Securities

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. On 14 October 2020, the issuer redeemed the perpetual capital securities at par value of \$1 per security. Accordingly, the fair value change of \$23,850 relating to this investment was recognised in other comprehensive income. The distribution income for the year arising from this investment is \$71,445 (2019: \$71,250).

HDB Bond

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.

6 Other receivables

	2020	2019
	\$	\$
Deposit	73,408	42,651
Interest receivable	90,215	152,020
Other receivables	100,303	46,628
Accrued grant receivable (see note 12)	3,425,810	3,365,510
	<u>3,689,736</u>	<u>3,606,809</u>
Prepayments	24,524	47,477
	<u>3,714,260</u>	<u>3,654,286</u>

7 Cash at bank and other deposits

	2020	2019
	\$	\$
Cash in hand	—	6,612
Cash at bank	5,966,497	2,349,632
	<u>5,966,497</u>	<u>2,356,244</u>
Deposits with financial institutions	8,010,238	11,949,206
Deposits with custodian	5,631,010	—
	<u>19,607,745</u>	<u>14,305,450</u>

The weighted average effective interest rate per annum relating to cash and bank and other deposits at the reporting date is 2.08% (2019: 1.74%). Interest rates reprice at intervals of three, six, nine or 12 months.

Deposits with custodian arose from the redemption of investments and are held with The Central Depository.

Deposits with financial institution

	2020	2019
	\$	\$
Deposits with financial institutions	<u>8,010,238</u>	<u>11,939,000</u>

Deposits with financial institutions relates to fund deposits that has maturity of more than 3 months (but less than 12 months) and has weighted average effective interest rate of 2.08% (2019: 1.74%).

8 Capital

The Company is a public company limited by guarantee and does not have any issued share capital. As at 31 December 2020, the Company has 18 (2019: 18) 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

	2020	2019
	\$	\$
Unrestricted fund ('Reserve')	<u>18,212,703</u>	<u>18,494,114</u>
Ratio of 'Reserve' to Annual Operating Expenditure	<u>5.59</u>	<u>4.36</u>

The Company measures its performance based on the ratio of Reserve as a percentage of Annual Operating Expenditure (equivalent to the total expenses 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	2020	2019
	\$	\$
Summer School Scholarship Programme Fund	100,000	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	2020	2019
	\$	\$
Internship Programme Fund	5,143,295	5,103,065

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

	Note	2020 \$	2019 \$
Accrued grant receivable			
- Tote Board		3,025,810	3,365,510
- Bicentennial Community Fund		400,000	—
	6	<u>3,425,810</u>	<u>3,365,510</u>
Tote Board grant income recognised in profit or loss	16	<u>1,318,094</u>	<u>1,707,715</u>

Tote Board

The Company is a beneficiary of the Singapore Totalisator Board (“Tote Board”) who provides grants to support the activities of the Company. 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 \$1,318,094 (2019: \$1,707,715) during the current financial year, representing 40% of the claim for cost reimbursement in respect of 2020’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 2019 grant of \$1,707,715, and the amount has been disbursed to the Company on 30 March 2021.

As at 31 December 2020, there is unutilised grant balance of \$3,974,191 (2019: \$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.

Bicentennial Community Fund

Announced in Singapore Budget 2019, Bicentennial Community Fund (“BCF”) was set up as a matching grant of one dollar for every donation raised by the Company, up to a cap of \$400,000 provided by the Singapore Government. The grant income of \$400,000 has been recognised during the current financial year. The grant was approved by BCF in the current year and the amount has been disbursed to the Company on 15 January 2021.

13 Other payables

	2020 \$	2019 \$
Current		
Provision for employer's CPF contribution	73,782	57,257
Provision for unutilised leave	57,375	31,997
Accrued operating expenses	345,660	345,207
Deferred income	61,504	116,990
Deferred government grant income	62,569	–
	<u>600,890</u>	<u>551,451</u>
Non-current		
Provision for restoration costs	13,821	11,321
Deferred income	65,438	–
	<u>79,259</u>	<u>11,321</u>
Other payables	<u>680,149</u>	<u>562,772</u>

14 Lease liabilities

	2020 \$	2019 \$
Current	121,511	115,309
Non-current	114,470	235,981
	<u>235,981</u>	<u>351,290</u>

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

	2020 \$	2019 \$
Maturity analysis – contractual undiscounted cash flows		
Within 1 year	130,433	130,433
Between 1 and 5 years	116,903	247,336
Total undiscounted lease liabilities at 31 December	<u>247,336</u>	<u>377,769</u>

Lease liabilities included in the balance sheet at 31 December

Repayable:		
Within 1 year	121,511	115,309
Between 1 and 5 years	114,470	235,981
	<u>235,981</u>	<u>351,290</u>

Amounts recognised in statement of cash flows relating to lease liabilities

	2020	2019
	\$	\$
Total cash outflow for lease, including interest	130,433	105,513

15 Donations

	2020	2019
	\$	\$
Non tax-deductible donations	—	164
Tax deductible donations from:		
- Directors	30,000	100,000
- Others	24,000	1,213,000
	<u>54,000</u>	<u>1,313,164</u>

16 Grant income

	Note	2020	2019
		\$	\$
Tote Board	12	1,318,094	1,707,715
Bicentennial Community Fund		400,000	—
		<u>1,718,094</u>	<u>1,707,715</u>

17 Sponsorship income

	2020	2019
	\$	\$
Sponsorship income	370,000	780,561

18 Programme income

	2020	2019
	\$	\$
Programme income	—	901,555

19 Other income

	2020 \$	2019 \$
Jobs Support Scheme	290,689	–
Childcare and maternity leave	14,726	4,533
Membership income	57,547	43,738
Rental rebate	47,134	–
Special employment and wages credit	51,221	14,455
Sundry income	7,252	8,883
	<u>468,569</u>	<u>71,609</u>

The Jobs Support Scheme is introduced by the government under the Stabilisation and Support Package that was announced during Budget 2020, with the intention of providing greater assurance and support to workers and enterprises during the COVID-19 pandemic. During the current financial year, the Company received total disbursement of \$314,521 from the Singapore Government. The Company has recognised grant income of \$290,689 during the current financial year as the condition for the grant have been met.

20 Staff costs

	2020 \$	2019 \$
Salaries and bonuses	1,896,898	1,746,813
Contributions to defined contribution plans	250,477	217,480
	<u>2,147,375</u>	<u>1,964,293</u>
Included in the amount above are key management personnel compensation comprising:		
Short-term employee benefits	1,351,083	1,066,091
Post-employment benefits	138,055	123,568
	<u>1,489,138</u>	<u>1,189,659</u>

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The chief executive officer, general manager and the direct reporting senior officers are considered as key management personnel of the Company. Other directors did not receive any form of remuneration during the financial year. Number of key management in remuneration (including benefits) bands:

	2020	2019
\$0 – \$100,000	5	1
\$100,001 – \$200,000	<u>5</u>	<u>7</u>

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

There was no staff who are close members of the family of the chief executive officer or Board member who receives remuneration during the year (2019: none).

21 Resources expended on activities

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

	2020	2019
	\$	\$
Educational activities:		
- Student Forum/Workshop	6,932	125,572
- Summit Forum	361,957	1,446,290
Spring Reception	15,000	15,000
Special projects:		
- Business China Awards	–	63,415
- Commemorative microsite for 30 th anniversary of China-Singapore	139,704	–
- Internship Programme	39,593	29,723
- Public Lecture by Chinese Officials	3,800	–
- Others	–	8,328
Total expenses incurred on activities	<u>566,986</u>	<u>1,688,328</u>

22 Other expenses

Other expenses comprised the following:

	2020	2019
	\$	\$
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	79,380	58,033
Interest on lease liabilities	15,124	14,797
Newspapers and subscriptions	2,057	2,297
Printing and stationery	3,002	15,666
Professional fees	71,806	52,510
Reimbursement of maintenance and utility charges to Singapore Chinese Cultural Centre at cost	50,161	51,216
Short-term leases	<u>2,018</u>	<u>5,578</u>

23 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.

24 Commitments

Lease not yet commenced to which the lessee is committed

The Company has a lease contract that has not yet commenced as at 31 December 2020. The future lease payments for this non-cancellable lease contract are \$8,400 within one year and \$33,600 within five years. This lease does not contain a renewal option. This lease will be recognised as right-of-use assets and lease liabilities upon the commencement date on 1 January 2021.

25 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:

	2020 \$	2019 \$
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	216,941	586,038
Miscellaneous costs paid to Singapore Chinese Chamber of Commerce & Industry, Singapore Chinese Cultural Centre, CapitaLand Limited and subsidiaries* and OUE Commercial REIT	—	3,878
Staff training course fees paid to Singapore Management University	3,355	—
Other expenses for office lease payment (2018: Operating lease expenses), facilities rental and other charges with Singapore Chinese Chamber of Commerce & Industry	104,459	154,153
Sponsorship Income received from Temasek Capital Management Pte. Ltd., Yanlord Land Group Limited, Ministry of Trade & Industry	(80,000)	(200,000)
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 subsidiaries, CapitaLand Limited and subsidiaries*	—	(50,400)
Donation income received from Mr Lee Yi Shyan, Mr Tan Ser Ping, Mr Ng San Tiong, Mr Foo Ji-Xun, Mr Kho Choon Keng, Mr Zhong Sheng Jian, Ms Sun Jie, Mr Wu Hsioh Kwang, Mr Lim Ming Yan, Mr Hu Yee Cheng, Mr Teo Siong Seng, Sing Lun Industrial Pte Ltd, City Development Limited, Keppel Care Foundation	(54,000)	—

26 Financial risk management

Overview

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

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company, as and when they fall due.

The Company has performed an analysis on the credit risk exposure of other receivables and no impairment loss was required to be recognised. The carrying amount relating to grant receivables from Tote Board and receivables arising from redemption of investments was 92% (2019: 93%) of other receivables of the Company. Management assessed that the credit risk related to the Tote Board and Central Depository to be low and amount of expected credit losses to be negligible.

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 at bank and other deposits have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash at bank and other deposits were 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 funds 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.

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

In 2019, the Company was exposed to equity price risk arising from its investments in equity securities which were classified at FVOCI. These investments were quoted on Singapore Exchange.

Sensitivity analysis for price risk of quoted financial instruments

In 2019, if market prices of the FVOCI financial assets had been 1% higher/lower with all other variables held constant, the Company's fair value reserve would have been \$56,359 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
	FVOCI – equity investments	Amortised cost	Other financial liabilities	Level 1
	\$	\$	\$	\$
2020				
Assets				
Debt investment – at amortised cost	–	750,353	–	758,532
Other receivables (excluding prepayments)	–	3,689,736	–	–
Cash at bank and other deposits	–	19,607,745	–	–
	–	24,047,834	–	758,532
Liabilities				
Other payables (excluding deferred income and provisions)	–	–	(345,660)	–
Lease liabilities	–	–	(235,981)	–
	–	–	(581,641)	–

	Carrying amount			Total	Fair value
	FVOCI – equity investments	Amortised cost	Other financial liabilities		Level 1
	\$	\$	\$	\$	\$
2019					
Assets					
Equity investments – at FVOCI	5,635,850	–	–	5,635,850	5,635,850
Debt investment – at amortised cost	–	750,961	–	750,961	759,147
Other receivables (excluding prepayments)	–	3,606,809	–	3,606,809	–
Cash at bank and other deposits	–	14,305,450	–	14,305,450	–
	<u>5,635,850</u>	<u>18,663,220</u>	<u>–</u>	<u>24,299,070</u>	<u>6,394,997</u>
Liabilities					
Other payables (excluding deferred income and provisions)	–	–	(345,207)	(345,207)	–
Lease liabilities	–	–	(351,290)	(351,290)	–
	<u>–</u>	<u>–</u>	<u>(696,497)</u>	<u>(696,497)</u>	<u>–</u>

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 at bank and other deposits and other payables) are assumed to approximate their fair values because of the short period to maturity.